

THE

JOURNAL OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

ACCOUNTANT

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President Daniel Arap Moi
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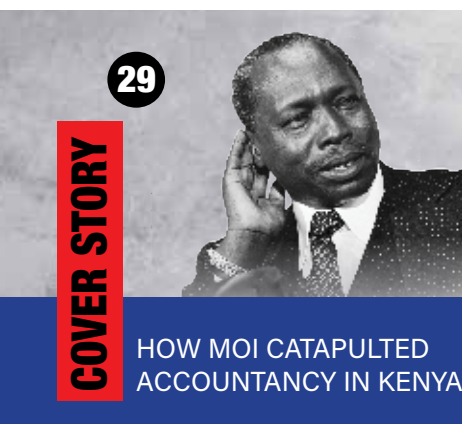
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Dear Reader,

In this publication, we look at, among other things, how President Daniel Toroitich Arap Moi's association with ICPAK boosted its growth. ICPAK's association with Moi started more than 40 years ago. He became President in 1978 following the death of Kenya's first President, Jomo Kenyatta. President Kenyatta died on 22nd August 1978. That year, (1978) was not only the year that Moi began his position as the president of Kenya, it was also the year of the birth of the Institute of Certified Public Accountants (ICPAK). The accountancy profession continued to prosper during Moi's Presidency. By 30th September 1979, The Registration of Accountants Board (RAB) had registered 686 accountants: 322 had obtained Practicing Certificates and the total who had paid their subscription fees was 534. One of the principal reasons for the deregistration of accountants by RAB was the non-payment of annual subscriptions to ICPAK.

On 31st December 2002, there were 2,295 paid up members of ICPAK, 848 of whom had practicing certificates. Accountants who pass the ACCA examinations have to pass two examinations (one in Kenya Company Law; another in Kenya Taxation) in the KASNEB system in order to register with ICPAK. Hence during the 24 year period of Moi being the President of Kenya, ICPAK's membership grew from zero to 2,295; the total number at the end of Moi's presidency was less than 10% of the membership number today. But it was on that firm foundation that present day ICPAK is built. That is our cover story.

According to a World Bank report titled "Kenya Social Protection and Job Programs Public Expenditure Review", Kenya's job market is set to receive 9 million job seekers between the years 2015 and 2025. With these numbers, the report projected that Kenya's unemployment rate of 9.3% in 2018 is

set to increase to 10% in 2020. Cognizant of these statistics, a section of young, skilled, tech-savvy graduates are taking their job search efforts outside Kenya's borders. Armed with skills in disciplines like IT & programming, accounting, law, medicine, agriculture, and education, they work for employers from around the world remotely. Online freelancing platforms like Upwork, Fiverr, Freelancer and People-per-hour contain freelance jobs in wide-ranging fields. Freelancers use these platforms to connect with employers and work as independent contractors. Find this under governance.

It's in the public interest that the government should now start employing school bursars and accountants in public primary and secondary schools through the public service commission. This will go a long way in ensuring proper utilization of public resources in our schools and hold them directly accountable for use of the resources in the schools. Currently, this role is purely at the discretion of the school heads who are the secretary to the Board of Management. It has been debated in some forum that some of these heads lack human resource capacity to hire the right people and that in some instances; some have even employed their relatives and friends who work under their direct control and serve at their whims. We bring you this feature in the management segment.

Financial statement audits are a routine part of closing your financial books. Audits help to ensure the accuracy of the accounting data used to compile the statements as well as the overall calculations. An income statement audit can help you isolate mathematical errors and ledger discrepancies or give you peace of mind before you file the income statement during closing. ISA 315 effectively incorporates the assertions about presentation and disclosure into the assertions about transactions and account balances. Find this in the Tax piece.

One of the main reasons behind the growth of Artificial Intelligence - (AI) in banking is that banks are in a data intensive business, so they can't avoid Artificial intelligence which is again a technology that can provide intelligent predictions and recommendations by processing multiple data. Moreover, banks have access to financial details of their customers and know them far more intimately than probably any other business. With AI they can make highly relevant recommendations about financial products and services to their customers by leveraging such details. Also, as AI applications have the capabilities of automating many repetitive manual tasks, there is always an angle of optimization of time and effort and hence the cost. Find this under Finance and investment.

If you want to live a positive life, to get on well with people, and get results, you will have to let them know you are approachable. Incidentally, it is not difficult for people to detect your negativity if you are toxic. According to one Public Speaking Coach, every human is innately equipped with varying ability to detect negative energy emitted by people they come into contact with. The coach says when the human brain detects negative energy, it often associates it with hostile intent and adopts caution or even a defensive response against the emitter. This is our topic in the inspiration section.

Finally, it is with regret that we inform you of the passing of Eddie Gichigo Nderi on 1st January 2020. Eddie designed this publication for 7 years - prior to his passing. May his soul repose in eternal peace.

Dr. Mbugua Njoroge

Editor





Who audits the auditors?

By Jim McFie

Who has the ability to examine the audit files of any audit firm?

If one wants to know what the Public Company Accounting Oversight Board (PCAOB) should do, one can go to the website of the PCAOB. To give you the necessary information about the PCAOB, I want to quote in some detail: “*The PCAOB is a nonprofit corporation established by (the US) Congress to oversee the audits of public (that is, US quoted or listed) companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of brokers and dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection. The Sarbanes-Oxley Act of 2002, which created the PCAOB, requires that auditors of US public companies be subject to external and independent oversight for the first time in history. Previously, the profession was self-regulated. The five members of the PCAOB Board, including the chairman, are appointed to staggered five-year terms by the Securities and Exchange Commission (SEC), after consultation with the chair of*

the Board of Governors of the Federal Reserve System and the secretary of the Treasury. The SEC has oversight authority over the PCAOB, including the approval of the Board's rules, standards, and budget. The Sarbanes-Oxley Act was amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010. This latter Act established funding for PCAOB activities, primarily through annual accounting support fees. These fees are assessed on public companies, based on their relative average monthly market capitalization, and on broker-dealers, based on their relative average quarterly tentative net capital”.

On 17 December 2019, the PCAOB published a Concept Release entitled “Potential Approach to Revisions to PCAOB Quality Control Standards” in which the PCAOB is seeking public comment on a potential approach to revising the PCAOB's quality control standards. This potential approach is based on the proposed international standard on quality management, ISQM 1, with certain differences as appropriate for entities

that are subject to PCAOB standards and rules. The International Auditing and Assurance Standards Board (IAASB) is in the process of updating its firm-level quality control (QC) standard and, in February 2019, published a proposed International Standard on Quality Management 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”. Proposed ISQM 1 is designed to focus firms' attention on proactively identifying and responding to quality risks that may affect engagement quality. The proposed standard includes specific requirements related to current developments not addressed in PCAOB QC standards. It is strange that the PCAOB is actually behind the IAASB in dealing with quality issues. The general view in the accounting profession in the US is that the US leads the world in setting standards in accounting and auditing. Could it be that the PCAOB is now reacting to criticism by publishing this document?

On 28 January 2020, Accounting Today published an article written by Jessica Westerman, titled “Is the PCAOB doing enough?” A body in the US, the “Project on Government Oversight” had published on 5 September 2019 a paper, “How an Agency You’ve Never Heard of Is Leaving the Economy at Risk”.

Jessica Westerman in her 28 January 2020 article concluded that it has become clear that the PCAOB is not doing enough to hold accountable the third-party auditors on which investors rely to audit Wall Street’s largest public companies. She pointed out that there is a bill languishing in Congress that could help, and lawmakers must take action.

I want to take you back to the article published on 5 September 2019 by the Project on Government Oversight (POGO). The article begins with a rant similar to something I read a number of years ago about Mumias Sugar Company, which, with the passing of time, has turned out to be true. POGO, speaking about the PCAOB and addressing the public in the US, claims that a federal watchdog they have probably never heard of is supposed to be protecting their financial security. It is supposed to be policing some of the biggest and most powerful firms in American business. It is supposed to reduce the risk that, as a result of fraud, error, or corporate incompetence, their financial future goes down the drain. It is supposed to help safeguard any savings the American public has stashed in the stock market, any stake they have in a pension or retirement fund, and maybe even their paycheck and employment benefits. This federal watchdog that many have probably never heard of is supposed to be protecting their financial security. POGO claims that in key respects it has been doing a feeble job. It was supposed to help avert man-made disasters like the financial crisis and mortgage-meltdown of a decade ago; the accounting scandals that destroyed a long list of corporations such as Enron and WorldCom almost two decades ago; and the savings and loan crisis that consumed mountains of taxpayer money in the 1980s and ‘90s - the kind of catastrophes that can cripple a community, crater the economy, or collapse the financial system. POGO claims that the PCAOB, over its entire history of more than 16 years, when it comes to some of

the biggest firms under its jurisdiction, it has taken disciplinary action over only a tiny fraction of the apparent violations its staff has identified. Meanwhile, the financial penalties it has imposed pale into insignificance compared to the fines it apparently could have imposed. POGO’s report gives some background information on the history of Wall Street. It points out that after the stock market crash of 1929 helped usher in the Great Depression and showed that companies could not be trusted to tell the truth about their financial performance, the government mandated that companies with publicly traded stock have themselves audited. Today, the Big Four accounting firms (we in Kenya tend to call them audit firms) audit almost half of all publicly traded companies in the

United States and almost all the companies in the S&P 500 index of large corporations. The accounting firms that audit publicly traded corporations have two key responsibilities. First, they issue reports publicly certifying the companies’ financial statements - which encompass potentially market-moving information such as profits, losses, revenue, and debts. Second, they audit and report on the soundness of companies’ internal controls such as computer systems, accounting procedures, and checks and balances meant to guard against fraud. The PCAOB audits the auditors. One of its jobs is to annually scrutinize a sample of the audits performed by each of the Big Four, and the audits of public companies performed by other audit or accounting firms. The big difference between the PCAOB and regulators in other jurisdictions is that the PCAOB issues inspection reports assessing the firms’ compliance with auditing rules or standards promulgated by the PCAOB. Another responsibility of the PCAOB is to enforce the rules and the relevant laws. Under the Sarbanes-Oxley Act 2002 passed by Congress that created the PCAOB, this regulator was given the power to penalize audit firms as much as \$2 million per violation for ordinary violations and as much as \$15 million per violation for more serious violations - those that involve intentional or knowing conduct, including recklessness, or, in the wording of the law, “repeated instances of negligent conduct.”

POGO has studied the PCAOB records over the more than 16 years of its life and has found that its inspection reports have cited 808 instances in which the US Big Four performed audits that were so defective that the audit firms should not have vouched for a company’s financial statements, internal controls, or both.

Yet, despite those 808 alleged failures, the PCAOB has brought only 18 enforcement cases against the US Big Four or employees of those firms. Those cases involved a total of 21 audits. POGO claims that if the 808 audits cited as fatally flawed in the inspection reports were as bad as the reports said, it appears that the regulator could have fined the audit firms more than \$1.6 billion, yet since it began its work, the regulator has fined the US Big Four a total of just \$6.5 million - less than one half of one percent of the potential



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POGO has also complained loudly that the PCAOB is headed by ex-partners of the Big Four audit firms.

At one time the World Bank was about to force Kenya to create a body similar to the PCAOB. But who has the ability to examine the audit files of any audit firm? The answer is qualified auditors. The US approach to dealing with matters is to call a press briefing, and tell all and sundry about the problem. Unfortunately, it appears “modern” to do things the US way. One example is when you ask a Kenyan today “How are you?”, she or he will think it smart to answer “I am good”, little knowing that many uneducated, and even educated, USers do not know that verbs are qualified by adverbs and not by adjectives: the average USer probably does not even know what an adjective or an adverb is. When qualifying the verb “be”, an educated person will use the adverb “well”. “How are you?” “I am well”.

Going back to Jessica Westerman’s article in Accounting Today on 28 January 2020, she points out that a law professor pointed out that POGO’s report “suggests [PCAOB enforcement] is a toothless body of law.” She goes on to point out that two weeks after POGO published its report, Congress answered its call for increased transparency. On 19 September 2019, the House of Representatives passed the PCAOB Whistleblower Protection Act of 2019, which incentivizes whistleblowers to report suspected violations of PCAOB rules, securities laws governing the preparation and issuance of audit reports, and the obligations and liabilities of the accountants who prepare and issue those reports, accounting professional standards, and the act itself. The act’s sponsor, Sylvia Garcia from Texas, expressly cited the POGO report in her House testimony, noting that the act would “implement a key recommendation that [POGO] made in a recent report” and calling the act “just one small tool in the toolbox of making sure that transparency and the investor faith it generates in this country continue.” This new act prohibits employers from retaliating against individuals who report suspected violations directly to the Board, or who initiate, testify in, or assist in PCAOB investigations or enforcement proceedings. Like the SEC whistleblower award program, the act would also protect whistleblowers who report concerns internally to their supervisors,



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which encourages self-policing. Whistleblowers who experience retaliation could bring claims against their employers for reinstatement, double back pay, and attorney’s fees and costs. Building on the success of the SEC’s whistleblower award program, under which 62 whistleblowers have been awarded approximately \$381 million since 2003, the act also offers whistleblowers up to 30 percent of the fines collected from a successful enforcement action resulting from information that they provided to the PCAOB.

In language identical to that creating the SEC whistleblower program, the act exempts from eligibility for an award any whistleblowers who “gain the information through the performance of an audit of financial statements required under the securities laws and for whom such submission would be contrary to the requirements of section 10A of the Secu-

rities Exchange Act of 1934.” Although the independent auditors who are the primary subjects of this exemption might have the most intimate knowledge of the accounting wrongdoing at which the act is aimed, the exemption reflects Congress’s best attempt at encouraging whistleblowers to come forward without rewarding individuals - like independent auditors - who already are required by law to disclose relevant information.

Opponents of the act have criticized it as duplicative of the SEC whistleblower award program and its attendant workplace protections, which incentivize whistleblowers to report suspected violations of securities laws to the commission. But the act would go some way toward fulfilling the unrealized promise of the PCAOB as a more specialized “watchdog over other watchdogs” by deploying the board’s unique accounting expertise to better protect US financial markets. Cognizant of the potential for overlapping enforcement actions, lawmakers included a provision to require coordination between the PCAOB and the SEC’s Office of the Whistleblower so as to improve efficiency, avoid duplicative efforts, and promote cost-sharing between the agencies, when possible.

The act, which is supported by the National Whistleblower Center, the Institute of Internal Auditors, and Public Citizen, would provide financial whistleblowers with another avenue for reporting their concerns of misconduct, as well as an opportunity to be compensated for the serious professional risk that those efforts entail. It is now under consideration by the Senate Committee on Banking, Housing, and Urban Affairs. Westerman urges senators to take action to build on the success of the SEC whistleblower award program and pass, in her view, this much-needed legislation in 2020. Will it improve the effectiveness and efficiency of the PCAOB? Probably not. Auditors are really the only persons who can inspect the work of other auditors - and to call oneself independent sounds good but is something difficult to put into practice.

FCPA Dr. Jim McFie is a fellow of the Institute of Certified Public Accountants of Kenya

Pending bills a headache for Governments

By Felix Nasubo

The Auditor General's primary oversight role is ensuring accountability within the three arms of government (the Legislature, the Judiciary and the Executive) as well as county government, constitutional commissions, and independent offices.

A pending bill in the public finance context is a form of credit advanced by the creditors (suppliers) to a government. It is usually in the form of completed projects, work-in-progress and committed Local Purchase/Service Orders. The issue of pending bills has been raised in the recent past by the OAG and OCOB. A special audit by the Auditor-General in June, 2019 months before Mr. Edward Ouko exited office revealed that pending bills in the counties amounting to Sh57.12 billion are fake and therefore ineligible for payment. The audit shows that just about Sh51.28 billion out of the general figure of Sh108.41 pending bills in counties are genuine and worth being settled. The report, which was tabled in the Senate, shows a huge discrepancy between the total figures that has consistently been captured in several reports of the Controller of Budget as at June 2018.

In her annual report for the 2017/18 financial year, Ms Odhiambo had indicated that the outstanding

“The biggest thing we are talking about right now is liquidity. There seems to be less money in the economy because government owes suppliers money which is not being released as required.”

pending bills in the counties stood at Sh108.41 billion as at June 2018. (Business Daily, 22nd July 2019). However the special audit revealed that the actual figure was Sh88.98 billion,

indicating a difference of Sh19.42 billion.

In any case, the report shows, of the Sh88.98 billion figure, only pending bills worth Sh51.28 billion are eligible for payment, suggesting that another figure of Sh37.70 billion presented for verification was ineligible for payment because of lack of documentation to support the claims or in some instances goods or services were never delivered.

A total of Sh10.80 billion of the eligible pending bills were paid between June 30, 2018 and February 15, 2019, meaning that the actual outstanding balance of pending bills in counties stands at Sh40.47 billion.

Mr Ouko says the reason for ineligibility for the pending bills as at June 30, 2018 is because of lack of documentation and work or services not done or delivered. “In addition to the audit of the pending bills statements, a compliance audit was planned and performed to express a conclusion about whether, in all material respects, the activities, pending bills transactions and information reflected in the pending bills statements are in compliance with the authorities that govern them and the public resources are applied in an effective way,” Mr Ouko says in the report.

Government procures services and goods from different entities and it's

expected that it honors payments as soon as the obligation has been met by the supplier. However, most of the time, government entities find themselves facing cash shortages because of myriad factors which include, delayed transfers from national government, local revenue shortages, disputed payments, delayed legislations among others.

Causes of pending bills

Government financial statements are prepared on cash basis format. Cash basis accounting format provides that funds should be spent as they are received. Consequently, creditors and debtors are not recognized in the financial statements and should not arise. However, there are various reasons that cause unpaid bills to accrue to county governments at the end of the year.

- Delays in release of the equitable share to the counties resulting in projects that had been budgeted for and executed remain unpaid by the end of the financial year.
- Lots of work-in-progress at the end of the financial year which includes ongoing projects that may not have been completed by the end of the financial year.
- Delays in the enactment of crucial laws that authorizes payment of funds to the counties
- When revenue targets are not achieved, and the budget is fully com-

mitted, there will arise projects that will have been executed but without funds to match

The last few days of the month of June are characterized by overloading of the Integrated Financial Management System (IFMIS), since virtually all the counties are making payments of the completed projects before the expiry of the appropriation act which expires on June 30th

There is no doubt that this figure has gone higher since then as many suppliers at both the county government level and the National government keep complaining over delayed payment for supplies delivered to these two levels. Doing business with counties and national government and its agencies has become risky because of routine delays in payments, resulting in bankruptcy suits and social conflicts.

The National government is not better either. It's in this light that President Uhuru Kenyatta during this year's Madaraka day celebrations in Narok County directed all government agencies to pay all its pending bills by the end of June 2019. To show some signs of commitment though little as compared to what the government owe to Kenyans, the former Treasury C.S Henry Rotich set aside Kshs. 10 Billions in the 2019/2020 Budget estimates presented to parliament to be used in settling the bills which special audits have reported stands at

over Kshs. 200 Billion for both the county and National governments. With the President's directive seemingly not fully implemented, a new directive by the head of civil service Mr. Joseph Kinyua was issued requiring all government agencies to pay outstanding bills by the end of the year. The big question is whether this directive will be followed and fully implemented.

The delayed release of funds by the National Treasury, coupled with poor revenue collection by the counties, has seen the counties struggle to meet their financial obligations, as their pending bills keep increasing.

Failure by the county governments to pay their suppliers has prompted the acting Treasury CS Ukur Yatani to write to 15 counties informing them that they will not receive their allocations for failing to settle pending bills.

The November 19 letter was addressed to Narok which as at October 28 owed suppliers Sh1.8 billion, Machakos (Sh1.1 billion), Nairobi (Sh21 billion), Vihiga (Sh1.8 billion), Isiolo (Sh1.09 billion), and Tana River (Sh1.09 billion). Others are Migori (Sh970 million), Tharaka Nithi (Sh921 billion), Bomet (Sh893 million), Kirinyaga (Sh1.05 billion), Nandi (Sh1.12 billion), Mombasa (Sh4.07 billion), Kiambu (Sh1.56 billion), Garissa (Sh1.57 billion), and Baringo (Sh35 million). (The star newspaper, 25th November, 2019)





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The affected counties were given up to December 1 to comply with the directive, failure to which their monies would be locked as stipulated in Section 97 of the Public Finance Management Act (PFMA). "I hereby stop the transfer of the equitable share of national revenue for the financial year 2019-20 because of the failure by your government to pay the eligible pending bills," Yatani's letter reads. He said that nonpayment by government entities has adverse effects on business, including SMEs and those owned by vulnerable populations – women, youth, and persons with disabilities.

While addressing a press conference in Nairobi late in November, The Chairman of the National Development Implementation and Communication Cabinet Committee Dr. Fred Matiangi said the National Treasury has now enforced adequate provision to see off the long-standing dues. "There are areas where pending bills have strangled some businesses. We are satisfied with the progress being made. We have committed to the private sector of staying on this

path so as businesses can grow," he said.

The private sector meanwhile expects honesty and transparency from government in dealing with the many issues which also encompass tax administration and the competitiveness of locally produced goods and services. "There is a long list of issues that have been with us for a long time. The government has not been clear that it neither wants to keep hearing of this issues nor should anyone act surprised," Kenya Private Sector Alliance (KEPSA) Chairman Nick Nesbitt said.

Manufacturers have decried low liquidity in the market in the wake of massive lay-offs by companies, amid a tough business environment which has led to poor performance by businesses. The Kenya Association of Manufacturers (KAM) has said companies and businesses are suffering from lack of cash, mainly on delayed payment of government's pending bills, which runs into billions of shillings. "The biggest thing we are talking about right now is liquidity. There seems to be less money in the economy because

government owes suppliers money which is not being released as required," KAM Chief Executive Officer Phyllis Wakiaga told the star in an interview. According to KAM, investors and businesses are also suffering from delayed VAT tax refunds, as suppliers continue to operate on negative accounts.

Adverse effects of pending bills

- When commitment of funds is not matched with the funds available, the county governments are overburdened with debt problem and this may adversely affect provision of essential services
- When bills remain pending for too long, investor confidence is eroded, and the counties may lose reliable suppliers and contractors.
- When funds are not released to suppliers in good time it slows down economic activities due to low circulation of currency in the economy resulting in liquidity crisis.

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How Treasury is balancing between a rock and a hard place

By Mbatawa wa Ngai

Failure to pay debts having a knock-on effect on businesses



Treasury Cabinet Secretary Ukur Yatani's directive, last November, to State bodies to surrender cash balances in their bank accounts appears to be bearing fruit

and fears the institutions might face a cash crunch may be misplaced.

Latest Exchequer data provided by Treasury show that the public purse received as much as Sh78 billion in the first half of the current financial year.

This means the government will have to borrow that much less money from the commercial banks and other financial institutions.

The impressive cash haul has encouraged the Treasury CS to double the full-year non-tax revenue estimates to Sh138.86 billion from the initial Sh69.33 at the beginning of the fiscal year last July.

Treasury may, however, need to step-up surveillance of state agencies to ensure that none uses its surrender of the surplus funds to delay the payment of its debts.

The argument that the surrendering of the cash surplus, some of which was used

to buy Treasury Bills and hence pushing up the cost of government borrowing, requires to be looked into also because some unscrupulous state agency chiefs may use it to sabotage operations and then blame the CS directive.

Treasury would be letting the country down if it fails to take into account the resistance its directive has spawned on those who have been pocketing the interest earned from buying government instruments.

The increase in the government revenue from its own sources is expected to increase the amount of money available to the private sector to borrow.

The Small and Medium Enterprises (SMEs) are set to be the biggest beneficiaries because Treasury will not only use part of the money to settle some old debts owed to them but the banks and other financial institutions will now be encouraged to lend to them.

This will be particularly true if Treasury sets in motion measures to be paying its debts regularly as this would improve the SMEs cash flow and credit record.

By paying its suppliers, Treasury and the

national government, will be leading by example and the act gives it the moral authority it requires to arm-twist the county governments to pay their own suppliers and contractors.

The pressure Treasury brings to bear on ministries and county governments to pay their debts should be kept up until all of them are cleared and new ones should not be allowed to pile up.

If Treasury is required to come up with a rationale for wielding the big stick in this matter it can cite the fact that much of the looting of public money that goes on in government ministries, departments and agencies is made possible by the blatant failure to pay debts.

After all, the various financial regulations require that these entities order for goods and services only when they have money in their books to pay for them.

The mystery of where these funds disappear to after the goods and services are delivered is the conundrum that can only be explained by a look into the corrupt practices that take place in these institutions.

These questionable practices include the payment of non-existent bills presented by co-conspirators while the genuine ones are forced to wait.

A generalized payment of debts both in the public and private sectors would lead to increased cash liquidity in the economy that has been starved of cash by widespread failure to pay debts.

Indeed, the failure by some leading firms, who are said to owe SMEs as much as Sh60 billion, to pay their suppliers and service providers has been blamed for the subsequent collapse of many SMEs that were supplying them with goods and services.

The collapse of Nakumatt Supermarkets opened a window that showed how SMEs were arm-twisted into delivering goods to a faltering giant only to be left holding the bag.

Failure to pay debts has had a knock-on effect on many businesses and even big industries leading to loss of jobs at a time when the country is grappling with the problem of lack of jobs among the youth. To its credit, Treasury appears to realize that the money it receives from the state agencies is only a stop-gap measure and the government requires a long term solution to the problem caused by spending money that it does not have in the hope that increased taxes will fix the revenues deficit.

This realization has taken time to register and has come following years in which the Kenya Revenue Authority (KRA) has repeatedly failed to meet the ambitious targets Treasury set for it.

In its defense, KRA can plausibly argue that the targets were unrealistic given the lackluster performance of the economy whose growth has been driven more by infrastructure developments than by higher outputs in agriculture and industry as is the norm in countries that eventually take off.

The result has been a consistent and continued drop in revenues collected from Pay As You Earn (PAYE), Corporate Taxes, Excise and Customs Duty.

The dawning of this reality is what may have led Treasury to announce several austerity measures that it hopes will help it balance its books.

Analysts are not persuaded, however, that Treasury can get a good grip of the situation until the government bites the bullet and drastically reduces its expenditure on

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To its credit, Treasury appears to realize that the money it receives from the state agencies is only a stop-gap measure and the government requires a long term solution to the problem caused by spending money that it does not have in the hope that increased taxes will fix the revenues deficit. This realization has taken time to register and has come following years in which the Kenya Revenue Authority (KRA) has repeatedly failed to meet the ambitious targets Treasury set for it.
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staff costs.

For surely, it cannot be right that about 2 per cent of Kenyans working in the public service gobble up about 52 per cent of what all their colleagues pay in taxes year-in, year-out leaving only a minuscule amount to be spent on development because the bulk of the balance goes to pay debts.

The tragedy for the country is that the people consuming so much of its resources are also adept at dipping their fingers into the public purse which is

largely composed of borrowed funds.

The fact that many of these public servants are not qualified for the jobs they are holding because they were hired under questionable circumstances makes an already bad situation worse.

This is because these employees either idle away the time doing non-productive work or are engaged in conjuring up phantom projects which they will use as conduits to skim off still more money from the hapless tax payer.

The list of proposed dams whose construction began and were then abandoned under mysterious circumstances are a stark reminder of how creatively destructive and brazen these public servants have been.

They have neither shame nor do they fear anybody. This may stem from the fact that their predecessors got away with billions of tax-payers money.

This is part of the reason the public debt has grown exponentially yet there is little on the ground to show for it.

It may be plausibly argued that the country will get back on its feet only when it finds the will to hunt down, arrest and successfully prosecute the perpetrators of what has come to be known as grand corruption.

The challenge, however, is whether the political class can close ranks and find the political will to put its foot down because the corrupt, and their legal cohorts, can be expected to pull all the stops to frustrate the war against corruption. To expect the fat-cats benefitting from the sweat of ordinary Kenyans to co-operate in the clean-up exercise is to live in fantasy-land that only exists in fairy tales.

However, Treasury deserves commendation for doing what it can under these difficult circumstances. Its decision to scale-back the next budget is a move in the right direction provided the move is not undermined by subsequent supplementary budgets as is the usual practice. But, perhaps, what could have an equally big impact on the country's economy would be a decision to slow down or completely stop foreign borrowings except on concessionary terms.

This proposition is borne out by the knowledge that proceeds from many of the commercial borrowings that the country has undertaken to date cannot be properly accounted for according to the government's own records.

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For surely, it cannot be right that about 2 per cent of Kenyans working in the public service gobble up about 52 per cent of what all their colleagues pay in taxes year-in, year-out leaving only a miniscule amount to be spent on development because the bulk of the balance goes to pay debts.

To make matters worse, these borrowings were negotiated at high interest rates from commercial banks that would not hesitate to take the country to the cleaners were it to default in its loan repayments.

Indeed, the pressure these lenders bring to bear when they suspect a country may default may explain why Treasury seems desperate to collect as much revenue as it can lay its hands on as quickly as possible. The other danger posed by non-concessionary loans is that they are usually spent on paying for projects whose return on investment is in the medium to long-term.

The plethora of roads hurriedly constructed across much of the country and the Standard Gauge Railway (SGR) are a good example of the kind of projects that should have waited until other projects were in place.

The repayments for the SGR line, for example, would have been easy had the local component of the money used on it spent to build industries to produce export goods that would have been ferried back to Mombasa port on their way to the external markets.

The increased revenues from return cargo would have lessened the current conflict between Kenya Railways management and owners and drivers of trucks plying the Mombasa-Nairobi highway.

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Artificial Intelligence is revolutionising banking

By Albert Otieno

We must confess that banks are the ones that have recognized the potentials of Artificial Intelligence at a very early stage and adopted it in their transformation journey. They have adopted Artificial Intelligence to re-define products, processes and the strategies. This include predictive and cognitive capabilities enabled through cutting-edge technologies like Machine Learning and

Deep Learning. Machine learning is a subset of AI that provides systems with the ability to learn and improve from experience without being programmed explicitly. It involves development of computer programs that can access data and use the data and algorithms to learn patterns, behaviors, trends, etc. and give outputs. On the other hand, deep learning uses multiple layers to progressively extract higher level features from raw data.

One of the main reasons behind the growth of AI in banking is that banks are

in a data intensive business, So they can't avoid artificial intelligence which is again a technology that can provide intelligent predictions and recommendations by processing multiple data.

Moreover, banks have access to financial details of their customers and know them far more intimately than probably any other business. With AI they can make highly relevant recommendations about financial products and services to their customers by leveraging such details. Also, as AI applications have the capabilities of automating many repetitive manual tasks,



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There are lots of AI applications coming up in areas like Anti-Money Laundering and Regulations. This is because it's very easy for an AI system to analyze lots of data at its finger tips and determine the patterns and better identify frauds, money laundering and criminal activities quickly.

there is always an angle of optimization of time and effort and hence the cost. But the most

important angle is the efficiency and robustness that it brings on the table which is remarkable and not possible to achieve manually. There are many areas of Financial Industry where Artificial Intelligence and Machine Learning have already created its footprint but there are still many areas that are untouched and are going to be the core focus in the coming years.

Banks have leveraged AI in Risk Management, Anti-Money Laundering, Cyber Security, Fraud Detection, Intelligent Predictions and Recommendations. But in reality there are many more areas in financial industry where AI has been already playing a crucial role that many of us are probably not aware of, like many embedded AI algorithms advice' to customers. Risk and Credit Assessment is an area where Machine Learning and Deep Learning

are playing the role of a game changer in banking.

Smart wallet has become an area of interest for the banks. Banks are providing smart wallets to its customers. These AI enabled smart wallets will look at customer's spending habits and learn from his/her behavior to provide smart advice and recommendations of future spending. It will encourage savings and responsible spending in the form of predictive alerts and recommendations. Similarly, AI can detect if a customer is likely to switch their products or services, this early signal will help banks to offer him/her a more suitable product which may help retain the customer.

Now coming to the Risk and Credit assessment areas, today if you want to apply for a loan, in a conventional way then a personal loan takes couple of weeks or may be even more to clear all analysis process before approving such loans. With Artificial Intelligence the processing lead time has come down to an hour or two maximum. This is because AI is capable of doing credit assessment in a much faster and better way by interrogating various customer data sources in the data mat. We are already experiencing the change in the interface the banks are having with their customers. They are increasingly changing those to Chat Bots and robots as their first line of interfaces with their customers to enhance service experiences.

Also there are lots of AI applications coming up in areas like Anti-Money Laundering and Regulations. This is because it's very easy for an AI system to analyze lots of data at its finger tips and determine the patterns and better identify frauds, money laundering and criminal activities quickly. It can also highlight these to bank authorities well in advance so immediate action can be taken to arrest those activities. Other areas in which AI is booming in the financial sector are human free branches; where they can use machines to serve customers end to end.

It will be interesting to see how AI will shape accounting and auditing in banks and the accounting and auditing profession as a whole. This is because data that used to be audited for weeks or months can be run in AI models and the output will be in a matter of minutes.

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Why UK-Africa summit is unlikely to bear much fruit

By Mbatawa wa Ngai

The changing attitudes of Africa and its place in the global community of nations



The UK-Africa Investment Summit 2020 held in London, last month was a muted affair despite the hype and hopeful win-win rhetoric about Britain forging new relationships with the continent. British Prime Minister played host to African leaders and representatives in hopes of projecting an image of a nation free from the rules and regulations of the European Union and can, therefore, chart a new investment path with Africa. Africa's attractions to the rest of the world, particularly the major industrialized ones revolves around its rapidly growing population and economies, ris-

ing middle class, and recent ratification of a continent-wide free trade agreement. With a rate of return on investment that outstrips much of Asia, all of Latin America and the average of the world's developed economies, there is little doubt about the money to be made in Africa. Africa's potential wealth in minerals, oil and gas that is waiting to be discovered and extracted is yet another key attraction to leading industrialized countries all of which are well aware the continent holds the key to their future development and prosperity.

But it will not be easy for London to

forge a new relationship with the continent because although times have changed, evidence on the ground suggests that UK aid, trade and investment patterns still reflect an old picture of Africa, a picture that remains rooted in a colonial and paternalistic mind-set of working with primarily agricultural societies and rural people with few skills, basket cases requiring reward and punishment. This attitude is routinely borne out when British officials speak to Africans and their leaders not just in private but in public meetings.

UK leaders seem fixated on prescribing for Africa the reforms it should adopt to make them more attractive to investors, to work up the World Bank's Doing Business Index, curb corruption or meet environmental and social standards. This outdated mind-set is also reflected in the types of goods—raw materials made up mostly of fuel, precious stones and fresh fruit and vegetables—UK imports from Africa.

This is also the only plausible explanation why up-to 51 per cent of UK's investments in Africa still goes into mining and quarrying while 34 per cent goes into financial services despite the continent offering investment opportunities in other more lucrative and high-return on investment areas such as manufacturing, technology and construction sectors in which the United Kingdom invests in other parts of the world. This attitude further underlines the failure to invite Zimbabwe to the summit, ostensibly due to its poor record on human rights and corruption.

Whereas the architects and supporters of the UK policy might argue that the selection of the few areas to invest in is driven by the high levels of poverty found in Africa, about 700 million, the raging civil wars and humanitarian crisis still rampant in many parts of the continent, the solid reality is that there are huge changes taking place, too. But, unfortunately, these changes are rarely given much prominence even within the continent. The main one is the change in the Africans view of themselves and their place in the world.

Economist and Gavi board member Dr Ngozi Okonjo-Iweala high-lighted the ambitions of African nations to export to the UK saying “as Africans---we expect in the future we will be a key market, and not just for the UK to sell to.”

The changing attitudes of Africa and its place in the global community of nations was also expressed in a session on sustainable finance and infrastructure, trade and investment, African growth opportunities and clean energy transformation. The continent has begun to see and to speak, albeit in muted tones, as the successor to the Chinese as the world's next economic power-house.

According to the proponents of this vision, Africa will succeed China and become the world's manufacturing hub because the continent has a more favorable demographic advantage which it will leverage in terms of lower wages even as Beijing wages soar due to its drive to move into manufacturing high value goods. But, first, Africans are looking for value added manufacturing that increases the value of their exports about twenty times or more.

African leaders, to their credit, are beginning to see the wasted opportunities they deny their people and the jobs they export outside the continent every time they export raw minerals and primary agricultural goods. Two quick examples in agricultural exports that are often cited include cocoa, largely grown in West Africa and coffee grown in Eastern Africa which includes Ethiopia.

The current \$5 billion cocoa market can be easily flipped over into one worth \$100 billion were the processing and making of chocolates done at source creating thousands, if not millions, of jobs for the youth. The story of coffee is even more telling when it is realized that despite not growing a single tree, Germany's export volume of the commodity is higher than what the entire continent sells. What is more, the earnings accruing from coffee consumption are overwhelming booked in Swiss companies' books and are worth more than what Africa earns collectively

from the crop.

This explains why the kind of investments Africa is increasingly looking for is centered on value addition for even in the minerals sector, the only country in the continent that has benefitted from its natural resources is Botswana because it polishes and grades its diamonds before export.

It is worth noting that before hosting the UK-Africa Investment Summit, London had announced its goal to be Africa's largest G7 investor by 2022. To many analysts, however, this is hyperbole at its best, as admirable as the goal might be because it would require a paradigm change among UK policy makers and investors.

To achieve that goal, the UK would have to increase its capital investments in the continent by 75 per cent to top the United States and by more than 90 per cent to top France. The Prime Minister cannot, also, command the private sector to invest the necessary \$16 billion to Africa in order to achieve the UK has set for itself. It is equally unlikely too that the Department for International Development—which the Prime Minister is said to be considering closing—would come up with a 112 per cent increase in its budget.

To complicate matters still further, French President Emmanuel Macron is equally eager to reshape French-African relations and will be hosting a summit of his own later this year.

Ghanaian President Nana Akufo-Ado also alluded to the changes required when he spoke of the need to update Africa's dated financial architecture and address the so-called “Africa risk premium” where investors treat African countries as especially risky places to do business, demanding higher returns—which makes entering bond markets a very



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risky and expensive affairs.

Although the way Europe and the US treats investments in Africa may not have been raised during the summit, Kenya had a taste of that reality when the government wanted to sell off Kenya Re to foreign investors a decade or so ago. All the prospective buyers only took account of the business booked in the Kenya Re books and valued the rest of the company, particularly its vast real estate holdings at zero. And because Kenya Re's debts outstripped the value of the business in its books, the buyers concluded the business was bankrupt and wanted to buy it as such offering only a paltry amount as good will. Fortunately, that forced the then government to come to its senses and cancel the sale that had been advertised (secretly) by its advisors—even Kenya Re's then chief executive was left in the dark.

But the success of a new partnership does not rest on the UK leaders alone as Africans also need to articulate their requirements much more robustly than they have done in the past. At the very least, the continent needs to walk away from the past development models that have often left countries and communities poorer than they were before the investors came knocking on the door. Evidence from surveys carried out by multiple researchers have shown that investments where benefits are expected to trickle down to communities which give up their land but are otherwise not involved in the projects being carried out except as low paid labour are no longer viable.

Sadly, the focus at the UK-Africa Investment Summit was mostly on these large scale investments that emphasize formal operations with UK companies all or most of the shares. In agriculture these are found on tea, coffee or sugar plantations. But investments that Africa needs are those that are small, appear informal and are deeply rooted in the local communities.

These bring together a vast number of smallholder producers and consumers usually linked to many entrepreneurial private sector actors working in transport, processing and logistics. These are the ones that are driving change in African agricultural value chains.

To be sure, these would deliver greater value to those at the grassroots were the governments to do more to drive out of business parasitic middlemen who thrive on exploiting the farmers while adding little value. The provision of quality inputs and the sale of marketing of the farmers' produce are areas that are especially vulnerable to manipulation by unscrupulous middle men.

The emergence of such groups of individuals working in well-organized cartels at both sides of the agricultural value chain must be tightly regulated to give farmers better returns.

The need to put hope in agricultural production is particularly pertinent if the youth is to be kept on the farm because many are drawn into the already overcrowded urban areas by the hopelessness that they see all around them. And these ruthless cartels bear the full responsibility for these conditions because they not

only, at times, sell sub-standard in-puts, but rub salt into the open wounds by ganging up to buy the produce at throw-away prices so they can make a killing at the various markets.

Sadly, the companies that recruit farmers to grow produce for export are also part of this real and growing problem which is exacerbated when the exporter has relatives in the importing country who receive the produce. This enables the importer not only to short-change the farmer but also to avoid paying taxes by playing fast and loose with the taxation laws.

The governments may also need to look at the possibility of putting more effort into coming up with bankable projects when attending such summits and then asking interested investors to pitch in.

These bankable projects could be made even more attractive to investors were the governments to put their money where their mouths are by investing their own money, first. The government could, in particular invest in projects that add value to local products because the returns on investment in these areas are huge and immediate.

In addition, these are investments that are likely to attract few foreigners, at first, because this would amount to denying their own nationals jobs when Africa begins to process its own produce.

But, as the adage goes, there is no free lunch and those waiting for one are going to wait for a very long time, indeed.

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Upholding accountability in public schools

By Felix Nasubo

It's in the public interest that the government should now start employing school bursars and accountants in public primary and secondary schools through the public service commission. This will go a long way in ensuring proper utilization of public resources in our schools and hold them directly accountable for use of the resources in the schools. Currently, this role is purely at the discretion of the school heads who are the secretary to the Board of Management. It has been debated in some forum that some of these heads lack human resource capacity to hire the right people and that in some instances; some have even employed their relatives and friends who work under their direct control and serve at their whims. In some cases they have abused this power and have used these bursars



It has been debated in some forum that some of these heads lack human resource capacity to hire the right people and that in some instances; some have even employed their relatives and friends who work under their direct control and serve at their whims. In some cases they have abused this power and have used these bursars or colluded with them to swindle money sent to these schools by the government and payments made by the parents.

or colluded with them to swindle money sent to these schools by the government and payments made by the parents.

As you may be aware, education has become Kenya's biggest sector funded by the government in recent years following the rolling out of free primary education and subsidized secondary education. With this kind of investment, parents and the community at large require that there be proper financial management by the school administrators. Parents have been kept in the dark over how much money is sent to every school and how the same is spent. In fact parents have complained of financial mismanagement with a good number of audit reports indicating that books of accounts are not properly kept in some schools. Such circumstances normally leave room for manipulation by unscrupulous persons who have access to school funds and therefore there is need to find out ways of ensuring efficient and effective financial management in public schools.

We have schools in Kenya today where parents are asked to pay money towards a certain project like the



The government should employ more auditors to match the needs of these institutions who will routinely audit the work of these bursars and accountants employed in order to examine their books of accounts and financial transactions performed for transparency and accountability.

purchase of a school bus and the construction of a dormitory or library when their children join form one with

numerous harambees organized in the course of the study years of that child yet by the time they finish form four there is still no sign of building materials on site. You go to those schools four years after your child finished school and the script is the same.

In addition, the government should employ more auditors to match the needs of these institutions who will routinely audit the work of these bursars and accountants employed in order to examine their books of accounts and financial transactions performed for transparency and accountability.

In the light of this, it is advisable that bursars should be fully qualified accountants, and registered members of ICPAK. In addition, administrators should be transparent and accountable to the government, the general public and parents. They should also ensure maximum compliance with the Constitution and PFM Act.

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Risk management in the management of treasuries

By Karumba Kinyua

“Risk comes from not knowing what you’re doing” Warren Buffett

Treasury management is the corporate handling of all financial matters - the generation of external and internal funds for business, the management of currencies and cash flows and the complex strategies, policies and procedures of corporate finance - mainly dealing with working capital management and financial risk management

The goal of most treasury management departments is to optimize their company's liquidity, make sound financial investments for the future with any excess cash, and reduce or enter into hedges against its financial risks.

A risk is the effect of uncertainty on an organization's ability to meet its objectives while risk management is the identification, evaluation, and prioritization of risks, followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities.

The risk management process as per ISO

31000, is broken down into 4 major steps:

1. Risk identification: what could prevent the business from achieving its objectives?

2. Risk analysis: understanding the sources and causes of the identified risks; studying probabilities and consequences given the existing controls, to identify the level of residual risk.

3. Risk evaluation: comparing risk analysis results with risk criteria to determine whether the residual risk is tolerable.

4. Risk treatment: changing the magnitude and likelihood of consequences, both positive and negative, to achieve a net increase in benefit.

Once all these steps have been covered, a decision has to be made on how to handle the risks facing the business. The common strategies in risk management include;

Risk avoidance which is the elimination of hazards, activities and exposures that can negatively affect an organization's assets.

Risk reduction involves implementing small changes to reduce the weight of both risk and reward post-event. This is done through process and plan manipulation, and it saves the business from a severe loss in the case of a high-risk manifestation.

Risk sharing involves transferring and redistributes the burden of loss or gain over multiple parties. This could include business members, an outsourced entity or an insurance policy.

Risk acceptance involves assuming the loss or gain, entirely. This option is best for small risks where the losses can be easily absorbed and made up.

The demand for funds for expansions coupled with high interest rates, foreign exchange volatility and the growing volume of financial transactions have necessitated efficient management of money. It is therefore important that Treasury Managers keep track of the key risks affecting their operations.

There are several risks in treasury management but, we will focus on credit risk,

liquidity risk, operational risk, foreign exchange risk, and market risk; looking at what causes them and how to mitigate against them.

Liquidity risk is the risk that an institution may be unable to meet short term financial needs/demands. Liquidity risk management is arguably the most important function of a treasury department as it would have severe impact on the business if it is not carefully, effectively and properly managed. Some of the main causes liquidity risk in a business are, possession of highly illiquid assets such as real estate, unexpected cash flows, loss of liquidity in an institution's core business, a fall in the credit rating of a business, default in payments by counterparties among others.

To mitigate these risks, certain measures have to be put in place depending on the cause of the risk. These include: Identifying and working within an institution's liquidity risk appetite, diversifying an institution's business model in case of loss of liquidity the core business, investing in liquid assets (having cash reserves) such as T-bills; that can be sold to cover a liquidity gap, monitoring expected cash flows and applying corrective action to fix

any variation and setting up contingency plans to cover the business' liquidity requirements.



The biggest thing we are talking about right now is liquidity. There seems to be less money in the economy because government owes suppliers money which is not being released as required.

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Credit risk management is another important role in treasury as it could have a significant bearing to the business if the risk gets out of hand. Some major causes of credit risk are: when business debtors fail to fulfil their loan/ contractual obligations, concentration of debt in one industry, government directives and policies that may affect a debtor's business.

Credit risk can be controlled through: Identifying and working within an institution's credit risk appetite, continuously monitoring an institution's credit levels, taking an insurance cover on loans, creating a bad debt reserve that would reduce the impact of default by debtors, getting letters of credit from potential debtors and diversifying the business' debtors to reduce the impact of default from a major client.

Operational risk is the prospect of loss resulting from inadequate or failed procedures, systems or policies. If operational risks are not properly managed it can lead huge losses caused by fraudulent activities, human/employee error, system failures, and a disaster in the business e.g.





natural disasters, terror attacks among others.

Operational risk can be mitigated by, Identifying and working within an institution's operational risk appetite, putting in place strong internal controls such as policies and procedures to monitor and control fraud, having a tested disaster recovery and business continuity plan in place to reduce the effects of a disaster, taking insurance covers for an institution's assets, hiring the right personnel, conducting periodic risk assessments and risk transfer i.e. outsourcing services.

Foreign exchange risk is a financial risk that exists when a financial transaction is denominated in a currency other than the domestic currency of the institution. It is caused by: Political instability in the country whose currency is being used for transactions, government policies and relations with other countries and changes in a country's macroeconomics e.g. inflation.

Foreign exchange risk can be mitigated by, Identifying and working within an institution's foreign exchange risk appetite, conducting business in stable currencies e.g. using the American Dollar, reducing business transactions in politically unstable countries, investing in hedged assets. Market risk is the possibility of an institution experiencing losses due to factors that affect the overall performance of the financial markets in which it is involved.



Risk management is vital not only in the management of treasuries but also in the management of all departments of an institution. It is therefore important that an institution establishes a Risk appetite framework to clearly define the level of risk that the institution is able to take up.

Market risk is caused by, Negative changes in the price of a commodity, negative changes in government policies and laws towards a certain sector e.g. the gaming bill which affected many gambling companies in Kenya and the decline/collapse of an industry/sector.

Market risk can be mitigated through the following ways: Identifying and working within an institution's market risk appetite and diversifying an institution's investments to various sectors of the economy.

In conclusion, risk management is vital not only in the management of treasuries but also in the management of all departments of an institution. It is therefore important that an institution establishes a Risk appetite framework to clearly define the level of risk that the institution is able to take up. It is also necessary to put in place policies and procedures to guide the staff to adhere to the Risk Appetite Framework.

All risks facing an institution should be continuously measured and monitored to enable the mitigation strategies to be continuously refined so as to effectively manage the risks.

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Taxation of the digital economy

By Erastus Omollo

Trade wars and threats between economic giants don't make for peaceful approach

Digital Economy refers to an economy that is based on digital computing technologies. Digital technologies are electronic tools, systems, devices and resources that generate, store or process data.

The biggest cause of confusion surrounding the digital economy is the lack of commonly understood definitions. Some of the other issues include potential and real trade wars between nations that taxation of the digital economy could ignite.

On 4th December, 2019 The

Times newspaper in the UK had an interesting heading on its front page; "We'll force tech giants to pay more tax," says PM (Boris Johnson). Furthermore, Boris Johnson has risked a rift with Donald Trump by suggesting that he will push ahead with a tax on technology giants such as Google and Facebook to ensure that they make a "fairer contribution" through taxation.

The Times has also reported that the US president has threatened France with £1.9 billion of retaliatory tariffs on products including champagne and cheese after it introduced a "digital

services tax". Boris Johnson on his part said: "I do think we need to look at the operation of the big digital companies and the huge revenues they have in this country and the amount of tax that they pay. We need to sort that out. They need to make a fairer contribution."

Many American tech giants pay little tax in Europe because they channel sales through Ireland, Luxembourg and other countries with favorable tax regimes. Such schemes are legal but have angered traditional bricks-and-mortar retailers who feel they are being unfairly undercut.



According to Upwork's "Freelancing in America 2018" report, 50% of the US population will be working as freelancers in 10 years' time.

Currently, 57 million people in America are working as freelancers, contributing 5% of the country's GDP.



It has also been reported that Britain's digital sales tax is forecast to raise UK£440 million a year by 2023-24". However, as the paper said, trade wars and threats between economic giants don't make for a peaceful and sober approach to taxation of the digital economy. All countries including Kenya should benefit equitably from digital economy activities.

The Challenge of Taxing the Digital Economy

There are several challenges to taxing the digital economy many of which relate to geography and determining where tax should be applicable:

1. Difficulty in determining tax jurisdiction due to online functions of place of manufacture and where service income should be taxed.
2. Challenges with characterization of tax whether professional,

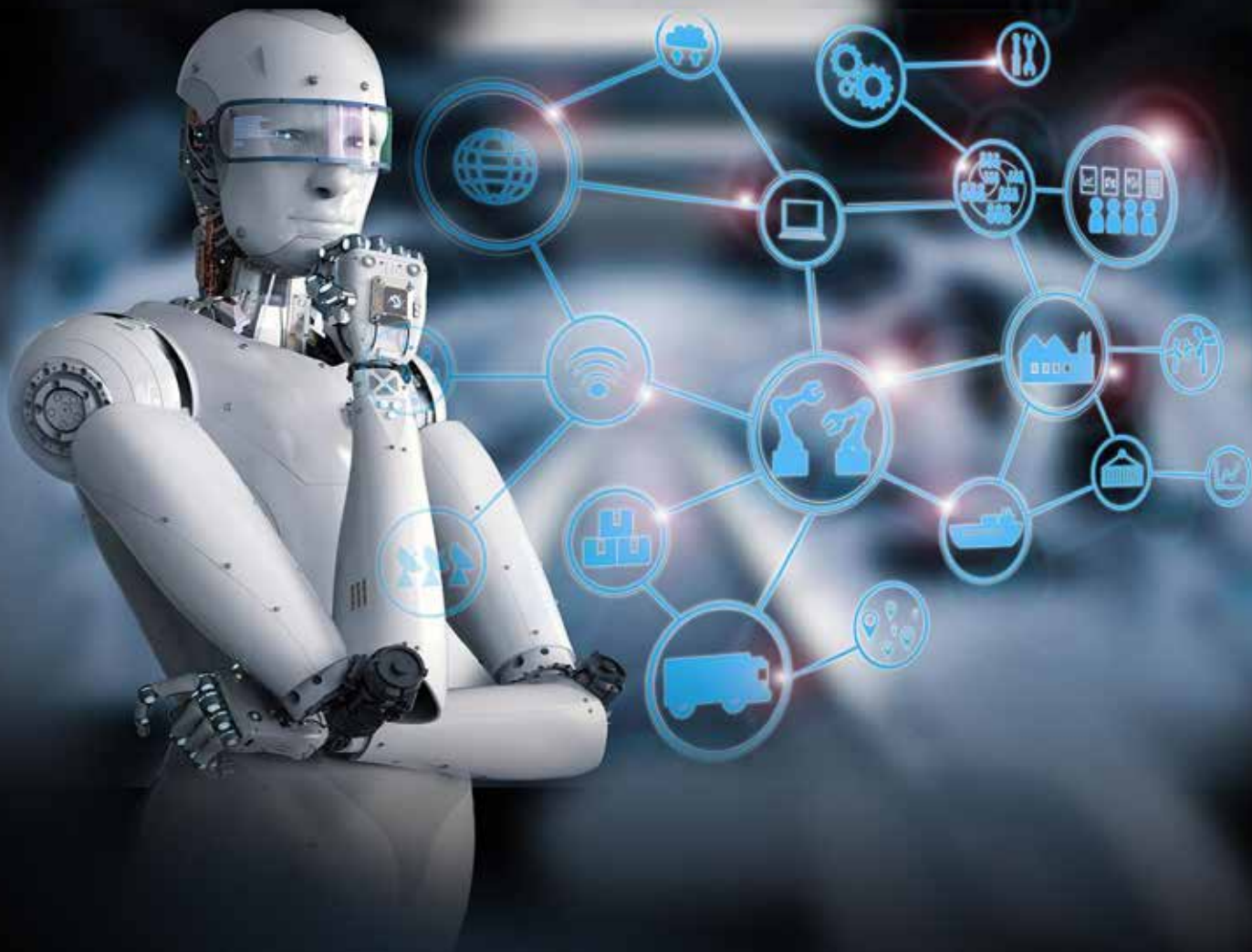
royalty or VAT to be charged since the goods and services involve a mix of expertise, software and equipment.

3. Complexities of Base Erosion and Profit Shifting (BEPS) – most digital businesses will structure tax location in a low tax jurisdiction to greatly reduce tax and increase profits.
4. Transfer pricing causing loss of revenue from jurisdiction.
5. Irrelevance of Permanent Establishment rules in determining taxation as transactions are carried out on digital platform.
6. Impossibility in collection of taxes due to cross border supply of digital goods and services i.e. digital goods downloaded through the internet.

Apart from the issues touched on above, the digital economy, if allowed

to operate unbridled (from a tax point of view), can lead to a so-called death sentence on an economy. In Kenya in particular, the digital economy has diluted to near death, the heart and fulcrum of the Income Tax Act, Cap 470 (Laws of Kenya) which relies on the concepts of permanent establishment / residency, accrual and derivation of income as the legal foundation upon which the right to levy taxes stand. The concepts which were elements of great thinking, some fifty or so years ago, have been made out-dated by digital disruption in our global market place context.

In countries where economic activities and trade are increasingly happen digitally, attention has been given to tax laws to reduce loss of revenue through non-revenue generating



trading activities. Such trading activities (in both goods and services), are generally invisible both in domestic and cross border trading. It is a huge industry and market worth trillions of Kenya Shillings. Nailing down the actual value of the digital economy, who and where to find the giver or receiver of goods and services to legally hold for taxes will remain a standing challenge. The concepts of residency / permanent establishment, accrual and derivation of income are in trouble when dealing with a nameless and faceless potential tax payer or evader.

Despite the challenges of the digital economy, it is not about to go away. To that end, Kenya's steps to propose taxation of the digital economy are not only laudible but overdue. It is a worldwide phenomenon that governments globally are paying more and more close attention to and Kenya should not be left behind.

What Kenya Proposes

The basic rule under the taxing section of Income Tax Act, Kenya is that the income should have been derived from or accrued in Kenya. An amendment was made to the Finance Act, Kenya 2019 to include chargeability to tax for income accruing through a digital marketplace.

The amendment further defines a digital marketplace as “a platform that enables the direct interaction between buyers and sellers of goods and services through electronic means”

The Cabinet Secretary has been mandated to make regulations to provide for the mechanism of implementing the provisions of digital market provision. These regulations are yet to be made.

The VAT Act, Kenya provides for taxation of electronic services. Electronic services is defined as any of the following services, when provided or delivered on or through a telecommunications network:

- websites, web-hosting, or remote maintenance of programs and equipment;
- software and the updating of software;
- images, text, and information;
- access to databases;
- self-education packages;
- music, films, and games, including games of chance; or
- political, cultural, artistic, sporting, scientific and other broadcasts
- and events including broadcast television.

Supply of imported services which also attracts value added tax was amended by the government through the Kenya Finance Act, 2019 to remove the term “a registered person” and substituted by “any person” this enlarges the tax base by making it mandatory that all supply of imported services be subject to VAT irrespective of whether the recipient of the services is registered for VAT or not.

It is important to recognize that although the compliance management of this may be easy in the case of business to business transactions (B2B), the visibility of such transactions may be lost when the imported services are rendered to individual non-business persons who are final consumers (B2C). The policy makers are likely to be more persuaded to devise legislative framework(s) that can comprehensively bring to charge all imported services even supplies to final consumers.

The concept of imported VAT is built on the fact that when Vatable supplies are imported, the recipient in Kenya would pay the VAT on those supplies. To achieve tax neutrality, the tax laws consider such supplies to a person to be supplies to himself and therefore liable to pay tax.

Further to the legislative amendments effected through the Kenya Finance Act 2019, the Kenyan Tax Procedures Act 2015 also provides for appointment of fiscal representatives in situations where a non-resident person carries on business in Kenya but does not have a fixed place of business. Although this law has been in place since 2015, the Kenyan tax administration has not provided appropriate infrastructure and administrative framework to allow for its effective implementation.

Kenya Finance Act, 2019 also introduced the Ajira Digital Program which will be effective 1 January, 2020 for persons carrying out freelance digital jobs. Digital freelancers must register for the Ajira Digital Program. Once registered, a payment of KES 10,000/= is paid to the government annually for a period of three years in lieu of tax.

What legislation other jurisdictions have in place to tap their share of tax revenue vary only slightly but with one single objective – rightful share of tax revenue from digital trading in goods and services and reduction in practices that erode or transfer tax revenue from one tax jurisdiction to another (for any reason). A key learning point from various countries including the EU which all point in the same direction.

Digital Economy Regulatory and Policy Approaches by Geography

Italy

Italy introduced the 'Digital Services Tax' (DST) which repealed the 'Web Tax'. The tax is levied on revenue derived from certain digital service companies at the rate of 3 percent payable whether the service provider has a permanent establishment in Italy or not and shall be paid by the end of the month following each quarter.

A taxable person is someone who is established or non-established in Italy and runs activities which meet two criteria firstly, total amount of revenue (wherever it has been realized) of at least €750 million and secondly, an amount of revenue for digital services (realized only in Italy) of at least €5.5 million.

A taxable person should file their annual return relating to the whole amount of revenue within four months from the end of the tax period.

A non-resident person who falls under the DST rules and has no permanent establishment in Italy, should ask the Italian Revenue Agency for an identification number for DST tax purpose.

Italian VAT rules apply in instances of assessment, penalties, collection and disputes connected to DST.

Revenue subject to DST is considered gross of costs and net of VAT and any other indirect taxes. The DST revenue will come from the following services:

- Transmission of advertising on a digital interface targeted for interface users.
- Availability of interface allowing users to come to contact and interact in provision of goods and services.
- Transmission of data collected by users and generated by the use of a digital interface.

DST does not apply to intra-group services i.e. services provided to companies that are deemed to be parent, subsidiary or sister company.

Singapore

Digital Economy tax is referred to as 'Goods and Services Tax' (GST) levied on goods imported on a reverse charge mechanism and commonly known as Value Added Tax (VAT) in other jurisdictions. There is no GST imposed on the overseas vendors. One has to reg-

ister for GST.

The reverse charge mechanism: where an overseas supplier makes a supply of services to a GST registered business, the local recipient accounts for the tax. Exempt supplies are not subject to GST. Digital services are defined as services supplied over the internet or an electronic network and the nature of which renders their supply automated with minimal or no human intervention and impossible without the use of information technology.



Many American tech giants pay little tax in Europe because they channel sales through Ireland, Luxembourg and other countries with favorable tax regimes. Such schemes are legal but have angered traditional bricks-and-mortar retailers who feel they are being unfairly undercut.

From January, 2020 a simplified registration regime for overseas vendor will be introduced to reduce registration and reporting requirements. Overseas vendor will be required to apply GST to all supplies to a non-GST registered customer while GST-registered customers will need to provide their registration numbers to the overseas vendor to prove registration status.

United Kingdom

The Digital Economy (DEA) Act was agreed on 27 April, 2017 by the UK government to address policy issues related to electronic communications infrastructure and services. The Act includes the following parts :-

1. Access to digital services – right of all residents to request a basic level of broadband to keep pace with the rate of technological changes
2. Digital infrastructure – right of communication operators and providers to construct infrastructure on public land and grant rights to install equipment on private land. This will help accelerate the roll out of mobile coverage.
3. Online pornography - provide important protections for citizens from spam email and nuisance calls and protect children from online pornography
4. Intellectual property - impose on internet service providers' obligations aimed at the reduction of online infringement of copyright
5. Digital government – information sharing between government and the public in relation to public service delivery, debt owed to the public sector, fraud against the public sector, disclosure by revenue authorities etc., to enable effective public services to residents through technology.

European Union

Digital Services Tax (DST) is the European Commission's legislative initiative to ensure there is a legal framework for the taxation of digital economy in response to a request for the same from the EU member states (specifically Germany, Italy, France and Spain).

DST applies 3 percent rate on gross revenue on digital services in the scope of online advertising, intermediation and sale / transmission of users' data collected from their activity on digital interfaces. DST is applied only to business activities where user participation leads to value creation.

DST applies to taxpayers whose;

- i. annual worldwide revenue from any source equals to or exceeds €750 million and
- ii. annual EU revenue from digital services within the scope of the DST is equal to or exceeds €50 million approxi-

mately.

Collection of DST is done at EU level and tax revenue raised is allocated to the member states using the users location.

DST is not intended to be a long term solution but an interim measure until a comprehensive solution is adopted at EU or international level for the taxation of the digital economy.

DST is expected to boost investment and economic development in digital single market, to safeguard and ensure fair competition in the single market and to close existing loopholes which permit aggressive tax planning.

DST has its own challenges which include:

- lack of clarity and certainty on transition rules from DST once another rule comes into place,
- limited scope of the application as DST, it does not cover certain digital economy services,
- difficulty in the allocation of tax revenue collected from DST to member state
- DST must first identify user location before charging tax which is challenging as it requires much information to track the users.

OECD Guidelines / Proposals

Global Minimum Tax

The OECD guidelines propose an introduction of Global Minimum Tax (GMT) to reduce profit shifting from high tax jurisdictions to low tax jurisdictions.

The challenges of using the proposed GMT are:

- Use of Common Tax Base to determine how much tax is paid. Since different countries have different tax systems and different tax adjustments, it would be difficult to determine a common tax base to be applied globally.
- Use of financial accounts to determine taxable income. The challenge here is to select the accounting standard to be used among the various available standards e.g. IFRS, GAAP etc.
- Unstable business environment and tax treatment for losses and profits in the different jurisdictions. How

would GMT apply in the different environments?

- Objectives of GMT and balancing the canons of taxation (the fundamental reasons that justify why taxes should be levied and the way it is administered).
- Overriding laws from different countries. Which law would take precedence in conflict, local tax law or GMT?
- There will be varying administration approaches to GMT in the different jurisdictions, avenue for appeals and grievance resolution mechanisms will also have to be developed and agreed.
- Effect of politics in the different jurisdictions and GMT.

South Africa

In South Africa, Digital Economy tax law is contained in South Africa VAT Act as tax on electronic services. Electronic services have a wide definition under this legislation to include all goods and services supplied electronically with the exception of telecommunication services, certain education services and VAT exempt services in South Africa.

Foreign suppliers of electronic services are required to register for VAT where:

- a) The value of the services exceeds ZAR 1 million in any 12-month period;
- b) the recipient of the services is a resident of South Africa;
- c) any payment made to the supplier originates from a South African bank; or
- d) the recipient of the services has a business, residential or postal address in South Africa.

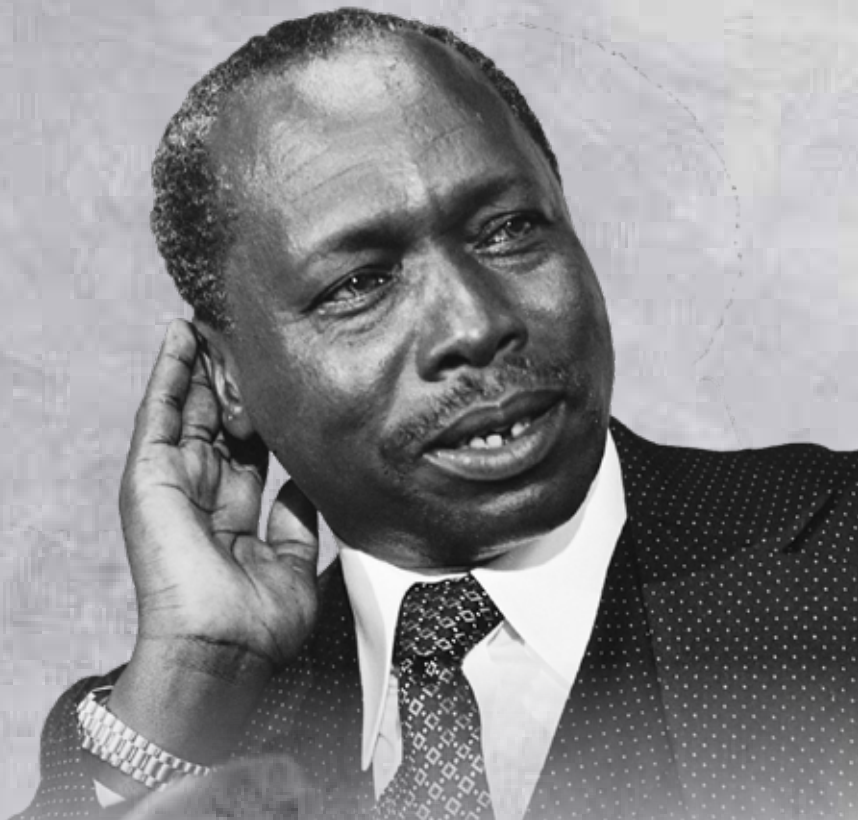
The foreign service provider levies VAT at a rate of 15 percent on its services rendered to South African recipients.

In conclusion, the learning that can be taken from these geographical examples point to only one thing, the world indeed is one market, one village and a place of mutual benefit.

Erastus Omollo is a Fellow of the Institute of Certified Public Accountants of Kenya

"The constitution of our country is an important document through which present and future generations must find stability and continuity."

President Daniel Arap Moi
1924 -2020



HOW MOI CATAPULTED GROWTH OF ACCOUNTANCY IN KENYA

By Jim McFie

ICPAK's connection with President Daniel Toroitich arap Moi

ICPAK's association with President Daniel Toroitich arap Moi started more than 40 years ago. He became President in 1978 following the death of Kenya's first president, Jomo Kenyatta. President Kenyatta died on 22nd August 1978.

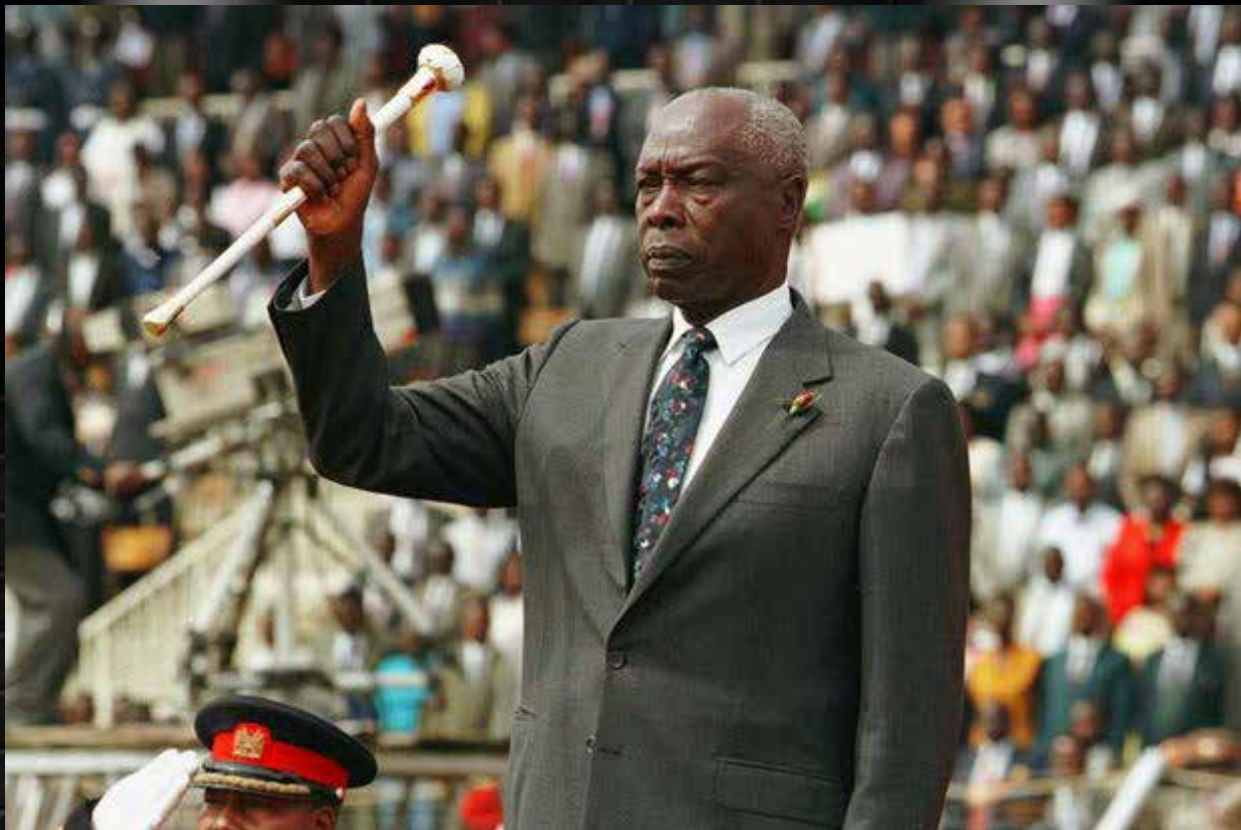
1978 was not only the year that Moi began his position as the president of Kenya. It was also the year of the birth of the Institute of Certified Public Accountants (ICPAK); its birthday is celebrated on 30th April. But let me take you back a little, because another institution closely linked to ICPAK

had come into being earlier.

In 1969, the Kenya Government established the Kenya Accountants and Secretaries National Examinations Board (KASNEB) to provide professional examinations leading to the Certified Public Accountant of Kenya qualification. Prior to this date, a number of Kenyans trained in the UK to become members of one of the UK Chartered Institutes. A second alternative was to sit the examinations of the Association of Chartered Certified Accountants (ACCA) and to train in Kenya.

The first Accountants Act (Chapter 531 of the Laws of Kenya) received Presidential Assent on 1st March 1977 and

came into operation on 1st July 1977, by notice in the Gazette. It superseded the previous Accountants (Designations) Act. It established a Registration of Accountants Board (RAB) and the Institute of Certified Public Accountants of Kenya, and gave legal recognition to KASNEB. Mr. S. K. Mbugua was the first Chairman of the Registration of Accountants Board, and over 500 accountants had been registered by 17th November 1978, when the then Vice-President of Kenya, Mwai Kibaki, officially inaugurated ICPAK. Immediately following the inauguration ceremony, the first AGM of the new Institute took place. 350 registered accountants attended the inauguration and this meeting



at the Kenyatta Conference Centre. Mr. S. K. Mbugua was elected the first Chairman at the meeting. By this date, over 5,000 Kenyans had registered with KASNEB and 70 persons had completed the CPA examinations. Vice-President Kibaki stressed that ICPAK would be expected to promote “a high standard of professional competence and practice amongst its members . . . acceptable both in Kenya and internationally”.

So although ICPAK was in existence as from 30th April 1978, it could be regarded as having been conceived earlier, but not yet born, that is, being visible to people generally. ICPAK became visible on 17th November 1978, when Mwai Kibaki, who was also the Minister of Finance at the time, performed the official inauguration ceremony. Immediately after the ceremony, ICPAK had its first meeting and the first chairman was elected.

The accountancy profession continued to prosper during Moi presidency. By 30th September 1979, RAB had registered 686 accountants: 322 had obtained Practising Certificates and the total who had paid their subscription fees was 534. One of the principal reasons for the deregistration of accountants by RAB was the

non-payment of annual subscriptions to ICPAK. At 31st December 2002, there were 2,295 paid up members of ICPAK, 848 of whom had practising certificates. Accountants who pass the ACCA examinations have to pass two examinations (one in Kenya Company Law; another in Kenya Taxation) in the KASNEB system in order to register with ICPAK. Hence during the 24 year period of Moi's being the President of Kenya, ICPAK's membership grew from zero to 2,295; the total number at the end of Moi's presidency was less than 10% of the membership number today. But it was on that firm foundation that present day ICPAK is built. But just to bring our readers up to date with the present status of ICPAK, let me continue the story which unfolded during Moi's term of office as president and for a short period afterwards, but during Moi's lifetime; although he was not in power, he still wielded much influence over what happened in Kenya.

A revised Accountants Act was promulgated in 2008. It abolished the Registration of Accountants Board and replaced it with a statutory body, the Registration and Quality Assurance committee of ICPAK. As at 31st December 2013,

12,650 persons have been registered as CPAs and 2,100 CPAs have been granted

Practising Certificates. A new category of member – the Associate Member – had recently been introduced by ICPAK for persons who have completed the CPA examinations of KASNEB, but who do not have the required three years of practical experience prior to their becoming fully registered members of ICPAK. To 31st December 2013, 225 persons have been admitted to associate membership.

When ICPAK came into being in 1978, it set to work immediately. It joined the International Federation of Accountants (IFAC) and the International Accounting Standards Committee (IASC). In 1982, IFAC and IASC made mutual commitments to each other. The sponsoring professional accountancy bodies agreed “to maintain IFAC with the objectives, powers, membership and obligations of membership set out in the IFAC Constitution” and to maintain the IASC. The bodies acknowledged that IFAC and IASC are sponsored by and report to the same professional accountancy bodies; they recognised that IASC had “full and complete autonomy in the setting of international accounting standards” and



recognized “the necessity of involving other interested parties in the accounting setting process to widen input and encourage acceptance and adoption of such standards”. All members of IFAC were ipso facto members of IASC.

ICPAK established a Professional Standards Committee, which had the task of considering whether mandatory accounting standards should be imposed on members. A questionnaire was sent out to members in 1980. It explained that Standards would be mandatory on all members; since “all auditors of limited companies in Kenya must by law be members of ICPAK, this will ensure that all company accounts would comply with the provisions of all standards”. If any standard conflicted with Kenya law, representations would be made to the Government to change that law. The syllabus of the CPA (Kenya) examinations would include the standards and in fact did so.

The required wording of the auditors’ report would be changed so as to incorporate the fact that the auditors were of the opinion that the accounts were in compliance with Kenyan Accounting Standards.

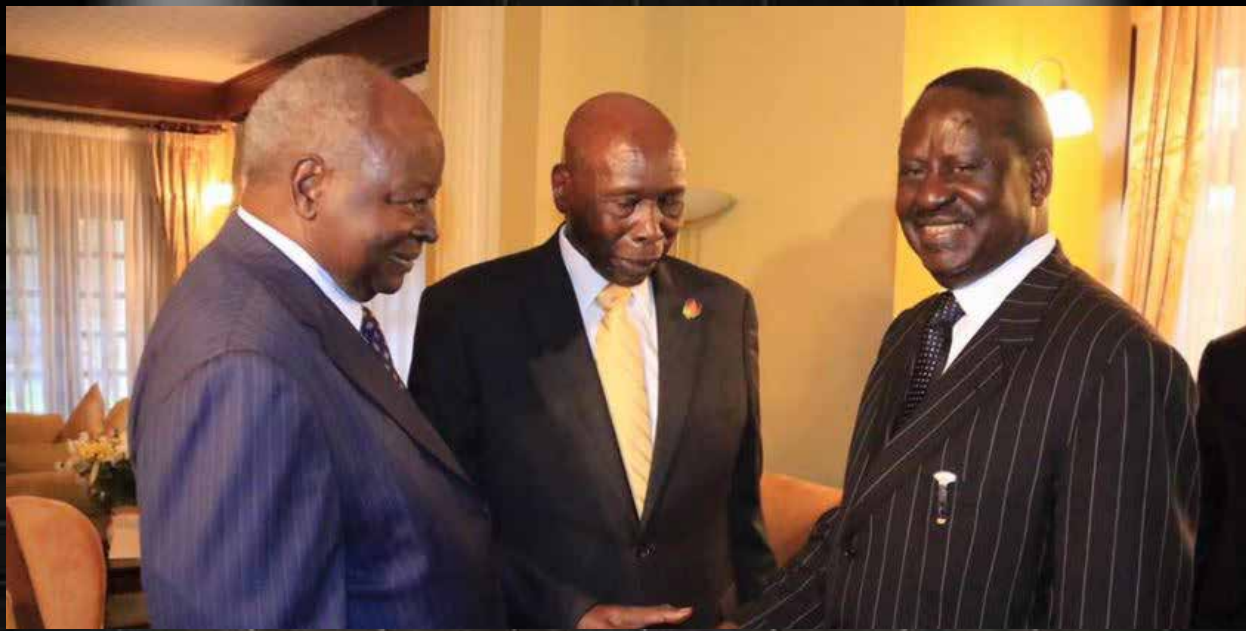


During the 24 year period of Moi’s Presidency, ICPAK’s membership grew from zero to 2,295



An Explanatory Foreword to Kenyan Accounting Standards (KASs) was published. This document explained that, in discharging ICPAK’s obligations as a member of IASC, it would incorporate International Accounting Standards (IASs) into KASs. When an IAS was issued, it would be published by ICPAK for the information of members. It would be compared with Kenyan practice (whether or not covered by a KAS) to determine if there were significant differences between the two. Kenyan practice would prevail until ICPAK issued a new KAS. Kenyan Exposure Drafts (KEDs) would be issued by ICPAK and comments would be invited by the Professional Standards Committee within a stipulated period which would not be less than three months. KASs would be published after due regard had been given to representations received.

The first Kenyan Accounting Standard (KAS 1), on Disclosure of Accounting Policies, was published in 1982 and became operative for financial statements relating to accounting periods beginning on or after 1 January 1983. KAS 1 indicated that compliance with its requirements



would ensure compliance with IAS 1; this model was followed in the subsequent KAS. 18 Kenyan Accounting Standards were promulgated between 1982 and 1995. A Kenyan Accounting Guideline on Accounting and Reporting Practices of Short Term Insurers was published in August 1997.

In spite of the 18 Kenyan Accounting Standards having been promulgated, the profit and loss account of all companies other than banks and insurance companies remained no more than an appropriation account, with the addition of the “turnover” figure in the case of quoted companies. When IASs were adopted in Kenya, the “full” profit and loss account (or income statement) was introduced for the first time. Analysts (in particular) saw this as a great improvement in financial reporting disclosure in Kenya.

At the AGM of the Institute held on 26 May 1989, the newly elected Chairman James Muguiyi, noted that ICPAK had now been in existence for just over ten years. He pointed out that 14 Kenyan Accounting Standards and several Exposure Drafts had been issued. “One thing that has been glaringly lacking is the input by both the public and private sectors to whom these standards are supposed to apply. It is my view that these matters are too important to be left solely to the profession to decide” he added. All attempts to obtain comments on Kenyan Exposure Drafts failed to come to fruition, except

from the Nairobi offices of the large international audit firms. A lecturer at the University of Nairobi, the late Mr Mwarania, pointed out that “the response is so pathetic that one wonders whether there is any need ... of circulating Kenyan Exposure Drafts... evening lectures are arranged to explain to members why the standard is being proposed

and what its contents are. The audience is composed of mainly the members of the Professional Standards Committee”.

The explanation for this seemingly uninterested attitude amongst the members of the Institute was that qualified accountants were busy producing accounts in their various places of work; they had little time to devote to the theoretical matters of developing accounting standards. Moreover, they had received IASs from the Institute when these had been promulgated and “Kenya is simply rewriting International Accounting Standards and christening them ‘Kenyan Accounting Standards’”, as Mwarania put it.

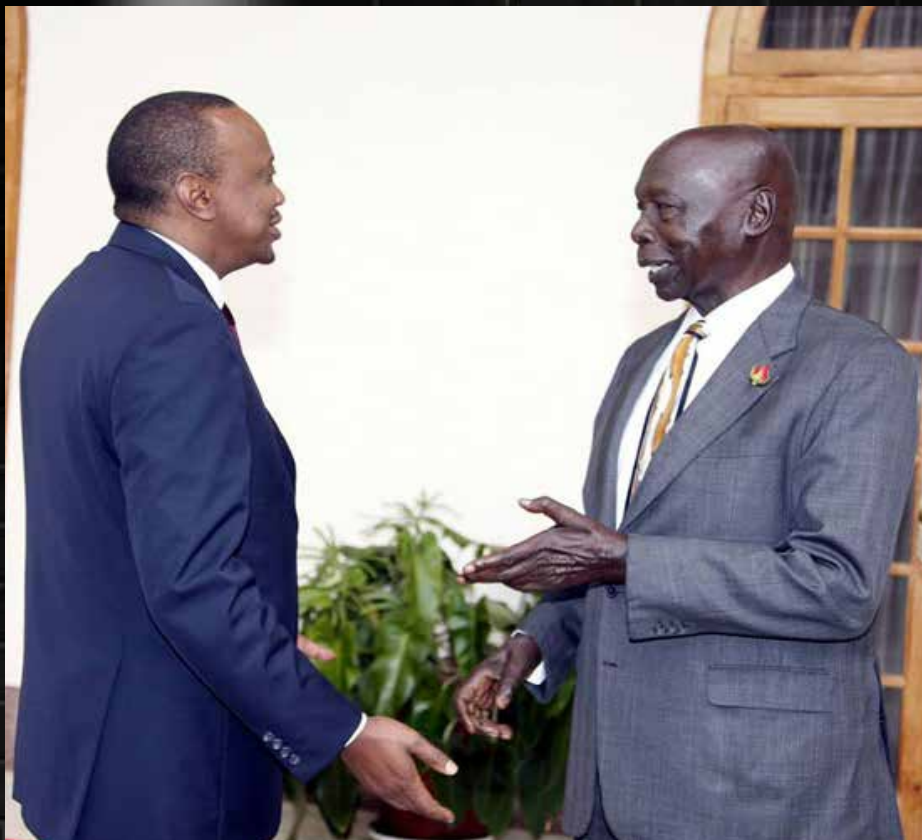
It was inevitable that at some point the Council of the Institute would accept the reality of the situation and decide to adopt IASs in their entirety. This did not occur until 8 years later. In 1997 the Council made the decision to do so. The Council decided that it would cease developing Kenyan Accounting Standards for a number of reasons. In particular it had become clear to the Council of ICPAK

that developing home-grown standards was not putting its limited resources to best use:

“Updating Kenyan Standards to comply with International Standards and to cover areas which are not covered currently is a monumental task. The Institute just does not have the resources, human or financial, to carry out this task to a satisfactory level of proficiency; and even if it did, what purpose would this serve? Council believes that an effort to update Kenyan Standards will merely reproduce International Standards under a different name. In the circumstances therefore, the resources available to ICPAK could be put to better use if they were used to interpret International Standards, to assess their implication on local practice and, where necessary, to issue technical bulletins and local guidance on those Standards”.

Kenya adopted International Accounting Standards in full with effect from 1 January 1999. It simultaneously adopted International Standards on Auditing (ISAs). For all accounting periods commencing on or after 1 January 1999, members of ICPAK are required to prepare the accounts of companies (whether quoted, public or private), parastatals and organizations such as co-operative societies, partnerships, sole traders, non-trading concerns such as sports clubs and charities, and estates and trusts in accordance with IFRSs.

Could adopting IAS be viewed as a



Many developments in ICPAK took place in the 24 years of Moi's presidency and many more developments have taken place after this period. Kenya was able to remain at relative peace during this period as a result of astute leadership.

weakness on the part of ICPAK? ICPAK's admission that it had not kept KASs up to date with IASs was similar to the position of the accounting profession in a country as advanced as The Netherlands, which acknowledged in late 1991 that "the current output of CAR (the Council for Annual Reporting – the Raad voor de Jaarverslaggeving) is a problem and a certain backlog exists. More staff does not seem to be the problem. More international co-operation and using IASC standards as an input to the process seem to be more realistic ways of decreasing the backlog. International accounting standard setting is a very important ingredient of current national accounting standard setting. International comparability does not seem to be important only for the multinational companies". The Netherlands was ranked in the top 5 countries (along with the UK, the US, Canada and Sweden) in a survey of 17 countries' annual reports studied by an eminent accountant in 1984: annual reports in the top 5 countries were described as "good" in this study. So Kenya can point to a much more economically developed country which also decided to leave the standard setting process to professional standard setters. Six years later,

all the countries in the European Union adopted IFRSs for the 7,000 quoted companies in the EU, with effect from 1st January 2005 – Kenya beat this group of countries to adoption by six years – which meant that in the period immediately prior to and shortly after 1st January 2005, Kenyan accountants working in the Big Four audit firms in Nairobi were in high demand in audit firms across Europe, but especially in the UK, Jersey, Guernsey, the Cayman Islands and Bermuda.

It can be seen that many developments in ICPAK took place in the 24 years of Moi's presidency and many more developments have taken place after this period. Kenya was able to remain at relative peace during this period as a result of astute leadership.

President Daniel arap Moi died at 5.20 am on Tuesday 4th February 2020. There is a question about the date of his birth. His personal doctor, Dr. David Silverstein, stated at the final funeral service at Kabarak that President Moi was born in 1917, which would make the President 103 when he died. President Moi himself would celebrate 2nd September as his birthday and claim that he was born in

1924; if this is true, he died at the age of 95. He was the President of Kenya from 22nd August 1978 to 30th December 2002, when he

handed over the presidency to Mwai Kibaki, who had been elected a few days previously. Moi was educated at mission and government schools and became a teacher at the age of 21. As Kenya began to move towards its independence, which occurred on 12th December 1963, Moi was appointed minister of education in the transitional government. Although he had originally been cofounder and chairman of the Kenya African Democratic Union (KADU), he joined the Kenya African National Union (KANU) in 1964. That same year Moi was appointed minister of home affairs. In 1967 he became vice-president, and became president on 22nd August 1978 following the death of Kenya's first president, Jomo Kenyatta.

We ask God to grant Daniel Moi's soul eternal peace and strength to his family to improve further what he was able to achieve.

FCPA Dr. Jim McFie is a Fellow of the Institute of Certified Public Accountants of Kenya



Could freelancing be the solution to Kenya's unemployed graduates?

By Collins Pasi

According to a World Bank report titled “Kenya Social Protection and Job Programs Public Expenditure Review”, Kenya’s job market is set to receive 9 million job seekers between the years 2015 and 2025. With these numbers, the report projected that Kenya’s unemployment rate of 9.3% in 2018 is set to increase to 10% in 2020.

Cognizant of these statistics, a section of young, skilled, tech-savvy graduates are taking their job search efforts outside Kenya’s borders. Armed with skills in disciplines like IT & programming, accounting, law, medicine, agriculture, and education, they work for employers from around the world remotely. Online freelancing platforms like Upwork, Fiverr, Freelancer and People-per-hour contain freelance jobs in wide-ranging fields. Free-

lancers use these platforms to connect with employers and work as independent contractors.

According to Upwork’s “Freelancing in America 2018” report, 50% of the US population will be working as freelancers in 10 years’ time. Currently, 57 million people in America are working as freelancers, contributing 5% of the country’s GDP.

What is freelancing?

Popularly referred to as the “gig economy”, freelancing, according to the Cambridge Dictionary, refers to doing particular pieces of work for different organizations rather than working all the time for a single organization. Freelancers are therefore categorized as independent contractors.

Majorly, freelancing jobs are found on on-

line platforms. Freelancers on these sites get to build a reputation as they continue to perform tasks for clients. Freelancers with good reviews from past clients stand a chance of getting future better paying jobs.

Apart from traditional freelancing platforms, freelancers are also using social media to reach out to clients. LinkedIn provides the best opportunities for freelancers. Some Facebook groups are also made for the sole purpose of sharing freelance job opportunities and for freelancers to advertise their services. One such group in Kenya is “Remarkable Freelance Writers in Africa”, dedicated to mentoring and helping freelancers get online jobs. The group has a membership of over 25000 freelancers.

The rise of freelancing in Kenya



According to Upwork's "Freelancing in America 2018" report, 50% of the US population will be working as freelancers in 10 years' time. Currently, 57 million people in America are working as freelancers, contributing 5% of the country's GDP.

In 2016, Kenya's Ministry of ICT acknowledged the positive impact that freelancing could have on Kenya's economy. The Ajira Digital Program was set up in 2016 by the Ministry of ICT and the Ministry of Public Service youth and gender affairs. The aim of the program is to turn Kenya into a freelance capital in the world by training and equipping young people with skills required for online work.

By 2016, over 40000 Kenyans were working online as freelancers. Ajira Digital Program's goal was to increase this number and have Kenyan youth benefit from the freelancing industry market estimated to be worth 1.5 billion US dollars by the year 2020. Success stories of Ajira Digital Program were documented by the Kenya Private Sector Alliance (KEPSA). Cohorts of the program went on to work on online freelancing platforms where they have since earned \$500 to \$3000.

Even before the launch of this program, Kenyan youth were earning decent incomes from online work. A majority of the work involves different forms of writing. The best paying fields for Kenyan online freelancers are finance, IT &

programming, lifestyle, law, health, and copywriting.

Some freelancing niches are born out of innovations and legal changes across the world. Writing on crypto currency is one such example. Freelancers in the niche can earn up to \$100 for a 500-word article. Other profitable niches that have come out recently include cannabis. Legalizing of cannabis by western countries has created earning opportunities for freelance writers in the cannabis niche.

At the beginning of the decade one of the most popular niches for freelance writing was academic writing. Students from first world countries started using the internet to hire skilled writers from Asia, Africa, and Eastern Europe to write the essays and assignments. This is academic cheating. The BBC did a feature which highlighted Kenya as a destination for students in western countries to hire graduates to do their academic work. The scope of this work also involves Masters and PhD theses. BBC estimated the academic writing market to be over 1 billion US dollars. To try and curb this vice in the freelancing industry, online payment provider PayPal

stopped processing payments for academic writing firms.

The rise of freelancing in Kenya can be attributed to five factors;

- High internet penetration
- Unemployed skilled labour
- Globalization
- Millennial work culture
- Strategic partnerships between Safaricom, Upwork and PayPal

High rate of Internet penetration

The exact rate of internet penetration in Kenya has been a subject of debate. The Communication Authority of Kenya in 2017 placed the rate of internet penetration at 112%. This meant that 50.1 million Kenyans were using the internet yet the country's population at the time was estimated to be 45 million. It appeared that the Communication Authority of Kenya's figures did not omit internet users who use more than one SIM card to access the internet.

Currently, internet penetration in Kenya is estimated to be 89.7%. The GSMA report of June 2018 lists Kenya as the fourth country in Africa with the fastest internet

speeds with download speeds of 15.39 Mbps and upload speeds of 7.82 Mbps per second. The three African countries with the fastest speeds are Tunisia Morocco and Egypt respectively.

There's a direct correlation between availability of high-speed internet and freelancing. Most freelance opportunities are be found on online platforms. These opportunities are posted every minute with qualified freelancers who respond fast having the greatest chance of being hired. Fast internet also helps freelancers to research and complete their tasks on time. Unemployed skilled labour

Every year Kenya's educational institutions release skilled labour into the job market. With the unemployment rate of 9.3%, the Kenyan job market does not have the capacity to absorb all these graduates. The online freelance market provides an opportunity for individuals to exercise their skills and earn a living.

Compared to traditional jobs, entry requirements for most freelance jobs are low. Most online freelance jobs require basic grammar skills and an ability to do basic internet research. Technical jobs that require professional training like accounting and law generally pay better.

Globalization

The future of work as we know it is changing. Organizations across the world are operating with a lean team in brick-and-mortar offices. The rest of the roles are outsourced to remote based freelancers across the world thanks to the internet. The gig economy has sidestepped the bottlenecks of securing traditional employment in foreign countries.

This is a win-win scenario for both organizations and freelancers. By relying on small teams in offices and outsourcing the rest of the labour force to freelancers, organizations are able to cut costs. The cost of maintaining a full-time employee is higher when compared with that of an independent contractor. Freelancers also benefit and stand to earn more because they are able to work with multiple employers simultaneously.

Millennial work culture

A majority of freelancers in the world today are Millennials. In Kenya, young people constitute the highest number of the unemployed. According to the Payoneer Freelancer Income Survey 2018, over 50% of freelancers in the world are under the age of 30.

While unemployment is a reason for Mil-

lennials to get into freelancing, there's another important reason. The "work from anywhere" proposition involved in online freelancing, appeals to Millennials. Unlike conventional jobs that require employees to be in offices and follow a set schedule, freelancing provides a sense of freedom for Millennials. They are able to set their own routines that favour their productivity. Organizations are creating freelance roles in order to be able to tap into this talent demographic.

Safaricom strategic partnership with Upwork and PayPal

Mobile service provider Safaricom entered strategic partnerships with Upwork and PayPal. Freelancers from Kenya are able to withdraw money from Upwork to M-Pesa. This has made it easier for freelancers to access payments for work done. The ease of getting payments has made Upwork one of the most preferred platforms for freelancers in Kenya. Safaricom has also entered a partnership with PayPal where users in Kenya can deposit and receive money from PayPal to M-Pesa.

Conclusion

As the freelancing industry continues to experience unprecedented growth, policy makers and stakeholders in Kenya should engage with this industry with renewed interest. The freelance job market has the potential to absorb Kenya's unemployed graduates. The growth of this industry in Kenya has been largely organic. Government programs like Ajira Digital Program while successful, on the face of it, have not made a big impact.

As the future of employment seems to be in freelancing, the industry is yet to answer a vital question. Due to working as independent contractors, freelancers are not entitled to employment benefits from employers. Having a generation of the labour force that is not entitled to employer-backed health insurance or pension schemes is a factor that should worry policymakers.

Nevertheless freelancing represents one of the best solutions to youth unemployment in Kenya if harnessed correctly.

By Collins Pasi

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DISCIPLINARY CASES REPORT AS OF FEBRUARY 2020



INQUIRY

There are Eight (8) cases under disciplinary inquiry. The following is the breakdown:

- a. New matters referred to the Committee
 - i. D/128/4/17
 - ii. D/129/4/17
 - iii. D/130/4/17
- b. Matters due for hearing
 - i. D/123/16 (a)
 - ii. D/123/16 (b)
- c. Matters due for determination (judgement stage)
 - i. D/120/2/14
 - ii. D/122/2/15
 - iii. D/128/11/16

ALTERNATIVE DISPUTE RESOLUTION(-MEDIATION)

Five (5) cases have been resolved through the Alternative Dispute Resolution process. Three (3) of the five (5) cases were resolved in 2019.

NEW MATTERS

There are seven (7) matters that are at the preliminary investigations stage before they are booked at the inquiry stage. These matters have been reported to the Institute between 2017 and 2020.

CLOSED MATTERS

The Disciplinary Committee has been able to fully resolve and close six (6) matters between 2014 to 2019.

MATTERS OUTSIDE THE INSTITUTE'S MANDATE

The Institute receives complaints that cannot be categorized as professional misconduct and these matters are recorded in the 'Dismissed Complaints Register'.

The Institute has dismissed seventeen (17) complaints between 2014 and 2020. Two (2) of the matters were received in 2017, six (6) in 2018 and eight (8) in 2019 and one (1) in 2020.



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Transformational Leadership is what Kenya needs

By Felix Nasubo



Transformational leadership is a type of leadership style that leads to positive change in those who follow and subscribe to their philosophy. Transformational leaders are generally energetic, enthusiastic and passionate about positively transforming societies they lead. Not only are these leaders concerned and involved in the process; they are also focused on helping every member of the group to succeed as well.

The concept of transformational leadership was initially introduced by leadership expert and presidential biographer James McGregor Burns. According to Burns, transformational leadership can

be seen when leaders and followers make each other advance to a higher moral level and feel motivated. Through the strength of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions and motivations to work towards common goals.

Later researcher Bernard M. Bass expanded on Burns' original ideas to develop what is today referred to as Bass Transformational Leadership Theory. According to Bass, transformational leadership can be defined based on the impact that it has on followers. Transformational leaders, Bass suggested, garner trust, respect and admiration from their followers.

Bass also suggested that there are four different components of transformational

leadership.

1. Intellectual Stimulation. Transformational leaders not only challenge the status quo; they also encourage creativity among followers. The leader encourages followers to explore new ways of doing things and new opportunities to learn.
2. Individualized Consideration. Transformational leadership also involves offering support and encouragement to individual followers. In order to foster supportive relationships, transformational leaders can offer direct recognition of each follower's unique contributions.
3. Inspirational Motivation. Transformational leaders have a clear vision that they are able to articulate to followers. These leaders are also able to help

“ It therefore clearly shows that what is ailing Kenya today is lack of transformational leaders who are able to guide the masses to prosperity. Kenya is facing a crisis for lack of better leaders. What Kenya has is a grouping of tribal chiefs aligning themselves for elections and once elected they share the Kenyan cake amongst themselves and forget about their followers, the voter. ”



followers experience the same passion and motivation to fulfill these goals.

4. Individualized Influence. These leaders serve as role models for followers because followers trust and respect them. They emulate the leader and internalize his or her ideals.

It therefore clearly shows that what is ailing Kenya today is lack of transformational leaders who are able to guide the masses to prosperity. Kenya is facing a crisis for lack of better leaders. What Kenya has is a grouping of tribal chiefs aligning themselves for elections and once elected they share the Kenyan cake amongst themselves and forget about their followers, the voter.

Local musician King Kaka in his latest release which has been trending on so-

cial media for weeks now has told off Kenyans referring to them as Wajinga nyinyi. There has been varied opinion as to whether his music is a true indictment on Kenyans or is exaggerated. He has talked of a country where there are a few millionaires stealing from millions of Kenyan taxpayers in day broad light without care of what happens to the economy. He cites rising unemployment rates, insecurity, major corruption scandals and lawlessness as the major diseases ailing Kenya. He calls out Kenyans for electing the same people who mess our country in the hope that they will change things yet they are the cause of our problems.

The problem with Kenya is Kenyans themselves. We entrust our lives with

people who do not care at all. They only appear during elections to hoodwink us with promises we know very well are unrealistic. We sing to their tunes and easily forget what is actually ailing the country. We repeat the same mistake. We elect the same people who have killed our system yet we complain. We must now start thinking of how we can get transformational leaders in leadership positions and not just any leader if we are to realize the dreams of a prosperous Kenya.

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Just how important is motivation?

By Dauglas Muhati.

A rejuvenated staff is equally a rejuvenated client. A satisfied staff is equivalent to a satisfied client. A dissatisfied staff equates to a dissatisfied client.

But what does it mean to be rejuvenated? Merriam Webster dictionary defines rejuvenated as “to make young or youthful again; give new vigour” while the same dictionary defines motivate as “...to give (someone) a reason for doing something.” If read together keenly, rejuvenate and motivate refer to like giving new energy, new reason for someone (in this case employees) to do something or perform their daily tasks differently.

Motivation is a wide topic covering all sectors of life, from family to business to education to office to sports to churches and many more others. The applicability of motivation in all those sectors is almost the same, because the end product of it,

is improved results. You motivate your students to improve in their performance, you motivate your staff to improve on their results and so on. In this excerpt, we shall major on motivation in office and business, since the two sectors are inter-twined.

Basic duties and responsibilities

All staff have their job descriptions clearly outlined in their contract documents or letters of offer of employment. These are what basically the staffs are supposed or contracted to do. The employer provides the tools of work where possible, and in some instances the employees have to have their own tools of work. At any one point in time, these are the basic duties that the employee is supposed to be doing. Therefore, all factors held constant, the company would expect basic performance and basic results from its staff.

These duties and responsibilities only require the basic knowledge, which is

regarded as the minimum qualifications (both academic, professional and experience) at the time of hiring staff. To perform these duties, the staff would require minimum or no supervision at all, and it's expected that the staff will face less or no hurdles in performing them. Here the staff is not obligated neither is he expected to perform extra-ordinarily from normal.

Most entry-level jobs are of such nature, where the staff are given time to express their knowledge and prowess on the basic duties, simple tasks without much technicalities. At this stage, management are on the observation lane, observing how the staff performs, his capabilities, shortcomings and areas of improvement. Should they see some potential in the staff, then they should device mechanisms to nurture the potential so as to raise the profile of the staff and tap in that potential for their future good.

Most of such jobs do not have much positive motivation from the employer

because the company is still giving it a risk by bringing in a new staff. Thus, personal motivation from the individual staff is of much essence, for the staff to have a future at the company.

Extra duties and responsibilities

These are duties outside the knowledge and experience of the staff, but which the staff has mastered and can perform them with ease. The duties may not be highlighted as part of the job description, but the staff, whether self-driven or asked by management, can perform them.

For a staff to perform such duties, there must be a force behind pushing them to. This force may be employee's personal motivation or employer's motivation. But all are motivation, which makes the staff perform the extra duties. Most employers, when placing adverts for job openings, they mention "self-driven" individuals as part of the profile of the prospective candidate. This is to mean staff who are self-motivated, who do not necessarily need a second force behind them for them to perform their duties. These are the result-oriented kind of staff, who nothing else can motivate them if not better results. An employer who finds such staff, please hold on to that, they are hard to find, and so find no little reason to lay them off. Today's economy does not just embrace lazy people, the 'wheelbarrow' kind of people who have to be moved from place to place for them to become useful. You'll thank me later, haha!

Motivation

What motivates you? What makes you do that which you are doing now? What drove you to achieve what you have achieved so far? What are your future expectations in both spheres of your life? What motivates you to think what you're thinking about your future? Where do you see yourself (in all spheres of your life) in the next ten (10) years? Where will your company be in the next ten (10) years? How do you see yourself achieving that which you've set to achieve?

All the above questions revolve around a drive to achieve. If you got answers for all the above questions then you are lucky. Talk of self-drive, determination, the inner guiding force that wakes you up very early every morning, and sends you to bed very late in the night. Lupita Nyong'o, the

Oscars award winner once quoted "your dreams are valid." But will they remain valid if you oversleep and go to bed early? No. What time will you have to work on the dreams so you can realize them? You need a driving force. Motivation! Read on.

Types of motivation

1. Positive motivation

This is the type of motivation that one has when doing something so as to achieve good results that lie in the future, whether immediate or distant. That expectation of better results that drive you to greater levels. That high spirit. That high energy for a brighter future. That anxiety for something better than what we have now. In office setting, positive motivation comes in the following ways;

a) Vision

Where does the company see itself in the next ten (10) years? There is where we are heading. Our destination. A vision is a picture on paper of what the company expects to have or be like after the set vision period. That, after such a period of time, there is where we should be. Now every staff will be working towards attaining that vision. The vision motivates the staffs to work extra hard to attain the vision set by management. Most organizations have strategic plans for a certain period of time. These plans describe where the company should be after the specified period of time.

b) Objectives and goals

These are small achievements that have to be achieved, which later culminate in the bigger vision that the company has set. It revolves around periodic targets and assessment to confirm the company is on the right track. The objectives and goals set should be in congruence with the overall vision of the company. Management should always be keen on the small objectives that they set such that they shouldn't at any one point in time deviate from the main vision.

c) Personal development

Personal brand is of much essence in the life of an individual. Build your professional life. Where do you see yourself in the next ten (10) years? These personal visions play a bigger part in motivating the staff to build their brands, and in so doing the company indirectly benefits. That staff who has no personal vision is a liability to the company. Its like they do not know their destination, thus do not even know where they are and where they are going. Hence may not contribute to the company's journey to its vision.

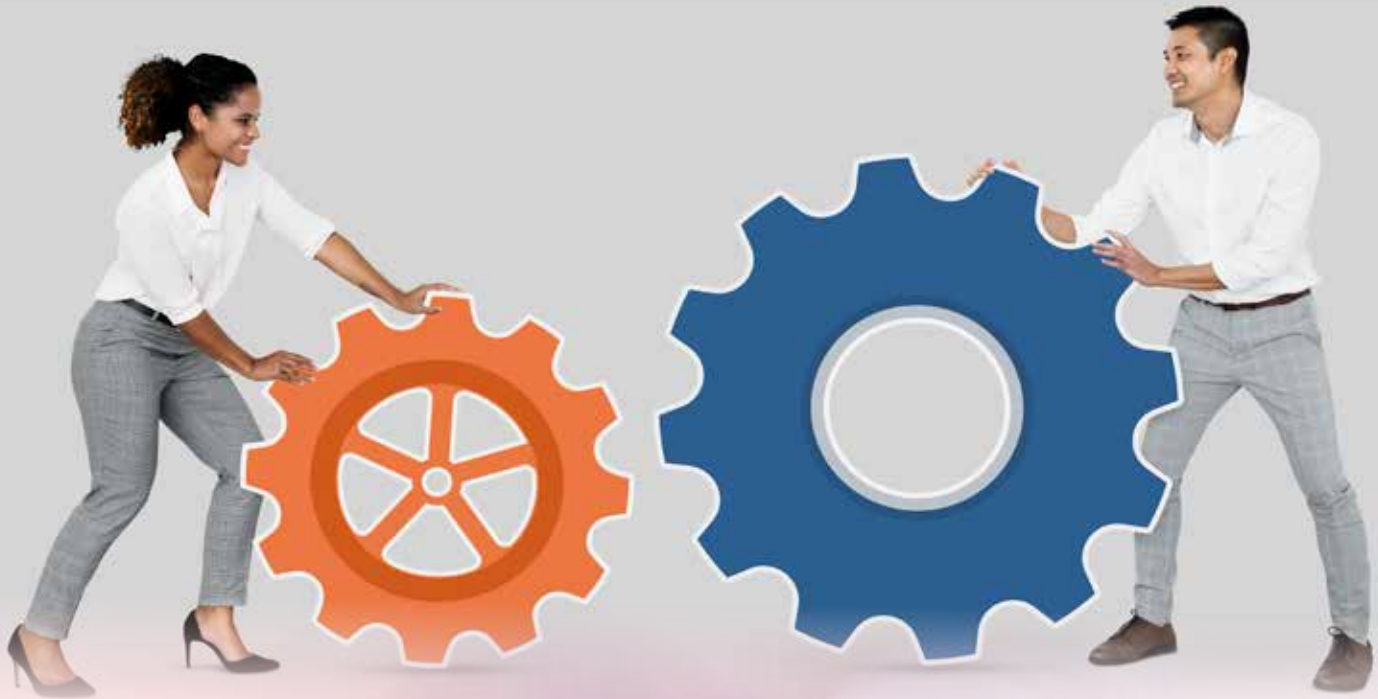
d) Promotion

When a child is born, they will not be carried all the days of their lives. First, they will be carried everywhere their guardians go, then they'll start crawling, then slowly start walking and now start even running. Such development is what the staff need to undergo in their professional life. That when you are hired as an entry level staff, never should you remain in that position for long.



Motivated staff will have that enthusiasm to perform their duties to their level best. They will strive to outdo themselves and do even more compared to what they have done before. Productivity will rise, results will be seen, positive responses from clients will start jetting in. There's no bigger motivation for a business as a whole than a positive feedback from clients.





Work hard. Achieve results And rise above your current position. Your manager shall lift you up. Leave that position for another staff to come and learn and follow you up there. All these will come as a result of hard work and self-motivation.

e) Remuneration, incentives and rewards

No work without money. Of course, we work primarily for money. Money is the major motivator both in the life of an employee and entrepreneur. And so, money is the main motivator. An underpaid staff is a demotivated staff by default. Remuneration comes in different forms apart from salary. Salary is the consideration an employee receives for dedicating their time in the service of their employer. Apart from salary, there are incentive schemes and rewards set by the management to reward the hard/smart working staff. All factors kept constant, staff are entitled to their salaries alone. However, for the management to achieve the vision for the company, it means the staff have to work extra hard. Rewards and incentives are thus the consideration an employee earns for working extra hard to achieve company goals.

f) Value

Learn to value your staff. It costs you zero cents to tell your staff 'thank you' in the morning. Valuing one's efforts does not

come with a price, but with a reward to you. Their mindsets will change since they have that feeling 'the manager has seen and recognized my efforts, I will put in more efforts'. Encouraging your staffs makes them feel valued too. Let them know they are doing the right thing, and you recognize such. Teach them new ways of going around their duties, give them new and simple technics on how to perform their day-to-day tasks. They will perform, trust me. They'll exceed your expectations. And the company will grow, since productivity will go up.

2. Negative motivation

This is the type of energy a person will have in doing a specific duty in order to avoid the adverse results. Like when a staff has been given timelines by the manager to finish their duties or else they risk pay cut. The staff will be much zealous to achieve the targets so as to avoid the adverse results of them not meeting their deadlines. I believe negative motivation is the best pusher for the lazy and the not-serious people to meet their timelines and achieve better results. Negative motivators are used to take something away from the staff if performance levels are not met. The following are examples of negative motivation;

a) Remuneration cuts

Threats of salary cuts are the best negative motivators for staffs. An underperform-

ing staff must be motivated in whatever manner to contribute to the growth of the company. Unless the staff has reached their elastic limit, where they can't do more than they are doing, they can be motivated with such threats of pay cut. And in so doing, they start improving in their performance hence better results. Salary and remuneration are the surest motivators and demotivators.

b) Disciplinary action

I remember back in high school our teachers would cane us bitterly for failing to hit their target marks. This was the worst punishment so far, some of us were really working hard to hit the target but just because we were gifted different abilities by God, we were punished for that. However, there were those who were not just serious in their studies, those ones should have been the beneficiaries of the caning. At work place, punishment comes in for not meeting the client deadlines, poor quality results, coming late to work, unnecessary wastage of time and resources of the company and other unwarranted wrongs at workplace.

c) Denial of privileges

Here is when the staff will be denied certain privileges entitled to by other staffs on account of underperformance. And underperforming staff is a demotivated staff. Thus, to motivate them further, the company will introduce certain privileges with conditions.

Such privileges as going on vacations fully sponsored by the company by virtue of best results motivates that other less serious staff to work even harder for them to be aboard. It's a negative motivation since the risk of being underperforming is missing the trip. Such other privileges are like, being among the select team that will be visiting other peer company for benchmarking. The company would want to take their best staffs to those other companies for benchmarking. Thus, the underperforming staff will by default be left out.

d) Demotion

This is the opposite of promotion. Instead of rising from lower ranks to higher ones, the staff is lowered from the higher position to a lower position due to underperformance. Say, you were the audit manager of a specific firm, but since you were promoted to that position, there has been no remarkable improvement in your service delivery. This will prompt the management to return you to where you started. Staff who are faced with such threats will work extra hard to improve on their performance, will dedicate much of their time to learn more so as to gain more, hence improve in their delivery.

e) Dismissal

Nothing pains as much as an untimely dismissal. I believe no employer will want to dismiss their staff just anyhow without substantial reasons. Other than redundancy, there's no other major reason that the company may dismiss their staffs if not poor performance. Having a staff member who doesn't work or who doesn't show better results, is like having a liability which can never be matched to any asset in the organization. Thus, such liabilities need to be dismissed outrightly, since they consume company resources yet there are no returns attached. Dismissal comes as a last resort after all the other motivations have proved futile. If dismissal can't motivate a staff further to better their performance, then nothing else will.

Benefits of motivation and their impact on the company's performance.

How does it feel to lead an enthusiastic team? A self-driven team? A motivated team, to be precise? It's the best scenario ever, definitely. It becomes so easy to achieve synergy when you have a motivated team. Though they work on different activities, but are all heading

**Staffs are important.
Clients are important.
Results are important.
Motivation is the link.**

towards that one goal. It becomes so easy for the organization to realize its small objectives on time and eventually the bigger vision. Let's see the brighter impact of motivation to the organization as a whole;

a. Job contentment

Are your staff satisfied with what they do? How they do? When they do? And where they do their duties from? Do you carry out staff satisfaction surveys? If yes, how frequent? If not, stop sleeping, lest you wake up alone in the office. Research has it that job satisfaction is directly proportional to organizational performance. And as I started, I said a satisfied staff is a satisfied client. Let organizations create a conducive environment for their staff. No office is perfect but we can strive to make it conducive for all staffs.

b. Productivity

Motivated staff will have that enthusiasm to perform their duties to their level best. They will strive to outdo themselves and do even more compared to what they have done before. Productivity will rise, results will be seen, positive responses from clients will start jetting in. There's no bigger motivation for a business as a whole than a positive feedback from clients. Because clients are the determinants of quality and quantity, any positive feedback from them is breath-takingly good. The responsibility lies with the management on how to maintain such levels of performance and client satisfaction. If you invest in your staffs, you indirectly invest in your organization's productivity.

c. Brand development and growth

Motivated staffs will want by all means to show off their prowess to management. In so doing, they build their personal brands, both to the company, the clients and the whole world at large. As a manager, has a client ever called you to ask if they can receive services from your specific staffs? Or has a client ever insisted that if so and so is not around to serve them, then they

are willing to wait till the staff is available? There, the staffs have built their personal brands to the clientele population, and so is the company's brand. Always motivate your staffs and see your brand grow.

d. Improved communication

Communication is a very vital tool of management in any setting. Without communication nothing will literally go on. And the business will fail. Good communication among members of staff serves good for the company. It prompts quality co-ordination, great client satisfaction, timely meeting of deadlines, and above all, improved working environment. Staffs who are friends with each other in an organization are a perfect lot to work with. Always motivate your staffs and watch improved communication that will spur growth and productivity.

Shortcomings of motivation

a) High expectations at the expense of quality.

When staff are used to motivation every other time before they can go an extra mile in their normal duties, then they are prone to compromise quality of the results of the work they are assigned to. This means, in the absence of motivation (positive or negative), then no one will perform their duties and responsibilities with the normal energy as when there is motivation. Every time, they expect something to soothe their moods or ego before they can actually venture fully into an assignment.

b) May lead to resentment thus low self esteem

Unfair motivation of staff may lead to resentment from the unfairly motivated staffs. This is to say; the unfairly motivated staff may feel discriminated and thus less valued by the employer. In turn this may lead to high staff turnover. And as I will repeat again, "a happy staff is equivalent to a happy client", the vice versa is true.

Conclusion

Staffs are important. Clients are important. Results are important. Motivation is the link among all these. If we could draw a triangle and have staffs, clients and results on each side, then, motivation would be on the three edges of the triangle.

CPA Douglas Muhati is a member of the Institute of Certified Public Accountants of Kenya



WHERE DID MY TIME GO?

By Susan Muchiri

A new year marks a new beginning for majority of us, we set new goals, establish new habits and we go all out after our dreams. A few weeks or even months for those who hang in long enough, we slide back into our old habits and give up on the dreams. What began as a very promising year, ends up as any other year and we get back into the cycle all over again, setting new goals and hoping that the next year will turn out different.

Take a moment and reflect on this: What goals did you set for this year? How far are you in achieving them or

have you abandoned them all together? If you are not on schedule with your goals, why is it so? Does it feel like you do not have enough time to do all the things you set out to do?

Late last year, I started feeling overwhelmed by the many things I wanted to do yet it seemed like there was hardly enough time to do them. Interestingly, a good number of people within my circle shared the same feeling. We all seemed to ask 'where did time go?'

One of the things that became clear during this time was that while I thought that I didn't have enough time to do what I needed to do, the reality was that I just wasn't making the best use of the time I had. It dawned on me that

though we plan our life goals in terms of year(s), the reality is that what determines how well we do with our goals is really how we spend each day.

Look at it this way, no one begins a new year with the intention of blowing it away, yet by wasting away a few hours each day; day one, day two, day three.... we end up wasting a whole year.

This article aims at highlighting some of the ways in which you could be wastefully spending your time and while some may seem obvious, there are the 'not so obvious ones' as you will discover.

What are time wasters?

These are activities or people that take up a significant amount of our time



Can you account for the last twenty four hours, how about the last seven days, and month? Take a pen and a note book, I suggest that you take this exercise seriously! List down how you spent the last twenty four hours, what activities were you engaged in? Repeat this exercise and account for the last few days including the weekend.



but yield little or no returns. The activities or people are not bad of themselves but the returns we get from them do not warrant the attention we accord them.

Consider the following:

Spending too much time or your most productive hours on social media (Facebook, Twitter, LinkedIn, YouTube, email...). Endless scrolling, looking for followers, monitoring likes, especially where it is more for play than work is a real time waster. Most people who responded on my social media pages when I posed the question 'What are your biggest timewasters?' actually cited social media as number one.

Various Studies reveal that the average person spends approximately eight hours per day on social media. Imagine that; a third of your day endlessly scrolling. While the benefits of social media cannot be underestimated, there is need to be intentional in planning for the time

you spend online and the value you get out of it.

Various studies have linked decrease in productivity to the increase in the number of hours that people spend online. Worse still, it has been observed that majority of people log into social media the first thing after waking up. This has been equated to checking out of your life and checking into other people's lives first thing in the morning. By doing this, other people's priorities become your priorities.

Sleeping too much- While I am not about to dictate how many hours of sleep one should have, it is common knowledge that extended sleep is counter-productive. It robs one of the most productive hours of the day and causes most people to begin their day feeling rushed. Anything more than eight hours of sleep will have a negative impact on other areas of your life. Actually, when you follow the lives of some of the world's most success-

ful people, you realize that most hardly enjoy more than six hours of sleep every night.

Waking up without a plan -Next to sleeping too much is the habit of waking up without a plan. A quick survey amongst people close to me revealed that any time we jump out of bed with no plan in mind we end up not achieving much that day. This is especially so because we end up spending most of our time thinking about what to do. Having no plan also predisposes us to just flowing with other people's plans-their urgents become our priorities. You get caught up in emails, long phone calls with friends, running errands, you get busy with activities that do not push your goals.

Indecision, overthinking and or spending too much time making decisions on repetitive tasks such as wake up time. Consider how much time is lost and how much energy is wasted making decisions on repetitive tasks that can be

handled by establishing a routine. For example, how about establishing a routine where you wake up same time every day, followed by some clearly defined tasks such as exercise, meditation, prayer, reading etc. It will save you so much time by not having to make the same decisions over and over again and ultimately get you to achieve your goals.

Saying yes to everything and everyone is another time waster. People who say yes all the time end up wasting a lot of time doing stuff that serves others but is not necessarily important to the achievement of their goals.

Sitting in traffic doing nothing (Another time waster is sitting in traffic doing nothing (read 'watching other vehicles'). If you live in Kenya and especially in the major towns you know what I am talking about. How many hours do you spend in traffic every day? Would waking up a few minutes earlier reduce this or could you engage in some more productive activity like reading a book, listening to some uplifting content, prayer, meditation...as you wade through the traffic?

'Information junkie disorder' (borrowed from one of my linked in contacts) –it alludes to the habit of gathering too much information most of which you do not need. This is so true for many of us in this information age. You open one link it leads to another then another and you just keep at it for hours.

Other subtle but equally detrimental time wasters include:

Taking photos/videos (that you never look at later) in events or places instead of enjoying the moment.

Reading/watching every forwarded message or video

Emails-especially where you imagine that you have to respond instantly

Unnecessary meetings and procedures

Multi-tasking. Doing so many things at the same time or hopping from one activity to another

Back and forth texting even where a short phone call would do

A cluttered workspace, home, computer... you spend so much time looking for stuff

Procrastination-'I will do it tomorrow'

Identifying your daily time wasters

Can you account for the last twenty four hours, how about the last seven days, and month? Take a pen and a note book, I suggest that you take this exercise seriously! List down how you spent the last twenty four hours, what activities were you engaged in? Repeat this exercise and account for the last few days including the weekend.

This exercise should help you pick out a trend of how you spend your time. How much time are you spending on activities that lead you closer to your goals? Can you identify from your list activities that you would consider time wasters?

It is my hope that by identifying the time wasters in your life, you will take the next step and find practical ways in which you can increase your daily productivity, by doing more of those things that draw you closer to your goals.

CPA Susan Muchiri
Founder & Lead Trainer,
Inspire Leadership Institute

Tribute to Edward Nderi

We mourn our colleague and dedicated worker the late Edward G. Nderi who met his untimely death in early morning hours of 1st January 2020 through a road accident.

The late Nderi started working for the ICPAK in 2013. During his time at ICPAK, he cultivated binding friendship with those with whom he interacted with. His amiable smile and easy disposition made him to interact and engage with junior and senior staff at equal measure. His presence always radiated an aura of affection, commitment and contentment.

Eddie, as he was popularly known, was one in a million, a self-evident evidence that reverberated in the way he carried out his duties with absolute perfection, his ability to meet tight deadlines and versatility in which he executed his call of duty.

It is a sad moment not only to the Institute but also to his family, his siblings and to all those who interacted with him. As John Donne says in his famous poem, **For Whom the Bell Tolls**, *"Each man's death diminishes me, For I am involved in mankind. Therefore, send not to know For whom the bell tolls, It tolls for thee."*

Indeed his death has not only diminished the life and the souls of his family members, but also his professional career from which the Institute gained immeasurable insights and output.

We pray to the Almighty God to grant his soul eternal rest and to give fortitude to his family to bear the loss with grace in the knowledge that God's promises are everlasting, and that he will always watch over them.





Will the big data challenges push you as an auditor?

By Maina Wanjau

Do we have the necessary capacity to offer digital audit services big data demands?

They say that big data is the new oil in the economy.

Big data has been defined by experts as any data that meets the 3 V's characteristics; Volume- Large data from many sources that would pose a challenge to a company in storing or processing it, Velocity- data created over a very short period and that companies need to respond to in real time, and lastly, Variety – referring to different forms or types of data. In summary, big data refers to a large volume of data, which can be structured, semi-structured or unstructured, and that is generated within a very short period of time. Over 90% of big data was created in the past 2 years, implying that technological advancement in the world is transforming the way things used to be done in the past. We are now in the digital age where innovation is the basic way of doing things. Companies are now embracing emerging technologies like Robotics Process Automation (RPA), Artificial Intelligence (AI), Blockchain, and Cloud servers to enhance data security.

Large volumes of data are being created in the blink of an eye. According to the sixth edition of DOMO's research report, over 2.5 quintillion bytes of data are created every single day. It is estimated that 1.75MB of data will be created every second by every person on earth by 2020. The big question is, what's next now that you have created large volumes of data for your organization and stored it securely in the cloud?

Big data can only be compared to oil that is still in reservoirs and is not of any help to those who have created the wealth. The oil in the data will remain a theory if the parties involved do not plan to mine the data. Companies will remain labour-intensive, trying to capture all relevant data and store it in expensive infrastructure in the name of databases, but the data will remain irrelevant if it cannot be analysed and used to generate insights for the use of the management in decision making. Many companies are struggling to be profitable and remain profitable. Others are struggling to maintain proper liquidity ratios for better operations. With proper data analysis, companies are in a better position to make exec-

utive decisions driven by insights from information generated from the analysis, as opposed to the traditional way of making decisions based on individual experiences and skills.

However, big data poses challenges to companies that own the data. These include analysing the data to generate insights, maintaining data security, maintaining quality data and managing data growth.

Big data does not only pose challenges to the owners of the data, but also poses challenges to the consultants that companies hire to offer professional services and advise management at different levels. Some of the key challenges to the consultants include but are not limited to; obtaining or extracting quality data from clients' databases, capacity to invest in the right tools to extract, transform and process the data, obtaining and maintaining human resources with the right talent to process the data, capacity to securely transfer and store the data, timely processing and sharing insights with clients. For audit firms with the Big Data Challenges, this then presents the question "what next?"

For a consultancy firm offering audit services, the key questions to respond to the challenges would be: “Do we have the necessary capacity to offer the digital audit services that big data demands?”, “How do we drive efficiency in our service offering with the opportunities that big data offers us?”, “How do we improve audit quality and meet the ever-increasing expectations of stakeholders?” and “Do we have the capacity to store the data securely without compromising client’s data privacy?”.

With the key questions in mind, audit firms would need to carry out an assessment of capacity in terms of human resources with the right technical skills, tools that the firms have invested in to carry out data extraction, transformation, loading and processing, technical expertise to handle statistical analysis and de-

rive insights for clients.

Audit firms need to maintain a stable portfolio of human resources with the technical know-how to handle big data that clients share year on year. There should be value addition to clients by (audit) firms from the data analysed. To maintain a portfolio of the right resources, with the highest percentage of the current work force being millennial would require firms to be more intentional in hiring the right people in the relevant fields, especially science, technology, engineering and mathematics (STEM). These resources would complement the work force with qualifications in the accountancy discipline. To drive the agenda of digital audit using big data, the resources must have the right attitude and self-drive in delivering the transformative audit services in this

digital age. Empowering the millennials with the right skills and giving them the freedom to explore their talents and interests within the work ethics is the greatest asset to possess and firms should strive to retain these at all logical cost. Possessing the right blend of resources would offer firms competitive advantage in the market.

To drive efficiency, firms must invest in the right tools that can be used by the consultants in analysing data at a faster rate, as opposed to traditional way of analysing data. As they say, big data is for machines and small data is for people. Big data can easily be processed using tools that are human friendly with proper training. With advanced technologies like AI and RPA, consultancy firms have developed tools that can process data relating to a whole year in less than 8 hours.



With the key questions in mind, audit firms would need to carry out an assessment of capacity in terms of human resources with the right technical skills, tools that the firms have invested in to carry out data extraction, transformation, loading and processing, technical expertise to handle statistical analysis and derive insights for clients.

Firms need to assess their digital assets and how they have employed technology and innovation in service delivery and how routine processes can be automated. Audit teams now need to stop spending most of their time extracting and processing data and start analysing the data more to drive trust and value with their clients. They should let the data do the work for them rather than working for the data to drive efficiency.

With the right approach to the changes in the audit profession and the right investment in human capital, technology and innovation (both tangible and intangible assets), the mining of big data would be the differentiator in the market. The question is "what is your differentiator in the market and what is the next move?" Out of the promises that you

have made to your clients in the audit plans, how far are you from achieving the full benefits of a digital audit? Can the client see any additional value in your reports? Is your audit digital in reality or is it digital theoretically?

With the current digital transformation taking place, audit firms need to evolve and innovate with time. They need to be intentional in ensuring there is continuous and timely learning for their staff. With the right investment, audit firms should expect efficiency and improved quality of services, with a change from a traditional audit to a digital audit approach. There would be a feeling of value for money received by companies as they would experience efficiency in service delivery, as well as relevant feedback and insights that would be used in improv-

ing processes and making data-driven decisions. There would also be enhanced confidence in financial reporting with a better understanding of trends and patterns. Where anomalies have been identified during trend analysis, investigations could be done to obtain a better understanding of any gaps in client's financial reporting processes.

Thus, the oil in big data will remain a theory in your conversations until you get value in the form of efficiency in service delivery, better conversations with clients and improved quality of audit files. For transformation to take place in the audit profession in this innovative age, auditors need to be more enthusiastic in the subject of data science and acquire skills in data visualization and data analytics.

Entrepreneurs in developing nations need to understand market structure dynamics to survive

By John Orapa



The 20th century entrepreneur especially in a developing nation is under siege and cannot afford to sit on their laurels. You see, times have changed. Whereas the population of the world has maintained an upward trajectory, resources have increasingly become scarce. Further, the business environment has become toxic mainly due to the overly aggressive and ruthless nature of existing players. It's a

zero sum game and as such if you snooze you risk extinction.

Now spice that up with the unique set of challenges presented in countries that are considered 'emerging' or 'developing' and you truly begin to appreciate the entrepreneurs who have dared to venture into these treacherous and sometimes unforgiving markets and yet have still managed to remain afloat.

An entrepreneur friend of mine has been running an organization in Ken-

ya known as 'Pink Room' for close to 8 years now. The organization in a nutshell, makes sanitary bags (used for carrying sanitary towels) predominantly targeting school going girls but also handy for women in general. The organization then trains the girls on not only usage of sanitary towels but also on general personal hygiene. They are now on the verge of expanding their work to include offering vocational training in sewing and other crafts getting girls who are ostracized by



targeting girls who are ostracized by the society due to various factors, mainly stereotypes, and who still need to generate a source of income.

Listening to her speak passionately about the organization, gives you a sense of a rare breed of an entrepreneur with a dual mission of making a positive impact in the society while at the same time generating some decent income. Her story is just but one of many amazing ventures that all of us must have read about or encountered of entrepreneurs in our community.

But beneath such inspiring stories is the flipped coin that portrays a different narrative of the struggles start-ups go through especially in the developing part of the world. Why do we still have a large number of start-ups failing especially in the African continent?

Many different explanations have been advanced to try and explain this phenomenon. Some have opined that most entrepreneurs in the region lack the spine to withstand the numerous obstacles they encounter during the incubation period of their businesses. Others have suggested that the majority of entrepreneurs lack the patience to wait for break-even periods that are longer than

one year. It has also been stated that most neo-entrepreneurs expect micro-wave PBC (Pay Back Period) on their investments and any delays in achieving the same leads to apathy.

Whereas some of these assertions may be true to a large extent, my view is that there's a more fundamental problem that most start-ups fail to address. Perhaps the entrepreneur has either neglected or failed to critically study and understand the markets they either operate or intend to operate within and the attendant challenges that each market poses to their business ventures. They may have done their business plans and done the basic market survey and annexed various statistical charts but is that good enough? I don't think so!

Let's go to the basics. You see we have broadly four main market structures namely, perfect competition market, monopoly, oligopoly and monopolistic market. Some economists may argue that monopsony markets (where we have one single buyer) should also be viewed as a unique market structure. I say fair enough. I am of the view that any prospective entrepreneur must understand these markets deeply in order to navigate well during the incubation stage of the business venture.

The perfect market scenario is one of an ideal world and as such I will just mention it to help us visualize what such a market would look like. Basically in such a market there will be many small businesses competing against each other and none of them will have market dominance. Such a market has neither barriers to entry nor barriers to exit. It is assumed that all businesses trade in homogenous (identical) goods and/or services and that all of the businesses exist to maximize profits. It's a dream market. As an entrepreneur don't expect to get such a market anywhere in the world.

A monopoly market structure depicts a scenario where a single business (player) controls the entire market or almost 100% of the market. Basically a scenario of a sole producer and seller. Such a market offers the consumer no alternative. An entrepreneur intending to venture into such markets must be cognizant of the fact that there will be high barriers to entry and exit. In fact some of the products and services may be out of bounds to prospective entrepreneurs. Lately, monopoly markets are predominantly government controlled entities that exist in providing public utility goods and/or services like provision of electricity or rail services.

A monopolistic market structure is one where there are still a large number of small businesses competing against each other. However, here firms sell similar but slightly differentiated products which allows some to have an edge in the market and as a result charge slightly higher prices. The entrepreneur should note that in such a market there are no barriers to entry nor barriers to exit, and all the businesses exist to make profit. Key to note is that the consumer may prefer one product over the other. The maize flour market and detergent market are examples of such markets. If you walk into any supermarket or retail store and walk past the detergent's aisle or the maize/wheat flour aisle, you will have an appreciation of exactly how tough it is to compete in such a market. Any entrepreneur intending to compete in such a market must strive to differentiate their product in order to give it an edge over existing products so as to lure consumers away from their current products of choice. This is not a walk in the park.

gopoly markets are those dominated by a handful of firms. Typically there could be between 3 to 5 firms or slightly more. Here the products may be identical or slightly differentiated. Any entrepreneur wishing to venture into such a market must be aware of the high barriers (especially licensing, financial and infrastructure). An entrepreneur must also know that the existing firms have a tendency of ganging up to frustrate any newcomers. The oil industry in Kenya where we have Vivo Energy Kenya, Total Kenya Ltd, Kenol Kobil & National Oil Corporation of Kenya dominating as well as the telecommunications industry where we have Safaricom, Airtel Kenya and Telkom dominating are good examples. Any entrepreneur intending to compete here must be aware of the huge capital

outlay as well as the stringent licensing requirements required to be able to set up, to compete and to survive.

Besides the unique challenges posed to the entrepreneur by each market structure, there is also the issue of structural failure in governance exhibited predominantly in developing nations. There is still a lot of red tape and other obstacles for start-up businesses in many developing nations.

According to the '2019 World Bank Ease of Doing Business' report, Rwanda sits right on top in terms of ease of setting up and doing business. The one stop shop at Rwanda Development Bank (RDB) where one can walk in and walk out with a business license within an hour after going through the application process is laudable. To be fair Kenya has made commendable strides especially with the set-up of Huduma Centres as well as the decentralization of services from the capital city. Governments in developing Nations need to address some key issues to encourage start-ups.

There is a lot more work to be done to reduce the business licensing costs. The national government and the county governments need to create synergy in the licensing requirements to avoid duplication of costs to the entrepreneur.

There is also the issue of government employees in many developing nations who run private businesses while simultaneously influencing policy decisions in a clear case of conflict of interest. This gives them an edge over existing and start-ups while bidding for contracts.

A more worrying phenomenon exists where we have seen private businesses funding political campaigns for various political parties with the hope of getting favors when they (the political parties) assume power in a classic example of

quid pro quo. You will agree with me it becomes difficult to compete against such firms.

These and many more examples must be the wake up call to all would be entrepreneurs that no matter what market you intend to ply your trade, the terrain is tough and as such a bit more market insights, over and above the basic market statistics will be critical before launching your venture.

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Internal Audit is a crucial function that provides independent assurance to Management and the Board on the adequacy and effectiveness of Internal Controls, Risk Management and Governance of an institution. A well resourced and functioning internal audit function plays a key role in the success of any organization including Banks since it ensures that the assets of the company are well safeguarded against any abuse and misuse.





Dealing with problematic people

By Angela Mutiso

All the life is a series of tests; never forget this!

Gregory was sure, or was he? that the only reason he had any kind of relationship with his old school mate Grace, was their shared knowledge of its long term insignificance. Grace was passionless, cantankerous and annoying most of the time. Despite this frustrating trait however, Gregory would, when feeling low, always find himself calling her up, because of their shared history. Another disturbing side to Grace, was her unpredictability. One day she would be embracing you with so much warmth, showing great interest and giving solutions to your problems, another, she would be terribly moody and difficult. Author Shaheer Sheikh once said “I’m fun with people I know. But at the same

time, people also say that I am a little cold, rude, and moody. ‘Moody’ is the word they generally use for me.” That, apparently, was how Grace was. Try as he might, and despite her difficult nature, Gregory, just couldn’t stop making Grace, part of his life and problem. This relationship, they assumed was insignificant, was progressively looking like something bottomless and disturbing. He was accustomed to her in a way he did not like; and was wary of her because she never hesitated to yell at him at the slightest provocation.

How would you describe a problematic person? There are many descriptions. Thought catalog says the general idea is that a difficult person means having traits or characteristics that make it difficult, if not impossible, to communicate effectively with them.

But then, why do we find ourselves sticking with problematic people? How do you deal with cantankerous people, especially when interacting with them

is inevitable? Many times, you will find yourself tested by sensitive dealings with problem people. The difficult people in your life may be your family, your circle of friends, workmates, team mates, customers, neighbors, employer, employees, parents, and even strangers. The list is endless. One thing is for sure though; the way you deal with anyone, is determined by his/her temperament, the situation you find yourselves in, and prevailing circumstances at the time.

If you want to live a positive life, to get on well with people, and get results, you will have to let them know you are approachable. Incidentally, it is not difficult for people to detect your negativity if you are toxic. According to one Public Speaking Coach, Aloise Obare, every human is innately equipped with varying ability to detect negative energy emitted by people they come into contact with. He says when the human brain detects negative energy it often associates it with hostile intent and adopts caution or even

emitted by adversaries often triggering a defensive fight or flight response from them. Today these instincts manifest themselves as gut feelings or Intuition. We then find ourselves describing people we have just met as 'appearing to be unfriendly', 'difficult to associate with', 'unapproachable', 'making us feel uneasy' or as 'those with whom 'we don't connect'. These barriers are a defensive mechanism triggered by our limbic system to help us lock out what it perceives as a potential or existential threat to us.

He explains that unfriendly or unapproachable behavior is all in the body language that people exhibit through their eyes, body posture, hand gestures, vocal tonality and even chemical emissions emanating from their skin when they are stressed by or detest your presence. Being able to read these often-non-verbal signals is all part of our survival instinct. He says sometimes we may misread or misinterpret the body language of our associates and profile people as unfriendly, difficult or unapproachable but all said and done; our gut instincts or intuition are never too far from the truth. Your approachability, friendliness or even connection with others is all derived from your body language. As Professor Emeritus of Psychology Albert Mehrabian's 7%-38%-55% Rule hypothesises; Your believability and ability to connect with others is determined only 7% by your words. 38% is determined by your vocal tonality while 55% of your believability is judged by your body language. Obare advises that if you want to be approachable and connect with your audience, exhibit positive body language that aligns your intent with your visuals, vocals and verbals.

Discussing How Smart People Handle Difficult People in the entrepreneur, guest writer, Travis Bradberry says difficult people defy logic. Some are blissfully unaware of the negative impact that they have on those around them. They create unnecessary complexity, strife and worst of all stress. Studies have long shown that stress can have a lasting, negative impact on the brain. Bradberry says to deal with difficult people effectively, you need an approach that enables you, across the board, to control what you can and eliminate what you can't. The important thing to remember is that you are in control of

far more than you realize.

Below are some interesting and useful insights about how smart people handle difficult people from the entrepreneur... excerpts;

- They set limits; People often feel pressure to listen to complainers because they don't want to be seen as callous or rude, but there's a fine line between lending a sympathetic ear and getting sucked into their negative emotional spiral. You can avoid this only by setting limits and distancing yourself when necessary.

- They rise above; the more irrational and off-base someone is, the easier it should be for you to remove yourself from their traps. Quit trying to beat them at their own game. Distance yourself from them emotionally don't need to respond to the emotional chaos -- only the facts.

- They stay aware of their emotions; maintaining an emotional distance requires awareness. You can't stop someone from pushing your buttons if you don't recognize when it's happening. When you find yourself with a co-worker who is engaged in similarly derailed thinking, sometimes it's best to just smile and nod.

- They establish boundaries; this is the area where most people tend to sell themselves short. They feel like because they work or live with someone, they have no way to control the chaos. This couldn't be further from the truth. Once you've found your way to rise above a person, you'll begin to find their behavior more predictable and easier to understand. This will equip you to think rationally about when and where you have to put up with them and when you don't. If you set boundaries and decide when and where you'll engage a difficult person, you can control much of the chaos. The only trick is to stick to your guns and keep boundaries in place when the person tries to encroach upon them, which they will.

- They don't die in the fight; Smart people know how important it is to live to fight another day, especially when your foe is a toxic individual. In conflict, unchecked emotion makes you dig your heels in and fight the kind of battle that can leave you severely damaged. When

you read and respond to your emotions, you're able to choose your battles wisely and only stand your ground when the time is right.

- They don't focus on problems - only solutions; when it comes to toxic people, fixating on how crazy and difficult they are gives them power over you. Quit thinking about how troubling your difficult person is, and focus instead on how you're going to go about handling them. This makes you more effective by putting you in control.

- They don't forget; emotionally intelligent people are quick to forgive, but that doesn't mean that they forget. Forgiveness requires letting go of what's



every human is innately equipped with varying ability to detect negative energy emitted by people they come into contact with.

happened so that you can move on. It doesn't mean you'll give a wrongdoer another chance.

- They squash negative self-talk; Negative self-talk is unrealistic, unnecessary and self-defeating. It sends you into a downward emotional spiral that is difficult to pull out of. You should avoid negative self-talk at all costs.

- They get some sleep; a good night's sleep makes you more positive, creative and proactive in your approach to toxic people, giving you the perspective you need to deal effectively with them.

- They use their support system; Identify these individuals in your life (people ready to help you get the best from a difficult situation) and make an effort to seek their insight and assistance when you need it. Something as simple as explaining the situation can lead to a new perspective. Most of the time, other people can see a solution that you can't because they are not as emotionally



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As Professor Emeritus of Psychology Albert Mehrabian's 7%-38%-55% Rule hypothesises; Your believability and ability to connect with others is determined only 7% by your words. 38% is determined by your vocal tonality while 55% of your believability is judged by your body language.

invested in the situation. Bradberry concludes in this helpful narrative, that thankfully, the plasticity of the brain allows it to mold and change as you practice new behaviors, even when you fail. Implementing these healthy techniques for dealing with difficult people will train your brain to handle stress more effectively and decrease the likelihood of ill effects.

In the meantime, it is worth noting, that at times, you may be the difficult person; (you need to work on this if you are) so

if you are awkward, causing a lot of mess, you need to have the right words to explain yourself, by trying to prove that you tried all you could to make things better. But remember, you won't always get away with it; you win some you lose some. So style up.

When dealing with people you must associate with, try to be approachable and have an attitude of gratitude. Remember, the attitude you bring to the day, is what the day will bring to you. Great attitude, great day!

Some 'moody' quotes

- "Animals don't lie. Animals don't criticize. If animals have moody days, they handle them better than humans do," Betty White.
- Sometimes I am moody or bubbly, and then at other times, I just want to disconnect. I am an extreme person.

By Angela Mutiso
email: cananews@gmail.com

Managing gout

When you have too much uric acid in your blood

By Angela Mutiso



Jonathan was in so much pain that even a sheet gliding on his swollen limb distressed him badly. His foot was inflamed; evidently, the pain was unbearable. He was having a gout attack.

Gout is a form of inflammatory arthritis characterized by regular bouts of a tender, hot, and distended joint. The attacks happen most often at the joint at the base of the big toe. In critical situations, uric acid crystallizes and the crystals deposit in joints, tendons, and surrounding tissues, bringing about an attack of gout. The crystals are deposited from the blood. Acute gout attacks are characterized by a fast onset of pain in the affected joint followed by warmth and swelling. The pain can wake you up in the middle of the night.

Arthritis Foundation drives the point home when it observes that few things in life are more painful than a gout flare, so if you're awakened in the wee hours by a joint that is tender, swollen, red and radiating heat, you'll want to act fast. You should take medicine you have on hand. Start treatment immediately with over-the-counter ibuprofen (Motrin, Advil) or naproxen (Aleve), but never take aspirin, which can worsen a flare. If you have had a flare before and your doctor has prescribed an anti-inflammatory medication to take in the event of another, take your prescribed medication as your doctor directed. If you are already taking a uric acid-lowering drug to reduce the risk of flares, continue to take that drug. Applying an ice pack to the painful joint may help ease pain and inflammation. Get a cane because walking with a cane during an acute gout flare can help keep pressure off your painful joint, and do not forget to elevate your foot, if affected. They state

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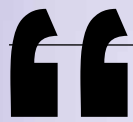
that getting treatment within the first 24 hours of the start of a flare can lessen its length and severity, so calling your doctor to advise you on the medication to take is advisable.

Gout attack

During an acute attack, anti-inflammatory medications can help relieve pain and reduce the duration of the attack. Patients with chronic gout can modify their diet, exercise and decrease alcohol intake to help reduce the frequency of attacks.

Gout attacks, according to medical news today can come on quickly and keep returning over time, slowly harming tissues in the region of the inflammation, and can be extremely painful. Hypertension, cardiovascular, and obesity are risk factors for gout. It is the most common form of inflammatory arthritis in men, and although it is more likely to affect men, women become more susceptible to it after menopause.

But it's possible to manage gout so that flares are reduced and, in some cases, a person doesn't experience symptoms for long periods or even indefinitely says wtop. It says that according to Dr. Roberto Caricchio, interim chief of rheumatology at the Lewis Katz School of Medicine at Temple University and director of the Temple Lupus Clinic at Temple University Hospital, "This tends to be a chronic disease, albeit manageable." That's done primarily with medication. However, making changes to what you eat and drink may help lower uric acid levels and reduce flares as well. What's more, gout tends to occur along with other issues ranging from obesity — which is associated with a higher risk of gout — to diabetes and kidney disease, making eating well all the more important. It says along those lines, clinicians often recommend avoiding, or at least consuming in



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moderation, certain foods and drinks that are high in purines. Those include: Alcohol, sodas and other high-fructose corn syrup-infused products, shellfish, red meat and organ meats like liver.

In other words, avoid purines at all costs. Purines are chemical compounds in food known to cause gout. Uric acid is produced in the body during the breakdown of purines; found in high amounts in among others, meat, poultry, and seafood. Try to eat low purine foods like low-fat and nondairy fat products, such as yogurt and skim milk, fresh fruits and vegetables, nuts, peanut butter, and grains. Also take lots of water and avoid alcohol, especially, beer.

Natural foods that can help you fight gout include, Cherries, magnesium, ginger, apple cider vinegar, lemon juice, and turmeric, celery, and nettle tea.

Types of gout

There are, according to medical news today, various stages through which gout progresses, and these are sometimes referred to as different types of gout, below are the stages;

Acute gout; occurs when the urate crystals that have been deposited suddenly cause acute inflammation and intense pain. This sudden attack is referred to as

a "flare" and will normally recede within 3 to 10 days. Flares can sometimes be triggered by stressful events, alcohol and drugs, and cold weather.

Interval or intercritical gout; this is the period in between attacks of acute gout. Subsequent flares may not occur for months or years, but if not treated, over time, they can last longer and occur more frequently. During this interval, further urate crystals are being deposited in tissue.

Chronic tophaceous gout; Chronic tophaceous gout is the most debilitating type of gout. Permanent damage may have occurred in the joints and the kidneys. The patient can suffer from chronic arthritis and develop tophi and big lumps of urate crystals, in cooler areas of the body such as the joints of the fingers. It takes a long time without treatment to reach the stage of chronic tophaceous gout - around 10 years. It is very unlikely that a patient receiving proper treatment would progress to this stage.

Pseudogout; One condition that is easily confused with gout is pseudogout. The symptoms of pseudogout are very similar to those of gout, although the flare-ups are usually less severe. The major difference between gout and pseudogout is

that the joints are irritated by calcium pyrophosphate crystals rather than urate crystals. Pseudogout requires different treatment to gout....source- Medical news today.

What are the risk factors?

These can include: Age and sex. Men generally produce more uric acid than women, but older menopausal women can get it as well. It may run in the family, your lifestyle, your weight and certain medications can predispose you to gout so can recent surgery or trauma.

Treatment

Prescription medicine can include the following:

Allopurinol (Aloprim, Zyloprim) reduces uric acid production; Colchicine (Colcrys) reduces inflammation; Febuxostat (Uloric) reduces uric acid production; Indomethacin (Indocin) is a stronger NSAID pain reliever; Lesinurad helps your body get rid of uric acid when you pee, while Pegloticase (Krystexxa) breaks down uric acid. Probenecid (Benemid) helps the kidneys excrete uric acid from your body and steroids (also called corticosteroids) fight inflammation...source Webmed. (It is however always advisable to contact your doctor).



There are many myths regarding this disease. Discussing 7 myths about gout, Aarp says its answer to one of the myths ...gout is painful, but won't kill you, is - Gout can't kill you directly, but it can cause serious health problems that may eventually kill you. It quotes Robert Keenan, M.D., assistant professor of medicine at Duke University; it can increase your risk of a heart attack or stroke, and it also may be linked to insulin resistance, the body's shrinking ability to use insulin to lower blood sugar. If gout is untreated, you can develop clumps of uric acid crystals called tophi, which can become infected and life threatening. Another myth is that once you've got gout, lifestyle changes don't really help. Aarp says the truth is lifestyle changes can reduce both the severity and frequency of attacks. When people lose weight, they often have fewer attacks.

Animal proteins have a higher level of purines, so it's better to eat vegetable proteins like beans and peas. It is advisable for patients to abstain from alcohol

during the first six months of treatment, until medications have stabilized uric acid levels. If you want to have a drink thereafter, drink in moderation.

Health Tips

- Mix one teaspoon of organic apple cider vinegar to a glass of water and drink this every day. Apple cider vinegar acts like a natural cleanser and detoxifier. It contains malic acid which helps in breaking down and removing uric acid from the body...ndtv
- Go offline
- Sleep Well
- Drink at least 8 glasses of non-alcoholic beverages a day – plain water is best. And if you're having a flare, increase your intake to 16 glasses a day! The water helps to flush uric acid from your system...arthritis.org
- Bananas are low in purines and high in vitamin C, which make them a good food to eat if you have gout. Changing your diet to include more low-purine foods, like bananas, can lower the amount

of uric acid in your blood and reduce your risk of recurrent gout.

Healthline

For your general health, healthline advises;

- Don't drink sugar calories
- Eat nuts
- Avoid processed junk food (eat real food instead)
- Don't fear coffee
- Eat fatty fish
- Get enough sleep
- Take care of your gut health with probiotics and fiber
- Drink some water, especially before meals

*Compiled by Angela Mutiso
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Who will save this planet?

By Anne Njagi

Clad in a dark designer suit, white shirt, red tie and black leather shoes, he confidently and meticulously walked into the lecture theatre. Suddenly, there was silence in the room and all eyes focused on him as he took the podium. This, as we would learn later was none other than the Professor who would for the rest of the semester take our MBA class in Environmental Science; a core course.

This followed a brief introduction, and soon after, he uttered the words...."Affluence is Effluence" – simply put, the former denoting rich and the latter rubbish. As far as environment is concerned, increased consumption increases human environmental impact significantly and each product consumed has wide-ranging effects on the environment. He went on to explain that environment means surrounding ie. all aspects of the planet earth made of lithosphere (land), hydrosphere (water), atmosphere (air) and biosphere (all forms of life). I must confess that this was the first time I heard some of these 'big' words all ending with ...sphere.

Prof. left no doubt in our minds that he was a seasoned and polished professional on issues pertaining to environment. Being his first lesson, he introduced the topic and succinctly explained how important it is for society to reflect and appreciate the impact their actions have on their surroundings. That it was key, therefore, to acknowledge that the environment is part of one's global system. Perhaps it is only then, that there may adjustments on societal actions that favor rather than destroy the natural environment.

As an experienced environmentalist, Prof. had perfected his knowledge on this very important subject. From time to time, he echoed the words of the late Professor Wangari Maathai; 'Mother nature is very generous yet very unforgiving'. He also echoed the words of Billy Nye also known as the science guy who alluded that if emissions will keep rising, by the end of this century the average temperature on earth could go up significantly. Prof. further reiterated, that the society in the 21st century behaves like they are on their way to Mars, 'a pathetic and ugly perception,' he added.

The reality as advised then, is that

we live in a time of great challenges and change where global reports reveal negative impact including natural disasters and pollution, courtesy of the abused environmental system. In the face of all these catastrophes, it should no longer be business as usual and concerted efforts are key if the narrative has to change. Things must be done differently in all aspects of business execution, and organizations should not just be keen on the bottom line.



As far as environment is concerned, increased consumption increases human environmental impact significantly and each product consumed has wide-ranging effects on the environment.

They should in addition, innovate different methods to ensure the conservation and sustainability of the environment.

At that point, the above statements did not hit us enough, since we were more interested in finishing our program and graduating. Reality has since hit and we are all feeling the wrath. Recently, I read through a release by International Federation of Accountants (IFAC) articulating clearly that the world will hit approximately 8.5 billion people on earth by 2030. That the unfortunate bit is that as the world progresses, sustainable development challenges such as climate change, trust in business and government (?) amongst others are a reality.

However, the good news is that the 17 Sustainable Development Goals are geared towards sustaining people and planet and include a partnership call between all players. Charles Tilley as quoted, stated that 'Business as usual' is no longer sustainable and if business ignores the Goals, they do so at their own peril."

Back to Professor. The next lesson was on the Tragedy of Commons and as explained by Prof., this is a situation where every so often people take advantage of free resources that are available to them with no regard whatsoever to others. What the society fails to understand is that if everyone were to act according to their self-interest and behave contrary to the common good of all users, the result is depletion and spoilage of the shared resources. Furthermore, over-use is bound to lead to negative effects for everyone, regardless. Also known as Global Commons, as informed, no one owns them but if violated, can be disastrous.

Notable is that, as the world's population grows and communities enjoy an increase in material accumulation, some common things we have taken for granted get depleted or destroyed. This include change of atmosphere due to human activities and the ozone layer which shields the earth from harmful ultraviolet radiation that comes from the sun. What is saddening is that human interaction with the hydrosphere i.e. the part of the planet that is made of water including oceans, rivers, lakes etc, has had a negative impact. This is due to pollution of the rivers and seas as a result of untreated sewerage, and garbage dumping amongst

others.

Effects of Global Warming and Climate Change

As we continue to feel the effects of climate change, the reality is that communities living along the coastal regions and the infrastructure within the

surrounding areas, may suffer greatly. Besides, economic activities may be disrupted due to the effects of sea rise. These effects will gradually be felt outside the coastal regions as well. Notwithstanding, the unpredictable weather patterns that are experienced from time to time especially in the recent past. The effect will also not spare the ecosystem with some becoming extinct.

Other catastrophes include falling of meteorites i.e. pieces of rocks or other matter from outer space that land on earth; and they can cause havoc. It is a fact that the effects of climate change are a real threat, not only to humans but also animals and the environment itself. Heatwaves and floods have affected thousands of people around the world today.

Conclusion

Traditionally, business entities have been concerned with the bottom line. However, going forward, industry players should take stock and begin to think sustainably. Key to note is that businesses must appreciate that sustainability focuses on meeting the needs of the present generation without compromising the ability of future generations to have their needs met. Therefore the three Ps i.e. profits, planet as well as people must be put into careful consideration.

Some scientists are also skeptical and have asked whether planting trees will avert climate change. In an article by Tara Yarlagadda entitled Could planting 1 trillion trees counteract Climate Change? (Ref. <https://www.greenbiz.com/article/could-planting-1-trillion-trees-counteract-climate-change>) there is an argument by the United Nations suggesting that adding 2.5 billion acres of forest to the world could limit global warming to 1.5 degrees Celsius by 2050. But some researchers aren't so sure.

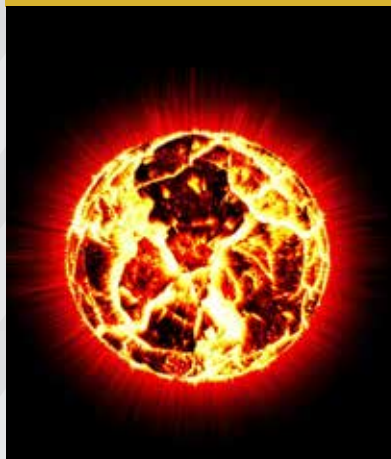
Bastian says "What we need is universal action: international agencies, NGOs, governments, all citizens — anyone can be involved." The truth is; climate change is a reality and adaptation is paramount.

The big question is, who will save this planet?

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Key to note is that businesses must appreciate that sustainability focuses on meeting the needs of the present generation without compromising the ability of future generations to have their needs met. Therefore the three Ps i.e. profits, planet as well as people must be put into careful consideration.



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14 pupils killed in a stampede at a primary school in western Kenya

At least 14 pupils were killed in a stampede at a primary school in western Kenya. The crush happened at Kakamega Primary School, on Monday (3rd February, 2020). Reports say children were leaving classes for home at about 5pm local time, when the stampede took place. Approximately 40 other students were injured - some critically - and taken to hospital. Some were treated and discharged.



A Scramble for Africa Post Brexit

As \$8.5bn worth of deals were announced at last week's UK-Africa Investment Summit in London, Scottish businessmen with an interest in Africa told African Business they are also looking to deepen ties with the continent after the UK exits the EU. While there are strong links between Africa and Scotland, there are several obstacles which have obstructed deeper commercial ties

in the past. As a result, representation across the continent is limited. Scotland's development agency, Scottish Development International (SDI), has only one office in Africa in Ghana. Compare this with the UK government which had 31 embassies in sub-Saharan Africa in 2017 and hopes to be the largest G7 investor in the region by 2022.



Corporate Africa's Moment to Shine

Corporate Africa's Moment to Shine As Africa grapples with a plethora of social, economic and environmental challenges, there is a substantial opportunity for large corporates to introspect and determine whether they are still staying true to their core purposes. For some time, much of the corporate world globally seemed focused mainly on satisfying the expectations of shareholders, while other important stakeholders were given less emphasis. In other words, many big companies lost sight of their true purpose, and have forgotten that many entrepreneurs start companies in response to unmet needs in society. Successful entrepreneurs meet these needs and make a profit. Social impact and shareholder returns can go together.

SOURCE: AFRICA.COM

Royal Departure



The Duke and Duchess of Sussex; Prince Harry and his wife, Meghan Markle announced in January 2020 that they will be stepping back from their royal engagements. They have lately been living in Canada with their son Archie.



You Can Now Hotspot From any African Landmark

Zimbabwean AI expert William Sachiti, CEO of UK-based start-up Academy of Robotics (www.academy-ofrobotics.co.uk) has published an open-source technology known as 'Trees of Knowledge' to improve access to education through smartphones in Africa. This free-to-develop technology enables a tree or rural landmark to broadcast a wifi

connection providing access to a pre-loaded package of educational content. The wifi connection and content comes from a micro-computer moulded into the landmark to protect it from theft or damage. A community-driven, secure and cost-free solution. Anyone within a roughly 100m radius can then access the content on any mobile device free of charge.

SOURCE: CNBC AFRICA



Top 10 Topics at Mining Indaba 2020

The theme for Investing in African Mining Indaba 2020 is Optimising Growth and Investment in the Digitised Mining Economy. Delegates will look at topics such as, revisiting the fundamentals of the mining industry with next-generation values. Price

volatility and the impact of mining investment for 2020 and beyond. Future of work and digitally skilled miners. Automation hour: robotics, job creation and operation optimisation. The programme content for 2020 is geared towards exploring the key drivers of investment decisions within the African mining market and forging the future direction of the African mining

industry. The Ministerial Investing in African Mining Indaba and Government programme is set to attract some 38 ministers from across the African continent and beyond, cementing Mining Indaba's reputation as the world's largest mining investment event.

SOURCE: AFRICA.COM

How Much is Actually Invested into African Startups?

As African technology ecosystems have blossomed over the past decade, increased interest from investors has seen them snag millions of dollars in funding. Every year, annual funding reports offer insight into the state of play with regard to investment in the ecosystem but, in search of the same findings, these reports often reach different conclusions. So far, three reports focused on African startups have shown differing funding totals for last year. Partech Ventures, WeeTracker and Briter Bridges all report funding totals of over \$1 billion.

SOURCE: QUARTZ AFRICA

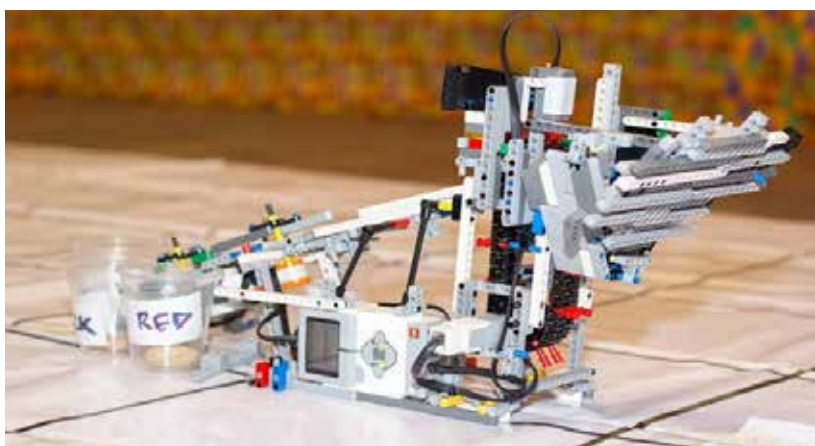


Credit Suisse Ignored Warnings about Mozambique

Credit Suisse Group AG ignored warnings from its outgoing regional chief executive officer on the risks of lending \$2 billion to Mozambique in a scandal that has landed the Swiss bank in a lawsuit and opened up questions about its due diligence. A legal filing from Credit Suisse published recently revealed that Fawzi Kyriakos-Saad, at the time the chief of the bank's EMEA business, warned a group of dealmakers not to proceed with the initial stage of the multi-billion dollar financing.

SOURCE: BLOOMBERG

[WATCH] Preparing Accra's New Computer Experts



Ghana Robotics Academy Foundation is bridging the gap between scientific theory and practice for children in the country, through robotics. Over 7,000 students have learnt how to code. SOURCE: CNN

The Next Job Frontier for Nigeria

The Next Job Frontier for Nigeria

The Manufacturers Association of Nigeria (MAN) has concluded plans to commence a N9 billion Moringa oleifera farming plantation project across the 774 local government areas of Nigeria. The body intends to employ 10 million youth across the country for the cultivation of the plant during the next rainy season and also sell the produce to meet both local and high export demand. With the N9 billion moringa plantation project, the West African giant would be strategically positioning itself for a fair share in the global moringa market. But the project is more than just earning dollars through exportation.

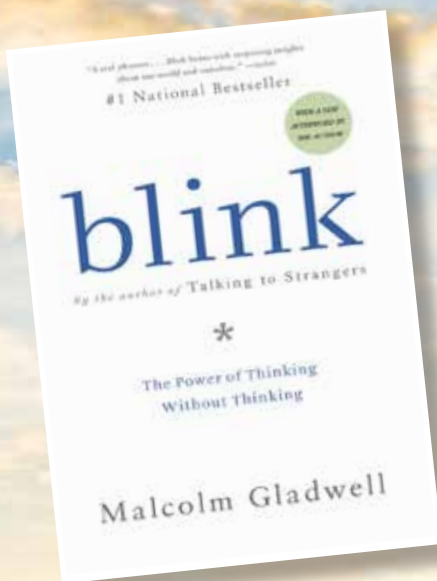
SOURCE: VENTURES AFRICA

Mauritius-based Mobility Startup Launches Full Operations after Successful Beta Testing



Vite is the first app-based mobility company in Mauritius, which has just concluded a beta testing period that saw more than 6,500 app downloads and 500 completed trips. The pre-seed funding round secured from Oui Capital an early stage technology venture that invests in promising technology startups across Sub-Saharan Africa, is designed to provide Vite with the financial and operational support necessary to launch full operations on Mauritius Island.

SOURCE: DISRUPT AFRICA



Title: Blink – The power of thinking without thinking

Author: Malcom Gladwell

Category:

Publisher: Back Bay Books, Little, Brown

Malcom Gladwell thinks deeply, he is the author of five New York Times bestsellers—The Tipping Point, Blink, Outliers, What the Dog Saw, and David and Goliath.

Goodreads says he is also the co-founder of Pushkin Industries, an audio content company that produces the podcasts Revisionist History, which reconsiders things both overlooked and misunderstood, and Broken Record, where he, Rick Rubin, and Bruce Headlam interview musicians across a wide range of genres.

Blink: The Power of thinking without thinking is Malcom Gladwell's second book. It presents in popular science format research from psychology and behavioral economics on the adaptive unconscious: mental processes that work rapidly and automatically from somewhat little information.

One of the analysts Khushali Adhiya, says this book is considered one of his finest works by reviewers across the globe. He says blink is a simple book, about how we actually think without thinking and the choices that follow such a thinking. The writer proves how the choices we make in an instant—in the blink of an eye—aren't that simple as they appear to be. So, this book reveals to you the mysteries of mind reading—an ability, which the reader realizes on completion of this book, lies within oneself. The central focus of this book according to Adhiya, revolves around how we cognize the world around us, how we thin-slice (i.e. making a whole picture from just a gist), how rapid cognitions can be a lot better and productive than long but futile detailed analysis of situations, and thereby how these rapid cognitions sometimes lead us astray!

An observation on the book's cover says Blink reveals that great decision makers aren't those who process the most information or spend the most time deliberating, but those who perfected the art of "thin slicing"—knowing the very few things that matter. Drawing on cutting neuroscience and psychology, and displaying all the brilliance that made The Tipping point such a landmark work, Blink changes the way you understand every decision you make. Never again will you think about thinking

in the same way.

There are six chapters in Blink. The introduction is: The statue that didn't look right. It is a captivating part of the book with topics like fast and frugal, the internal computer, and a different and better world. Chapter one presents - the theory of thin slices: How a little bit of knowledge goes a long way...This one has topics like - the love lab, marriage and Morse code; they studied a couple hilariously defined as being in the glowy phase of their marriage...but the woman seems to be completely inflexible when they have an argument. Another topic here is the importance of contempt, he explains how he took time analyzing some couples to see whose marriage wouldn't last long, but in the end he realized he would have done just as well by flipping a coin. If one or both partners in a marriage show contempt toward the other, it can be considered that the marriage is in trouble. Having someone you love express contempt toward you is so stressful that it begins to affect the function of your immune system.

Chapter two is titled the locked door; the secret life of snap decisions, Chapter 3 is the Warren Harding Error: Why we fall for tall, dark and handsome men. 4 is Paul Van Riper's Big Victory: Creating structure for spontaneity, 5 is Kenna's dilemma: The right and wrong way to ask people what they want. 6 is seven seconds in the Bronx: The delicate art of mind reading. The conclusion is; Listening with your eyes; the lessons of Blink.

There are times when the scientific data seems so compelling that you don't remember to appreciate the power of the glance, and your instinct. Our instinctive reactions often have to compete with all kinds of other interests and emotions and sentiments.

Malcolm Gladwell is a Canadian journalist, author, and public speaker. His new book, Talking to Strangers: What We Should Know about the People We Don't Know' explores what happens when we encounter people we don't know and why it often goes awry.

Gladwell has been included in the TIME 100 Most Influential People list and touted as one of Foreign Policy's Top Global Thinkers.

Reviewed by Angela Mutiso
cananews@gmail.com

"It is with profound sadness and sorrow that I announce the passing of a Great African Statesman, H.E. Daniel Toroitich arap Moi, the Second President of the Republic of Kenya. His Excellency the Former President passed on at the Nairobi Hospital in the presence of his family."

President Uhuru Kenyatta, announcing the passing on of the former President.

"Mzee passed away peacefully. I was by his side. As a family we accept,"

Baringo Senator Gideon Moi who was by his father's side when former President Daniel arap Moi died at 5.20 am Tuesday (20th February 2020) at Nairobi Hospital.

"Just as Moi did, we must as a country strive to excel. He taught and mentored many, his determination showed that nothing is impossible and that Kenya can be a better place."

Kenya's Vice President William Ruto, mourning the passing of Kenya's retired President, Mzee Daniel Toroitich arap Moi.

"The loss of a child is very painful. My condolences to parents who have lost their children."

Kenya's Education minister George Magoha, Condoling parents after 14 children lost their lives in Kakamega following a stampede at the school.

"It was business as usual for many banks and currency dealers Monday as the old money (Kenya shilling 1,000 currency notes)... ceased to be legal tender after 25 years in the market. A visit to six banks in Nairobi and several forex dealers showed that there was nothing out of the ordinary. Bank officials said there was no rush to beat the deadline, with only a small increase in the number of customers asking to convert their cash on the last day notice."..."I have seen currency changes in my homeland (Uganda) and around the world, and they can be extremely ugly and leave many people in hospital or even the grave...I think for the first time this century, a deadline arrived (In Kenya) without queues and demands for it to be extended for months. This time, we really have to give the devil his due."

Columnist Charles Onyango-Obbo quoting the business daily and explaining in his column (what others say) that he was surprised because the matter-of-fact tone was striking since these kinds of things usually end in near civil war.

Source: Daily Nation

"Our hope was to continue serving the Queen, the commonwealth, and my military associations, but without public funding. Unfortunately, that wasn't possible," Prince Harry speaking during a night speech at a charity dinner. He said this after their announcement that they would be "stepping back" from their roles as senior royals via their new website. They (The Duke of Sussex; Prince Harry and his wife, the Duchess of Sussex; Meghan Markle) said they were quitting their royal roles and leaving the UK. Apparently, the Duke and Duchess of Sussex surprised many royal fans with this announcement.

"I got three small kids and am trying to figure out how to navigate life with three kids and no mom."

Matt Mauser speaking about the death of his wife Christina who died along with Kobe Bryant and his 13 year old daughter Gianna in a helicopter crash on 26th January 2020

"Take charge of your attitude. Don't let someone else choose it for you."

-Unknown

"How much more grievous are the consequences of anger, than the causes of it."

Marcus Aurelius, meditations.

A jewel in the valley of Siritanyi

By Alfrique Otieno



Advent of devolution has revolutionalised the hospitality sector

Bungoma, a cosmopolitan rural town in Western Kenya has for many years lacked adequate accommodation facilities with international standards. Bungoma is known as a trade town because of its location along Malaba – Eldoret road. It only had small and below standard lodges for track drivers and traders to sleep in, on their way to or from Uganda or Malaba border. In fact, Bungoma Tourist Hotel located right at the centre of the town has for years been the only hotel

offering standardized accommodation services.

The advent of devolution has now revolutionalised the hospitality sector and more hotels, resorts, and lodges have sprung up over the years in areas that had little to offer. Increased competition has improved accommodation standards in the town and it's a race to impress. Both residents and visitors in the town are looking for facilities with some sort of uniqueness. One such facility is Siritamu resort and Spa, located in the valleys of Siritanyi along Malaba-Eldoret road

and a few kilometers from the ever busy Kanduyi junction.

Cushioned in the foothills of Siritanyi Valley, is Siritamu resort and spa; a jewel in Bungoma town. The valley of Siritanyi which is full of stone boulders was condemned and considered useless, it is now a sight to behold. Siritamu is a combination of two Swahili words SIRI (secret) & TAMU (sweet); translated would mean SWEET-SECRET. Indeed, the and suite clients travelling for leisure, and/or business. The cottages built in between trees are spacious, well

words are a true reflection of the resort and spa. Siritamu resort combines comfort and conservation; At Siritamu it is believed man can only be comfortable in an environment that is well taken care of. Siritamu management believes in the words of the late Wangari Maathai, “if you take care of nature, nature will take care of you”.

Right from the entrance, one can see that conservation is at its best within the resort’s expansive compound. At the entrance the sculptured waterfall with various animals is an attraction and speaks loudly about the resort’s conservation agenda. Concrete sculptures of various wild animals by the waterfall is an attraction for selfie photos and enhances the beauty of Siritamu. The Siritanyi valley is covered with indigenous trees and in between the trees are cottages built without any destruction to the trees. A tour of the resort also reveals coffee tree bushes that have existed for years; an indication that though the valley is rocky, its fertile grounds need to be ‘stirred’.

One cannot describe the peace and tranquility within Siritamu, let alone the breath of fresh air, cool breeze from the valleys, and the scenic view of the surrounding community. Siritamu offers individuals and families a place to relax, unwind, and bond. The resort is dotted with cottages artistically built to impress decorated, cozy, and relaxing. Affordability is important for many guests, and Siritamu fits the bill. For as low as \$80 or 8000 Kenya shillings you will get a room with free Wi-Fi, room table and chair, flat cabled television and refrigerator among other things provided to make your stay comfortable. Those travelling for business appreciate the convenience of their cottages while those on vacation can enjoy various facilities within the resort. Stone curved seats beside each room gives you the opportunity to enjoy the cool breeze from the valley and see the sunset from a vantage point. Upon sunset, the outdoor lighting is carefully, creatively, and artistically done to add to its beauty.

The hotel manager Kepha Areba says the idea to build the facility within the area was mooted after area residents complained about the rockiness and terrain of the area which was of no value to them. Little did they know that such a gem could spring out of this ‘cursed’ area.

“The intention was to combine conservation and comfort in the spirit of combating climate change, and fuse local culture with class and elegance to ensure that your stay is wholesome and memorable”, says Kepha.

Siritamu is also located a few kilometers from the magnificent Mount Elgon National park which is home to a host of animals and is majorly known for its elephants. Fortunately, while in Siritamu one may not be aware of the busy Malaba – Eldoret road, because the noise is absorbed by the trees. The resort offers an opportunity for bird watching while foot paths that curve through the trees and stone boulders from one cottage to another give one an opportunity to experience nature at its best. The foot paths are also a good track for morning and evening jogs.

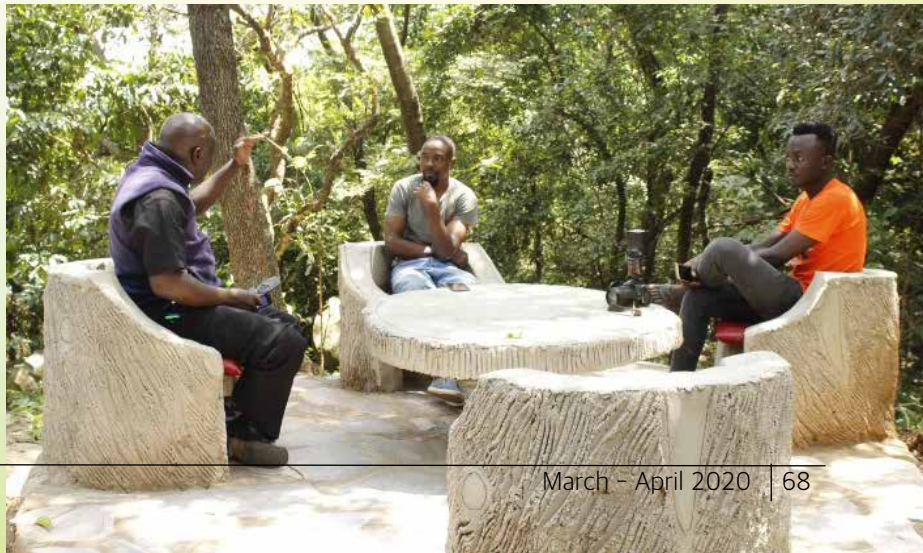
Siritamu resort and spa is exclusive in the region and country-wide, because of its open air and none machine powered gymnasium, which is located beside an Olympic size swimming pool. The equipment therein require “blood and water” to operate. Unless it’s operated by a human being the equipment remains still. The manual gym is a deviation from the normal trend of a machine operated gymnasium, this offers clients the opportunity to fully workout without machine aid. From the treadmill, to the stationary bicycle, to the pull up frame and bar, everything requires human strength to function.

The restaurant is centrally located to give both residents and outside clients’ access and an opportunity to enjoy sumptuous and mouthwatering meals. The restaurant is decorated with artistically made furniture, wooden paved floor, well placed

wall hangings, romantic lights during the night, and sweet soothing music at the background for you to relish as you eat. Different cuisines are offered at the restaurant ranging from African, Asian, Caribbean, and European dishes. Dining can either be within the restaurant or in the gazebos skillfully placed on the terraces. Though the construction of a multipurpose conferencing unit is ongoing, conferences within Siritamu are in tents placed in the open field amidst trees which act as a cooling system. The environment is quiet and conducive for conferencing and allows participants’ engagement.



Affordability is important for many guests, and Siritamu fits the bill. For as low as \$80 or 8000 Kenya shillings you will get a room with free Wi-Fi, room table and chair, flat cabled television and refrigerator among other things provided to make your stay comfortable.



The staff are easy, approachable, prompt, and respectful. The Siritamu management has invested in well trained staff right from the reception to the housekeepers. The staff is a mixture of seasoned and young employees. This is to allow the seasoned staff to share their experiences with the younger ones.

"For starters, the men waiter staff come across as self-assured; so much so that their jobs almost look like second nature. I found that they exuded that swagger of your archetypal seasoned barman behind the counter of every luxe establishment worth its salt" said a client. Female staff also exude professionalism and this can be seen in their demeanor and attire; this is different from other rural towns where customers have to contend with tacky experiences of the female staff.

In less than one year since it was officially opened Siritamu resort and spa has hosted various guests including dignitaries; both local and foreign. Thanks to its serene location and proximity to Bungoma town, the headquarters of the county. Thousands of residents flock Siritamu during the weekends and holidays to enjoy a serene environment while children dive into the pool. During weekends,



The restaurant is centrally located to give both residents and outside clients' access and an opportunity to enjoy sumptuous and mouth-watering meals. The restaurant is decorated with artistically made furniture, wooden paved floor, well placed wall hangings, romantic lights during the night, and sweet soothing music at the background for you to relish as you eat.

Siritamu is always busy with either birthday parties, weddings, kid's festivals or live performances.

As we took a walk through the forested paths, Kepha explained that the construction of the resort was done without felling any of the indigenous trees, to protect the beauty of the area. The boulders in between the trees were carefully removed and replaced with cottages. He talks of future plans, which entail setting up a camp site for camping lovers.

Bungoma town seems to have awakened. Now more and more residents are embracing domestic tourism and want to experience new things. The presence of various attraction sites and business opportunities contributes to the influx of visitors in the town. So Siritamu management is keen to ensure that Siritamu stands out in service delivery and experience.

For frequent travelers to Bungoma, Malaba or Kampala, Siritamu is an ideal stopover because of its proximity to the highway.

Alfrique Otieno
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Accountants of the future East Africa

By Jim McFie

One of the young ladies I have taught was employed by one of the Big Four audit firms in Nairobi. At the end of one year in employment, she decided to just walk out and leave the firm forever. When I got to know, I phoned her and told her that she should not have done that. Her reply was that the firm was treating her like a slave. I told her that on my third audit in EY, the chief accountant was leaving the insurance company I was about to audit on the very day the audit was to begin. I discovered a major error in the financial statements he had prepared; he was not there to correct the error – so I had to do it. The managing director of the entity was unversed in accounting – he thought it would be an afternoon's task. It took me almost three weeks to carry the correction and complete the audit – and I had to work until 3 a.m. each morning over that three week period. I remember thinking to myself that this was part of my learning to be a useful auditor.

I explained to the young lady that if she was asked by a future potential employer why she left the firm, her real reason should not

be disclosed – because the potential employer would put himself or herself at the risk of having something similar happen to them.

If she did not get another job, a potential employer may think that she was dismissed because she had stolen something or had a problem with discipline. I pointed out that I had met the head of the legal department in Exxon Mobil on a conference I attended in the US. He had told me that young law graduates work 80 to 90 hours a week when they first join Exxon Mobil. Once they have proved themselves, they can work towards a more balanced lifestyle. But they had to first prove to the company, one of the biggest in the world, that they were capable of work done correctly in the quickest possible time – they were learners but the learning process takes time and sustained effort.

I deal with many young Kenyans. Accounting is something very few of them want to get into. When KASNEB lowered its standards a few years ago, the accounting profession lost its status in the eyes of young people. Accounting became the

profession to go into if one did not make it to university. Recently I was talking to a young man from Kisumu City who is studying for the CPA examinations of KASNEB. I was explaining to him that a year ago I attended a dinner in the Intercontinental Hotel in Nairobi where an accountant who employs young people pointed out that BCom graduates who have no other qualification are useless. The young man stated that the graduate had a DEGREE, as if to imply that having a degree was equivalent to having won a Nobel Prize. We were back to the status situation. When this young man has completed his CPA examinations, he will be sure to do his BCom – which is sensible because almost all employers insist that, in order to be recruited, one needs both the CPA and BCom qualifications. This young man never knew his parents. His mother died when he was two weeks old. His father died soon after. He was brought up by one of his elder brothers, who is a welder in Kisumu city. This young man does not suffer from the challenges that many other young Kenyans face.



Many young Kenyans from better off parents have been spoiled. Parents have the best of intentions: they themselves may have had to go to school bare foot; they may have suffered from being sent home because their school fees were beyond their own parents' capacity to pay; they may have had to go to sleep hungry because their own parents could not afford to buy food. I was speaking to a young man recently who suffered all these trials. Because these hardships are so vivid in their memories, they resolve firmly to ensure that their own children will never have to suffer as they did. But as with everything in life, it is so easy to go to the opposite extreme – and that has happened on a very large scale in Kenya today amongst better off people. It is not only a problem with well-off Kenyans: it is a major problem in the whole of the western world. A psychiatrist from India visiting the US was asked what the most memorable thing that left an impression on him from his visit. He answer was: "What really impressed me is the way American parents obey their children".

What are the signs that a child is spoiled? There are many. One mother gives some tips on how to spoil a child. She points out that we are living in a culture of over-indulgence. Parents have been duped into believing that their children "need" a whole collection of things that they do not need at all. She begins by saying that if you want to spoil your children, start by making sure they have an iPad or a smart tablet – at the very least, give your child a cell phone she advises –

tongue in cheek. "After all, these things are important. Think of the apps they will miss out on and games they could be playing. Eight year olds need tablets and laptops. Children are noisy. This is a great way to keep them from bothering us. Besides, it is dangerous outside. And boring too. My children told me so just last week". But on a sober note, she asks when did "wants" become "needs?" Parents overindulge their children by giving their children everything they ask for: because if they do not, the son or daughter becomes unbearable. She asks when did parents decide that childhood requires all the trappings of adult life. If children are watching the examples of their parents – and children do this in great detail – she states that we might be in all kinds of trouble in this area. University students will routinely leave a class to answer a call on their mobile phones. When a lecturer insists that they should leave their phones outside class, the students become extremely indignant – their "human rights" are being violated – because when their father or mother receives a telephone call during dinner say, that call takes precedence over family life; sometimes it will be valid – but many successful parents I know never answer calls made after seven or eight o'clock in the evening.

This mother says that paying allowance to children for simply being alive is another way parents spoil their children. She jokes: "Children need money in order to learn how to spend it wisely. Besides, they only get one shot at being a child. Make it as carefree as possible". But she

points out that children need to learn to work. "Giving a child responsibilities and chores says two things right off the bat: 'You are a valuable part of this family' and 'The world does not revolve around you.' Parents do not need to give their children money for the sake of doing it. When was the last time a parent got money just for being alive?" (She did not point out that this question should not be asked of a politician or a member of a county assembly.) She states that parents do not help their children by giving them an allowance for doing nothing. "We enable them and teach them to live dependent on others rather than teaching them that there is reward found in working for what they have. Look around you. Watch the news. This mentality is not working for our nation, and it will not work for our children".

She adds another way parents spoil their children: "Do not require respect from your children. It is okay if they do not answer when you speak to them. Asking children to make eye contact and speak respectfully to adults sends a message that adults know more than children. Do not worry if they are rude to their teacher or other adults. Using 'Mr.' and 'Mrs.' is old-fashioned, and so is asking the adult what they would like to be called. This might be the one of the biggest issues we face as parents in this culture. Children who are not taught to respect authority or treat adults with respect miss two important milestones on their journey toward adulthood: It's becoming more and more rare to see a child disciplined for speaking disrespectfully to an adult or to show

up to an event without a smartphone. If we want a culture of self-absorbed, selfish and myopic adults, we're well on our way unless we start to see those 'old fashioned' values as timeless instead. Be the parent. Your children will thank you for it".

I was discussing with an accountant in a mid-sized audit firm as to how youngsters can learn about business. In a 2018 study carried out by the Federation of Kenya Employers, many employers claim that young people do not have any idea of how a business works. The partner suggested that the young person could volunteer at a local kiosk for a short period – a sound idea provided the kiosk owner is a reliable person. Many parents make the mistake of doing ev-

erything for their children. As children grow up they should become increasingly self-sufficient: unfortunately, it does not always work out that way, especially if they are used to their parents doing everything for them. Little by little, a parent should start to reinforce their child's independence and self-sufficiency by limiting the things they do for them. Teach them how to do those things and increase their responsibilities around the home. If they do not want to comply, limit the time they spend on the computer or watching TV. "He who does not work, does not eat" is a good rule to live by in a family.

One of my students is doing an internship in the Dar es Salaam office of a Big

Four firm. She wrote to me recently. "Things are really serious here: we are working up to midnight almost every day". One day, she will be a partner in that firm. And she will be happy that she had to work that hard and that long: it is part of the learning process. She gets the top marks in all the tests they do in the firm. Her parents in Arusha are great parents. They have done a great job in training their daughter the way they did. I congratulate them: I wish all the parents I know could be like them – they gave their daughter good example from the day she was born.

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