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CORRUPTION AND OPULENCE

Promoting Servant Leadership

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Dear Reader,

The growing wealth gap is leading more people to closely examine how their money is being used and ensure it serves its intended purpose.

In our *cover story*, the authors delve into the consequences of this disparity, examining the dangers of corruption and opulence. They warn that those who exploit others will inevitably stand out, despite their attempts to blend into a society striving for integrity. The authors argue that these extravagant displays of wealth, intended to obscure the fruits of corruption, only expose their triviality and dishonesty.

In the *business* segment, the writer explores how Generation Z—born between the mid-90s and early 2010s—is disrupting the modern workforce. The author notes that they are rewriting the rules, forging their own paths, and building their brands from the ground up. In doing so, they are reshaping the work environment, ushering in a new era of innovation, autonomy, and self-expression.

Our *workplace* piece discusses the growing importance of youth leadership in promoting stability and prosperity around the world. In Kenya, where a large portion of the population is young, involving youth in managerial roles is not just beneficial but essential for the country's future. Young people bring fresh perspectives and innovative solutions, both critical for addressing complex challenges. Additionally, young leaders are often more adaptable and open to new ideas than their older counterparts. This adaptability is essential in a rapidly changing world where traditional approaches may no longer suffice.

In 2023, Reuters reported that Kenya had become the world leader in TikTok usage, with 54% of the population using the platform to create content and share videos from their favorite creators. Reuters also pointed out that 29% of Kenyans, primarily from Generation Z—the largest demographic on TikTok globally—use the platform as their main source of daily news. We take a closer look at this phenomenon in our *society* feature.

While contemplating death may seem like an unwelcome harbinger of doom, it is an unavoidable aspect of the human experience. In the *public policy* section, the author suggests that by facing this reality with clarity and preparation, one can achieve a sense of peace and control over their legacy. A critical aspect of such preparation involves understanding the various methods of transferring assets or property in case of death. The concept of gifts is divided into two categories: a simple lifetime gift (gift inter vivos) and a gift in contemplation of death (donatio mortis causa), as outlined in the Law of Succession Act; *Gifts in contemplation of death.*

Changes in accounting standards are often driven by the dynamic environment in which the profession operates, with a key motivator being the need to maintain investor confidence in financial statements. On April 9, 2024, the International Accounting Standards Board (IASB) issued a new standard—– IFRS 18, 'Presentation and Disclosure in Financial Statements'—in response to investor concerns about the comparability and transparency of performance reporting by entities. Read more about this in the *Professional Accountancy Organizations* (PAOs) report.

In the *Pen Off* segment, the writer observes a recent exodus within the accounting and auditing industry in several countries around the world. In the U.S. alone, over 300,000 accountants have left the profession, leaving many firms struggling to fill open roles. Fewer college graduates are choosing accounting-related courses, and even those with an accounting degree are opting not to join the profession. Determine why this shift is happening.

Finally, in our regular features, learn how to maintain a polished appearance in the *health* section and explore how transformative education is revolutionizing Gen Z minds in the *inspiration* piece. In the *book review*, Richard Koch reveals how mastering the 80/20 principle can help anyone become more effective with less effort.

For *travel*, we take you to Eden Resort Hutias, a tranquil sanctuary in the heart of Kajiado.

Editor

Mercelline Maroma

Care and Skill

Continuing Professional Development Enables Accountants to Maintain and Enhance Their Professional Competence

By FCPA Jim McFie, A fellow of ICPAK

The 2023 Handbook of the International Code of Ethics for Professional Accountants was published by the International Ethics Standards Board for Accountants (IESBA) on 19th September 2023.

IESBA is quick to point out that it is an independent global standard-setting board but one must remember that IESBA is supported by the International Federation of Accountants (IFAC).

IFAC was founded on 7th October 1977 in Munich, Germany, at the 11th World Congress of Accountants; there were sixty-three founding members from fifty-one countries: included in these sixty-three members were six from Africa and the Middle East, including the Institutes of Chartered Accountants of Ghana, Nigeria, South Africa and Zimbabwe, thirteen from Asia, including the Institutes of Chartered Accountants of Bangladesh, India and Pakistan, four from Australia and Oceania, twenty five from Europe, eleven from South America and the Caribbean, and four from North America.

Over the years, IFAC's membership has grown to one hundred and seventy-five members and associates in more than one hundred and thirty-five countries and jurisdictions: there are one hundred and ninety-five recognised countries in the world according to the United Nations: one hundred and ninety-three are member states of the UN and two are non-member observer states, namely the State of Palestine and Vatican City.

IESBA's mission is to serve the public interest by setting ethics and independence standards as the cornerstone to ethical behavior in business and organizations, and to *public trust* in financial and non-financial information, that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide. IESBA maintains the international Code of Ethics for Accountants to serve as a model for all codes of ethics developed and used by national accountancy organisations. The Code applies to all accountants, whether they are in public practice, industry, commerce, the public sector or education. IESBA also develops interpretations of the Code of Ethics for Accountants to address questions that have broad implications. IESBA supports the global adoption and implementation of these standards, promotes good ethical practices globally, builds and strengthens working relationships with stakeholders, and fosters international debate on ethical issues.

A fact that many people in Kenya may not be aware of is that Paul Muthaura is a member of the Board of IESBA. There are seventeen members on the Board. Paul's term of office began on 1st January 2023 and will end on 31st December 2025. Currently he is the CEO of the Africa Carbon Markets Initiative. He is also a Board Member of British American Tobacco Kenya Ltd, and of ICEA LION Asset Management, an Independent Member of the Financial Sector Deepening Trust, Kenya, and a member of the Securities Advisory Board of the Toronto Centre for Global Leadership in Financial Supervision. He is an Advocate of the High Court of Kenya, a Fellow of the Institute of Certified Public Secretaries and a Certified Executive Coach and Systemic Team Coach from the Academy of Executive Coaching. Prior to his present appointments, he has been the CEO of ICEA Lion General Insurance Kenya, and the first African member of the Financial Stability Board Task Force on Climate-Related Financial Disclosures (TCFD) insurer pilot group.

> **"IFAC was founded on 7th October 1977 in Munich, Germany, at the 11th World Congress of Accountants; there were sixty-three founding members from fifty-one countries: included in these sixty-three members were six from Africa and the Middle East, including the Institutes of Chartered Accountants of Ghana, Nigeria, South Africa and Zimbabwe, thirteen from Asia, including the Institutes of Chartered Accountants of Bangladesh, India and Pakistan, four from Australia and Oceania, twenty five from Europe, eleven from South America and the Caribbean, and four from North America.**

Before that, he was the Chief Executive of the Capital Markets Authority (CMA) of Kenya: during his term of office at the CMA, he was the Africa and Middle East Regional Committee Chair on the Board of the International Organization of Securities Commissions (IOSCO), the Chairman of the Consultative Committee of the East African Securities Regulatory Authorities, and a member of the Financial Stability Board (FSB) Regional Consultative Group for Sub-Saharan Africa. So, the next time you meet Paul, please congratulate him on my behalf.

Today, relativism is the predominant philosophy behind people's thinking. Moral relativism is the view that moral judgments are true or false only relative to some particular standpoint (for instance, that of a culture or an historical period) and that no standpoint is uniquely privileged over all others. It has often been associated with other claims about morality, notably, the thesis that different cultures often exhibit radically different moral values. Relativism denies that there are universal moral values shared by every human society and the insistence that we should refrain from passing moral judgments on beliefs and practices characteristic of cultures other than our own.

IESBA's approach is markedly different. The Code of Ethics promulgated by IESBA sets out the fundamental principles of ethics for all accountants. But in reality, every member of society should abide by these principles. Accountants, because of the nature of their work, have an added responsibility for the public interest. If these principles are not followed by the vast majority of the members of a country, the country ends up being a place of disorder, of dishonesty and ultimately of widespread crime. Crime becomes the way of life in that country. Life becomes unbearable and people try to flee the country to live in a place where "normal" living can be experienced. Because of a decay of morals in many countries today, many people live miserable lives. I was listening to the BBC a few minutes ago.

On the programme was a sixteen-year-old young lady whose driving force in her life was to "have fun". Like many sixteen-year-olds, what "having fun" means precisely was not interrogated by the presenter of the programme. Torsten Bell, the chief executive of the Resolution Foundation, writing in The Guardian Newspaper a year ago, quotes some recent studies that "prove scientifically" that the idea of moral decline in society today is nonsense; he claims that there is huge progress on some issues, for example accepting LGBTQ+; his argument is that society was just as corrupt in the past as it is today. Praveen Medikundam, a partner in the legal firm ILBSG in the US, agrees with Bell when he writes: "Moral decadence is an issue as old as society itself. At every point in global history, communities and nations discussed the problems of moral decay and depravity. It is difficult to imagine an older person who does not judge or blame younger generations for being unethical, immoral, or decadent". But he then adds: "Unfortunately, moral decadence is not merely a problem of generations. It is an objective reality. No one will deny the fact that society has dramatically transformed. Life in the second decade of the 21st century differs from the way it used to be a century ago. Violence has become rampant. Sexual harassment and corruption have become an everyday occurrence. Money and material well-being are priority goals for millions of people, who would easily give up their moral principles for financial gain or authority. This moral decadence has adverse effects on society, because it changes cultural, moral, and social norms and sets new but lower standards for appropriate behaviors. It promotes public acceptance of violence, justifies discrimination and injustice, and limits opportunities for social development that is so important to keep societies flourishing". Doctor Yog Raj, a Professor of Public Administration in the Government College in Banjar in India states that declining moral values among youth is an important contemporary issue in India. He points out that: "Society today is marked by violence, greed, theft, drug addiction and especially an increase in the crimes against women. Discipline today is lacking among young children. They do not obey their elders and often disrespect them. The youth are the future of India. The future of a country depends on values received by students during their learning years. They are expected to have moral values so that they can face harsh times in life". Sri Sathya Sai, writing for the International Organization which bears his name states that: "A man without morality cannot be called a human being in the real sense of the term. One can earn respect and attain a place of honour in society only when one has morality. No society can exist without morality. Therefore, spread morality in society.

> **IESBA's approach is markedly different. The Code of Ethics promulgated by IESBA sets out the fundamental principles of ethics for all accountants. But in reality, every member of society should abide by these principles. Accountants, because of the nature of their work, have an added responsibility for the public interest. If these principles are not followed by the vast majority of the members of a country, the country ends up being a place of disorder, of dishonesty and ultimately of widespread crime.**

A society that is based on morality will promote love for God. On the other hand, if society is without any moral base, there will be neither fear of sin in its members nor love for God. Therefore, it is the foremost duty of people to safeguard their morality". Josue Okoth, writing in The Monitor a couple of years ago, claims that moral decay in Uganda has reached alarming levels. He argues that every aspect of life is affected; there is an urgent need to establish the cause of the problem and search for a solution. He points out that leaders often "talk hard" but are corrupt. Wael Alwazir, writing in Medium, observes that the consequences of moral decay are far-reaching and affect multiple aspects of society. Firstly, it leads to a breakdown of social cohesion, with communities becoming fragmented and individuals feeling disconnected; trust is compromised, leading to a sense of insecurity and vulnerability. Moral decay undermines institutions and erodes faith in leadership. The gradual erosion of ethical principles, values, and social norms within a society manifests in various forms, such as a decline in empathy and compassion, a disregard for honesty and integrity, and a lack of accountability".

El Salvador is the smallest country in South America, with a population of 6.5 million people. The value of its exports at US$8.491 billion, is very similar to Kenya's. The country was once synonymous with rampant gang violence and a high murder rate. It has undergone a remarkable transformation under the leadership of President Nayib Bukele. Known as the "Arabian Stallion" due to his Palestinian heritage, Bukele has executed bold strategies that have significantly reduced crime and restored safety to the nation. In less than three years, El Salvador transitioned from one of the world's most dangerous countries to one of the safest, a feat that has drawn both admiration and controversy. Additionally, Bukele made global headlines by introducing Bitcoin as legal tender, further showcasing his innovative approach to governance. Nayib Bukele's roots trace back to Palestine. His grandparents emigrated from the town of Bethlehem, seeking a better life away from the strife and economic hardship in their homeland. They settled in El Salvador, a country with a small but growing Palestinian community. Bukele's father, Armando Bukele Kattán, became a prominent businessman and an influential community leader. He was also an imam, blending his entrepreneurial spirit with deep cultural and religious ties.

The International Code of Ethics requires all accountants to comply with the fundamental principles of ethics. The Code also requires them to apply the conceptual framework to identify, evaluate and address threats to compliance with the fundamental principles. Applying the conceptual framework requires having an inquiring mind, exercising professional judgment, and using the reasonable and informed third party test. The conceptual framework recognizes that the existence of conditions, policies and procedures established by the profession, legislation, regulation, the firm, or the employing organization might impact the identification of threats. Those conditions, policies and procedures might also be a relevant factor in the accountant's evaluation of whether a threat is at an acceptable level. When threats are not at an acceptable level, the conceptual framework requires the accountant to address those threats. Applying safeguards is one way that threats might be addressed. Safeguards are actions individually or in combination that the accountant takes that effectively reduce threats to an acceptable level.

> **An accountant must comply with the principle of professional competence and due care, which requires the accountant to attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation.**

I am sure that all of you know the five fundamental ethical principles but let us go through them again. The first is integrity: an accountant must be straightforward and honest in all professional and business relationships. I would add that s/he must be honest in every sector of her/his life. The second is objectivity: an accountant must exercise professional or business judgment without being compromised by bias, conflict of interest or undue influence of, or undue reliance on, individuals, organizations, technology or other factors. Number three: the accountant must have professional competence and do his/her work with due care; all accountants must attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation and act diligently and in accordance with applicable technical and professional standards. The fourth is confidentiality: the accountant must respect the confidentiality of information acquired as a result of professional and business relationships. Lastly, the accountant must act with professional behavior; that is s/he must comply with relevant laws and regulations, behave in a manner consistent with the profession's responsibility to act in the public interest in all professional activities and business relationships and avoid any conduct that the accountant knows or should know might discredit the profession. All accountants must comply with each of the fundamental principles.

An accountant must comply with the principle of professional competence and due care, which requires the accountant to attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation. An accountant must act diligently and in accordance with applicable technical and professional standards. What is it to act diligently? Doing something *diligently* means doing it thoroughly and well: it is the opposite of doing it lazily or shoddily. If you are tireless, persevering, and do things with great care, then you do things diligently. This is a word that goes with hard and careful work. Workers who do their job diligently tend to get promoted. When someone uses this word about something you have done, it is a huge compliment. Serving clients and employing organizations with professional competence requires the exercise of sound judgment in applying professional knowledge and skill when undertaking professional activities. Maintaining professional competence requires a continuing awareness and an understanding of relevant technical, professional, business and technology-related developments. Continuing professional development enables the accountant to develop and maintain the capabilities to perform competently within the professional environment. Diligence encompasses the responsibility to act in accordance with the requirements of an assignment, carefully, thoroughly and on a timely basis. In complying with the principle of professional competence and due care, the accountant must take reasonable steps to ensure that those working in a professional capacity under the accountant's authority have appropriate training and supervision. Where appropriate, the accountant must make clients, the employing organization, or other users of the accountant's professional services or activities, aware of the limitations inherent in the services or activities s/he offers.

Just imagine if all accountants, and all employees and service providers in Kenya, were to work with care and skill: Kenya would be a different country.

IFRS S1 & S2
IFRS S1 "General Requirements For Disclosure Of Sustainability-Related Financial Information"

By CPA Ahuli Silas Afanda

IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" sets out the overall requirements for disclosing sustainability-related financial information.

It is effective for annual reporting periods beginning on or after January 1, 2024, but entities can choose to adopt it earlier, provided they also adopt IFRS S2 "Climate-related Disclosures" at the same time. This approach is designed to ensure that climate-related disclosures are made alongside more general sustainability disclosures, reflecting the importance of climate issues in the context of financial and sustainability reporting.

The objective of IFRS S1 is to ensure that entities provide disclosures about sustainability-related risks and opportunities that are useful to primary users of general-purpose financial reporting. These disclosures are intended to help users assess the entity's prospects for future net cash inflows and the quality and sustainability of those cash inflows. The standard aims to give users information that could affect their assessments of the value, timing, and uncertainty of those future cash flows, which are critical for making informed decisions about providing resources to the entity

The standard mandates that entities disclose information about sustainability-related risks and opportunities that could reasonably be expected to influence their cash flows, access to finance, or cost of capital in the short, medium, or long term. These are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.'

IFRS S1 outlines the manner in which an entity should prepare and present its sustainability-related financial disclosures. It provides general requirements for the content and presentation of such disclosures to ensure that the information is useful to users when making decisions about providing resources to the entity. The disclosures are meant to give a clear picture of how sustainability issues may impact the financial performance and position of the entity, thereby enabling users to make more informed assessments and decisions.

IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. The disclosures that an entity is required to provide under IFRS S1 typically include:

1. **Governance**: Information about the governance processes, controls, and procedures that the entity has in place to monitor and manage sustainability-related risks and opportunities.

2. **Strategy**: How sustainability-related risks and opportunities are identified and how they are integrated into the entity's strategy and business model.

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3. **Risk Management**: Information about how the entity identifies, assesses, and manages sustainability-related risks.

4. **Metrics and Targets**: Quantitative metrics and targets used to assess and manage relevant sustainability-related risks and opportunities.

The objective of these disclosures is to provide users of financial reports with a comprehensive understanding of how sustainability issues could affect the entity's value creation over time. This includes understanding the resilience of the entity's strategy and business model to risks related to sustainability, as well as the entity's prospects and financial effects stemming from sustainability-related risks and opportunities.

The specific requirements and guidance on how to make these disclosures are detailed in the IFRS S1 standard, and entities are expected to apply judgment in determining the relevant information to disclose, based on the nature of their operations and the sustainability-related risks and opportunities they face.

Standard history

The process that led to the issuance of IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" by the International Sustainability Standards Board (ISSB) is as outlined below:

1. **March 2022**: The ISSB published the Exposure Draft of IFRS S1, which proposed general requirements for entities to disclose sustainability-related financial information. This included information about sustainability-related risks and opportunities and proposed that entities provide a complete set of sustainability-related financial disclosures.

2. **Feedback Period**: After the Exposure Draft was published, stakeholders had the opportunity to review and provide feedback on the proposals. This feedback is critical for the ISSB to understand the views of various stakeholders, including preparers, users, auditors, and regulators.

3. **Redeliberations**: The ISSB considered the feedback received on the Exposure Draft. Redeliberations are an essential part of the standard-setting process, allowing the ISSB to refine and adjust the proposals to address concerns and suggestions from stakeholders.

4. **June 2023**: Following the redeliberation process, the ISSB issued the final version of IFRS S1. This standard sets out the requirements for disclosing sustainability-related financial information, reflecting the ISSB's consideration of the feedback received and aiming to improve the relevance and comparability of sustainability-related disclosures across entities.

The issuance of IFRS S1 represents a significant step in the global effort to standardize sustainability reporting, providing a framework for entities to report on sustainability issues that could affect their financial performance and position. The standard is designed to be used alongside IFRS S2 "Climate-related Disclosures," which focuses specifically on climate-related information.

IFRS S2 "Climate-related Disclosures"

IFRS S2 "Climate-related Disclosures" is set to be effective for annual reporting periods beginning on or after January 1, 2024. Entities are allowed to adopt IFRS S2 earlier, but if they choose to do so, they must also apply IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" at the same time.

The rationale behind this requirement is to ensure that climate-related disclosures are made within the broader context of sustainability-related financial disclosures, providing a comprehensive view of an entity's sustainability risks and opportunities. This alignment is intended to enhance the comparability and consistency of sustainability-related information provided to users of financial statements.

The objective of IFRS S2 is to ensure that entities provide relevant information about the risks and opportunities arising from climate change that could reasonably be expected to affect their financial performance, financial position, and cash flows. This information is intended to be useful to users of general-purpose financial reports, such as investors, creditors, and other stakeholders, in making decisions related to providing resources to the entity.

IFRS S2 requires entities to disclose:

1. **Governance**: Information about the governance around climate-related risks and opportunities.
2. **Strategy**: The actual and potential impacts of climate-related risks and opportunities on the entity's businesses, strategy, and financial planning.
3. **Risk Management**: How the entity identifies, assesses, and manages climate-related risks.
4. **Metrics and Targets**: Metrics and targets used to assess and manage relevant climate-related risks and opportunities.

These disclosures are designed to provide a clear understanding of how climate-related issues may impact the entity's prospects and to enable users to make more informed assessments and decisions. The standard recognizes that climate change can affect entities in various ways and that these effects may be felt over different time horizons—short, medium, or long term.

The standard requires entities to disclose information about their climate-related risks and opportunities, which include:

a. Climate-related risks:

i. Physical risks associated with climate change, such as extreme weather events and long-term shifts in climate patterns such as the rising sea levels as well as the increasing temperatures

ii. Transition risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, market, and reputation risks. These might occasion a reduced demand for certain products or services.

b. Climate-related opportunities: Opportunities that may arise from the transition to a lower-carbon economy, such as the development of new products or services, access to new markets, or enhanced resilience through diversification.

IFRS S2 outlines specific areas where entities must provide disclosures to enable users of general-purpose financial reports to understand:

a. Governance: How the entity's governance structure oversees climate-related issues, including the board's oversight role and management's role in assessing and managing climate-related risks and opportunities.

b. Strategy: The impact of climate-related risks and opportunities on the entity's business model, strategy, and financial planning over the short, medium, and long term.

c. Risk Management: The processes for identifying, assessing, prioritizing, and managing climate-related risks, and how these processes are integrated into the entity's overall risk management.

d. Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities, including performance against targets and any regulatory requirements.

The disclosures aim to provide a comprehensive view of how climate-related issues affect the entity and how the entity is addressing these challenges and opportunities. This information is crucial for stakeholders to evaluate the entity's resilience to climate-related risks and its ability to capitalize on climate-related opportunities.

Standard history

When the International Sustainability Standards Board (ISSB) published the Exposure Draft of IFRS S2 "Climate-related Disclosures" in March 2022, it aimed to integrate and build upon the existing framework provided by the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations have been widely recognized and adopted by organizations around the world for reporting climate-related financial information.

Additionally, the ISSB sought to incorporate industry-specific disclosure requirements that were derived from the Sustainability Accounting Standards Board (SASB) Standards. The SASB Standards are known for providing industry-specific metrics that help businesses identify and report on sustainability issues that could affect financial performance.

By combining the principles-based approach of the TCFD with the industry-specific metrics of the SASB, the ISSB aimed to create a comprehensive global baseline for climate-related disclosures that would provide useful and comparable information for investors and other stakeholders, facilitating informed decision-making.

The Exposure Draft marked a significant step toward the establishment of a global standard for sustainability disclosures, with a particular focus on climate-related information. Following the feedback period and subsequent redeliberations, the ISSB issued the final version of IFRS S2, which entities will be required to apply for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted under certain conditions.

The development of IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures" by the ISSB represents a significant move towards the integration of sustainability reporting with financial reporting.

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Integrating Internal Audit With The Organization's Risk Management Processes

Management Strategies to Consider for Growth

By CPA Peter Kibet Kitur

Integrating Internal Audit with risk management is important for strengthening an organization's ability to create, protect, and sustain value (The definition components align with the new Global Internal Audit Standards).

Internal Audit provides the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight, aligning seamlessly with the principles of risk management. This integration focuses on understanding and mitigating potential adverse impacts on the organization's objectives, ensuring strong risk management strategies and effective responses to unforeseen events.

Consequence in Risk Management

Consequence is a critical outcome or impact of an event. Internal Audit contributes by independently reviewing and assessing the potential consequences of decisions, strategies or plans, ensuring organizations are better prepared to mitigate adverse effects and respond effectively to unforeseen events. Through its independent assessments, Internal Audit helps identify potential consequences and ensures that risk management strategies are robust and effective.

Risk and Its Identification

Risk is defined as the uncertainty of outcome, where an event may occur and adversely affects the achievement of objectives. Risk identification is the process of determining what might happen that could impact these objectives, understanding why and how it might happen. Inherent (gross) risk refers to the status of the risk, measured through impact and likelihood, without considering existing risk management activities. Internal Audit plays an important role here by providing objective assurance and insights into the identification and evaluation of risks, thereby laying a solid foundation for risk analysis and management. Internal Audit's independent perspective helps ensure that all potential risks are identified and evaluated comprehensively, aiding the organization in anticipating and preparing for adverse events.

Control and Residual Risk

Control refers to measures or management actions taken to minimize negative risks or enhance positive opportunities, effectively mitigating risks. These controls include the policies, procedures, reporting, and initiatives carried out by an organization to ensure the desired risk response is implemented. Residual risk, the status of the risk after accounting for risk management activities, is essential for understanding the effectiveness of controls. Internal Audit evaluates these controls, providing assurance on their effectiveness and identifying areas for improvement, thus enhancing the organization's risk management framework. By continuously assessing the effectiveness of controls, Internal Audit helps the organization ensure that residual risks are managed within acceptable levels.

Risk Appetite, Tolerance, and Management

Risk appetite refers to the level of risk an organization is prepared to accept in pursuit of value, while risk tolerance indicates the extent of variation relative to achieving an objective that an organization is willing to accept. The Enterprise Risk Management Policy outlines the organization's approach to managing risks and sets the standard for risk tolerance, measuring risks in terms of impact and likelihood. Risk management is an iterative process involving steps that enable continual improvement in decision-making. Internal Audit supports this process by offering foresight and advice, ensuring that the identification, analysis, evaluation, treatment, monitoring, and communication of risks are conducted systematically. This enables the organization to minimize losses and maximize opportunities, effectively navigating potential challenges and sustaining value creation. Internal Audit's independent assurance and consulting activities provide critical insights that help the organization align its risk management practices with its risk appetite and tolerance, promoting effective decision-making and risk mitigation strategies.

> **Risk appetite refers to the level of risk an organization is prepared to accept in pursuit of value, while risk tolerance indicates the extent of variation relative to achieving an objective that an organization is willing to accept. The Enterprise Risk Management Policy outlines the organization's approach to managing risks and sets the standard for risk tolerance, measuring risks in terms of impact and likelihood.**

Principles of Risk management.

An efficient and effective risk management system is built on key principles guiding entities in creating and maintaining a scalable, context-specific framework that supports performance. According to ISO 31000:2018, there are eight essential risk management principles:

Integrated: Risk management must be integral to all entity activities, including governance, planning, and performance management, at both strategic and operational levels.

Structured and Comprehensive: A structured, comprehensive approach ensures consistent and comparable results across the entity, addressing both opportunities and threats from interrelated, dynamic risks.

Customized: The risk management framework should be tailored to the entity's internal and external context, aligning with its specific objectives.

Inclusive: Involving internal and external stakeholders in risk management activities ensures their knowledge, views, and perceptions are considered in identifying risks and designing treatments.

Dynamic: Risk management should be responsive and adaptable, as risks can change with shifts in the entity's external and internal context.

Best Available Information: Effective risk management relies on the best available historical, current, and future information.

Human and Cultural Factors: Considering human behavior and cultural factors is crucial, as they can both facilitate and hinder achieving the entity's objectives. A tolerable level of risk matching the entity's criteria is necessary.

Continuous Improvement: Entities should continuously improve their risk management maturity through framework reviews, monitoring results, external reviews, and ongoing learning.

Internal Audit is essential in enhancing an organization's risk management framework. Providing independent assurance and insights ensures that risks are identified, assessed, and managed comprehensively. Internal Audit supports informed decision-making and risk mitigation strategies by evaluating controls' effectiveness and aligning risk management practices with risk appetite and tolerance. By adhering to risk management principles, including integration, structure, customization, inclusivity, dynamism, best available information, human and cultural factors, and continuous improvement, organizations can effectively navigate potential challenges and sustain value creation.

This holistic approach ensures that risk management processes are not only efficient but also adaptable to the ever-changing risk landscape.

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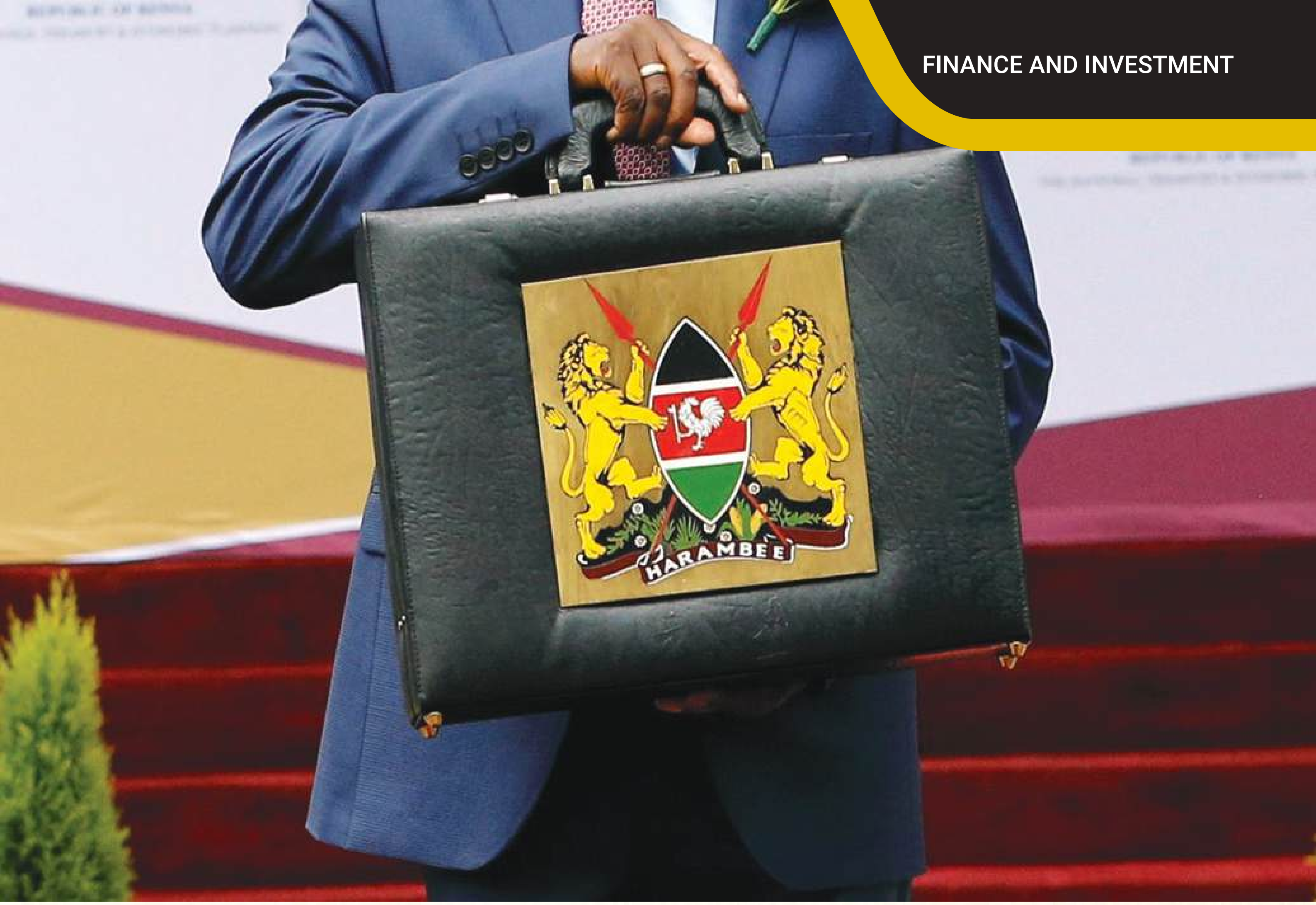

The Effects Of Dropping The Kenyan Finance Bill 2024

It Is a Crucial Legislative Document that Outlines the Government's Fiscal Policies

By CPA Francis K. Langat

Each financial year, the Cabinet Secretary National Treasury (CS, NT) shall, with the approval of the Cabinet, make a public pronouncement of the budget policy highlights and revenue-raising measures for the national government in a Budget Policy Statement (BPS). The BPS must be presented to parliament by 15 February every year, and in 2024, it was presented to the National Assembly by the CS, NT Prof. Njuguna Ndungu CBS, on 15 February 2024.

The 2024 BPS, the second under the Kenya Kwanza Administration, focused on supporting the Bottom-Up Economic Transformation Agenda (BETA) and was aligned with Kenya's Vision 2030's Fourth Medium-Term Plan. The BPS theme is *"Sustaining Bottom-Up Economic Transformation Agenda for Economic Recovery and Improved Livelihoods."*

On the same day as submitting the BPS, the CS and NT submitted the Finance Bill to Parliament. This bill set out the revenue-raising measures for the national government and included a policy statement expounding on those measures in line with the requirements of PFM Act section 40.

The Kenya Kwanza government, in an effort to sustain growth in the medium term, focused on fiscal consolidation by cutting back or rationalizing non-priority expenditures while protecting essential social welfare and development budgets. It also focused on attaining the domestic resource mobilization target of 20% of Gross Domestic Product (GDP) by the Financial Year 2026/2027 and applying those resources to development projects.

The BPS contained, amongst others, (a) the financial outlook with respect to Government revenue, expenditures and borrowing for the next financial year and over the medium term and (b) a Statement of Specific Fiscal Risks, amongst which was tighter external financing conditions.

Legal Environment

The CoK 2010, Chapter Twelve on Public Finance under Article 209 (1) (a)- (d) gives the National government powers to impose taxes and levies. The same Constitution under Article 118 and Article 196 obligates parliament and county assemblies to conduct their business by involving the public through public participation, also stipulated in Article 201.

> **"The government as a first resort, must implement austerity measures by shedding off non-key budgetary allocations. In the absence of new fiscal measures as had been provided in the FB 2024, the government has to live within its means and eliminate any kind of wastage of public resources. There will likely be a heightened budgetary reallocation through supplementary budgets with a risk to service delivery.**

The Public Finance Management (PFM) Act 2012 provides an unequivocal roadmap to the National government budget process. This includes the Finance Bill, which is a money bill and is dealt with as provided under the Constitution of Kenya 2010 (CoK, 2010), Article 114, and the PFM Act 2012, Sections 40 and 41.

The relevant instrument for national government resource mobilization is the Finance Bill, a crucial legislative document that outlines the government's fiscal policies, including taxation and public expenditure. The national assembly of Kenya passed the Finance Bill on 25th June 2024 with amendments to various contentious sections, including dropping off VAT on bread at the standard rate of 16%, motor vehicle tax of 2.5%, eco levy on imported diapers of Kes 150 per kg; increased excise duty on telephone and internet data services and fees charged for money transfer services by cellular phone service providers all from 15%–20%, excise duty of 25% on imported cooking oil among others.

The bill was in line with the Budget Statement for Financial Year 2024/2025 that had been read to Parliament on 13th June 2024 and whose theme was, *"Sustaining Bottom-Up Economic Transformation Agenda, Fiscal Consolidation and Investing in Climate Change Mitigation and Adaptation for Improved Livelihoods."* The said budget included the revenue raising measures as provided in the Finance Bill (FB) 2024 that was yet to be passed.

Broad objectives of the Finance Bill 2024

The FB 2024 was structured to achieve the following broad objectives;

1. Enhanced ordinary revenue generation to sustain economic transformation.
2. Decreased fiscal deficit from 5.7% of GDP in FY 2023/2024 to 3.3% in the FY 2024/2025, and hence reduced borrowing.
3. Reduced Public Debt.
4. Fiscal plan of tax to GDP ratio from 14% to 20% in the medium term.

Dropping the Kenyan Finance Bill 2024 would have significant implications across various sectors. Below is an evaluation of the potential effects:

Expected effects of dropping the Finance Bill 2024

a. Stagnated Revenue

There shall be a shortfall in government ordinary Revenue vis a vis budgeted expenditure. The FB from its provisions on the income tax (Corporation and PAYE), VAT, excise duty and miscellaneous fees and levies tax changes was not only intended in revenue-raising measures that was expected to raise in excess of Kes 220 billion but also targeted to expand the tax base. The government projected ordinary revenue target was Kes 2.917 trillion inclusive revenue from a raft of new tax measures. This therefore may not be realised considering there shall be no new measures and ordinary revenue performance of Kes 2.407 trillion, achieved in the FY 2024/2024 being 95.5% of the revised target of Kes 2.517 trillion.

b. Unrealistic fiscal strategy

The government anticipated to reduce the budget deficit from 5,7% of GDP in FY 2023/2024 to 3.3% in the current FY 2024/2025. This may be realised considering the financing of the said budget is impacted negatively by the dropping of the FB.

c. Government credit rating and dented donor confidence

Performance of government in terms of ordinary revenues collections and Ministerial Appropriation-in-Aid and policies towards the same which include finance bills and the general fiscal strategy, has a direct bearing on the Kenya credit rating. Coming hot on the heels of FB 2024 dropping, Moody's Investors Service downgraded Kenya's sovereign credit rating on July 8, 2024, to Caa1 from B3, while maintaining a 'negative' outlook. This implies that for Kenya to secure foreign debt, the conditions shall be stringent as and the cost of that line of credit shall be high further compounding our debt position, hence risk of default.

Development partners often consider the passing of fiscal legislation as a sign of a country's economic health and governance. Dropping the finance bill will affect donor confidence and funding.

d. Reduced Spending and enhanced supplementary budgets

The government as a first resort, must implement austerity measures by shedding off non-key budgetary allocations. In the absence of new fiscal measures as had been provided in the FB 2024, the government has to live within its means and eliminate any kind of wastage of public resources. There will likely be a heightened budgetary reallocation through supplementary budgets with a risk to service delivery.

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e. Non-implementation of some infrastructure projects

Large-scale infrastructure projects that rely on funding from new revenue allocations might be delayed or halted, affecting economic growth and job creation a critical component of BETA that is keen on adopting policies that will spur manufacturing, value addition and agro-processing as a contributor to job creation for a ballooning young educated population.

f. Negative effect on critical public services

Critical public services such as health-caree and education with reduced anticipated ordinary revenue could mean less funding impacting service delivery, quality of such services and increased societal economic disparities that government is expected to alleviate. Further, Social welfare (cash transfers) programs targeting vulnerable segments of our populations might face delays in their disbursements.

g. Delay and/or reduced disbursement of county equitable share

The FY 2024/2025 budget as read to parliament, allocated Kes 400.1 billion to the 47 Counties as Equitable Share of revenue and a further 44.4 billion as conditional grants. The equitable share and conditional grants which is largely issued subject to counterpart funding may be negatively affected and therefore will slow down implementation of programmes at counties and possible delays in also meeting recurrent expenditure budgetary needs that includes salaries.

h. Possible ballooning further of pending bills

The CS NT expressed himself on the matter of pending bills in his Budget Statement. He indicated that an established Pending Bills verification Committee in November 2023 had received 994,997 pending bills claims valued at 662.3 billion. However, despite the proposals on how to address the matter, it is likely that both national and county governments may accumulate further pending bills and thus impacting negatively the sustainability of small and medium enterprises, who may have had dealings with both levels of governments.

Possible measures to remedy the Finance Bill question

The government in meeting its obligations may resort to the following measures.

- Strategic fiscal consolidation measures to ensure there is no further accumulation of the burden of both domestic and foreign debt.
- Cutting back on non-priority expenditure.
- Focus on strengthening Kenya Revenue Authority, to enhance its capacity and systems to efficiently and effectively collect revenue.
- Constantly and deliberately communicate to Kenyans the efforts of government to maintain fiscal stability and for donors to appreciate the robust and positive policies for economic stability.
- Enhanced and a well-structured all- inclusive public participation process.

Conclusion

Dropping the Kenyan Finance Bill 2024 would have far-reaching consequences across the socio-economic, political-legal environment, and global dimensions. The government would need to swiftly address the resulting gaps and uncertainties to mitigate potential adverse effects through solid stakeholder engagement and communication while maintaining fiscal stability.

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Asset Diversification In Crypto Portfolios

Cryptocurrencies Can Be Used to Outperform Inflation

By Cavin Ojijo

Kenya is on a path to the digitization of critical sectors of the economy, including financial and asset management systems. With rapid technological development, digital currencies are already a part of the country's financial markets.

Although the technology is relatively new, evidence suggests that an increased adoption of digital contracts has already allowed cryptocurrency to be a critical player in the country's financial space.

While cryptocurrency carries value and facilitates digital payment, the current legal standing of cryptocurrency does not enable effective control and stability related to relatively unregulated flow and abrupt changes in value. However, the path to digital currency predicts a world economy in which cryptocurrency will be a major player, with trillions held in the crypto asset portfolio. Kenyan investors have responded to this drive by embracing portfolio diversion, which is making inroads into cryptocurrency.

Diversification is based on the premise that when a portfolio comprises different asset classes, the investment, on average, will generate more returns due to reduced exposure to risk than an investment built on assets of the same class. A good diversification consists of a portfolio comprising different types of securities and stocks with varying risk exposure. This kind of diversification aims to weed out unsystematic risk events by allowing the portfolio to balance the losses from a non-performing asset class with the gains from a performing asset class. The realization of this objective necessitates that assets included in such a portfolio mix should not belong to the same class and should not have a perfect correlation. Built on the argument that cross-asset diversification has more benefits than assets of the same class, the imperfect correlation of cryptocurrency to other traditional assets suggests that it can be used as a diversifier.

There are concerns that cryptocurrency's anonymous and unregulated nature poses significant regulatory threats to the standard national currency. The threat spans from abstract economic risk to functional losses. Cryptocurrency is both a target and a conduit through which value can be transferred. Cryptocurrency offers a way for investors to hold a diversified portfolio, including cryptocurrencies, which diversify their exposure to multiple risk indices, thus optimizing their returns while being exposed to minimal risks.

Over the long term, cryptocurrencies tend to be uncorrelated, negatively correlated, or have little correlation to traditional and alternative assets; thus, they can be used to outperform inflation, which makes them a reliable hedge against inflation. Investment has two trends: Bulls and Bears. Bulls represent a market uptrend, and bears represent a bear downtrend. Value investing permits buying or holding cryptocurrency on negative(bear) trends and selling on positive (bull) trends; thus, profit optimization.

Cryptocurrency as an investment is appealing to individuals due to its beneficial potential. Many investors are attracted to portfolio diversification, which combines traditional and alternative assets that ultimately bring more returns and have fewer risks. Today, several industries are embracing cryptos as forms of value, and various economic sectors such as telecommunication, energy, financial, healthcare, and information technology already operate in blockchain cyberspace supported by crypto payments. The potential benefits of digital currencies have, over time, attracted people to invest. Traditional stock can diversify a portfolio; however, this approach has two main shortcomings built on close correlations. One is that constructing a portfolio without considering the potential association risks can harm the portfolio. Financial investment requires investors to manage and control the dangers they expose themselves to while reaching higher returns. Accordingly, investments with high returns also entail high risks. Thus, a trade-off exists between the return and risk in the decision-making process regarding an investment. Financial theories define investment risk in ways that can be measured by relating the measurable threat to the level of return expected in each asset. While various portfolio management approaches exist, a solution could be to mix the traditional market pattern that affects traditional stock with the modern and more robust dynamics that affect the value of cryptocurrencies.

> **Today, several industries are embracing cryptos as forms of value, and various economic sectors such as telecommunication, energy, financial, healthcare, and information technology already operate in blockchain cyberspace supported by crypto payments.**

Portfolio risk is the aggregated risk of all investments; when the return of traded stocks is not closely correlated, the stock market offers investors a broad range of investment opportunities. According to modern portfolio theory, the overall risk decreases as the number of securities increases. Two options are available to investors: holding assets with different risk combinations or reducing the investment risk by improving their security portfolio. The latter approach is known as portfolio diversification. The theoretical foundation of portfolio diversification was introduced by the work of Markowitz (1959) and later developed by Sharpe (1964); by including assets with different rates of volatility and directions within their portfolio, investors can reduce the risk of significant losses that would result if only one response is included. In Markowitz's initial assumption, risk aversion is principally concerned with the mean rates of return and the risk involved as measured by the standard deviation or variance of the mean rate of return.

Research on the 1987 October crash offers more convincing proof of diversification's influence on risk management. Shiller interviewed financial specialists after the accident and discovered that very few thought modern portfolio theory still holds. The insiders attributed the reduced risk to the observation that portfolios that move in different directions or at different speeds relative to market changes could eliminate, offset, or reduce losses. The cream of the proof is that stocks react not exclusively to changes but also to other factors that influence prices. Studies on mean-reversion aim to find evidence of the influence of diversification on stock and try to map stock relative to risk.

On the other hand, if changes in the market have a varied effect on different types of stock, waging against it would mean using diversifiable risk, which cushions the impacts of various kinds of stock. This shows that diversification can only have an articulated effect when the securities involved move in different directions or speeds relative to stock changes that affect stock prices. This conclusion can be proven in an ideal capital market without any trading limits or costs of becoming conscious of the price disparity of securities. In an actual market situation, however, diversification is expensive, and arbitrageur would commit capital to securities whose returns will be worth the risk of bearing the expenses. Consequently, investor' decision to diversify the reach of their stock would cushion them from the failure of one stock. This strategy will influence the risk associated with these stocks because investors' resources and perseverance are limited. If a stock is underpriced or overpriced, it would only be cushioned by a stock that responds differently to these forces. Investors may use elective options or diversify their stock portfolio through stock investment to stand against expected market risks.

In portfolio theory, Harry Markowitz 1952 argued that investors should solely base their investments on each portfolio item's expected returns and standard deviation. In these cases, expected returns are the benefits of holding a portfolio over time, and the standard deviation is the measure of risk associated with the portfolio for the same period. Since an infinite number of portfolios can be built from a set of securities, the task is determining the most suitable model. The Efficient Set Theorem argues that investors will choose the optimal portfolio set that:

1. Maximizes benefits for a certain degree of accommodatable risk

2. Is the minimum risk attainable?

These two conditions are known as the efficient set. The process first involves identifying which types of assets best fit the investor's needs; from this list, the investor is guided by plotting the indifference curve developed from the portfolio and choosing a portfolio with the most returns at the lowest risks.

Furthermore, employed diversification means an investor bears a little nonsensical risk, which is expensive, especially for undiversified types of investments. Lastly, as emphasized by Fischer Black, diversification is responsive to underpriced security that restricts their readiness to trade during the downturns by allowing some types of stock to have an uptrend. It follows that diversified stock investment used in trading against any mispriced security is limited. As such, the investment is relatively shielded from excessive losses when the market faces a downturn. Standard models used in financial markets, in which investors are disinclined to take unnecessary risks, suggest that portfolio diversification influences risks.

The argument that the diversification degree of a portfolio influences risk is substantial. However, one also anticipates that firm-explicit opinion should influence individual securities. This evidence and theories lead to the conclusion that the possibility of diversification of stock securities risks serves the investor's interest if it is adequately planned.

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Technology Accounting

Tech Boosts Efficiency, Accuracy, Risk Management, and Cost Savings

By CPA Mutitu Dennis

Technology plays a major role in various industries, such as medicine, marketing, education, hospitality, accounting, and finance. It is vital to embrace new technological advancements while taking all precautions to ensure and enhance privacy and confidentiality.

Accounting is a critical aspect since it involves the financials of business enterprises. Therefore, it is important to exercise caution when using technology to prepare financial statements and reports.

Due to technology, the accounting industry has amazing levels of access and the ability to enhance the exchange of data. The most effective part is that accountants can access data from their clients without reaching out to them. As a result, there has been an increased number of clients working off-site.

Information Technology Accounting

Information technology accounting combines information systems and accounting concepts with software to establish a centralized space for storing an entity's financial data. Additionally, digitization simplifies data analysis, making it easier for institutions to identify and correct inefficiencies or errors while recording financial transactions and making financial reports.

Moreover, information technology accounting is a suitable career option. Technological advancements such as data mining, blockchain, cloud computing, and machine learning have emerged in the accounting sector and have dramatically revolutionized how the accounting and finance sectors work. Technology has enhanced human efficiency, data accuracy, risk management, and exchange of financial data in real time and reduced the cost of operations. Nevertheless, there are also instances where we encounter and face the adverse effects of embracing technology, such as enhanced threats to data security, redundancy of the primary roles in accounting, increased training costs, and enhanced costs for setting up new systems.

Positive Effects of New Technology on the Accounting Industry

- **Minimized Fraud**

The new technology concepts and practicalities are incorporated fully into the business through compliance and risk management. Making computers do the bulk of the work reduced the capacity for human resource involvement and thus reduced fraud. The configured software determines the various prices of the services and goods and, therefore, enhances the competitiveness of the purchasing process. Additionally, the emergence of new technology has improved data analytics and thus enhances visualization, making it possible to identify the signs and patterns of dishonest acts in handling transactions. Also, data mining has made it possible to identify fraud patterns, misleading data, and dispositions when making important financial and risk management conclusions.

- **Auditing**

The use of new technology has made it possible to facilitate and provide essential data for external and internal audits. Auditors can easily access systems and, thus, clients' accounting records and conduct various tests to make decisions and judgments. Using automated devices has effectively enhanced the accuracy levels and efficiency of audits.

> **The various accounting software makes it easy and possible to create quick entries with very minimal chance of manipulating the data. The users are only required to feed the software the information, and as a result, the software prepares all the required financial statements or reports.**

- **Enhanced Accuracy in Accounting**

Automating the various transactions has made it possible to record transactions with minimum mistakes. The various accounting software makes it easy and possible to create quick entries with very minimal chance of manipulating the data. The users are only required to feed the software the information, and as a result, the software prepares all the required financial statements or reports. This is an advancement in the sector since the traditional system of accounting requires one to prepare the reports manually, enhancing the chances of making errors and manipulating data.

Negative Impacts of New Technology on The Accounting Industry

Incorporating the new technology has greatly changed how accounting tasks are undertaken. As much as the new technology has improved the sector, the new use of technology also has key setbacks.

- **Security Threats**

Data security is a major concern for each entity, and as a result, most companies are reluctant to change with the changes in technology constantly. The various accounting systems are vulnerable to cybercriminals if the safety of their network is insufficient, thus resulting in the leak of sensitive financial information and secrets. Additionally, accessing accounting data during the exchange of information may expose the client and have their information out that can be used by their competitors to gain a competitive advantage over them.

- **Redundancy Of Earlier Technology**

The rapid changes in technology and technological advancements render most systems in use obsolete. The new systems perform better than the outdated systems. As a result, the entities face the challenge of constantly training their staff on using, data migration, and customizing the systems to suit the needs and efficiencies of the companies. The constant upgrading is costly and, hence, reduces profitability due to increased expenses. Also, keeping up with the new technological advancements is a major challenge and enhances the chances of exposing financial information to the wrong persons.

- **Effects On Accounting Jobs**

Incorporating advanced technology has drastically transformed accounting tasks. Most of the roles conducted by entry-level accountants have been fully automated. These roles include reporting on costs, billing, purchasing, accounts receivables, accounts payable, order entry, and purchasing. As a result, entry-level accountants risk not having jobs since such tasks are automated, hence the increased need for graduates.

The emergence and use of new technology by various entities has enhanced efficacy, reduced cost and task, and, above all, has resulted in a major transformation in how the different accounting tasks are conducted. Although there are setbacks, the positive effects are more and worth banking on. As a result, people need to ensure that they enhance their skills with the changes that are taking place in the industry by constantly upgrading their skills, enhancing their knowledge in cyber security, and learning how to operate the different systems available.

The world and the accounting industry constantly change; embracing new technology is a major achievement. Documentation and storage of financial data have become more accessible since bulk data can be stored safely with limited access to such information.

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Agile Auditing

Audit Value in A Rapidly Changing Business Environment

By CPA Denish Osodo

In the last few years, internal audit functions have been under a lot of pressure. They have been expected to deliver timely and relevant audits while at the same time providing forward-looking insights on both existing and emerging risks.

These high expectations are largely due to the changing business environment as well as advancements in technology. As a result, traditional audits, characterized by rigid annual plans and sequential workflows, have become increasingly insufficient and viewed as not responsive to today's dynamic risk environment. Enter Agile auditing—a transformative model promising to enhance the efficiency, effectiveness, and value of internal audits.

Agile auditing is simply the internal audit process conducted in a dynamic and flexible way. It borrows heavily from principles of Agile project management mostly used in software development. With Agile, the audit is characterized by adaptive planning, iterative processes, early delivery, and continuous improvement. Previously, internal audit was run as a static function, with a focus on compliance and risk management. However, in a world where risks materialize overnight and business priorities shift swiftly, this static nature can render audits obsolete even before they are completed.

While traditional audits follow a linear path from planning to fieldwork execution to reporting, Agile audits are conducted in iterative cycles known as "sprints." Each sprint focuses on one or two scope areas of the audit, allowing teams to reassess priorities and adjust their focus based on real-time feedback and emerging risks. Once done a sprint is completed, a session is held (a sprint review) to discuss the findings in the sprint and obtain feedback from the process owner.

One other aspect of agile auditing, is that several sprints can run at the same time. For instance, a sprint review could be ongoing with the process owner say for sprint 2, while fieldwork execution is ongoing for sprint 3. At this point, reporting would also be ongoing for issues already discussed in sprint 1. The result is a reduction in idle time for both the auditor and the auditee.

There have been several arguments for adopting Agile auditing. Firstly, it allows internal audit teams to quickly widen or refocus the audit scope in response to new risks or changes in the business environment during the review. This is particularly valuable in today's fast-paced world where new threats and opportunities can arise unexpectedly.

Secondly, Agile auditing fosters closer collaboration between auditors and auditees. Regular check-ins and iterative reporting ensure that stakeholders are kept informed and can provide timely feedback, making the audit process more transparent and aligned with business needs. Additionally, a continuous and timely feedback fosters closer collaboration with clients as it avoids ambushes while setting the ground for the closing meeting.

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Thirdly, by breaking down audits into manageable sprints, Agile auditing helps teams maintain focus and avoid the inefficiencies associated with long, drawn-out audits. This approach also encourages the use of technology and automation, further streamlining audit processes.

Fourthly, Agile auditing fosters continuous improvement. By emphasizing regular retrospectives (team sessions at the end of the sprint) and feedback loops, enabling teams to learn from each sprint and continuously refine their methods. This focus on learning and adaptation is crucial for staying ahead of emerging risks and improving audit quality over time.

While the benefits of Agile auditing are compelling, transitioning from traditional methods to an Agile approach is neither easy nor without its challenges. A 2020 poll by AuditBoard found that 82% of internal auditors believed agile auditing has the potential to add value. The same poll reported that 45% cited lack of knowledge or resources as a significant obstacle to adoption.

Organizations must invest in training and change management to ensure that audit teams have the skills and mindset necessary for Agile auditing to work. Further, there is also a need to strike a balance between flexibility and the rigor required for thorough, objective audits.

Several organizations have already reaped the benefits of Agile auditing. For instance, a major financial institution reported a 30% increase in audit efficiency after adopting Agile methodologies. Another multinational noted that Agile auditing enabled them to better anticipate and respond to regulatory changes, significantly enhancing their risk management capabilities.

For internal audit functions looking to remain relevant and value-adding in today's business environment, adopting Agile methodologies is no longer optional. It is a strategic imperative. By embracing the principles of agility—flexibility, collaboration, and continuous improvement—internal audit can transform from a reactive function into a proactive, strategic partner.

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Relevance Of Classical Taxation Maxims To Kenya's Tax Policy

Timing and Manner of Taxation Should Encourage the Taxpayer to Pay

By CPA Faustin Mwinzi

Toward the promulgation of Kenya's 2010 constitution, all forces had conspired to usher in the supreme law. The country had just come out of its lowest moment, the 2008 political crisis.

It was said that the country was in a constitutional moment and indeed we seized the moment and gave ourselves a new constitution.

I compare the political crisis back then to the tax situation we are in as a country. For the last two years, tax has been the most dominant topic in all debates, we have a huge fiscal deficit to fix, and our tax base is still narrow. The clamor for stability in tax policy is live, but tax laws are becoming even more uncertain. A draft National tax policy has been created but the debate still ranges. I see this crisis as a blessing in disguise, just as we had a constitutional moment in 2010, we have a tax reform moment.

There are some candid questions we must ask ourselves; must we pay taxes; the answer is obviously yes. Then the next set of questions would be, can taxes be fair to all? Can we bring all persons to the tax net? is it possible to have voluntary compliance? Are our taxes understandable to the taxpayers? Finally, will society be worse off or better off after paying taxes?

As we create tax policy and tax laws, we must get the above questions right by considering principles that have stood the test of time. Certain yardsticks have been proven relevant over time across all jurisdictions. These are maxims of taxation better referred to as canons of taxation, the word canon to imply decrees.

In his 1776 Magnum Opus, ***Wealth of Nations;*** Adam Smith, the father of modern Economics modeled an Ideal economic system, clearly demarcating the roles of the state and its subjects. He made strong arguments on individuals' pursuit of self-interest and free trade through which individuals unknowingly promote the nation's interest in what he called the invisible hand. That's for another day, concerning taxation, Adam Smith advanced four canons that have reigned supreme over the decades.

The first Canon of taxation in Adam Smith's writing is the canon of **Equity**, which can be loosely interpreted to mean fairness or the principle of ability to pay. Adam Smith says, "The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state".

This statement justifies progressive taxes where the rich pay more than the poor. That's natural because of their respective abilities, but more to it is that the rich derive more revenue under the protection of the state than the poor. A chapter before these canons, Adam Smith discusses the critical roles of the state function of defending its subjects. The rich derive more protection from the state and other functions; therefore, it is right to ask them to pay more.

Equity implies neutrality in taxation. The economic choices of individuals should not be influenced by taxation. For instance, a decision to be under formal employment or self-employment either way taxes should remain the same. In other words, Equity in a tax system means the playing ground should not be tilted against any economic player. It's controversial that taxes do not discriminate incomes from illegal sources, if they did crime would even be more attractive.

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Level playing ground implies two things, taxes must be designed to have wide coverage such that there are no economic sectors left out. The second aspect is on enforcement of the written laws, there should be slight chink for tax evasion. Tax evasion is a double punishment for patriotic taxpayers in the sense that they are left to carry a heavier burden that would have been shared with the evaders, secondly, the evaders get an unfair competitive edge in the market.

The argument of equity has far-reaching implications, even in international trade. Why would a country tax its residents on their foreign incomes? It is because they derive protection from the state in the country of residence. Yet again why would a foreigner be taxed on income earned in a foreign country? Of course, they needed protection from that foreign government to derive their income. Neutrality comes in the design of international tax laws to ensure that there should be no tax advantage created under cross-border activities.

Equity in taxation is so supreme that it is enshrined in Kenya's 2010 constitution. Article 201 (b) i. states ***"The burden of taxation shall be shared fairly".*** This clause was invoked against the minimum tax that had been passed into law by the Finance Act 2020. This tax was proposed at 1% of gross revenue regardless of whether businesses were making profits or losses. In quashing this piece of legislation, the high court held it is unconstitutional to require loss-making entities to pay taxes out of capital while ordinarily businesses pay taxes out of profits. (Refer to Kitengela Bar Owners Association v National Assembly)

The second canon of taxation according to Adam Smith is the canon of **certainty**. The tax which an individual ought to pay should be certain and not arbitrary. The manner, mode, timing, and amount of tax payable should be predetermined by law and made clear to the taxpayer and any other person. Uncertainty breeds corruption which Adam Smith explains as follows "The uncertainty of taxation encourages the insolence, and favors the corruption, of an order of men who are naturally unpopular, even where they are neither insolent nor corrupt".

The third canon of taxation is **convenience**. The timing and manner of taxation should encourage the taxpayer to pay. Pay as you earn is collected through the employers, that's the most convenient way of taxing employees, same with all withholding taxes. Value-added tax and other indirect taxes are collected from the consumers when they have the means to spend. These indirect taxes are so convenient to the consumer in the sense that they are paid in little-by-little bits, again they can be avoided altogether by avoiding the products. That's the case with luxury products.

The fourth Canon is the Canon of **Economy**. According to Adam Smith, "Every tax ought to be so contrived, as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state"

Jean Baptiste Cobalt had a better of explaining it, he says "*The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing*". In other words, economy in taxation is a tight balancing act between maximizing the revenue yield of the state while minimizing the adverse effects befalling the taxpayers.

Economy in taxation addresses two issues, affordability of taxes by the taxpayers and secondly costs of taxation. There are fundamental issues to raise here lest taxes become counterproductive and eventually ruin the country they were meant to build.

Affordability means that, upon payment, the taxpayers should be left with sufficient resources to allow them to participate in their economic duties of consumption and production. Less disposable income will mean poor consumption habits and consequently a sickly nation. You would rather have a healthy nation than more hospitals.

Heavy taxes impair the ability to save and invest. To quote Adam Smith "it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. That takes us back to Adams Smith's initial premise on the invisible hand through which private entities promote the interests of the Nation like employment.

The second facet of economy in taxation is the costs of taxation. There are three costs of taxation namely administration costs, compliance costs, and thirdly tax evasion costs. Administration costs refer to the costs incurred by the government in tax collection, simply the costs of running the Kenya Revenue Authority. The revenue yield from taxes must outweigh the costs of collection, it is a cost-benefit argument. This may be obvious when we consider all revenue against all costs, but every single tax must be checked through this lens.

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Compliance costs are the costs incurred by taxpayers in the process of paying taxes. This takes the form of employees hired to manage a tax department in an organization, the cost of tax consultancy, training, and software to enhance compliance. Compliance costs increase the effective tax rate; thus, taxes might be far too expensive than the nominal rates stated by the government.

Adam Smith would say this on compliance costs "By subjecting the people to the frequent visits and the odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation, and oppression; and though vexation is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it"

Compliance cost is part of the dead weight costs of taxation which the government should aim at eliminating. The cure to this cost is simplicity in taxation. Two key areas require to be simplified, the tax laws to make them comprehensible to the common reader. Secondly and most important is simplicity in the enabling technology. It is important to pause here and judge E-Tims, on the intention versus the achievement.

The last cost of taxation is the evasion cost. These are the losses that accrue to society out of unsuccessful attempts by some taxpayers to evade taxes. Invariably some businesses become casualties of tax evasion, and end up closing shop. That loss extends to their employees, suppliers and many other economic units directly or indirectly connected to them.

In dealing with tax evasion the government should be more proactive with preventive measures rather than reactive punitive measures. Punishing tax evaders not only ruins the evader but puts to an end the benefit that the society could have received from the employment of their capital.

There are other principles of taxation opined by modern economists, however, they find their roots in these four classic canons. As a country, we anticipate more and more changes in taxation; the 1776 writings still provide a faultless weighing scale for evaluating our options.

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Incorporating Youth Into Leadership

A Path to Stability and Prosperity for Kenya

By CPA Baraza William Lucas

Youth leadership is increasingly recognized as a vital part of promoting stability and prosperity in nations around the world. In Kenya, where a significant portion of the population is young, the inclusion of youth in leadership roles is not only beneficial, but essential for the country's future. This article explores the importance of youth leadership in Kenya, drawing on various studies and expert opinions, and argues that empowering young leaders can lead to innovation, address critical issues, and ensure long-term stability and prosperity.

New perspectives and innovations

Young people bring fresh perspectives and innovative solutions that are essential to solving complex problems. Young leaders are often more adaptable and open to new ideas compared to their older counterparts. This adaptability is essential in a rapidly changing world where traditional approaches may no longer be effective.

Innovation in technology

In Kenya, youth have been at the forefront of technological innovation. For example, the rise of mobile money services such as M-Pesa, developed by a largely young team, has revolutionized the financial sector not just in Kenya but around the world. This innovation has given millions of Kenyans access to financial services, boosted economic activity and improved livelihoods.

Young leaders naturally gravitate towards embracing technology, which can be used to address Kenya's many development challenges. By incorporating youth into leadership, Kenya can harness this innovative spirit to promote economic growth and social progress.

A 2019 study by Mwangi and Ngugi in the International Journal of Innovation, Creativity and Change highlighted that young entrepreneurs in Kenya are key drivers of innovation. The study found that young people are more likely to adopt and develop new technologies that can lead to significant economic and social progress. This strengthens the argument that youth leadership can bring innovative solutions to the country's pressing problems.

Increased participation and ownership

Involving youth in leadership roles strengthens young people's sense of ownership and responsibility for the nation's future. This increased participation can lead to greater social stability as young people feel that their voices are heard and that their contributions are valued.

Political participation

The Kenya Kwanza Coalition should recognize the potential of the youth for national development. By including youth in decision-making processes, they should strive to ensure that policies and programs reflect the needs and aspirations of the younger generation. This approach not only promotes inclusiveness, but also increases the legitimacy and acceptance of government decisions, thereby contributing to national stability.

A 2020 United Nations Development Program (UNDP) report highlights that youth participation in politics is positively correlated with democratic stability. The report highlights that when young people are actively involved in governance, it leads to more responsive and accountable leadership. In Kenya, increased youth participation in politics has the potential to stabilize and strengthen democratic institutions.

Solving specific youth problems

Youth leaders have a better understanding of specific issues facing their generation, such as unemployment, education and mental health. Their first-hand experience enables them to design and implement policies that effectively address these issues.

Research findings on issues specific to youth

> **Mentorship programs that connect young leaders with experienced professionals can provide valuable advice and support. These programs can help young leaders develop the skills and confidence needed to navigate complex leadership roles. By creating a supportive environment, Kenya can ensure that its young leaders are well equipped to drive the nation forward.**

A 2021 study titled "Factors Influencing Youth Leadership in County Government in Kenya" by Otieno and Mwangi in 2021 found that competence is critical to effective youth leadership. The study highlights the importance of equipping young leaders with the necessary skills and knowledge to succeed. Empowering young leaders through education and training can ensure that they are well prepared to meet the challenges faced by their peers.

Another 2022 report by Wanjiku and Achieng, "The Role of Global Youth Leadership Forums in Promoting Sustainable Development in Africa: A Case Study from Kenya", examines how youth forums contribute to development. The findings suggest that youth forums can be platforms for fostering innovation and collaboration, which can lead to positive development outcomes.

Unemployment and economic growth

According to the UNDP 2020 report, youth unemployment is a significant challenge in Kenya. Incorporating youth into leadership positions can help address this issue by creating policies that support job creation and economic opportunities for young people. This in turn can lead to economic growth and reduced poverty levels.

Education and skills development

The United Nations Educational, Scientific and Cultural Organization (UNESCO) 2021 report highlights the importance of education and skills development in youth empowerment. In Kenya, young leaders who prioritize education can advocate for policies that improve access to quality education and training and ensure that young people are well prepared for the labour market.

Challenges and solutions

While the benefits of youth leadership are clear, there are challenges that need to be addressed. Young leaders often lack experience, which can hinder their effectiveness. However, mentoring programs and partnerships with experienced leaders can bridge this gap.

mentoring programs; Mentorship programs that connect young leaders with experienced professionals can provide valuable advice and support. These programs can help young leaders develop the skills and confidence needed to navigate complex leadership roles. By creating a supportive environment, Kenya can ensure that its young leaders are well equipped to drive the nation forward.

Empowerment and support; A 2021 study of district government leadership in Kenya by Kamau and Wanjohi suggests that empowerment plays a key role in the success of young leaders. Creating systems to enable young leaders to contribute in meaningful ways is essential. This may include providing access to resources, training and opportunities for professional development.

Research published by Kariuki and Mwangi in the Journal of Youth Development in 2022 found that mentoring significantly increases the leadership skills of young people. The study concluded that mentored youth leaders are more likely to succeed in their role and make a positive contribution to their community. Similarly, a 2021 study by the African Journal of Governance and Development highlighted that empowerment through training and resource allocation is critical to the effectiveness of young leaders in Kenya.

Incorporating youth into leadership roles is a strategic move that can significantly contribute to Kenya's stability and prosperity. Young people bring new perspectives, foster innovation and are better positioned to solve the problems that affect their generation. By investing in young leaders and providing the necessary support and training, Kenya can harness the full potential of its youth to build a better future for all.

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Navigating Creativity And Stability In The Modern Workforce

Gen Z Is Disrupting The Status Quo

By Christabel Kakai

Within the dynamic arena of the contemporary job market resides a notable transformation.

Those belonging to Generation Z—a cohort that came into the world from the mid-nineties to the dawn of the 2010s—are now ascending to prominence.

These individuals are actively contesting the paradigms established by Millennials and Boomers. Distinguished from their forebears by their reluctance to conform strictly to pre-established occupational frameworks. They are rewriting the rules, carving out their own paths, and building their brands from the ground up. In doing so, they are reshaping the very fabric of the work environment, ushering in a new era of innovation, autonomy, and self-expression.

To understand the significance of this shift, it's essential to first examine the mindset of the generations that came before. Gen X, born between 1946 and 1964, were raised in an era characterized by stability, conformity, and a traditional approach to work. For them, success often meant climbing the corporate ladder, staying with the same company for decades, and reaping the rewards of loyalty and seniority.

Millennials, born between 1981 and 1996, entered the workforce amidst rapid technological advancements and economic uncertainty. Unlike their parents' generation, they were more inclined towards work-life balance, social responsibility, and personal fulfillment. They sought meaning in their careers, often prioritizing passion and purpose over financial gain.

However, it is Gen Z that is truly disrupting the status quo. Having grown up in a digital age marked by social media, instant access to information, and global connectivity, they possess a unique set of characteristics that sets them apart from their predecessors. They are tech-savvy, entrepreneurial, and fiercely independent. They have witnessed the pitfalls of traditional employment models and are determined to forge their own paths.

One of the defining traits of Gen Z is their unwavering belief in their own abilities and the value they bring to the table. Unlike previous generations, who may have been content to work their way up the corporate ladder, Gen Z refuses to settle for anything less than what they believe they deserve. They are not afraid

> **Central to the ethos of Gen Z is the concept of personal branding. In an era where social media has become a dominant force in shaping public perception, they understand the importance of cultivating a unique identity and leveraging it to their advantage. Whether through blogging, vlogging, or building an online portfolio, they are adept at showcasing their skills, experiences, and personality to attract opportunities and forge connections.**

to negotiate for higher salaries, seek out opportunities for advancement, or take risks in pursuit of their goals.

Central to the ethos of Gen Z is the concept of personal branding. In an era where social media has become a dominant force in shaping public perception, they understand the importance of cultivating a unique identity and leveraging it to their advantage. Whether through blogging, vlogging, or building an online portfolio, they are adept at showcasing their skills, experiences, and personality to attract opportunities and forge connections.

However, while the prospect of building one's brand may seem empowering, it is not without its challenges. For Gen Z, navigating the complexities of the digital landscape can be daunting. Competition is fierce, and success is not guaranteed. Moreover, the traditional gatekeepers of industry—HR departments, hiring managers, and corporate recruiters—may be slow to adapt to this new paradigm, favoring candidates with traditional credentials and experience.

Yet, despite these obstacles, Gen Z remains undeterred. They understand that building their brand is a marathon, not a sprint. It requires patience, persistence, and a willingness to learn from failure. Moreover, they recognize the power of mentorship and networking in opening doors and propelling their careers forward.

Indeed, all it takes is one person to believe in them, to recognize their potential and provide them with an opportunity to shine. This could be a forward-thinking employer willing to take a chance on a young, unproven talent. It could be a seasoned entrepreneur offering guidance and support as they navigate the tumultuous waters of self-employment. Or it could be a mentor who sees their passion and drive and helps them harness it for success. In many ways, the rise of Gen Z represents a paradigm shift in the way we view work and career success. It is a rejection of the one-size-fits-all approach that has long dominated the corporate world and a celebration of individuality, creativity, and innovation. It is a reminder that in today's rapidly changing economy, adaptability and resilience are the keys to thriving, and that the future belongs to those who are willing to chart their own course.

The emergence of Gen Z as a dominant force in the workforce is a testament to their ingenuity, determination, and refusal to accept the status quo. By embracing change, building their brands, and seizing opportunities with both hands, they are reshaping the future of work in ways that were once unimaginable. And as they continue to blaze trails and break barriers, they serve as an inspiration to us all, reminding us that with courage, conviction, and a belief in oneself, anything is possible. In the intricate tapestry of the modern workforce, finding a harmonious balance between the two seemingly divergent paths of creativity and traditional employment can be a delicate dance.

On one side, there are the creatives, driven by their desire to innovate, express themselves, and carve out their own unique niche in the world. On the other side, there are those who find comfort and security in the structure and stability of traditional employment, where a steady paycheck and benefits provide a sense of safety amidst the uncertainty of the world. For some, the allure of entrepreneurship and personal branding is irresistible. They are drawn to the freedom and flexibility that comes with being their own boss, the thrill of pursuing their passions on their own terms, and the potential for unlimited growth and success. These individuals are driven by a burning desire to create, to disrupt, to leave their mark on the world in a way that is uniquely their own. But for others, the prospect of striking out on their own is daunting, even terrifying. They prefer the structure and security of a traditional nine-to-five job, where the expectations are clear, the path to success is well-defined, and the risks are minimal.

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These individuals may be motivated by a desire for stability, a need for financial security, or simply a reluctance to step outside of their comfort zone. Yet, amidst these seemingly disparate worlds, there are individuals who manage to find a middle ground, who successfully navigate the tension between creativity and stability, between entrepreneurship and traditional employment. These individuals understand that it's not an either-or proposition, but rather a spectrum, with countless shades of gray in between. For some, this might mean pursuing a side hustle or passion project outside of their day job, allowing them to explore their creative passions while still maintaining the security of steady employment.

For others, it might involve finding ways to infuse creativity and innovation into their existing roles within a traditional organization, leveraging their unique skills and talents to drive positive change from within. Ultimately, the key is to identify what truly drives you, what gives you purpose and fulfillment, whether it's the thrill of pursuing your passions, the security of a steady paycheck, or something else entirely. It's about recognizing that there is no one-size-fits-all approach to success, and that what works for one person may not work for another.

In the end, we are all simply trying to navigate the complexities of life, to make it through another day despite the challenges that lie in our path. Whether you're a creative entrepreneur blazing your own trail, a traditional employee finding fulfillment in the security of a nine-to-five job, or somewhere in between, what matters most is that you're living authentically, true to yourself and your values, and doing whatever it takes to find happiness and fulfillment in a world that is constantly changing.

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Gifts In Contemplation Of Death

Getting Your Wishes Honoured

By Joan Ogeto

The mere thought of contemplating death may seem like an unwelcome harbinger of doom, yet, it remains an inevitable part of the human experience.

By confronting this reality with clarity and preparation, one can gain a sense of peace and control over their legacy. One important aspect of such preparation involves understanding the various methods of transferring assets or property in case of death.

The concept of gifts is divided into two categories: a simple lifetime gift (gift *inter vivos)* and a gift in contemplation of death (*donatio mortis causa)*, as outlined in the *Law of Succession Act*. A simple lifetime gift refers to the transfer of property or assets from one individual to another without the expectation of impending death.

A *donatio mortis causa* is a gift made by a person during their lifetime that is conditional upon their death. Buckley LJ in ***Re: Beaumont* [1902] 1 Ch 889** described donatio mortis causa as a gift that is similar to a lifetime gift in that the subject matter of the gift is delivered to the donee during the donor's lifetime, but the gift takes effect upon the death of the donor. It is a gift made in expectation of death, which cannot be revoked by a subsequent will, nor can it be given away as a gift under a will to someone else. It is not free property; it cannot therefore be the subject of a will. This means that if a donor delivers property during their lifetime with the intention of making the gift conditional upon death, and then subsequently makes a gift of the same property by will to another person, the beneficiary named in the will receives nothing.

In the case of ***Cain v Moon* [1896] 2 QB 283** set down the conditions which need to be met for a valid gift in contemplation of death. These are;-

1. The gift by the donor must be in contemplation of death
2. The gift is conditional on the donor's death
3. The subject matter of the gift must be declared to the donee
4. The property must be capable of forming the subject matter of a *donatio mortis causa,* and the donee must survive the donor.

The burden of proving that these elements have been met lies with the donee. Lord Russell in this case stated that "*...for effectual donation mortis causa three things must combine. First, the gift or donation must have been made in contemplation, though not necessarily in expectation, of death, secondly, there must have been delivery to the donee of the subject matter of the gift, and thirdly, the gift must be made under such circumstances as slew that the thing is to revere to the donor in case he should recover.*"

Gifts in contemplation of death are provided for in s.31 of the *Law of Succession* act as follows: -

"*A gift made in contemplation of death shall be valid, notwithstanding that there*

has been no complete transfer of legal title, if—(a) the person making the gift is at the time contemplating the possibility of death, whether or not expecting death, as the result of a present illness or present or imminent danger; and

(b) a person gives movable property (which includes any debt secured upon movable or immovable property) which he could otherwise disposed of by will; and

(c) there is delivery to the intended beneficiary of possession or the

means of possession of the property or of the documents or other evidence of title thereto; and

(d) a person makes a gift in such circumstances as to show that he intended it to revert to him should he survive that illness or danger; and

(e) the person making that gift dies from any cause without having survived that same illness or danger; and

(f) the intended beneficiary survives the person who made the gift to him:

Provided that—(i) no gift made in contemplation of death shall be valid if the death is caused by suicide; (ii) the person making the gift may, at any time before his death,

lawfully request its return."

Section 31(a) provides that a gift in contemplation of death is valid if the person making the gift is, at the time, contemplating the possibility of their death due to a current illness or impending danger. The ruling in ***Staniland v Willott* [1850] 664** was that the gift must be made in anticipation of death from an existing disease or other danger, but not necessarily with the expectation of immediate death. The donor must believe they are dying or likely to die in a particular manner. It is generally irrelevant that the donor dies from some cause other than the one within their contemplation, so long as the condition from which the deceased thought he was dying continued up to the date of the donor's death. Section 31(e) provides for this. In **Re Craven's Estate (No.1) [1937]**, it was stated that the donor must contemplate their death as "*within the near future, what may be called death for some reason believed to be impending.*" However, the donor must not be anticipating immediate death or be on their deathbed when making the gift.

Similarly in ***Wilkes v Allington* [1931] 2 Ch 104**, the donor, who knew he had cancer and considered himself "doomed", did not know how long he had to live but believed death was near. He died a month later from pneumonia, an unrelated illness. The court held that the gift was valid, emphasising that it did not matter whether the actual cause of death was the one the donor anticipated.

Finally, the condition that the gift be made in contemplation of death cannot be met if the donor is contemplating their own death by suicide. Section 31(i) states that "*no gift made in contemplation of death shall be valid if the death is caused by suicide.*"

Agnew v Belfast Banking Co* [1896] 2 IR 204** held that it was against public policy to uphold a gift intended to take effect by means of suicide. In ***Re Dudman* [1925] 1 Ch 553**, the donor committed suicide due to his inability to cope with a terminal illness. The court followed ***Agnew v Belfast Banking Company and additionally ruled that the donation failed on grounds of public policy. However, the legal position established in these cases is no longer valid in England, following the enactment of the **Suicide Act of 1961**, which decriminalized suicide.

If the donor does not die, the gift will not take effect, and the donor is entitled to recover possession of the property from the donee, as the gift is conditional

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It is important for individuals to be aware of their options and understand how to effectively transfer gifts to ensure they are passed on as intended. A donatio mortis causa provides a distinct method for managing one's estate in contemplation of death, but its validity depends on meeting specific conditions, such as the donor's intent and proper delivery.

upon the donor's death. The failure of the contemplated death to occur leads to the termination of the gift in contemplation of death, as outlined in S.31(d) and S.31(ii).

Section 31(c) states that the donor must have handed over to the donee or their agent the subject matter of the gift, or the means of controlling it. The donor must have parted with possession or dominion over the subject matter of the gift. A gift in contemplation of death is valid only after such delivery. Justice Nyakundi **in *Re Estate of Kabue Ole Lapate (Deceased)* [2018] eKLR** held that the rights concerning gifts in contemplation of death also apply to land interests. The subject of the gift must be capable of being donated. It was determined in ***Re Beaumont* [1902] 1 Ch 889** that a cheque cannot form the subject of a *donatio mortis causa* as it is not enforceable without consideration. Similarly, in ***Leaper* [1916] 1 Ch 579**, it was held that a promissory note cannot be the subject of such a gift.

It is important for individuals to be aware of their options and understand how to effectively transfer gifts to ensure they are passed on as intended. A *donatio mortis causa* provides a distinct method for managing one's estate in contemplation of death, but its validity depends on meeting specific conditions, such as the donor's intent and proper delivery.

By understanding these requirements, individuals can better ensure their wishes are honored.

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Corporate Governance In Saccos: A Blueprint For Success

By CPA Peter Waithaka Kariuki

Corporate governance is essential for the success and sustainability of organizations. This is especially true for Savings and Credit Cooperatives (SACCOs), where governance ensures operational efficacy and safeguards members' savings and investments.

This article explores the concept of corporate governance, its principles, and its relevance to SACCOs, providing guidance for cooperative leaders on navigating governance challenges effectively.

Definition and Principles

Corporate governance, at its core, is the system by which companies are directed and controlled, ensuring accountability and fairness in a corporation's relationship with all its stakeholders. Jeff Gramm defines it as "the way a corporation polices itself," emphasizing transparency, accountability, and shareholder rights (Gramm, 2016). Gramm advocates for clear communication channels between executives and shareholders, suggesting that this transparency leads to informed decision-making and trust-building within the organization.

Ram Charan, a renowned corporate advisor, defines corporate governance as a mechanism to ensure that the interests of the company's executives align with those of its shareholders and stakeholders (Charan, 2005). Charan argues that good governance is central to strategic decision-making, providing a robust framework for balancing risk and opportunity while steering the organization towards long-term success.

The principles of good corporate governance are anchored on pillars such as transparency, accountability, responsibility, and fairness. Transparency ensures that stakeholders are kept well-informed, fostering an environment of trust and openness. Accountability creates a system where individuals within the corporation are responsible for their actions and the organization's overall performance, enhancing trust and operational efficiency.

Deborah Hicks Midanek highlights the principle of responsibility, asserting that every member of the organization, from the board of directors to the lowest-tier employee, must understand and commit to their responsibilities (Deborah, 2017). This sense of duty is critical for maintaining ethical standards and achieving the corporation's objectives. Responsibility also entails a proactive approach to identifying and managing risks, ensuring the organization's sustainability.

Fairness, as expounded by David Larcker and Brian Tayan, is about equitable treatment of all stakeholders (Larcker & Tayan, 2011). This principle requires a balanced approach to decision-making processes that consider the interests and rights of diverse stakeholder groups. Larcker and Tayan also emphasize the role of ethical leadership in upholding fairness, making it an essential component of corporate governance.

> **The balance between the board and management is crucial. Excessive board control can lead to strategic stagnation, while too much management autonomy can result in accountability issues. Effective governance requires clear boundaries and roles, with the board focusing on strategic oversight and management on operational execution.**

Importance of Good Governance to SACCOs

Good governance ensures operational efficacy and safeguards members' savings and investments. The principles of corporate governance must be tailored to fit the unique dynamics of SACCOs, fostering an environment where all board members can contribute meaningfully to governance processes.

Tailored Governance for SACCOs

1. Member Trust: Trust is the core foundation upon which members come together to form SACCOs and their continued membership. Transparency and accountability build member trust, driving engagement and sustainability.
2. Diverse Board Composition: SACCOs often have board members with varying levels of financial expertise, necessitating comprehensive training and capacity building.
3. Ethical Foundations: Ethical behavior must be woven into the fabric of SACCO operations, ensuring alignment with cooperative values and member welfare.

Challenges in SACCO Governance

Board and Management Dynamics

The balance between the board and management is crucial. Excessive board control can lead to strategic stagnation, while too much management autonomy can result in accountability issues. Effective governance requires clear boundaries and roles, with the board focusing on strategic oversight and management on operational execution.

Jeff Gramm discusses the detrimental effects of excessive director intervention in management, noting that it can stifle the CEO's leadership and prevent timely and innovative decisions critical for a competitive market (Gramm, 2016). For instance, if directors impose their perspectives over collective strategic decision-making, it can lead to missed technological adoptions or market opportunities, affecting the SACCO's growth and member benefit.

Communication Gaps

Without robust communication channels, alignment between strategic objectives and operational activities may waver. Regular interaction and feedback are essential to ensure cohesive organizational performance. Transparent reporting mechanisms, such as member dashboards with say quarterly updates, can bridge gaps and foster a culture of involvement and trust.

Ethical Leadership

Ethical leadership is pivotal in upholding fairness and integrity. Leaders must model ethical behavior, fostering a culture of integrity and respect throughout the SACCO. This involves more than compliance; it requires embedding ethical standards in every decision and action.

Capacity Building

To keep directors, CEOs, and managers informed about evolving governance standards and practices, it is necessary that continuous education and capacity building is facilitated. Training programs and workshops can help bring all stakeholders onto a common understanding and reinforce their commitment to good governance. Deborah Hicks Midanek emphasizes the need for governance adjustments tailored to the unique structures of SACCOs, ensuring that the principles of accountability, transparency, and integrity are upheld (Midanek, 2017).

Governance Models in SACCOs

(i) Oversight Role Model

In this model, the board focuses on strategy and policy formulation, with management overseeing day-to-day operations. This separation fosters checks and balances, enhancing accountability and decision-making efficiency. However, potential communication gaps require effective interaction and feedback mechanisms.

This model has numerous advantages:

- High-Level Perspective: The board can make unbiased, strategic decisions without getting stuck in daily operational issues.

- Autonomous Management: Management can function autonomously while remaining accountable to the board for their performance and execution of policies.
- Specialization and Expertise: Board members leverage their strategic capabilities, and management applies their operational expertise.

Despite its benefits, this model is not without challenges. Communication gaps between the board and management can lead to misalignment between strategic objectives and operational activities. SACCO leaders must prioritize effective communication and collaboration to mitigate these risks. The model is prominent within regulated SACCOs as a requirement of the SACCOs' regulations.

(ii) Dual Role Model

> **Ethical leadership is pivotal in upholding fairness and integrity. Leaders must model ethical behavior, fostering a culture of integrity and respect throughout the SACCO. This involves more than compliance; it requires embedding ethical standards in every decision and action.**

In the dual role model, the board is involved in both strategy and daily operations. This model allows for agile responses to challenges but risks role overload and diminished strategic focus. Despite its benefits for smaller unregulated SACCOs, it can lead to conflicts of interest and accountability issues.

Benefits of this model include:

- Expedited Decision-Making: The board's knowledge of day-to-day operations informs strategic adjustments, allowing for an agile response to emerging challenges.
- Close-Knit Management Structure: This model fosters trust and transparency among members and stakeholders.
- Cost Savings: Combining strategic and operational roles can be crucial for SACCOs with limited resources.

However, board members assuming operational roles may experience role overload, hindering their ability to think and act strategically. This blurring of roles may also lead to diminished accountability, as the clarity of responsibilities becomes murky. Additionally, the absence of a dedicated management team can impede professional management practices and efficiency and effectiveness of SACCO services to members may be compromised.

Evolving Governance Practices

Many non-regulated SACCOs are transitioning towards the oversight role model, blending strategic oversight with operational effectiveness. This evolution underscores the importance of robust governance structures characterized by clear role demarcation. By adopting best practices from regulated counterparts, SACCOs can drive superior performance and sustainability.

Enhancing Governance in SACCOs

Fostering Member Engagement

Active member engagement is vital for the success of SACCOs. This can be achieved through transparent communication, regular updates, and opportunities for members to participate in decision-making processes. Engaged members are more likely to trust the SACCO's leadership and support its initiatives.

Strengthening Controls

Robust internal controls are essential for ensuring accountability and preventing possible fraud. To safeguard member investments and enhance the SACCO's reputation, SACCOs should implement regular audits, establish clear policies and procedures, and promote a culture of compliance.

Emphasizing Long-Term Sustainability

SACCOs should prioritize long-term sustainability over short-term gains. This involves strategic planning, risk management, and continuous improvement. By focusing on sustainability, SACCOs can ensure their continued success and ability to serve their members effectively.

Building a Culture of Innovation

Innovation is crucial for staying competitive in today's dynamic market. SACCOs should foster a culture of innovation by encouraging creative thinking, investing in technology, and staying abreast of industry trends. Innovative approaches can drive growth and improve member services.

Conclusion

Corporate governance in SACCOs is a cornerstone of member trust, operational efficiency, and long-term sustainability. By adhering to principles of transparency, accountability, responsibility, and fairness, and by tailoring governance models to fit their unique needs, SACCOs can navigate governance challenges effectively.

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Corruption and Opulence

Promoting a Service-Oriented Spirit among Politicians, Leaders and Public Servants

Compiled by CPA Charles Tung'a and CPA E Munene Waruhiu

A man was walking along a river that bordered beautiful resort homes, built by owners seeking to enjoy the tranquillity of life after their hard work. He noticed the uniformity and simplicity of the homes, each designed with taste and ambience.

The eco-friendly designs featured large glass windows, allowing as much natural light as possible. The homes were surrounded by well-maintained hedges of green leaves, flowers, and miniature trees, creating a harmonious blend with the natural landscape.

Suddenly, as he was rounding a bend, he was jolted by the sight of an unusual structure, firmly surrounded by a perimeter wall of thick stones decked with heavy razor wire. Some mean-looking guards seemed to be protecting the property and its owners. He found this odd, as the home appeared to cut into the river, narrowing its width to create extra space for the house to have its riverfront, separate from the rest of the community.

The man bemused in his mind that the owner must be a person of questionable character, gauging by the arrogant, out-of-place, and blatant encroachment on what is natural and common to society, claiming it as his own. Such is the ominous image of a sore thumb among healthy fingers on a hand.

Persons engaging in corruption will stick out as out-of-place and sore thumbs, whose efforts to immerse themselves in a clean society will always bring an acrid stench, like that of a skunk. Attempts to mask the proceeds of corruption in opulence, as a statement of deceptive success, always sticks out. Hiding behind this façade does not validate their justification of rewards for hard work derived from all the wrong vices.

These ill-gotten gains from successful heists are quickly and desperately expended, with those involved making frantic efforts to cover their tracks. The outlet for all these resources is manifested in extravagant opulence, including multiple high-end residential properties, lavish lifestyles unmatched by normal incomes, expensive vacations, frequent community social parties, and large social donations. They collect expensive artifacts and mobile assets, such as top-brand cars, costly attire, watches, jewelry, boats, airplanes, and helicopters.

It also includes investments in social amenities to advance lifestyles—pubs, clubs, and social dens—that facilitate drug trafficking, human trafficking, prostitution, and other immoral social vices. Additionally, there is the absurd stashing away of corruption proceeds in overseas bank accounts in perceived tax havens and European capitals. These sums of money are subsequently loaned back to the very same country by the holders of the deposit funds.

Let us try to understand the causes of corruption and why it has persisted in our midst. The following factors can relate to our situation in the country:

- *Personal greed that leads to an unfettered desire for money or power,* with no regard whatsoever to moral boundaries. The underlying anthropological cause is the innate human impulse to own external goods, when it is not subject to personal integrity. Is personal integrity less valued than it used to be? Is there a need for religious or other types of motivation that were once stronger?

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- *Decline of personal ethical sensitivity,* either due to lack of education or negative learning experiences, developed by downplaying perverse conduct in the past. Should ethical education be put under review? Is it time for a personal reassessment with sincerity and repentance, to learn more about its influence in promoting positive learning?
- *No sense of service when working in public or private institutions.* This is seen, for instance, in those who use politics for their selfish interests, instead of serving the common good through politics. How can we promote politicians and leaders with a true service-oriented spirit?
- Low awareness or lack of courage to denounce corrupt behaviour and situations conducive to corruption. That is the case of someone who is aware of corruption and stays quiet. They simply cover for the corrupt individuals, perhaps thinking that it is not their problem, or perhaps out of cowardice, so as not to make their lives more complicated. Would it help to promote a culture of denouncing corruption?
- *Cultural environments that condone corruption.* Such as defending or even admiring crooks ("you have to be pretty smart to evade taxes"). Or rationalizing false arguments with no moral basis ("everyone does it"; "take advantage while you can"; "life is short"). Who ought to promote that culture? Social leaders? Everyone? The fraud triangle is a perfect illustration of how fraudsters think and behave.
- *Lack of transparency,* especially at the institutional level, but also in less formal organizations. Knowing that what you do is seen by everyone, wouldn't that deter acts of corruption?
- *Regulations and inefficient controls.* Increased regulations and control mechanisms are probably not the answer. They are costly and tend to stifle initiatives and administrative dynamics. But why not have better regulation and more effective control in areas prone to corruption. Is that so difficult?
- *Slow judicial processes.* In some other countries, we would have to add "and unreliable" to that statement. Swift processes can have a greater exemplifying effect than those that, by the time the sentence comes, the crime already is nearly forgotten. Justice requires appealing processes and warranties, but not if it means slowing down the administration of justice. Do we need more judges, but also better processes?
- *Lack of moral criteria in promotions.* Corruption is prevalent when there are no criteria for proven integrity and responsibility in the promotion. Such criteria are ignored when someone is promoted simply because of their loyalty to whoever is in charge or those in control of the party. Or if it is only their strategic or organizational skills that are evaluated. Obviously, someone can be wrong when making or promoting someone, but there should be no problem distinguishing between a simple mistake and culpable ignorance due to negligence or a lack of ethical assessment. Is it an issue of ethical short-sightedness?
- *Downplaying or reacting mildly to corruption charges.* Little power of decision within organizations to penalize acts of corruption to set examples creates an environment conducive to perpetuating corruption. Haven't we seen how EACC cases are bangled?

As the Bible would rebuff, "Oh foolish Galatians, who has bewitched you, before your very eyes," the same can be appropriately used to address all who perpetrate corruption against their fellow citizens. These corrupt individuals steal from their own to enrich themselves, only for the same victims to beg them for the very money they stole to attend to their social needs, such as medical bills, education for their children, and financial support to sustain their lives.

> **They must be independent and adequately funded to ensure proper accountability, as well as effective checks and balances for the executive branch. Additionally, we need to reevaluate our education curriculum and incorporate ethics and integrity as critical subjects across all courses. A complete overhaul of our budgeting process is necessary, adopting a zero-based budget approach that focuses only on vital services required for the country's success. We should direct more resources to areas of the economy that spur growth and development.**

One classical case of corruption and opulence was the headline-grabbing story of an NHIF staff member who earned Kshs 150,000 yet flew in a chopper regularly and owned a list of high-end properties, as reported in the media. The story of the Marcos family of the Philippines exemplifies the very essence of corruption and opulent living. During a period of economic crisis and civil unrest in the country, the Marcos family gained notoriety for their lavish lifestyle.

One must understand that the depravity of actions of corruption is matched by the depravity of social behaviors associated with these acts. It becomes a social vice grip trap, which the perpetrators find themselves held bondage to and difficult to extricate from. The tragedy of these corrupt practices and opulent living is their short-term nature of enjoyment, contrasted with the most painful, everlasting adverse impact of family sorrow and curses invited upon one's offspring for generations to come.

We must change the culture and focus on virtues that an ideal society would cheer instead of glorifying opulence and leaders who have outrightly acquired wealth that they cannot give an account of. The Constitution of 2010 established independent institutions to offer checks and balances. These institutions must be run by officers who cannot even think of being corrupt.

They must be independent and adequately funded to ensure proper accountability, as well as effective checks and balances for the executive branch. Additionally, we need to reevaluate our education curriculum and incorporate ethics and integrity as critical subjects across all courses. A complete overhaul of our budgeting process is necessary, adopting a zero-based budget approach that focuses only on vital services required for the country's success. We should direct more resources to areas of the economy that spur growth and development.

This will ensure a thriving economy that leads to a satisfied citizenry that is not hungry for corrupt dealings. We may also need to hold all professional bodies accountable to safeguard the Accountants, Engineers, Procurement, Human resources, Doctors, etc., who are experienced, credible and beyond reproach and guarantee their proper placement in the department and ensure they work efficiently, effectively and economically.

We have the best laws, regulations, policies, and acts. We must just accept and implement the requirements of these guidelines in all our operations in totality and you will be shocked at how we shall grow. All said and done, it takes two to tango. We all have individual and collective roles to play in any area, and as Wangari Maathai said, *be the hummingbird and quench the forest*. Let each person deliver exceptional results and performance and you will be amazed at how the country can change and advance.

There is hope that, although the corrupt may believe they can escape accountability from those they exploit, they will ultimately face justice. Their eventual reckoning will come for the oppression they inflict upon the innocent.

To anyone tempted by the allure of corruption for a life of opulence, it is wiser to reject that path and instead, commit yourself to honest work and earn what is rightfully yours; that is blessed and meaningful for future generations.

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Online Activism

Assessing The Impact of Virtual Campaigns on Society

By Derek Mutiso

Following the trail of the #RejectFinanceBill Hashtag

For many people living in Sidi Bouzid - a small borough in Tunisia's rural heartlands, the morning of December 17, 2010, seemed like any other. It was common to see street vendors pushing their hand carts in the sweltering heat, trying to sell their goods by the roadside - hoping to get their lucky break or, more often than not, make just enough dinars to take home to their families. It was equally common to see municipal officers harassing the miserable vendors for bribes from time to time. On this particular morning, however, a routine security operation by local officers targeting unlicensed street vendors turned out to be the final straw that broke the Camel's back.

Fourteen years have passed since that fateful December morning in 2010. It was a day that sparked a far-reaching revolutionary upheaval that would change the Arab world forever and set a precedent for protesters in the digital age.

One of the street vendors targeted during the operation was 26-year-old Mohammed Bouazizi. Throughout the day, municipal officers had harassed him, ostensibly because he lacked a permit to sell his produce but more likely because he couldn't afford a bribe.

When he could not pay, the officers immediately seized his fruit cart. With his stock and cart confiscated, and his pleas ignored by officials at the governor's office, Bouazizi, who had been born into extreme poverty and had no other source of income, felt that he had no reason to live any longer. In an act of sheer desperation, he stood on the road, doused himself in gasoline, and set himself alight.

Onlookers watched in horror as the flames consumed Bouazizi's body. A few of them took out their phones and recorded videos they shared on social media. The videos spread on like a frenzy. Bouazizi remained in a coma until his death on January 4, 2011. Videos of his self-immolation sent shockwaves through Tunisia and the wider Arab world, inspiring uprisings that led to the fall of several repressive regimes.

The Torino World Affairs Institute is an independent, non-profit research organization specializing in area studies, global politics, and security studies. In a research paper, they explained that:

"The Arab Spring in 2011 marked the first major confrontation between authoritarian politics and social media. Social media platforms like Facebook and Twitter facilitated mass mobilization for pro-democracy uprisings in a hostile political environment."

In recent years, the role of social media in promoting, organizing, and responding to protests and revolutions has become a hot discussion topic. It has been central to many of the largest and most influential political demonstrations.

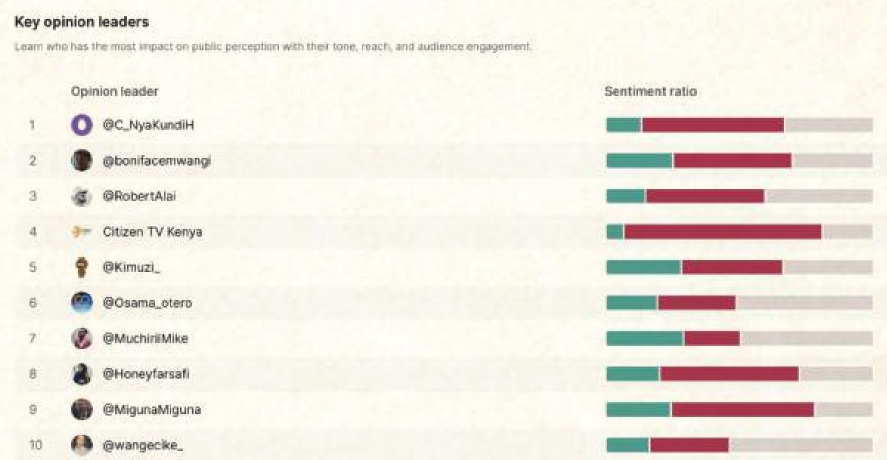
In Kenya, recent protests sparked by a proposed financial bill have prompted a significant internet debate. These mass demonstrations led the President to withdraw his support for the disputed Finance Bill 2024. These protests have been largely organized on social platforms. The infamous #RejectFinanceBill hashtag has become synonymous with the demonstrations

Twitter/ X and the #Rejectfinancebill Hashtag

X, formerly known as Twitter, was one of the leading platforms used by the youth to mobilize themselves for the #RejectFinanceBill protests. To make it easy for everyone to track updates related to the movement, Kenyan X users created viral and catchy hashtags that appeared in every relevant post. This helped them to unify in their stance against the finance bill 2024. The hashtags were quickly picked up by local celebrities and influencers who went on to play a big part in extending the movement's reach and "boosting its credibility".

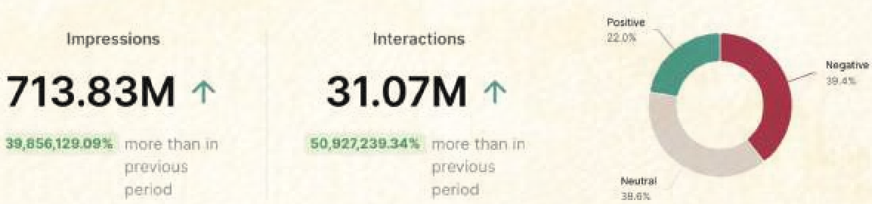
Belva Digital is a marketing-technology (martech) company that delivers transformative and practical solutions to businesses across Africa. They recently shared the following statistics in a report on the #RejectFinanceBill hashtag.

Activist and influencers leading this conversation



Source: Belva Digital

Volume of conversation



There's been more than 31M interactions, generating 713M impressions across the public web. Close to 40% of the conversation is negative, and only 22% is rated as positive. In contrast, there are 22M Kenyans with access to Internet.

The protesters utilized X for instantaneous updates and information on planned protests. X Spaces, a feature that allows users to have live audio conversations with another user or a group of users, has also been used extensively by Kenyans to discuss issues affecting them. More recently, it has been used to share details about planned protests and raise awareness about unfolding events in the country.

The Kenyan president, Dr. William Ruto, made history as the first African president to engage citizens directly in an X Space. It was held on July 5th and attracted a peak of 163,000 participants. During the space, the president engaged the youth and listened to their grievances, promising to make some key changes in his government to ensure that the issues they raised were addressed.

Instagram and TikTok

In 2023, Reuters reported that Kenya had become the world leader in TikTok usage, with 54% of the population using it to create content and share videos from their favourite creators. Reuters also pointed out that 29% of Kenyans use TikTok as their main source of daily news, mostly members of Generation Z, the largest demographic on TikTok globally.

The #RejectFinanceBill movement used Instagram and TikTok to create video content related to its cause. Content creators translated the bill into local languages to ensure that their message reached even the illiterate members of society. Instagram Stories provided real-time updates, with key moments marked as highlights to help newcomers catch up on the movement's progress.

Supporters were urged to share their images and videos, instilling a sense of community and ownership. Engaging posts with high-quality graphics and videos were used to inform and motivate. Visual content from the protests went viral on Instagram and TikTok, generating international attention and media coverage.

Kenya & the US lead in volume of conversation. Surprisingly the UK is missing in the top 10

Source: Belva Digital

> **As responsible social media users, we must report any posts that contain false information to mitigate these risks. As Kenya ventures forth on its path to economic development and political stability, it is equally crucial to ensure that public actions contribute positively to these goals. While the right to peaceably assemble, demonstrate, picket and present petitions to public authorities is guaranteed to all under Article 37 of the Constitution, it is essential to remember that demonstrations must always remain peaceful.**

WhatsApp

WhatsApp also played a crucial role in the movement's organization through group coordination. WhatsApp groups enable communication among teams that manage logistics, media, and safety.

Broadcast messages were used to send out important updates to numerous participants simultaneously, ensuring everyone remained informed. The instant messaging capabilities of the platform allowed for quick decision-making and rapid information dissemination, making it an indispensable tool for the organizers.

Swift coordination via WhatsApp and other messaging apps ensured all participants were aware of exact meeting points and routes, reducing confusion.

Heightened risk of Misinformation

Even though only a few people share false information online, the vast reach of social media platforms means that fake news can spread quickly. In the current climate of heightened tensions in the country, fuelled by political undertones, this can be particularly risky.

The rapid dissemination of false information can fuel deadly conflicts, create confusion, and undermine trust in legitimate sources of news. This makes it even more challenging for the populace to discern the truth and can lead to widespread Misinformation influencing public opinion and decision-making.

It is relatively easy these days to generate a fake AI image and use it to influence public opinion. To the untrained eye, images like these can cause unnecessary panic and violence within our society. The recent protests in Kenya have seen various fake AI-generated images shared widely. People with malicious intent have also created fake tweets, sometimes even compromising government officials.

As responsible social media users, we must report any posts that contain false information to mitigate these risks. As Kenya ventures forth on its path to economic development and political stability, it is equally crucial to ensure that public actions contribute positively to these goals. While the right to peaceably assemble, demonstrate, picket and present petitions to public authorities is guaranteed to all under Article 37 of the Constitution, it is essential to remember that demonstrations must always remain peaceful.

By strategically leveraging these digital tools, the youth were able to organize effectively, mobilize massive turnout, and sustain their resistance against the controversial finance bill. This blend of real-time communication, community building, and transparent fundraising demonstrated the transformative potential of digital activism. If used correctly and responsibly, everyday technology can power significant social change.

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Strategies Adopted By Economies to Spur Economic Growth

Do Taxes Matter?

By Edwin Waithaka

Kenya is currently under pressure from the general public to drop its presumably harsh strategies to solve the economic challenges and induce economic growth.

The country has been grappling with heavy public debt, a decline in tax revenues, increasing government spending and pending projects for some time now.

Despite all these pressures, the government is still expected to induce economic growth and save the citizenry from the wrath of extreme inflation rates, increasing prices of goods and services, high taxes and dwindling incomes.

These challenges pose thought-provoking questions, such as: What are the strategies for economic growth? Do the traditional strategies still work? And why is it so hard to implement them? Why have some countries, like the United States of America, China, and Estonia, applied strategies that have been so successful, while countries like Colombia have performed dismally by applying ineffective tax structures?

What is economic growth? According to the OECD, Economic growth is an increase in the production of economic goods and services in one period compared with a previous period in an economy. It can be measured in nominal or real terms. Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used.

Often, but not necessarily, aggregate gains in production correlate with increased average marginal productivity. That leads to increased incomes, inspiring consumers to open their wallets and buy more, thereby driving a higher material quality of life and standard of living. In economics, growth is commonly modelled as a function of physical capital, human capital, labour force, and technology. Increasing the quantity or quality of the working-age population, the tools they have to work with, and the recipes available to combine labour, capital, and raw materials will lead to increased economic output.

How, then, do Taxes Affect Economic Growth? Taxes affect economic growth, at least in the short term, through their impact on demand. A tax cut increases demand by raising personal disposable income and encouraging businesses to hire and invest. However, the size of the effect depends on the economy's strength. If it operates close to capacity, the effect will likely be small. The impact will be more pronounced if it operates significantly below its potential. The Congressional Budget Office (CBO) estimates that the effect is three times larger in the latter case than in the former. The CBO also found that tax cuts are generally less effective in stimulating economic growth as government spending increases. That is because most spending boosts demand, while tax cuts boost savings and demand. One way to mitigate this effect is to target tax cuts to lower- and middle-income households, which are less likely to put the money into savings.

Economists also postulate that the structure of a country's tax blend determines its economic performance. A well-structured tax blend is easy for taxpayers to comply with and can promote economic development while raising sufficient revenue for a government's priorities. On the other hand, poorly structured tax systems can be costly, distort economic decision-making, and harm domestic economies.

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Over the past few decades, global marginal tax rates on corporate and individual income have declined significantly. Nations raise significant revenue from broad-based taxes such as payroll taxes and value-added taxes (VAT). A neutral tax blend seeks to raise the most revenue with the fewest economic distortions. It doesn't favour consumption over saving, as with investment and wealth taxes. It also means few or no targeted tax breaks for specific activities carried out by businesses or individuals.

A tax blend that is competitive and neutral promotes sustainable economic growth and investment while raising sufficient revenue for government priorities. It is also important to appreciate the fact that there are many factors unrelated to taxes which affect a country's economic performance. Nevertheless, taxes play an important role in the health of a country's economy. Experts use an index to measure whether a country's tax system is neutral and competitive. The *Index* looks at a country's corporate taxes, individual income, consumption, and property taxes, and the treatment of profits earned overseas. As tax laws become more complex, they also become less neutral. The United States, the United Kingdom, and Chile are phasing out temporary improvements to their corporate tax bases.

The *International Tax Competitiveness Index (ITCI)* seeks to measure the extent to which a country's tax system adheres to two important aspects of tax policy: competitiveness and neutrality. A competitive tax blend keeps marginal tax rates low.

Corporate taxes are the most harmful to economic growth, with personal income taxes and consumption taxes being less toxic. Taxes on immovable property have the slightest impact on growth. According to the OECD, Estonia is currently the country with the best tax blend in the world; It has been leading for the last ten years. Firstly, it has a 20 per cent tax rate on corporate income that is only applied to distributed profits. Secondly, it has a flat 20 per cent tax on individual income that does not apply to personal dividend income. Thirdly, its property tax applies only to the value of land rather than to the value of real property or capital. Finally, it has a territorial tax system that exempts 100 per cent of foreign profits earned by domestic corporations from domestic taxation, with few restrictions. This is despite the fact that Estonia is landlocked and disadvantaged compared to many countries worldwide. Its economy is driven majorly by the service industry. According to OECD findings, Colombia is the country with the least competitive tax blend. It has a net wealth tax, a financial transaction tax, and the highest corporate income tax rate of 35 per cent. Colombia's VAT covers less than 40 per cent of final consumption, revealing policy and enforcement gaps.

Kenya ranks at the bottom of the OECD list. It has a 30 per cent tax rate on corporate income. A graduated tax on individual income, with the lowest band of 10% and the highest band of 35%, reintroduced capital gains tax after a long break. It made most goods and services that were exempted or zero-rated. The game is still there; The citizenry has given the government a thorough pass. Will Kenya rise to the occasion and score the most yearned-for goal? Only time will tell!

The debate on the best tax blend will not die soon, and it will be essential to focus on the many other factors affecting economic growth, such as culture, emotions, resources available, technological development, and more.

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Leadership Is Influence

Leaders Must Learn to Embrace Their Followers as Equals

By CPA Sylvia Karaba

In my leadership exploration journey, I came across a quote by John C Maxwell: **"The true measure of leadership is influence—nothing more, nothing less."**

This stirred my thoughts to explore this statement to understand how a leader can apply influencing skills for profound effect leadership, especially in our ever-changing business landscape.

It's important to note that influence should not be confused with control or power. Influence shouldn't be coerced through power or control. Neither should it be gotten by exploiting and manipulating others to get one's way. Influence requires a leader to be intuitive and engage the employees to know what inspires and motivates employees' commitment and use this knowledge to leverage performance and positive results. Influence is correlated to the level of trust between parties; as a matter of fact, influence increases proportionally to the amount of trust in a relationship. Leaders must look for ways to serve and value their followers to build trust and rapport. Actual influence is demonstrated when leaders lead as if they have no power.

To unmask what influence entails, let's first explore what most leaders are missing out on in their roles as leaders. Most leaders view leadership as authority, forgetting that employees have a choice, and they resolve daily the amount of effort they will put into their job. Leadership only provides a partial source of power, and successful leaders know that they cannot rely exclusively on directive tactics to be effective. In instances where directive/coercive leadership is applied, innovation and creativity take a back seat and eventually die off. As we move into the 22nd-century leadership, leaders must learn to embrace their followers as equals and destroy the ivory towers to achieve an exceptionally positive influence on those they lead.

Most influential leaders in history and our time have one thing in common: they influence with character. Leaders looking to have influence must self-evaluate two critical components that speak to character, i.e. Credibility and authenticity, which I will expound on in this article. Though there are many skills that leaders can apply to have a positive influence, these two components will set them up for influence and inspire them towards a successful leadership trajectory. With the emerging trends and global changes in the business environment, Credibility and authenticity will be a unique competitive advantage.

Regrettably, leadership today is characterized by oozing greed, moral decadency, diluted ethics, empty promises and blatant lies. In addition, despite leaders' frequent attendance of business ethics/leadership seminars being at an all-time high, there needs to be a more tangible impact on the leadership of the day. This has created a thirst for impactful leadership in the world. To quench this scorching thirst, we need a breed of leadership willing to do what's right no matter how difficult.

Authenticity is the core of successful leadership, and it is still rare. Most leaders are blinded by status and impeccable supremacy that comes with power. Authentic leaders embrace vulnerability, which is critical in fostering trust, relationship building, creating meaningful connections, transparency, and growth within themselves and their teams. Authentic leaders are at ease when sharing their mistakes, experiences, and failures; accountability and integrity are important and natural to them. In addition, they are respectful, empathetic and open to the opinions of others. They practice human-centred leadership, significantly impacting the organizations and the people they lead. Authentic leaders are natural influencers due to their vulnerability, which creates trust, accountability and Credibility. They influence those they relate with within and without the corridors of power.

Leaders are regarded as credible when their behaviour and actions align with their words. Therefore, the significance

> **leadership today is characterized by oozing greed, moral decadency, diluted ethics, empty promises and blatant lies. In addition, despite leaders' frequent attendance of business ethics/leadership seminars being at an all-time high, there needs to be a more tangible impact on the leadership of the day. This has created a thirst for impactful leadership in the world.**

of Credibility must be considered while evaluating leadership influence. The leadership guru John C Maxwell once said, "Credibility is the leader's currency. With it, he or she is solvent; without it, he or she is bankrupt." We are living in times when Credibility is at an all-time low in leaders.

Interestingly, leaders have consciously or unconsciously embraced the phrase 'Do as I say and not as I do' and still expect to have a positive influence on those they lead. This has been brought by 'power saturation' in the leaders' heads as they lean into the magnetic pole of power. However, leaders must learn to sustain their Credibility in the eyes of their followers in order to have the desired influence.

Unfortunately, most of these leaders don't realize the absence or loss of influence in their leadership until they 'lose the locker room'. These leaders are blinded by power and do not recognize as their followers detach from them. Followers become demotivated and disengaged, make no discretionary effort, do not initiate, and have a cynical attitude. In a nutshell, the followers routinely do just enough, are indifferent, and devoid of passion.

However, those who have 'lost the locker room' can redeem themselves and re-establish their influence by taking some steps that include;

- Embracing vulnerability, admitting own mistakes, and granting others credit when merited. Being a person of high integrity builds trust and belief in your leadership.
- Keeping your commitments; being a person of your word. "Talk right and then walk right" to build trust and walk with your followers.
- Sharing the organization's goals, vision, purpose and aspirations with people and letting them know how their mandates contribute to the organization's good. If the leader gets this right, their influence will be positive.
- Investing in the personal and professional growth of the team. Leaders can apply different methods, including mentorship and coaching, training, helping team members build networks, giving fast and candid feedback and encouraging team members to stretch objectives. Assisting people to grow helps them acquire new skills that work better for the organization.
- Developing a winning team by implementing a winning strategy, building trust and open communication, encouraging diverse voices, promoting collaboration and teamwork, maintaining a positive culture, managing conflict and resolving issues proactively and measuring & elevating team performance. Leveraging each team member's unique strengths and talents and fostering an environment where everyone feels included and valued.

There is no doubt that influence can transform a team that is barely holding on by a shoestring existence, contented with being average, into a team of individuals who seek to be exceptional. Embracing authenticity and Credibility helps leaders embark on a fulfilling leadership expedition of inspiring others to reach their full potential.

For leaders to experience influence, they must have trust and Credibility. As such, leaders must seek input on decisions that impact the individuals or the team. They must know the simple truth: that trust begets trust, and generally, people tend to gravitate around those they trust the most. This will ensure leaders will increase influence and trust and connect people to work together in a healthy and productive manner, which is critical in the new paradigm shift of leadership in the VUCA (vulnerable, uncertain, complex and ambiguous) world of the 21st century.

Influence should be and is reciprocal. One way to elevate your influence with others is to be open to influence yourself. Suffice it to say that you can demonstrate genuine openness by creating psychological safety, promoting and exercising open and transparent communication, seeking ideas and perspectives from the team, and using the talents, skills, knowledge, and expertise of others. By displaying openness, you begin to build respect and trust with others, and that will increase your influence.

> **Leaders are regarded as credible when their behaviour and actions align with their words. Therefore, the significance of Credibility must be considered while evaluating leadership influence.**

An effective leader stimulates followers into action not with intimidation but by provoking their aspirations and motivations to align them to the vision and goals they have as leaders. A leader who is focused and intentional in exercising positive influence in a team builds trust and becomes an impetus for excellence. The positive influence first impacts followers individually then permeates and aligns with group efforts, producing exponential successes. On the flip side, abused influence can result in disastrous outcomes.

Evidently, leaders have a choice to lead people to greatness or despair. Leadership has little to do with management acumen, authority, social status, wealth, residential place, being in charge or title held on an organogram. Leadership is influence: inspiring and awakening a sense of expectation inside those you lead.

Influence isn't just about getting our way. It's earning our way into the hearts and minds of people to make things better. As leaders, let's embrace and actualize the quote by John Quincy Adams, "If your actions inspire others to dream more, learn more, do more and become more, you are a leader".

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The Flood Facing The 'Walking Encyclopedias'

My Visit to The Green Spaces

By CPA Mercy N. Bukania

I had the opportunity to visit green spaces during my work to not only get in touch with nature but also bond with the elderly in our society, whom I like to call our 'walking encyclopedias'.

In my interactions with a few of them, I realized they are very 'digital'. I glanced at them as most made video calls to their loved ones, appreciating how the world has become a global village.

As an individual whose profession involves advising management on maintaining robust risk management frameworks, I could not help but ask myself this question. How safe are our 'walking encyclopedias 'in this digital edge? Who is ensuring their cyber safety? Are they a forgotten lot when it comes to cyber security?

A cyber security risk is a catastrophic event that leaves a trail of devastating effects, like raging floods.

Families, homes, finances, and employees are affected, among many more. These risks vary from Malware (Malicious software such as viruses, worms, Trojans, ransomware, and spyware which can infect systems and cause data loss, financial damage, and operational disruptions), Phishing attacks(fraudulent attempts to trick individuals into providing sensitive information, such as passwords, credit card numbers, or personal details, usually through deceptive emails, messages, or websites), Identity Theft(Cybercriminals stealing personal information, such as Social Security numbers, bank account details, or login credentials, to impersonate individuals or commit financial fraud), Data Breaches (Unauthorized access to sensitive data, whether through hacking, insider threats, or accidental exposure, can lead to the exposure of confidential information, financial losses, legal liabilities, and damage to reputation),

Denial of Service (DoS) Attacks(DoS attacks aim to disrupt the normal functioning of websites, networks, or services by overwhelming them with a high volume of traffic, rendering them inaccessible to legitimate users), Insider

Threats(Employees, contractors, or other trusted individuals with access to sensitive systems and information may intentionally or unintentionally misuse their privileges, leading to data breaches, sabotage, or espionage), Weak Authentication (Inadequate authentication mechanisms, such as weak passwords, lack of multi-factor authentication, or insecure authentication protocols, can make it easier for unauthorized users to gain access to systems and accounts), Unpatched Software(Failure to regularly update and patch software vulnerabilities can leave systems susceptible to exploitation by cyber attackers who exploit known security flaws) among many other risks.

My interaction with Nedilina

During one of the many days, I enjoyed the green spaces, I had an opportunity to interact with Nedilina, a 73-year-old farmer who had been farming since the 1980s. Nedilina informed me that her children, who are covert members of various entities in the digital era, wanted to ensure seamless communication between Nedilina and her customers; therefore, a smartphone was bought for her from the Kingdom of Thailand, a Southeast Asian country. She pointed out that her operations have since improved as she has access to so many services at the click of a button that were unavailable during the' Baby Boom generation age'. 'I can now book and pay for fertilizer from my home'. I can also sell products to my customers, receive money in my bank account, and pay my bills more efficiently.

> **I can also receive firsthand information on what is going on around the farm and resolve matters more efficiently, so I am happy to be part of the 'information age'. It is not like, during our time when to buy fertilizer, you had to take a taxi or bicycle to town, which was a logistical nightmare,' she said.**

I can also receive firsthand information on what is going on around the farm and resolve matters more efficiently, so I am happy to be part of the 'information age'. It is not like, during our time when to buy fertilizer, you had to take a taxi or bicycle to town, which was a logistical nightmare,' she said.

As we continued having a candid conversation, we could not agree more that there are always positive and negative aspects of any development.

She said. 'Recently, I received a phone call from a bank official informing me that they were activating their new ATM cards for customers, and they required my ATM card number and password. The caller was definitely from a bank, so I shared my ATM card number and the three numbers at the back of my ATM card (CVV no). I also received a password on my phone, which they asked me to share with them, and that is what I did. The official told me that my ATM card is now activated. I usually have an ATM card for the account I have not registered for mobile money. So, after five days, I went to town and decided to pass the ATM to withdraw a little cash since some of my customers had not paid me for the maize I had supplied to them, and I needed to begin planting my tomatoes. I headed to the ATM and made the transaction, only to discover I had nil balance in my account. Shocked, I walked into the bank and talked to the guard, who immediately ushered me to see a bank official. I explained to him that I had a balance of 300,000 Kenyan shillings, but now there was nothing! He asked me to wait while he checked my account. He confirmed that, indeed, I had money, and now it was gone, and that from their records, it appears I had been conned. I informed the official of the call I had received from one of their agents and the information I had given to the caller. The official told me that there was a high possibility that the caller was a fraud who was convincing enough for me, the account holder, to divulge my personal details.

As she spoke to me, I could still feel the pain in her voice, her hard-earned money stolen by a criminal.

The story of four generations, perhaps?

This is a story of four generations in the war against emerging cyber threats with the royal titles, 'Everybody', 'Somebody', Anybody' and 'Nobody' who had an important job to be done, and everybody was sure that somebody would do it. Anybody could have done it, but nobody did. Somebody got angry about that because it was everybody's job. Everybody thought that anybody could do it, but nobody realized that everybody wouldn't do it. It ended up that everybody blamed somebody when nobody did what anybody could have done.

A wise man once said, 'Life begins at 70'. This is because, at this age, an individual has achieved phenomenal accomplishments. However, the cyber threats are real and undermine this adage and continue impacting the achievements of 'our walking encyclopedias' who were not born in the digital age but, due to circumstances, have to use these technologies to transform economies, create jobs and improve their lives and other vulnerable and remote populations among them.

What can the generations do?

The Baby boomers (born pre-independence to the 1960s), Generation X (Independence Generation born between 1960s to 1970s), Generation Y (born between 1981 and 1996) and Generation Z (Born between 1997 and the early 2010s) population are essential players in the war against cybercrimes.

How can the other generations avoid the 'story of the four generations' and ensure that our walking encyclopedias in society are better protected from cyber threats and can safely navigate the digital world?

Strategies for enhancing the cyberspace for 'walking encyclopedias.'

- **Education and Awareness:** Provide comprehensive education to the elderly about common cyber threats such as phishing emails, malware, and online scams. Teach them how to recognize suspicious messages, websites, and requests for personal information.
- **Secure Devices and Networks:** Help elderly individuals secure their devices (computers, smartphones, tablets) with up-to-date antivirus software, firewalls, and security patches. Encourage them to use strong, unique passwords and enable two-factor authentication whenever possible.

> "He confirmed that, indeed, I had money, and now it was gone, and that from their records, it appears I had been conned. I informed the official of the call I had received from one of their agents and the information I had given to the caller. The official told me that there was a high possibility that the caller was a fraud who was convincing enough for me, the account holder, to divulge my personal details.

- **Safe Internet Practices:** Let us teach our 'walking encyclopedias' safe browsing habits, such as avoiding clicking on unfamiliar links, downloading files from unknown sources, or sharing personal information online without verifying the legitimacy of the request.
- **Regular Updates and Maintenance:** We can also ensure that their devices and software are regularly updated to patch security vulnerabilities and protect against emerging threats.
- **Filtering and Blocking:** Set up content filters and ad blockers on their devices to reduce the risk of encountering malicious content online.
- **Scam Identification:** Educate them about common online scams targeting the elderly, such as fake tech support calls, lottery, and romance scams. Encourage scepticism and critical thinking when encountering unexpected offers or requests for money.
- **Trusted Contacts:** Help them establish a network of trusted contacts, such as family members, friends, or caregivers, who can assist them with technology-related issues and provide guidance on staying safe online.
- **Privacy Settings:** Review and adjust privacy settings on social media accounts and other online platforms to limit the amount of personal information visible to the public.
- **Regular Check-ins:** Stay in regular contact with elderly individuals to monitor their online activities and promptly address any concerns or incidents.
- **Community Support:** Foster an environment where elderly individuals feel comfortable seeking help and advice on cybersecurity without fear of judgment or ridicule.

So why wait for the flood to wreak havoc in our lives?

Let us avoid the 'story of the four generations' and join in fighting the war against Social Engineering Frauds, financial fraud using social media platforms, ATM card cloning, ransomware attacks, juice jacking, online job frauds, computer hacking, mobile application fraud, cyberbullying, and cyberstalking and many other schemes used by fraudsters to destroy the future of all generations.

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Guidelines For Disaster-Management Leaders

Equipping Leaders to Address the Complexities of Climate Change

By Angela Mutiso and Anthony Obare

How do leaders equip themselves to address the complexities of climate change?

On July 16, 2024, Kenyans reported experiencing earth tremors lasting about 10 minutes. These tremors were felt in Nairobi, Kajiado, Magadi, Kikuyu, Limuru, and the Athi River.

The tremor, which had a magnitude of 4.6, occurred at around 8:30 PM at a depth of approximately 10 kilometers.

It is worth noting that Kenya, located near the East African Rift, is prone to seismic activity. The question is, are managers prepared for such disasters? Are they insurable?

In the wake of such occurrences and unprecedented rainfall due to climate change, effective disaster management has become a crucial aspect of leadership. Managers must recognize the devastation caused by climate change and quickly mobilize resources during crises to restore personal and environmental safety and mitigate further damage.

To address disaster management and related emerging issues, a diverse group of professionals from the insurance and manufacturing industries, recently met in Mombasa Kenya, to among other things, explore how the blue economy can be harnessed for development. (*Blue economy is a term in economics relating to the exploitation, preservation, and regeneration of the marine environment. Its scope of interpretation varies among organizations—Wikipedia*).

The conference assembled insurance managers and risk experts to explore new industrial benchmarks and discuss emerging issues in the industry. These professionals shared mitigation measures and solutions to inform disaster managers about potential challenges, offering practical and actionable recommendations, which we now present to leaders here.

During the meeting, new laws were reviewed, including those regarding electric cars, natural catastrophes, and modern undersea building techniques.

These experts also discussed new laws, including:

- The Impact of Climate Change on Coastal Infrastructure and Business Operations.
- Insurance Response to Climate Change Effects on the Blue Economy.
- Loss Adjuster›s Preparedness to Tackle Claims Emanating from Climate Change.
- Above and Under Water Civil Works.
- Green Innovation.

Insurance Hazards and Mitigation in the Marine Civil Works

Participants pointed out that civil works emerge as critical components shaping sustainable growth in the vast realm of the Blue Economy, where ocean resources intertwine with economic opportunities.

These presentations checked the intricacies of structures above and below the water surface, unravelling the challenges and risks inherent in these ventures and explored the dynamic intersection of environmental, engineering, and economic factors, from ports and harbours to underwater pipelines.

The emphasis lay on insurable hazards and the pivotal role of insurance in cultivating a resilient and sustainable future for the Blue Economy. During the meeting, experts sought to establish a comprehensive understanding of the context surrounding marine and coastal projects, with the objective of addressing their intricate challenges while ensuring their vitality and safeguarding our oceans.

Insurance response to Risks presented by Civil Works and Green Projects

The audience was interested in a critical area of discussion, which is how Risks and Risk Management should be treated in this context…

Below are excerpts…

Coastal Protection and Erosion Control should include;

Construction of seawalls, breakwaters, and erosion control structures to safeguard coastal areas and infrastructure from natural forces.

It was further noted that;

- Laying pipelines and cables on the seabed to transport water, oil, gas, or electricity, supports various industries and activities.
- Building bridges, piers, and ferry terminals, enhances connectivity and transportation links between coastal regions and islands.
- Establishing facilities for marine research, monitoring, and conservation efforts, helps to understand better, and sustainably manage aquatic ecosystems
- Above-water civic works involve the construction of ports, harbours, and waterfront structures to facilitate maritime trade and fishing activities. These projects enhance connectivity, and contribute to the region's economic development.
- Berths (docking areas), Container yards, Cargo handling equipment, and administrative buildings. Breakwaters or seawalls provide shelter from waves and ensure safe navigation.

Fishing piers, marinas, promenades, and recreational facilities are common coastal protection structures. Seawalls, revetments, and groynes absorb wave energy, prevent erosion, and safeguard the shoreline.

Below-water surface civil works involve various construction activities and structures beneath the water level to support maritime infrastructure, navigation, and environmental conservation.

In a coastal county in Kenya, these projects are crucial in ensuring safe and efficient waterborne activities. These include; Dredges, underway pipelines, and foundations for marine structures.

It was revealed that; vulnerability to natural disasters, such as storms and hurricanes, threaten berths and container yards, disrupting cargo operations and potentially damaging administrative buildings. While vulnerability to storms, high tides, and coastal erosion may jeopardize the structural integrity of waterfront facilities, impacting safety and usability. Although breakwaters and seawalls protect ports and harbours, they are exposed to intense wave energy, and failure could significantly damage infrastructure and vessels.

Risk Champions- Integrated Risk Management Approach –

Insurable Hazards –Below Water Surface

What Managers Need to Know

Dredging activities may encounter unexpected obstacles beneath the water surface, such as rocks, debris, or uncharted structures. Dredge machinery, such as dredgers and pipelines, may experience mechanical failures or accidents during operation; Underwater pipelines are exposed to corrosive elements, and damage may occur due to corrosion, impact from external forces, or natural disasters.

There is a risk of leaks or spills from the pipeline, especially if it carries hazardous materials. Environmental liability coverage is crucial in such cases; Foundations constructed below the water surface may face geotechnical challenges, including unstable seabed conditions, which can impact the stability of the structure; Problems during the installation of underwater foundations, such as shifting or settling, can threaten the integrity of the structure.

> Kenya, located near the East African Rift, is susceptible to seismic activity. Insurance against earthquake and tsunami damage is essential for below-water civil works in the region. • Storm Surges and Cyclones: Coastal areas may be at risk of storm surges and cyclones, which can lead to flooding and damage to underwater structures.

Insurable Hazards –Below Water Surface

Storm and Wave Damage; Structures like piers, bridges, and offshore platforms are exposed to the forces of waves and storms, which can cause structural damage. Marine structures may face the risk of collisions with vessels or other floating objects, leading to potential harm.

Impact on Marine Ecosystems: Construction activities below the water surface can have environmental consequences, affecting marine ecosystems. Insurance coverage may include environmental liability protection. If there is a risk of spills or pollution during construction, spill response coverage can help cover containment and clean-up costs.

Insurable Hazards –Below Water Surface

Earthquakes and Tsunamis: Kenya, located near the East African Rift, is susceptible to seismic activity. Insurance against earthquake and tsunami damage is essential for below-water civil works in the region. • Storm Surges and Cyclones: Coastal areas may be at risk of storm surges and cyclones, which can lead to flooding and damage to underwater structures.

Operational Risks; Business Interruption; Unforeseen events can lead to project delays and business interruptions. Insurance coverage for loss of income during interruptions can provide financial protection.

Mitigation Measures–Above Water Surface

In order to address the risks associated with port and harbor development, robust breakwaters, navigational aids, and real-time monitoring systems are crucial for mitigating storm damage and vessel collisions.

- To ensure the safety and resilience of waterfront structures, regular inspections, resilient design, and emergency response plans are essential for mitigating structural deterioration and storm impact.
- Addressing coastal erosion risks requires the implementation of seawalls, revetments, beach nourishment, and strategic planting of vegetation to mitigate shoreline erosion and storm surges. For maritime transportation infrastructure, advanced engineering, proper lighting, signalling, and regular maintenance are essential to mitigate structural damage and vessel accidents.
- To mitigate environmental conservation hazards, environmental impact assessments, creation of artificial reefs, and spill response plans are crucial for addressing habitat disruption and pollution risks.
- Incorporating weather-resilient designs through engineering for resilience, utilization of wind-resistant materials, and effective stormwater management is essential for mitigating extreme weather events and high winds.
- Implementing comprehensive emergency response plans, regular drills, contingency plans, and access to emergency response teams are crucial for mitigating accidents and oil spills.
- Comprehensive insurance policies covering property, business interruption, and environmental liability are essential for mitigating the hazards associated with business interruption and unforeseen events.
- Inclusive planning, transparent communication, and community participation are crucial for mitigating social impacts and public opposition, underlining the importance of community engagement and awareness.
- Utilizing eco-friendly materials and adhering to sustainable construction practices, are essential for mitigating environmental degradation and ecosystem disruption.

Mitigation Measures–Below Water Surface

Comprehensive surveys, advanced dredging equipment maintenance, and regular inspections play a critical role in mitigating dredging and excavation risks associated with subsurface obstacles and equipment failure.

Protective coatings, cathodic protection systems, regular integrity assessments, and spill response plans are crucial for mitigating the risks associated with underwater pipeline, including corrosion, leakage, and external damage. In-depth site analysis, advanced construction techniques, and continuous monitoring during construction are essential for mitigating foundation construction challenges linked to geotechnical issues and installation problems.

- To address marine structure vulnerabilities, robust design for underwater foundations, resilient materials, and strategic location planning plays a key role in mitigating storm damage and collision risks.
- The implementation of environmental impact assessments, habitat restoration initiatives, and the use of eco-friendly construction materials are essential for mitigating the environmental and ecological risks associated with marine projects. Seismic-resistant designs, emergency response plans, and continuous monitoring for early detection are crucial for mitigating the risks associated with natural disasters such as earthquakes, tsunamis, and cyclones.
- Comprehensive insurance coverage, contingency plans, and alternative project scheduling strategies are essential for mitigating operational challenges, including business interruption and project delays.
- Implementing sediment control measures, responsible dredging practices, and adherence to environmental regulations play a critical role in mitigating sedimentation and disturbed habitat risks.
- Mitigation Measures–Below Water Surface Underwater Noise Management In order to address the hazards related to underwater noise management, implementing noise reduction technologies, scheduling activities during low-impact periods, and monitoring noise levels are essential strategies for mitigating noise pollution that disrupts marine life.
- Transparent communication, community engagement, and addressing stakeholder concerns are crucial for mitigating the social impacts and public concerns associated with underwater noise management.

Conclusion

These findings and recommendations empower disaster managers and leaders to enhance disaster management by integrating insurance with the blue economy. They provide a clear roadmap for tackling climate challenges more effectively and sustainably.

By leveraging these insights, leaders can build resilience, innovate in risk management, and lead efficiently. This indispensable knowledge equips you to address the complexities of climate change, ensuring both environmental protection and economic growth. Besides, it arms you with valuable information to deal with insurers. So, use this guide to foster a resilient future.

Angela Mutiso, the editorial consultant of the Accountant Journal (cananews@gmail.com), interviewed Anthony O. Oketch, CEO and Principal Consultant of Global Risk Management and Insurance Surveys Ltd; a seasonal Insurance Risk Consultant, and Certified Energy Manager – AEE (US & SA)- anthony@grsurveyors.com

Transformative Education Revolutionizing Gen Z Minds

A New Generation, Empowered by Transformative Education, Is Ready to Challenge The Status Quo And Lead Innovative Change

Compiled by Angela Mutiso

Transformation is more than "knowing more" through time; when a learner is transformed by education they undergo a shift in perspective, and after that shift, they cannot go back to see the world the way they once did, at least in some small way. A Wichita State University

We have a new crop of students, Gen Z, who are empowered by transformative education and learning and are set to redefine norms and drive impactful progress.

This change is significant because studies showed that many primary schools relied heavily on rote learning. This method favors students who are good at memorization, allowing them to achieve high marks and pass exams, often without genuine comprehension.

Students who could learn by rote rather than comprehensively grasp what they were being taught, held sway, or so it seemed. This raised questions about the balance in education between nurturing deep, meaningful learning and encouraging the recall of information. The problem was that some of these students could barely excel at the next level, where they were expected to think critically and broadly.

This is where Transformative Education and Transformative Learning make a difference.

To appreciate this kind of learning, it is necessary to understand the difference between the two and how they impact learning.

Transformative education is a broader method that significantly changes students' perspectives, values, and skills to empower them to effect societal change. It incorporates entire educational systems, policies, and curricula to foster critical thinking, social responsibility, and personal development.

On the other hand, transformative learning is a process that occurs within individuals, including a profound, structural shift in their thoughts, feelings, and behaviour. It focuses on personal transformation through experiences, critical reflection, and active engagement, resulting in reflective changes in how they understand and interact with the world.

As technology advances, the pressing need for flexible, innovative thinkers is more apparent than ever. Transformative education is not just the attainment of knowledge but the holistic development of individuals to prosper in and shape a fast-changing world.

Transformative education emphasizes critical thinking and problem-solving over memorization; it inspires active participation through hands-on projects and real-world problem-solving. It endorses group work and peer-to-peer learning to augment understanding. It enables you to use digital tools and online resources to facilitate personalized and experiential learning. It also emphasizes the importance of holistic education as it addresses cognitive, emotional, and social aspects of learning for comprehensive personal growth.

Project-Based Learning (PBL) is a core element of transformative education. This is where students learn by actively engaging in real-world and personally meaningful projects. This immersive experience has played a big role in developing critical thinking, collaboration, and innovative and entrenched problem-solving skills.

Transformative education creates global awareness and responsibility. It inspires teaching strategies encouraging students to understand global issues, appreciate cultural diversity, and act as proactive citizens in a globalized society.

It generates collaborative learning environments, which bring about a sense of community, enhance communication skills, and prepare students for teamwork in their future careers. Another aspect of this kind of education is that it enhances curiosity and adaptability, which are critical in an age of rapid technological advancements and changing job landscapes.

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Transformative Learning (according to the *wdu.edublog*) is one theory of learning that particularly focuses on adult education and young adult learning. Transformative Learning, sometimes called transformation learning, focuses on the idea that learners can adjust their thinking based on new information. Jack Mezirow is known as the founder of transformative learning.

It is worth noting that when learners are transformed by education, they experience a shift in perspective, and after that change, they cannot look at life the same way they did before.

Much research has been done on how the kind of education you get shapes your perspectives… As a renowned educationist and long-serving Provincial Director of Education, Clement Onyango once pointed out, teachers must keep up with education trends and transition from teacher-centred instruction to facilitating student-centred learning. They need to go from standardized testing to formative assessments that evaluate understanding and application.

As a trainer of trainers, Onyango, who reinforced holistic education, observed that the absence of holistic education restricts personal growth and societal advancement. It leads to superficial learning, where individuals memorize without proper comprehension and find creative problem-solving and independent thinking difficult.

Studies show that this limited style narrows one's worldview, reducing empathy and cultural awareness, essential for advancing in a globalized society. Additionally, it stunts personal development by neglecting emotional intelligence and social skills, which are necessary for success in both personal and professional realms.

With exposure to different perspectives and encouragement of flexibility, individuals can adapt to new tests and embrace change, which is necessary in this fast-paced world.

Educational limitation also affects the workforce, creating a skills gap that affects communication, teamwork, and leadership, and stifles innovation.

You will notice that when education is not broad based, societal implications are profound. There is substantial intolerance, social divisions, and economic challenges. These limitations, lead to lower civic engagement, making individuals more vulnerable to misinformation.

Meanwhile, technology has facilitated transformative learning experiences in many ways, including virtual classrooms, educational apps, and gamification, which make learning interactive, engaging, and accessible to a broader audience.

We must focus on educators' changing roles from information disseminators to facilitators of learning experiences. Teacher training and professional development must evolve to support these innovative educational paradigms.

The exploration of transformative education presents it, as not just an educational framework but a powerful ingredient for personal growth, social change, and international advancements, notes Onyango.

Transformative education promises to equip future generations with the tools to build a brighter, more inclusive tomorrow by nurturing holistic development, embracing technology, and encouraging a lifelong learning mindset.

It is therefore fair to say that holistic education is critical for nurturing well-rounded individuals who can manage the complexities of today›s world, promoting a more tolerant, innovative, and solid society.

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Harnessing Technology To Combat Climate Change

A Solar-Powered Rail System Offers a Game-Changing Solution

By Alfrique Mwana and Angela Mutiso

Climate change is a threat that requires urgent action across all sectors, including transportation worldwide. According to UNEP's pollution action note (2023), approximately 7 million premature deaths occur annually worldwide due to air pollution.

This could be due to indoor and outdoor pollution. Indoor pollution is largely caused by burning firewood, crop waste, or dung, whereas outdoor pollution results from continued industrialization and transportation. The report shows that outdoor air pollution poses the most significant risk to human health and is the leading cause of premature deaths. Additionally, the report indicates that 20% of deaths from heart diseases are caused by outdoor pollution globally.

Research by Railbus company indicates that transportation systems cause 25% of emissions worldwide. In Africa, the most significant pollutant is windblown dust and vehicles. Most African countries still rely on the colonial trains propelled by diesel. Equally, vehicles are second-hand vehicles that emit volumes of smoke into the atmosphere. The lack of environmental law enforcement mechanisms contributes to the blatant use of unroadworthy vehicles. Adopting clean energy globally in different sectors to reduce emissions is the way to mitigate air pollution. Conventional fuel-powered machines significantly contribute to greenhouse gases and air pollution in cities, especially Nairobi. In 2015, Kenya submitted its Nationally Determined Contribution to reduce 30% of greenhouse gases produced by the transport sector by 2030.

While advancements in electric vehicles offer a glimmer of hope in the fight against climate change, significant challenges remain. One oftenoverlooked contributor to greenhouse gas emissions is the continued use of colonial-era coal and diesel trains in many African countries. Though vital for transporting goods and people, these locomotives spew harmful pollutants. This situation presents a crucial crossroads. On the one hand, these ageing trains provide a vital transportation lifeline, especially for bulky goods. On the other hand, their continued dependence on fossil fuels hinders progress towards a cleaner future.

> **Most African countries still rely on the colonial trains propelled by diesel. Equally, vehicles are second-hand vehicles that emit volumes of smoke into the atmosphere. The lack of environmental law enforcement mechanisms contributes to the blatant use of unroadworthy vehicles. Adopting clean energy globally in different sectors to reduce emissions is the way to mitigate air pollution.**

Developed nations have successfully transitioned to electric trains, demonstrating a cleaner and faster alternative. These electric locomotives boast significant advantages: they are emissions-free, contribute to a quieter environment, and offer improved efficiency. The key to unlocking this potential lies in technology transfer and infrastructure development.

By collaborating with developed nations and international organizations, African countries can acquire the necessary technology and expertise to establish modern electric or solar rail networks. Furthermore, adopting solar-powered train systems presents a more exciting future. These cutting-edge trains harness the sun's power, offering a sustainable transportation solution. While still under development, solar trains hold immense promise for Africa, a continent blessed with abundant sunshine.

Investing in efficient transportation systems goes beyond just replacing old trains. By promoting cleaner alternatives, we can encourage a shift from single-vehicle transportation, further reducing air pollution. A multi-pronged approach that includes electric buses, carpooling initiatives, and improved cycling infrastructure can significantly decrease the number of vehicles on the road, leading to cleaner air and a healthier environment.

Using efficient interconnecting rail would reduce the number of vehicles on the roads for urban mobility. Railbus company has developed a railcar that is a zero-emission solution that runs entirely on renewable electricity. This transformative technology is a 21st-century train that runs purely on batteries and thus plays a vital role in mitigating the impacts of climate change by significantly reducing greenhouse gas (GHG) emissions from urban mobility. The railcar uses lithium-ion batteries and can recover energy when slowing down. This allows it to run on electricity efficiently without directly releasing any pollution.

Furthermore, the railbus system employs dynamic vehicle connections and schedules trips to optimize energy efficiency. This adaptive approach significantly reduces the energy required per passenger, thereby decreasing indirect emissions associated with electricity generation compared to traditional fixed-propelled transit systems. Studies by the company indicate that railbus technology can achieve greenhouse gas emission reductions of up to 80% relative to conventional diesel buses and up to 60% compared to electric buses powered by fossil fuel-dominated grids.

"RAILBUS Interior, including seats, panels, roof lining, floor, and door interiors, is made from recycled microfiber derived from polyester fibres (T-shirts, fibres, etc.) and PET plastic (bottles, packaging materials, etc.). Recycling PET results in an 80% reduction of energy consumption and CO2 emissions into the atmosphere compared to the traditional petrol-based PET production process."

This technology is a combination of efficiency and speed. A trip from Embakasi in Nairobi to Westlands for example, would take less than 30 minutes, making it an efficient mass transportation system. The carriages are equipped with rubber tires and advanced sensor technology; this enables them to autonomously navigate along a predetermined path, which is established through a virtual tracking system rather than physical rails. In Amsterdam, the citywide railbus system running on solar and wind power has reduced the city's transportation-related emissions by 27% in three years, while in Singapore, a renewable-powered railbus corridor has cut emissions by 37% while enhancing mobility and accessibility for commuters. Africa is seen as a hope for the world to reduce atmospheric emissions because of its greenness and tracks of forest land. Railbus would present an opportunity for Africa to preserve its ecosystems while enjoying the benefits of rapid transportation and a boost in economic and social development.

Moreover, there will be reduced traffic jams, increased productivity time for employees, increased recreational and park areas, reduced expenses per capita, road maintenance expenses and much more. Nothing good comes easily; as the saying goes, it is an expensive investment that requires time and dedication from African governments if we are to leave a better world for generations to come. Solar arrays along rail lines feed clean power into the railbus network, while strategically placed battery banks at stations provide energy storage and load balancing capabilities. Beyond its inherent efficiency, the railbus system actively facilitates the integration of renewable energy sources into the electricity grid.

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Africa stands at a crossroads. Traditionally, transportation development has followed a linear path—from colonial-era trains to electric locomotives. However, Africa has the potential to rewrite this narrative. The continent can achieve a transformative leap forward by embracing solar-powered rail systems, unlocking a future brimming with economic and social prosperity.

Imagine reducing the gridlock of traffic jams in African cities by 50%, with employees enjoying increased productivity due to shorter commutes. Reduced reliance on personal vehicles would translate into more green spaces for recreation and parks. Furthermore, a solar-powered rail system would significantly reduce per capita transportation expenses, not to mention a decrease in road maintenance costs.

While the initial investment may be substantial, the long-term gains are undeniable. African governments have a crucial role in prioritizing this transformative shift, ensuring a legacy of sustainability for future generations. The technology behind solar-powered rail systems is remarkably efficient. Solar arrays strategically positioned along rail lines can directly feed clean electricity into the network. Battery banks stationed at critical points can store excess energy and provide load-balancing capabilities, ensuring consistent power supply. This reduces dependence on fossil fuels and actively facilitates the integration of renewable energy sources into the national grid, fostering a more resilient and sustainable electricity infrastructure.

One of the most pressing challenges African nations face is the high cost of electricity generation. This translates to inflated power prices, squeezing profit margins for manufacturers and hindering economic growth. Governments are constantly seeking ways to bring down electricity costs. A solar-powered rail system offers a game-changing solution. By introducing clean and affordable energy sources into the national grid, stability and resilience are significantly enhanced. Lower electricity costs would attract more manufacturing investors to the region, creating a ripple effect of job creation and economic opportunities for local citizens. The benefits extend beyond immediate economic gains. A cleaner, more efficient transportation system reduces air pollution, leading to a healthier environment and improved quality of life. Less reliance on fossil fuels also reduces carbon footprint, contributing positively to the fight against climate change.

The railbus technology represents a critical climate change solution by providing an emissions-free, energy-efficient, and renewable-enabled transportation system for sustainable urban mobility. Solar-powered rail systems are not simply a mode of transportation; they are a powerful engine for progress. While electric vehicles have garnered much attention, the issue of outdated, polluting trains in Africa must be addressed. By embracing technological advancements, fostering international collaboration, and promoting a broader shift towards sustainable transportation systems, Africa can unlock a brighter future characterized by economic prosperity, environmental sustainability, and a healthier, more vibrant society.

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Maintaining a Positive Appearance

Looking Good

Compiled by Angela Mutiso

Self-grooming is a complex practice that encompasses a variety of habits and routines spanning from head to toe. It's not merely about looking good; it is about feeling good and ensuring you prioritize your health and well-being.

Through consistent care and attention to detail in all aspects of grooming, you can achieve a polished appearance and boost your confidence and overall quality of life.

People who maintain good personal hygiene usually present a professional image that reflects well on the organization. Cleanliness is often associated with competence and reliability. Besides, certain workplaces have dress codes that include guidelines for personal hygiene.

Good hygiene practices help ensure that colleagues are comfortable around each other. Foul body odour, bad breath, or unkempt appearance can create discomfort and strained relationships. Studies have shown that workmates are more likely to trust and cooperate with someone who takes care of their hygiene. It demonstrates self-respect and respect for others.

Some elements, although minor individually, collectively contribute to a well-groomed appearance. Everything, from choosing a signature aroma to sustaining good posture and caring for one's hands and feet, play a part in creating a good impression.

Personality and mental health are essential to overall well-being. Positive attitudes, stress management, and strong relationships contribute to mental health. Mindfulness, meditation, and hobbies can reduce stress and improve emotional resilience. A positive self-image and confidence in one's appearance and abilities also play a crucial role in general health.

What steps should you take to boost your appearance and personality?

Beautician Carol Anne, gives us a few necessary tips to consider if you want to look great. Anne who runs a beauty clinic in Nairobi, says self-grooming is essential if you want to maintain a positive appearance, good health, and well-being. First, she states that beauticians must stay updated with the latest trends, techniques, and products in the beauty industry in order to give outstanding services.

Personal hygiene encompasses various activities, including regular bathing and using deodorants, which are crucial for feeling fresh and presenting oneself in the best possible light. It includes many practices, from hair and skin care to diet and exercise.

Taking regular showers or baths using a good quality deodorant and wearing clean clothes, all contribute to a lovely appearance.

Anne notes that to look attractive, your body needs regular attention. Always ensure you are clean and fresh all the time. She adds that during her interactions with clients, she has noticed that when it comes to deodorants, colorless ones seem to work well for those who have allergies.

What you need to do

Hair care, is vital. The cosmetician says keeping your hair clean and finding the right haircut can enhance your features and reflect a well-maintained persona. In addition, choosing products and styles suitable for one's hair type and lifestyle is key. Dealing with scalp health and avoiding excessive heat styling can prevent damage and promote hair growth.

When your hair is in good shape, you generally look responsible. Men must never be left out when it comes to grooming. Menfolk should note that beard care, is an essential aspect of grooming for those with facial hair. A well-maintained beard requires regular washing, trimming, and conditioning to look its best.

Facial care involves a routine that cleanses, moisturizes, and protects the skin. The habit of following a daily regimen with sunscreen to prevent UV damage can greatly impact skin health. Identifying one's skin type enables you to use the right products to address acne or dryness, ensuring the skin remains vibrant and healthy. Try to stay away from the hot sun.

Anne points out that skin care goes beyond the face and involves the entire body. Choosing appropriate moisturizers, protecting your skin from environmental damage, and treating specific skin concerns are vital to maintaining healthy, resilient skin. Proper care and attention can prevent irritation, ageing, and dehydration.

It helps to pay close attention to your eyebrows. *Nnataliesskinsolutions* observes that "the ideal brow shape can accentuate and enhance the eyes. Incorrect brows can give you a fatigued, irritated, or old appearance." Meanwhile, keeping your hands clean and beautiful is great for health and making a good impression. Clean hands prevent the spread of germs, while well-cared-for hands, enhance your general appearance. To achieve this, regularly wash your hands with soap and water, moisturize daily to keep the skin soft, and maintain your nails for a polished look. Easy and effective, this routine ensures your hands are both attractive and hygienic. Men can keep their nails neat, with a gentle manicure and pedicure, and a touch of colorless nail polish. Nail care reflects cleanliness and attention

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to detail. Regular nail maintenance and grooming prevent infections and complement a polished appearance.

Leg care is another important element of grooming. It involves maintaining skin health and addressing issues like varicose veins and cellulite. Regular exfoliation and moisturizing can keep the skin on the legs smooth and healthy.

Anne, whose experiences comprise physical activities and gym work-outs, says exercising is a great thing. For example, walking, running, or cycling are good because they promote circulation, strengthen muscles, and improve overall leg health. Stretching exercises help maintain flexibility and prevent injuries.

Regular physical activity and a balanced diet shape the body and improve skin health, energy levels, and vitality. The benefits of exercise extend beyond physical appearance, contributing to mental health and emotional well-being.

Adequate rest is good for the body to repair itself, and it shows in one's appearance. Poor sleep can lead to puffy eyes, dull skin, and a worn-out appearance.

Clothes that fit well and are appropriate for the occasion can greatly enhance one's appearance and confidence.

Oral Hygiene is paramount as it directly influences dental health, general well-being, and confidence. Regular brushing, flossing, and dental check-ups can prevent gum disease and tooth decay, contributing significantly to one's grooming routine.

Eating various fruits, vegetables, lean proteins, whole grains, and healthy fats ensures the body receives essential nutrients. Vitamins and minerals like vitamin C, E, zinc, and biotin are necessary for skin, hair, and nail health. Staying hydrated by drinking plenty of water aids in maintaining skin elasticity and general bodily functions.

For effective self-grooming, opt for a subtle, pleasant fragrance, and maintain mental wellness by minimizing stress, remaining positive, surrounding yourself with good company, engaging in hobbies, and reading regularly.

Understanding and applying these practices can greatly improve your physical appearance, self-esteem, and overall health.

Tips

- Do not neglect potassium **concentrated in fruits, vegetables and seafood.**
- **Take garlic and onions regularly.**
- **Check your blood pressure and blood sugar regularly, if high, see a doctor.**
- **It is a good practice to brush your teeth before going to sleep. This practice keeps your breath smelling fresh as you head to bed, reduces the chance of cavity formation, and helps prevent food particles from becoming lodged in your teeth.**
- **If your hands burn after touching chilies, wash your hands with tamarind water or with a solution of sugar and lime juice.**

For effective self-grooming, opt for a subtle, pleasant fragrance, and maintain mental wellness by minimizing stress, remaining positive, surrounding yourself with good company, engaging in hobbies, and reading regularly.

The Next Wave: Generation Z Are Shaping The Future Of Accountancy

Embracing Greater Flexibility and Adaptability

By CPA Dr. Nyatete Kenyanya

Recent events in Kenya's political, social and economic environment must have been a wake-up call for all and sundry, and more specifically for the political class.

Driven by resilient voices from young Kenyans of Generation Z, these protests went beyond mere demonstrations against the Finance Bill; they represented a courageous reimagination of power, justice, and identity. In less than two months, this transformation turned the protests into a powerful mechanism for change in Kenyan politics.

Generation Z, born between 1995 and 2010 and often referred to as the iGeneration, the internet generation, or Gen-Z, is the first cohort to grow up in a globally connected world with a natural familiarity with technology and instant information access. Looking at the aftermath of the protests, one would ask: What is so unique about this cohort? Besides, what impact are they likely to have on the future of work, especially in the accounting profession?

As a lecturer, I have had the privilege of teaching the Gen-Zs. Being a Gen-X myself, I have noted that the Gen-Zs are distinctly different in many ways. Research indicates that their brains are structurally distinct from previous generations, shaped by their unique external environment and responses to it. Additionally, it has been noted that the average Gen-Z possesses advanced and complex visual abilities, which have led to the development of numerous visual learning techniques.

The Gen-Z, currently aged between 14 and 29 years, comprises 1.8 billion people globally, accounting for 24% of the global population. Born to mainly Generation X (1965–1980), this generation has been shaped by economic and societal challenges ranging from the 2007–8 global crisis to the recent Covid-19 pandemic. The unique nature attributed to this group has led to them being studied empirically, with many studies focusing on their role as consumers. Lately, however, this generation has joined the labour market and is disrupting it.

While the Millennials and generations before barely grew with the internet and social media, these tools have significantly shaped Gen-Z's attitudes and abilities. They are comfortable with rapidly changing technology and poised to become authoritative figures on technology in the modern workplace, ranging from Artificial Intelligence (AI), Big Data and Blockchain Technology. Behaviorally, Gen-Zs are generally characterized by a strong desire for authenticity and transparency in organizations, as demonstrated in their quest for reforms in Kenya's political landscape. Additionally, they are socially conscious, value diversity and inclusivity, and expect these values to be upheld in their workplaces and communities.

A brief analysis of the attitude of Gen Z employees may illuminate the need for special attention to this particular group. Analysts suggest this generation has become disillusioned with formal tertiary education and traditional career paths, showing a direct tendency to enter the workforce. For instance, a recent survey by the US marketing agency Sparks & Honey revealed that only 64% of Gen-Zs are considering pursuing an advanced college degree, compared to 71% of Millennials. This implies that the average Gen-Z prioritizes gaining practical work experience and skills over formal education. A 2021 report by ACCA and IFAC on *Gen Z and the Future of Accountancy* highlights that this group prioritizes skill acquisition, career advancement, and work-life balance in organizations.

Given their natural inclination towards digital media, this demographic seeks information on public portals and social media, valuing and closely monitoring organizations' responsible behavior. As vigilant and informed consumers, they quickly penalize and raise their voices against any detected malpractice. The average Gen-Z is, therefore, seen as conscientious, ethically driven, and proactive. They place a high value on transparency and accountability, showing a strong commitment to social and corporate responsibility.

> **Regarding job mobility and being a highly connected global generation, Gen-Z highly values opportunities for international career experiences when considering employment. For them, international work offers cultural exposure and new experiences in the interconnected global economy.**

Regarding job mobility and being a highly connected global generation, Gen-Z highly values opportunities for international career experiences when considering employment. For them, international work offers cultural exposure and new experiences in the interconnected global economy. Moreover, Gen-Z, known for their aggressive ambition and lack of patience, seeks rapid career progression while in employment. They recognize that even in challenging situations, opportunities for advancement exist and, therefore, observe workplace transformations and aspire to advance swiftly in a fluid and evolving work environment. Many anticipate promotion in their next career move, with a substantial number considering external opportunities if they align with their career goals.

The grounds are shifting for the accountancy profession, and regulators, trainers, firms and employers in the accountancy sector may need to adapt fast. As traditional career pathways in accountancy fade, the emergence of lattice career paths suggests a shift towards greater flexibility and adaptability in the profession. This trend implies that organizations may need to restructure to facilitate horizontal moves that will allow them to acquire diverse skills and experiences. It also indicates a potential evolution in how career success and progression are defined within the accountancy profession, emphasizing versatility and breadth of experience over linear advancement.

According to the ACCA and IFAC 2021 report on *Gen Z and the Future of Accountancy*, the future Gen-Z accountant will not be limited to traditional financial reporting roles. The report notes that there will be versatility leading to newly identified areas; assurance advocates amidst rising complexities in auditing, risk management, and governance; data navigators, leveraging growing data sources and analytics technologies to drive competitive advantage and inform decision-making; drivers of business transformations across various roles within the accountancy profession; digital playmakers; and last, as sustainability trailblazers, integrating performance management frameworks to drive long-term business value and holistic sustainability.

Therefore, to effectively prepare for the future Gen-Z accountants, professional and examination bodies in Africa, particularly Kenya, should continuously modernise their curricula in collaboration with universities to include advanced topics like digital transformation, data analytics, sustainability reporting, and business innovation. This will equip Gen-Z accountants with essential skills to navigate evolving business landscapes and meet industry demands effectively.

Additionally, they should introduce interactive and technology-driven learning methods that resonate with Gen-Z's preference for digital learning tools and platforms. The learning methods should emphasize practical, hands-on, challenge-based training and real-world simulations that will help develop critical skills in assurance, data management, and strategic decision-making. Additionally, because of their inherent impatience, promoting flexibility in learning pathways and incorporating ethical education throughout their training will ensure Gen-Z accountants are well-equipped to navigate complex business environments with happiness, integrity and innovation.

With a solid foundation in accountancy, the Gen-Z accountant should be enabled to freely envision reshaping organizational norms and redefining the accountant's role in fostering resilient economies and societies.

Accountancy is a promising and enduring career choice for this unique cohort in today›s volatile economic climate. ICPAK, KASNEB and aligned universities such as KCA University should take the lead in this.

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We bring you some business features from Africa.com to follow up in the web. News from Zambia reports that mining companies in Africa's second-biggest copper producer have been asked to double their power-saving efforts to 40% of normal demand. Find out what Starlink, which has faced numerous regulatory obstacles in Africa, is doing about it and much more.

Aliko Dangote Urges Nigeria to Suspend Imports of Diesel and Aviation Fuel

"That is not good for the nation in terms of energy security and that is not good for markets in terms of monopoly," Farouk Ahmed, head of the Nigerian Midstream and Downstream Regulatory Agency, told reporters. He explained that the refinery is still in the pre-commissioning stage and has not been licensed yet, and that relying solely on one refinery for national supply would promote monopoly and jeopardise energy security. Ahmed's comments come in response to allegations by Dangote Industries Limited that IOCs were making it difficult for them to access local crude, forcing them to use middlemen and pay inflated prices.

Source: Bloomberg

Superpower Rivalry Offers Africa Opportunities

Africa's entire rail network is today only slightly larger than France's and Germany's combined. In west Africa only one cross-border line is still working. Very few railways in Africa are seen by private investors as commercially viable. However, America hopes rail investments can pull the resource-rich region into its orbit, and secure the minerals critical for the transition to green energy. China, whose firms own many of the mines and send their output home for processing, is gaining a stranglehold on supply. For African governments the long-run challenge is to overcome the "pit-to-port" model that has defined the continent's railways since their colonial heyday.

Source: The Economist

Zambia's Big Ask to Mining Companies

Officials have asked mining companies in Africa's second-biggest copper producer to double their power-saving efforts to 40% of normal demand. Zesco Ltd., the state power utility, requested operators to increase curtailments or source their own emergency power from this month (July). Copper is crucial to Zambia and the industry generates about 70% of export earnings, so the government has sought to shield mines from the power crisis. Residential electricity users endure daily power cuts lasting at least 12 hours. Production has so far been stable thanks to co-operation between the mining industry and the government, said Sokwani Chilembo, chief executive officer at the Zambia Chamber of Mines. Africa's second-biggest copper producer is experiencing its worst drought in decades as it saps hydroelectric generation.

Source: mining.com

Starlink has Faced Numerous Regulatory Obstacles in Africa

The company has been blocked from approval in seven countries, including Côte d'Ivoire, Burkina Faso, DR Congo, South Africa, and Senegal. But some bans have been reversed — particularly after the company got in touch with top government officials. At the end of April, the satellite broadband service owned by South African-born tech billionaire Elon Musk, disconnected its service in Cameroon following a government order. The regulator said Starlink was operating without a license and posed a threat to national security and fair competition. Regulators across the continent are worried about Starlink because they want control over the content being shared, industry analysts say. This has been a recurring theme of concern for African governments since the rise of the internet and, in particular, social media. Starlink's satellites have no physical infrastructure or official presence in the countries, meaning it isn't possible to turn off the internet. Similarly, Starlink can't be held responsible by governments for content transmitted over the signals.

Source: Semafor

MEMORABLE QUOTES

"Gen z remains undeterred. They understand that building their brand is a marathon, not a sprint. It requires patience, persistence, and a willingness to learn from failure. Moreover, they recognize the power of mentorship and networking in opening doors and propelling their careers forward."

Christabel Kakai, explaining how Gen Z is disrupting the status quo.

"The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state".

Faustin Mwinzi quoting Adam Smith, in his article titled; relevance of classical taxation maxims to Kenya's tax policy.

"It has been the greatest honour of my life to serve as your President. And while it has been my intention to seek re-election, I believe it is in the best interest of my party and the country for me to stand down and to focus solely on fulfilling my duties as President for the remainder of my term.

US President Joe Biden, announcing that he will not seek re-election

"Driven by resilient voices from young Kenyans of Generation Z, these protests went beyond mere demonstrations against the Finance Bill; they represented a courageous reimagination of power, justice, and identity. In less than two months, this transformation turned the protests into a powerful mechanism for change in Kenyan politics. "

Dr. Nyatete Kenyanya; discussing how Generation z are shaping the future of Accountancy.

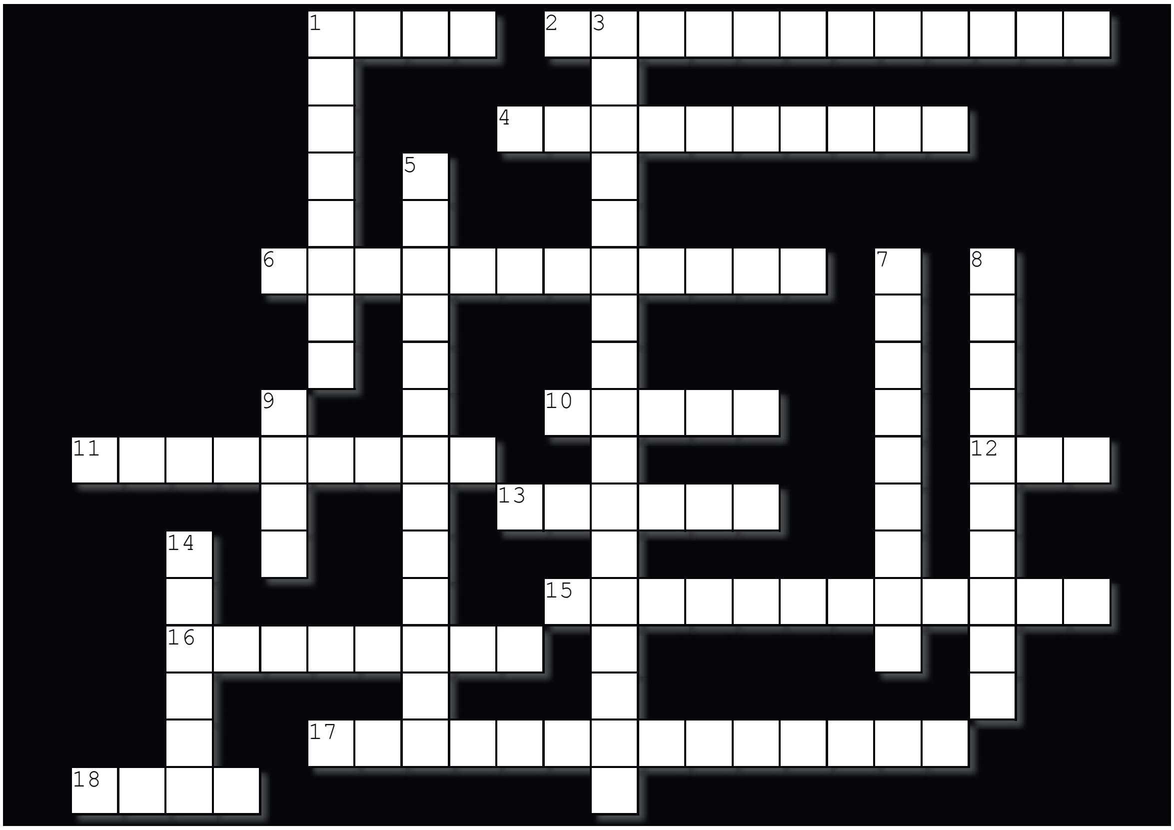
"If I may offer words of advice, to members opposite. On the government benches, life comes at you fast. Soon you might be fortunate enough to be tapped on the shoulder and offered a junior ministerial role. Then you'll find yourself attending cabinet. Then in the cabinet. And then when the Prime Minister's position becomes untenable, you might end up being called to the highest office, and before you know it, you have a bright future behind you and you are left wondering whether you can credibly be an elder statesman at the age of forty-four."

Rishi Sunak, a British politician who has served as the 57th Prime Minister of the United Kingdom from October 25 2022 until July 5 2024 when he resigned.

"You only have to do a few things right in your life so long as you don't do too many things wrong."– *Warren Buffett*

ACCOUNTANTS CROSSWORD PUZZLE

Complete the crossword puzzle below

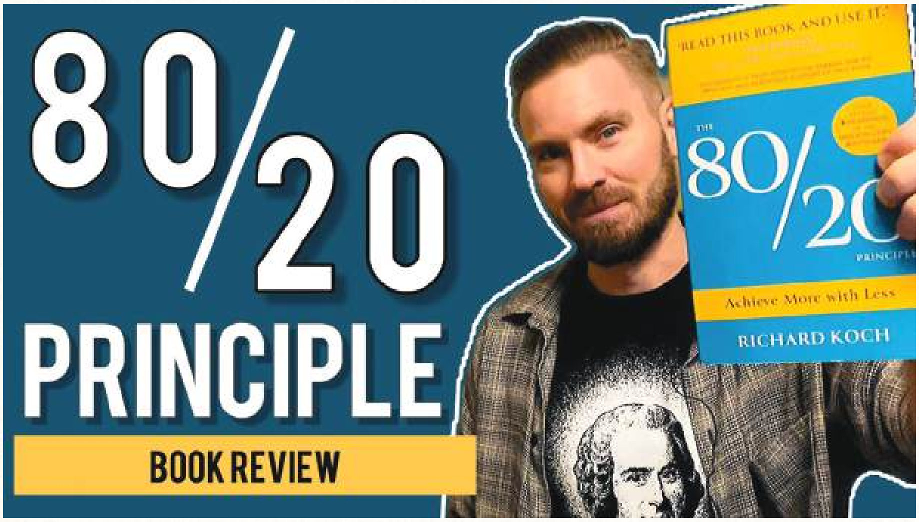


Across

1. Standards guiding firms on maintaining audit quality.
2. A financial statement showing the company's assets, liabilities,and shareholders' equity
4. Maintains financial records and prepares financial reports
6. A reduction in the value of an asset over time, particularly for fixed assets.
10. The professional body regulating accountants in Kenya
11. Lincence under Category C
12. Certified Public Accountant
13. The excess of total revenues over total expenses
15. CPD that includes informal learning activities like reading and research
16. The distribution of a company's earnings to its shareholders.
17. Guidelines and criteria for environmental, social, and governance practices
18. Accounting standards that provide guidelines for the preparation and presentation of financial statements.

Down

1. The cost of borrowing money, usually expressed as a percentage
3. The principle that revenues and expenses are recognized when they are earned or incurred, not when cash is exchanged
5. Assets that are expected to be used or converted into cash within a year
7. A membership Category
8. CPD that includes formal learning activities like workshops and courses
9. A type of debt instrument issued by governments or corporations
14. An accounting record where all business transactions are initially recorded.



The 80/20 Principle

The Secret to Achieving More with Less

Reviewed by Angela Mutiso

Title: The 80/20 Principle; The Secret to Achieving More with Less

Author: Richard Koch

Category: Time management; Investment, psychology

Publisher: Doubleday Publishing Group

"The 80/20 principle treats time as a friend, not an enemy. Time gone is not time lost. Time will always come round again. This is why there are 7 days in a week, twelve months in a year, why the seasons come round again…it is our use of time, and not time itself, that is the enemy."

Richard Koch

Richard Koch's book tells you that you can be more effective with less effort by learning to identify and leverage the 80/20 principle. He says that 80 per cent of all our business and life results stem from a mere 20 per cent of our efforts.

Reviewers say the 80/20 principle is one of the great secrets of highly effective people and organizations. Did you know, for example, that 20 per cent of customers account for 80 per cent of revenues? That 20 per cent of our time accounts for 80 per cent of the work we accomplish?

The 80/20 Principle explains how we can achieve much more with much less effort, time, and resources by identifying and directing our efforts on the 20 per cent that counts. The 80/20 principle has long influenced today's business world, and author Richard Koch reveals how it works and how we can use it systematically and practically to boost our effectiveness and significantly improve our careers and companies.

The hidden truth of the 80/20 principle is that much of what we spend our time on holds little significance. However, by focusing on the few things that truly matter, we can unlock the immense potential of the crucial 20 per cent, transforming our efficiency in our jobs, careers, businesses, and lives.

The book has 12 chapters with topics ranging from how to think 80/20, the underground cult, why your strategy is wrong, simple is beautiful, hooking the right customers, the top 10 business uses of the 80/20 principle, and the vital few give success to you. Others are being free, the time revolution, the idea that you can always get what you want with some help from your friends, intelligence and laziness, money, money, money, the seven habits of happiness, and the two dimensions of the principle.

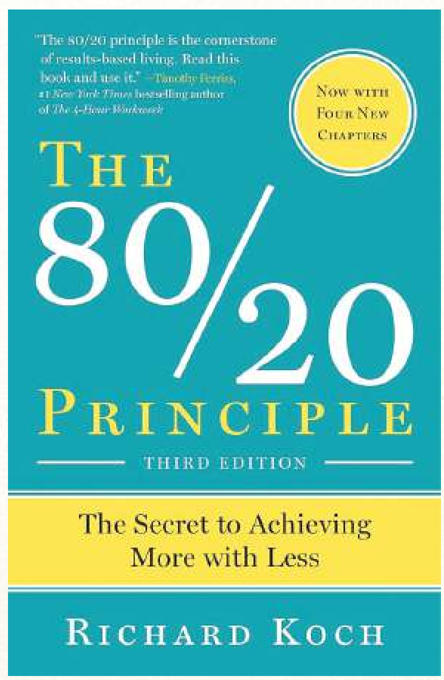
Each chapter in this exciting book is thoroughly rewarding. The top 10 uses of the 80/20 principle include strategy, quality, cost reduction, service improvement, marketing, selling, information technology, decision-making, and analysis. It incorporates inventory management, project management, and negotiation.

The 80/20 Principle has sold more than a million copies and has been published in around forty languages. Koch has, in addition, written more than twenty acclaimed books and co-authored some books on business, ideas and personal success. He is a former management consultant and entrepreneur.

Read Richard Koch's thrilling book to discover how to unlock the hidden potential of the 80/20 principle in your life.

This book is available online, in leading bookstores, and from some vendors

cananews@gmail.com



The Eden Resort Hutias

A Mini-Paradise in Bisil

By Alfrique Mwana

Dawn breaks over the Kajiado hills, painting the sky in a breathtaking canvas of orange and pink. As the first rays of sunlight pierce the horizon, they unveil the hidden gem of Eden Resort Hutia, a sanctuary of tranquillity nestled in the heart of Kajiado.

As you stir from your slumber, the air is alive with possibility, gently roused by the melodious chorus of countless birds nestled in the acacia trees. Stepping onto your private patio, you're enveloped by the crisp morning air, an intoxicating blend of wild grass and earth that awakens your senses and invigorates your spirit.

As the sun's golden orb continues its majestic ascent, the resort grounds unfold before you like a living masterpiece. Tiny lizards, nature's acrobats, dart along the paths, seeking warmth and perhaps an unwary insect for breakfast. The resort's resident geese parade proudly, honking a joyful reveille as they scout for nocturnal creatures that lingered too long in the open. The ground beneath your feet is slick with dew, but the thoughtfully paved paths offer a safe passage from your cottage to the open pavilion where breakfast awaits. As you make your way, you can't help but marvel at the seamless blend of wild nature and thoughtful design that defines Eden Resort Hutia.

The kitchen is a hive of activity, the air thick with the aroma of richly-brewed Kenyan tea, spiced with aromatic masala or tangawizi (ginger). The scent of warm pastries wafts on the breeze, a siren call to your growling stomach. As you settle in for your morning feast, you're presented with a sumptuous spread that showcases the best of Kenyan cuisine – fresh, ripe fruits bursting with flavor, warm chapati and crispy mandazi, perfectly baked potatoes, and succulent pieces of meat that promise to fuel your day's adventures.

As you relish each delicious piece, you're attended to by Maasai staff, their vibrant shukas and intricate beaded jewellery a feast for the eyes. Their warm smiles and genuine hospitality make you feel less like a guest and more like a cherished friend as they offer suggestions for making the most of your day in this slice of paradise. With breakfast concluded, the day stretches before you like an open book, each page promising new

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delights. As the temperature rises around 10 am, you can retreat to your grass-thatched cottage, a calm oasis where you can relax on your plush bed or sink into a comfortable safari seat. Perhaps you'll lose yourself in a good book or gaze at the breathtaking landscape, drinking in the beauty surrounding you.

For those with adventure in their hearts, a cultural walk around Eden beckons; a chance to immerse yourself in the rich traditions of the Maasai people, to learn about their unique way of life while marvelling at the rugged beauty of the landscape they call home. Every step is a story, every scene a memory in the making. If you prefer your adventures on foot, guided hikes through the scenic Kajiado hills offer a more intimate communion with nature. The area is a veritable paradise for bird enthusiasts, with over 400 species recorded. The diversity is staggering – from tiny, jewel-like sunbirds to majestic raptors soaring on thermals high above.

For those thirsty for wildlife encounters, the world-famous Amboseli National Park is just 200 kilometers away. The resort will organize for the safari; you can witness nature's grand spectacle – herds of elephants roaming against the backdrop of snow-capped Kilimanjaro, giraffes browsing on the canopy of acacia trees, and an abundance of other magnificent creatures in their natural habitat. Eden Resort Hutia's strategic location in Bisil, along the Nairobi-Namanga road, is the perfect stopover for travelers. It is known for its speciality in nyama choma (roasted meat), whether beef, goat, port or mutton meat. The resort has a small farm for goats, chicken and vegetables; every food cooked is fresh from the farm. City dwellers seeking respite from the ceaseless clamour of Nairobi, Eden is more than a resort – it's an oasis of calm, a place to recharge your batteries and reconnect with nature.

There's a time for exhilarating adventures, and then there are those moments when pure indulgence lies in complete relaxation. This resort caters to both. Imagine yourself lounging on the open verandah, a captivating book in one hand and a refreshing drink in the other. As the day unwinds, you can retreat to your beautifully appointed cottage, a true masterpiece of design. Modern comforts blend seamlessly with traditional Maasai aesthetics, creating a unique and unforgettable ambience. Each room is a curated haven, ensuring a fresh experience on every visit.

The resort offers a variety of room options to suit your needs and budget. Standard, superior, and executive rooms are all available in pairs, each uniquely designed to provide privacy and tranquillity. Prices range from 4000kes to 5500kes for single occupancy and 7500kes to 10500kes for double occupancy. Stepping inside reveals interiors adorned with warm dark red tones, crafted to resemble small bricks joined with cement. This creates a rustic yet refined ambience that perfectly complements the surrounding landscape. Stepping inside your private haven, luxury unfolds before you. Whether you've opted for a single, double, or executive room, each is a sanctuary of comfort and style. Plush bedding promises restful sleep, while premium toiletries ensure a pampering experience. Unwind on your private veranda, complete with outdoor furniture that allows you to embrace the stunning hillside views fully.

The king-size beds, a unique blend of form and function, feature concrete bases for unwavering stability and stylish wooden bindings. Cleverly designed details enhance your stay, from the curved wardrobe beside the bed for easy access to belongings to the well-appointed bathroom with a guaranteed hot water supply, a necessity for washing away the day's adventures. For those seeking a more rustic experience, the resort offers a meticulously maintained camping ground. Lush greenery creates

a tranquil environment, and tents accommodating one to eight guests are available for rent at affordable prices ranging from 1500kes to 8000kes. Those bringing their camping gear can enjoy the grounds and bathroom facilities for a minimal fee of 1500kes.

As dusk descends, Eden Resort undergoes a captivating transformation. Strategically placed LED solar lights illuminate the compound, creating a warm oasis amidst the vast darkness of the surrounding landscape. Bathe in the soft glow as you recall the day's adventures, or soak in the mesmerizing interplay of light and shadow – a perfect end to a perfect day. As twilight paints the sky in hues of orange and purple, a chorus of nocturnal creatures begins their serenade. The persistent chirp of crickets mingles with the distant laughter of hyenas and the fidgeting of birds in their nests, creating a blend unique to the African wilderness. This enchanting soundscape is a backdrop to the evening's transformation at Eden Resort.

The bonfire arena, now ablaze with crackling flames, becomes the heart of the resort. Comfortable cemented couches, generously lined with cushions, beckon guests to gather and share stories under the vast African sky. Laughter and conversation flow freely, fueled by the warm glow of the firelight dancing on animated faces. The unmistakable aroma of nyama choma, succulent grilled meat, fills the air. As the night deepens, the energy shifts. Music, both traditional and contemporary, fills the air. The rhythm becomes irresistible, inviting guests to take them to the dance floor. Their movements are a reflection of the joy and camaraderie that permeates the atmosphere. Beneath the clear and star-studded African sky, guests experience an unforgettable evening where cultural immersion blends seamlessly with uninhibited revelry.

"As dusk descends, Eden Resort undergoes a captivating transformation. Strategically placed LED solar lights illuminate the compound, creating a warm oasis amidst the vast darkness of the surrounding landscape.

In these moments, bathed in the warm glow of the fire and surrounded by newfound friends, a sense of belonging washes over you. You realize that Eden Resort Hutia is more than just a place to stay; connections are forged, and memories are made to last a lifetime. The resort's story itself embodies the spirit of togetherness. What began as a simple family gathering spot, a "firm house" designated for cherished moments with loved ones, gradually blossomed into a welcoming haven for others seeking the same sense of community. As word spread of the delicious nyama choma and the undeniable charm of the location, a second cottage was built to accommodate overnight guests. Soon, four more followed, transforming the once-private haven into a full-fledged resort. This organic growth, driven by the desire to share the magic of Eden with others, is a testament to the power of hospitality and the enduring strength of human connection.

Eden Resort Hutia isn't just a place to unwind; it's a gateway to transformative experiences. Whether you crave exhilarating adventures, complete relaxation beneath the Kenyan sun, or a deeper connection with nature's wonders, Eden caters to your desires. Beyond leisure experiences, Eden Resort Hutia offers a serene environment for corporate team-building retreats and group bonding sessions away from the city's bustle. Let the resort's tranquillity foster collaboration and strengthen connections within your team.

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IFRS 18 Revolutionizes Financial Performance Reporting For Greater Transparency

By CPA Charles Lutimba

Keeping apprised of the changes in accounting standards is a challenge a contemporary accountant will admit. These changes are triggered by the ever-changing environment within which the profession thrives.

Critical drivers of such changes are the need to sustain investor confidence in financial statements. According to the *Conceptual Framework for Financial Reporting,* general-purpose financial reporting aims to provide financial information about the reporting entity that is useful to existing and potential investors. On 9 April 2024, the International Accounting Standards Board (IASB) issued a new standard – IFRS 18, 'Presentation and Disclosure in Financial Statements' – in response to investors' concerns about the comparability and transparency of entities' performance reporting. The new Standard is expected to give investors more transparent and comparable information about the financial performance of organisations, enabling better investment decisions.

The Accountants Act 2013 mandates the Council of the Institute **of Certified Public Accountants of Uganda** (ICPAU) to issue and adopt internationally accepted accounting standards, make suitable adaptations where necessary, and promote the usage of the standards in Uganda. The Council in 1998 adopted the usage of IFRS Accounting Standards in Uganda. As such, any amended or new standards become effective as and when pronounced to be effective unless otherwise. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, including for interim financial statements in the initial year of application, and to restate comparative information for the prior year by IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Motivation

Several reasons have been advanced to justify the need for IFRS 18.

(a) The need to enhance comparability in the statement of profit or loss (income statement) since the current Standard does not provide for any specified structure for the income statement, hence making comparability impossible – for example, it has been observed that while operating profit may be one of the most frequently used subtotals today, the same has not been defined anywhere within the IFRS Accounting Standards. As such, companies have applied different definitions to the same subtotals over time.

(b) There is a need to enhance the transparency of management-defined performance measures (MPMs) by providing adequate information, enabling investors to understand how company performance measures are calculated and how they relate to the required measures in the income statement. This is intended to ensure transparency and simplicity in the disclosures of MPMs and ensure investors appreciate the choice and changes in MPMs.

(c) There is a need for a more helpful grouping of information in the financial statements, which arguably aids meaningful investor analysis of organisations' performance. This information is intended not to be very summarised nor detailed but just adequate for an investor to use as and when needed.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The Standard carries forward many requirements from IAS 1 unchanged, except for the critical changes discussed below.

1. Categories and subtotals in the statement of profit or loss

IFRS 18 introduces a defined make-up for the statement of profit or loss. A company must now group its income and expenses (the statement of profit or loss) into five categories: **operating, investing, and financing**, plus **income taxes and discontinued operations.** This defined make-up aims to reduce diversity in reporting the statement of profit or loss, helping users of financial statements to understand the information and make better comparisons between companies. IFRS 18 provides general guidance for entities to classify the items among these categories and additional requirements for entities that provide financing to customers (for example, banks) or that invest in assets with specific characteristics (for example, an investment entity) as a primary business activity is also included.

Operating Category	**Investing Category**	**Financing Category**
This is a default category and will include all income and expenses arising from a company's operations, regardless of whether they are volatile or unusual in some way. It will also include but will not be limited to income and expenses from an organisation's main business activities which means that income and expenses from other business activities, will also be classified in the operating category if those income and expenses do not meet the requirements to be classified in any of the other categories. The subtotal of operating profit/loss is intended to give a complete picture of the organisation's operations and all organisations will be required to present this subtotal	This includes income and expenses from assets that generate returns separately from an organisation's business activities,for example, an organisation might collect rentals from an investment property or dividends from shares in other companies and; income and expenses from cash and cash equivalents and investments in associates among others.	This includes income and expenses on liabilities such as bank loans and bonds (liabilities arising from pure financing transactions); and interest expenses on any other liability, for example, lease and pension liabilities. This category together with the profit before financing and income tax subtotal will enable investors to analyse the performance of the organisation before the effect of its financing decisions.

Classification of foreign exchange differences
Foreign exchange differences are classified in the same category of the statement of profit or loss as the income and expenses from the items that gave rise to the foreign exchange differences. For example, foreign exchange differences on bank loans are classified in the financing category while foreign exchange differences arising from a company's main business dealings would fall under the operating category.

IFRS 18 requires entities to present specified totals and subtotals, that is, the mandatory subtotal of '**Operating profit or loss** and '**Profit or loss before financing and income taxes**', with some exceptions (for example, where a bank has financing as a main business activity and has made specific presentation choices). The operating profit shall be analysed either by nature, by function or using mixed presentation. If any operating expenses are presented by function or using mixed presentation, then new disclosures will apply.

1. Management-defined Performance Measures disclosures

The standard now requires that non-GAAP measures that are;

(a) a subtotal of income and expenses i.e., Management-defined Performance Measures (other than those listed by IFRS 18 or specifically required by IFRS Accounting Standards);

(b) used in public communications outside financial statements and;

(c) used to communicate to investors management's view of an aspect of the financial performance of the company as a whole will be reported now as a part of notes in the financial statements and subject to audit. Organisations often use these MPMs to explain their financial performance because it allows them to tell their own story and provides investors with useful insight into an organisation's performance. IFRS 18 now requires the companies to identify and disclose these MPMs in the financial statements. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated, explanations on any changes to the MPMs and reconcile it to an amount determined under IFRS Accounting Standards including tax and non-controlling interest effects for each reconciling item. Some of the examples of MPMs are "adjusted profit", "adjusted operating profit".

2. Aggregation and disaggregation (impacting all primary financial statements and notes)

IFRS 18 provides enhanced guidance on the principles of aggregation and disaggregation, which focus on grouping items based on their shared characteristics. These principles determine the level of detail needed for the information and are applied across the financial statements. They also define which line items are presented in the primary financial statements and what information is disclosed in the notes. Under more aggregated information, an organisation must provide a 'useful, structured summary' of its assets, liabilities, equity, income, expense, and cash flows in its primary financial statements. Under more disaggregated information, an organisation in its notes will be required to provide 'additional material information'. Organisations are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

Other limited changes

IFRS 18 will make some other limited changes to presentation and disclosure in the financial statements.

For example, IAS 7, 'Statement of cash flows', is amended to:

(a) specify 'operating profit or loss' as the starting point for reconciling cash flows from operating activities; and

(b) remove the existing options for the presentation of interest and dividends cash flows as operating activities.

IAS 34, Interim Financial reporting has been amended to require organisations to disclose information about MPMs in interim financial statements.

Who is impacted?

All entities reporting under IFRS Accounting Standards will be impacted. The same requirements apply for both public and private entities, including the identification and disclosure of MPMs.

Key Observations

- Entities will need to carefully assess which income and expenses belong in each category. Classification will vary depending on whether a company has specified main business activities or not.
- With the change on aggregation and disaggregation, entities may need to reconsider their chart of accounts to evaluate whether their existing presentation is still appropriate or whether improvements can be made to how line items are grouped and described in the primary financial statements.
- The general changes in the structure/make-up of the statement of profit or loss and additional disclosure requirements might also require an entity to make significant changes to its systems, charts of accounts and mappings, among others.
- It might be difficult to identify MPMs and extensive procedures might be required by auditors to assess completeness. Therefore, entities may need to revisit the purpose and relevance of existing 'non-GAAP' measures.
- Since MPMs will be subject to audit, practising accountants will need to upgrade their systems and approach to address any management bias that may be associated with the MPMs.
- The reconciliation under MPMs may involve additional effort and may call for additional resources and expertise for entities.
- Retrospective application is required by the standard, and so comparative information needs to be prepared under IFRS 18. With the effective date of 2027, entities need to commence with preparation of comparatives.
- Since the classification among categories for the statement of profit or loss is performed at the reporting entity level, there might be differences in classification between an entity's individual financial statements and the consolidated financial statements. Entities belonging to group will need to harmonise the classification with the aim of ensuring meaningful comparison and minimum effort when consolidating.

ICPAU is committed to supporting entities in the early stages of implementation of the standard. A number of engagements have been lined up to ensure a smooth transition to IFRS 18.

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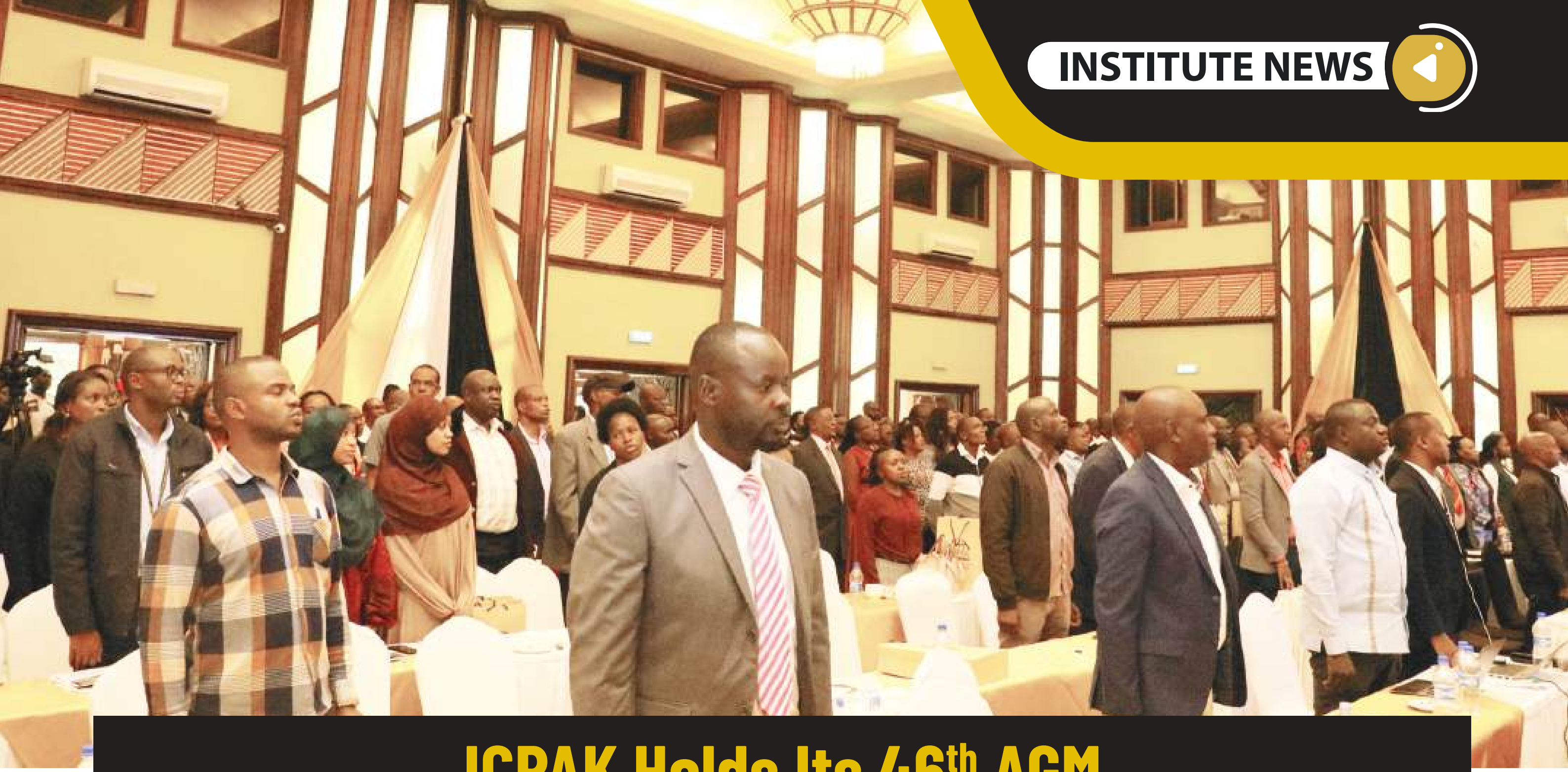


ICPAK Holds Its 46th AGM

The Institute held its 46th Annual General Meeting on June 7th at Safari Park Hotel. The event was led by Institute Chairman CPA Philip Kakai, supported by Vice Chairman CPA Prof. Elizabeth Kalunda, ICPAK Council Members, and the CEO CPA Dr. Grace Kamau. During the event, FCPA Hesbon Omollo and FCPA Georgina Malombe were announced as the re-elected council members, and CPA Wycliff Bichanga was announced as the newly elected council member.

CFOs Forum

On 28th June 2024, the CFOs Forum on “Value Creation Through Sustainability Reporting and Technology” commenced with a keynote address from Danny Ochieng, CEO of TAD Capital & Investments LLC. Other panellists include CPA Zipporah Chege, CFO of ICEA Lion Group, and CPA Patrick Ng’anga Lybra Consult. The forum brought together CFOs to discuss reporting methodologies, address misconceptions, and explore emerging challenges in sustainability reporting and technology.

MSMEs and Women Groups Training-Kwale County

On 5th Friday 2024, the Chairman CPA Philip Kakai joined the Governor, Kwale County, H.E Hon Fatuma Achani and her County Executive in the official closing of a 2- day training of MSMEs and Women Groups in the county. Over 200 participants were trained on basic bookkeeping, taxation, credit management and record keeping as part of the partnership between the County and ICPAK. The Chairman was accompanied by CPA Wycliff Bichang'a Council Member, FCPA Farheen Khandwalla, Chair ICPAK Coast Branch, Excom Members of the Branch and Secretariat.

ICPAK Signs MoU with the County Government of Bomet

On 11th July 2024, the institute signed a Memorandum of Understanding with the County Government of Bomet. Led by the Governor, H.E. Prof. Hillary Barchok, EGH and the ICPAK Chairman CPA Philip Kakai, the two institutions agreed to partner and collaborate on capacity building of county staff, technical advice on budgetary processes, research, accountancy support to community groups and the MSMEs at the county level among others. The Governor was accompanied by Mr. John Langat (County attorney), Dr. Sigei Kimutai Andrew (Economic Planning, Finance and ICT), CPA Rosa Bett (CEC Agriculture, Livestock, Fisheries and Cooperatives), CPA Benard Koros, (Chief Officer Cooperatives), CPA Sammy Kirui, (Director, Internal Audit) among other county Staff.

The Chairman of the Institute CPA Philip Kakai was accompanied by the Director of Public Policy and Research, Hillary Onami and South Rift Executive Committee members led by the Branch Chairman CPA Cornelius Kipkemoi Ng'etich, Vice Chairman CPA Kipkemoi Cheruiyot, Bomet County Representative CPA Winny Cherotich and CPA John Bii a Coopted Member.

Annual Practitioners Conference

The Annual Practitioners Conference took place from July 10th to 12th at the Safari Park Hotel. The three-day event was officially opened by CPA Prof. Elizabeth Kalunda, the Vice Chairman of ICPAK, who stressed the importance of embracing technology, investing in networking, and adapting to change to succeed in a dynamic environment. She also urged financial information providers to adhere to the highest standards of transparency, accuracy, relevance, and timeliness in financial reporting. The theme of the conference was "Embracing Quality Requirements for Excellence in Service Delivery." The event saw attendance from the Vice Chairman, several Council members, and various delegates.








SACCO Sector Conference

The SACCO Sector Conference Kicked off on 24th July 2024 bringing together industry leaders, policymakers, and stakeholders to discuss the key trends shaping the SACCO sector. The event highlighted the industry's latest developments, challenges, and opportunities, fostering discussions on innovation, sustainability, and growth strategies to enhance the sector's impact and reach.

KCA University's 16th Graduation Ceremony

On behalf of ICPAK and its council, ICPAK Chairman CPA Philip Kakai had the honor of attending KCA University's 16th graduation ceremony on July 17th, 2024. In his remarks, he reflected on how this moment allows us to pause and consider our aspirations. He highlighted the university's 35 years of growth, determination, and remarkable achievements, reminding us that success is never final—it is a continuous journey. He warmly welcomed students, parents, and families to the ceremony, themed "Charting New Horizons in Research and Academic Excellence for Lifelong Learning." Congratulations to the class of 2024!

To fully realize its potential and bring its vision to life, the Chairman emphasized the need to:

Be progressive - always looking forward and embracing innovation.

Be responsive - attuned to the needs of our community and ready to address them.

Be selective - focusing on excellence in key areas, recognizing that we cannot excel in everything.

Be metropolitan - acting as a regional partner and a driving force in tackling social challenges and fostering economic development.

Chair Addressing Graduands

KASNEB International Conference

On 23rd July 2024 the Chairman of the Institute, CPA Philip Kakai had an incredible opportunity to present at the prestigious KASNEB International Conference on Professional Programmes today at the beautiful Pride Inn Paradise Beach Resort. His presentation centred on the critical issues surrounding money, banking, and finance in the evolving global landscape.

He highlighted the global economy's interconnectedness and stressed the importance of fostering positive global finance to benefit our interconnected world.

IFRS Master Class

The IFRS Master Class took place from July 15th to 19th at the Safari Park Hotel, spanning five intensive days dedicated to deepening the understanding of International Financial Reporting Standards. The event was anchored around the theme "Navigating the Complexities of International Financial Reporting Standards," attracting a wide range of professionals keen on mastering these critical financial guidelines.

Throughout the conference, attendees delved into a variety of significant topics. These included an in-depth exploration of IFRS 18, comprehensive strategies for the preparation of cash flows, and detailed discussions on IFRS 5, IFRS 9, IFRS 16, and IFRS 17. Additionally, the sessions covered the newly introduced IFRS S1 and S2 standards, emphasizing their relevance and application in current financial practices.

A notable highlight of the event was the focus on linking sustainability to financial disclosures, underscoring the growing importance of integrating environmental, social, and governance (ESG) factors into financial reporting.











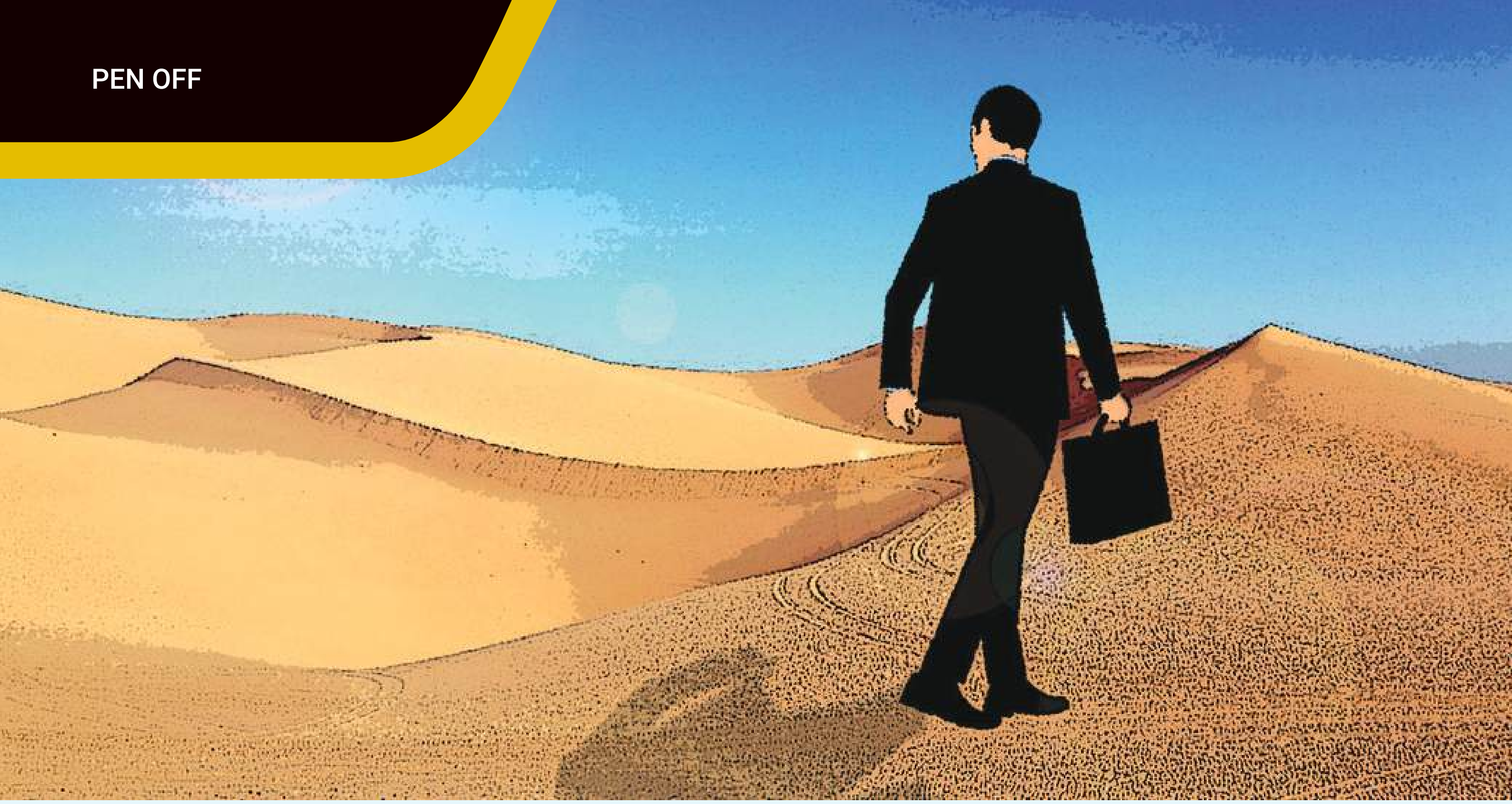

Announcements

ICPAK 41st Annual Seminar Edition II

This year, the Institute of Certified Public Accountants of Kenya (ICPAK) is preparing for the 41st Annual Seminar Edition II, scheduled to take place from Monday, 18th to Friday, 22nd November 2024. The event will be held at the Sarova Whitesands Beach Resort & Spa and Pride Inn Paradise Hotel in Mombasa, as well as virtually for online attendees. Participants can expect a diverse program including insightful learning sessions, team-building activities, networking opportunities, entertainment, and more. Don't miss out on this premier event—registration is ongoing at www.icpak.com.

Accountants Gear Up for a Unique Blend of Learning and Recreation at the ICPAU 29th Annual Seminar

Accountants are readying themselves for their premium event of the year, the 29th Annual Seminar which is set to take place at the Imperial Resort Beach Hotel, and online, from 4 – 6 September 2024. A rich line-up of activities awaits, including, learning, team building, entertainment, and a medical camp. The theme is Driving Sustainability and Trust. Registration is still in progress via www.icpau.co.ug



The Great Accounting Exodus: Why Over 300,000 CPAs have left the Profession in the US

By FCPA Jim McFie, A fellow of ICPAK

The accounting profession, especially in the US and in the UK, has had a reputation for providing stable work, good salaries and long-term job security for those who choose it.

However, in recent years, there has been an exodus within the accounting and auditing industry in a number of countries around the world. In the US, over 300,000 accountants have exited the profession. A number of firms are struggling to fill open roles. Fewer college graduates are choosing accounting related courses and even those who have an accounting degree are not joining the profession.

Measured by revenue, the Big Four global accounting or audit firms are Deloitte, Ernst & Young (EY), PricewaterhouseCoopers (PwC), and Klynveld Peat Marwick Goerdeler (KPMG). In 2023, Deloitte was ranked the largest of the Big Four. Its workforce grew to over 457,000 employees during their 2023 fiscal year. The firm's annual revenue was $64.9 billion. Deloitte operates in 150 countries and is ranked in the US the sixth-best workplace in 2023. PwC reported an annual revenue of $53.1 billion in 2023. PwC also added 36,000 more jobs during the year, boosting its workforce to more than 364,000 in 152 countries.

The firm made a $3.7 billion investment in talent and business acquisition to grow its expertise in cloud and technology consulting and scale its artificial intelligence capabilities. Ernst & Young reported $49.9 billion in firm-wide revenue in 2023. The firm rolled out an artificial intelligence platform and an AI assistant with a language model capable of conversing with users to assist with creating ideas and research. The firm operates in 150 countries. In 2023, KPMG reported $36 billion of revenue with strong growth across multiple divisions. KPMG employs over 273,000 individuals globally, has an office in every state across the U.S., and operates in 143 countries.

So, the Big 4 employ over 1,400,000 persons. But it must be remembered that the Big 4 operate in many countries around the world. Last year, I had dinner with the President of ACCA, Joseph Owolabi, who is originally from Nigeria, but now runs his own firm in Melbourne, Australia. When I told him that the number of young Kenyans registering for the Certified Public Accountant examinations of the Kenya Accountants and Secretaries National Examinations Board was decreasing, he said that this was a world-wide phenomenon. One country which is an exception to this trend is India. The Institute of Chartered Accountants in India claims that it is the largest accounting body worldwide. It has 5 Regional Councils, 175 Branches, 50 Overseas Chapters (including one in Nairobi), and 31 Representative Offices.

It has around 400,000 members globally and approximately 850,000 active students. According to the US National Association of State Boards of Accountancy (NASBA), on 1st September 2023, there were "approximately" 672,587 actively licensed CPAs in the United States: not all accountants who pass the CPA examinations register as members of AICPA, the American Institute of Certified Public Accountants; in 2020 AICPA had 428,000 members. So ICAI is probably the second largest accounting institute in the world. ICAI has the ambition of having 3,000,000 members by 2047, the one hundredth anniversary of India's independence; the country became independent on 15 August 1947. To achieve this ambitious goal, ICAI needs to produce an average of 130,000 new Chartered Accountants annually, until 2047. The President of ICAI, Ranjeet Kumar Agarwal, addressing the press on the sidelines of the ICAI All India Managing Committee Members Meeting at Calcutta two months ago, announced that from now on ICAI will hold the Foundation and the Inter examinations for Chartered Accountants — the two preliminary exams — thrice a year instead of twice; it is interesting that this is exactly what KASNEB did a couple of years ago. In India, the number of students completing the Chartered Accountant course is 25,000: all of them find jobs within India or abroad.

Covid 19 caused a drop in the number of people applying for accounting courses in the US but most of the supply chain shortages from the pandemic era have eased, but the shortage of accountants is still very real. There are 340,000 fewer accountants than five years ago. And the talent pipeline is drying up. The number of candidates taking the CPA exam is the lowest since 2006. Businesses large and small are feeling the effects. Publicly traded companies lament in their financial statements an inability to find enough certified accountants, which may contribute to high-profile errors in regulatory filings. And the remaining accountants are increasingly working grueling hours and burning out, creating a vicious cycle in which a shortage of accountants is leading to even fewer accountants. The accounting field has been trying to figure out how to reverse the trend.

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The CPA Journal, an industry trade publication, identified several possible factors behind the shortage. Some of these, like the perception that accounting is boring or the fact that the field has lower starting salaries than finance or tech, are potentially part of the problem but also nothing new. Other hurdles, like the rising cost of the extra year of training to acquire the 150 credit hours required for a CPA, may be part of the problem, too. Proposed solutions range from trying to make accounting cooler, raising starting salaries, dropping the 150 credit-hours rule and modifying the CPA exam.

But a research paper suggests the underlying dynamics of the accountant shortage are more nuanced than previous stereotypes. It suggests the declining number of accountants may also be due, somewhat paradoxically, to falling demand for accounting services. As corporations and individual tax preparers increasingly turn to automated software to perform tasks formerly handled by entry-level accountants, the demand for accountants has declined. By steering toward closely related majors like finance, students are possibly making rational decisions to avoid an industry that is perceived to be easily replaceable by software. These findings fit a broader literature on the complicated effects new technology has on employment. Particularly with the resurfaced angst over artificial intelligence, the story of the accounting profession over the last five years provides a glimpse of how the market responds to labour-saving innovations. Rather than being a simplistic story of people being put out of jobs — and, it would seem, producing a glut of accountants — in some cases the dynamic can be a good deal more complicated than that and actually result in a shortage of workers.

In the paper, UCLA Anderson's Henry Friedman, MIT's Andrew Sutherland and University of Mannheim's Felix Vetter compared student major choices in undergraduate business schools with entry-level wages in related fields and firm-level investment in software. The researchers used American Community Survey data for college majors from 2009 — when the Census Bureau began collecting data on majors — to 2019 and Bureau of Economic Analysis data

> **The longer the shortage goes on, the broader the effects at higher levels of the accounting profession. Critically, many accountants work with software in a way that augments their work instead of replacing it. But the US talent pipeline is drying up, and there are fewer experienced accountants to do strategic thinking and other high-level tasks that cannot be done by software. Additionally, artificial intelligence is advancing in its ability to take on tasks historically performed by skilled managers trained in accounting. This can allow senior managers to leverage their expertise but can further squeeze the pipeline.**

on industry investment in software, as a proxy for a sector's overall technological resources. The results indicate that the number of accounting majors grew far slower as software investment increased. This was not the case with finance majors, for whom more technological investment was associated with faster growth than other business majors. One possible explanation is that tax preparation software like TurboTax and accounting software like QuickBooks became widespread over this period. Even undergraduate students would be keenly aware that technology was significantly disrupting the accounting profession and reducing the demand for workers.

This picture in the US is similar in the wage data as well. The researchers found software investment had little effect on business major wages overall, but US finance major wages significantly expanded whereas accounting major wages lagged behind. Essentially, investment in software was more likely to displace spending on accountants than those with other business majors. In the case of accountants, the researchers argue that, at first, demand for accounting labour declined as software made accountants redundant. Students who may have been considering accounting majors switched to related majors such as finance, in numbers large enough to contribute to the current shortage. But the shortage has not led to wage gains, as might be expected whenever supply falls short of demand. Software has continued to improve, and employers in need of accounting work have become less willing to raise wages due to the perception that entry-level accountants' technical work could be addressed by investments in IT.

Rather than raising US starting salaries to encourage students to major in accounting and become accountants, the industry in effect responded that it would prefer to continue relying on technology instead of paying better wages. This, in turn, continues to send a negative signal to US students about the accounting profession's prospects. The longer the shortage goes on, the broader the effects at higher levels of the accounting profession. Critically, many accountants work with software in a way that augments their work instead of replacing it. But the US talent pipeline is drying up, and there are fewer experienced accountants to do strategic thinking and other high-level tasks that cannot be done by software. Additionally, artificial intelligence is advancing in its ability to take on tasks historically performed by skilled managers trained in accounting. This can allow senior managers to leverage their expertise but can further squeeze the pipeline.

The researchers' findings suggest that some industry "proposed solutions" to address the shortage may be misguided. For example, trying to change the image of the profession may backfire, particularly if it attracts people ill-suited to the profession who expect something different to what it actually is. Similarly, calls to raise wages may be misguided if they do not address the underlying issue that firms view technology as a more efficient solution than labour for many accounting tasks.

Other efforts may prove helpful, such as modifying the CPA exam and curricula to be more technologically focused. Even so, the researchers warn that the number of US accounting majors may continue to decline unless there are fundamental changes in the way accountants are educated and trained so their profession becomes less about applying rules and performing routine tasks, and more about working in tandem with technology to provide value to employers and clients.

An incredible amount of thought needs to go into these challenges; can Kenya be the country which provides the solution – or at least part of the solution?

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