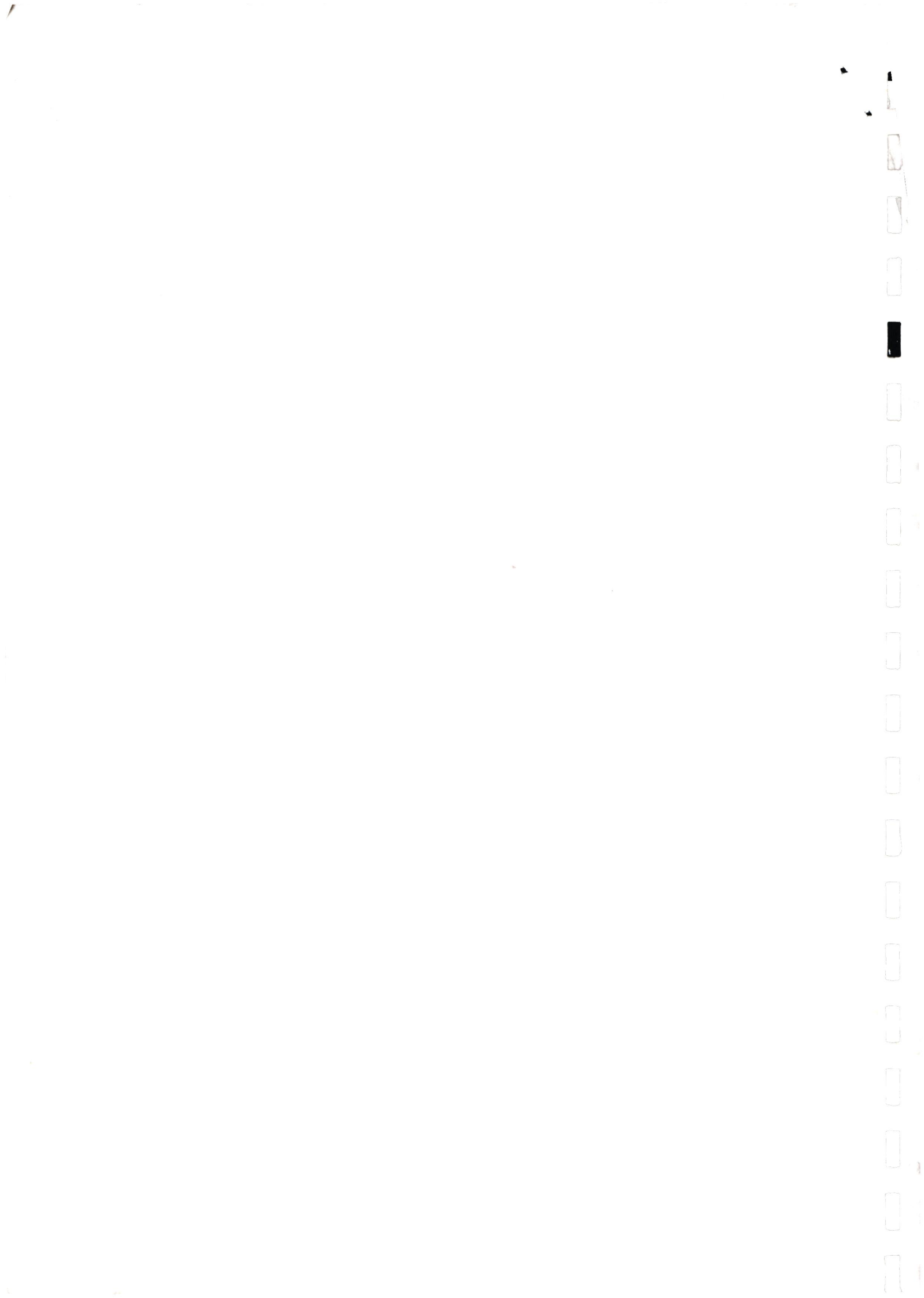


KENYA NATIONAL ASSEMBLY

**REPORT
OF THE PUBLIC ACCOUNTS COMMITTEE
ON SPECIAL AUDIT ON PROCUREMENT OF
PASSPORT ISSUING EQUIPMENT BY THE
DEPARTMENT OF IMMIGRATION, OFFICE OF
THE VICE PRESIDENT AND MINISTRY OF
HOME AFFAIRS**

JULY, 2004



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL
AUDIT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT BY
THE DEPARTMENT OF IMMIGRATION, OFFICE OF THE VICE
PRESIDENT AND MINISTRY OF HOME AFFAIRS**

PREFACE

Mr Speaker Sir,

On behalf of the Members of the Public Accounts Committee and pursuant to provisions of Standing Order No. 147, I take this opportunity to present to the House the Report and recommendations of the Public Accounts Committee on Special Audit of the Procurement of Passport Issuing Equipment by the Department of Immigration, Office of the Vice President and the Ministry of Home Affairs.

The Committee commenced its sittings for the Special Audit Report on 24th May 2004 and held fourteen Sittings in which officers from the Ministry of Finance, Office of the President, Office of the Vice President and Ministry of Home Affairs, and Central Bank appeared before the Committee to respond to queries raised by the Controller and Auditor General on the Special Audit Report. All the witnesses appeared before the Committee when asked to do so except the Minister for Finance. The Committee Members analysed critically both oral and written submissions and subjected all witnesses to careful scrutiny. Most of the witnesses were cooperative and gave the Committee vital information, which made the production of this report possible. The information assisted the Committee in reaching its recommendations.

The Public Accounts Committee consists of eleven Members nominated by the House Business Committee at the commencement of the Ninth Parliament pursuant to Standing Order No. 147.

The Committee consists of the following Members: -

The Hon. James O. Magara, MP (Chairman)

The Hon. Uhuru Kenyatta, MP

The Hon. Archbishop Stephen Ondiek, MP

The Hon. Joseph K. Lagat, MP

The Hon. Ekwe Ethuro, MP

The Hon. Boniface Mganga, MP

The Hon. (Prof) Julia Ojiambo, MP
The Hon. William Ole Ntimama, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Koigi Wa Wamwere, MP
The Hon. Bilow Kerrow, MP

Hon. William Ole Ntimama, MP and Hon. Boniface Mganga, MP
ceased being Members of the Committee on 30th June 2004 upon being appointed
Minister and Assistant Minister respectively.

Standing Order No. 147(1) states as follows: “There shall be a select Committee to
be designated the Public Accounts Committee for the examination of the accounts
showing the appropriation of the sum voted by the House to meet Public
expenditure and of such other accounts laid before the House as the Committee
may think fit”

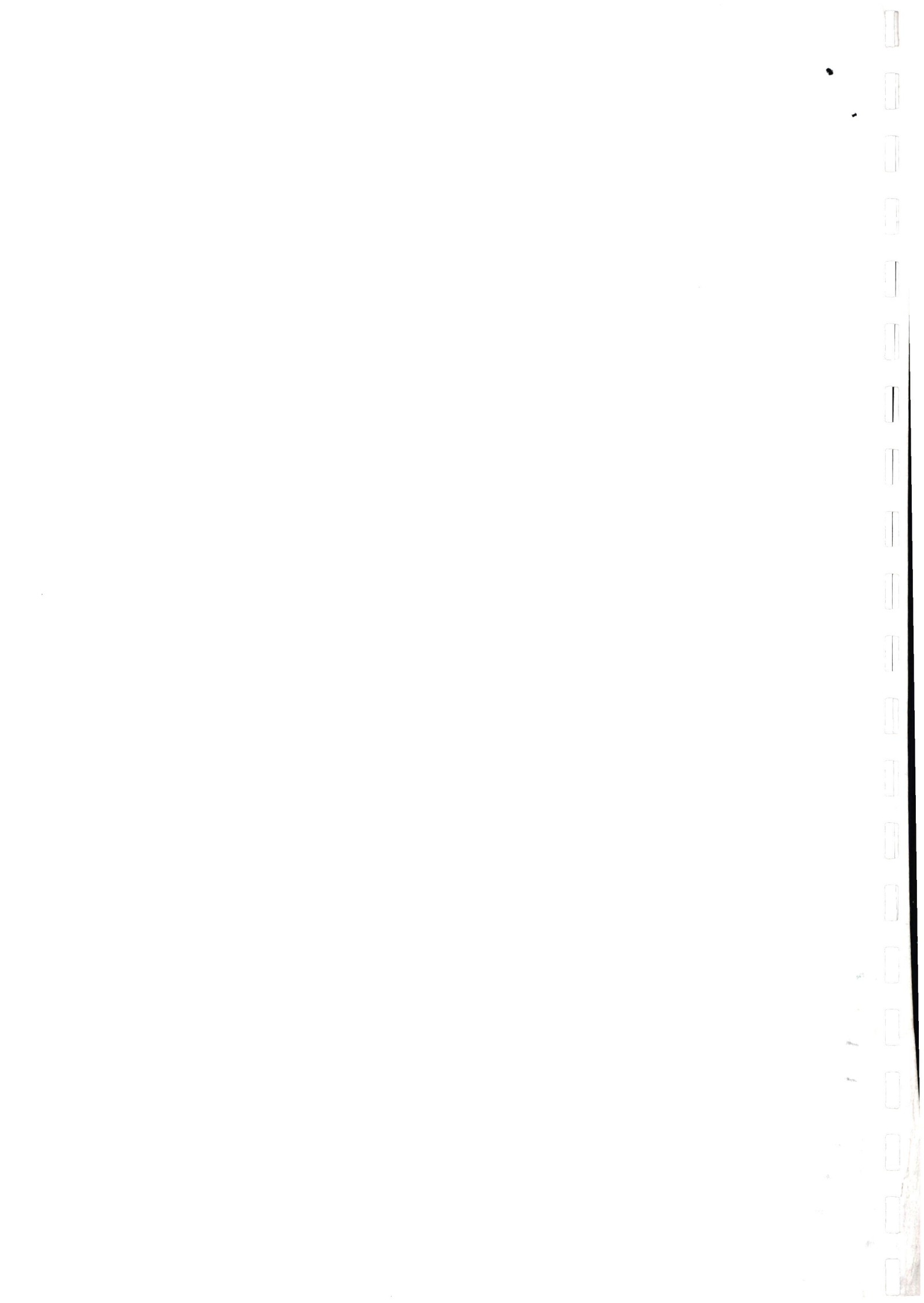
Standing Order No. 147 (6) states as follows: “The Minutes of the proceedings of
the Public Accounts Committee shall be brought up and laid on the table of the
House with the Report of the Committee”. The Minutes of the Special audit Report
are therefore annexed as A.

The verbatim reports of the Committee sittings are also available.

All decisions made by the Committee were arrived at by consensus of all the
Members sitting. However, it is important to note that one Member of the
Committee (Hon Uhuru Kenyatta) did not attend any of the sittings of the
Committee and was not involved in the production of this report.

The Committee presents and recommends the report to the House for debate and
adoption. The Committee urges the Government to implement the recommendations
contained in the report as adopted by a resolution of the House.

As Chairman of this Committee it gives me great pleasure to express and record
my gratitude and appreciation to all Members for their dedication and commitment
to the work of the Committee. The Members endured long sittings and sacrificed
both leisure and the interests of their Constituencies. The Committee would also
wish to record its appreciation for the services rendered by the Controller and
Auditor General and the officials from Treasury. Indeed their Commitment to duty
has made the work of the Committee and the production of this report possible.



SIGNED 
(CHAIRMAN)

DATE 6th July 2004

SPECIAL AUDIT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT BY THE DEPARTMENT OF IMMIGRATION – OFFICE OF THE VICE PRESIDENT AND MINISTRY OF HOME AFFAIRS

A Special Audit of Procurement of Passport Issuing Equipment by the Department of Immigration in the Office of the Vice-President and other related issues was carried out from 28 April 2004 to 7 May 2004. The audit revealed a number of unsatisfactory matters which are summarized in the ensuing paragraphs.

1. In June 2000, the Department of Immigration (DOI) which was at that time within the Office of the President initiated a review of its strategies, systems and procedures with a view to addressing the issues of inefficient procedures and information system, revenue losses arising from fraud and forgeries involving passports and visas amongst other weaknesses within the Department.
2. In a report on "Computerization Needs Assessment" compiled and released by the DOI in September 2000, it was recommended that a modern enhanced and comprehensive computer based system otherwise referred to as "Immigration Information Management System" (IIMS) be designed and implemented.
3. In a letter dated 18 October 2001, the DOI requested the Ministerial Tender Committee (MTC) Office of the President, for authority to procure a Passport Issuing System through restricted tendering, citing the security nature of passports and the issuing system. The Ministerial Tender Committee supported this request and requested for Treasury approval for it. Treasury authority for restricted tendering was granted on 8 January, 2002 and communicated to the DOI in a letter dated 5 February, 2002.

Subsequently, five international firms were selected and invited to tender for the supply of the System under Tender Ref. No. 3/IMM/2001/2002. These firms were:-

- De La Rue Identity Systems of the United Kingdom
- AIT International PLC of the United Kingdom
- Face Technologies of South Africa
- Setec OY of Finland
- Johannes Enschede of Netherlands

Three out of the five firms responded and after an initial analysis of their bids, M/S AIT International PLC was considered as having met both commercial and technical requirements of the tender at a quoted price of Kshs.622,039,944.65.

4. The Recurrent Estimates for Vote R 01-Office of the President for 2001/2002 did not however have any funds allocated for the System under tender consequent upon which the tender was not awarded and was formally cancelled on 5 August, 2002. It is not clear why the DO1 would go out to tender for such a project knowing very well that there was no budgetary provision in the Estimates for 2001/2002.
5. Thereafter, in a letter dated 20 August, 2002 the DOI sought authority from the Permanent Secretary, Office of the President to procure the System in the year 2002/2003. The DO1 indicated then that it was prudent to modify the specifications of the System to allow for a phased implementation over a period of several years in order to ease the budgetary constraints experienced in 2001/2002. In a letter dated 17 October, 2002, the Permanent Secretary, Office of the President confirmed that the procurement would still be valid through to the year 2002/2003. In the same month, the revised tender for the System was floated under Tender Ref.1/IMM/2002/2003 and six

international firms were selected and invited to submit bids. The six firms were:-

- Face Technologies of South Africa
- GET Group of USA
- De La Rue Identity Systems of the United Kingdom
- Setec OY of Finland
- Johannes Enschede of Netherlands
- AIT International PLC of the United Kingdom

6. Three of the firms responded by the deadline of 28 November, 2002 and quoted as shown below:-

- FACE Technologies–US\$9,946,965–Kshs.779,173,619.95(US\$1to Shs.78.3328)
- GET Groups - US\$10,596,813 – Kshs.830,078,033.35 (US\$1 to Shs.78.3328)
- De La Rue - GBP 7,951,255-Kshs.1,105,753,998.60 (GBP 1 to Kshs.130.6660)

On 6 February 2003, a Technical Committee comprising of Government Information Technology Services (GITS) of the Treasury and DOI carried out an evaluation of the three bids and concluded that all three did not meet the requirements and specifications set out in the invitation for tender and were therefore disqualified.

According to the technical evaluation committee report, the three bidders were disqualified because they did not in their bids specify the product brands, and or models or provide proof of assent to purchaser's operational tests amongst other aspects.

7. GITS subsequently advised that the System should be redesigned and expanded to cover other operations of DOI including border controls and immigration monitoring amongst other components. This advice was adopted

and the proposed System was redesigned and enhanced to include the following main components:-

- High Security New Generation Passports
- Secure Passport Issuing System
- High Security New Generation Visas
- High Security Visa Issuing System
- Computerization of machine readable immigration records.

Apparently because of the expanded and enhanced system it was realized that the cost of the proposed system would be high and that donor funding would be necessary. It was therefore indicated that Treasury was to seek funds from Donors to finance the System.

8. On 1 August 2003, a firm by the name Anglo Leasing & Finance Ltd of Alpha House, 100 Upper Parliament Street, Liverpool L 19 AA, UK submitted to the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs what appears to be an unsolicited technical proposal for supply and installation of an Immigration Security and Document Control System (ISDCS). In its proposal the firm indicated that it could supply and install the System through its officially designated systems subcontractor in the name of Francois-Charles Obethur Fiduciare of Paris, France. The firm also submitted alongside the proposal, a proposed financing agreement explaining the contract and financing terms and conditions. The offer in the agreement proposed a facility of Euros 31,890,000 (Kshs.2.67 Billion) for the System, repayable at 5% (later changed to 4%) per annum quarterly commencing three months after the first payment, upto a period of 62 months.

It is not clear how the financing firm could have prepared and submitted a detailed proposal for a project similar to the one recommended by GITS before a request to do so had been officially made to it by the Government

but the indications are that the firm may have had fore-knowledge of the recommendation to enhance and expand the System.

9. Nevertheless, the Ministry accepted the proposal and in a letter dated 5 September 2003, addressed to the Permanent Secretary, Treasury the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs sought for Treasury authority for direct procurement of the ISDCS which authority was granted by Treasury in a letter dated 25 November, 2003.

Although use of direct procurement is provided for in the Public Procurement Regulations (2001) under Section 19 as read together with Section 35, and may also be approved under section 3(2) of the Regulations, it has not been explained why this mode of procurement was adopted for the ISDCS instead of the restricted tendering method which had been used for the earlier tendering process for new generation passports and passport issuing system and which had been accepted as adequately addressing the issue of security and the requirements of the DO1. As a result of direct sourcing, Government was clearly denied the advantages of competitive bidding.

10. In the same letter of 5 September 2003 the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs informed the Permanent Secretary, Treasury of the proposal by Anglo Leasing & Finance Ltd detailing amongst other aspects, the System components and the proposed financing offer of Euros 31,890,000 (Kshs.2.67 Billion) repayable at an initial interest rate of 5% (later changed to 4%) within a period of 5 years. He requested for a technical review of the proposed System.
11. Simultaneously, in a letter dated the same 5 September 2003, the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs sought the Attorney General's legal comments and advice on the financing agreement submitted by Anglo Leasing & Finance Ltd. In response in a letter

dated 18 September, 2003 to the Permanent Secretary, the Attorney General recommended that a diligence test be performed on the Anglo Leasing & Finance Ltd to determine the number of projects of the same nature the firm had competently supplied and completed as well as its credit rating. Records so far made available however do not show any such test as having been performed and no explanation for the omission has been provided. In addition, it has also not been indicated how the Ministry assessed the authenticity, capacity, experience and track record of the subcontractor Francois-Charles Obethur Fiduciare to determine whether the firm was capable of competently handling a project of the magnitude and complexity of ISDCS.

12. Subsequently, the Supplier's Services and Financing Credit Agreement now under contract No.KENYA/GOK/HA0305/01 for the ISDCS project was signed on 4 December, 2003 between Anglo Leasing and Finance Ltd and Government of the Republic of Kenya, the Government being represented by both Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs and Permanent Secretary, Treasury. And pursuant to article 12.3 of the Agreement, an amount of Euros 956,700 (Kshs.91,678,169.25) in respect of 3% of the credit sum, representing "arrangement", "commitment" and "administration" fees now became due and payable to the financing firm. Accordingly, this amount was paid on 6 February, 2004 through payment voucher No.5319 of the same date.
13. The handling of the ISDCS project and the eventual signing of the financing/supply contract agreement raises a number of unanswered questions and issues among them the following:-
 - (a) The DOI does not appear to have prepared specifications or Terms of Reference for the ISDCS. The basis on which evaluation of the proposal submitted by Anglo Leasing & Finance Ltd was carried out is therefore not

clear. Clearly and arising from lack of specifications or Terms of Reference for the System, Government evidently stood disadvantaged in the entire project negotiation and in particular in determining whether or not the price of Kshs.2.67 billion for the project represented a fair and competitive value for money.

- (b) From the sequence of events, it would appear that the proposal by Anglo Leasing & Finance Ltd was made with fore-knowledge of the recommendation by GITS that the System was to be enhanced and expanded. It has not however been clarified how the firm obtained the fore-knowledge.
- (c) The request for direct procurement by the Office of the Vice-President and Ministry of Home Affairs and the approval of the same by the Treasury arose as a result of the receipt of the proposal from Anglo Leasing and Finance Ltd and was therefore meant to ensure that the contract was awarded to the firm.
- (d) Section 5 of the External Loans and Credit Act Cap 422 stipulates inter-alia that "As soon as practicable, after a loan has been arranged or credit obtained under this Act, the Minister shall lay before the National Assembly a report on the transaction specifying the parties, the circumstances giving rise to the transaction, the amount or value of the transaction, the currency in which amount or value is expressed, the terms and conditions as to interest and repayment.....". Although a report on this credit has not so far been laid before National Assembly, it has been indicated that such a report is in the process of being prepared for presentation to the National Assembly.
- (e) With regard to the payment of Euros 956,700 (Kshs.91,678,169.25) to the financing firm, no explanation has been provided as to what exactly was

represented by “arrangement”, “commitment” and “administrative” fees and whether or not such payment was included in financing package of Euros 31,890,000 (Kshs.2.67 Billion) as per the Agreement. Further, no Bank Guarantee in respect of the above advance payment was made in favour of Government in event of non-performance by the supplier.

- (f) In the absence of diligence test having been performed on the financing company as advised by the Attorney General and lack of evidence of assessment by the Ministry of the capacity, experience and track record of the subcontractor to handle a project of this magnitude, the basis for determining the ability of the two firms to perform the contract is not clear.
- (g) As also observed by the Office of the Attorney General, it is doubtful as to whether the Ministry in the absence of its own specifications on the ISDCS has the capacity to carry out an evaluation and acceptance test after completion of the project.
- (h) Although the Office of the Attorney General eventually cleared the Agreement subject to Treasury’s evaluation and concurrence on the financial and technical aspects, a perusal of the Agreement reveals that it contains many clauses which appear to be disadvantageous to Government. For instance it is observed that under various clauses in Article 31 of the Agreement, the supplier would be entitled to demand the immediate payment of the total sum of the Agreement and the repayment of all sums outstanding arising from the Agreement in the event of default by the Buyer.

INITIATION OF THE PROJECT

The Committee heard the evidence given by the Accounting Officer Office of the Vice President and Ministry of Home Affairs that in year 2000 the Immigration Department of his Ministry realized that its systems were not performing to expectation. A Committee was appointed to do a Computerisation Needs Assessment, identify areas of weakness and suggest ways of automating the processes in order to modernize the department operations and make it more efficient. The Committee recommended that a modern, enhanced and comprehensive computer based system otherwise referred to as "Immigration Information Management System" (IIMS) be designed and implemented. At that time receipts were manually written and this led to pilferage of revenue.

The Committee further heard that the report produced by the team indicated that a project of that magnitude should be done in phases and a consultant should do designing. One of the priorities in the report was the Passport Issuing System. The department wrote to the Permanent Secretary Ministry of Finance to authorize reallocation of funds in order to enable them advertise the tender for designing. Treasury advised that the department should use Government Information Technology Services (GITS) to do the design.

The Committee also heard that the Passport Issuing Equipment was given first priority because the department used passport-issuing machines, which have been in operation for the last ten years and could crumble at any time. The project was designed for implementation over a period of three years. The Ministry of Home Affairs sought Treasury's approval for restricted tendering and was granted. Tenders were floated for the passport issuing system but no bidder met all the requirements as stated in a letter from GITS dated 6th May 2003. GITS also recommended that the scope of the project should be enhanced and therefore the project was shelved. The bidders were: -

Face Technologies (FT) of South Africa
Global Enterprise Technologies (GET) of USA and
De La Rue Identity Systems (DIS) of the United Kingdom.

The Committee noted that there was no urgency in the procurement of the equipment. Although it was stated that the equipment could collapse at any time, it is still in use and in serviceable condition. The urgency claimed was only to ensure that the project circumvents the existing government procurement procedures.

The Committee recommends that the then Accounting Officer, Office of the Vice President and Ministry of Home Affairs should be held responsible for allowing an ill -conceived project to be initiated without thorough assessment of the existing equipment to ascertain that it is obsolete.

The Committee further recommends that the Accounting Officer, Office of the Vice President and Ministry of Home Affairs and all Accounting Officers must ensure that in future, when a project of this nature is conceived and a comprehensive needs assessment study undertaken, it must be implemented as per the report of the said study. In addition government procurement procedures must strictly be adhered to at all times.

REVIVAL OF THE PROJECT

The Committee heard the evidence given by the Accounting Officer, Office of the Vice President and Ministry of Home Affairs that on 30th June 2003 the Department of Immigration wrote to him narrating in detail the anticipated implications in case new generation passport issuing equipment was not procured. In August 2003 the director of GITS was assigned the responsibility to spearhead the preparation of a comprehensive and updated technical specification for an integrated computerized system and submit it for review to facilitate tendering within a period of three weeks. The Accounting Officer, Office of the Vice President and Ministry of Home Affairs forwarded to the Director of GITS a proposal entitled 'Immigration Security Document Control Systems Project' on 9th September 2003. This document had been prepared and submitted by a firm known as Anglo Leasing and Finance Limited and it was found to be responsive in many ways to the needs of the department. The director of GITS perused the proposal and advised that the proposal was favourable. As a result, Anglo Leasing and Finance Limited was awarded the contract without any reference to the Department of Immigration, which was the user department.

CHRONOLOGY OF EVENTS

At the beginning of February 2003 a representative of Anglo Leasing and Finance Limited met the Accounting Officer Office of the Vice President and Ministry of Home Affairs and discussed the project.

- On 4th February 2003 Anglo Leasing and Finance Limited wrote a letter introducing the Company and its supply agent by the name Charles Obethur Fiduciare.
- On 6th February 2003 all the other bidders were disqualified as having not met the required specifications.
- On 22nd April, 2003 the Accounting Officer, Office of the Vice-President and Ministry of Home Affairs sent technical specifications to Francois-Charles Obethur Fiduciare of Paris, France and requested for cost proposals.
- On 7th May, 2003 Francois-Charles Obethur Fiduciare acknowledges receipt of the letter and made suggestions for a comprehensive modernization of the Immigration Project.
- In July 2003, a technical committee was formed with officers from Office of the Vice-President and Ministry of Home Affairs, GITS and Ministry of Finance to develop a computerisation project with a priority for visas, passports and border controls as evidenced in the letter dated 5th September 2003 addressed to the permanent secretary, Treasury.
- On 25th July, 2003 Francois-Charles Obethur Fiduciare submitted a technical proposal for the Immigration, security and border control systems under the heading “**Anglo Leasing & Finance Limited.**” – (financing agent for the project) enclosing the Financing t and the Suppliers Services agreement.
- On 1st August, 2003 Anglo Leasing & Finance Limited submitted the technical proposal for supply and installation of Immigration Security and Document Control System (ISDCS).
- On 27th August 2003 the Accounting Officer, Office of the Vice-President and Ministry of Home Affairs, Financial Secretary of Treasury, GITS Director and, Principal Immigration Officer met to discuss the need to develop a comprehensive system and asked GITS to prepare a proposal.
- On 5th September, 2003, the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs wrote to the Permanent Secretary, Treasury: -

- (a) Acknowledging receipt of the Proposal from Anglo Leasing & Finance Ltd.
- (b) To seek approval of the project to be classified under security and to have the project treated as required by procurement regulations.
- (c) Submitting a copy of the suppliers Services and financing agreement, with a copy to the Attorney General.
- On 18th September 2003 the Attorney General wrote to the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs making various recommendations and commented on the legal aspects of the agreement.
 - On 23rd September 2003 the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs responded to the Attorney General that they had considered the comments and corrected accordingly.
 - On 25th November 2003 the Permanent Secretary, Ministry of Finance authorized for direct procurement (single sourcing) and gave an undertaking that the Government would meet all financial obligations.
 - On 1st December 2003 the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs forwarded contract copies to the PS-Treasury for counter-signing (the suppliers and credit agreement).
 - On 4th December 2003 the suppliers Services and financing agreement was signed by the PS-Treasury.
 - On 4th December 2003 the Principal Economist Treasury forwarded copies of the duly signed contract documents to the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs.
 - On 23rd December, 2003 the promissory notes were signed by the Permanent Secretary, Treasury in favour of Anglo Leasing & Finance Co. to the tune of Kshs 95 million
 - On 2nd January 2004 the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs wrote to the Permanent Secretary, Treasury requesting for approval to make payment for 3% commitment fee.

- On 16th January 2004, a voucher for the commitment fee was prepared.
- On 23rd January 2004, the Principal Immigration Officer (PIO) declined to sign the voucher as an AIE holder in relation to 3% commitment fee sighting failure to receive the relevant suppliers and financing agreement.
- On 3rd February 2004, the PIO wrote a reminder letter to the PS-Office of the Vice-President and Ministry of Home Affairs requesting for the agreement to facilitate payment and to facilitate a study of system functionality, study system facility and specifications to satisfy that it meets the department's requirements.
- On 25th March 2004, Central Bank of Kenya (CBK) paid the 3% (Kshs.95 million) commitment fee.
- On 30th March 2004, the PIO wrote yet another comprehensive letter requesting the PS Office of the Vice-President and Ministry of Home Affairs to avail to the department a complete suppliers and financing agreement.
- On 30th March 2004, the PS-Office of the Vice-President and Ministry of Home Affairs wrote to Anglo Leasing & Finance Ltd to commence implementation of the project.
- On 2nd April 2004, Anglo Leasing and Finance Director acknowledged receipt of the letter from the PS-Office of the Vice-President and Ministry of Home Affairs.
- On 7th April 2004, the Principal Immigration Officer wrote another letter requesting for the contract agreement and contact address of Anglo Leasing & Finance Ltd.
- On 8th April 2004, the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs wrote a letter to Francois-Charles Obethur Fiduciare requesting to have their technical team visit Nairobi.
- On 5th May 2004, Francois-Charles Obethur Fiduciare wrote to Permanent Secretary Office of the Vice-President and Ministry of Home Affairs confirming that their technical team will be visiting Nairobi.

- On 5th May 2004, the Permanent Secretary, Secretary to the Cabinet & Head of the Public Service wrote to the Permanent Secretary, Office of the Vice-President and Ministry of Home Affairs to put the project on hold.
- On 18th May 2004, the contract was cancelled.

The Committee was deeply concerned about the following anomalies: -

- 1) *The Accounting Officer, Office of the Vice President and Ministry of Home Affairs sought Treasury's approval for restricted tendering in the first two tenders and was granted. However, no justifiable reason was given for single sourcing of the enhanced project*
- 2) *The Accounting Officer, Office of the Vice President and Ministry of Home Affairs requested for single sourcing knowing very well that there were other firms, which could render the same services. Anglo Leasing and Finance Limited submitted its proposal and contract documents way before the technical and evaluation Committee was formed. From the foregoing the Technical and evaluation report was only given to one company, ignoring all others who had previously submitted their bids.*
- 3) *The Principal Immigration Officer wrote several letters to the Accounting Office, Office of the Vice President and Ministry of Home Affairs enquiring about the project during the period Anglo Leasing and Finance Limited was being awarded the project but did not receive any response or communication until the voucher for the commitment fee was in the process.*
- 4) *Anglo Leasing and Finance Limited submitted the said technical proposal shortly after the Director of GITS was asked to prepare a comprehensive and updated technical specification report of the project and their proposal covered most of the specifications. Eventually the contract was signed on 3rd December 2003. It is questionable how the firm learned about the project specifications.*
- 5) *The proposal to enhance the project was initiated and developed by Anglo Leasing Finance Limited. The Accounting Office, Office of the Vice President and Ministry of Home Affairs received the contract documents before the meeting of 27th August 2003, which was attended by all stakeholders but did not diverge the information to the officers who attended the meeting. The*

Committee noted with dismay that he participated in the formation of a technical Committee to come up with specifications, which he already had in the contract.

- 6) Since the user department did not submit any specifications to Anglo Leasing Finance Company for the project it was difficult for it to do an evaluation test at implementation to ensure that the contractor met the departments requirements. It would also have been difficult for the user Department to do an acceptance test at the completion of the project to satisfy itself that all its needs had been met before handing over.*
- 7) In view of the above glaring anomalies, the Committee could not rule out a possibility of collusion between the financiers of the project and some of the officers who were involved in this project, both in the Office of the Vice President and Ministry of Home Affairs and Treasury.*

The Committee is of the view that then Accounting Officer, Office of the Vice President and Ministry of Home Affairs, acted unilaterally in the entire procurement process and that he was dishonest when requesting for single sourcing for a project which qualified for competitive bidding. The Committee therefore recommends that the said Accounting Officer should be held personally responsible for the time wasted in unnecessary meetings on the project and any funds lost to the government.

BUDGETING FOR THE PROJECT

The Committee heard the evidence given by the Accounting Officer, Office of the Vice-President & Ministry of Home Affairs that there was budget provisions for the project in the Printed Estimates of 2001/2002 Financial year Recurrent Expenditure Vote R01 Office of the President, Head 371 Item 185 which had a provision of Kshs. 127 million for Computer Expenses. A further provision was made in the same Head Item 220 which had a provision of Kshs. 66 million for purchase of Plant and Equipment. The Committee further heard that during the same year's Revised Estimates there was an additional amount under Item 185 where the provision of Kshs 127 million was increased to Kshs. 170,301,135.

The Committee noted with grave concern that: -

- 1) *Item 185 as stated above is normally used for expenditure of recurrent nature, which involves maintenance of computers, purchase of computer stationery etc. It is not used for capital expenditure as is in this case.*
- 2) *The Passport Issuing Equipment project was a long-term project to be implemented over a period of years. It involved acquisition of high value/permanent assets and it was unusual for such funding to be provided for in Recurrent Estimates.*
- 3) *There were no adequate budgetary provisions in the subsequent year, which implies that the Office of the Vice President and Ministry of Home Affairs and Treasury misled Parliament into approving expenditure under Head 371 Items 185 and 220 of the Recurrent Vote while the funds were used for Development Expenditure.*
- 4) *Section 17(6) of the regulations on tendering states: "before starting up a procurement procedure, the procuring entity shall assure itself that sufficient funds have been set aside". The Committee noted that this provision was ignored by the procuring entity who floated tenders for the project without adequate budgetary provisions.*

The Committee recommends that the Accounting Officer, Treasury should ensure that the Minister for Finance tables in the House a list of all the external loans which the government is currently paying, indicating what services were rendered, when the debt was incurred and for how long the government will continue to pay. A list of all the external loans, which are yet to mature, should also be tabled showing the services rendered and the date when the government is expected to start repaying.

The Committee further recommends that the then Accounting Officer, Office of the Vice President and Ministry of Home Affairs should be held personally responsible for awarding a contract while he was fully aware that no budgetary provisions had been made for the project as required by Financial Regulations and Procedures.

The Committee further recommends that in future all Accounting Officers must ensure that public procurement regulations are strictly adhered to prior to the award of any contract.

PAYMENT FOR THE AWARDED CONTRACT

The Committee heard the evidence by the Accounting Officer Office of the Vice President and Ministry of Home Affairs that on 16th January 2004 a voucher was prepared for payment of Kshs 91 million to Anglo Leasing and Finance Limited as part payment of the awarded contract. It was sent to the Principal Immigration Officer who had the Authority to incur Expenditure to sign. He declined to do so because he was not aware of the contents of the contract agreement. However, the Accounting Officer, Office of the Vice President and Ministry of Home Affairs mobilised the accounts officers from the Immigration Department and coerced them into signing the voucher.

He further ensured that the required amount was paid to Anglo Leasing and Finance Ltd.

The Committee noted with regret that: -

- 1) *The purported credit was converted to a long-term government debt before any service was rendered or credit advanced. This was evidenced by the last processed payment of Euro 3.7 million which was cancelled when the issue on the passport project became public.*
- 2) *Although the payment voucher was signed by the relevant officers in the Department of Immigration they were summoned and instructed to sign in the presence of the then Accounting Officer, Office of the Vice President and Ministry of Home Affairs*
- 3) *The Accounting Officer, Office of the Vice President and Ministry of Home Affairs signed the voucher as the Authority to Incur Expenditure (AIE) holder. Under normal circumstances the head of the user department signs the AIE holder certificate, which in this case should have been the Immigration Department.*

The Committee recommends that the then Accounting Officer, Office of the Vice President and Ministry of Home Affairs be held responsible for the payment of Kshs. 95,361,269 because he facilitated the signing of the payment voucher in total disregard of the user department.

SIGNING OF THE AGREEMENT

The Committee heard the evidence given by the Accounting Officer Treasury that financial regulations allow the Minister for Finance to commit government financially on any amount for any period of time. The regulations also allow the said Minister to delegate to any person of his choice authority to commit government on his behalf in writing. As a result, he authorized the Permanent Secretary Treasury to sign the agreement.

The Committee further heard that the then Permanent Secretary, Office of the Vice President and Ministry of Home Affairs, the then Permanent Secretary Treasury and a Mr. Collins Fynn who is a director of Anglo Leasing and Finance Limited signed the agreement on 4th December 2003.

The Committee noted the following with grave concern: -

- 1. The Attorney General wrote to the Permanent Secretary, Office of the Vice President and Ministry of Home Affairs advising that it would be prudent for the Ministry to perform a due diligence test before the conclusion of the contract. Due diligence involves finding out who the directors and the shareholders of a firm are. It also determines the competence, credit rating of the firm, physical address, job profile and their legal status. However this advice was ignored.*
- 2. A Finance lease is generally regarded as the use of an asset jointly owned by the lessor and the lessee during the lease period and at the expiry of the lease period the asset reverts to the lessee upon payment of a token fee for transfer. The then Permanent Secretary, Treasury signed an agreement where there was no asset in use by the Government of Kenya. The Committee was not informed of the assets against which the financing agreement was signed*
- 3. The signed agreement was both a Supplies Service Agreement and a Finance Credit Agreement. This is a big anomaly. In such contract the two agreements are normally signed separately.*
- 4. Section 5 of the External Loans Act Cap 422 states: "As soon as practicable after a loan has been arranged or credit obtained under this Act, the Minister shall lay before the National Assembly a report on the transaction specifying the parties, the circumstances giving rise to the*

transaction, the amount or value for the transaction, the currency in which the amount or value is expressed, the terms and conditions as to interest and repayment or payment and the aggregate of the capital sums borrowed and the credit obtained under this Act up to the date of the report, and any further information which he considers appropriate.” No report has been tabled in the House.

- 5. In the signed agreement the government had no performance bond to cover it in the event of the supplier failing to deliver. This is a normal requirement in a contract of that magnitude but it was ignored. Yet the then Permanent Secretary Treasury signed the agreement knowing very well that the government had not received any credit from Anglo Leasing Finance Limited.*

The Committee recommends that the then Permanent Secretary Office of the Vice President and Ministry of Home Affairs be held responsible for failing to perform a due diligence test before concluding a contract with Anglo Leasing Finance Limited despite advice from the office of the Attorney General. This made it impossible for the government to discover the Shareholders and directors of Anglo Leasing Finance Limited. The Committee concluded that the said Permanent Secretary was an interested party in the whole project.

The Committee further recommends that the then Permanent Secretary, Treasury must be held responsible for failing to advise that two separate agreements were necessary for the transaction under review- namely a Supplies Service Agreement and a Finance Credit Agreement. He signed the combined agreement on behalf of the government knowing very well that it was not appropriate for the transaction involved.

The Committee heard the evidence given by the Accounting Officer in the department of Governance and Ethics, Office of the President that Anglo Leasing and Finance Company was not registered in Kenya by the Registrar of Companies. The Committee was also informed that the Company had not been registered in Switzerland or the United Kingdom and the physical address given in the United Kingdom has proved to be incorrect.

The Committee abhorred by the manner in which the then Accounting Officer, Office of the Vice President and Ministry of Home Affairs and the Then Accounting Officer Ministry of Finance involved the Government in a transaction of such magnitude with an unregistered company.

The Committee noted with grave concern that none of the witnesses who appeared before the Committee was aware of the proper physical location of Anglo Leasing and Finance Limited although: -

(i) Interest was negotiated from 5% down to 4% by Office of the Vice President and Ministry of Home Affairs.

(ii) Treasury had issued promissory notes amounting to Ksh. 3,283,058,112 the last of which was to mature in December 2013.

(iii) Treasury was able to recall all the promissory notes for cancellation from Anglo Leasing and Finance Limited within a very short time.

(iv) Further that there were other correspondences between Treasury and the Managing Director, Anglo Leasing and Finance Company, Alfa House 100 Upper Parliament Street Liverpool L19 AA UK Fax 000 441517080392 as at 9th June, 2004

(v) Various other correspondences implied existence of both physical and mailing addresses.

The Committee therefore found it impossible to believe that the exact location of the office of Anglo Leasing and Finance Company is not known.

The Committee also noted that there was mutual relationship/understanding between the Treasury, the Ministry of Finance and Ministry of Home Affairs officers and Anglo Leasing & Finance Company in view of the way they handled the agreement and the entire transaction.

The Committee was dismayed by the fact that Anglo Leasing Finance Limited had been awarded other contracts by the Government in relation to a Forensic Laboratory Project for the Criminal Investigations Department and paid a total of USD 4,744,444.44 (which they have repaid back to Kenya Government) and yet their physical location is not known.

The Committee recommends that the then Permanent Secretary Treasury and the then Permanent Secretary Office of the Vice President and Ministry of Home Affairs should jointly be held responsible for involving the government in a transaction with an unregistered Company. They should also be held responsible for signing an agreement with a company whose physical location was unknown.

The Committee further recommends that the then Accounting Officer Ministry of Finance the then Permanent Secretary Treasury and the then Accounting Officer Office of the Vice President and Ministry of Home Affairs be held responsible for attempt to defraud the government. Taking into consideration the very unsatisfactory manner in which transactions for the project were carried out the Committee was of the view that there was conspiracy and *prima facie* evidence of fraud in the entire transaction. Hence the said Accounting Officers Ministry of Finance, Treasury and Ministry of Home Affairs should not hold Public Offices conferred by the Republic of Kenya. Charles Francois Oberthur Fudicaire Company, who were the technical contractors of Anglo Leasing Finance Limited should be blacklisted and precluded from award of contract(s) in the Republic of Kenya.

The Committee further recommends that in view of the involvement of the Anglo Leasing and Finance Company, a detailed investigation be done on the Forensic Science Laboratory Project (undertaken by the Office of the President) and any other related project to establish the subsequent loss that may have been incurred by the Government and that it be established how this company was introduced to Kenya Government in August 2001 by officers in the Office of the President and the Treasury.

REMITTANCE BY CENTRAL BANK OF KENYA

The Committee heard the evidence given by the Appointed Accounting officer Central Bank that on 25th March 2004 Central Bank paid Kshs 95,361,269 by PA NO. 045684 of 6th February 2004, which was equivalent to Euro 956,700.00 to Anglo Leasing Company but only received Kshs 93,370,954. This meant that the Government incurred and exchange loss of Kshs. 1,990,315 in this transaction.

The Committee noted that the government received much less money than what it had paid to Anglo Leasing & Finance Company and the Office of the Vice-President & Ministry of Home Affairs has not so far demanded for compensation or interest accrued.

The Committee recommends that the officer who authorized payment to Anglo Leasing & Finance Limited be held responsible for the exchange loss incurred amounting to Kshs.1, 990,315 and failure to demand interest accrued.

The Committee noted with regret that it was not possible for the Finance Minister to appear before it despite its request for him to do so. The Committee wished to establish the amount of information, which had been availed to the Minister by the officers who were dealing with the project before he delegated to his Permanent Secretary to sign the agreement on his behalf. The Committee therefore concluded that he was well briefed and was satisfied with the way the relevant officers handled the transactions.

The Committee recommends that the Minister for Finance be held responsible for allowing his Ministry to involve the government in a very expensive project with Anglo Leasing Finance Company whose physical location, directors and shareholders were unknown.

The Committee further recommends that for any fraudulent activity or embezzlement of funds in a Ministry the relevant Minister must be held responsible because the Accounting Officer operates under his/her instructions. The Minister and his Accounting Officer should pay for any loss incurred by the government as a result of such activities.

ANNEX "A"

MINUTES OF THE FIRST SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON MONDAY MAY 24,2004 AT 10.00 A.M.

PRESENT

The following Members were present:

The Hon. Omingo Magara, Mp (**Chairman**)
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Billow Kerrow, MP
The Hon. William Ole Ntimama, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Ekwee Ethuro, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Principal Clerk
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:1/04 EVIDENCE – OFFICE OF THE VICE PRESIDENT AND MINISTRY OF HOME AFFAIRS

Mr. W.K. Changole – Ag. Accounting Officer, Office of the Vice-President and Ministry of Home Affairs, accompanied by:-

Mr. H. Ole Ndiema - Principal Immigration Officer
Mr. J.K. Ndathi - Deputy Secretary, Finance

Mr. S.A. Khalif - Deputy Chief Finance Officer
Mrs N. Kinyua - Former Principal Accountant
Mr. S.N. Karanja - Senior System analyst
Mr. J.M. Kariuki - Senior Auditor

appeared before the Committee and gave evidence on the issues raised in the Special Audit Report on Procurement of Passport Issuing Equipment.

MIN:2/04 **INITIATION OF THE PROJECT**

The Committee was informed that the Department of Immigration prepared a needs analysis paper stating what it required in the Passport Issuing project.

The paper recommended that a modern enhanced and comprehensive computer based system be designed and implemented.

MIN:3/04 **PAPERS LAID**

The Accounting Officer tabled the following papers.

Needs Assessment – final paper
Consulting Services Tender Document
Project Proposal

MIN:4/04 **BUDGETARY PROVISIONS**

The Committee was informed that the Ministry had made budgetary provisions for the project in the Estimates of 2001/2002 financial year as follows.

Vote	Head	Item	Kshs.
RO1	371	185	127 million for Computer Expenses
“	“	220	66 million Plant & Equipment

The Committee was further informed that in the Supplementary Estimates which followed the amount in Head 371, item 185 was enhanced from Kshs.127 million to Kshs. 170,301,135.

MIN:5/04 **ADJOURNMENT**

The Chairman adjourned the meeting at 2.00 p.m.

AFTERNOON SITTING

The following Members were present:

The Hon. Omingo Magara, MP (**Chairman**)

The Hon. Joseph Lagat, MP

The Hon. Boniface Mganga, MP

The Hon. William Ole Ntimama, MP

The Hon. Prof. Julia Ojiambo, MP

The Hon. Billow Kerrow, MP

The Hon. Sospeter Ojaamong, MP

The Hon. Bishop Stephen Ondiek, MP

ABSENT

The Hon. Uhuru Kenyatta, MP

The Hon. Ekwere Ethuro, MP

The Hon. Koigi Wamwere, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Principal Clerk

Mr. J.G. Wanyoike - Clerk Assistant

Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:6/04 EVIDENCE OFFICE OF THE PRESIDENT

Mr. J. Githongo – Accounting Officer, Government and Ethics Department in the Office of the President appeared before the Committee and gave evidence on the Special audit Report.

MIN:7/04 ADDITIONAL INFORMATION – GOVERNMENT DEALINGS WITH ANGLO LEASING & FINANCE COMPANY

The Committee was informed that an agreement with Anglo Leasing and Finance Ltd. provided for financing package of about 319 million Euros which is about Kshs.2.67 billion to be repaid by the Republic of Kenya with interest.

The Committee was further informed that so far the actual physical location of Anglo Leasing & Finance Ltd was not known. Kshs.91 million

which the government had paid to Anglo Leasing & Finance Ltd has been repaid back but the actual source of the money was unknown.

MIN:8/04 EVIDENCE – OFFICE OF THE VICE-PRESIDENT AND MINISTRY OF HOME AFFAIRS

Mr. W.K. Changole, Ag. Accounting officer, Office of the Vice-President and Ministry of Home Affairs, accompanied by:-

- Mr. H. Ole Ndiema - Principal Immigration Officer
- Mr. J.K. Ndathi - Deputy Secretary, Finance
- Mr. S.A. Khalif - Deputy Chief Finance Officer
- Mrs N. Kinyua - Former Principal Accountant
- Mr. S.N. Karanja - Senior System analyst
- Mr. J.M. Kariuki - Senior Auditor

appeared again before the Committee and gave evidence on the issues raised in the Special Audit Report on Procurement of Passport Issuing Equipment.

MIN:9/04 ADDITIONAL INFORMATION

The Committee was informed that the External Loans and Credit Act, Cap 420, Chapter 9 provides that as soon as practicable after a loan has been arranged or credit obtained under the Act, the Minister should lay before the National Assembly a report on the transactions. The credit for the transaction under review was to be reported by the end of the 2003/2004 financial year.

MIN:10/04 ADJOURNMENT

And the time being forty five minutes past Six O'clock, the Chairman adjourned the meeting.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE SECOND SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON TUESDAY MAY 25, 2004 AT 9.30 A.M.

PRESENT

The following Members were present:

The Hon. Omingo Magara, MP (Chairman)
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Billow Kerrow, MP
The Hon. Ekwee Ethuro, MP
The Hon. Sospeter Ojaamong, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. William Ole Ntimama, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Principal Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Arowomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M. Gatumbu - Director of Audit
Mr. K. M. Mwaniki - Senior Auditor

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General
Mr. J.K. Karagu - Deputy Director of Audit

MIN:11/04 MINISTRY OF FINANCE

Mr. J.H.M. Oyula, Ag. Accounting Officer, Ministry of Finance (Treasury) accompanied by:-

D. Onyonka - Principal Economist
G.K. Muthemba - Assistant Accountant General
J.K. Karago - Deputy Director of Audit

appeared before the Committee and gave evidence on the Special Audit Report on Procurement of Passport Issuing Equipment in the Department of Immigration, Office of the Vice President and Ministry of Home Affairs.

MIN:12/04 ADDITIONAL INFORMATION - PROCEREMENT OF THE EQUIPMENT

The Committee was informed that the Department requested for Treasury Authority to procure a passport issuing system through restricted tendering and the authority was granted.

MIN:13/04 ADDITIONAL INFORMATION - CONTRACT AGREEMENT

The Committee was informed that there should have been two separate agreements between the financier and the Government namely a Contract Agreement and a Finance Agreement.

The Committee directed the Ag. Accounting Officer, Treasury to provide:-

- (i) A letter written by the Minister delegating authority to the Permanent Secretary (Treasury) to sign the agreement on his behalf.
- (ii) Letters of instances when the current Minister delegated his responsibility of similar nature to officers (especially in cases involving Kshs. 500 million and above).

MIN:14/04 PAPER LAID

The Accounting Officer laid the following paper before the Committee:-

A letter showing Treasury's approval of restricted tendering.

MIN:15/04 ADJOURNMENT

The Chairman adjourned the meeting at 2.10 p.m.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE THIRD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON THURSDAY 27 MAY, 2004 AT 9.30 A.M.

PRESENT

The following Members were present:

The Hon. Omingo Magara, MP (Chairman)
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP
The Hon. Ekwee Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Billow Kerrow, MP
The Hon. Sospeter Ojaamong, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Koigi Wamwere, MP
The Hon. William Ole Ntimama, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Principal Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. A. Ariwomoi - Clerk Assistant

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General
Mr. J. K. Karago - Deputy Director of Audit
Mr. K. Mwangi - Ag. Director, Public Procurement

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M. Gatumbu - Director of Audit
Mr. K.M. Mwaniki - Senior Auditor

MIN:16/04 OFFICE OF THE VICE PRESIDENT AND MINISTRY OF HOME AFFAIRS

Mr. Silvester M. Mwaliko, Accounting Officer, Office of the Vice President and Ministry of Home Affairs accompanied by:-

J.K. Ndathi - Deputy Secretary
H.T. Ole Ndiema - Principal Immigration Officer

A.G.W. Njiru	-	Ag. Director Budget
Mr. K. Mwangi	-	Ag. Director of Public Procurement
D. Onyonka	-	Principal Economist
N. Kinyua	-	Principal Accountant
Joseph Magari,	-	former Accounting Officer, Ministry of Finance (Treasury)
W.K. Sitonik	-	Director, GITS

appeared before the Committee and gave evidence on the Special Audit Report on Procurement of Passport Issuing Equipment in the Department of Immigration, Office of the Vice President and Ministry of Home Affairs.

MIN:17/04 ADDITIONAL INFORMATION - ANGLO LEASING FINANCE COMPANY LIMITED

The Committee was informed that Mr. Colin Flyn had introduced himself to the then Accounting Officer of the Office of the Vice President and Ministry of Home Affairs in February 2003 and informed him that he represented a French Company namely Francois-Charles Obethur Fiduciare of Paris.

The Committee was further informed that Anglo-Leasing and Finance Ltd had already undertaken a project (Forensic Sciences Laboratory) in the Office of the President therefore it was already known to Kenya Government.

MIN:18/04 ADJOURNMENT

The Chairman adjourned the meeting at 2.15 p.m.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE FOURTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON THURSDAY JUNE 03, 2004 AT 9.30 A.M.

PRESENT

The following Members were present:

The Hon. Omingo Magara, MP (**Chairman**)
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Billow Kerrow, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP
The Hon. Ekwee Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. William Ole Ntimama, MP
The Hon. Sospeter Ojaamong, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

J.G. Wanyoike - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M. Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:19/04 NON-APPEARANCE BY THE ACCOUNTING OFFICER OFFICE THE PRESIDENT IN CHARGE OF PROVINCIAL ADMINISTRATION AND NATIONAL SECURITY

The Committee was informed that due to unavoidable circumstances the Accounting Officer, Office of the President could not appear before it in the morning. However he would appear in the afternoon.

MIN:20/04 ADJOURNMENT

And the time being thirty minutes past Eleven O'clock, the Chairman adjourned the meeting until 2.30 p.m. in the afternoon

AFTERNOON SITTING

The Committee convened at 2.30 p.m.

PRESENT

The Hon. Omingo Magara, MP (**Chairman**)
The Hon. Billow Kerrow, MP
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Bishop Stephen Ondiek, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Ekwee Ethuro, MP
The Hon. William Ole Ntimama, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

J.G. Wanyoike - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M. Gatumbu - Director of Audit

TREASURY

Mr. G.K. Mothemba - Assistant Accountant General

MIN:21/04 EVIDENCE: OFFICE OF THE PRESIDENT

Mr. Dave Mwangi, Accounting Officer, Office of the President in Charge of Provincial Administration and Internal Security accompanied by Messrs: J. K. Mwenda, Chief Finance Officer and J. M. Kirubi, Under Secretary appeared before the Committee and gave evidence on the Special Audit Report on Procurement of Passport Issuing Equipment.

MIN:22/04 NON VERBATIM RECORDING

The Committee was informed that the House was sitting and it was not possible to cover Committee verbatim proceedings as the same recorder was being used by the House. The Committee resolved to take evidence without being record verbatim.

MIN:23/04 SIMOCO PROJECT

The Committee was informed that **SIMOCO** contract started in 1992 for Police Communication. The project was to be extended to Phase II (two), but the Directors had wanted to change the system to digital

The negotiation to change the system to Digital had been stopped for further advice. The Committee was further informed that Anglo Leasing Finance Ltd was not undertaking any project in the Office of the President.

The Committee directed the Accounting Officer to submit the following:-

- (i) The Directors of Anglo Leasing and Finance Ltd and details of the company.
- (ii) The magnitude of Anglo Leasing and Finance Ltd showing the project they are undertaking if any.
- (iii) The financing of the Anglo Leasing Company showing how much the Government had paid them and the status of their project(s) if any.

MIN:24/04 APPEARANCE OF THE MINISTER FOR FINANCE

The Chairman informed the Committee that the Minister for finance would appear before the Committee on Friday June 25, 2004 at 10.00 a.m. for mutual discussion.

MIN:25/04 ADJOURNMENT

And the time being thirty minutes past Four O'clock, the Chairman adjourned the sitting until Friday June 25, 2004.

HON. OMINGO MAGARA, MP

CONFIRMED:.....

(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE FIFTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON FRIDAY JUNE 04, 2004 AT 10.00 A.M.

PRESENT

The following Members were present:

The Hon. Omingo Magara, MP (**Chairman**)
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Billow Kerrow, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP
The Hon. Ekwere Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. William Ole Ntimama, MP
The Hon. Sospeter Ojaamong, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

J.G. Wanyoike - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:26/04 NON-APPEARANCE BY THE MINISTER FOR FINANCE

The Committee was informed that due to unavoidable circumstances the Minister for Finance would not be able to appear before it.

MIN:27/04 EVIDENCE: MINISTRY OF FINANCE

Mr. J.H.M. Oyula, Ag. Accounting Officer – Treasury appeared before the committee and gave evidence on the Special Audit of Procurement of Passport Issuing Equipment.

MIN:28/04 ANGLO LEASING FINANCE COMPANY LIMITED

The Committee directed the Acting Accounting Officer, Treasury to submit the following documents:-

- (i) Documents showing the amounts paid to Anglo Leasing & Finance Ltd when they were made and the letters authorizing those payments.
- (ii) A document showing the Directors of Anglo Leasing and Finance Ltd and their agents in Kenya.
- (iii) Explanation on the actual status of the project.
- (iv) Explain whether the loan was approved by Parliament.

MIN:29/04 ADJOURNMENT

And the time being thirty minutes past Five O'clock the Chairman adjourned the sitting until June 28, 2004

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004
DATE:.....

MINUTES OF THE SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON MONDAY JUNE 21 2004 AT 10.00 A.M.

PRESENT

The following Members were present:

The Hon. Omingo Magara, MP (**Chairman**)
The Hon. Ekwee Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Boniface Mganga, MP
The Hon. Joseph Lagat, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Billow Kerrow, MP
The Hon. Sospeter Ojaamong, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mr. J.G. Wanyoike - Clerk Assistant

MIN:30/04 APPEARANCE OF VARIOUS WITNESSES BEFORE THE COMMITTEE

The Committee noted that the Minister for Finance; the Accounting Officer, Governance and Ethics; the Governor of Central Bank; and the Solicitor General; were supposed to appear before it on 21st June, 2004 but they failed to do so.

The Members were informed that the said witnesses would appear on 28th June, 2004.

MIN:31/04 COMMITTEE REPORTS

Members were informed that their report on Canada and USA trip and the Report on Special Audit were ready for their consideration.

They resolved that they would consider the two reports on 25th June, 2004.

MIN:32/04 ADJOURNMENT

And the time being thirty minutes past Eleven O'clock the Chairman adjourned the meeting until Tuesday June 22, 2004 at 9.30 a.m.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON TUESDAY JUNE 22 2004 AT 10.30 A.M.

PRESENT

The Hon. Omingo Magara, MP (Chairman)
The Hon. Ekwee Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Boniface Mganga, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Joseph Lagat, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Koigi Wamwere, MP
The Hon. Billow Kerrow, MP
The Hon. Sospeter Ojaamong, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

TREASURY

Mr. G.K. Muthemba - Accountant General

MIN:33/04 APPEARANCE OF WITNESSES

The Committee expressed concern about appearance of witnesses. It was resolved that the Accounting Officer, Office of the President should appear before it on Thursday 24th June 2004 while the rest of the witnesses should appear on 28th June, 2004.

MIN:34/04 PREMATURE PUBLICATION OF EVIDENCE

The Committee noted that its proceedings were leaking to the press. They blamed the Secretariat and the Hansard Officers for the leakage and warned that action would be taken against anyone who leaked information received by the Committee to the Press.

MIN:35/04 ADJOURNMENT

The Committee was adjourned the meeting at Twelve noon.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

**MINUTES OF THE EIGHTH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF
PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9
PARLIAMENT BUILDINGS ON THURSDAY JUNE 24 2004 AT 10.20 A.M.**

PRESENT

The Hon. Omingo Magara, MP (Chairman)
The Hon. Ekwee Ethuro, MP
The Hon. Joseph Lagat, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Boniface Mganga, MP
The Hon. Koigi Wamwere, MP
The Hon. Billow Kerrow, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Prof. Julia Ojiambo, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mr. P.C.O. Omolo - Deputy Clerk
Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. J. K. Karago - Deputy Director of Audit

MIN:36/04 EVIDENCE: OFFICE OF THE PRESIDENT

Mr. Dave Mwangi, Permanent Secretary, Office of the President in charge of Provincial Administration and National Security accompanied by Messrs:-

Ms A.A. Atwala - Deputy Secretary
J.M. Kirubi - Under Secretary
F.K. Mwenda - Chief Finance Officer

appeared before the Committee and gave evidence on Special Audit Report on the Procurement of Passport Issuing Equipment by the

Department of Immigration in the Office of the Voce-President and Ministry of Home Affairs.

MIN:37/04 ADDITIONAL INFORMATION - ANGLO-LEASING AND FINANCE LTD

The Committee was informed that the signatory and local consultant for Anglo Leasing and Finance Ltd is Merylen Kettering.

The Committee was further informed that the Managing Directors are Mr. Michael Gruring of Petit Chem 18, Case Postale 3220 1002 Lausanne, Switzerland, and

Colin Flynn of Alpha 100 Upper Parliament St. Liverpool, UK.

MIN:38/04 ADDITIONAL INFORMATION - FUTURE CONTRACTS

The Committee was informed that the Government has created an Inter-Ministerial Procurement Committee comprising senior officials from Office of the President, Ministry of Finance, Ministry of Roads, Public Works and Housing and the Attorney-General's Office to ensure that public finances for projects valued at more than Kshs.100 (hundred) million are properly secured and completed.

MIN:39/04 ADJOURNMENT

And the time being fifteen minutes past noon, the Chairman adjourned the meeting until Monday June 28, 2004 at 9.30 a.m..

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE NINTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON MONDAY JUNE 28, 2004 AT 10.20 A.M.

PRESENT

The Hon. Omingo Magara, MP (Chairman)
The Hon. Joseph Lagat, MP
The Hon. Boniface Mganga, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Koigi Wamwere, MP
The Hon. Ekwee Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Billow Kerrow, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mr. P.C.O. Omolo - Deputy Clerk
Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General
Mr. J. K. Karago - Deputy Director of Audit

MIN:40/04 MINISTRY OF FINANCE

Mr. J.H.M Oyula, Acting Permanent Secretary, Treasury appeared before the committee and gave evidence on Special Audit Report on Procurement of Passport Issuing Equipment by the Department of Immigration, Office of the Vice President and Ministry of Home Affairs.

MIN:41/04 ADDITIONAL INFORMATION - GOVERNMENT CONTRACTS

The Committee was informed that the two contracts namely supplies services and financing credit agreement contract No. Kenya/GOK/HA 0305/1 for Immigration Security and Documents Control Systems Project of Immigration Department, of the Office of the Vice-President and Ministry of Home Affairs between Anglo Leasing and Finance Limited and the Government of the Republic of Kenya and the contract on Export Lease Purchase Financing Agreement No.Kenya/OP/FSC/2001/01 Forensic Science Laboratory for Criminal Investigations Department (CID) of the Office of the President, Government of the Republic of Kenya had been cancelled and all monies refunded.

MIN:42/04 PAPERS LAID

The following papers were laid:-

- (i) Cancelled contract No. Kenya/GOK/HA 0305/1 for Immigration and Documents control Systems Project for Immigration Department of the Office of the Vice-President and Ministry of Home Affairs between Anglo Leasing and Finance Ltd and Government of Kenya.
- (ii) Cancelled Contract No. Kenya/OP/FSL/2001/01 Forensic Science Laboratory for Criminal Investigations Department (CID) of the Office of the President.
- (iii) Letter dated June 09, 2004 from Anglo Leasing Finance Ltd stating that the contract has been cancelled and that there are no contractual obligations.
- (iv) Cancelled promissory notes as follows:-

DATED	MATURITY DATE	AMOUNT (US \$)	NO.KENYA/OP/FSL/2000
August 17, 2001	August 17, 2002	1,922,222.22	001
“	February 17, 2003	967,777.77	002
“	August 17, 2003	954,444.44	003
“	February 17, 2003	2,926,888.89	004
“	August 17, 2003	2,878,000.00	005
“	February 17, 2003	2,845,111.00	006
“	August 17, 2005	2,793,555.56	007
“	February 17, 2006	2,763,333.00	008
“	August 17, 2006	2,713,111.11	009
“	February 17,2002	2,681,555.56	010
“	August 17, 2007	2,632,666.67	011
“	February 17, 2008	2,599,777.78	012
“	August 17, 2008	2,554,444.44	013
“	February 17, 2009	2,518,000.00	014

“	August 17, 2009	2,471,777.78	015
“	February 17, 2010	2,436,222.22	016
“	August 17,2010	2,391,333.33	017
“	February 17,2011	2,354,444.44	018
“	August 17, 2011	2,310,888.89	019
“	February 17,2012	2,272,666.67	020
“	August 17,2012	2,230,888.89	021
“	August 17,2013	2,190,888.89	022
“	August 17, 2013	2,150,000.00	023

DATED	MATURITY DATE	AMOUNT (EUROS)	GOK/IMM/2003/
August 17, 2001	January 19, 2004	3,750.000	001
“	October 5, 2004	1,876,000	002
“	June 5, 2004	1,876,000	003
“	October 5, 2004	330,593	004
“	February 5, 2005	1,876,000	005
“	February 5, 2005	302,661	006
“	June 5, 2005	1,876,000	007
“	June 5, 2005	279,732	008
“	October 5, 2005	254,302	010
“	February 5, 2006	1,876,000	011
“	February 5, 2006	226,996	012
“	June 5, 2006	1,876,000	013
“	June 5, 2006	203,442	014
“	October 5, 2006	1,876,000	015
“	October 5, 2006	178,012	016
“	February 5, 2006	1,876,000	017
“	February 5, 2007	151,331	018
“	June 5, 2007	1,876,000	019
“	June 5, 2007	127,151	020
“	October 5, 2007	1,876,000	021
“	October 5, 2008	101,721	022
“	February 5, 2008	1,876,000	023
“	February 5, 2008	76,291	024
“	June 5, 2008	1,876,000	025
“	June 5, 2008	50,860	026
“	October 5, 2008	1,876,000	027

“	October 5, 2008	25,430	028
“	February 5, 2008	1,876,000	029

MIN:43/04 EVIDENCE: CENTRAL BANK OF KENYA

Dr. Edward Sambili, Deputy Governor, Central Bank of Kenya accompanied by Messrs:-

Mrs Jacinta Mwatela	- Director, Financial Markets
Mr. John K. Birech	- Senior Assistant Manager
Mr. Harum Sirma	- Senior Assistant Manager, Financial Services
Mr. Joseph Wau	- Senior Assistant Manager, Financial Markets

appeared before the Committee and gave evidence on the Special Audit Report on Procurement of Passport Issuing Equipment by the Department of Immigration, Office of the Vice President and Ministry of Home Affairs.

MIN:44/04 ADDITIONAL INFORMATON - ROLE OF CENTRAL BANK OF KENYA

The Committee was informed that Central Bank is mandated by law to payment for the Accounts of the Government. It issues individual Ministries with payment authority forms (PA) to enable them issue payment instruction to the bank to debit their Post Master General accounts and pay external beneficiaries.

The Committee was further informed that on May 14, 2004 CBK Correspondent Bank ABN AMRO Bank in Amsterdam informed CBK that their account had been credited with Euro 956,700 by Schroder and Co. Bank. Zurich as per instructions dated May 5, 2004 from their client Anglo Leasing and Finance Ltd, and that the funds should be credited to the Ministry of Home Affairs being refund related to Kenya Immigration Security Project CBK advised the Ministry accordingly on May 18, 2004 of the Credit of Kshs.93,370,954.25 was credited to A/c. PMG R005 A/C.

The Committee was also informed that in the Forensic Laboratory Project for CID all payments amounting to US\$ 4,744,444,44 have been repaid back to the government.

MIN:45/04 EVIDENCE:ETHICS AND GOVERNANCE DEPARTMENT, OFFICE OF THE PRESIDENT

The Permanent Secretary, Governance and Ethics, Mr. John Githongo accompanied by Messrs Lisa Karanja and Mr. Alfred Mutua, Law and Policy Advisors appeared before the Committee and gave evidence on the

Special Audit Report on Procurement of Passport Issuing Equipment by the Department of Immigration, Office of the Vice-President and Ministry of Home Affairs.

The Committee was informed that Section 133 of Anticorruption Act disallows disclosure of undergoing investigations as this may hinder progress or prosecution.

MIN:46/04 ADJOURNMENT

And the time being forty minutes past four O'clock, the Chairman adjourned the Sitting until Tuesday June 29, 2004 at 9.30 a.m.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

**MINUTES OF THE TENTH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF
PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9
PARLIAMENT BUILDINGS ON TUESDAY JUNE 29, 2004 AT 10.00 A.M.**

PRESENT

The Hon. Omingo Magara, MP (Chairman)
The Hon. Joseph Lagat, MP
The Hon. Boniface Mganga, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Billow Kerrow, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Koigi Wamwere, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Ekwee Ethuro, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:47/04 DRAFT REPORT ON SPECIAL AUDIT

The Committee deliberated on the Draft Report of the Special Audit and deferred its adoption to another day.

MIN:48/04 ADJOURNMENT

And the time being Twelve Noon, the Chairman adjourned the Sitting until 4.00 p.m. this afternoon.

AFTERNOON SITTING

PRESENT

The Hon. Omingo Magara, MP (**Chairman**)
The Hon. Joseph Lagat, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Ekwere Ethuro, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Billow Kerrow, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Koigi Wamwere, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Boniface Mganga, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:49/04 REPORT ON THE SPECIAL AUDIT

The Committee deliberated on the Draft report of the Special Audit and deferred its adoption to a later date.

MIN:50/04 ADJOURNMENT

And the time being fifty minutes past seven O'clock, the Chairman adjourned the sitting until Wednesday June 30, 2004 at 10.00 a.m.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9 PARLIAMENT BUILDINGS ON WEDNESDAY JULY 01, 2004 AT 10.00 A.M.

PRESENT

The Hon. Omingo Magara, MP (Chairman)
The Hon. Joseph Lagat, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Billow Kerrow, MP
The Hon. Bishop Stephen Ondiek, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Boniface Mganga, MP
The Hon. Prof. Julia Ojiambo, MP
The Hon. Koigi Wamwere, MP
The Hon. Ekwere Ethuro, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General
Mr. J.K. Karago - Deputy Director Audit

MIN:51/04 DRAFT REPORT ON SPECIAL AUDIT

The Committee deliberated on the Draft Report of the Special Audit and deferred its adoption to a later date.

MIN:52/04 ADJOURNMENT

And the time being thirty minutes past One O'clock, the Chairman adjourned the sitting until this afternoon at 3.00 p.m.

AFTERNOON SITTING

The Committee convened at 3.00 p.m.

PRESENT

The Hon. Omingo Magara, MP (**Chairman**)
The Hon. Joseph Lagat, MP
The Hon. Ekwee Ethuro, MP
The Hon. Bishop Stephen Ondiek, MP
The Hon. Prof. Julia Ojiambo, MP

ABSENT

The Hon. William Ole Ntimama, MP
The Hon. Uhuru Kenyatta, MP
The Hon. Billow Kerrow, MP
The Hon. Koigi Wamwere, MP
The Hon. Sospeter Ojaamong, MP
The Hon. Boniface Mganga, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit
Mr. J.K. Karago - Deputy Director Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General

MIN:53/04 REPORT ON THE SPECIAL AUDIT

The Committee deliberated on the report of the Special Audit and deferred its adoption to a later date..

**MINUTES OF THE TWELVETH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE ON SPECIAL AUDIT REPORT ON PROCUREMENT OF
PASSPORT ISSUING EQUIPMENT HELD IN COMMITTEE ROOM NO.9
PARLIAMENT BUILDINGS ON THURSDAY JULY 02, 2004 AT 10.00 A.M.**

PRESENT

The Hon. Bishop Stephen Ondiek, MP
The Hon. Omingo Magara, MP (Chairman)
The Hon. Prof. Julia Ojiambo, MP
The Hon. Joseph Lagat, MP
The Hon. Sospeter Ojaamong, MP

ABSENT

The Hon. Uhuru Kenyatta, MP
The Hon. Ekwee Ethuro, MP
The Hon. Koigi Wamwere, MP
The Hon. Billow Kerrow, MP

IN ATTENDANCE – NATIONAL ASSEMBLY

Mrs C.W. Munga - Clerk Assistant
Mr. J.G. Wanyoike - Clerk Assistant
Mr. J. Ariwomoi - Clerk Assistant

KENYA NATIONAL AUDIT OFFICE

Mr. A.S.M Gatumbu - Director of Audit

TREASURY

Mr. G.K. Muthemba - Assistant Accountant General
Mr. J.K. Karago - Deputy Director Audit

MIN:55/04 APPOINTMENT OF SOME MEMBERS TO THE EXECUTIVE

The Committee was informed that the Hon. William Ole Ntimama, MP and the Hon. Boniface Mganga, MP had been appointed Minister and Assistant Minister respectively and that they were no longer Members of the Committee but the Committee had to continue to execute its mandate until the new Members are appointed.

MIN:56/04 APPEARANCE OF THE ACCOUNTING OFFICER STATE HOUSE BEFORE THE COMMITTEE

The Committee was informed that due to the recent reshuffle of the Cabinet, the swearing in ceremony of the newly appointed Ministers and Assistant Ministers would take place on the day the Accounting Officer was schedule to appear. The Accounting Officer requested that his appearance be rescheduled.

The Committee agreed to the request and resolved to reschedule evidence on State House to a later date.

MIN:57/04 ADJOURNMENT

And the time being thirty minutes past One O'clock, the Chairman adjourned the sitting until this afternoon at 4.30 p.m.

HON. OMINGO MAGARA, MP

CONFIRMED:.....
(Chairman)

2/7/2004

DATE:.....

**MINUTES OF THE THIRTEENTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON
PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN
COMMITTEE ROOM NO. 9 PARLIAMENT BUILDINGS ON
FRIDAY JULY 02, 2004 AT 2.30 PM**

PRESENT

The following Members of the Committee were present

The Hon. Omingo Magara MP (**Chairman**)

The Hon. Joseph K. Lagat MP

The Hon. Archbishop S. Ondiek MP

The Hon. Prof Julia Ojiambo MP

The Hon. Sospeter Ojaamong MP

The Hon. Koigi Wamwere MP

ABSENT

The Hon. Uhuru Kenyatta MP

The Hon. Billow Kerrow MP

IN ATTENDANCE: NATIONAL ASSEMBLY

Mrs. C. W. Munga - Clerk Assistant

Mr J. G. Wanyoike - Clerk Assistant

Mr. Julius Ariwomoi - Clerk Assistant

MIN NO: 58/2004 CONFIRMATION OF MINUTES

Minutes of the First to tenth sittings held on 24th May, 25th May, 27th May, 3rd June, 4th June, 21st June 22nd June, 24th June, 28th June, 29th June respectively were confirmed by the Members present and signed by the Chairman.

**MIN NO. 59/2004: REPLACEMENT OF MEMBERS APPOINTED AS
MINISTERS**

The Members were concerned that the replacement of those who were appointed as Ministers and Assistant Ministers was taking too long. It was resolved that the Chairman would request the relevant Party Whips to speed up the process of appointing their replacement.

MIN. NO. 60/2004: SPECIAL AUDIT REPORT

The Committee deliberated on its Report on Special Audit and deferred its adoption to another day.

MIN. NO. 61/2004: ADJOURNMENT

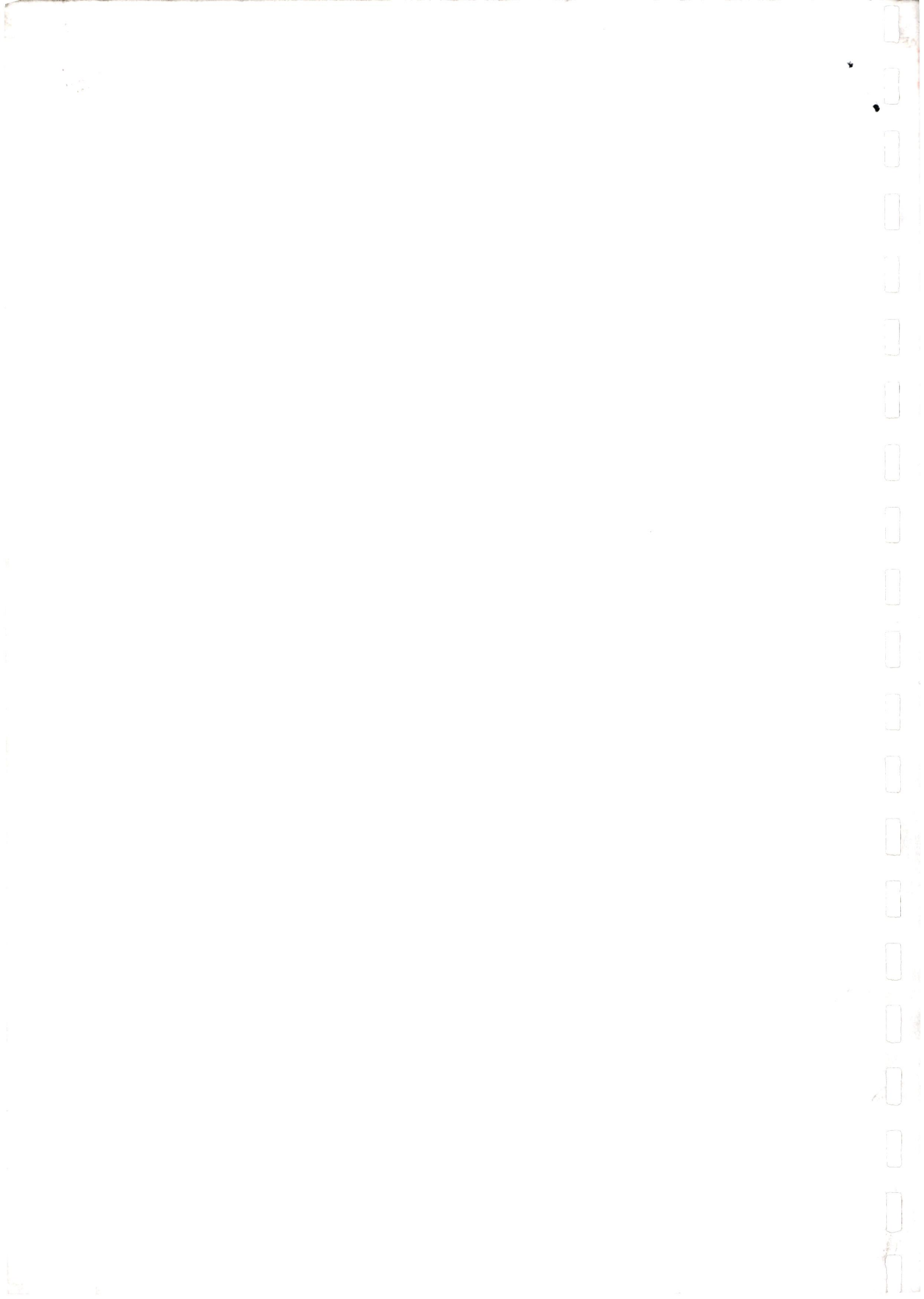
The Chairman adjourned the meeting at 5.00 pm.

HON OMINGO MAGARA, MP

Signed.....
(CHAIRMAN)

5TH JULY 2004

Date.....



**MINUTES OF THE FOURTEENTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE ON SPECIAL AUDIT REPORT ON
PROCUREMENT OF PASSPORT ISSUING EQUIPMENT HELD IN
COMMITTEE ROOM NO. 9 PARLIAMENT BUILDINGS ON
MONDAY JULY 05, 2004 AT 2.30 PM**

PRESENT

The following Members of the Committee were present

The Hon. Omingo Magara MP (**Chairman**)
The Hon. Joseph K. Lagat MP
The Hon. Prof Julia Ojiambo MP
The Hon. Sospeter Ojaamong MP
The Hon. Koigi Wamwere MP

ABSENT

The Hon. Uhuru Kenyatta MP
The Hon. Billow Kerrow MP

IN ATTENDANCE: NATIONAL ASSEMBLY

Mrs. C. W. Munga - Clerk Assistant
Mr J. G. Wanyoike - Clerk Assistant
Mr. Julius Ariwomoi - Clerk Assistant

MIN NO: 62/2004 CONFIRMATION OF MINUTES

The Committee considered its report on the Special Audit on procurement of passport issuing equipment and **adopted** it with minor amendments.

MIN. NO. 61/2004: ADJOURNMENT

The Chairman adjourned the meeting at 7.15 pm.

HON OMINGO MAGARA, MP

Signed.....
(CHAIRMAN)

5TH JULY 2004

Date.....

