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Ouko unearths Sh390m theft racket at Tourism Fund

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Auditor-General Edward Ouko has revealed the theft of about Sh390 million at the Tourism Fund through a phony receipt racket.

The auditor says 17,209 receipts are missing from the agency and that the racket has cost taxpayers Sh390.8 million through unexplained withdrawals since 2013.

The fund collects hundreds of millions of shillings from hotels through a catering levy, making it one of the most lucrative State corporations under the Tourism ministry.

"There is likelihood that revenue collected is deleted from the system and later withdrawn in



SCRUTINY Auditor-General Edward Ouko - FILE

cash for unauthorised transactions and also possible manipulation of receipt numbers," said Mr Ouko.

"Consequently, it is not possible to ascertain if levy income of Sh2,009,627,284 is fairly stated."

Mr Ouko said in the Tourism Fund books of accounts for the year ended June 30, 2016.

The fund is not fully automated and manual entries have made it easier for its staff to siphon cash

from the agency. Mr Ouko reckons that the semi-automated operation has created opportunities for data manipulation and making unauthorised entries in the system.

"The system could not also distinguish a late payment with an arrears payment as it applied penalties to both. This meant that levy department has to call back and confirm the payment and manually make corrections," Mr Ouko said.

He said 30,057 transaction entries were missing during the year under review and the agency made unexplained cash withdrawals of over Sh152.3 million.

Data from ledgers and bank details revealed differences, which were not explained by the

fund management.

Mr Ouko said 34 M-Pesa transactions amounting to Sh199,198 in the month of June 2016 were not posted to the M-Pesa collection account.

He said there was likelihood that the revenue collected may have been materially misstated during the year under review.

He also found out that the fund had no proper documentation for payments saying there was no issue of ETR receipts or invoices.

"As a result of unavailability of proper documentation, it has not been possible to confirm the propriety of payment of Sh1.2 million which are not in compliance with Section 49 of the Value Added Tax Act and ETR regulations," Mr Ouko said.