

FROM

TABAKA AFFIRMATIVE SELF HELP GROUP

P.O. BOX 3078-40200

KISII

TO

THE DIRECTOR OF PUBLIC PROSECUTION.

AND

ETHICS AND ANTI-CORRUPTION COMMISSION

KENYA.

RE: MISMANAGEMENT, CORRUPT AND FRAUDULENT PRACTICES AT VISIONPOINT SACCO SOCIETY LTD.

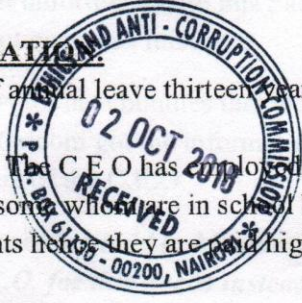
This is to bring to your attention and your subsequent directive and follow up to ensure security of members/public funds bestowed on the aforementioned savings and credit cooperative society limited, we hereby request and order for multi-agency enquiry / audit in this Sacco to instill professionalism, integrity, fraud free and misuse of power due to governance breakdown. We call your support for the following agencies i.e. KRA, Ministry of labour, Lands commission, Sasra, Kenya Tea Development Agency, Commissioner of cooperatives, Ministry of cooperatives, P.S. Treasury, and Central Bank get into the details of the areas highlighted

Herewith attached are the highlights.

(A) KENYA REVENUE AUTHORITY/SASRA REPORTS.

1. The SACCO has an IT system configured to evading tax supposed to be remitted to KRA to help build the country in this manner.
 - a) More than 45,000 (forty five thousand) tea growers deducted exercise duty is not remitted to KRA as supposed to be on monthly basis same time its deducted from the tea growers payment instead of the commission fee deducted from the growers payment. You can take samples from the grower's payment vouchers for previous months. This has been taking place since the year 2010 and hence there has been audit carried out by KRA staff from Kisii Office. Hence exercise duty directly deducted from farmers not the commission/service fee. And this amount must be refunded to the farmers.
 - b) Cash payment to contractors to avoid payment of exercise duty and income tax. In particular there is one IT company called Microlin Computer services LTD that has been providing IT system vendor for the SACCO software was given a tender to install a system worthy 2.4 million and payment was done in cash to evade the said taxation. The same company supplied five system servers worthy 2.5 million and P.O.S machines (point of sale machines) worthy 3 million and the same was paid through Mpesa and cash to evade taxation.
 - c) The SACCO has a subsidiary company called vision building housing cooperative society to be investigated also on its tax compliance since its formation
 - d) **System vendor** is used to alter, delete and configure system to give false information to SASRA and KRA returns and during audits whereby he's called upon by the Sacco C.E.O. and internal Auditor to do as necessary.
 - e) Also the Sacco do a misreporting to Sasra on the number of branches it has i.e. it has sixteen offices operating from Monday to Friday to avoid taxation for the regulator it reports of having only four the rest are as pay points.

(B) LABOUR RELATIONS

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- (a) This SACCO since its inception has never given its staff annual leave thirteen years down the line against the labour laws.
 - (b) Nepotism-The employment procedures not followed i.e. The C.E.O has employed a good number of relatives/family members including daughters and sons some who are in school but during holidays they are in the paid under security and marketing accounts hence they are paid higher than regular workers.
 - (c) Under payment against the Banking Act.
 - (d) Sacco pays the staffs who work in the C.E.O compound in particular watchmen and drivers.
 - (e) Staffs are canned in the office by the C.E.O.
 - (f) The C.E.O. keeps pangas and swords in his office that he uses to threaten anybody who will query him on what is not right.
 - (g) Sexual harassment very rampant in the Sacco no lady will be employed neither internship minus submitting to the C.E.O.
 - (h) The C.E.O has participated in marriage break ups of female staff working with the Sacco i.e. The internal auditor and he (CEO) is also married to the current human resource manager as second wife. Among many more.
 - (i) Labour officers in this region are compromised hence calling for the P.S. to order for the audit.

The above mentioned amongst others to be unearthed amounts to contravening the constitution of Kenya on Bill of rights.

(C) PROCUREMENT

This is to bring to attention of relevant bodies under the procurement and tendering procedures are not followed even in case of single sourcing. But in this SACCO only the chief executive officer decides on who and what to be supplied and amount without any procurement minutes and yet he has a maximum he can procure but goes against the SASRA rules and regulations of tendering items above his limit without involving the board.

Please note the Sacco has no tendering/procurement committee.

Some of the items procured with exaggerations and no minutes and other procedures include:-

P.O.S. that goes for between Kshs.15, 000 to 20,000 were purchased at Kshs.100, 000/=

Land/plots purchased i.e. Keroka plot that went for kshs.12.5 million

(D) GOVERNANCE/FRAUD.

Relevant authorities i.e. SASRA though toothless and commissioner of cooperatives, The P.S ministry of cooperatives, County governments of Kisii and Nyamira where the SACCO has its operations including the committees of national assembly to study the management structure of this SACCO, to start with the same management committee (Directors) have been there since its formation hence has no capacity to supervise and make proper decision to lead the SACCO whereby everything is left to the chief executive officer. In particular also the last audit recommended for change in internal auditor who doesn't understand her roles, but two years down the line, nothing has been done. The audit committee doesn't understand their role neither have any report on malpractice taking place in the SACCO hence requires an overhaul.

To note with concern as per the requirements of the by-laws delegates are supposed to be elected from their electoral zones whereby there's proposer and seconder who will also come to elect directors (management

board) This exercise is foreseen by the cooperatives officers but unfortunately to this Sacco it's the C.E.O who appoints delegates who are his cronies to protect him and cannot query his misdeeds.

Also note Safaricom PLC is claiming a total of Kshs.550, 000/= for data bundles that were being used by the C.E.O's family at the expense and name of the Sacco when Safaricom got the information of non-payments it blocked the numbers that were used i.e. wife, sons and daughters of the C.E.O.

To note with concern on and between 19th to 22nd June 2018 meeting held in Mombasa, conducted by Sasra where the attendants were to be the Sacco Chairman and C.E.O. for this Sacco instead of the chairman was to attend the C.E.O picked one FELIX AMINGA an ICT staff to represent the Sacco in the capacity of the chairman which is against the Sacco act hence it's more of criminal for staff to impassionate as a director/chairman of the Sacco and the regulator couldn't detect this.

(E) TO NATIONAL LANDS COMMISSION

This is to bring to your attention that the SACCO has been engaged in the purchase of pieces on land/plots through its subsidiary company namely at Magombo market, Marani Market, Tombe market, Masimba market, Keroka, Kenyena whereby some of its plots are in road reserves, bought with exaggerated prices i.e. keroka plot was bought at 12.5million and marani plot and masimba are on road reserves, and titles acquired within the same day / time the transaction is done hence procedure used to acquire the title deeds is wanting. Please note the land/plots, the board isn't involved, it is the single business of the chief executive officer. Thus the Kisii lands registry must be investigated also on the acquisition process of the lands title and transfers.

Members savings have been used to purchase this lands fraudulently hence the risk involved in case members demand their savings at once the Sacco will not be in the position to sustain itself.

Please note the C.E.O. claims or hides this transactions on the Sacco subsidiary company called vision building housing co-op society which has no capital base to purchase all those lands.

(F) LOANS

Attached is an extract of a loan issued by the SACCO though brought to the attention of the chief executive officer and furthermore the regulator SASRA no action has been taken to secure members/public funds.

Though the loans may look having small amounts but it's a show of bigger mess deeper inside hence loans procedures not adhered to causing members savings at risk. Thus even the credit committee not aware of the loans transactions neither minute of the same.

(G) SACCO ACCOUNTS AT COOPERATIVE BANK.

As a matter of procedure letter of introduction of signatories to the bank must be done by the sub county cooperative officer but there are some of the accounts that are opened by use of forged sub count cooperative officer's signature i.e. cheques clearing account amongst others.

(H)TEA GROWERS HIDDEN CHARGES

Kindly also note in the year 2016/2017 KTDA tea growers bonus payment farmers were deducted kshs.150 which was hidden plus another kshs.20 also hidden hence for the period since the payment was done i.e. in November 2017 farmers are crying for the refund but in vain though KTDA tea factory farmers from Nyamira and Kisii counties during their AGM raised the matter still no support has been given for the refund. Hence when you calculate kshs.150*45000 farmers will bring kshs.6, 750,000/= claimed by farmers.

This in particular Tombe Tea Factory farmers caused havoc during the last years AGM asking for the refund of the same. This hidden charges is against the Banking act.

Furthermore the nature that was used to recruit over 30,000 {thirty thousand growers} was fraudulent whereby they are supposed to produce their copy of national identity card, latest payment slip then fill an application form authorizing Kenya tea development agency to change the grower pay point/Bank but this wasn't done Unfortunately towards the last bonus a deal was struck between KTDA green leaf accounts staff headed by one Mr.Kimani to transfer the said growers with a demand of Kenya shillings One Million a deal that was sealed at Hilton Hotel. This is also putting KTDA integrity in handling the grower's expectations questionable.

(I) VISION BUILDING HOUSING CO-OP SOCIETY LTD.

This subsidiary company for the Sacco was not formerly registered as required the minutes were forged and forwarded for registration using forged signature of the co-operative officer.

The same time the company directors cannot be staff and directors as per the by-laws.

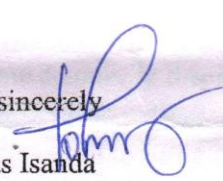
There were no delegates neither board resolution authorizing the formation of this company.

This subsidiary company is used to siphon member's savings in the form of investing in land purchase hence it has no shares/capital worthy that activity.

Lastly is to invite relevant stakeholders and investigation agents and arms of government to come in and safeguard the members funds bestowed to this SACCO, by one having in place a competent board and management team with the capacity to steer the Sacco unto the required standards.

Thanks in advance.

Yours sincerely


Thomas Isanda

Chairperson.

Cc

-Director of CID

-National assembly Speaker / Clerk for relevant committee to investigate.

-COTU

-Kenya Human Rights Commission.

-NSIS

-County commissioner of cooperatives-Nyamira & Kisii.