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**OP/CAB.9/1**

Ref. No. ....  
and date

P.O. Box 62345-00200  
NAIROBI

13<sup>th</sup> June 2013, 20.....

**All Cabinet Secretaries**  
**All Principal Secretaries/Accounting Officers**  
**All Chairmen State Corporations**  
**Attorney General**  
**Auditor General**

**MANAGEMENT OF STATE CORPORATIONS**

On 23<sup>rd</sup> November 2004, the Government issued Guidelines on Terms and Conditions of Service for Chief Executive Officers, Chairmen, Board Members, and management and unionisable staff of State Corporations. The Guidelines empowered Boards of Directors to recruit Chief Executive Officers through a competitive process. This process includes negotiation and determination of appropriate salary within the existing legal framework.

Whereas empowerment of Board of Directors is in line with global best practice, there is an emerging trend where Boards are engaging Chief Executive Officers before the appropriate salary is determined.

To entrench professionalism and good governance, Chief Executive Officers should be engaged after the appropriate salary is approved in accordance with Section 5 (3) of the State Corporations Act, Cap. 446, Laws of Kenya. In cases where a State Corporation depends on the Exchequer, salaries will be approved by the State Corporations Advisory Committee in consultation with the Salaries and Remuneration Commission.

  
**FRANCIS T. KIMEMIA, EGH,**  
**PERMANENT SECRETARY, SECRETARY TO THE CABINET**  
**AND HEAD OF THE PUBLIC SERVICE**

C.C. Mr. Edward Ouko,  
Auditor-General,  
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Mr. Joseph Sereem,  
Chairperson,  
Salaries and Remuneration Commission,  
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Mr. Edward Ngigi,  
Ag. Inspector-General (State Corporations),  
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