



OFFICE OF THE PRESIDENT
PERMANENT SECRETARY, SECRETARY TO THE CABINET
AND HEAD OF THE PUBLIC SERVICE

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When replying please quote

OP/CAB/9/21/2A Vol.LI(51)

Ref. No.
and date

P.O. Box 62345-00200
NAIROBI

....., 20.....

28th September, 2005

The Attorney-General
All Permanent Secretaries
All Accounting Officers

**RE: REMUNERATION FOR CHIEF EXECUTIVE OFFICERS OF
STATE CORPORATIONS WHO ARE APPOINTED CHAIRMEN
OF THEIR SUBSIDIARY STATE CORPORATIONS.**

Some Chief Executive Officers of State Corporations that own or hold shareholders of other Companies, are appointed to be Chairmen of the Boards of such companies which are State Corporations in accordance with the provision of Section 2(d) of the State Corporations Act, Cap 446.

It has been noted that some Chief Executive Officers appointed Chairmen under the above explained circumstances do claim all benefits provided for Chairmen under Annex IV of the Guidelines Ref. OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004.

This issue has been considered in consultation with the State Corporations Advisory Committee and, it has been decided that such Chairmen shall with immediate effect be entitled to **only a**

sitting allowance applicable to the specific subsidiary State Corporation.

Where Directors' fee may be payable Treasury Circulars from time to time on Directors' fees shall apply in respect of fees due to a Chairman who is a public officer by virtue of being the Chief Executive Officer of the holding State Corporation.

It is clarified that this directive does not apply to a Chief Executive Officer or an employee of a State Corporation who may be appointed on personal merit to be a Chairman of an unrelated State Corporation Board.

Please bring the contents of this circular to Chief Executive Officers of all State Corporations under your Ministry and ensure that it is complied with.

Yours



AMB. FRANCIS K. MUTHAURA, EGH
PERMANENT SECRETARY/SECRETARY TO
THE CABINET AND HEAD OF PUBLIC SERVICE

c.c. The Controller and Auditor-General
Kenya National Audit Office
Kencom House
NAIROBI

The Secretary
State Corporations Advisory Committee
KICC Building
NAIROBI

Inspector-General (Corporations)
Inspectorate of State Corporations
KICC Building
NAIROBI