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THE AUDITOR-GENERAL

ON

COMMISSION ON REVENUE ALLOCATION

**FOR THE YEAR ENDED
30 JUNE, 2023**



Commission on Revenue Allocation
Promoting an Equitable Society

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2023

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms, Abbreviations and Glossary of terms

(a) Acronyms

No.	Abbreviation	Definition
1	AWAK	Association of Women Accountants of Kenya
2	ADM	Administration
3	CIR	Circular
4	CPA	Certified Public Accountant
5	CPM	Certified Professional Mediator
6	CPS	Certified Public Secretary
7	CRA	Commission on Revenue Allocation
8	FY	Financial Year
9	HAU	Head of Accounting Unit
10	HFU	Head of Finance Unit
11	IPSAS	International Public Sector Accounting Standards
12	KCB	Kenya Commercial Bank
13	MoU	Memorandum of understanding
14	PFM	Public Financial Management
15	PSASB	International Public Sector Accounting Standards
16	SAGA	Semi-Autonomous Government Agency
17	SRC	Salaries and Remuneration Commission

(b) Glossary of Terms

No.	Terms	Definition
1	Debit	An entry recording a sum owed, listed on the left-hand side or column of an account
2	Credit	An entry recording a sum received, listed on the right-hand side or column of an account
3	Trial Balance	A financial report showing the closing balances of all accounts in the general ledger at a point in time
4	Financial Performance	A subjective measure of how well a firm can use assets from its primary mode of business and generate revenues
5	Financial Position	The account status of a firm's or individual's assets, liabilities, and equity positions as reflected on its financial statement.
6	Changes in Net Assets	The equivalent of the net profit figure on an income statement
7	Cash equivalent	Investments that can readily be converted into cash
8	Liabilities	Debts or obligations a person or company owes to someone else
9	Assets	A resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit
10	Asset Register	A detailed list compiled of all your business assets
11	Ledger	An account or record used to store bookkeeping entries for balance-sheet and income-statement transactions
12	Net Profit	The amount of money your business earns after deducting all operating, interest, and tax expenses over a given period of time
13	Surplus	The amount of retained earnings recorded on the balance sheet of a business entity
14	Deficit	Occurs when expenses exceed revenues, imports exceed exports, or liabilities exceed assets

2. Key Commission Information and Management

a) Background information

The Commission was formed by the Constitution under section 215 in December 2010 and is represented by 8 Commissioners and a Commission Secretary who are responsible for the general policy and strategic direction of the Commission.

Vison

No Kenyan Left Behind.

Mission

To make reliable recommendations on equitable revenue sharing, revenue enhancement and prudent public financial Management.

b) Principal Activities

The Commission on Revenue Allocation's principle mandate is to make recommendations on the basis for equitable sharing of revenue raised nationally between the National and County Governments and among the County Governments. Other functions of the Commission include:

- a) Make recommendations concerning the financing of, and financial management, by County Governments;
- b) Define and enhance revenue sources of the National and County Governments;
- c) Encourage fiscal responsibility by the National and County Governments.
- d) Determine, publish and regularly review a policy in which sets out the criteria by which to identify the marginalised areas for purposes of Article 204(2);
- e) Consider and make recommendations to the National Assembly and Senate on any published Bill that includes provisions dealing with the sharing of revenue, or any financial matter concerning County Governments.

c) Key Management

The Commission is supported in its function by a full time Secretariat. They provide administrative and technical support to the Commission and its committees in execution of CRA's mandate and functions. Senior management who served in the Secretariat during the period are as follows;

No.	Name	Designation
1.	CPA James Katule	Commission Secretary (Officer administering the Fund)
2.	Angela Kariuki	Director Corporate Services
3.	Sheila Yieke	Director Legal Affairs
4.	Joseph Kuria	Director ICT
5.	Lineth Oyugi	Director Economics Affairs
6.	CPA Roble Nuno	Director Fiscal Affairs

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were;

No.	Name	Designation
1.	CPA James Katule	Commission Secretary
2.	Angela Kariuki	Director Corporate Services
3.	Sheila Yieke	Director Legal Affairs
4.	Joseph Kuria	Director ICT
5.	Lineth Oyugi	Director Economic Affairs
6.	CPA Roble Said Nuno	Director Fiscal Affairs
7.	CPA Maureen Junge	Finance Manager

e) Fiduciary Oversight Arrangements

The Commission and its composition

Article 215 of the constitution prescribes the eight member composition of the commission. The Commission has overall responsibility to ensure achievement of Strategic objectives and mandate of the Commission as set out under Article 216.

Functions of the Commission are carried out under a defined structure made up of the Full Commission, defined and /or ad-hoc Committees with specific terms of reference that facilitate the discharge of the Commission's mandate. Each Committee is Chaired by a Commissioner whose role in conjunction with other Commissioners and the Secretariat is to collectively ensure that the Committees perform their duties in line with the Terms of Reference.

The Commission Committees are as follows:

1. Finance and Administration Committee provides the policy framework on support to the Commission in the areas of: finance, procurement, human resource, ICT, legal and communication.
2. Division of Revenue and Allocation Committee guides the development of recommendations on division of revenue between the two levels of government and among County Governments.
3. Public Financial Management Committee guides the preparing of recommendations on financing of and financial management of County Governments and recommendations that encourage fiscal responsibility.
4. Revenue Enhancement Committee steers the Commission's recommendation that define and enhance revenue sources of both National and County Governments.
5. Stakeholder Management and Marginalization Committee deals with determination of the marginalization policies. In addition the committee serves as a link between the Commission and its stakeholders.

6. Audit, Corporate Governance and Risk Management Committee provides oversight on Corporate Governance, Risk Management and Internal Control Processes of the Commission

During the period under review, the Commission held five (5) Full Commission Meetings. The Commission has continued to lead the organization in an effective manner by ensuring the implementation of good corporate governance through its governance structures.

f) Commission Headquarters

Commission on Revenue Allocation
14 Riverside Drive
Grosvenor suite 2nd and 3rd Floor
P.O Box 1310-00200 Nairobi
Tel: (020) 4298000

g) Commission Contacts

Telephone: (254) (020) 4298000
E-mail: info@crakenya.org
Website: www.crakenya.org

h) Commission Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

KCB Bank Limited
KICC Branch
Harambee Avenue
P. O. Box 46950-00100 Nairobi
Tel: (020) 29248501,
Fax: (020) 29248501,

i) Independent Auditors



Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100,
Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. Commissioners

Name	Profile
 <p data-bbox="248 882 528 947">CPA Mary Wanyonyi Chairperson</p>	<p data-bbox="699 309 1497 584">CPA Mary A.C. Wanyonyi is a Certified Public Accountant, Certified Professional Mediator (CPM) and Financial Analyst with 37 years of experience in the public sector at national and sub-county level. An ambitious and diligent professional, she has expert knowledge in the organization and functions of Government and is skilled in implementation and monitoring of accounting standards and systems and administering accounting units.</p> <p data-bbox="699 629 1497 734">Prior to joining CRA as Chairperson, Mrs. Wanyonyi worked with the Ministry of Lands and Physical Planning as a Senior Deputy Accountant General.</p> <p data-bbox="699 779 1497 947">Previously, she served as a Head of Department in various Ministries. She has also served as a member on the boards of Kenyatta National Hospital, Masai Mara University and Cooperative University and as the Chairperson of the Kenya Ladies Golf Union.</p> <p data-bbox="699 992 1497 1126">Mrs. Wanyonyi is member of ICPAK, ICIFA and AWAK. She holds a Master of Business Administration, a Bachelor of Commerce (Accounting) and is a Certified Professional Mediator.</p>
 <p data-bbox="248 1525 552 1590">Koitamet Olekina, HSC Vice Chairperson</p>	<p data-bbox="699 1173 1497 1368">Commissioner Wilfred Koitamet Olekina Nchoshi is a Public Policy, Strategic Management, Civic Education and Disaster Management Expert. He has a rich and blended career that reflects his commitment to public service and the transformation of community lives.</p> <p data-bbox="699 1413 1497 1933">He has worked as a Board Member of Kenya Institute for Public Policy Research and Analysis (KIPPRA); the Deputy Coordinator of the Government Crisis Response Centre in the former Office of the Prime Minister; Board Member of the Kenya Tourist Board; Director, Regional Coordination of the Orange Democratic Movement (ODM); an Executive Director of Maasai Education Discovery an NGO; Chairman of the Organization for Intercultural Education (OFIE) and as Vice Chairman of the Bomas of Kenya Draft Constitution. In addition, he has served as a Presiding Officer for the Electoral Commission of Kenya. He holds an Executive Master's in Public Policy and Administration and a Bachelor's Degree in Philosophy and Literature both from Kenyatta University.</p>

Name	Profile
 <p data-bbox="253 992 555 1055">Hon. Fatuma Gedi, CBS Commissioner</p>	<p data-bbox="703 275 1498 633">Hon. Fatuma holds a Bachelor of Commerce in Human Resource Management, from the Grets University. She also holds a Higher Diploma Certificate in Human Resource Management and Public Relations from the Regional Institute of Business Management. She has vast and extensive experience of over 20 years on resource allocation, public finance, strategic management, and public administration. Before joining the Commission she served as the Women Representative and Member of Parliament for Wajir County in the 12th Parliament.</p> <p data-bbox="703 685 1498 1249">As a Member of Parliament, she held key leadership positions in Parliament where she served as a ranking Member of the Budget and Appropriations Committee; Vice Chairperson of the Parliamentary Committee on Administration and National Security; and Vice Chairperson of the Parliamentary Committee on Delegated Legislation. She also served as the National Chairperson of the Caucus 47 Women Representative in Kenya; National Chairperson of the Women League, Jubilee Party, and Trainer of Trainers at the National Democratic Institute (NDI). She also previously worked as a gender issues consultant at the Centre for Multi-Party Democracy; Project Manager, Greenland Aid and Development; Community Mobilization Officer, Save The Children, United Kingdom; Child Protection Officer at the World Food Programme, UNICEF and Ministry of Health.</p> <p data-bbox="703 1301 1498 1413">Hon. Gedi is passionate on women empowerment and leadership and protection and promotion of the interests and rights of minorities and marginalized communities.</p>
 <p data-bbox="256 1861 464 1924">Benedict Mutiso Commissioner</p>	<p data-bbox="703 1424 1498 1655">Mr. Mutiso is a Policy and Strategy visionary with expertise in Tax, Finance and Audit, offering turn key strategies that bring much needed growth to organizations that he is associated with. He has a rich blended career that spans over 20 years reflecting an astute commitment to making a difference in those he associates with and in the communities around him.</p> <p data-bbox="703 1666 1498 1861">He holds a B.Com Finance option degree from the Catholic University of Eastern Africa and is a Diploma holder from the Kenya School of Revenue Administration in Tax Administration and Customs Procedure. He also has expertise on organizational systems and operating softwares.</p> <p data-bbox="703 1872 1498 1942">In his previous life, Mr. Mutiso led a team within the KRA Audit Program that specialized in the foods and pharmaceutical sector.</p>

Name	Profile
 <p data-bbox="237 987 491 1055">Dr. Jalango Midiwo Commissioner</p>	<p data-bbox="683 271 1476 344">He also was part of the team that was in the top 25 in ensuring compliance in the taxpayers' sector.</p> <p data-bbox="683 394 1476 510">Dr. Midiwo is an experienced Health Insurance expert with over 25 years of problem-solving, analytical, innovative, and creative skills.</p> <p data-bbox="683 560 1476 835">He has worked at NHIF Kenya as a General Manager in charge of Benefits and Quality Assurance for 11 years. He has additionally worked as a Chief Officer for Health Department in Siaya County and as a consultant for Health Financing for diverse organizations including the International Finance Cooperation (IFC), Rockefeller Foundation Kenya, and Output Based Aid Kenya.</p> <p data-bbox="683 842 1476 999">Dr Midiwo is a trained medical doctor and has worked as a medical superintendent at Rachuonyo District Hospital, and as a medical officer at Mbagathi hospital and Suba District Hospital among others.</p> <p data-bbox="683 1048 1476 1245">He holds a Master's in Public Health (MPH) and a Bachelor of Medicine and Bachelor of Surgery (MBCbB) degree from Kuban State Medical Academy, Russia; and a Diploma in International Health (EFQM) from the University of Heidelberg, Germany.</p>
 <p data-bbox="244 1615 437 1682">Hadija Juma Commissioner</p>	<p data-bbox="692 1301 1481 1417">Ms. Juma is a motivated, adaptable, and responsible sociologist dedicated to improving the livelihoods of marginalized and vulnerable persons.</p> <p data-bbox="692 1424 1481 1700">Commissioner Juma has worked as a Gender and Social Development Officer at the Ministry of Labour, Social Security and Services and as a Programme Officer at Citizen Against Violence. She has also worked with various non-governmental organizations on community empowerment and social issues. She has extensive work experience with marginalized communities addressing various social issues.</p> <p data-bbox="692 1706 1481 1982">She has developed several manuals and policies for various ministries, departments and agencies including the Gender Mainstreaming Training Manual for the Ministry of Gender, Children and Social Development; Gender and Disability Mainstreaming Formula for Agro-Chemical and Muhoroni Sugar companies; developed the National Social Protection Policy and Strategic Planning Document for Busia County's</p>

Name	Profile
	<p>Department of Gender, Community Development and Social Services.</p> <p>Ms. Juma is pursuing a master’s degree in development studies at Jomo Kenyatta University of Agriculture and Technology (JKUAT). She has a bachelor’s degree in Sociology with IT from Maseno University, a Diploma in Early Childhood Education from the University of Nairobi, and a Diploma in Community Development from the Kenya School of Development Studies.</p>
 <p data-bbox="220 1043 459 1111">Dr. Isabel Waiyaki Commissioner</p>	<p>Dr. Waiyaki is an experienced economist with over 14 years of experience in Economics, Finance and Policy development.</p> <p>She has worked as a Director of the National Government Constituency Development Fund (NG-CDF); Project Manager of the Local Development Research Institute (LDRI); Lecturer of Economics at the University of Nairobi; County Executive Committee (CEC) Member of the Department of Trade and Industry, Tourism, Cooperatives and Enterprise Development in Kiambu County Government; Consultant of the Kenya Health Sector Support Project (KHSSP) at the World Bank; Chairperson of the National Government Constituency Development Fund (NG-CDF) Kikuyu Constituency branch; Research Analyst at the Centre for Economic and Social Research (CESR); Economic Research Advisor at the Bank of Africa; Corporate Relationship Manager at the Bank of Africa among other positions.</p> <p>Dr Waiyaki holds a PhD in Economics from the University of Nairobi, a Master of Arts in Leadership and Governance from Pan African Christian University, a Master of Arts in Economics from the University of Nairobi and a Bachelor of Arts in Economics from the University of Nairobi. She has also extensively published in various academic journals and research documents and authored books on Corporate Governance, Finance and Economics.</p>

Name	Profile
 <p data-bbox="236 618 427 680">Jonas Kuko Commissioner</p>	<p data-bbox="683 282 1481 604">Mr. Kuko is an Agriculture expert having worked in the Agriculture sector for over 28 years. He has rich experience in public service, resource allocation and management. He has worked as a Director with the Rural Electrification Authority; Principal, Chebororwa Agricultural Training College; District Project Monitoring and Evaluation Officer; Division Extension Officer among other positions in the agriculture sector.</p> <p data-bbox="683 654 1481 806">Mr. Kuko holds Bachelor of Science degree in Agriculture from Egerton University; a Diploma in Farm Management from Egerton University; a certificate in General Agriculture from Bukura Institute of Agriculture.</p>
 <p data-bbox="236 1402 539 1505">Dr. Chris Kiptoo, CBS PS National Treasury/ Commissioner</p>	<p data-bbox="683 828 1481 1025">Dr. Chris Kiptoo is the Principal Secretary, National Treasury. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.</p> <p data-bbox="683 1075 1481 1433">In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.</p> <p data-bbox="683 1482 1481 1881">Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.</p> <p data-bbox="683 1930 1481 1998">Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (International Macroeconomics Finance specialization)</p>



Commission on Revenue Allocation

Annual Report and Financial Statements for the year ended June 30, 2023.

Name	Profile
	from the University of Nairobi, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI).

4. Management

Name	Profile
 <p data-bbox="231 940 622 1019">CPA James Katule Commission Secretary / CEO</p>	<p data-bbox="694 286 1460 448">CPA Katule is the Chief Executive Officer (CEO) of CRA. Prior to his appointment, James Katule was the Director Fiscal Affairs (2014-2022) and Director Corporate Services (2012-2014) at CRA.</p> <p data-bbox="694 492 1460 817">His experience spans over 32 years, 17 of which have been at various levels of management in public organizations as well as international donor-funded research institutions. These include the International Centre for Insect Physiology and Ecology (ICIPE), The International Livestock Research Institute (ILRI), African Medical and Research Foundation (AMREF), The Capital Markets Authority (CMA) and currently CRA.</p> <p data-bbox="694 862 1460 1267">James Katule is an experienced Certified Public Accountant – CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics & Business Education from Kenyatta University. He is an alumnus of the Andrew Young School of School of Policy Studies, Georgia State University where he undertook a course on Fiscal Decentralization, Local Governance and Service Delivery.</p>
 <p data-bbox="231 1792 614 1870">Angela Kariuki Director Corporate Services</p>	<p data-bbox="694 1267 1460 1758">She holds a Masters in International Commercial Law (LLM) from the University of Nottingham (UK) and a Bachelor of Laws (LLB) from the University of Sheffield (UK). She is an Advocate of the High Court of Kenya; member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. Mrs. Kariuki has been with the Commission from inception for a period of six years. She has broad professional experience in the areas of human capital management, facilities management, supply chain management, strategic planning and corporate governance, legal compliance with regards to securities law, corporate law, policy formulation and implementation.</p> <p data-bbox="694 1792 1460 1915">She previously worked with the Capital Markets Authority for nine years and Kilonzo & Company Advocates for two years.</p>

Name	Profile
 <p data-bbox="228 667 526 734">Sheila Yieke Director Legal Affairs</p>	<p data-bbox="687 293 1458 651">She is an Advocate of the High Court of Kenya and holds an MBA, Finance from the United States International University and a Certified Public Secretary (K). In addition she is alumni of the International Development Law Organization (IDLO) and a member of the Chartered Institute of Purchasing and Supplies (UK). She has worked with Sotik Tea and Sotik Highlands Tea Estates, Kenya Investment Authority and Kosgey and Masese Co. Advocates. Internationally she has worked at the UN, IGAD, NORDIC and UNOPS.</p>
 <p data-bbox="233 1330 408 1397">Joseph Kuria Director ICT</p>	<p data-bbox="687 741 1458 898">He holds a Master’s Degree in Business Administration, Strategic Management from the University of Nairobi and a BSc. Degree in Computer Science from Egerton University. He is currently pursuing a PhD in Information Systems.</p> <p data-bbox="687 943 1458 1509">He holds the following professional certifications: MCP, MCSE, MCDBA, CISA, CEH, MCT, PMP and PRINCE2 He is a member of Information Systems Audit and Control Association (ISACA). He has over 16 years working experience in both Public and Private Sector. Mr. Kuria is a leading technology strategist with experience spanning systems and network architecture, business re-engineering, data center technologies, application development, global vendor management, budgeting and project portfolio management. He is a strategic adviser to both National and County governments of Kenya on the adoption of computer based financial and revenue management systems and deployment of Integrated Shared Services across government.</p>

Name	Profile
 <p data-bbox="231 645 587 719">Lineth Oyugi Director Economic Affairs</p>	<p data-bbox="699 271 1457 506">Lineth Oyugi holds a Masters of Arts in Economics from the University of Nairobi and a 4th year Phd student of Economics at University of Nairobi. She has vast knowledge and experience in Research having worked for the Federation of Kenya Employers as the Head of Research and Policy Advocacy.</p> <p data-bbox="699 517 1457 707">Additionally Lineth has worked with the Institute of Policy Analysis and as a Research Fellow, Macroeconomics programme and also with the Ministry of Finance and Ministry of Planning and National Development as an Economist.</p>
 <p data-bbox="231 1122 536 1189">CPA Roble Nuno Director Fiscal Affairs</p>	<p data-bbox="699 734 1457 931">Mr. Nuno holds an MBA (Finance) and Business Administration degree from Kenya University and Methodist University respectively. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.</p> <p data-bbox="699 943 1457 1055">He has over 30 years' experience in the Public Financial Management and over eight years in Senior Management position in the County Government of Garissa.</p> <p data-bbox="699 1099 1457 1211">He has attended several Courses both locally and Internationally while serving the National and County Governments.</p>
 <p data-bbox="231 1753 499 1821">CPA Maureen Junge Finance Manager</p>	<p data-bbox="699 1256 1457 1413">CPA M. Junge is a certified public accountant, certified public secretary (CPSK) having extensive work experience in public finance with emphasis on budgeting, financial management, financial analysis, and reporting.</p> <p data-bbox="699 1451 1457 1570">Prior to joining the Commission, CPA Junge served in senior management at Kenya Investment Authority, Africa Investment Bank and Reliance General Limited.</p> <p data-bbox="699 1615 1457 1727">As the inaugural manager in charge of finance at CRA, Ms. Junge was instrumental in developing finance policies and procedures inline with the PFM reporting framework.</p> <p data-bbox="699 1771 1457 1883">Ms. Junge is a member of ICPAK and AWAK and holds a Master of Science degree and a Bachelors of Commerce degree (Finance option) from The University of Nairobi.</p>

5. Chairperson's Statement

With great honour, I present the Commission's Annual Report and Financial Statements for the Financial Year 2022/2023. This report reflects our dedicated efforts and accomplishments during the period from July 2022 to June 2023, underscoring our steadfast commitment to fulfilling our constitutional mandate and responsibilities.

Our seamless transition from the Second to the Third Commission has been instrumental in maintaining stability and continuity across our programs and operations. This transition ensures that our vital work remains uninterrupted and focused on serving the nation.

Equitable Sharing of Revenue

In Equitable Sharing of Revenue, we have diligently upheld our constitutional duty by recommending the basis for fair revenue distribution between the national and county governments. We submitted comprehensive recommendations to both the National Assembly and the Senate, covering the financial years 2021/22, 2022/23, and 2023/24, which shaped the foundation for equitable revenue distribution between the two levels of government.

Furthermore, our review of various bills related to revenue sharing, the National Treasury's Budget Policy Statement and Medium-Term Debt Management Strategy provided valuable insights to shape Kenya's fiscal landscape.

Public Financial Management

In Public Financial Management, the Commission demonstrated dedication and achieved significant milestones during the 2022/2023 Financial Year. We provided annual recommendations for County Recurrent Expenditure Ceilings to promote fiscal responsibility. Simultaneously, we ensured County compliance with Public Financial Management (PFM) thresholds and established County budget Economic forums to enhance economic stability and growth of local communities.

Additionally, we played a pivotal role in boosting counties' revenue-generating capabilities through capacity development, research on own-source revenue (OSR) capabilities, and the creation of supportive legislative and policy frameworks.

Furthermore, we actively advocated for and supported the implementation of an Integrated County Revenue Management System to improve the administration of counties' own-source revenues.

Transitional Equalization

Addressing socio-economic inequalities in Kenya's 47 counties remains a paramount concern, as these disparities impede sustainable economic growth and hinder the eradication of poverty, unemployment, and poor health. In pursuit of this goal, we have conducted extensive analyses and identified marginalized areas. Our visits to 26 counties grappling with extreme deprivation have provided valuable data, a critical step in the formulation of an effective Third Policy. Collaboration with both state and non-state actors has culminated in the development of the Public Finance Management (Equalisation Fund) Regulations 2021, a vital guide for operationalizing the Equalisation Fund.

Financial Stewardship

Our financial performance underscores our commitment to efficient resource utilization. We have maintained a high level of expenditure absorption, with significant achievements across various economic classifications. I am pleased to announce that the Commission has received Unqualified Audit Opinions for the last three years. These endorsements affirm our dedication to setting an excellent example in financial stewardship.

Looking Ahead

The Commission remains resolute in its constitutional mandate and eagerly anticipates continued progress in the years to come. I extend our deepest gratitude to all stakeholders, partners, and our dedicated staff for their unwavering support and commitment to our shared goals.

Warm regards,



CPA Mary Wanyonyi
CHAIRPERSON

Date : 27/09/2023

6. Report of the Commission Secretary / CEO

I am delighted to present the key highlights and achievements outlined in the Commission's Annual Report for the Financial Year 2022/2023, a testament to our dedicated team's relentless efforts in effectively executing the Commission's mandate. CRA implements its constitutional mandate under the Inter-Governmental Revenue and Financial Matters Programme, divided into four sub-programmes as outlined below.

General Administration and Support Services (Sub-Programme 1): Within this sub-programme, we achieved several noteworthy milestones. These include the attainment of unqualified audit opinions for the 2021/22 Financial Year, demonstrating our commitment to financial transparency and accountability. We also developed a comprehensive End of Term Report for the Second Commission (2017-2022) and facilitated a seamless transition between the Second and the Third Commission whose tenure commenced in January 2023. The Commission has continued to facilitate staff to acquire properties and motor vehicles through the Staff Mortgage and the Staff Car Loan schemes respectively. During the year under review, we have undertaken ICT infrastructure improvements to enhance work efficiency and cyber security. Further, our engagement efforts reached over 300 key stakeholders through diverse communication channels, fostering a deeper understanding of the Commission's work and policies while actively soliciting valuable input and feedback from them.

Equitable Sharing of Revenue (Sub-Programme 2): The Commission developed and submitted comprehensive recommendations for revenue sharing between the National and County Governments for the financial years 2023/24. These recommendations laid the foundation for stakeholder deliberations on equitable revenue distribution. We also considered critical Bills related to revenue sharing and submitted our recommendations to the National Assembly and the Senate. Additionally, we examined the Budget Policy Statement, Budget Review and Outlook Paper, and the Medium-Term Debt Management Strategy, providing invaluable insights to the National Treasury.

The Commission commenced a study on devolution's impact, informing the Fourth Basis for Sharing County Government Revenue, to be submitted to Parliament in June 2024. Data from 24 counties was collected, with the remaining 23 counties slated for study in the upcoming year.

Public Financial Management (Sub-programme 3): The Commission ensured fiscal responsibility and sustainability by providing recommendations for County Recurrent Expenditure Ceilings and monitoring 35 out of 47 County Budgets for Public Finance Management Act (PFMA) compliance. Following the 2022 general elections, we also guided the county government leadership to establish County Budget and Economic Forums, as required in the Act.

To enhance revenue generation and fiscal transparency, we mapped revenue databases in five counties and published various resources, including Revenue Administration Training Guidelines and four reports on the Integrated County Revenue Management System. We also

Commission on Revenue Allocation

Annual Report and Financial Statements for the year ended June 30, 2023.

conducted revenue administration assessments in six county governments, reviewed and advised on national-level bills, and issued policies on financing, financial management, revenue management systems and revenue laws. To boost county government revenues, the Commission collaborated with the Ministry of Mining, Blue Economy, and Maritime Affairs to create a mineral royalty sharing framework, ensuring counties and communities receive their fair share. Furthermore, we completed the draft Model Tariffs and Pricing Policy and Guide for county governments, serving as the foundation for their fees and charges.

Transitional Equalization (Sub-Programme 4): The Commission addressed socio-economic inequalities across all 47 counties by developing a comprehensive report on inequality and collaborating with stakeholders to prepare the Public Finance Management (Equalisation Fund) Regulations 2021, guiding the operationalization of the Equalisation Fund. A draft Third Policy, which identifies marginalized areas, was developed based on visits to 26 counties.

Our financial performance reflects efficient resource utilization, with high expenditure absorption rates in salary and allowance, operations and maintenance, capital expenditure, and technical sub-programmes. Further, the Commission recognizes the importance of fostering positive relationships with our stakeholders and maintaining open lines of communication. In pursuit of this goal, we are dedicated to pursuing Alternative Dispute Resolution (ADR) as our preferred method for resolving emerging disputes.

The Commission remains steadfast in its commitment to fulfilling our constitutional mandate. We are most appreciative of our stakeholders, partners and staff for their dedication to delivering on the Commission's strategic objectives.

Warm regards,



CPA James Katule

COMMISSION SECRETARY/CEO

Date : 27/09/2023

7. Statement of Performance Vs Predetermined Objectives for FY 2022/23

Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance Indicators	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
Programme: Inter-government transfers and financial matters									
Sub Programme 1: General Administration and Support services									
SP 1: General Administration and Support Services	HR	1. Enhanced staff motivation	No. of Commissioners and staff trained	25	6	Affected by budgetary constraints.	434.06	475.59	
			No. of Report on Work environment & Employee satisfaction surveys	2	-	Suspended due to budgetary constraints			
	Car loan committee/ Finance/HR	2. Enhanced fleet	No. of team building conducted	1	1		434.06	475.59	
			No. of Car Loan applications facilitated (Cumulative)	13	10	Based on request.			
			No. of staff Mortgage Loan applications facilitated (Cumulative)	28	25	Target shortfall due to budgetary constraints			
	Proc/ Finance	3. Effective oversight	No. of vehicles procured	3	3	One vehicle was funded through Supplementary Budget.	434.06	475.59	
			No. of committee meetings	4	4	Completed			
	Internal Audit	4. Enhanced systems and processes of governance, risk management and internal control	No. of committee members trained	1	0	Training of Committee members was not undertaken due to budgetary constraints.	434.06	475.59	
			No. of internal Audit reports	10	8	Outstanding audit engagements to be undertaken in FY 2023/2024.			

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
	ICT	5. Enhanced Corporate Risk management framework	No. of Departments Risk analysis reports	7	7	Review of the Risk Management framework is ongoing.			
			6. Enhanced Information and System Security	No. of upgraded Universal threat management	1	1			
				7. Enhanced ICT service delivery	No. of Electronic Board management system acquired	1			1
	Improved work mobility infrastructure	1	1		Implemented virtual private network and online conferencing facilities				
	Communication	8. Enhanced Communication with key stakeholders	A working ICT service desk solution	1	1				
			No. of key stakeholders directly engaged on CRA Recommendations	300	500				
			No. of Surveys conducted on CRA's external image and staff knowledge of CRA's mandate and functions	2	-	Suspended due to budgetary constraints			
			Development of a Communication Policy	1	1				
	M & E	9. Strategic Plan	Annual report FY2020/2021 and FY2021/22 compiled, printed, and disseminated	2	2				
			End-term report for the 2 nd Commission	1	1				
2023 – 2028 strategic plan developed			1	-	Commenced in February 2023 to be completed in FY 2023/24				

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
Sub Programme 2: Equitable Sharing of Revenue									
SP 2. Equitable Sharing of Revenue	Economic Affairs / Legal	1. Recommendation on equitable sharing of revenue between national and county governments and county governments among county governments	Annual Recommendation on sharing of revenue between national and county governments for FY 2023/24	No. of recommendations on Bills that deal with the sharing of revenue (DoRB, CARB, BROP BPS and MTDMS)	1	1	Completed and submitted to parliament having engaged with relevant stakeholders.	18.09	26.73
			No. of lobbying and advocacy fora held on equitable sharing of revenue to elected officials (, National Assembly, Senate,	5	2	Following the preparation on the BROP, BPS and MTDMS, the Commission reviewed the three documents and submitted its recommendations to the National Treasury and Parliament.			
					4	4	Engagements on the Commission recommendation on revenue sharing between the national and county governments were held with the Finance committee of the		

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
			Governors) and non-state actors				Council of Governors, National Assembly Standing Committee on Budget and Appropriations and the Senate Standing Committee on Finance and Budget		
							Engagements were also held with non-state actors namely: International Budget Partnership, Institute of Certified Public Accountants of Kenya and Institute of Economic Affairs.		
		2. Equitable sharing of revenue among county governments	Report on assessment of impact of devolution on service delivery		1	-	Collection of data and information in 24 counties Commenced in June 2023. The assessment was done on the following core devolved service delivery sectors: Health, agriculture, Water, Roads, education and urban services. The last phase of 23 counties will be undertaken and completed in the next financial year.		
			No. of reports on data needs for the Fourth Basis on		1	-	The data needs for preparation on the fourth revenue sharing basis is ongoing.		

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
	RKM	3. County development outcome assessment using small area estimation prepared	No. of reports on intra-county changes in selected service delivery indicators	revenue sharing among county governments	1	-	More data will be compiled from the on-going assessment of the impact of devolution on service delivery. Ongoing		
		4. National and county Government revenue & expenditure and Microeconomic data developed	Update of database for national and county government statistics (%)		100	100			
Sub Programme 2: Public Financial Management									
SP 3. Public Financial Management	Fiscal Affairs-PFM	1. Recommendation on Recurrent expenditure budget ceilings for County Government.	Annual recommendation on recurrent budget ceiling FY2023/24		1	1	Recommendation sent to senate Two Stakeholders engagement for this activity are: 1. county governments (County Assembly and Executive) and 2. Parliamentary Budget office	13.39	18.99

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
		2. Enhanced Financial Management	County Fiscal Strategy Paper Review Report	1	1	The Commission undertook one stakeholder engagement with County governments and Engagement with the Senate. Suspended stakeholder engagement with Parliamentary Budget Office			
		3. Enhanced compliance of PFM provision on establishment of CBEFs and their effectiveness	Financial Management Report Induction of County Executive committee members on PFM	1 47	- 29	A framework has been developed and its being used to analyse the 2021/22 reports. 50% of work is done. 29 CECMs of Finance and economic planning participated in induction. 22 CBEFs established. 6 inducted at their own cost. The remaining counties are still setting up structures including the CBEFs			
		4. Enhanced Own Source Revenue	No. of CBEFs Monitored for effectiveness No. of progress report on Integrated County	47 4	- 3	This is ongoing because counties are still setting up structures including the CBEFs The final technical evaluation and recommendation report is			
	ICT								

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
		through automation	Revenue system	Management			awaiting review and approval by the steering committee members		
			Quarterly reports to IBEC		4	3	Multi-agency task force has been reconstituted awaiting gazettment.		
	Fiscal Affairs-County Affairs	5. Scaled up County Credit Rating to access alternative financing	No of counties taken through the Credit Rating Academy and self-assessment		2	1	Nakuru engaged up to self-assessment phase. Activity stalled since it was Donor supported		
			No of Counties Credit Rated		2	-	No budgetary allocation since activity was to be supported by donor.		
			No of counties receiving support to improve on Creditworthiness		8	7	Stakeholder engagement of already credit rated counties was done. However, Kakamega, Kirinyaga and Nyandarua counties have shown interest to be credit rated.		
		6. Market-Based County Borrowing product developed	(%) of product development for approval - Initial		50	-	Concept note developed and with CMA awaiting approval		
		7. Revenue Enhancement to National & County Governments from Natural Resources	Framework for sharing mineral royalties to county governments and Communities (%)		25	50	CRA and The State Department of Mining developed a draft framework. However, there was need to develop regulations to operationalize the Mining Act 2016.		

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Sub Programme	Delivery unit	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I
						Framework for sharing royalties for County governments has been developed, however, the framework for sharing royalties to the community is ongoing.		
			A study report on revenue potential from the natural resources in the national government	1	-	Concept note on national capital accounting done. Awaiting funding for field work. (UNDP funded).		
			Study on unlocking the revenue opportunities from the Blue Economy (%)	50	-	Concept note developed. Field work to Nakuru County planned and funded.		
			A framework of ranking counties by OSR performance	1	-	Due to budget cuts the activity was suspended and planned for FY 2023-24		
			County Revenue forecasting Model	1	-	Data collection in progress		
			Report on Cost of Revenue Collection	1	-	This activity experience budget cut from PFMR hence the need for additional funding.		
			County Revenue Administration Assessment Report	4	-	No assessment has been conducted given the introduction of TADAT and no new agreement with either UN Women or UNDP.		

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)				
A	B	C	D	E	F	G	H	I					
	Legal	9. National and county financial legislations reviewed	No. of Bills and policies reviewed	15	8	Three Commission staff were trained on TADAT. On course. This is a continuous activity.							
									10. Counties supported on own source revenue legislation and oversight	No. of counties trained on OSR model laws & CRA mandate	24	20	Done during induction training
		Model on Tariffs and Pricing Policy developed	1	-	On-going								
Sub Programme 4: Transitional Equalization and stakeholder engagement													
SP 4: Transitional Equalization and stakeholder engagement	Economic Affairs	1. Policies identifying marginalised areas	Report on implementation of the first and second policies.	1	1	Implementation report on the first policy developed. Implementation of the second policy is yet to be commenced.	26.42	19.50					
			Third Policy identifying marginalized areas	1	1	Draft Policy identifying that identified and defined 1778 sub locations (areas) in 33 counties as marginalised was done.							

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Sub Programme	Delivery unit	Key Outputs	Key Indicators	Performance	Target 2022/23	Achievements FY 2022/23	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I	
			No. of stakeholder fora on the Third Policy identifying marginalised areas	1	-	Stakeholder engagements with county governments and the public was carried out in 27 counties with areas identified as marginalised. Stakeholder engagements with Equalisation Fund Advisory Board, on the Third Policy identifying marginalised areas was also carried out. The Commission will engage Parliament as it finalises the Third Policy			
TOTAL BUDGET								491.96	540.82

8. Statement of Governance

a) Roles and Responsibilities of Commissioners

The Commission is guided in the performance of its governance functions by the Constitution of Kenya, the Commission on Revenue Allocation Act and other relevant legislative instruments. As a Constitutional Commission, CRA is responsible for ensuring that the democratic values and principles enshrined in the Constitution, including a high standard of professional ethics are promoted and attained. The Commission is responsible for overseeing its strategic direction and operational policies and the effective implementation of its functions.

The Commission has continued to lead the organization in an effective manner by ensuring the implementation of good corporate governance through its governance structures.

b) Appointment to the Commission

The Commission was fully constituted during the reporting period under review. The third Commission was appointed in office on 1st January 2023 except for the Chairperson who was appointed on 17th July 2023. This followed the end of tenure for the second Commission in December 2022.

THIRD COMMISSION			SECOND COMMISSION		
No.	Name	Designation	No.	Name	Designation
1.	CPA. Mary Wanyonyi	Chairperson	1.	Dr. Jane Kiringai	Chairperson
2.	Koitamet Olekina, HSC.	Vice Chairperson	2.	Humphrey Wattanga	Vice Chairperson
3.	Dr. Jalango Midiwo	Commissioner	3.	Prof. Edward Oyugi	Commissioner
4.	Dr. Isabel Waiyaki	Commissioner	4.	Dr. Irene Asienga	Commissioner
5.	Jonas Kuko	Commissioner	5.	Peter Gachuba	Commissioner
6.	Hadija Juma	Commissioner	6.	Prof. Peter Kimuyu	Commissioner
7.	Hon. Fatuma Gedi	Commissioner	7.	Fouzia Abdikadir	Commissioner
8.	Benedict Muasya	Commissioner	8.	Kishanto Ole Suuji	Commissioner
9.	Dr. Chris Kiptoo, CBS	PS, National Treasury	9.	Dr. Julius Muia	PS, National Treasury

c) Commission Structure

During the year under review, we received the third Commission following the end of tenure of the second Commission in December 2022. The third Commission has a six year tenure which runs from January 2023 to December 2028.

The second Commission undertook their function through six Committees which assisted in discharging their mandate, responsibilities and obligations. The Committees were:

- i. Division and Allocation of Revenue Committee
- ii. Public Financial Management Committee.
- iii. Revenue Enhancement Committee
- iv. Stakeholder Management and Marginalization Committee
- v. Finance and Administration Committee Audit
- vi. Corporate Governance and Risk Management Committee

However, the third Commission opted to work without Sub Committees in execution of their roles and responsibilities. The Commission continuously assesses its governance operating model to ensure that robust and proper systems, processes are in place to support the Commission and Secretariat in driving change, setting strategic direction and formulating high-level goals and policies. The Commission Secretary/CEO heads the Secretariat and has continued to provide leadership to implementation of the Commission's strategies.

During the year under review, the Commission held five (5) full commission meetings as tabulated below;

d) Board Transactions / Attendance in the reporting period

2 ND COMMISSION											
Meetings		Dr. Jane Kiringai	Humphrey Wattanga	Prof. Edward Oyugi	Dr. Irene Asienga	Peter Gachuba	Prof. Peter Kimuyu	Fouzia Abdikadir	Kishanto Ole Suuji	Dr. Julius Muia	
FULL COMMISSION MEETING											
26 th Full Commission Meeting held on 22 nd Sep 2022.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓ Rep.	
27 th Full Commission Meeting held on 8 th Dec 2022.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓ Rep.	
3 RD COMMISSION											
Meetings		Dr. Jane Kiringai	CPA Mary Wanyonyi	HSC Koitamet Olekina	Dr. Jalango Midiwo	Dr. Isabel Waiyaki	Jonas Kuko	Hadija Juma	Hon. Fatuma Gedi	Benedict Muasya	Dr. Chris Kiproo, CBS
FULL COMMISSION MEETING											
1 st Full Commission Meeting held on 18 th January 2023.	✓		✓	✓	✓	✓	✓	✓	✓	✓	
2 nd Full Commission Meeting held on 15 th March 2023.			✓	✓	✓	✓		✓	✓	✓	
3 rd Full Commission Meeting held on 31 st March 2023.			✓	✓	✓	✓		✓	✓	✓	

9. Management discussion and analysis

a) GoK Funding

The Commission prepared a programme based budget under the Inter government revenue and financial matters programme. The budget was implemented through four (4) sub-programmes namely;

SP 1 – General Administration and Planning

SP 2 – Equitable Sharing of Revenue

SP 3 – Public Financial Management

SP 4 – Transitional Equalization and Stakeholder Engagement

During the reporting year, the Commission executed various activities within the four sub programmes which were in line with our core mandate. Some of the deliverables are highlighted under section VI above.

The Commission was allocated a budget of Kshs. 491.96 million (2021/22: Kshs. 485.6 million) which was inadequate to execute some of the planned activities for the year. On further engagement with the Finance and National Planning committee of National Assembly, our budget was increased by Kshs. 175.3 million following previous budget cuts of Kshs. 126.44 million. Net budget increase of Kshs. 48.86 million was realized hence raising our final revised budget for the reporting period to Kshs. 540.82 million (2021/22: Kshs. 446.03 million)

The increased budget was mainly to facilitate some of the Commission's under funded priorities during the reporting period which included but not limited to the following;

- i. Development of the 3rd Strategic Plan
- ii. Induction of the 3rd Commission
- iii. Stakeholder engagements on finalization of the 3rd Marginalization Policy in keeping with Article 216(4)
- iv. Preparatory works in relation to development of the 4th Basis for equitable sharing of revenues among 47 county governments.
- v. Support to counties on PFM matters.
- vi. Provision for relocation of the Commission's premises.
- vii. Acquisition of one additional vehicle.
- viii. Rent and other contractual obligations.

The Commission absorbed 99% (2021/22: 97%) of the revised budget translating to Kshs. 536.18 million.

b) Donor Funding

Public Financial Management Reforms (PFMR)

The public financial management reform secretariat developed the government of Kenya's public finance management reform strategic plan for the period 2018-2023. The Commission had a role of delivering on two result areas: i.e

- i. Result area one - Sustainable and Predictable Fiscal Space to deliver Government Programs and
- ii. Result area six - Effective management of public resources in Education Institutions, Health and other Service Facilities.

During the financial year 2021/22, the Commission sought to implement the activities of result area six by developing a model tariff and pricing policy for county governments. This activity was completed in the reporting period FY 2022/23 with a revised budget allocation of **Kshs. 4,750,640**. A draft model in place awaiting further stakeholder consultations and pilot testing.

10. Environmental and Sustainability Reporting

a) Sustainability Strategy and Profile

The Commission was established under Article 215 with its functions spelled out in Article 216. The Commission espouses the principles relating to public finance, bill of rights, national values as well as principles of good governance, to an extent that they apply to Public Financial Management (PFM). The Commission plays a significant role in promoting and advancing accountability, development, service delivery and equity through its activities and policy recommendations.

The Commission on Revenue Allocation was established to provide an objective and independent framework for equitable sharing of revenue raised by national government at the following levels:

1. Between the national and county governments
2. Among county governments.

The Commission successfully developed the first, second and third basis formula hence support the devolution process in Kenya which is a model for developing countries. It has since sustained its operations using annual Exchequer allocations. Further, it supplements the Government of Kenya funding with donor support from time to time besides prioritizing expenditure on need basis and in line with our constitutional mandate.

b) Environmental Performance

Environmental performance at the Commission is guided by the Environmental Management and Coordination Act, which informed the establishment of National Environmental Management Authority whose mandate is to support Institutions on environmental matters. CRA as an independent Commission complies with this Act and supports NEMA in meeting its core mandate.

The Commission encourages paperless environment through a robust ICT connectivity rather than printing of papers. Additionally, the Commission procured printer paper friendly machines that are noiseless hence minimising on distracting employees from carrying out their day to day activities. Furthermore, the printers are fixed in strategic positions in order to minimize movement by staff as they do their printing.

The Commission also procured an e board system where meetings are held on line hence minimal use of paper during such forums. This has further led to a conducive work environment with enhanced optimal productivity.

c) Employee Welfare

The Commission on Revenue Allocation values its employees and has initiated various programs to enhance this aspect. To this end, employee welfare is highly regarded and hence it has instituted programs that are monetary and some in kind to achieve this initiative.

The key objective is to improve their welfare benefits such as medical, access to loans, provision of orthopaedic seats in order to manage the effects of long hours of sitting at the workstations. The Commission has established an independent contributory employee association where staff welfare funds are kept for support whenever one is bereaved or loss of an immediate family member.

d) Market Place Practices

The Commission as an Independent body, provides services to the Kenyan people as provided by the CoK (2010) and submits its recommendations to Parliament and other stakeholders. Despite being an Independent body it still adheres to the legal provisions in budgeting and procurement as provided by the Public Financial Management Act 2012 and Public Procurement and Asset Disposal Act, 2020.

The Commission further adheres to best practices in recruitment and selection which has enabled us to attract and retain best staff in recent times, with high qualifications and experience in their professional lines.

As a Commission that espouses the spirit of “No Kenyan Left Behind”, it is imperative to note that the same principle is applied in every aspects of our supply chain and procurement matters. This goes a long way in ensuring that there is fairness in engaging our service providers.

e) Community Engagements

The Commission being a product of the Constitution of Kenya, 2010 is funded by taxpayers funds in order to execute its mandate in a very astute manner. In the last fiscal year, the Commission embarked on a series of County visits to engage the Communities and residents to ensure they are kept abreast on our deliverables and also obtain their views and success stories of the Commission in the devolution space in Kenya.

11. Commissioners Report And Statement of their Responsibilities

Section 81 of the Public Finance Management Act, 2012 requires the Accounting Officer to prepare financial statements in respect of the Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the Commission's Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2023 and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next 12 months from the date of this statement.

Results

The results of the Commission for the year ended June 30, 2023 are set out on page 1 to 23.

Commissioners

The members of the Commission who served during the year are shown from page x - xv In accordance with CRA's act.

Auditors

The Auditor General is responsible for the statutory audit of the Commission in accordance with Article 229 of the Constitution of Kenya, Section 81(4a) of the Public Finance Management Act, 2012 and Section 35 of the Public Audit Act, 2015.

Approval of the financial statements

The Commission's financial statements were approved by the Commission on `27th September, 2023 and signed on its behalf by the Commission Secretary and Chairperson.



CPA James Katule

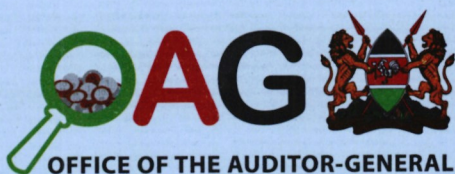
Commission Secretary / CEO



CPA Mary Wanyonyi

Chairperson of the Commission

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REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON REVENUE ALLOCATION FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed, and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Commission on Revenue Allocation set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

Report of the Auditor-General on Commission on Revenue Allocation for the year ended 30 June, 2023

actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission on Revenue Allocation as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission on Revenue Allocation Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Trade and Other Payables

Note 31 to the financial statements reflects trade and other payables totalling Kshs.9,715,083 as at 30 June, 2023. The balance relates to pending bills that were not paid during the year under review but were instead carried forward to the financial year 2023/2024.

Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the outstanding bills form a first charge to that year's budget provision.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matter described in the Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Procurement

Review of documents revealed that the Commission procured conference facilities totalling to Kshs.930,040 from various hotels. However, the suppliers were not in the list of pre-qualified suppliers contrary to Section 105 of the Public Procurement and Asset Disposal Act, 2015 as detailed below:

Date	Invoice No.	Amount (Kshs.)
10-14 October, 2022	39076	110,000
19-21 October, 2022	5163	64,500
24-28 October, 2022	39451	567,600
8-11 October, 2022	39714/9035	83,940
23-24 October, 2022	5354	104,000
Total		930,040

Although Management stated that they were in the process of entering into framework contract with the suppliers, the process had not been concluded as at 13 December, 2023.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Commissioners

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing Commission's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Commission or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Commissioners are responsible for overseeing the Commission's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 January, 2024

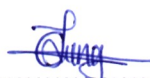
13. Statement of Financial Performance for the year ended 30th June 2023.

Particulars	Note	2022-2023	2021-2022
		Kshs.	Kshs.
REVENUE			
<i>Revenue from non-exchange transactions</i>			
Exchequer Transfers	13	540,765,903	432,844,908
Donor Funding	14	4,750,640	11,578,594
		545,516,543	444,423,502
<i>Revenue from exchange transactions</i>			
Other income (Salary payment in lieu of notice)	15	121,030	45,000
		121,030	45,000
Total Revenue		545,637,573	444,468,502
EXPENDITURE			
Employee costs	16	207,294,437	196,004,252
Commissioner's Expenses	17	23,143,370	18,062,477
Depreciation and amortization expense	18	24,144,191	22,794,645
Repairs and maintenance	19	7,157,725	8,060,609
General expenses	20	178,110,881	148,666,564
General expenses-Funded by A.I.A	21	4,750,640	11,818,658
Finance costs	22	62,892	62,109
Total Expenses		444,664,136	405,469,314
Other gains/(losses)			
Gain on sale/Write off of assets			27,970
Surplus before tax		100,973,438	39,027,157
Taxation			
Surplus for the period		100,973,438	39,027,157
Remission to National Treasury	23	4,194,941	338,442
Net Surplus for the Year		96,778,497	38,688,715

The notes set out on pages 7 to 24 form an integral part of the Financial Statements. These financial statements were approved on **27th September 2023** and signed by:



CPA James Katule
Commission Secretary / CEO



CPA Maureen K. Junge
Finance Manager
ICPAK M/No. 9883



CPA Mary Wanyonyi
Chairperson of the Commission

14. Statement of Financial Position as at 30th June 2023

Particulars	Note	2022-2023	2021-2022
		Kshs.	Kshs.
ASSETS			
Current assets			
Cash and cash equivalents	24	1,464,254	581,188
Receivables from non-exchange transactions	25	100,971,592	40,781,511
		102,435,845	41,362,699
Non-current assets			
Property, plant and equipment	26	96,830,215	69,466,610
Intangible assets	27	7,697,388	6,536,174
Mortgage Account (Restricted cash)	28	155,923,446	143,923,446
Car Loan Account (Restricted cash)	29	29,518,000	28,268,000
Covid 19 Fund (Restricted cash)	30	2,771,315	2,771,315
		292,740,364	250,965,545
Total assets		395,176,209	292,328,244
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	31	9,715,084	3,743,890
		9,715,084	3,743,890
Non-current liabilities			
Non-current employee benefit obligation			
Total liabilities		9,715,084	3,743,890
NET ASSETS		385,461,125	288,584,354
Accumulated surplus		351,390,851	254,612,354
Revaluation Surplus		33,972,000	33,972,000
Prior year adjustment on fund value	32	98,274	-
TOTAL NET ASSETS & LIABILITIES		385,461,125	288,584,354

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27th September 2023 and signed by:



CPA James Katule
Commission Secretary / CEO



CPA Maureen K. Junge
Finance Manager
ICPAK M/No. 9883



CPA Mary Wanyonyi
Chairperson of the Commission

15. Statement of Changes in Net Assets for the year ended 30th June 2023

Particulars	Notes	Revaluation Reserve	Accumulated Surplus	Total
As at July 1, 2021		-	215,923,639	215,923,639
Revaluation Gain		33,972,000	-	33,972,000
Surplus/Deficit for the year		-	38,688,715	38,688,715
As at June 30, 2022		33,972,000	254,612,354	288,584,354
As at July 1, 2022		33,972,000	254,612,354	288,584,354
Surplus/Deficit for the year		-	96,778,497	96,778,497
As at June 30, 2023		33,972,000	351,390,851	385,362,851

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27th September 2023 and signed by:



CPA James Katule
Commission Secretary / CEO



CPA Maureen K. Junge
Finance Manager
ICPAK M/No. 9883



CPA Mary Wanyonyi
Chairperson of the Commission

16. Statement of Cash Flows for the year ended 30th June 2023

Particulars	Note	2022-2023	2021-2022
		Kshs.	Kshs.
Cash flows from operating activities			
<i>Net cash flows from operating activities</i>	33	66,703,800	59,288,294
Cash flows from investing activities			
Purchase of property, plant, equipment and Refurbishment	26	(48,744,313)	(31,916,344)
Proceeds from sale of Property, Plant & Equipment	26	-	40,562
Purchase of intangible assets	27	(3,924,697)	(6,159,913)
Mortgage Account (Restricted cash)	28	(12,000,000)	(14,376,500)
Car Loan Account (Restricted cash)	29	(1,250,000)	(9,493,000)
Covid 19 Fund (Restricted cash)	30	-	2,358,685
<i>Net cash flows used in investing activities</i>		(65,919,010)	(59,546,510)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			
<i>Net cash flows used in financing activities</i>			-
<i>Net increase/(decrease) in cash and cash equivalents</i>		784,790	(258,216)
Cash and cash equivalents at 1 July 2022	24	581,188	839,405
Prior year adjustment on fund value	32	98,275	
Cash and cash equivalents at 30 June 2023		1,464,253	581,188

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17. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023.

Particulars	Original budget B	Adjustments C	Final budget D=B+C	Actual on comparable basis E	Performance difference F=D-E	% Utilization G=E/D(100)
A						
Government grants and subsidies	491,960,000	48,859,212	540,819,212	540,765,903	53,309	100%
Donor Funding (PFMR)		4,750,640	4,750,640	4,750,640	0	100%
Other Income		121,030	121,030	121,030	0	100%
Total income	491,960,000	53,730,882	545,690,882	545,637,573	53,309	100%
Expenses						
Compensation of employees	234,462,457	(42,900,000)	191,562,457	188,192,675	3,369,782	98%
Group Life & Med Insurance	22,100,000	259,306	22,359,306	22,257,127	102,179	100%
Gratuity	0	928,139	928,139	928,139	0	100%
Operation and Maintenance	171,401,491	81,154,218	252,555,709	251,150,772	1,404,937	100%
Finance cost	60,000	3,000	63,000	62,892	108	100%
Repair & Maintenance-MV	7,511,650	(1,171,311)	6,340,339	6,334,239	6,100	100%
Repair & Maintenance-Others Assets	2,480,000	(1,784,550)	695,450	641,856	53,594	92%
Capital Expenditure	53,944,402	12,370,410	66,314,812	66,252,468	62,344	100%
GoK Expenditure	491,960,000	48,859,212	540,819,212	535,820,168	4,999,044	100%
Expenditure on A.I.A		4,750,640	4,750,640	4,750,640	0	100%
Total expenditure (Gok and A.I.A)	491,960,000	53,609,852	545,569,852	540,570,808	4,999,044	99%

Note:

- The Commission had a GoK budget of **Kshs. 491.96 million** which was revised downwards by budget cuts of **Kshs. 126.44 million** and later reinstated through additional funding recommended by National Assembly totalling to **Kshs. 175.3 million** hence the final adjustment of **Kshs. 48.86 million**.
- The high absorption rate of **99%** is mainly attributed to proper planning and budget execution by the Commission.
- Annex V** provides a detailed reconciliation of the Commission's GoK Annual approved budget, Actual Expenditure and Financial statements FY 2022/23 (Accrual Vs Cash basis)

a) Budget Execution
i. By Programmes And Sb-Programmes (Exchequer)

S No.	Particulars	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
SP 1	General Administration and Planning	434,059,900	41,533,069	475,592,969	470,821,506	4,771,464	99%
SP 2	Equitable Sharing of Revenue	18,090,000	8,643,591	26,733,591	26,681,143	52,448	100%
SP 3	Public Financial Management-GoK	13,390,000	5,603,946	18,993,946	18,845,303	148,643	99%
	Public Financial Management-A.I.A		4,750,640	4,750,640	4,750,640	-	100%
SP 4	Transitional Equalization and SM	26,420,100	(6,921,395)	19,498,705	19,472,216	26,489	100%
	Total expenditure	491,960,000	53,609,851	545,569,851	540,570,808	4,999,044	99%

ii. By Economic Classification (Exchequer)

S No.	Particulars	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	Salary and Allowance	234,462,457	(42,900,000)	191,562,457	188,192,675	3,369,782	98%
2	Operations and Maintenance	145,653,041	72,062,659	217,715,700	216,376,363	1,339,338	99%
3	Capital Expenditure	53,944,402	12,370,410	66,314,812	66,252,468	62,344	100%
4	Technical Sub-Programmes - GoK	57,900,100	7,326,142	65,226,242	64,998,662	227,580	100%
	Technical Sub-Programmes - A.I.A		4,750,640	4,750,640	4,750,640	-	100%
	Total expenditure	491,960,000	53,609,851	545,569,851	540,570,808	4,999,044	99%

iii. Summarised Budget (Exchequer And A.I.A)

S No.	Particulars	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	Exchequer (GoK Funding)	491,960,000	48,859,211	540,819,211	535,820,168	4,999,044	99%
2	Appropriation In Aid (A.I.A)	0	4,750,640	4,750,640	4,750,640	0	100%
	Total expenditure	491,960,000	53,609,851	545,569,851	540,570,808	4,999,044	99%

18. Notes to the Financial Statements for year ended 30 June 2023

1. General Information

The Commission on Revenue Allocation (CRA) was established under Article 215 of the Constitution of Kenya. The Commission's principle responsibility is to provide an objective and independent framework for equitable sharing of nationally raised revenues. The Commission also plays a key role in ensuring that the county governments adhere to prudent financial management principles, enhance revenues for both national and county government. Further, the Commission plays a critical role in addressing regional disparities by proposing recommendations aimed at accelerating balanced development in the country, especially marginalised areas.

2. Statement of Compliance and basis of preparation – IPSAS 1

The Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on accrual basis under the accrual basis of accounting and relevant legal framework of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya (PSASB)

The Financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Commission and all values are rounded to the nearest cent. The Accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, except where otherwise stated in the statement of accounting policies below. The cashflow statement is prepared using the indirect method, while the financial statements are prepared on accrual basis which recognises transactions and events whenever they are incurred.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issues effective in the year ended 30th June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a Fund's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: a. Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Standard	Effective date and impact:
	<p>b. Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</p> <p>c. Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a Fund’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p><i>The changes have been assessed and have no effect on the operations of the Commission.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> a. The nature of such social benefits provided by the Commission; b. The key features of the operation of those social benefit schemes; and c. The impact of such social benefits provided on the Commission’s financial performance, financial position and cash flows. <p><i>The standard is relevant and was earlier adopted by the Commission as per note 4(iv) below.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	<p><i>The changes have been assessed and have no effect on the operations of the Commission.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> a. <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> b. Amendments to refer to the latest System of National Accounts (SNA 2008). c. <i>IPSAS 39: Employee Benefits</i> d. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. e. IPSAS 29: Financial instruments: Recognition and Measurement f. Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>The changes have been assessed and have no effect on the operations of the Commission.</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>These changes have been assessed and the Commission's leased assets will be impacted upon application of this standard. The Commission is in the process of assigning the standard for implementation.</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation on such assets to cease and:</p>

Standard	Effective date and impact:
	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>These changes have been assessed and the Commission's leased assets will be impacted upon application of this standard. The Commission is in the process of assigning the standard for implementation.</i></p>

ii. Early adoption of standards

The Commission did not early – adopt any new or amended standards in the year 2022/23.

4. Summary of Significant Accounting Policies

(i) Revenue recognition

Income is recognized in the period in which it's earned. Income is not accrued if its recoverability is doubtful. The Revenue constitutes all incomes accruing to the Commission in the form of Exchequer or Appropriation in Aid (A.I.A)

a. Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

The Commission recognizes revenue from exchequer allocation when the monies are received, and asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, differed income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will be received by the Commission and fair value of the asset can be measured reliably.

b. Revenue from exchange transactions

Proceeds from sale of assets / goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Commission.

(ii) Non-Current Assets

a. Property, Plant and Equipment – IPSAS 17

All property Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as

Commission on Revenue Allocation

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individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. Depreciation is calculated on the cost of the fixed assets on a straight-line basis at annual rates estimated to write off these assets over their expected useful life. Additionally, depreciation on assets disposed during the financial year is calculated up to the month of disposal.

It is the Commission's policy to charge full depreciation on all its non-current assets in the year of purchase if the acquisition was done in the first half year.

b. Revaluation of Motor Vehicles

The Commission undertook a revaluation of its fully depreciated vehicles which were still in usable condition in FY 2021/22. The Revaluation was done for a total of 15 vehicles with a cost of **Kshs. 108,355,969** all of which had been fully depreciated to a Net Book Value of zero. Through the exercise the Commission realised a revaluation surplus of **Kshs. 33,972,000**

c. Mortgage and Car Loan Fund Accounts

The approved mortgage and Car Loan schemes set up by the Commission are classified as restricted cash since their utilisation goes beyond one year after the balance sheet date. The schemes are mainly set up to facilitate members of staff to benefit from Government/Commission funded loans by accessing affordable mortgage facilities and Acquisition of motor vehicles. The schemes draw strength from the Salaries and Remuneration Commission's circular Ref No. SRC/ADM/CIR/1/13. III (128) dated 17th December 2014 and CRA's internal rules and regulations.

Establishment of these schemes has attracted a Fringe Benefit Tax payable by the Commission and determined as below.

Fringe Benefit Tax

Fringe Benefit Tax was introduced by the new provisions under section 12B of the Income Tax Act. It is payable by the Commission in respect of loans provided to staff at an interest rate lower than the market rate. The taxable value of Fringe Benefit tax is determined as;

- (a) (Market Int rate for the month – Interest charged to employees) x Loan amount
- (b) Fringe benefit Tax payable by the Commission = (a) x 30%

The prescribed rates of interest are published by the Commissioner of Tax on a quarterly basis. In the reporting year the interests were published as 8%, 9%, 9% and 9% for Q1, Q2, Q3 and Q4 respectively

d. Covid 19 Fund Account

The Commission established a Covid 19 Fund with capital outlay of **Kshs. 5,130,000**. The fund is administered by Jubilee Insurance (Current medical insurance service provider). The purpose of this fund is to offer

Commission on Revenue Allocation

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assistance to both Commissioners and Staff in lessening the costly medical burden whenever a need arises.

This fund is administered independently from the normal staff medical scheme.

As at the close of the FY 2022/23, the Commission had utilised **Kshs. 2,358,685** (46%) hence a roll over of **Kshs. 2,771,315**. On termination of the fund, any surpluses will be transferred back to the Commission.

e. Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

f. Annual Depreciation & Amortization rates

A straight-line method of depreciation was applicable to all Commission's assets.

Motor Vehicle	25%
Furniture & Fittings	12.5%
Office Equipment and Accessories	30%
Computers & Printers	30%
Software (Intangible assets)	33%

(iii) Budget information

The original budget for FY2022/23 was approved by the National Assembly in June 22. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the National Treasury. The additional appropriations were added to the original budget by the Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission recorded additional appropriations of KShs. 52.81 million on the FY 2022/23 to close with a revised budget of KShs. 540.82 million.

The Commission's budget is prepared on a cash basis different from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget (Refer to Annex V)

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the

formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Annex V of these financial statements.

(iv) Provisions – IPSAS 19

Provisions are recognised when the Commission has a present obligation as a result of a past event, i.e. Gratuity. It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

(v) Employee Benefits – IPSAS 2 (Retirement Benefit Plans)

The Commission operates a private retirement benefit scheme with APA Assurance Limited and administered by ICEA for all its permanent and pensionable employees. An amount equivalent to 20% and 31 % of basic is set aside as pension and gratuity for all permanent and contractual employees respectively.

Additionally, all the employees are members of the statutory National Social Security Fund (NSSF)

The Commission's contribution towards employee pension and staff gratuity for those on contract are charged to the statement of financial performance in the year in which the employees rendered the services to the Commission.

(vi) Related parties – IPSAS 20

The Commission regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Commission or vice versa. Management are regarded as related parties and comprise the Commission Secretary and directors.

(vii) Public Sector Combinations – IPSAS 40

The standard which has been applicable since January 2019 covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. This standard is however not relevant to the Commission.

(viii) Cash and Cash equivalents

For the purposes of the cash flow statements, cash and cash equivalent comprise cash in hand, cash book balance and bank balances at the end of the period. Bank account balances include amounts held at Central bank of Kenya at the end of financial year.

(ix) Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contractual obligations during the year or in the past. Such bills are accrued in the year in which they are incurred and they form a first charge in the subsequent year.

5. Financial Risk Management

The Commission regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the Commission (Board).

The board provides policies for overall risk management as well as policies covering specific areas such as credit risk and liquidity risk.

(i) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Commission. Credit Risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, its mitigated as follows; (a) Cash and short-term deposits are placed with well established financial institutions of high credit standing, (b) The Commission does not raise debtors in its ordinary course of business apart from those arising from related parties or members of staff which can easily be recovered. Credit risk with respect to accounts receivable is limited due to the nature of the Commission’s business and its reliance on government grant as the main source of funding.

The amount that best describes the Commission’s exposure to credit at the end of the financial year is made up of;

- a) Cash and bank balances
- b) Prepayments
- c) Deposits
- d) Outstanding salary advances
- e) Outstanding Staff travel imprests.

Description	Total amount	Fully performing
	KShs	KShs
As at 30th June 2023		
Receivables from exchange transactions	100,971,592	100,971,592
Bank balances	1,464,254	1,464,254
Total	102,435,845	102,435,845
As at 30 June 2022		
Receivables from exchange transactions	40,781,511	40,781,511
Bank balances	581,188	581,188
Total	41,362,699	41,362,699

(ii) Liquidity Risk

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This is the risk that the Commission will not be able to meet its financial obligations when they fall due. The Commission manages this risk by always ensuring there is sufficient liquidity to meet its liabilities when due, under both normal and constrained conditions, without incurring unexpected losses. Further, the Commission ensures availability of sufficient cash on demand to meet expected operational expenses including servicing of financial obligations.

The amount that best describe the Commission's exposure to liquidity risk at the end of the financial year comprises of;

- a) Trade payables
- b) Accrued audit fees and
- c) Accrued gratuity.

6. Contingent liabilities

The Commission has made provision for accrued gratuity in its books, however the money has not been set aside but shall be availed in the year of payment through the Commission's budget.

7. Comparatives

Prior year comparative information has been presented in the current financial year.

8. Subsequent Events

There have been no events subsequent to the financial year end with significant impact on the financial statements for the reporting period.

9. Significant Judgements and Sources of information uncertainty

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Commission estimates accrued gratuity payable to contractual staff at end of their contract. Gratuity is based at 31% of their basic pay.

10. Estimates and assumptions

The Commission does not have any key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

11. Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

12. Provisions

The Commission provides for depreciable and obsolete assets. Additional disclosure of these estimates of provisions is included in Note 4 (iii).

13. Revenue from non-exchange transactions

Description	2022-2023	2021-2022
	Kshs.	Kshs.
1st Quarter Exchequer	73,674,590	95,020,972
2nd Quarter Exchequer	75,856,117	121,733,042
3rd Quarter Exchequer	65,411,220	88,075,683
4th Quarter Exchequer	325,823,976	128,015,212
	540,765,903	432,844,908

The Commission in the reporting period resolved to relocate to new premises hence received additional funding through National assembly to kick start the process hence the increased allocation.

14. Other Income (A.I.A)

Description	2022-2023	2021-2022
	Kshs.	Kshs.
1420102 Donor Funding - UNDP		2,633,876
1420102 Donor Funding - PFMR	4,750,640	7,946,438
1420102 Donor Funding - UN Women		998,280
Total other income	4,750,640	11,578,594

Most of the Commission's donor funded activities from prior year had been completed hence the reduction in A.I.A in the reporting period.

15. Revenue from Exchange transactions

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Insurance Refund (Medical)		45,000
Salary payment in lieu of notice	121,030	
	121,030	45,000

It is expected that any staff separated from the Commission should give a one month's notice failure to which salary in lieu of notice is considered. The note above therefore refers to one of the staff members who resigned and exited without giving a notice period.

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16. Employees Costs

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Basic salaries	113,790,024	111,952,158
Casual Labour	444,734	435,620
Salary Market Adjustment	1,718,710	
Acting Allowance	-	564,446
House Allowance	22,753,646	21,202,053
Special Duty	820,667	2,076,000
Extraneous Allowance	1,452,000	
Top up for seconded staff	1,150,468	987,072
Responsibility Allowance	2,277,204	2,259,222
Transport Allowance	9,855,000	9,685,785
Leave Allowance	1,427,083	1,415,000
Telephone Allowance	3,598,226	3,306,677
Pension contribution	21,133,913	20,084,654
Gratuity	2,392,091	1,155,525
Medical Insurance	21,510,722	18,680,711
Group Life Insurance	1,697,537	1,193,060
WIBA	1,272,412	1,006,269
	207,294,437	196,004,252

The employees costs increased mainly due to introduction of new expenditure items such as the Salary Market adjustments and extraneous allowance besides the normal annual salary drift. However, the increase in telephone allowance was occasioned by a cost of Kshs. 294,000 attributed to outstanding telephone allowances for the former Commission Secretary.

17. Commissioner's Expenditure

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Telephone Allowance	7,391,000	1,440,000
Leave Allowance	375,000	400,000
Security Allowance		3,840,000
Domestic Travel costs	6,154,800	4,607,800
Pre-Feasibility Studies		280,800
Foreign Travel Costs	6,820,632	5,854,468
Hospitality and Conference	1,911,800	1,363,200
Training Expenses		91,000
Medical Insurance (Ex Gratia)	140,638	35,209
Club Membership	349,500	150,000
	23,143,370	18,062,477

The telephone allowance includes an outstanding payable to the 2nd Commission of Kshs. 6,041,000 which was cleared in the reporting year. Security Allowance for Commissioners was also terminated as per provisions of their terms of engagement

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18. Depreciation and amortization expenditure

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Refurbishment	658,010	692,266
Furniture & Fittings	573,744	573,619
Motor Vehicle	17,582,270	17,328,770
Computer & Printers	2,421,049	2,776,668
Office Equipment	145,635	300,100
Intangible Assets	2,763,484	1,123,223
Total depreciation and amortization	24,144,191	22,794,645

19. Repairs and maintenance

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Routine maintenance of Motor vehicles	6,515,869	7,220,609
Routine maintenance of Assets	641,856	840,000
Total repairs and maintenance	7,157,725	8,060,609

The decrease in this expenditure is mainly attributed to the replacement of some of Commission's worn out vehicles with a new fleet.

20. General expenses

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Utilities Supplies -Electricity	2,156,656	1,919,972
Communication Supplies & Services	4,091,309	4,616,133
Domestic Travel costs	29,294,679	21,011,413
Pre-feasibility Studies and Research		2,582,803
Foreign Travel Costs	13,168,191	7,298,821
Printing Advertising & Information	7,834,946	6,624,936
Rent Expenses	66,360,502	55,998,549
Hire of Transport	194,940	63,114
Training Expenses	9,082	8,042,478
Catering Services	3,175,121	1,581,179
Boards, Seminars & Conferences	20,946,766	15,951,088
Boards, Seminars & Conferences - Audit Committee	191,000	176,000
Insurance Costs (Motor Vehicle & Plant and Machinery)	4,601,161	3,669,527
Specialised Materials & Supplies - Library Books		434,690
Office & General Expenses	4,257,562	3,932,196
Fuel oils and Lubricants	10,082,714	6,677,929
Security Guards	995,313	803,922
Cleaning Services	1,355,673	2,008,476
Membership fee, Dues and Subscriptions	449,680	533,152
Contracted Professional Services	6,303,904	526,732
Contracted Professional Services - Audit Fee OAG	464,000	464,000
Fringe Benefit Tax (Mortgage & Car Loan Schemes)	2,177,684	1,390,769
Expenditure on Covid Fund	-	2,358,685
Sub total	178,110,881	148,666,564

21. Expenditure funded by A.I.A

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Boards, Seminars & Conferences (UNDP)		2,633,876
Boards, Seminars & Conferences (PFMR)	4,750,640	7,946,438
UN Women		998,280
Refund of unspent UNDP funding		240,064
Sub total	4,750,640	11,818,658
Total General Expenses	182,861,521	160,485,222

The significant increase in general expenses was due to among other items; i) increased domestic and foreign travel costs following assessments conducted by the Commission on impact of devolution amongst other activities; ii) High rental cost having been affected by the increased exchange rate; iii) High fuel cost as a result of price increase of the said commodity; iv) Professional cost relating to contracting of a lead consultant for purposes of developing office layout plan for the commission's new premises.

22. Finance costs

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Bank Charges	62,892	62,109
Total finance costs	62,892	62,109

KCB bank operates a suspense account for CRA mainly for salary payments. The account attracts monthly bank charges whenever such transactions are made hence the figures stated above.

23. Surplus remission of unspent Exchequer

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Refund to other Govt entities (NT)	4,194,941	338,442
Total	4,194,941	338,442

This amount relates to the surplus held in the Commission bank account at the end of the financial year.

24. Cash and Cash equivalent

Description	2022-2023	2021-2022
	Kshs.	Kshs.
CBK - 1000181281 (Recurrent A/c) - Exchequer	-	-
CBK - 1000181998 (Deposit A/c)	-	-
CBK - 1000181998 (Cash A/c)	-	-
Cash-on-hand (Petty Cash & office float)	1,464,253	581,187
Total cash and cash equivalents	1,464,253	581,187

For the purposes of the cash flow statements, cash and cash equivalent comprise cash in hand, cash book balance and bank balances at the end of the period. Bank account balances include amounts held at Central bank of Kenya at the end of financial year.

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25. Receivables

(a) Short Term Receivables

Description	2022-2023	2021-2022
	Kshs.	Kshs.
i. Prepayments		
Medical Insurance	11,933,333	10,549,056
Group Life	983,513	1,369,700
WIBA	947,969	798,427
Motor Vehicle Insurance	3,533,969	3,673,700
Catering Costs	107,373	
Rent and Service Charge	59,086,043	
Sub total	76,592,200	16,390,883
ii. Deposit		
Rent	21,992,532	21,992,532
Fuel	1,060,000	1,060,000
Provision of E1line (Internet)	50,000	50,000
Naivas Supermarket	100,000	100,000
Sub total	23,202,532	23,202,532
iii. Debtors		
Salary	64,663	64,663
Outstanding Salary advance from Staff	945,240	1,105,483
Outstanding Imprest from staff		17,950
Jubilee Insurance (Reimbursement for Heri's hearing Aid)	166,957	
Sub total	1,176,860	1,188,097
Total current receivables	100,971,592	40,781,511

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26. Property, Plant and Equipment

Description	Computers & Printers		Office Equipment		Furniture & Fittings and Refurbishment		Motor Vehicles		Total	
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Cost or Valuation:										
As at 30th June 2021	31,929,424	10,221,613	102,074,958	119,153,047					263,379,041	
Additions during the year	5,741,951	465,450	148,943	25,560,000					31,916,344	
Disposal	(261,388)								(261,388)	
Write off							(108,355,969)		(108,355,969)	
Transfer/Adjustments							33,972,000		33,972,000	
As at 30th June 2022	37,409,987	10,687,063	102,223,901	70,329,078					220,650,028	
Additions during the year	7,077,793	3,106,590	219,930	38,340,000					48,744,313	
As at 30th June 2023	44,487,780	13,793,653	102,443,831	108,669,078					269,394,341	
Depreciation and Impairment										
As at 30 June 2021	28,795,353	10,044,314	96,461,356	102,815,738					238,116,762	
Depreciation	2,776,668	300,100	1,265,886	17,328,770					21,671,423	
Disposals	(248,798)								(248,798)	
Write off							(108,355,969)		(108,355,969)	
									-	
At 30 June 2022	31,323,223	10,344,414	97,727,242	11,788,539					151,183,418	
Depreciation	2,421,049	145,635	1,231,754	17,582,270					21,380,708	
As at 30th June 2023	33,744,273	10,490,049	98,958,996	29,370,808					172,564,126	
Net Book Values										
At 30 June 2023	10,743,507	3,303,603	3,484,835	79,298,269					96,830,215	
At 30 June 2022	6,086,763	342,648	4,496,659	58,540,539					69,466,610	

Note: The write off amount of Kshs. 108,355,969 relates to the original cost for the revalued Motor Vehicles. That amount has therefore been replaced by Revaluation amount of Kshs. 33,972,000

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26.a. Write Offs

Particulars	2022-2023	2021-2022
	Kshs.	Kshs.
<u>Cost or Valuation:</u>		
As at 1st July 2021		261,388
Accumulated depreciation		248,798
Net Book Value At 30 June 2022		12,590
Salvage Value		40,560
Gain /(Loss) on write off		27,970

26.b. Revaluation of Motor Vehicles

Particulars	2022-2023	2021-2022
	Kshs.	Kshs.
<u>Cost or Valuation:</u>		
As at 1st July 2021		108,355,969
Accumulated depreciation		108,355,969
Net Book Value At 30 June 2022		-
Salvage Value		33,972,000
Gain /(Loss) on write off		33,972,000

27. Intangible assets

Particulars	2022-2023	2021-2022
	Kshs.	Kshs.
<u>Cost or Valuation:</u>		
At 30 June 2021	14,260,261	14,260,261
Additions	6,159,913	-
At 30 June 2022	20,420,174	14,260,261
Additions	3,924,697	6,159,913
At 30 June 2023	24,344,871	20,420,174
<u>Amortization</u>		
At 30 June 2021	12,760,777	11,479,289
Amortization	1,123,223	1,281,488
At 30 June 2022	13,884,000	12,760,777
Amortization	2,763,484	1,123,223
Impairment loss		
At 30 June 2023	16,647,483	13,884,000
<u>Net Book Value</u>		
At 30 June 2023	7,697,388	6,536,175
At 30 June 2022	6,536,175	1,499,484

28. Mortgage Account (Restricted cash)

Description	2022-2023	2021-2022
	Kshs.	Kshs.
At 30 June 2022	143,923,446	129,546,946
Additional	12,000,000	14,376,500
At 30 June 2023	155,923,446	143,923,446

29. Car Loan Account (Restricted cash)

Description	2022-2023	2021-2022
	Kshs.	Kshs.
At 30 June 2022	28,268,000	18,775,000
Additional	1,250,000	9,493,000
At 30 June 2023	29,518,000	28,268,000

Mortgage scheme is administered by KCB Bank Limited (KICC branch). The loans to staff are issued at 4% interest rate being; 3% Administration cost and 1% earnings to the revolving fund. Further, the Car Loan scheme is managed internally at 3% interest which is recouped back to the account.

30. Covid 19 Fund Account

Description	2022-2023	2021-2022
	Kshs.	Kshs.
At 30 June 2022	2,771,315	5,130,000
Additional		
Expenditure		(2,358,685)
At 30 June 2023	2,771,315	2,771,315

Covid 19 Fund was established in FY 2020/21 for purposes of catering for staff expenses related to Covid 19. It is previously administered by CIC Insurance and in the reporting period it was administered by Jubilee Insurance Co. The expenditure on Covid fund for the reporting period did not affect the Budget/Vote book.

31. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Gratuity	1,926,162	462,210
Other Staff payables	44,100	39,044
Audit Fees	928,000	464,000
Trade payables (Suppliers Invoices-Debit Notes)	6,816,821	2,778,636
Total trade and other payables	9,715,083	3,743,890

A detailed aging analysis of the above trade and other payables is provided in Annex ii and iii for pending accounts payables and staff payables respectively.

32. Prior years adjustments

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Trade Payables	98,274	
Total trade	98,274	-

The prior year's adjustment was occasioned by overstated Trade payables in FY 2021/22. Annex IV below provides a detailed analysis on the correction journals raised.

33. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Surplus/Deficit for the year before tax	96,778,496	38,688,715
Adjusted for:		
<i>Depreciation and Amortisation</i>	24,144,191	22,794,646
(Non-cash grants received)		
(Contributed assets)		
Impairment		
(Gains) and losses on disposal of assets	-	(27,970)
Contribution to provisions		
Contribution to impairment allowance		
(Finance income)		
Finance cost		
<i>Working capital adjustments:</i>		
(Increase) in inventory		
Decrease in receivables	(60,190,081)	1,469,583
(Decrease) in payables	5,971,193	(3,636,681)
Increase in payments received in advance		
Net cash flows from operating activities	66,703,800	59,288,294

19. Appendices


Appendix I. Progress on follow up of Audit recommendations

The Commission received Unqualified Audit opinion in financial year 2021/22. One governance issue below was however raised on lawfulness and effectiveness in use of public resources.

Reference No. on external audit report	Issue / Observation from Auditor	Management Comments	Focal point person to resolve the issue	Status:	Time frame:
	Irregular promotion of staff based on an unapproved salary structure	The Commission undertook a legitimate process within its mandate and also sought the approval of both the National Treasury and Salaries and Remuneration Commission to promote its staff internally.	DCS	Awaiting PAC's determination.	N/A



CPA James Katule
 Commission Secretary / CEO



CPA Maureen K. Junge
 Finance Manager
 ICPAK M/No. 9883



CPA Mary Wanyonyi
 Chairperson of the Commission

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Annex II. Analysis of pending accounts payables (KShs)

S/No.	Item	Supplier	Description	Year	Closing Balance FY 21/22	Pv No.	Paid In FY 22/23	Prior Year's	Pending For FY 22/23	Closing Balance FY 22/23
1	2210101	14 Riverside mgt	Electricity bill-March 22	21/22	194,115	7981	194,115			0
2	2210101	14 Riverside mgt	Electricity bill-Bal May 22	21/22	12,152	7985	12,152			0
3	2210101	14 Riverside mgt	Electricity bill- February 23	22/23					24,714	24,714
4	2210101	14 Riverside mgt	Electricity bill-March 23	22/23					30,260	30,260
5	2210101	14 Riverside mgt	Electricity bill-Bal May 23	22/23					16,665	16,665
6	2210101	14 Riverside mgt	Electricity bill-Bal June 23	22/23					96,508	96,508
7	2210101	14 Riverside mgt	Electricity bill-Bal June 23	22/23					24,125	24,125
			2210101		206,267		206,267	-	192,272	192,272
8	2210201	Safaricom	Telephone Bill Bal June 2022	21/22	3,672	8013	3,672			
9	2210201	Safaricom	Telephone Bill May 2023	22/23					4,477	4,477
10	2210201	Safaricom	Telephone Bill June 2023	22/23					20,059	20,059
			2210201		3,672		3,672	-	24,566	24,566
11	2210603	Cape Holdings	Balance for Q4 rent	21/22	553,548	090922/1	553,548			
			2210603		553,548		553,548	-	-	-
12	2210801	Oliveira Restaurant	Supplies - May 2022	21/22	64,925	8036	64,925			
13	2210801	Oliveira Restaurant	Supplies - June 2022	21/22	113,495	7968/2	65,221	48,274		
14	2210801	Naivas Supermarket	Supplies - May 2023	22/23		8830			9,520	9,520
15	2210801	Naivas Supermarket	Supplies - June 2023	22/23					127,355	127,355
16	2210801	Meal Magic Caterers	Supplies - June 2023	22/23		8746			187,207	187,207
			2210801		178,420		130,146	48,274	324,082	324,082
17	2210904	CIC Life Insurance	MV and General Ins	22/23		8674			220,667	220,667
18	2210910	Jubilee Health Insurance		22/23		CRA200423			3,511,815	3,511,815
			2210900		-		-	-	3,732,482	3,732,482

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S/No.	Item	Supplier	Description	Year	Closing Balance FY 21/22	Pv No.	Paid In FY 22/23	Prior Year's	Pending For FY 22/23	Closing Balance FY 22/23
19	2210802	Teams Thatwin Consultants Ltd	Documentary Services	21/22	100,092	CRA/PV0856 9/1	100,092			-
			2210802		100,092		100,092	-		-
20	2211201	NOCK	Fuel Balance for May 22		147,005	7983	147,005			-
21	2211201	NOCK	Fuel - Bill June 22		478,929	7984	478,929			(0)
22	2211201	Ramji Devani	Fuel Balance for May 23			8680			389,558	389,558
23	2211201	Ramji Devani	Fuel - Bill June 23						954,294	954,294
			2211201		625,934		625,934	-	1,343,852	1,343,852
24	2211305	Jepco Cleaning Services	Cleaning -Bal for June 2022	21/22	100,000	8021	100,000			-
			2211305		100,000		100,000	-		-
25	2211310	Paul Nyamodi & Co. Advocates	Legal Counsel	19/20	500,000	8565/1	450,000	50,000		-
26	2211310	Dr. Linda Musumba & Co. Advocate	Legal Counsel	20/21	450,000					450,000
27	2211310	Auditor General	Audit fee for 2021/22	21/22	464,000					464,000
28	2211310	Auditor General	Audit fee for 2021/22	22/23					464,000	464,000
			2211310		1,414,000		450,000	50,000	464,000	1,378,000
29	2220101	CFAO Motors Ltd		22/23		8863			7,830	7,830
30	2220101	NOCK		22/23					173,800	173,800
			2220101		-		-	-	181,630	181,630
31	4110403	Mortgage & Car Loan Expenses		21/22	60,703	280922	60,703			(0)
32	4110403	Mortgage Fringe Benefit Tax		22/23					333,036	333,036
			4110403 & 4110405		60,703		60,703	-	333,036	333,036

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S/No.	Item	Supplier	Description	Year	Closing Balance FY 21/22	Pv No.	Paid In FY 22/23	Prior Year's	Pending For FY 22/23	Closing Balance FY 22/23
33	3111112	Software Technologies	E Board 3111112	22/23	-		-	-	234,900 234,900	234,900 234,900
		Total Pending Bills			3,242,636		2,230,362	98,274	6,830,820	7,744,820

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Annex III. Analysis of pending staff payables

S/No.	Item	Name	Description	Year	Closing Balance FY 21/22	PV No. /IW	Amt Paid In FY 22/23	Pending For FY 22/23	Closing Balance FY 22/23
1	2110101	Edwin Ombaka	Leave Allowance	20/21	5,000	.8843/8847	5,000	-	-
			Salary & Allowances		5,000	-	5,000	-	-
2	2210302	Kivuva	Visit to	22/23				4,900	4,900
3	2210302	Salvatory Okoth	Visit to Transzoia	22/23				19,600	19,600
4	2210302	Salvatory Okoth	Visit to Nyandarua	22/23				19,600	19,600
			Domestic - 2210302		-		-	44,100	44,100
5	2211306	Peter Gachuba	Club Subscription	21/22	34,044	050822	34,044	-	-
			Subscription - 2211306		34,044		34,044	-	-
6	2710100	James Katule	Accrued Gratuity	21/22	462,210				462,210
7	2710100	James Katule	Accrued Gratuity	22/23				1,463,952	1,463,952
			Gratuity - 2710101		462,210		-	1,463,952	1,926,162
		Total Commissioners & Staff Payables			501,254		39,044	1,508,052	1,970,262

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Annex IV. Prior Year's adjustments

Note	Particulars	Year	Item	PV	Amount	Audited	Revised	Difference	Reason	Affected Statement	Action	Effect on Financial Statements
16	Trade Payables Note 16 (Refer to Annex ii -Item 12 and 19)	21/22	2210801	7968/2	48,274	288,584,354	288,682,628	98,274	Overstatement of Trade Payables	General fund	Increase general fund with the difference	Increased Surplus by 98,274
		21/22	2211310	8565/1	50,000							
	Total Adjustment						(A)	98,274				
	-											
	<u>Note:</u>											
	Audited Net Assets 21/22						(B)	288,584,354				
	Revised Net Assets 21/22 (Opening Bal)						C = (A+B)	288,682,628				

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Annex V. Reconciliation on Budget, Accrued and Actual amounts of Financial Statements

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K	
0		Approved Budget	540,819,212			540,819,212						535,820,164
		EXPENDITURE				-						
1	2110101	Basic Salaries - Civil Service	110,399,984	115,508,734		115,508,734						115,508,734
2	2110202	Casual Labour - Others	842,192	444,734		444,734						444,734
3	2110301	House Allowance	24,797,163	22,753,646		22,753,646						22,753,646
4	2110309	Special Duty Allowance	2,311,687	2,272,667		2,272,667						2,272,667
5	2110310	Top-up Allowance	2,443,889	1,150,468		1,150,468						1,150,468
6	2110312	Responsibility Allowance	3,437,144	2,277,204		2,277,204						2,277,204
7	2110314	Transport Allowance	10,055,775	9,855,000		9,855,000						9,855,000
8	2110316	Security Allowance		-		-						-
9	2110320	Leave Allowance	3,166,303	1,427,083	375,000	1,802,083			5,000			1,807,083
10	2110405	Telephone Allowance	11,642,974	3,598,226	7,391,000	10,989,226						10,989,226
11	2120103	Employer Contribution to Staff Pensions Scheme	22,465,346	21,133,913		21,133,913						21,133,913
		Salary and Allowances	191,562,457	180,421,676	7,766,000	188,187,676	-	-	-	5,000	-	188,192,676
12	2710102	Gratuity - Civil Servants	928,139	2,392,091		2,392,091					1,463,952	928,139
13	2210901	Group Life	1,311,350	1,697,537		1,697,537	1,369,700	983,513				1,311,350
14	2210910	Medical Insurance & WIBA	21,047,956	22,783,134	140,638	22,923,772	11,347,483	12,881,303			3,511,815	20,945,777
		Employee Benefits	23,287,444	26,872,762	140,638	27,013,400	12,717,183	13,864,815	-	-	4,975,767	23,185,265
		Salaries and Employees benefits	214,849,901	207,294,437	7,906,638	215,201,076	12,717,183	13,864,815	-	5,000	4,975,767	211,377,941
15	2210101	Electricity	2,236,000	2,156,656		2,156,656				206,267		2,170,651
16	2210102	Water and Sewerage Charges	-			-						-
		Utilities	2,236,000	2,156,656	-	2,156,656	-	-	-	206,267	192,272	2,170,651

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No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
	A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K
17	2210201	Telephone, Telex, Facsimile and Mobile Phone Services	970,000	1,038,606		1,038,606				3,671	24,566	1,017,711
18	2210202	Internet Connections	3,206,000	3,050,917		3,050,917		107,373				3,158,290
19	2210203	Courier & Postal Services	4,800	1,785		1,785						1,785
		Communication	4,180,800	4,091,308	-	4,091,308	-	107,373	-	3,671	24,566	4,177,786
20	2210301	Travel Costs (airlines, bus, railway, etc.)	4,396,664	4,336,813		4,336,813						4,336,813
21	2210302	Accommodation - Domestic Travel	30,514,136	24,036,066	6,154,800	30,190,866					44,100	30,146,766
22	2210303	Daily Subsistence Allowance	931,714	921,800		921,800					44,100	921,800
		Domestic Travel	35,842,513	29,294,679	6,154,800	35,449,479	-	-	-	-	44,100	35,405,379
23	3111401/3	Pre-feasibility studies and Research										
		Research	-	-	-	-	-	-	-	-	-	-
24	2210401	Travel Costs (airlines, bus, railway, etc.)	11,000,000	10,863,973		10,863,973						10,863,973
25	2210403	Daily Subsistence Allowance	9,000,000	2,304,218	6,820,632	9,124,850						9,124,850
		Foreign Travel	20,000,000	13,168,191	6,820,632	19,988,823	-	-	-	-	-	19,988,823
26	2210502	Publishing & Printing Services	7,499,757	7,462,166		7,462,166						7,462,166
27	2210503	Subscriptions to Newspapers, Magazines and Periodicals	373,552	372,780		372,780						372,780
28	2210504	Advertising										
29	2210505	Trade Shows and Exhibitions										
		Printing and Advertising	7,873,309	7,834,946	-	7,834,946	-	-	-	-	-	7,834,946
30	2210603	Rents and Rates - Non-Residential	126,000,373	66,360,502		66,360,502		59,086,043		553,548		126,000,093
31	2210604	Hire of Transport, Equipment	195,000	194,940		194,940						194,940

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No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+I-K	
		Rentals of produced assets	126,195,373	66,555,442	-	66,555,442	-	59,086,043	-	553,548	-	126,195,033
32	2210700	Training	9,082	9,082		9,082						9,082
		Training	9,082	9,082	-	9,082	-	-	-	-	-	9,082
33	2210801	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	2,981,186	3,175,121		3,175,121			48,274	130,146	324,082	2,981,185
34	2210802	Boards, Committees, Conferences and Seminars	23,343,952	21,137,766	1,911,800	23,049,566				100,092		23,149,658
		Hospitality	26,325,137	24,312,887	1,911,800	26,224,687	-	-	48,274	230,238	324,082	26,130,843
35	2210903	Plant, Equipment and Machinery Insurance	-									-
36	2210904	Motor Vehicle Insurance	4,705,650	4,601,161		4,601,161	3,673,700	3,533,969		220,667	220,667	4,240,763
		Insurance	4,705,650	4,601,161	-	4,601,161	3,673,700	3,533,969	-	-	220,667	4,240,763
37	2211009	Supply of Library Books										-
38	2211016	Purchase of Uniforms and Clothing - Staff										-
		Library Supplies and Uniforms	-	-	-	-	-	-	-	-	-	-
39	2211101	General Office Supplies (papers, pencils, forms, small office equipment etc)	3,418,546	3,372,503		3,372,503						3,372,503
40	2211102	Supplies and Accessories for Computers and Printers	2,227,783	2,222,052		2,222,052						2,222,052
41	2211103	Sanitary and Cleaning material	-									-
		General office supplies.	5,646,329	5,594,555	-	5,594,555	-	-	-	-	-	5,594,555

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No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
	A	B	C	D	E	F	G	H	I	J	K	L=F+G+H+J-K
42	2211201	Refined Fuels and Lubricants for Transport	9,382,035	10,082,714		10,082,714				625,934	1,343,852	9,364,796
		Fuel	9,382,035	10,082,714	-	10,082,714	-	-	-	625,934	1,343,852	9,364,796
43	2211301	Bank Charges	63,000	62,892		62,892						62,892
44	2211305	Contracted Guard & Cleaning Services	2,455,000	2,350,986		2,350,986				100,000		2,450,986
45	2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	918,008	449,680	349,500	799,180				34,044		833,224
46	2211310	Contracted Professional Services	6,786,474	6,767,904		6,767,904			50,000	450,000	464,000	6,753,904
		Other operation Costs	10,222,482	9,631,462	349,500	9,980,962	-	-	50,000	584,044	464,000	10,101,006
47	4110403	Housing loans Fringe Benefit Expense	12,000,000									-
48	4110405	Car loans Fringe Benefit Expense	3,155,352									-
		Fringe Benefit Tax	15,155,352	-	-	-	-	-	-	-	-	-
		General Expenditure	267,774,061	177,333,081	15,236,732	192,569,813	3,673,700	62,727,385	98,274	2,203,702	2,613,539	251,213,661
49	2220101	Maintenance Expenses - Motor Vehicles	6,340,339	6,515,869		6,515,869					181,630	6,334,239
50	2220201	Maintenance of Plant, Machinery and Equipment (including lifts)	695,450	641,856		641,856					181,630	641,856
			7,035,789	7,157,725	-	7,157,725	-	-	-	-	181,630	6,976,095
51	3110302	Refurbishment of Non-Residential Buildings	80,860	79,930		79,930						79,930
52	3110701	Purchase of Motor Vehicles	38,340,000	38,340,000		38,340,000						38,340,000
53	3111001	Purchase of Office Furniture and Fittings	200,000	140,000		140,000						140,000

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No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
	A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K
54	3111002	Purchase of Computers, Printers and other IT Equipment	8,847,390	8,847,390		8,847,390						8,847,390
55	3111009	Purchase of other Office Equipment	-			-						-
56	3111112	Purchase of Software	3,691,211	3,924,697		3,924,697					234,900	3,689,797
57	4110403	Housing loans to public servants		12,000,000		12,000,000						12,000,000
58	4110405	Car loans to public servants		3,427,684		3,427,684				60,703	333,036	3,155,351
		Capital Expenditure	51,159,461	66,759,701	-	66,759,701	-	-	-	60,703	567,936	66,252,468
		Total Expenditure	540,819,212	458,544,944	23,143,370	481,688,314	16,390,883	76,592,200	98,274	2,269,405	8,338,872	535,820,164