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REPORT

OF

THE AUDITOR-GENERAL

ON

**COMMISSION ON REVENUE
ALLOCATION**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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COMMISSION ON REVENUE ALLOCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2021

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

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I. 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.

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) Mission

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

d) Vision

No Kenyan Left Behind.

e) Key Management

The Commission's day-to-day management for the said financial year was under the following key organs:

- i. Commissioners
- ii. Commission Secretary / CEO
- iii. Management
- iv. Secretariat / Staff

f) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were

- | | | |
|------|------------------|-----------------------------|
| i. | Dr. Moses Sichei | Commission Secretary |
| ii. | Angela Kariuki | Director Corporate Services |
| iii. | Maureen Junge | Finance Manager |
| iv. | Geoffrey Ntooki | Procurement Officer |

g) Fiduciary Oversight Arrangements

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 are collectively responsible for ensuring that the Committee performs 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

- h) Commission Headquarters**
Commission on Revenue Allocation
14 Riverside Drive
Grosvenor suite 2nd and 3rd Floor
P.O Box 1310-00200 Nairobi
Tel: (020) 4298000
- i) Commission Contacts**
Telephone: (254) (020) 4298000
E-mail: info@crakenya.org
Website: www.crakenya.org
- j) Commission Bankers**
Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank
KICC Branch
Harambee Avenue
P. O. Box 46950-00100 Nairobi
Tel: (020) 29248501,
Fax: (020) 29248501,
- k) Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100,
Nairobi, Kenya
- l) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. COMMISSIONERS



Dr. Jane Kiringai
Chairperson

Dr. Kiringai is a seasoned economist with experience spanning over twenty years. She started her career as an economist in the Ministry of Finance determining the aggregate budget framework and ministerial and sectoral budget ceilings.

Before joining CRA she worked as a senior Economist with the World Bank covering a broad range of economic development issues, including macroeconomic analysis and forecasting, public expenditure management and fiscal decentralization. She has also worked with other development institutions including Department for International Development (DFID), the European Commission Delegation, and as a Policy Analyst with Kenya's Policy think tank, Kenya Institute for Public Policy Research and Analysis (KIPPRA).

Dr. Kiringai holds a PhD in Economics from University of Nottingham, UK, a Masters in Development Economics from Williams College, US, a Bachelor of Philosophy in Economics and a Bachelor of Science in Mathematics and Computer Science both from University of Nairobi.



Mr. Humphrey Wattanga
Vice Chairperson

Mr. Humphrey Wattanga holds a Masters in Business Administration from the Wharton School of Finance, USA, and a Bachelor's degree in Biochemistry (cum laude) from Harvard University, USA.

He has over 15 years' global experience serving as a business development, corporate finance and transaction advisor to private equity entities, private sector companies, development finance institutions, governments and public organisations.

He is a Peer Review member of Grand Challenges Canada; a member of the Brookings Institution's review panel on the potential and limitations of Social Impact Bonds; and an integral party in the conceptualization, structuring and rollout of the M-Akiba platform, the world's first mobile-only government bond.



Prof. Edward Oyugi
Commissioner

Professor Edward Akong'o Oyugi holds a PhD in Psychology and Paedagogy from the University of Cologne, Germany and post-doctoral training from University of Cologne, Germany and University of Bayreuth, Germany.

He has held senior academic and research positions in several universities such as Kenyatta University, Bayreuth University (Germany), University of Heidelberg, (Germany), United States International University, Kenya and Tangaza College, Kenya.

He has been a member of the National Economic and Social Council and the Task Force on Devolution. He was also the executive Director of Social Development Network (SODNET) for several years.

Professor Oyugi has published extensively and written several books, articles, book chapters, and papers on diverse subjects. He has received several awards including Otto Benecke Foundation Award (1980) and Hellmann/Hammett Award of the Fund for Free Expression, New York (1992).



Dr. Irene Asienga
Commissioner

Dr. Irene Koech Asienga has over 15 years' experience in research, teaching and administration. Prior to joining the Commission on Revenue Allocation, Dr. Asienga worked as a Senior Lecturer and Director of Kabarak University, Nairobi Campus. Under this capacity, she was responsible for mentoring, teaching, grading and supervising students. She was also involved in preparation and implementation of the campus strategic plan, coordination of academic programs, supervision of teaching and non-teaching staff, academic advising, marketing the campus programs, drawing up annual reports for the campus and preparation of annual estimates of income and expenditure. She is a former Dean, Business School and Head of Commerce Department at the same university.

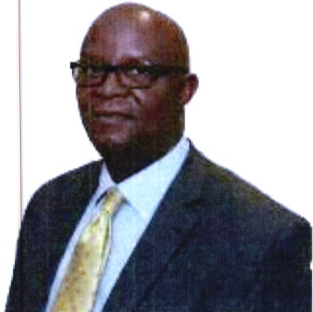
	She holds a doctorate degree in Economics from the University of Strathclyde, Scotland, UK; a Master of Arts in Economics from the University of Malawi and a Bachelor of Arts in Economics from the University of Nairobi. She has interests in public finance, environmental, agricultural and development economics and has published widely in peer reviewed journals.
 Mr. Kishanto Suuji Commissioner	Mr. Kishanto ole Suuji has over twenty seven years' experience in public service and the financial sector. Prior to joining the Commission on Revenue Allocation, Mr. Suuji worked as a Director at Kenya School of Monetary Studies, Central Bank of Kenya, where he rose through the ranks in various departments of the bank. Under this capacity, he was in charge of the Finance and Administration Department. He holds an MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a B.A. in Economics and Government from University of Nairobi.
 Mr. Peter Gachuba Commissioner	Mr. Peter Gachuba is an Investment Banker with over 20 years of Investment Banking and Private Equity experience. Prior to joining CRA, Mr. Gachuba worked as the Managing Partner of Strategic Africa Fund, Strategic Africa Advisors from 2012 to 2016 and as the Managing Partner of AfriCap Fund, a specialized Private Equity Fund based in Johannesburg, South Africa from 2004 to 2010. Mr. Gachuba has also worked for Kestrel Capital, Cooperative Bank of Kenya, Acacia Fund Limited, CDC Capital Partners, KPMG and Loita Capital Partners. He has also served as a Non- Executive Director in many boards including Faulu Microfinance Bank, Equity Bank Limited, and has worked in USA, South Africa, Mozambique, Malawi, Uganda and Tanzania.

	He holds an Accounting and a Master's Degree in International Business from Southern New Hampshire University in New Hampshire, USA.
 Prof. Peter Kimuyu Commissioner	Professor Peter Kiko Kimuyu holds a PhD in Energy Economics from University of Nairobi, a M.Sc. in Energy Economics from University of Surrey, UK, an M.A. in Economics from University of Nairobi, and a B. Ed. in Economics and Mathematics from University of Nairobi. He is the founder director of the School of Economics in the University of Nairobi and former Executive Director of the Institute of Policy Analysis and Research. He has held board-level appointments with the Export Promotion Council, Privatization Commission and KCB Group. He is a trustee with Africa International University, Technical Advisor to Scott Christian University and a lapsed member of the New York Academy of Sciences. Professor Kimuyu has published extensively and written several books, articles, book chapters, and papers on diverse development issues.
 Ms. Fouzia Abdikadir Commissioner	Ms. Fouzia has over 10 years' experience in financial management. Prior to joining the Commission on Revenue Allocation, she worked as a finance manager. She holds a Postgraduate Diploma in Portfolio Management and Investment Analysis from the London School of Commerce, U.K. and a Bachelor of Commerce-Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She is currently undertaking an MBA from the University of Wales Institute, Cardiff. She also has certification in civic leadership from Tulane University (USA). Commissioner Fouzia is a Mandela fellow (Young African Leadership Initiative, 2014) and she has also published on the challenges of the girl child in Africa

	education in the Hunger Report by Bread for the World.
 Dr. Julius Muia PS Treasury/ Commissioner	Dr. Julius Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning – The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat which operated under the Office of the President, Republic of Kenya to facilitate the implementation of Vision 2030. Between April 2008 and October 2016, Dr. Muia served as the Secretary, National Economic and Social Council, Office of the President. This is a top advisory government think tank whose flagship project was formulating Vision 2030. An alumnus of the University of Nairobi's School of Business, Dr Julius Muia graduated with a First Class Honours Degree in Accounting; Masters Degree and PhD in Finance from the same university. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.

III. MANAGEMENT

 Dr. Moses Sichei Commission Secretary / CEO	Dr. Moses Muse Sichei holds a Ph.D. (Economics) degree from the University of Pretoria (South Africa), MA and BA in Economics from the University of Nairobi, Kenya. He also holds an Associate of Kenya Institute of Bankers (AKIB) professional qualification and a member of the Kenya Institute of Bankers. He has over 15 years in economic policy research and analysis, international development and post-disaster/crisis recovery management. He has also published widely in refereed journals and books. Prior to joining the Commission, he worked as an Economic Advisor in United Nations Development Programme (UNDP) covering Sierra Leone and Liberia and more recently Malawi and Namibia. He also worked, among others, as a Regional Financial Policy Advisor at the East African Community in Arusha (Tanzania), Director for Research and Policy at CRA, Manager in Research and Policy department of the Central Bank of Kenya, Lecturer of Economics at the University of Nairobi and University of Pretoria (South Africa).
 Angela Kariuki Director Corporate Services	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.

	She previously worked with the Capital Markets Authority for nine years and Kilonzo & Company Advocates for two years.
 James Katule Director Fiscal Affairs	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 a Certified Public Accountant and a member of ICPAK. He has a wealth of experience in financial management, administration, people management and procurement gained in working for the Kenya National Trading Corporation, the International Centre for Insect Physiology and Ecology (ICIPE), International Livestock Research Institute (ILRI), the Africa Medical Research Foundation (AMREF) and most recently, Capital Markets Authority (CMA).
 Sheila Yieke Director Legal Affairs	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.
 Joseph Kuria	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. 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

Director ICT	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.
 Lineth Oyugi Director Economic Affairs	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. 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.
 Dr. Naomi Mathenge Deputy Director Research & Knowledge Management	Dr. Mathenge is an experienced Policy Analyst with over ten (10) years of working in the research and policy industry. She holds a PhD in Economics from the University of Cape Town in South Africa, a Master of Arts in Economics from the University of Malawi and a Bachelor of Arts in Economics from Moi University. She is a member of the African Growth and Development Policy Modelling Consortium (AGRODEP) Before joining the Commission, Dr, Mathenge worked as a Policy Analyst at the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and consulted for the then Ministry of Health on monitoring and evaluation. She has interests in CGE modelling, Macroeconomics, Economic Development, and Policy Analysis.



Maureen Junge
Finance Manager

Ms. Junge has extensive work experience in public finance with emphasis on budgeting, financial management, financial analysis, and reporting. She is a Certified Secretary, Certified Accountant, and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Association of Women Accountants of Kenya (AWAK). She holds a Masters of Science degree and a Bachelors of Commerce degree (Finance) from the University of Nairobi.

As the inaugural manager in charge of finance, Ms. Junge was instrumental in developing finance policies and setting up the operational procedures in the finance department including aligning them to the public financial management and reporting systems.

She previously worked with Kenya Investment Authority, Africa Investment Bank (AIG) and Reliance General Limited.

IV. CHAIRPERSON'S STATEMENT

It is a great honour to present the Commission's Annual Report and Financial Statements for Financial Year 2020/2021. The Report takes stock of the Commission's activities carried out between July 2020 and June 2021.

This period was marked by a contraction in the economy, particularly during the half of the financial year brought about by the COVID 19 pandemic and its attendant containment measures, affecting businesses and economic activities. The unfavourable economic conditions adversely affected revenue performance. This necessitated the realignment of expenditures across government to the available fiscal space. Consequently, the Commission was affected by a reduction in its annual budget.

But, despite the reduction in its budget the Commission was able to achieve its core mandate of making recommendations concerning the equitable sharing of revenue between the national and county governments and among county governments. In addition, the Commission made key recommendations concerning the financing of, and financial management by county governments.

During the year under review the Commission held a series of engagements with Parliament on the Third Basis for revenue sharing among counties. Parliament made a determination of the Third Basis in September 2020 in line with Article 217 of the Constitution. The Third Basis for revenue sharing will be used to share revenue among the county governments for five financial years from FY 2020/2021 to 2024/2025.

Pursuant to Article 216(1) (a) of the Constitution the Commission made a recommendation on revenue sharing between the national and county governments for the FY 2021/2022. The Commission recommended that out of projected shareable revenue of Ksh. 1,813.7 billion, and the Road Maintenance Levy Fund revenue projection of Ksh. 65.13 billion, national government be allocated Kshs.1,443.7 billion and County governments Kshs.370 billion. This recommendation was adopted by Parliament.

The Commission with the support of the Public Financial Management Reforms (PFMR) Secretariat carried out a series of trainings for County Assembly Technical Staff. The purpose of the training was to enhance counties' own-sources revenue and improve revenue legislation.

In fulfilling its mandate the Commission received invaluable support from the United Nations Development Programme (UNDP), the World Bank and all partners in the PFMR Secretariat. I deeply appreciate this support.

In addition, the Commission's Secretariat successfully adjusted to home-based work and worked hard to attain the Commission's goals. I am deeply grateful for their commitment and flexibility despite the challenges brought about by the COVID pandemic.

As the country continues to contend with the pandemic and its economic repercussions, the Commission remains committed to developing policies and recommendations that promote an equitable society to ensure that we leave no Kenyan behind.



Dr. Jane Kiringai
CHAIRPERSON

Date **12 / 08 / 2021**

V. REPORT OF THE COMMISSION SECRETARY / CEO

I am pleased to present the Commission's Annual Report for Financial Year 2020/2021. The report highlights the overall performance of the Commission in fulfilling its constitutional mandate during the year under review.

During this period, the Commission was able to carry out a significant number of its planned activities despite the difficult fiscal environment brought about by the COVID 19 pandemic which continues to adversely affect the economy and health of Kenya as a whole.

Firstly, the Commission submitted its recommendation on sharing revenue between national and county governments for the FY 2021/2022 in line with Article 216(1) (a) of the Constitution. The Commission recommended that for fiscal 2021/22, the national government be allocated Kshs.1,443.7 billion and county governments Kshs.370 billion.

Second, the Commission submitted its recommendations regarding the Third Basis for revenue sharing among county governments. The recommendation informed Parliament's final decision regarding the basis for revenue sharing among county governments. This basis will be used to share revenue among county governments for the next 5 financial years from FY 2020/2021 to 2024/2025.

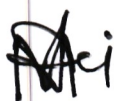
Third, as part of its mandate to make recommendations on matters concerning the financing of County Governments, the Commission facilitated the County Creditworthiness Initiative (CCI) which is a multi-agency platform aimed at shepherding county governments towards accessing market-based financing. In fiscal 2020/21, new credit ratings for Nyandarua and Mombasa Counties were carried out as well as a renewal of credit ratings for Kisumu, Makueni and Bungoma counties. These ratings aim at assisting county governments access financing through capital markets for public infrastructure development and service delivery.

Finally, the Commission sought to protect its staff from the effects of the COVID 19 pandemic. In the first step, in line with the Ministry of Health's directives and circular from the head of public service, the Commission implemented working from home modality a modality that enabled majority of its staff work from home. Staff were able to effectively carry out their work from home, through the use of various technology. To promote staff health and safety, the Commission liaised with the Ministry of Health to administer the first dose of the COVID 19 vaccine to its employees on an individual voluntary basis.

All these activities would not be possible without the immense support the Commission received from its development partners. The partners include the World Bank, United Nations Development Programme (UNDP), UN Women, Public Finance Management Reforms (PFMR) secretariat among others. To these partners and key stakeholders, I extend my sincere gratitude for continuing to support the work of the Commission. I also appreciate our Commissioners and secretariat whose tireless efforts continue to ensure that CRA implements its mandate with excellence.

Going forward, we are cautiously optimistic recognizing that the presence of COVID-19 is a new normal. Our strategy in fiscal 2021/2022 includes: front-loading our work in the first half of the financial year before the commencement of the electioneering period; proactively addressing the challenge of an inadequate budget by working with our development partners to plug differences, and safeguarding staff health by ensuring everyone receives their second dose of the COVID vaccine.

The pandemic has been a challenge, but, 'As with the butterfly, adversity is necessary to build character in people.' Indeed commission has learnt lessons from operating amidst the pandemic, which will inform the process of "re-engineering its systems to be more resilient. resilient in achieving its constitutional mandates.



Dr. Moses Sichei

COMMISSION SECRETARY/CEO

Date **12 / 08 / 2021**

VI. STATEMENT OF PERFORMANCE VS PREDETERMINED OBJECTIVES FOR FY 2020/21

Sub Programme	Key Outputs	Key Performance Indicators	Target 2020/21	Achievements	Status	GoK Revised Budget (millions)	GoK Actual Expenditure (millions)
SP 1: General Administration and Support Services	1. Enhanced internal controls and prudence in Financial management	Unqualified Audit opinion FY19/20	1	1		315,804,725	310,648,636
	2. Staff Mortgage and Car Loan Schemes	No. of Car Loan applications facilitated	5	3	Based on loan requests and budgetary provisions		
		No. of Mortgage Loan applications facilitated	25	22			
	3. Reviewed Organizational & Salary Structure	Cost of living adjustment (COLA)	1	1			
	4. Training of Commissioners and staff	No. of Commissioners and staff trained	25	-	Suspended due to budgetary constraints		
	5. Internship programme	No. of students trained under CRA	21	12			
		No. of students trained under PSC	5	5			
5. Replacement of motor vehicles	No. of vehicles	3	-	Suspended due to budgetary constraints.			
	1. Equitable sharing of revenue between national and county governments and among county governments	Annual Recommendation on Vertical share FY 2021/22 prepared and submitted.	1	1	Recommendation to allocate county governments an equitable share of Kshs. 370 billion for FY 2021/22 was approved by parliament.	987,780	963,780
		2. Publicize Recommendation on equitable sharing of Revenue between the National and County governments and the 3 rd basis of equitable sharing of Revenue.	Development and Production of: 1. Popular Version 2. Technical / Background Report on 3 rd Basis	2	2		

Sub Programme	Key Outputs	Key Performance Indicators	Target 2020/21	Achievements	Status	GoK Revised Budget (millions)	GoK Actual Expenditure (millions)
		Dissemination of 3 rd Basis revenue sharing formula (%)	100	-	Suspended due to budget cuts		
		Database of national and county statistics (%)	100	50	Incomplete due to lack of funds to complete development of a data portal.		
		Report on South to south peer learning on Revenue sharing framework	1	-	Regional conference postponed amid challenges of the Covid 19 pandemic		
	3. Financing of cities and urban areas	Framework for financing of urban areas and cities (%)	1	1	Framework for financing of cities and urban areas developed an incorporated into the third revenue sharing basis among county governments for financial years 2020/21 – 2024/25.		
					The formula allocates 5% of the equitable for the financing of urban areas and cities.		
	4. Equity in sharing of decentralised funds	Recommendation to influence policies and criteria used in sharing of decentralized funds	2	4 Conditional grants reviewed. These are: 1. Level 5 hospital grant 2. Village polytechnics grant 3. User fees foregone grant 4. Road maintenance Levey Fund	Commission's recommendation that the four conditional grants be sent to all the counties unconditionally using the third revenue sharing basis was submitted to Parliament for approval		

Sub Programme	Key Outputs	Key Performance Indicators	Target 2020/21	Achievements	Status	GoK Revised Budget (millions)	GoK Actual Expenditure (millions)
SP 3. Public Financial Management	5. Knowledge Management Framework	Establish partnerships with academic and other institutional resource centres and digital repository (%)	5	-	Work in progress.		
	6. Framework on benefit sharing from natural resources	Benefit Sharing recommendation	1	1	Incorporate in Vertical share Framework is being prepared by a multiagency team.		
	7. Socio Economic impact assessment of the Covid-19 pandemic	No of research papers on the impact assessment of the Covid-19 pandemic	2	2			
	1. Framework development for recurrent expenditure budget ceilings for county governments.	Annual recommendation on recurrent budget ceiling FY2021/22	1	1	Recommendations done but no funds for stakeholder engagement	2,161,500	2,152,780
	2. Ensure adherence to PFM thresholds by Counties	Specific recommendations to County Governments upon review	Review all 47 annual plans and budget documents	35	47, reviewed the CFSP and Budget, made recommendations and developed a report		
	1. Report on CBEF effectiveness	Application of a monitoring & evaluation tool on effectiveness	1	1	Tool has been developed and reviewed to incorporate the Gender aspect		
	2. Advice on strengthening the revenue raising laws	No. of finance bills reviewed annually	47	12	Reviewed the finance bills and made recommendations.		
	3. Recommend best practices in revenue administration	No. of County Assemblies supported on revenue administration oversight mechanism	5	4	Undertaken revenue administration support in Isiolo, Turkana, Lamu and Samburu under the UNDP funded programme		

Sub Programme	Key Outputs	Key Performance Indicators	Target 2020/21	Achievements	Status	GoK Revised Budget (millions)	GoK Actual Expenditure (millions)
	4. Report on status of assets and liabilities of both levels of government	A report on Assets and Liabilities of both levels of government	1	1	CRA was part of the Team on Assets and Liabilities at the county level. Report was finalized and submitted to IBEC		
	5. County Credit Worthiness Initiative (CCI)	No. of counties rated	3	6 (3 Rated and 3 renewed)	Laikipia rated and published, Mombasa and Nyandarua finalized in Q4. Renewal of Bungoma, Kisumu and Makueni completed in Q4.		
	6. Integrated County Revenue Management System (ICRMS)	Develop ICRMS (%)	100	80	Submitted to the multi-agency steering committee for review and approval.		
	7. Guide on revenue administration	One Revenue administration guide	1	1	Training Guideline developed and the launch will take place in May 2021		
	8. OSR Potential Study	OSR Potential Study Report (%)	100	80	Over 80% complete. To be finalised and launched in the Q1 of 2021/22 FY.		
	9. County Govt's Tariffs and Pricing Model	Recommendations on Revenue raising laws and Tariff policies	1	1	Recommendation given to the 47 county governments on Revenue raising laws.		
	10. Integrated Data Management System	Data portal to 47 counties	1	-	on hold due to budgetary constraints		
	1. Establishment of Marginalization Lab	Annual Report on state of marginalization in Kenya	1	Draft Report on social economic inequalities developed	Commission plans to engage stakeholders to validate the report before publication		
	2. Master Plan on de-marginalization of communities	Baseline report on each county's development status	1	-	More data from counties not collected due to budget cuts		
		Implementation status report on 1 st policy on marginalised areas.	1	First policy on Marginalisation not fully implemented due to dissolution of	The regulations were approved by Parliament in May 2021		
SP 4: Transitional Equalization and stakeholder engagement						0	0

Sub Programme	Key Outputs	Key Performance Indicators	Target 2020/21	Achievements	Status	GoK Revised Budget (millions)	GoK Actual Expenditure (millions)
				the Board following a court ruling in 2019. Commission, jointly with the other stakeholders developed new regulations to operationalise the Equalisation Fund as directed by the Courts in 2019.			
		Consultancy on Geographical Information System (GIS) mapping of all projects implemented in marginalised areas.	1	-	Activity shelved since National government is in the process of undertaking the same.		
	3. Impact assessment of Equalization Fund	Report on impact of Equalization Fund	1	-	Not done due to incomplete implementation of the First policy due to court orders; and non-implementation of the Second policy. The regulations to operationalize disbursement of the Funds have been approved by Cabinet and are with the AG for legal drafting and gazettelement.		
TOTAL REVISED BUDGET/EXPENDITURE FY 2020/2021						318,954,005	313,765,196

VII. CORPORATE GOVERNANCE STATEMENT

The Commission undertakes the responsibility of ensuring that it is accountable to the public and its various stakeholders. It seeks to embrace corporate governance through creation of the right corporate culture and values.

The Commission has adopted the highest standards and applies strict rules of conduct, based on best corporate practices befitting an independent and a public institution. In addition to foundation of good governance the Commission has embraced its core values of Excellence, Inclusiveness, Integrity, Equity and objectivity in guiding its decisions and mode of operation. Among the principles that the Commission subscribes to, is upholding the Commission's corporate governance practices which include but are not limited to:

1. Observing high standards of ethical and moral behavior
2. Acting in the best interests of the Commission
3. Exercising fairness and equity to stakeholders
4. Recognizing the legitimate interests of all stakeholders
5. Ensuring that the Commission acts as a good corporate citizen.

During the period under review, the Commission held five (5) Full Commission Meetings.

Further, the Commission developed and implemented a Code of Conduct and Ethics which the Commissioners and Staff subscribed to ensuring smooth effective operations in the best interest of the Commission and in accordance to corporate governance standards.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

a) GoK Funding

The Commission prepares a programme based budget under one programme and four sub-programmes namely:

Program:

Inter government revenue and financial matters.

Sub – programmes:

Sub Programme 1 – General Administration and Planning

Sub Programme 2 – Equitable Sharing of Revenue

Sub Programme 3 – Public Financial Management

Sub Programme 4 – Transitional Equalization and Stakeholder Engagement

In the reporting year, the Commission had various deliverables as highlighted under section VI above on CRA's performance against predetermined targets.

Further, with regard to facilitation of our activities, the Commission was allocated an approved budget of Kshs. 372 million which was later revised downwards through budget cuts of Kshs. 53 million in both the first and second supplementary budgets hence our final revised budget of Kshs. 319 million.

The Commission managed to execute its mandate accordingly despite the budgetary constraints which called for downscaling of most expenditure items and other critical activities. Further, the Challenges of the Covid 19 pandemic also affected execution of some other activities.

Given the Commission's revised budget of 319 million, we managed to absorb Kshs. 314 million being **98%** absorption rate of the budget.

b) Donor Funding

i. United Nations Development Partners (UNDP)

In the reporting year, the Commission continued with implementation of activities earlier supported by UNDP up to **Kshs. 14,795,050 million**. The Commission utilized **Kshs. 7,882,220** hence an absorption rate of **53%** of the funding compared to **76%** absorption rate in FY 2019/20. The funding was in support of the Commission's mandate on building capacity of counties in public financial management. The two main activities included:

- i. Finalization and launch of OSR Guidelines and Report as precursor for digital content development.
- ii. Review of the effectiveness of the County Budget Economic Forum monitoring and evaluation tool.

ii. Public Financial Management Reforms (PFMR)

The Commission also received **Kshs. 15,587,798** from PFMR in support of conducting training of Members of County Assemblies on issues of Own Source Revenue Legislations. The Commission utilised the entire budget of **Kshs. 15,587,798** hence realizing **100%** absorption rate. Through this support, the following achievements were realized:

- i. Enhanced capacity in legislating on Own Source Revenue to over 90 MCA members of Finance and Budget Committees from 18 county assemblies-
- ii. Increased requests from counties for technical support in review and development of revenue legislations

c) Funding from other Ministries

Finally, the Commission received computers and printers worth **Kshs. 1,404,946** from the Ministry of ICT. This value was recognized as income in kind in our books in the reporting period.

IX. ENVIROMENTAL 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 has managed to sustain its operations using the annual Exchequer allocations. Furher, it supplements the Gok funding with donor support from time to time besides prioritizing expenditure on need basis and in line with its constitutional mandate.

b) Environmental Performance

Environmental performance at the Commission is guided by the Environmetal 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. This is seen in the way the Commission disposes waste as well as discourage the use of plastic bottles in our offices.

c) Employee Welfare

The Commission on Revenue Allocation values it's 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 has lost a member of immediate family. This has gone a long way in ensuring staff get support in this endeavour.

d) Market Place Practices

The Commission as an Independent body provides services to the Kenyan people through the other institutions such as the Senate and National Assembly. This is as per the general tenets of the 2010 constitution of Kenya. Despite being an Independent body it still adheres to best practices in Procurement as guided by the Public Procurement and Asset Disposal Act, 2020 which spells out very clear regulations on the sourcing of services and goods in Kenya.

As it practices equity and fairness in the allocation of national cake similarly it uses the same principles in ensuring that there is fairness in the supply chain.

e) Community Engagements

The Commission through its public participation programs on the formulae has an opportunity to engage with communities in the 47 counties and especially in far flung and remote parts of the country. These engagements are through public discussions on issues related to the funds to be allocated to the counties and their views are collated for adoption in future. Furthermore, surveys are carried out on performance indices that shows the overall growth of the Counties in terms of population, land size, among other parameters of resource allocation.

In addition, as part of national efforts by the government in combat this Covid-19 pandemic, the Commission together with other Constitutional Commissions and Independent Offices (CCIOs) contributed financially towards the Covid19 emergency fund.

X. 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 that 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, 2021. 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, 2021 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, 2021 are set out on page 1 to 20.

Commissioners

The members of the Commission who served during the year are shown from page vi-x 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.

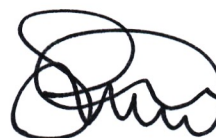
Approval of the financial statements

The Commission's financial statements were approved by the Commission on **12nd August 2021** and signed on its behalf by:



Dr. Moses Sichei

COMMISSION SECRETARY/CEO

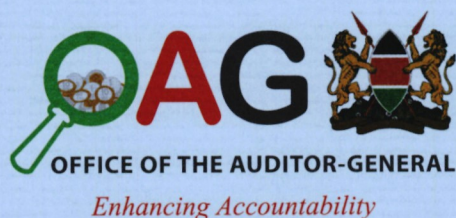


Dr. Jane Kiringai

CHAIRPERSON

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON REVENUE ALLOCATION FOR THE YEAR ENDED 30 JUNE, 2021

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 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 control, 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 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 20, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of

changes in net assets, and the statement of cash flows 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, 2021 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 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.

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, 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

1. Non-Compliance with the Law on Fiscal Responsibility - Wage Bill

The statements of receipts and payments reflects an expenditure of Kshs.190,087,159 on compensation of employees representing 55% of the total receipts of Kshs.346,390,074. This is contrary to the provisions of Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015, which requires that compensation of employees not to exceed 35% of revenue.

In the circumstances, Management is therefore in breach of the law.

2. Irregular Promotion of Staff Based on an Unapproved Salary Structure

Examination of human resource records revealed that during the year under review, the Commission implemented a new salary structure and accorded direct promotion to fourteen (14) staff members without the necessary approval from the Salaries and Remuneration Commission, (SRC) contrary to Article 230 Clause 4(b) of the Constitution of Kenya which provides that the power and function of SRC shall be to advise the National and County Governments on the remuneration and benefits of all other public officers.

Although Management has explained that the Commission had sought approval from The National Treasury on the structural reorganization of the budget which was granted, The National Treasury had advised that the changes in salary structure should be approved by the Salaries and Remuneration Commission (SRC). It is however, noted that the Commission sought for the advisory opinion from the SRC on structural reorganization and staffing but went ahead and implemented the unapproved structure before receiving the advisory claiming that the Salaries and Remuneration Commission was only to provide advisory services and that they are at liberty to accept or reject the advisory. By the time of the audit in the month of November 2021, the SRC advisory opinion had not been provided for audit review.

In the circumstances, Management is therefore in breach of the law.

3. Irregular Issuance of Salary Advance to Commissioners

As disclosed in Note 12(c) to the financial statements, review of the statement of financial position for the year ended 30 June, 2021 indicates that the receivables from non-exchange transactions balance of Kshs.42,251,095 constitutes an outstanding salary advance of Kshs.2,558,624 which includes salary advances to two Commissioners amounting to Kshs.1,200,000. Review of records revealed that the Commissioners had applied the provisions under the Commission on Revenue Allocation (CRA) Human Resource Manual to irregularly access salary advances despite the fact that their salaries are drawn from the Consolidated Fund as per Article 250(7) of the Constitution of Kenya, 2010 and have been servicing it through their allowances from the Commission's budget.

Management has however stated that the Commission is committed to expunge the clause which earlier allowed Commissioners and engage The National Treasury to consider facilitating requests from Commissioners.

In the circumstances, Management is 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, except for the matter described in the Basis for Conclusion report on effectiveness of internal controls, risk management and governance section of my report nothing else 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 control 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 control, 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 control 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 control 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 control 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 control.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 February, 2022

XII. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021	Restated 2019-2020
		Kshs	Kshs
REVENUE			
Revenue from Non-Exchange transactions			
i Transfer from other Governments			
Exchequer Transfers	4.a	314,593,440	360,324,938
Donor Funding	4.b	30,382,848	30,720,000
ii Transfer from Ministries			
Ministry of ICT (MICT)-in kind	4.c	1,404,946	-
		346,381,234	391,044,938
Revenue from Exchange Transactions			
iii Sale of Goods			
Other incomes	4.d	8,840	1,095
Total revenue		346,390,074	391,046,033
EXPENDITURE			
Employee Benefits	5	190,087,159	196,524,859
Commissioner's Expenses (Board)	6	10,453,471	11,419,768
Depreciation & amortization	7	18,480,441	22,341,883
Repairs & maintenance	8	3,737,106	5,199,984
General expenses	9	82,830,547	105,004,809
General expenses funded by A.I.A	9	23,470,018	21,174,545
Finance costs	10	68,891	66,320
Total expenses		329,127,632	361,732,169
OTHER GAINS / (LOSSES)			
Gain on sale of Assets	14.a.	-	7,121,000
Loss on foreign exchange transactions	14.b.	-	(360,269)
Surplus / (Deficit) for the Period		17,262,441	36,074,595
Remission to National Treasury	9.a.	3,244	10,837,605
Unspent A.I.A	9.a.	6,912,830	9,900,352
Net Surplus for the Year		10,346,367	15,336,638

The notes set out on page 7 to 19 form an integral part of the Financial Statements



Dr. Moses Sichei

COMMISSION SECRETARY/CEO
Date 12 / 08 / 2021

Maureen Junge
FINANCE MANAGER
ICPAK No. 9883
Date 12 / 08 / 2021

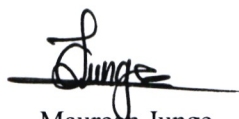
Dr. Jane Kiringai
CHAIRPERSON
Date 12 / 08 / 2021

XIII. STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021			
	Note	2020-2021	Restated 2019-2020
		Kshs	Kshs
ASSETS			
Current assets			
Cash and cash equivalents	11	839,406	882,390
Receivables from non-exchange transactions	12.a & c	42,251,095	41,490,938
		43,090,501	42,373,328
Non-current assets			
Property, plant and equipment	13	25,262,279	40,998,286
Intangible assets	14	1,499,484	2,780,973
Mortgage Fund	15.a.	129,545,946	117,402,126
Car Loan Fund	15.b.	18,776,000	11,276,000
Covid 19 Fund	15.c.	5,130,000	
		180,213,709	172,457,385
TOTAL ASSETS		223,304,210	214,830,714
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	16	7,386,948	9,259,819
		7,386,948	9,259,819
TOTAL LIABILITIES		7,386,948	9,259,819
NET ASSETS		215,917,262	205,570,895
Represented by:			
Reserves		10,346,367	15,336,638
Accumulated surplus		205,570,895	190,234,257
TOTAL NET ASSETS & LIABILITIES		215,917,262	205,570,895

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commission by:


Dr. Moses Sichei
COMMISSION
SECRETARY/CEO


Maureen Junge
FINANCE MANAGER /
ICPAK No. 9883


Dr. Jane Kiringai
CHAIRPERSON

Date 12 / 08 / 2021

Date 12 / 08 / 2021

Date 12 / 08 / 2021

**XIV. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

		Restated
	2020-2021	2019-2020
	Kshs	Kshs
Balance as at 30 June 2020	205,570,895	190,234,257
Surplus / (Deficit) for the year	10,346,367	15,336,638
Balance as at 30 June 2021	<u>215,917,262</u>	<u>205,570,895</u>

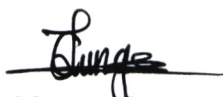
XV. STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2021

			Restated
	Note	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Surplus / (Deficit) from operating Activities		10,346,367	15,336,638
Adjusted for:			
Depreciation and Amortization	7	18,480,441	22,341,883
(Gains) and losses on disposal of assets	14.a	-	(7,121,000)
Working capital adjustments:			
(Increase)/Decrease in receivables	12	(760,157)	(4,974,427)
Increase/(Decrease) in payables	16	(1,872,870)	(8,451,371)
Increase in payments received in advance			
Net cash flows from operating activities		26,193,781	17,131,723
Cash flows from investing activities			
Purchase of Fixed Assets	13	(1,462,946)	(14,602,578)
Proceeds from sale of Fixed Assets	14.a	-	7,121,000
Purchase of intangible assets	14	-	(2,214,280)
Mortgage Fund	15.a.	(12,143,820)	(1,875,000)
Car Loan Fund	15.b.	(7,500,000)	(11,275,000)
Car Loan Fund	15.c.	(5,130,000)	
Net cash flows used in investing activities		(26,236,766)	(22,845,858)
Cash flows from financing activities			
(Increase)/Decrease in deposits	12.b.	-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(42,985)	(5,714,135)
Cash and cash equivalents at 1 July 2020	11	882,390	6,596,525
Cash and cash equivalents at 30 June 2021		839,405	882,390



Dr. Moses Sichei

COMMISSION
SECRETARY/CEO
Date 12 / 08 / 2021

Maureen Junge
FINANCE MANAGER /
ICPAK No. 9883

Date 12 / 08 / 2021



Dr. Jane Kiringai

CHAIRPERSON

Date 12 / 08 / 2021

XVI. STATEMENT OF BUDGET VS EXPENDITURE FOR YEAR ENDED 30 JUNE 2021

Particulars	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Absorption
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants and subsidies	371,975,630	(53,021,625)	318,954,005	314,593,440	4,360,565	99%
Donor Funding		30,382,848	30,382,848	30,382,848	-	100%
Transfer from other ministries		1,404,946	1,404,946	1,404,946	-	100%
Other Income		8,840	8,840	8,840	-	100%
Total income	371,975,630	(21,224,991)	350,750,639	346,390,074	4,360,565	99%
Expenses						
Compensation of employees	221,500,000	(43,000,000)	178,500,000	177,129,928	1,370,072	99%
Group Life & Med Insurance	17,545,000	9,936,992	27,481,992	27,481,488	504	100%
Gratuity	1,107,730	(34,335)	1,073,395	1,073,392	3	100%
Operation and Maintenance	100,004,080	(17,595,162)	82,408,918	81,023,352	1,385,566	98%
Finance cost	75,000	354,612	429,612	429,160	452	100%
Repair & Maintenance-MV	3,600,000	1,972,768	5,572,768	4,310,236	1,262,532	77%
Repair & Maintenance-Others Assets	1,200,000	85,500	1,285,500	115,820	1,169,680	9%
Capital Expenditure	26,943,820	(4,742,000)	22,201,820	22,201,820	-	100%
Donor funded Expenditure		30,382,848	30,382,848	23,470,018	6,912,830	77%
Other Expenditure (Ministry)		1,413,786	1,413,786	1,404,946	8,840	99%
Total expenditure (O&M)	371,975,630	(21,224,991)	350,750,639	338,640,160	12,110,479	97%

Note:

1. The Commission had a total budget of **Kshs. 371,975,630** which was revised through budget cut of **Kshs. 53,021,625** and **A.I.A of Kshs. 31,796,634**. The budget cut necessitate a reallocation and request for additional funding through the supplementary Estimates I and II.
2. The items on repairs and maintenance of motor vehicle and maintenance for plant and machinery underperformed and only achieved a low absorption rate of **77% and 9%** respectively. The low absorption was due to delayed approval of Supplementary II which was done on 29th June 2021. The Commission could therefore not begin a procurement process of the same given the available time.
3. **Annex V** provides a detailed reconciliation of the Commission's GoK Annual approved budget, Actual Expenditure and Financial statements FY 2020/21

XVII. BUDGET EXECUTION**a) BY PROGRAMMES AND SB-PROGRAMMES (Exchequer and A.I.A)**

S No.	Particulars	Original budget	Adjustments	Final budget	Expenditure	Difference	% Absorption
		Kshs	Kshs	Kshs	Kshs	Kshs	
SP 1	General Administration and Planning (GoK)	357,912,084	(42,107,359)	315,804,725	310,663,236	5,141,489	98%
	General Administration and Planning (A.I.A)	-	1,413,786	1,413,786	1,404,946	8,840	99%
SP 2	Equitable Sharing of Revenue	5,260,000	(4,272,220)	987,780	963,780	24,000	98%
SP 3	Public Financial Management (GoK)	5,382,100	(3,220,600)	2,161,500	2,138,180	23,320	99%
	Public Financial Management (A.I.A)	-	30,382,848	30,382,848	23,470,018	6,912,830	77%
SP 4	Transitional Equalization and SM	3,421,446	(3,421,446)	-	-	-	0%
	Total expenditure	371,975,630	(21,224,991)	350,750,639	338,640,160	12,110,479	97%

b) BY ECONOMIC CLASIFICATION (Exchequer and A.I.A)

S No.	Particulars	Original budget	Adjustments	Final budget	Expenditure	Difference	% Absorption
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	Salary and Allowance	221,500,000	(43,000,000)	178,500,000	177,129,928	1,370,072	99%
2	Operations and Maintenance (GoK)	109,468,264	5,634,641	115,102,905	111,331,488	3,771,417	97%
	Operations and Maintenance(A.I.A)	-	1,413,786	1,413,786	1,404,946	8,840	99%
3	Capital Expenditure	26,943,820	(4,742,000)	22,201,820	22,201,820	-	100%
4	Technical Sub-Programmes (GoK)	14,063,546	(10,914,266)	3,149,280	3,101,960	47,320	98%
	Technical Sub-Programmes (A.I.A)	-	30,382,848	30,382,848	23,470,018	6,912,830	77%
	Total expenditure	371,975,630	(21,224,991)	350,750,639	338,640,160	12,110,479	97%

c) SUMMARISED BUDGET (Exchequer and A.I.A)

S No.	Particulars	Original budget	Adjustments	Final budget	Expenditure	Difference	% Absorption
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	Exchequer (GoK Funding)	371,975,630	(53,021,625)	318,954,005	313,765,196	5,188,809	98%
2	Appropriation In Aid (A.I.A)		31,796,634	31,796,634	24,874,964	6,921,670	78%
	Total expenditure	371,975,630	(21,224,991)	350,750,639	338,640,160	12,110,479	97%

XVIII. NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2021**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. Summary of Significant Accounting Policies**(i) Revenue from non-exchange transactions – IPSAS 23****Exchequer Allocations**

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.

Donor Funding

The Commission received funding (A.I.A) of **Kshs. 30,382,848** from UNDP and PFMR in support of various activities of the Commission.

United Nations Development Partners (UNDP)

In the reporting year, the Commission continued with implementation of activities earlier supported by UNDP up to **Kshs. 14,795,050 million**. The Commission utilized **Kshs. 7,882,220** being an absorption rate of **53%** of the funding compared to **76%** absorption rate in FY 2019/20. The funding was in support of the Commission's mandate inline with building capacity of counties in public financial management. The two main activities included:

- iii. Finalization and launch of OSR Guidelines and Report as precursor for digital content development.
- iv. Review of the effectiveness of the CBEF monitoring and evaluation tool.

Further, the Commission through the technical support of UN Women, developed a gender responsive CBEF training tool that enhance review of planning and budgeting process from gender perspective.

Public Financial Management Reforms (PFMR)

The Commission also received **Kshs. 15,587,798** from PFMR in support of conducting training of MCA's on issues of Own Source Revenue Legislations. The Commission utilised **Kshs. 15,587,798** hence realizing as absorption rate of **100%**. Through this support, the following achievements were realized:

- iii. Enhanced capacity in legislating on OSR to over 90 MCA members of Finance and Budget Committees from 18 county assemblies-
- iv. Increased requests from counties for technical support in review and development of revenue legislations

Funding from other Ministries

The Commission received computers and printers worth Kshs. 1,404,946 from the Ministry of ICT. This value was recognized as income in kind in the reporting period.

(ii) Revenue from exchange transactions – IPSAS 9**Sale of Newspapers**

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.

(iii) Non-Current Assets**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 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.

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 SRC's circular Ref No. SRC/ADM/CIR/1/13. III (128) dated 17th December 2014 and CRA's internal rules and regulations. Establishment of this schemes has attracted a Fringe Benefit Tax payable by the Commission / Sponsor.

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 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 7%, 6%, 7% and 7% for Q1, Q2, Q3 and Q4 respectively

Covid 19 Fund Account

The Commission established a Covid 19 Fund account which is currently administered by CIC Insurance. The purpose of this fund is to offer assistance to both Commissioners and Staff in lessening the costly medical burden whenever such a need arises. This fund is administered independently from the normal staff medical scheme. On cancellation of the fund, any surpluses will be tranfered back to the Commission.

(iv) 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.

(v) 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%

(vi) 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.

(vii) Employee Benefits – IPSAS 2**Retirement Benefit Plans**

The Commission operates a private retirement benefit scheme with Jubilee Insurance and administered by ICEA for all its permanent and pensionable employees. Further 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 to which the employees rendered the services to the Commission.

(viii) 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. Members of key management are regarded as related parties and comprise the Commissioners, Commission Secretary and directors.

(ix) 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.

(x) Financial Instruments – IPSAS 41

This standard is applicable from 1st January 2022. Its objective 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 an entity's future cash flows.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- 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;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard is not relevant to the Commission.

(xi) Social Benefit – IPSAS 42

Applicable: 1st January 2022

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided helps users of these financial statements and general purpose financial reports assess:

- (a) The nature of such social benefits provided by the entity;
- (b) The key features of the operation of those social benefit schemes; and
- (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

The standard is relevant to the Commission and was earlier adopted as per not 3 (vii) above

(xii) 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 as Central bank of Kenya at the end of financial year.

(xiii) 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.

(xiv) Exchange Rate

The Commission received a grant of USD 48,000 from Open Society Initiative for Eastern Africa (OSIEA) meant for setting up of the marginalization lab and facilitation of activities related to the Lab. Considering that the Commission does not maintain a USD account, that amount of USD 48,000 was deposited into CRA's Account at an Exchange rate of 101 (Kshs. 4,833,815) in August 2018.

A financing agreement was not granted to the Commission leading to a refund of the said amount to OSIEA at a prevailing Exchange rate of 108.

The difference in the exchange rates led to a loss of Kshs. 360,269 that had not been anticipated by the Commission in FY 2019/20. This amount was accrued and later paid in the reporting year as Kshs. 366,696.50 due transaction cost and a further increase in exchange rate to 110. Since this increase had not been anticipated again, Kshs. 360,269 was captured under trade payables and Kshs. 6,427.5 as expense for the reporting period instead of a prior year's adjustment.

	2020-2021	2019-2020
	Kshs	Kshs
4 Transfers from other Governments		
(a) Operational Grant (Exchequer Transfers)		
1st Quarter Exchequer	44,711,193	54,440,131
2nd Quarter Exchequer	90,866,513	109,335,846
3rd Quarter Exchequer	73,298,594	91,887,351
4th Quarter Exchequer	105,717,140	104,661,610
	314,593,440	360,324,938
(b) Other Grants (Donor funding)		
United Nation Development Partners (UNDP)	14,795,050	12,000,000
Public Financial Management Reforms (PFMR) – in kind	15,587,798	12,000,000
Constitutional & Independent Offices (CCIO's)	-	6,720,000
	30,382,848	30,720,000
(c) Transfer from Ministries		
Ministry of ICT (MICT)-in kind	1,404,946	-
	1,404,946	-
(d) Sale of Goods		
Sale of Newspapers/Assets	8,840	1095
	8,840	1,095
5 Employee costs		
Basic salaries	104,902,985	110,528,488
Casual Labour	501,786	1,207,762
Acting Allowance	165,537	805,833
House Allowance	21,019,000	21,684,790
Special Duty	2,408,000	2,448,000
Top up for seconded staff	814,900	427,950
Responsibility Allowance	3,400,000	3,606,452
Transport Allowance	9,563,500	9,877,889
Security Allowance *	535,000	480,000
Leave Allowance	1,390,000	1,455,001
Telephone Allowance *	3,385,000	3,477,474
Pension contribution	19,485,839	19,461,285
Gratuity	1,974,826	2,769,056
Medical Insurance	18,702,142	17,119,139
Group Life Insurance	981,991	899,178
WIBA	856,653	276,562
	190,087,159	196,524,859
6 Commissioner's Expenses		
Telephone Allowance	1,440,000	1,480,000
Leave Allowance	400,000	400,000
Security Allowance	7,680,000	7,680,000
Domestic Travel costs	244,200	789,400
Foreign Travel Costs	-	366,468
Hospitality and Conference	386,841	43,800
Medical Insurance (Ex Gratia)	102,430	110,100
Club Membership *	200,000	550,000
	10,453,471	11,419,768
7 Depreciation & Amortization		
Refurbishment	1,967,340	6,553,689
Furniture & Fittings	976,717	2,395,762
Motor Vehicle	10,938,770	8,239,500
Computer & Printers	2,798,274	3,232,335
Office Equipment	517,853	555,759
Intangible Assets	1,281,488	1,364,839
	18,480,441	22,341,883

	2020-2021	2019-2020
	Kshs	Kshs
8 Repairs and maintenance		
Routine maintenance of Motor vehicles	3,621,286	4,522,425
Routine maintenance of Assets	115,820	677,559
	3,737,106	5,199,984
9 General expenses		
Utilities Supplies -Electricity	1,773,293	2,090,948
Utilities Supplies -Water	110,603	327,648
Communication Supplies & Services	4,442,315	4,527,346
Domestic Travel costs	2,249,650	7,322,092
Foreign Travel Costs	-	1,735,804
Printing Advertising & Information	2,190,219	4,231,270
Rent Expenses	51,951,794	48,566,654
Hire of Transport	1,095,963	1,444,983
Training Expenses	173,800	2,971,335
Catering Services	1,371,944	2,333,988
Boards, Seminars & Conferences	2,678,200	4,488,357
Boards, Seminars & Conferences - Audit Committee	192,000	117,600
Insurance Costs (Motor Vehicle & Plant and Machinery)	2,602,565	1,001,753
Specialised Materials & Supplies—Library resources & Uniforms.	30,000	892,458
Office & General Expenses	980,267	3,368,640
Fuel oils and Lubricants *	4,603,877	5,237,321
Security Guards	783,146	1,464,465
Cleaning Services	2,316,640	2,356,346
Membership fee, Dues and Subscriptions	429,620	506,620
Contracted Professional Services	1,500,000	7,565,399
Contracted Professional Services – Audit Fee OAG	464,000	464,000
Fringe Benefit Tax (Mortgage and Car Loan Schemes) *	890,651	1,989,783
	82,830,547	105,004,809
Expenses Funded by A.I.A		
Boards, Seminars & Conferences (UNDP)	7,882,220	9,172,858
Boards, Seminars & Conferences (PFMR)	15,587,798	6,864,905
Boards, Seminars & Conferences (CCIO)	-	5,136,782
	23,470,018	21,174,545
TOTAL General Expenses	106,300,565	126,179,354
9(a) Surplus Remission / Unspent A.I.A		
Refund to other Govt entities (NT)	3,244	10,837,605
Unspent A.I.A - OSIEA	-	4,833,815
Unspent A.I.A - UNDP	6,912,830	2,827,142
Unspent A.I.A - PFMR	-	2,239,395
	6,916,074	20,737,957
10 Finance Costs		
Bank Charges	68,891	66,320
	68,891	66,320
11 Cash and cash equivalents		
CBK - 1000181281 (Recurrent A/c) - Exchequer	-	-
CBK - 1000181998 (Deposit A/c)	265,902	265,902
Cash-on-hand (Petty Cash & office float)	573,503	616,487
	839,405	882,390

	2020-2021	2019-2020
	Kshs	Kshs
12 Receivables (Current Receivables)		
(a) Prepayments		
Medical Insurance	12,521,863	10,879,857
Group Life	736,493	736,493
WIBA	607,056	553,125
Motor Vehicle	2,318,145	1,973,776
Plant & Machinery	137,467	137,667
Service Charge Q1 FY20/21	-	1,614,477
Electricity Bill – June 19 *	-	-
Telephone	-	8,468
Internet	-	163
Newspapers - June19	-	1,800
Hire of Transport - June19	-	29,196
Fuel	94,946	594,797
Motor Vehicle Maintenance	-	5,619
	16,415,970	16,535,438
(b) 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
	23,202,532	23,202,532
The rent deposit refers to 6 months rent deposit and it's inclusive of parking fees and service charge for the same period. Service charge deposit was enhanced from the original lease by Kshs.3,239,210		
(c) Debtors		
Salary	64,663	64,663
Outstanding Salary advances	2,558,624	1,679,000
	2,623,287	1,743,663
(d) Credit Notes		
14 Riverside Mngt June 19 Payment	9,306	9,306
TOTAL Receivables	42,251,095	41,490,938

13 Property, Plant and Equipment**Cost or Valuation:****As at 30th June 2019**

Additions during the year (Comps & Printers funded by PFMR)
Disposal

As at 30th June 2020

Additions during the year (Comps & Printers funded by PFMR)

As at 30th June 2021**Depreciation and Impairment****As at 30 June 2019**

Depreciation

Disposals/Write off

As at 30 June 2020

Depreciation

At 30 June 2021**Net Book Values****At 30 June 2021****At 30 June 2020**

	Computers & Printers	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	KShs	KShs	KShs	KShs	KShs
As at 30th June 2019	27,628,778	10,201,613	101,127,158	128,344,970	267,302,519
Additions during the year (Comps & Printers funded by PFMR)	2,895,700	20,000	889,800	10,797,078	14,602,578
Disposal				(19,989,002)	(19,989,002)
As at 30th June 2020	30,524,478	10,221,613	102,016,958	119,153,047	261,916,095
Additions during the year (Comps & Printers funded by PFMR)	1,404,946		58,000		1,462,946
As at 30th June 2021	31,929,424	10,221,613	102,074,958	119,153,047	263,379,041
<u>Depreciation and Impairment</u>					
As at 30 June 2019	22,764,745	8,970,703	84,567,848	103,626,471	219,929,766
Depreciation	3,232,335	555,759	8,949,451	8,239,500	20,977,044
Disposals/Write off				(19,989,002)	(19,989,002)
As at 30 June 2020	25,997,079	9,526,462	93,517,299	91,876,969	220,917,809
Depreciation	2,798,274	517,853	2,944,057	10,938,770	17,198,953
At 30 June 2021	28,795,353	10,044,314	96,461,356	102,815,738	238,116,762
<u>Net Book Values</u>					
At 30 June 2021	3,134,071	177,298	5,613,602	16,337,308	25,262,279
At 30 June 2020	4,527,398	695,151	8,499,659	27,276,078	40,998,286

	2020-2021	2019-2020
	Kshs	Kshs
14 Intangible assets - software		
<u>Cost or Valuation:</u>		
At 30 June 2019	12,045,981	12,045,981
Additions	2,214,280	
At 30 June 2020	14,260,261	12,045,981
Additions		2,214,280
At 30 June 2021	14,260,261	14,260,261
<u>Amortization and impairment</u>		
At 30 June 2019	10,114,449	8,719,609
Amortization	1,364,839	1,394,840
At 30 June 2020	11,479,289	10,114,449
Amortization	1,281,488	1,364,839
Impairment loss		
At 30 June 2021	12,760,777	11,479,289
<u>Net Book Values</u>		
At 30 June 2021	1,499,484	2,780,973
At 30 June 2020	2,780,973	1,931,532
(a) Disposal of Fixed Assets	Kshs	Kshs
<u>Cost or Valuation:</u>		
As at 1st July 2020	-	19,989,002
Accumulated depreciation	-	19,989,002
Net Book Value At 30 June 2021	-	-
Salvage Value	-	7,121,000
Gain / (Loss on Disposal)	-	7,121,000
(b) Loss on Foreign exchange Transaction		
<u>OSIEA FUNDING</u>		
Difference in Exchange Rate of USD 48,000	-	360,269
	-	360,269
15 (a) Mortgage Account (Restricted Cash)		
At 30 June 2020	117,402,126	115,527,126
Additions	12,143,820	1,875,000
At 30 June 2021	129,545,946	117,402,126
(b) Car Loan Account (Restricted Cash)		
At 30 June 2020	11,276,000	1,000
Additions	7,500,000	11,275,000
At 30 June 2021	18,776,000	11,276,000
(c) Covid 19 Fund (Restricted Cash)		
At 30 June 2020	-	
Additions	5,130,000	
At 30 June 2021	5,130,000	

Mortgage scheme is administered by KCB (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.

16. Trade and other payables

	2020-2021	2019-2020
	Kshs	Kshs
Gratuity	3,518,052	2,616,618
Other Staff Payables *	108,695	97,973
Audit Fees	464,000	928,000
Trade Payables (Suppliers Invoices-Debit Notes) *	3,296,201	5,617,227
	7,386,948	9,259,818

17. 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, it is 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.

(ii) Liquidity Risk

Liquidity risk 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 that it has sufficient liquidity to meet its liabilities when due, under both normal and constrained conditions, without incurring unexpected losses.

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.

18. Contingent liabilities /Assets**Gratuity payment for employees on contract**

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.

19. Comparatives

Prior year comparative information has been presented in the current financial year. The figures have however been restated to cater for prior years adjustments. **Annex IV** is a detailed analysis of the restated figures.

20. Subsequent Events

There have been no events subsequent to the financial year end with significant impact on the financial statements for the year ended June 30, 2021.

21. 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 on 31% of their basic pay.

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.

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

Provisions

The Commission provides for depreciable and obsolete assets. Additional disclosure of these estimates of provisions is included in Note 3 (v).

Annex I. Progress on follow up of Audit recommendations

The Commission received Unqualified Audit opinion in financial year 2019/20 without any specific issue raised that needed the management attention.

Reference No. on external audit report	Issue / Observation from Auditor	Management Comments	Focal point person to resolve the issue	Status:	Time frame:
1816	Pending Bills	Pending bills paid as first charge in FY20/21	Maureen Junge (FM)	Matter resolved	N/A



Dr. Moses Sichei
COMMISSION SECRETARY / CEO

Date 12 / 08 / 2021



Maureen K. Junge
FINANCE MANAGER / ICPAK No.9883

Date 12 / 08 / 2021



Dr. Jane Kiringai
CHAIRPERSON

Date 12 / 08 / 2021

Annex II. Analysis of pending accounts payables

S/No	Item	Supplier	Description	Year	Closing Balance FY 19/20	PV No.	Prior Year's Adjustment for Over & Understatements	Amount Paid in FY 20/21	Payables FY 19/20	Payables FY 20/21	Closing Balance FY 20/21
1	2210101	14 Riverside mgt	Electricity bill-April 20	19/20	135,082	6148	110,992	23,675	415	-	-
2	2210101	14 Riverside mgt	Electricity bill-June 21	20/21						17,854	17,854
			2210101		135,082		110,992	23,675	415	17,854	17,854
3	2210201	Safaricom	Telephone Bill - June	20/21						1,166	1,166
			2210201		-		-	-	-	1,166	1,166
4	2210301	Longrock tours and travel	Return Ticket to Kisumu	19/20	67,900	6648		67,900		-	-
5	2210301	Attic & Longrock tours and travel	Tickets to Lamu	20/21						124,700	124,700
			2210301		67,900		-	67,900	-	124,700	124,700
6	2210503	Juska General Supplies	Newspapers - May 21	20/21						6,340	6,340
			2210503		-		-	-	-	6,340	6,340
7	2210603	KRA	10% (Service Charge Oct - Dec 17) - PV 2418	17/18	137,254	2706	137,254		-	-	-
8	2210603	KRA	10% (Service Charge Jul - Aug 17) - PV 2418	17/18	91,502	2707	91,502		-	-	-
9	2210603	Cape Holdings	Partial Rent Q4	20/21						220,149	220,149
			2210603		228,756		228,756	-	-	220,149	220,149
10	2210604	Pewin cabs	Car hire services for May	17/18	22,729	6124		22,338	391	-	-
			2210604		22,729		-	22,338	391	-	-
11	2210801	System Inn	May-18	17/18	5,200	3432	5,200			-	-
12	2210801	System Inn	Jun-18	17/18	(2,800)	Rct No. 1642		(2,800)		-	-
13	2210801	Naivas Ltd	Catering services for June	18/19	14,660	5011/	14,660			-	-
14	2210801	Naivas Supermarket	Supplies - June 2021	20/21						115,647	115,647
			2210801		17,060		19,860	(2,800)	-	115,647	115,647
										-	-

S/No	Item	Supplier	Description	Year	Closing Balance FY 19/20	PV No.	Prior Year's Adjustment for Over & Understatements	Amount Paid in FY 20/21	Payables FY 19/20	Payables FY 20/21	Closing Balance FY 20/21
15	2210802	Obina (CRA/COG Function)		20/21						116,000	116,000
16	2210802	Kayamba Africa (CRA/COG Function)		20/21						75,400	75,400
			2210802		-		-	-	-	191,400	191,400
17	2210904	Madison General Insurance	MV Insurance FY 2019/20	19/20	351,858	6135		351,858		-	-
			2210904		351,858		-	351,858	-	-	-
18	2211101	B.N Chege Florist	Flowers for May 2019	17/18	16,500	6184		16,216	285	-	-
19	2211101	B.N Chege Florist	Flowers for March 2020	19/20	22,500	6522	4,500	18,000		-	-
			2211101		39,000		4,500	34,216	285	-	-
20	2211201	National oil	Fuel for May 2019	18/19	97,838	5009/1	97,838			-	-
			2211201		97,838		97,838	-	-	-	-
21	2211301	OSIEA	Foreign Exchange	18/19	360,269	0102202 1/2 & 300621/1		360,269		-	-
			2211301		360,269			360,269	-	-	-
22	2211305	Liga Holdings	Supply of Sanitizer	19/20	17,806	6456		17,499	307	-	-
			2211305		17,806		-	17,499	307	-	-
23	2211310	Auditor General	Audit fee for 2018/19	18/19	464,000	6305		456,000	8,000	-	-
24	2211310	Auditor General	Audit fee for 2019/20	19/20	464,000	6705		456,000	8,000	-	-
25	2211310	Auditor General	Audit fee for 2020/21	20/21						464,000	464,000
26	2211310	KRA	WHT Kamotho Waiganjo	19/20	154,310	CRA100 521			154,310	-	-
27	2211310	Paul Nyamodi & Co. Advocates	Legal Counsel	19/20	1,500,000	6136		932,759	67,241	500,000	500,000
28	2211310	Dr. Linda Musumba & Co. Advocate	Legal Counsel	20/21						1,500,000	1,500,000
			2211310		2,582,310		-	1,844,759	237,551	500,000	2,464,000
											-

S/No	Item	Supplier	Description	Year	Closing Balance FY 19/20	PV No.	Prior Year's Adjustment for Over & Understatements	Amount Paid in FY 20/21	Payables FY 19/20	Payables FY 20/21	Closing Balance FY 20/21
29	2220101	Toyota Kenya Ltd	Repair of GKA 843X	19/20	98,780	6125		97,077	1,703	-	-
30	2220101	Toyota Kenya Ltd	Repair of GKA 843X	19/20	9,349	6123		9,188	161	-	-
31	2220101	Toyota Kenya Ltd	Repair of GKB 157A	19/20	96,307	6127		94,647	1,660	-	-
32	2220101	Toyota Kenya Ltd	Repair of GKB 084V	19/20	32,372	6126		31,814	558	-	-
33	2220101	Toyota Kenya Ltd	Repair of GKA 839X	19/20	40,317	6120 / 1		39,622	695	-	-
34	2220101	Toyota Kenya Ltd	Repair of GKB 083V	19/20	54,533	6118		53,593	940	-	-
35	2220101	Toyota Kenya Ltd	Repair of GKA 842X	19/20	10,200	6116		10,024	176	-	-
36	2220101	Toyota Kenya Ltd	Repair of GKB 923C	19/20	238,796	6216		234,679	4,117	-	-
37	2220101	Toyota Kenya Ltd	Repair of GK 841X	19/20	351,660	6114		345,597	6,063	-	-
38	2220101	KRA	Maintenance GKB 200A	19/20	766	5095		766		-	-
39	2220101	Toyota Kenya Ltd	Repairs GKA841X	20/21						15,100	15,100
40	2220101	Toyota Kenya Ltd	Repairs GKA842X	20/21						92,124	92,124
41	2220101	Toyota Kenya Ltd	Repairs GKB040A	20/21						87,787	87,787
42	2220101	Crack Kenya	Tracking for June 2021	20/21						43,500	43,500
			2220101		933,080		-	916,240	16,840	-	238,511
		Staff Mortgage & Car Loan Expenses									-
43	4110403	Mortgage Fringe Benefit Tax		20/21		270521				373,434	373,434
44	4110405	Staff Car Loan Fringe Benefit Tax		20/21						7,000	7,000
			4110403 & 4110405		-		-	-	-	380,434	380,434
		Total Pending Bills			4,853,688		461,946	3,635,952	255,789	500,000	3,760,201

Annex III. Analysis of pending staff payables

S/No.	Item	Name	Description	Year	Closing Balance FY19/20	PV No.	Prior Year's Adjustment for Over or Understatements	Amount Paid in 20/21	Payables FY 19/20 & Previous years	Payables FY 20/21	Closing Balance FY 20/21
1	2110101	Naomi Mathenge	Acting Allowance	19/20	11,249	6666 / 6668		11,249			
2	2110101	Naomi Mathenge	Acting Allowance	19/20	2,133	6667 / 6668		2,133			
3	2110320	Dr. Moses Sichei	Leave Allowance	19/20	16,667	6670 / 6668		16,667			
4	2110320	Nelly Amiani	Leave Allowance	19/20	6,667	6669 / 6668		6,667			
5	2110320	Andrew Munyao	Leave Allowance	19/20	6,667	6671 / 6668		6,667			
6	2110316	Dr. Moses Sichei	Security Allowance	19/20	240,000		240,000				-
7	2110405	Dr. Moses Sichei	Telephone Allowance	19/20	60,000		60,000				-
7	2110320	Edwin Ombaka	Leave Allowance	20/21							5,000
			Salary & Allowances		343,383	-	300,000	43,383	-	-	5,000
8	2210302	Amenya Nyakundi	Overpaid Imprest-CRA070	17/18	1,200	6091		1,200			-
9	2210302	Kelvin Kimanathi	Visit to Tana River	20/21		2336				24,500	24,500
10	2210302	Lineth Oyugi	Visit to Tana River	20/21		2331				37,800	37,800
			Domestic - 2210302		1,200		-	1,200	-	62,300	62,300
11	2210801	William Birech	Hospitality on 30/6/21							7,040	7,040
			Hospitality - 2210801		-		-	-	-	7,040	7,040
12	2210910	Joyce Kuria	Medical Claim	19/20	1,400	6088		1400		-	-
13	2210910	Geoffrey Ntooki	Medical Claim	19/20	11,600	6089		11600		-	-
14	2210910	Humphrey Wattanga	Medical Claim	19/20	10,100	6090		10100		-	-
15	2210910	Rachel Kagwanja	Medical Claim	19/20	10,590	6092		10590		-	-
16	2210910	Geoffrey Ntooki	Medical Claim	20/21						11,000	11,000
17	2210910	Salvatory Okoth	Medical Claim	20/21						4,000	4,000
18	2210910	Maureen Junge	Medical Claim	20/21						1,700	1,700
19	2210910	William Birech	Joyce Funeral - Wreath	20/21						4,655	4,655
			Medical Claim-2210910		33,690		-	33,690	-	21,355	21,355
20	2211201	Fouzia Abdikadir	Fuel	19/20	12,700	6093		12,700		-	-
21	2211201	Zaddock	Fuel - June 21	20/21						5,000	5,000

S/No.	Item	Name	Description	Year	Closing Balance FY19/20	PV No.	Prior Year's Adjustment for Over or Understatements	Amount Paid in 20/21	Payables FY 19/20 & Previous years	Payables FY 20/21	Closing Balance FY 20/21
22	2211201	Elizaphna Muriithi	Fuel - June 21	20/21						5,000	5,000
23	2211201	Salvatory Okoth	Fuel - June 21	20/21						3,000	3,000
			2211201		12,700		-	12,700	-	13,000	13,000
24	2211306	William Birech	HR Practicing Cert	19/20	7,000	6,094		7,000		-	-
			2211306		7,000			7,000	-	-	-
		Gratuity									-
25	2710100	Oliver Mwenda	Acerued Gratuity	18/19	429,867	31220 / 31220/1		1,073,392			-
26	2710100	Oliver Mwenda	Acerued Gratuity	19/20	643,525						
27	2710100	Emily Kimani	Acerued Gratuity	17/18	18,060				18,060	-	18,060
28	2710100	Emily Kimani	Acerued Gratuity	18/19	504,611				504,611	-	504,611
29	2710100	Emily Kimani	Acerued Gratuity	19/20	558,344				558,344	-	558,344
30	2710100	Emily Kimani	Acerued Gratuity	20/21						588,196	588,196
31	2710100	Dr. Moses Sichei	Acerued Gratuity	19/20	462,210				462,210	-	462,210
32	2710100	Dr. Moses Sichei	Acerued Gratuity	20/21						1,386,630	1,386,630
			2710101	-	2,616,618	-	-	1,073,392	1,543,226	1,974,826	3,518,052
		Total Staff Payables			3,014,591		300,000	1,171,365	1,543,226	2,078,521	3,626,747

Annex IV. Prior Year's adjustment for FY 2020/21

Note	Particulars	Year	Item	Pv	Audited	Revised	Difference	Reason	Action	Affected Statement	Effect On Financial Statements
5	Security Allowance	19/20	2110316		720,000	480,000	240,000	None payable	Reduce Gen Expenses, payables and Increase Surplus by 300,000	Financial Performance, Financial Position and Changes in Equity	Increased surplus and Net Assets by 300,000
5	Telephone Allowance	19/20	2110405		3,537,474	3,477,474	60,000	None payable	Increase Gen Exp, Reduce Prepayment and Reduce surplus by 110,992	Financial Performance, Financial Position and Changes in Equity	Reduced surplus and Net Assets by 110,992
12.a.	Prepayment	19/20	2210101		110,992	-	(110,992)	Overstatement	Reduce Gen Exp, Reduce Payables and increase surplus by 110,992	Financial Performance, Financial Position and Changes in Equity	Increase surplus and Net Assets by 110,993
16	Payables	19/20	2210101		135,082	24,090	110,992	Overstatement	Reduce Payables and Increase Accumulated surplus by 228,756, 5,200 and 14,660 Total 248,616	Financial Position & Changes in Equity	Increased Net Assets and Accumulated Surplus by 248,616
		17/18	2210603		228,756	-	228,756	Overstatement	Reduce General Expenses, Payables and increase surplus by 4,500	Financial Performance, Financial Position and Changes in Equity	Increased surplus and Net Assets by 4,500
		17/18	2210801		2,400	(2,800)	5,200	Overstatement	Reduce Payables & Increase Accumulated Surplus by 97,839	Financial Position & Changes in Equity	Increased Net Assets and Accumulated Surplus by 97,839
		18/19	2210801		54,000	39,340	14,660	Overstatement	Increase Payables and reduce Accumulated Surplus by Kshs. 113,703	Financial Performance, Financial Position and Changes in Equity	Reduced Net Assets and Accumulated Surplus by 113,703
		19/20	2211101	5013	39,000	34,500	4,500	Overstatement	Reduce General Expenses, Payables and increase surplus by 594,797	Financial Performance, Financial Position and Changes in Equity	Increased Net Assets and Surplus by 594,797
9	Fuel Expense & Prepayment	19/20	2211201		5,832,118	5,237,321	594,797	Overstatement	Increase General Expenses, Payables & Reduce Suplus by 50,000 and 1,989,783 = 2,039,783	Financial Performance, Financial Position and Changes in Equity	Reduced Net Assets and Surplus by 2,039,783
6	Subscription to Club membership	19/20	2211306		500,000	550,000	(50,000)	Understatement			
9	Fringe Benefit Mortgage Scheme FY 17/18, 18/19, 19/20	19/20	4110403	0305 21	-	1,989,783	(1,989,783)	Understatement			

Audited Net Assets FY 19/20	206,478,629
Revised figures (Annex IV)	(907,734)
Revised Net Assets FY 19/20	205,570,895

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 19/20	C/D Prepayments 20/21	Prior Year Adjustments	Accruals Paid in FY 20/21	Accruals for FY 20/21	Actual Cash Expenditure
	A	B	C	D	E	F = D+E	G	H	I	J	K	L=F-G+H+J-K
		REVENUE										
1	9910201	GoK Exchequer	318,954,005	314,593,440		314,593,440						314,593,440
		EXPENDITURE										
2	2110101	Basic Salaries - Civil Service	105,822,907	105,068,521		105,068,521				13,382		105,081,903
3	2110202	Casual Labour - Others	600,000	501,786		501,786						501,786
4	2110301	House Allowance	21,110,464	21,019,000		21,019,000						21,019,000
5	2110309	Special Duty Allowance	2,448,000	2,408,000		2,408,000						2,408,000
6	2110310	Top-up Allowance	858,656	814,900		814,900						814,900
7	2110312	Responsibility Allowance	3,400,000	3,400,000		3,400,000						3,400,000
8	2110314	Transport Allowance	9,688,023	9,563,500		9,563,500						9,563,500
9	2110316	Security Allowance	8,215,000	535,000	7,680,000	8,215,000			240,000			8,215,000
10	2110320	Leave Allowance	1,850,000	1,385,000	400,000	1,785,000				30,001		1,815,001
11	2110405	Telephone Allowance	5,021,112	3,385,000	1,440,000	4,825,000			60,000			4,825,000
12	2120103	Employer Contribution to Staff Pensions Scheme	19,485,838	19,485,838		19,485,838						19,485,838
		Salary and Allowances	178,500,000	167,566,545	9,520,000	177,086,545	-	-	300,000	43,383	-	177,129,928
						-						-
13	2710102	Gratuity - Civil Servants	1,073,395	1,974,826		1,974,826				1,073,392	1,974,826	1,073,392
14	2210901	Group Life	981,992	981,991		981,991	736,493	736,493				981,991
15	2210910	Medical Insurance & WIBA	26,500,000	24,688,795	102,430	24,791,225	11,432,982	13,128,919		33,690	21,355	26,499,497
			28,555,387	27,645,612	102,430	27,748,042	12,169,475	13,865,412	-	1,107,082	1,996,181	28,554,880
		Salaries and Employees benefits	207,055,387	195,212,157	9,622,430	204,834,587	12,169,475	13,865,412	300,000	1,150,465	1,996,181	205,684,808
						-						-
16	2210101	Electricity	1,779,529	1,773,293		1,773,293						1,779,529
17	2210102	Water and Sewerage Charges	188,044	110,603		110,603				24,090	17,854	110,603
		Utilities	1,967,573	1,883,896	-	1,883,896	-	-	-	24,090	17,854	1,890,132
18	2210201	Telephone, Telex, Facsimile and Mobile Phone Services	1,178,510	1,185,444		1,185,444	8,468				1,166	1,175,810

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Expenditure	B/D Prepayments from 19/20	C/D Prepayments 20/21	Prior Year Adjustments	Accruals Paid in FY 20/21	Accruals for FY 20/21	Actual Cash Expenditure
19	2210202	Internet Connections	3,313,258	3,247,421		3,247,421	163					3,247,258
20	2210203	Courier & Postal Services	9,450	9,450		9,450						9,450
		Communication	4,501,218	4,442,315	-	4,442,315	8,631	-	-	-	1,166	4,432,518
21	2210301	Travel Costs (airlines, bus, railway, etc.)	554,350	610,950		610,950				67,900	124,700	554,150
22	2210302	Accommodation - Domestic Travel	1,877,920	1,638,700	244,200	1,882,900				1,200	62,300	1,821,800
		Domestic Travel	2,432,270	2,249,650	244,200	2,493,850	-	-	-	69,100	187,000	2,375,950
23	2210401	Travel Costs (airlines, bus, railway, etc.)				-						-
24	2210403	Daily Subsistence Allowance				-						-
		Foreign Travel	-	-	-	-	-	-	-	-	-	-
25	2210502	Publishing & Printing Services	1,498,505	1,454,420		1,454,420						1,454,420
26	2210503	Subscriptions to Newspapers, Magazines and Periodicals	522,650	530,760		530,760	1,800				6,340	522,620
27	2210504	Advertising	205,040	205,040		205,040						205,040
		Printing and Advertising	2,226,195	2,190,220	-	2,190,220	1,800	-	-	-	6,340	2,182,080
28	2210603	Rents and Rates - Non-Residential	50,169,027	51,951,794		51,951,794	1,614,477		228,756		220,149	50,117,168
29	2210604	Hire of Transport, Equipment	1,089,497	1,095,963		1,095,963	29,196			22,730		1,089,497
		Rentals of produced assets	51,258,524	53,047,757	-	53,047,757	1,643,673	-	228,756	22,730	220,149	51,206,665
30	2210701	Training	173,850	173,800		173,800						173,800
		Training	173,850	173,800	-	173,800	-	-	-	-	-	173,800
31	2210801	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	1,303,636	1,371,944	25,641	1,397,585			19,860	(2,800)	122,687	1,274,898
32	2210802	Boards, Committees, Conferences and Seminars	3,067,800	2,870,200	361,200	3,231,400					191,400	3,040,000
		Hospitality	4,371,436	4,242,144	386,841	4,628,985	-	-	19,860	(2,800)	314,087	4,314,898

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 19/20	C/D Prepayments 20/21	Prior Year Adjustments	Accruals Paid in FY 20/21	Accruals for FY 20/21	Actual Cash Expenditure
33	2210903	Plant, Equipment and Machinery Insurance	164,959	165,160		165,160	137,667	137,467				164,960
34	2210904	Motor Vehicle Insurance	3,133,632	2,437,405		2,437,405	1,973,776	2,318,145		351,858		3,133,632
		Insurance	3,298,591	2,602,565	-	2,602,565	2,111,443	2,455,612	-	351,858	-	3,298,592
35	2211009	Supply of Library Books	30,000	30,000		30,000						30,000
36	2211016	Purchase of Uniforms and Clothing - Staff				-						-
		Library Supplies and Uniforms	30,000	30,000	-	30,000	-	-	-	-	-	30,000
37	2211101	General Office Supplies (papers, pencils, forms, small office equipment etc)	1,245,226	764,667		764,667			4,500	34,500		799,167
38	2211102	Supplies and Accessories for Computers and Printers	447,000	215,600		215,600						215,600
39	2211103	Sanitary and Cleaning material	-			-						-
		General office supplies.	1,692,226	980,267	-	980,267	-	-	4,500	34,500	-	1,014,767
40	2211201	Refined Fuels and Lubricants for Transport	4,217,434	4,717,580		4,717,580	594,797	94,946	692,635	12,700	13,000	4,217,429
		Fuel	4,217,434	4,717,580	-	4,717,580	594,797	94,946	692,635	12,700	13,000	4,217,429
41	2211301	Bank Charges	429,612	68,891		68,891				360,269		429,160
42	2211305	Contracted Cleaning Services	3,184,671	3,099,786		3,099,786				17,806		3,117,592
43	2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	936,620	429,620	250,000	679,620			(50,000)	7,000		686,620
44	2211310	Contracted Professional Services	2,118,310	1,964,000		1,964,000				2,082,310	1,964,000	2,082,310
		Other operation Costs	6,669,213	5,562,297	250,000	5,812,297	-	-	(50,000)	2,467,385	1,964,000	6,315,682
45	4110403	Housing loans Fringe Benefit Expense	2,500,000	883,651		883,651			(1,989,783)		373,434	2,500,000
46	4110405	Car loans Fringe Benefit Expense	-	7,000		7,000					7,000	-
		Fringe Benefit Tax	2,500,000	890,651	-	890,651	-	-	(1,989,783)	-	380,434	2,500,000

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 19/20	C/D Prepayments 20/21	Prior Year Adjustments	Accruals Paid in FY 20/21	Accruals for FY 20/21	Actual Cash Expenditure
		General Expenditure	85,338,530	83,013,142	881,041	83,894,183	4,360,344	2,550,558	(1,094,032)	2,979,563	3,104,030	83,952,512
		Maintenance Expenses - Motor Vehicles	5,572,768	3,621,286		3,621,286	5,619			933,080	238,511	4,310,236
47	2220101	Maintenance of Plant, Machinery and Equipment (including lifts)	1,285,500	115,820		115,820						115,820
			6,858,268	3,737,106	-	3,737,106	5,619	-	-	933,080	238,511	4,426,056
		Refurbishment of Non-Residential Buildings	-			-						-
49	3110302	Purchase of Motor Vehicles	-			-						-
50	3110701	Purchase of Office Furniture and Fittings	58,000	58,000		58,000						58,000
51	3111001	Purchase of Computers, Printers and other IT Equipment				-						-
52	3111002	Purchase of other Office Equipment				-						-
53	3111009	Housing loans to public servants	12,143,820	12,143,820		12,143,820						12,143,820
54	4110403	Car loans to public servants	7,500,000	7,500,000		7,500,000						7,500,000
55	4110405	Capital Expenditure	19,701,820	19,701,820	-	19,701,820	-	-	-	-	-	19,701,820
		TOTAL EXPENDITURE	318,954,005	301,664,225	10,503,471	312,167,696	16,535,438	16,415,970	(794,032)	5,063,108	5,338,722	313,765,196

