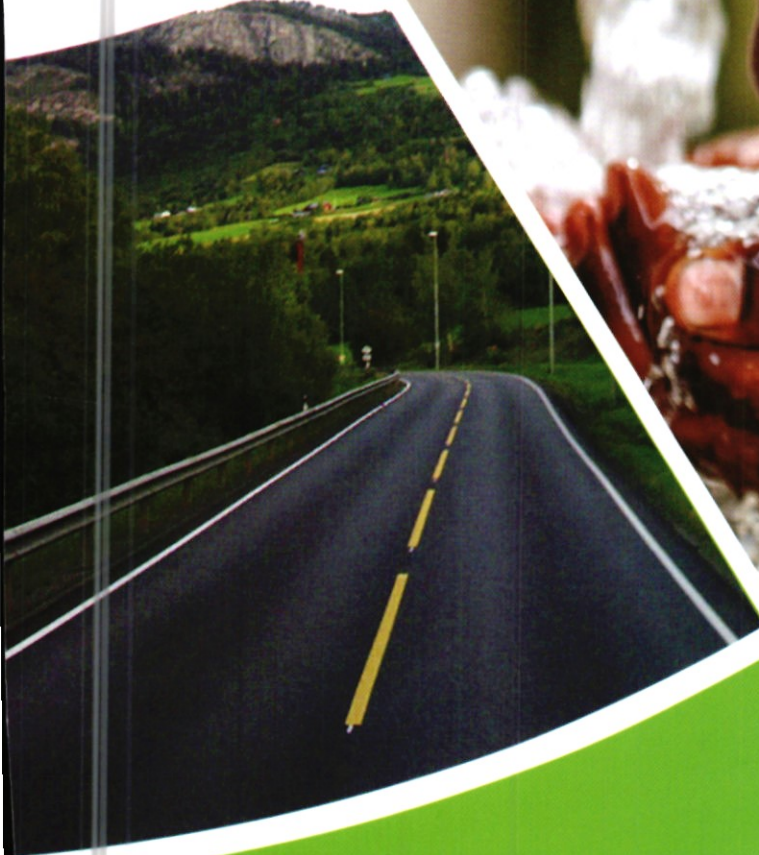




COMMISSION ON REVENUE ALLOCATION

*Promoting an Equitable Society*




**ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR 2022/2023**

1911



COMMISSION ON REVENUE ALLOCATION

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR 2022/2023**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 06 JUN 2024	
DAY: Thursday	
TABLED BY:	LOM
CLERK-AT THE TABLE:	Miriam Mado

## ACKNOWLEDGEMENT

© 2024 — Commission on Revenue Allocation

This report may be quoted without permission. Please acknowledge the source.

ISBN 978-9914-9664-6-6

### COMMISSION ON REVENUE ALLOCATION

PRISM Towers, 3rd Ngong Avenue, 28th Floor. P.O. Box 1310 – 00200, Nairobi.

**Tel:** 020-4298000 / 0709-822000 / 0708-106 072 / 0708-752 539 / 0731-776 666

**Email:** [info@cra.go.ke](mailto:info@cra.go.ke) | **Website:** [www.cra.go.ke](http://www.cra.go.ke)

**Facebook:** [crakenya](https://www.facebook.com/crakenya) | **Twitter:** [@crakenya](https://twitter.com/crakenya)

January 2024

**Concept and text compilation:** Caroline Kinyulusi

**Review:** James Katule, Karen Muka, Nelly Muse, Mary Muthoni, Keziah Kameme, Albright Atieno

**Editorial contribution:** Lineth Oyugi, Roble Nuno, Sheila Yieke, Joseph Kuria, Angela Kariuki, Maureen Junge, William Birech, Caroline Kinyulusi, Andrew Munyao

**Design and layout:** Caroline Kinyulusi





# Contents

Abbreviations and Acronyms.....	iii
Glossary of Terms.....	iv
Chairperson's Message.....	vi
Commission Secretary & CEO's Report.....	viii
<b>1. KEY COMMISSION INFORMATION &amp; MANAGEMENT.....</b>	<b>1</b>
1.1 Introduction.....	1
1.2 Key Management .....	1
1.3 Fiduciary Oversight Arrangements .....	2
1.4 Functions.....	4
1.5 Members of the Commission.....	6
1.6 Senior Management Team .....	9
<b>2. REVIEW OF COMMISSION'S PERFORMANCE.....</b>	<b>13</b>
2.1. Statement of Performance vs Predetermined Objectives for FY2022-23.....	13
<b>3. STATEMENT OF GOVERNANCE.....</b>	<b>24</b>
3.1 Roles and Responsibilities of Commissioners.....	24
3.2 Appointment to the Commission.....	24
3.3 Commission Structure.....	25
3.4 Commission Meetings/Attendance in the Reporting Period.....	26
<b>4. MANAGEMENT DISCUSSION &amp; ANALYSIS.....</b>	<b>28</b>
4.1. Equitable Sharing of Revenue.....	28
4.1.1 Recommendation on revenue-sharing between national and county governments for FY 2023/2024.....	28
4.1.2 Assessing the impact of devolution on service provision.....	29
4.2. Public Finance Management.....	32
4.2.1 Financing and financial management of the counties.....	32
4.2.2 Consultation on Financial Legislation Affecting Counties Counties.....	34
4.2.3 Management of Commission court cases.....	35
4.3 Revenue Enhancement .....	36
4.3.1 Defining and enhancing revenue sources for national and county governments.....	36
4.3.2 Optimizing revenues in natural resource management.....	38
4.4. Transitional Equalization.....	39
4.4.1 Third policy identifying marginalized areas.....	39
4.5. Institutional Capacity.....	41
4.5.1 Exit of the Second Commission.....	41
4.5.2 Advances in ICT application.....	41
4.5.3 Preparation of the Third Generation Strategic Plan.....	43
4.5.4 Human Resource Development.....	44
4.5.5 Communication and outreach.....	44

4.6.	Management Analysis.....	46
4.6.1	GoK Funding.....	46
4.6.2	Donor Funding.....	46
<b>5.</b>	<b>ENVIRONMENTAL &amp; SUSTAINABILITY REPORTING.....</b>	<b>47</b>
5.1	Sustainability Strategy and Profile.....	47
5.2	Environmental Performance.....	47
5.3	Employee Welfare.....	47
5.4	Market Place Practices.....	48
5.5	Community Engagements.....	48
<b>6.</b>	<b>COMMISSION'S REPORT &amp; STATEMENT OF THEIR RESPONSIBILITIES.....</b>	<b>50</b>
<b>7.</b>	<b>REPORT OF THE AUDITOR GENERAL.....</b>	<b>51</b>
<b>8.</b>	<b>STATEMENT OF FINANCIAL PERFORMANCE.....</b>	<b>58</b>
<b>9.</b>	<b>STATEMENT OF FINANCIAL POSITION.....</b>	<b>59</b>
<b>10.</b>	<b>STATEMENT OF CHANGES IN NET ASSETS.....</b>	<b>60</b>
<b>11.</b>	<b>STATEMENT OF CASH FLOWS.....</b>	<b>61</b>
<b>12.</b>	<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....</b>	<b>62</b>
<b>13.</b>	<b>BUDGET EXECUTION.....</b>	<b>63</b>
<b>14.</b>	<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>65</b>
<b>15.</b>	<b>APPENDICES.....</b>	<b>80</b>
15.1	Appendix I: Progress on follow up of Audit Recommendations.....	80
15.2	Appendix II: Analysis of Pending Accounts Payables.....	81
15.3	Appendix III: Analysis of Pending Staff Payables.....	83
15.4	Appendix IV: Prior Year's Adjustments.....	84
15.5	Appendix V: Reconciliation on Budget, Accrued and Actual Financial Statements.....	85

## Abbreviations & Acronyms

AIA	Appropriation in Aid
AWAK	Association of Women Accountants of Kenya
CCI	County Creditworthiness Initiative
CEC	County Executive Committee
CEO	Chief Executive Officer
CRA	Commission on Revenue Allocation
CBEF	County Budget and Economic Forum
CFSP	County Fiscal Strategy Paper
CIR	Circular
CMA	Capital Markets Authority
CPA-K	Certified Public Accountant of Kenya
CPS	Certified Public Secretary
FY	Financial Year
HAU	Head of Accounting Unit
HFU	Head of Finance Unit
IBEC	Intergovernmental Budget and Economic Council
ICRMS	Integrated County Revenue Management System
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KCB	Kenya Commercial Bank
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KM	Knowledge Management
MDA	Ministries, Departments and Agency
MOU	Memorandum of Understanding
PAC	Public Accounts Committee
PFM	Public Financial Management
PFMA	Public Finance Management Act
PS	Principal Secretary
PSASB	International Public Sector Accounting Standards
SAGA	Semi-Autonomous Government Agency
SRC	Salaries and Remunation Commission
UN	United Nations
UNOPS	United Nations Office of Project Services
UoN	University of Nairobi

## Glossary of Terms

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



## Chairperson's message



“

.....  
**The Commission remains committed to our mandate of ensuring equity in the distribution of nationally and locally-raised revenues and their prudent management to benefit all citizens.**

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

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

### **Equitable Sharing of Revenue**

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

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

### **Public Financial Management**

The Commission provided annual recommendations for County Recurrent Expenditure Ceilings to promote fiscal responsibility. Simultaneously, we ensured County compliance with Public Financial Management (PFM) thresholds and established County budget Economic forums to enhance economic stability and growth of local communities.



The Commission also played a pivotal role in boosting counties' revenue-generating capabilities through capacity development, research on own-source revenue (OSR) capabilities and the creation of supportive legislative and policy frameworks. Furthermore, we advocated for and supported development of Integrated County Revenue Management System (ICRMS) to improve the administration of counties' own source revenues.

### Transitional Equalization

Addressing socio-economic inequalities in Kenya's 47 counties remains a paramount concern, as these disparities impede sustainable economic growth and hinder the eradication of poverty, unemployment and poor health. We conducted extensive analyses and identified marginalized areas. Our visits to 26 counties grappling with extreme deprivation have provided valuable data, a critical step in the formulation of an effective Third Policy.

Collaboration with both state and non-state actors has culminated in the development of the Public Finance Management (Equalisation Fund) Regulations 2021, a vital guide for operationalizing the Equalisation Fund.

### Financial Stewardship

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

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

*Mary Wanyonyi*  
**CPA MARY WANYONYI**  
**CHEBUKATI**  
**Chairperson**



## Commission Secretary & CEO's Report

I am delighted to present the key highlights and achievements outlined in the Commission's Annual Report for the Financial Year 2022/2023, a testament to our dedicated team's relentless efforts in effectively executing our mandate.

CRA implements its constitutional mandate under the Inter-Governmental Revenue and Financial Matters Programme, divided into four sub-programmes:

### General Administration & Support Services (Sub-Programme 1)

The Commission attained unqualified audit opinions for the 2021/22 Financial Year, demonstrating our commitment to financial transparency and accountability.

We also developed a comprehensive End-of-Term Report for the Second Commission and facilitated a seamless transition between the Second and Third Commission. Their tenure commenced in January 2023 following the expiry of the term of the Second Commission.

The Commission has continued to facilitate staff to acquire properties and motor vehicles through the Staff Mortgage and the Staff Car Loan schemes respectively. We also made ICT infrastructure improvements to enhance work efficiency and cyber security.

Further, our engagement efforts reached over 300 key stakeholders through diverse communication channels, fostering a deeper understanding of the Commission's work while actively soliciting valuable input and feedback.

### Equitable Sharing of Revenue (Sub-Programme 2)

The Commission developed and submitted comprehensive recommendations for revenue sharing between the National and County Governments for the financial years 2023/24. These recommendations laid the foundation for stakeholder deliberations on equitable revenue distribution.

We also considered critical Bills related to revenue sharing and submitted our recommendations to

the National Assembly and the Senate, examined the Budget Policy Statement, Budget Review and Outlook Paper and the Medium-Term Debt Management Strategy, providing invaluable insights to the National Treasury.

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

### **Public Financial Management (Sub-programme 3)**

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

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

We also conducted revenue administration assessments in six county governments, reviewed and advised on national-level bills, and issued policies on financing, financial management, revenue management systems and revenue laws.

To boost county government revenues, the Commission collaborated with the Ministry of Mining, Blue Economy and Maritime Affairs to create a mineral royalty sharing framework, ensuring counties and communities receive their fair share. We also completed the draft Model Tariffs and Pricing Policy and Guide for county governments, serving as the foundation for their fees and charges.

### **Transitional Equalization (Sub-Programme 4)**

The Commission analysed and documented socio-economic inequalities in all 47 counties, developed a comprehensive report on inequality and collaborated with stakeholders to prepare the Public Finance Management (Equalisation Fund) Regulations 2021, guiding the operationalization of the Equalisation Fund.

The Commission further commenced the process of developing the draft Third Policy. In this regard, we visited 26 counties to inform the process.

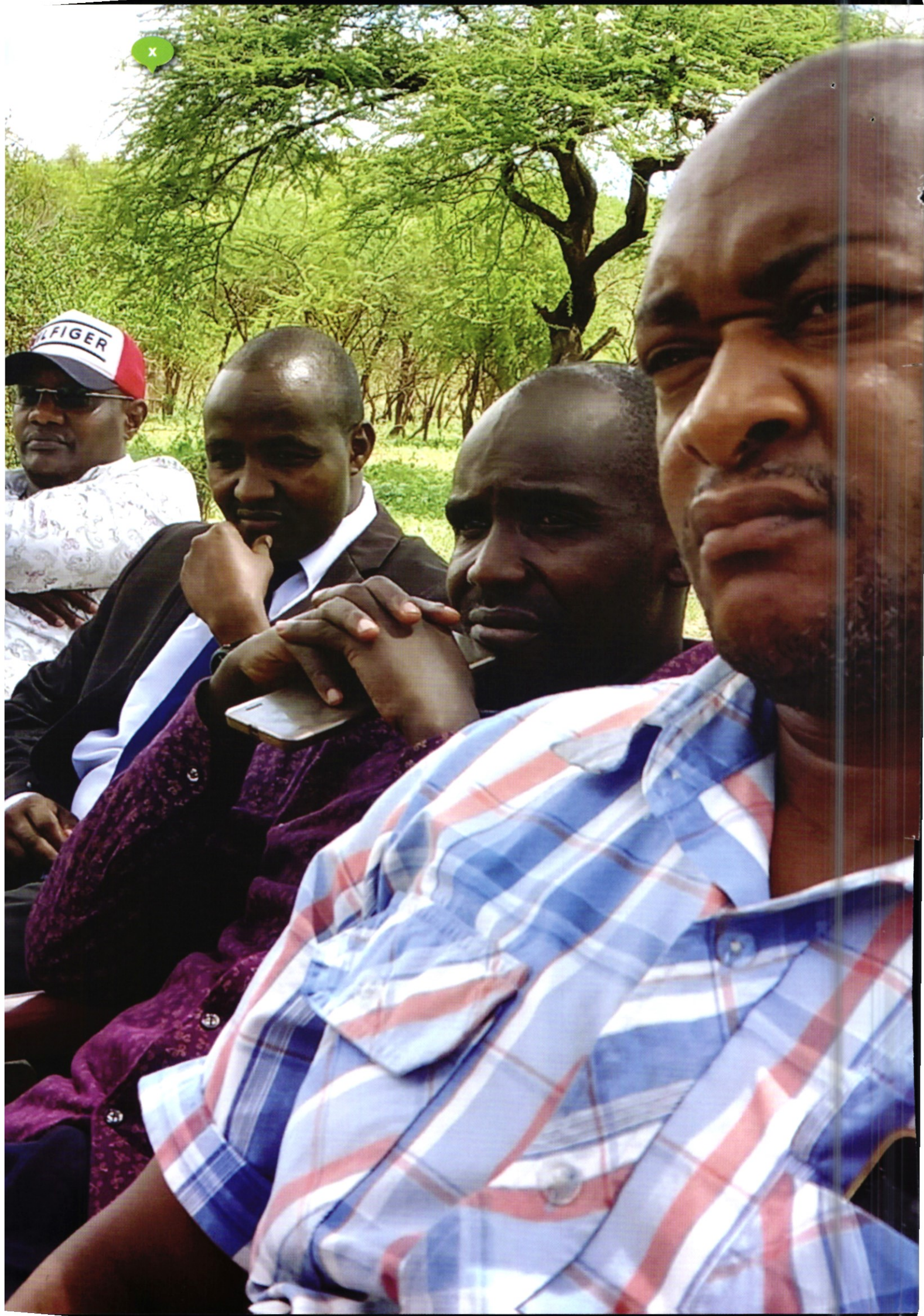
### **Our financial performance in the period demonstrates efficient resource allocation across operations, maintenance and technical sub-programmes.**

The Commission's efforts were enhanced by positive stakeholder relations through open communication, favouring Alternative Dispute Resolution (ADR) to resolve emerging disputes.

We deeply appreciate our stakeholders, partners and staff for their dedication to delivering on the Commission's strategic objectives and look forward to better outcomes next year.



**CPA JAMES KATULE**  
**Commission Secretary & CEO**



# 1. Key Commission Information & Management

## 1.1 Introduction

The Commission on Revenue Allocation was formed by the Constitution under section 215 in December 2010 and is represented by 9 Commissioners and a Commission Secretary who are responsible for the general policy and strategic direction of the Commission.

The the mandate and functions of this Commission are guided by the CRA Act No.16 of 2011.

The principle mandate of the Commission 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 are to:

- 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.

**Vision:** No Kenyan Left Behind.

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

## Legal Basis of this Report

Section 23 of the Act requires that the report of the Commission under Article 254 of the Commission shall, in respect of the financial year to which it relates, contain— (a) the financial statements of the Commission; (b) a description of the activities of the Commission; (c) such other statistical information as the Commission considers appropriate relating to the Commission's functions; and (d) any other information relating to its functions that the Commission considers necessary.

## 1.2 Key Management

The Commission is supported in its function by a full time Secretariat. They provide administrative and technical support to the Commission and its committees in execution of CRA's mandate and functions.

Senior management who served in the Secretariat during the period are as follows:

No.	Name	Designation
1.	CPA James Katule	Commission Secretary & CEO
2.	Angela Kariuki	Director, Corporate Services
3.	Sheila Yieke	Director, Legal Affairs
4.	CPA Roble Nuno	Director, Fiscal Affairs
5.	Lineth Oyugi	Director, Economic Affairs
6.	Joseph Kuria	Director, ICT
7.	CPA Karen Muka	Dep. Director, Internal Audit
8.	CPA Maureen Junge	Finance Manager
9.	Caroline Kinyulusi	Manager, Communication & KM

## Fiduciary Management

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

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

### 1.3 Fiduciary Oversight Arrangements

#### 1.3.1 The Commission and its Composition

Article 215 of the constitution prescribes the eight member composition of the Commission.

The Commission has overall responsibility to ensure achievement of Strategic objectives and mandate of the Commission as set out under Article 216.

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

The Commission's 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 & 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.

**COMMISSION HEADQUARTERS**

Commission on Revenue Allocation  
PRISM Towers, 3rd Ngong Avenue, 28th Floor  
P.O Box 1310-00200 Nairobi  
Tel: (020) 4298000

**COMMISSION CONTACTS**

P.O. Box 1310 – 00200, Nairobi  
Telephone: (254) (020) 4298000  
E-mail: [info@crakenya.org](mailto:info@crakenya.org)  
Website: [www.crakenya.org](http://www.crakenya.org)

**INDEPENDENT AUDITORS**

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

**COMMISSION BANKERS**

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

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

**PRINCIPAL LEGAL ADVISER**

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

## 1.4 Functions

The Commission's functions are:

**1. Revenue Sharing Function:** for the two levels of government (Articles 203, 216-1). This relates to revenue sharing between National & Governments (Vertical) and among county governments (Horizontal).

**2. Public Financial Management Function:**

Financing and financial management of the counties (Articles 216-2,3b,c). Public Finance Management (PFM) is concerned with the effective management of the collection and expenditure of funds by the Government. CRA is required to:

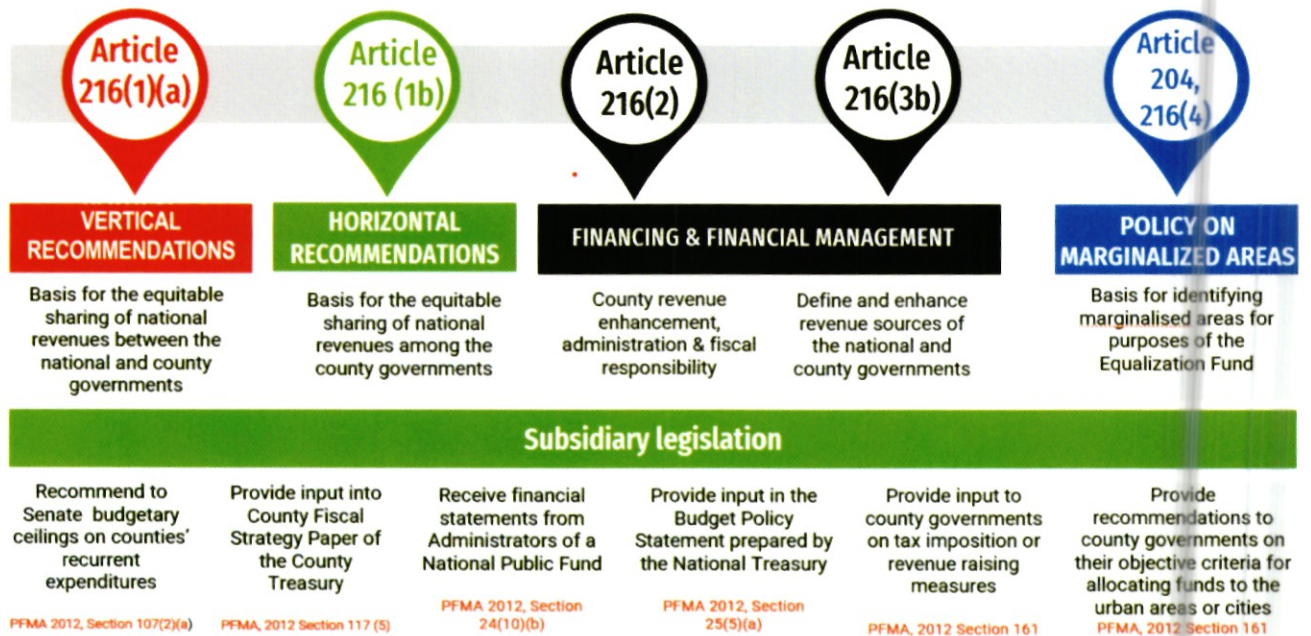
- Recommend matters concerning the financing of both the national government and county governments.
- Recommend matters concerning the financial management of both national and county governments.

- Encourage fiscal responsibility by the national government and county governments in line with Article 216-3(c). This includes matters such as expenditure limits, revenue floors (or ceilings on government proceeds), limits on overall fiscal balance and limits on public debt.

**3. Revenue Enhancement Function:** Defining & enhancing revenue sources of national and county governments (Article 216-3b). CRA is required to:

1. Define and enhance revenue sources of the national government.
2. Define and enhance revenue sources of county governments. Revenue enhancement entails: unbundling of revenue sources assigned to the two levels of government under Article 209-

## Our Mandate





Identification of additional sources of revenue for both levels of government such as identification of other revenue raising powers for county governments in terms of Article 209(3)(c).

**4. Development of Marginalisation Policy for purposes of the Equalisation Fund** (Articles 204-4; 216-4). This function seeks to operationalize Article 204 that establishes the Equalization Fund, which comprises 0.5% of the revenue collected by the National Government.

**5. Constitutional interpretation & application function** (Article 249): When interpreting and applying all constitutional and legal provisions, CRA must consider Article 249 that requires it to:

- Protect the sovereignty of the people. Secure the observance by all state organs of democratic values and principles.
- Promote constitutionalism

CRA is also required under Article 205 to give recommendations on any Bill concerning sharing of revenue or any financial matter concerning county governments. Such recommendations are to be considered before parliament passes such a Bill.

**6. Investigative, conciliation, mediation & negotiation function** as provided for in Article 252 of the Constitution.

## 1.5 Members of the Commission

The Commission is made up of 9 commissioners who serve for a six-year non-renewable term. The current Commissioners term runs from January 2023 to December 2028.



### **CPA Mary Chebukati, Chairperson**

Mary Chebukati is a Certified Public Accountant, Certified Professional Mediator (CPM) and Financial Analyst with 37 years of experience in the public sector at national and sub-county level. She holds a Master of Business Administration, a Bachelor of Commerce (Accounting) and Certified Professional Mediator. She has expert knowledge in the organization and functions of Government and is skilled in implementation and monitoring of accounting standards and systems and administering accounting units. Previously, Mary worked with the Ministry of Lands and Physical Planning among other roles in Government; and as a member on various Boards and a Union. She is member of ICPAK, ICIFA and AWAK.



### **Koitamet Olekina, HSC., Vice-Chairperson**

Koitamet Olekina is a Public Policy, Strategic Management, Civic Education and Disaster Management Expert. He holds an Executive Master's in Public Policy and Administration and a Bachelor's Degree in Philosophy and Literature, both from Kenyatta University. He has worked as a Board Member of Kenya Institute for Public Policy Research and Analysis (KIPPRA); the Deputy Coordinator of the Government Crisis Response Centre; Board Member of the Kenya Tourist Board; among other roles.



### **Dr. Chris Kiptoo, CBS, PS. National Treasury, Member**

Dr. Chris Kiptoo is an economic policy specialist with decades of experience in economic policy analysis. He holds a PhD in Finance (International Macroeconomics Finance) from the UoN, and MSc. and BSc. (Ag. Economics) degrees from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI). He has worked with the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund. He previously served as PS in the Ministry of Environment and Forestry and the State Department of Trade, Ministry of Industry, Trade and Cooperatives.

**Hon. Fatuma Gedi, CBS, Member**

Hon. Fatuma Gedi has over 20 years experience in resource allocation, public finance, strategic management and public administration. She holds a Bachelor of Commerce in Human Resource Management from the Greta University, a Higher Diploma Certificate in Human Resource Management and Public Relations from the Regional Institute of Business Management. Before joining the Commission she served as the Women Representative and Member of Parliament for Wajir County in the 12th Parliament. She also served as the National Chairperson of the Caucus 47 Women Representative in Kenya; National Chairperson of the Women League, Jubilee Party, and Trainer of Trainers at the National Democratic Institute (NDI), among other roles.

**Benedict Mutiso, Member**

Benedict Mutiso is a Policy and Strategy visionary with 20 years' experience in Tax, Finance and Audit, offering turn key strategies that bring much needed growth to organizations. He holds a B.Com Finance option degree from the Catholic University of Eastern Africa and a Diploma in Tax Administration and Customs Procedure from the Kenya School of Revenue Administration. He also has expertise on organizational systems and operating software. Previously he led a team within the KRA Audit Program that specialized in the foods and pharmaceutical sector. He also was part of the team that was in the top 25 in ensuring taxpayer compliance.

**Dr. George Midiwo, Member**

Dr. George Midiwo is a trained medical doctor with over 25 years in Health Insurance and health services. He holds a Master's in Public Health (MPH), a Bachelor of Medicine and Bachelor of Surgery (MBChB) degree from Kuban State Medical Academy, Russia; and a Diploma in International Health (EFQM) from the University of Heidelberg, Germany. He has worked at NHIF Kenya as a General Manager in charge of Benefits and Quality Assurance, as a Chief Officer for Health Department in Siaya County and as a consultant for Health Financing for diverse organizations including the International Finance Cooperation (IFC), Rockefeller Foundation Kenya, and Output Based Aid Kenya. He also worked as a medical superintendent at Rachuonyo District Hospital, and as a Medical Officer at Mbagathi hospital and Suba District Hospital, among others.



### **Hadija Juma, HSC, Member**

Hadija Juma is a sociologist dedicated to improving the livelihoods of marginalized and vulnerable persons. She has a Bachelor's Degree in Sociology with I.T from Maseno University, a Diploma in Early Childhood Education from the University of Nairobi, a Diploma in Community Development from the Kenya School of Development Studies and is pursuing a Master's degree in Development Studies at Jomo Kenyatta University of Agriculture and Technology (JKUAT). She has worked as a Gender and Social Development Officer at the Ministry of Labour, Social Security and Services and as Programme Officer at Citizen Against Violence. She has also worked with non-profits on community empowerment and other social issues. She has also expertise in public policy development.



### **Dr. Isabel Waiyaki, Member**

Dr. Isabel Waiyaki is an economist with over 14 years of experience in Economics, Finance and Policy development. She holds PhD, M.A and B.A in Economics from the UoN and M.A in Leadership and Governance from Pan African Christian University. She has extensively published in academic journals and research documents and authored books on Corporate Governance, Finance and Economics. Dr. Waiyaki has worked as a Director of NG-CDF; Project Manager of the Local Development Research Institute, Lecturer of Economics, UoN, County Executive Committee, Member of the Department of Trade and Industry, Tourism, Cooperatives and Enterprise Development in Kiambu County Government, among other roles.



### **Jonas Kuko, Member**

Jonas Kuko is an agriculture expert with over 28 years' experience in public service, resource allocation and management. Kuko holds a Bachelor of Science degree in Agriculture from Egerton University, a Diploma in Farm Management from Egerton University and a certificate in General Agriculture from Bukura Institute of Agriculture. He has worked as a Director with the Rural Electrification Authority, Principal, Chebororwa Agricultural Training College, District Project Monitoring and Evaluation Officer; Division Extension Officer, among other positions in the agriculture sector.

## 1.6 Senior Management Team



### **CPA James Katule, Commission Secretary & CEO**

CPA James Katule is an expert in Public Finance, an experienced Certified Public Accountant – CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Master's degree in Business Administration (MBA) from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts – Second Class Honours, upper-division – in Economics and Business Studies from Kenyatta University, Kenya.



### **Angela Kariuki, Director, Corporate Services**

Angela Kariuki holds a Masters in International Commercial Law from the University of Nottingham (UK) and a Bachelor of Laws 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. She has professional experience in human capital management, facilities management, supply chain management, strategic planning, corporate governance, legal compliance, among others. She previously worked with the Capital Markets Authority and Kilonzo & Company Advocates for two years.



### **Joseph Kuria, Director, ICT**

Joseph Kuria 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 several professional certifications and is a member of Information Systems Audit and Control Association (ISACA). Kuria is a leading technology strategist with experience spanning systems and network architecture, business re-engineering, data center technologies, application development, global vendor management, budgeting and project portfolio management. He is a strategic adviser to both National and County governments of Kenya on computer systems.



**Sheila Yieke, Director, Legal Affairs**

Sheila Yieke 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). She is an 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.



**Lineth Oyugi, Director, Economic Affairs**

Lineth Oyugi is a seasoned economist with over 27 years experience in economics, statistics and policy development. She holds MA (Economics) and BA degrees from UoN and has undertaken specialized trainings on Financial Programming (IMF), Poverty Measurement and Diagnostics (World Bank), Fiscal Decentralisation and Local Governance (Andrew Young School of Policy Studies), and Productivity (Japan Productivity Centre), among others. Previously, she worked as Head of Research and Advocacy, Federation of Kenya Employers, Assistant Research Fellow, Institute of Policy Research and Analysis and as an Economist/ Statistician, Ministry of Finance and Planning, among other roles. She has published on Poverty, Budgeting planning and Economic governance, Fiscal decentralization; Expenditure Tracking and Equity in Resource Sharing.



**CPA Roble Nuno, Director, Fiscal Affairs**

Roble Nuno is an experienced accountant with over 30 years of working in accounting and public finance; 10 years in Senior Management. He holds an MBA (Finance) from Kenyatta University, a Bachelor of Business Administration (Finance and Accounting) from Kenya Methodist University and CPA(K). He is a Member of ICPAK and Institute of Internal Auditors. He previously worked as the CEC (Finance) and CEC Health, Director of Revenue Garissa County, Kenya Urban Roads Authority and the Ministry of Roads and Public Works.

**CPA Karen Muka, Deputy Director, Internal Audit**

Karen Muka is a seasoned Auditor with over 15 years of experience in auditing, risk management, finance, accounting and process improvement in the private and public sectors. She holds a Master's Degree in Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Accounting) Degree from Kenyatta University. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and Certified Public Secretary (CPSK). She is a member of ICPAK, Institute of Internal Auditors (IIA) and Information Systems Audit and Control Association (ISACA).

**CPA Maureen Junge, Finance Manager**

Maureen Junge is a certified public accountant, certified public secretary (CPSK) with over 15 years' work experience in public finance with emphasis on budgeting, financial management, financial analysis, and reporting. She has served in senior management at Kenya Investment Authority, Africa Investment Bank and Reliance General Limited. Maureen holds a Master of Science and Bachelor of Commerce degrees (Finance option) from the UoN. Maureen is a member of ICPAK and AWAK and holds a Master of Science degree and a Bachelors of Commerce degree (Finance option) from The University of Nairobi.

**Caroline Kinyulusi, Manager, Communication and Knowledge Management**

Caroline Kinyulusi is a seasoned Communication and Knowledge Specialist with over 20 years of work experience in strategic communications, public relations and knowledge management in the public, not-for-profit and private sectors. She holds M.A in Communication Studies (UoN), BSc. Information Sciences (Moi University) and is completing a PhD in Mass Communication at JKUAT. She has 12 years' management experience having also served with the National Environment Trust Fund, the International Centre for Insect Physiology and Ecology, the Centre for Agriculture and Biosciences International, Kenya Land Alliance, Longhorn Publishers, and others. She is a member of the Public Relations Society of Kenya.



## 2. Review of the Commission's Performance

### 2.1 Statement of Performance vs Predetermined Objectives for FY2022-23

The Commission is required under Section 81 Sub-section 2(f) of the Public Finance Management (PFM) Act, 2012, to include, in the financial statements, a statement of the Commission's performance against predetermined objectives.

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
A	B	C	D	E	F	G	H	I
<b>PROGRAMME: Intergovernment transfers and financial matters</b>								
<b>Sub Programme 1: General Administration and Support services</b>								
SP 1	HR	1.Enhanced staff motivation	No. of Commissioners and staff trained	25		Affected by budgetary constraints	434	475.59
			No. of Report on Work environment & Employee satisfaction surveys	2	-	Suspended due to budgetary constraints		
			No. of team building conducted	1	1			
	Car loan committee/ Finance/HR		No. of Car Loan applications facilitated (Cumulative)	13	10	Based on request		
			No. of staff Mortgage Loan applications facilitated (Cumulative)	28	2	Target shortfall due to budgetary constraints		
	Proc/ Finance	2.Enhanced fleet	No. of vehicles procured	3	3	One vehicle was funded through Supplementary Budget		
	Internal Audit	3.Effective oversight	No. of committee meetings	4	4	Completed		
			No. of committee members trained	1	0	Training of Committee members was not undertaken due to budgetary constraints		

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
		4.Enhanced systems and processes of governance, risk management and internal control	No. of internal Audit reports	10	8	Outstanding audit engagements to be undertaken in FY 2023/2024		
	ICT	5.Enhanced Corporate Risk management framework	No. of Departments Risk analysis reports	7	7	Review of the Risk Management framework is ongoing		
		6.Enhanced Information and System Security	No. of upgraded Universal threat management	1	1			
		7.Enhanced ICT service delivery	No. of Electronic Board management system acquired	1	1	Implementation ongoing		
			Improved work mobility infrastructure	1	1	Implemented virtual private network and online conferencing facilities		
			A working ICT service desk solution	1	1			
	Communication	8.Enhanced Communication with key stakeholders	No. of key stakeholders directly engaged on CRA Recommendations	300	500			
			No. of Surveys conducted on CRA's external image and staff knowledge of CRA's mandate and functions	2	-	Suspended due to budgetary constraints		
			Development of a Communication Policy	1	1			

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
			Annual report FY2020/2021 and FY2021/22 compiled, printed, and disseminated	2	2			
	M & E	9.Strategic Plan	End-term report for the 2nd Commission	1	1			
			2023 – 2028 strategic plan developed	1	-	Commenced in February 2023 to be completed to be completed in FY 2023/24		
<b>Sub Programme 2: Equitable Sharing of Revenue</b>								
SP 2	Economic Affairs / Legal	1.Recommendation on equitable sharing of revenue between national and county governments and among county governments	Annual Recommendation on sharing of revenue between national and county governments for FY 2023/24	1	1	Completed and submitted to parliament having engaged with relevant stakeholders	18.09	26.73
			No. of recommendations on Bills that deal with the sharing of revenue (DoRB, CARB, BROP BPS and MTDMS)	5	2	Following the preparation on the BROP, BPS and MTDMS, the Commission reviewed the three documents and submitted its recommendations to the National Treasury and Parliament		
						Following the submission of the, DoRB, and CARB by the National Treasury to Parliament, in February 2023, the Commission reviewed the two documents and tabled its recommendations in Parliament		

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
			No. of lobbying and advocacy fora held on equitable sharing of revenue to elected officials (National Assembly, Senate, Governors) and non-state actors	4	4	Engagements on the Commission recommendation on revenue sharing between the national and county governments were held with the Finance committee of the Council of Governors, National Assembly Standing Committee on Budget and Appropriations and the Senate Standing Committee on Finance and Budget  Engagements were also held with non-state actors namely: International Budget Partnership, Institute of Certified Public Accountants of Kenya and Institute of Economic Affairs		
		Equitable sharing of revenue among county governments	Report on a assessment of impact of devolution on service delivery	1	-	Collection of data and information in 24 counties Commenced in June 2023. The assessment was done on the following core devolved service delivery sectors: Health, agriculture, Water, Roads, education and urban services. The last phase of 23 counties will be undertaken and completed in the next financial year.		

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
			No. of reports on data needs for the Fourth Basis on revenue sharing among county governments	1	-	The data needs for preparation on the fourth revenue sharing basis is ongoing. More data will be compiled from the on-going assessment of the impact of devolution on service delivery.		
	RKM	3. County development outcome assessment using small area estimation prepared	No. of reports on intra-county changes in selected service delivery indicators	1	-	Ongoing		
		4. National and county Government revenue & expenditure and Microeconomic data developed	Update of database for national and county government statistics (%)	100	100			
<b>Sub Programme 3: Public Financial Management</b>								
SP 3	Fiscal Affairs-PFM	1. Recommendation on Recurrent expenditure budget ceilings for County Government	Annual recommendation on recurrent budget ceiling FY2023/24	1	1	Recommendation sent to Senate  Two Stakeholders engagement for this activity are: 1. county governments (County Assembly and Executive) and 2. Parliamentary Budget office  The Commission undertook one stakeholder engagement with County governments and Engagement with the Senate. Suspended stakeholder engagement with Parliamentary Budget Office	13.39	18.99

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
		2. Enhanced Financial Management	County Fiscal Strategy Paper Review Report	1	1	This activity is complete. 32 County Governments submitted and were reviewed and comments shared with the Counties		
			Financial Management Report	1	-	A framework has been developed and its being used to analyse the 2021/22 reports. 50% of work is done		
			Induction of County Executive committee members on PFM	47	29	29 CECMs of Finance and economic planning participated in induction		
		3.Enhanced compliance of PFM provision on establishment of CBEFs and their effectiveness	No. of CBEFs established	47	22	22 CBEFs established. 6 inducted at their own cost. The remaining counties are still setting up structures including the CBEFs		
			No. of CBEFs monitored for effectiveness	47	-	This is ongoing because counties are still setting up structures including the CBEFs		
	ICT	4.Enhanced Own Source Revenue through automation	No. of progress report on Integrated County Revenue Management system	4	3	The final technical evaluation and recommendation report is awaiting review and approval by the steering committee members		
			Quarterly reports to IBEC	4	3	Multi-agency task force has been reconstituted awaiting gazettelement.		
	Fiscal Affairs-County Affairs	5.Scaled up County Credit Rating to access alternative financing	No of counties taken through the Credit Rating Academy and self-assessment	2	1	Nakuru engaged up to self-assessment phase. Activity stalled since it was Donor supported		

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
			No of Counties Credit Rated	2	-	No budgetary allocation since activity was to be supported by donor		
			No of counties receiving support to improve on Creditworthiness	8	7	Stakeholder engagement of already credit rated counties was done. However, Kakamega, Kirinyaga and Nyandarua counties have shown interest to be credit rated		
		6. Market-Based County Borrowing	(%) of product development for approval - Initial	50	-	Concept note developed and with CMA awaiting approval		
		7. Revenue Enhancement to National & County Governments from Natural Resources	Framework for sharing mineral royalties to county governments and Communities (%)	25	50	CRA and the State Department of Mining developed a draft framework. However, there was need to develop regulations to operationalize the Mining Act 2016		
			A study report on revenue potential from the natural resources in the national government	1	-	Framework for sharing royalties for County governments has been developed, however, the framework for sharing royalties to the community is ongoing. Concept note on national capital accounting done. Awaiting funding for field work (UNDP funded)		
			Study on unlocking the revenue opportunities from the Blue Economy (%)	50	-	Concept note developed. Field work to Nakuru County planned and funded		

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
	Fiscal Affairs- Revenue Enhancement	8.Counties supported on raising own source revenue	A framework of ranking counties by OSR performance	1	-	Due to budget cuts the activity was suspended and planned for FY 2023-24		
			County Revenue forecasting Model	1	-	Data collection in progress		
			Report on Cost of Revenue Collection	1	-	This activity experience budget cut from PFMR hence the need for additional funding		
			County Revenue Administration Assessment Report	4	-	No assessment has been conducted given the introduction of TADAT and no new agreement with either UN Women or UNDP		
	Legal	9.National and county financial legislations reviewed	No. of Bills and policies reviewed	15	8	On course. This is a continuous activity		
		10.Counties supported on own source revenue legislation and oversight	No. of counties trained on OSR model laws & CRA mandate	24	20	Done during induction training		
			No. of Bills drafted on OSR for support of counties	50	-	Affected by budgetary constraints		
			Model on Tariffs and Pricing Policy developed	1	-	On-going		
<b>Sub Programme 4: Transitional Equalization &amp; stakeholder engagement</b>								
SP 4	Economic Affairs	1.Policies identifying marginalised areas	Report on implementation of the	1	1	Implementation report on the first policy developed. Implementation of the second policy is yet to be commenced	26.4	19.50

Sub Programme	Delivery	Key Outputs	Key Performance Indicators	Target 2022/23	Achievements	Remarks	Approved Budget (million)	Revised Budget (million)
			Third Policy identifying marginalized areas	1	Draft Policy that identified and defined 1778 sub locations (areas) in 33 counties as marginalised was done.	Draft Policy identifying marginalised areas being prepared.		
			No. of stakeholder fora on the Third Policy identifying marginalised areas	1	-	Stakeholder engagement with county governments and the public was carried out in 27 counties with areas identified as marginalised  Stakeholder engagements with Equalisation Fund Advisory Board, on the Third Policy identifying marginalised areas was also carried out. The Commission will engage Parliament on the Third Policy		
<b>TOTAL BUDGET</b>							<b>491.96</b>	<b>540.82</b>





## 3. Statement of Governance

### 3.1 Roles and Responsibilities of Commissioners

The Commission is guided in the performance of its governance functions by the Constitution of Kenya, the Commission on Revenue Allocation Act and other relevant legislative instruments.

As a Constitutional Commission, CRA is responsible for ensuring that the democratic values and principles enshrined in the Constitution, including a high standard of professional ethics are promoted and attained. The Commission is

responsible for overseeing its strategic direction and operational policies and the effective implementation of its functions.

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

### 3.2 Appointment to the Commission

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

#### THIRD COMMISSION

No.	Name	Designation
1.	CPA. Mary Wanyonyi	Chairperson
2.	Koitamet Olekina, HSC.	Vice Chairperson
3.	Dr. Jalango Midiwo	Commissioner
4.	Dr. Isabel Waiyaki	Commissioner
5.	Jonas Kuko	Commissioner
6.	Hadija Juma	Commissioner
7.	Hon. Fatuma Gedi	Commissioner
8.	Benedict Muasya	Commissioner
9.	Dr. Chris Kiptoo, CBS	PS, National Treasury

#### SECOND COMMISSION

No.	Name	Designation
1.	Dr. Jane Kiringai	Chairperson
2.	Humphrey Wattanga	Vice Chairperson
3.	Prof. Edward Oyugi	Commissioner
4.	Dr. Irene Asienga	Commissioner
5.	Peter Gachuba	Commissioner
6.	Prof. Peter Kimuyu	Commissioner
7.	Fouzia Abdikadir	Commissioner
8.	Kishanto Ole Suuji	Commissioner
9.	Dr. Julius Muia	PS, National Treasury

### 3.3 Commission Structure

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

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

#### Committees of the Commission



*Members of the Second Commission during one of the meetings*

The Third Commission opted to work without Sub Committees in execution of their roles and responsibilities, until the appointment of the Chairperson.

The Commission continuously assesses its governance operating model to ensure that robust and proper systems, processes are in place to support the Commission and Secretariat in driving change, setting strategic direction and formulating high-level goals and policies.

The Commission Secretary/CEO heads the Secretariat and has continued to provide leadership to implementation of the Commission's strategies.

**The Third Commission has a six year tenure which runs from January 2023 to December 2028.**

### 3.4 Commission Meetings/Attendance in the Reporting Period

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

#### SECOND COMMISSION

Meetings		Dr. Jane Kiringai	Humphrey Wattanga	Prof. Edward Oyugi	Dr. Irene Asienga	Peter Gachuba	Prof. Peter Kimuyu	Fouzia Abdikadir	Kishanto Ole Suuji	Dr. Julius Muia	
<b>Full Commission Meeting</b>											
26 <sup>th</sup> Full Commission Meeting held on 22 <sup>nd</sup> Sep 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Rep.
27 <sup>th</sup> Full Commission Meeting held on 8 <sup>th</sup> Dec 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Rep.

#### THIRD COMMISSION

Meetings		Dr. Jane Kiringai	CPA Mary Wanyonyi	HSC Koitamet Olekina	Dr. Jalango Midiwo	Dr. Isabel Waiyaki	Jonas Kuko	Hadija Juma	Hon. Fatuma Gedi	Benedict Muasya	Dr. Chris Kiproo, CBS
<b>Full Commission Meeting</b>											
1 <sup>st</sup> Full Commission Meeting held on 18 <sup>th</sup> January 2023	✓		✓	✓	✓		✓	✓	✓	✓	
2 <sup>nd</sup> Full Commission Meeting held on 15 <sup>th</sup> March 2023			✓	✓	✓			✓	✓	✓	
3 <sup>rd</sup> Full Commission Meeting held on 31 <sup>st</sup> March 2023			✓	✓	✓		✓	✓	✓	✓	



## 4. Management Discussion & Analysis

### 4.1 Equitable Sharing of Revenue

#### 4.1.1. Recommendation on Revenue Sharing Between National and County Governments for FY 2023/2024

The Commission is mandated under Article 216(1) (a) of the Constitution, to make recommendations concerning the basis for equitable sharing of revenue raised by the national government, between the national and county governments. Section 190 (1) of the PFMA (2012) requires that the recommendation be submitted at least six

based on the projected shareable revenue of Ksh. 2,566 billion for the financial year 2023/24. In addition, the Commission recommended that Ksh. 8.7 billion be allocated to the Equalisation Fund in line with the provisions of Article 204, which requires that 0.5 percent of the most recent audited and approved accounts of revenue be paid into the Equalisation Fund.

The Commission also recommended that the national government through the Kenya National



months before the beginning of the financial year or at a later date agreed between the Cabinet Secretary and the Commission.

During the FY 2022/2023, the Commission prepared and submitted recommendations on vertical sharing of revenue for FY 2023/2024. The Commission recommended that the national government be allocated Ksh. 2,150.3 billion and county governments Ksh. 407 billion. This was

Library Services (KNLS) transfers Ksh.424.6 million to 33 counties for salaries of the transferred staff for a period of two years.

Further, the Commission recommended that in line with the Mining Act 2016, 30 percent of the mineral royalties for the financial year 2023/24 be transferred to the six beneficiary county governments.

#### 4.1.2 Assessing the impact of devolution on service provision

The Commission embarked on the “Assessing the impacts of devolution on service provision in Kenya”. The assessment was for the ten years of devolution, FY 2013/14-2022/23.

The first phase of the assessment was conducted in 24 counties and was meant to assess, analyse and document the level of service delivery across six sectors namely: health, agriculture, water, roads, education, and urban services.

These sectors were selected because they constitute the core devolved functions, which

account for over 60 percent of the total county budgets.

The output from the assessment will form part of the background report that will inform the preparation of the Fourth Basis for revenue sharing among county governments.

The Commission collected information and discussed performance with the county executives of 24 counties, which include Busia, Murang'a and the 22 others below:



**Nyamira**



**Vihiga**



**Kisumu**



**Machakos**



**Kiambu**



**Nyandarua**



**Kericho**



**Elgeyo Marakwet**



**Embu**



**Makueni**



**Siaya**



**Nyeri**



**Bungoma**



**Kisii**



**Kitui**



**Taita Taveta**



*Solar powered water supply from Kiburu borehole in Ndia Sub County*



*Gosebe Dispensary in Gucha East Sub County*

Devolution aims for equitable social and economic development in Kenya. The role of CRA is to ensure equity in the distribution of nationally and locally-raised revenues and prudent management of these resources to benefit all citizens.

## 4.2 Public Finance Management

### 4.2.1. Financing and Financial Management of the counties

Public Finance Management (PFM) is concerned with the effective management of the collection and expenditure of funds by Government

The Commission is required under Articles 216-2, 3(b) and (c) to **make recommendations on other matters concerning the financing of, and financial management by County governments.**

**The Commission is required to:**

- Recommend matters concerning the financing of both the national government and county governments.
- Recommend matters concerning the financial management of both national and county governments.
- Encourage fiscal responsibility by the national government and county governments in line with Article 216-3(c). This includes matters such as expenditure limits, revenue floors (or ceilings on government proceeds), limits on overall fiscal balance and limits on public debt.

### 1. Recommendation on County Governments Recurrent Expenditure Budget Ceilings

In line with Article 216 and Section 107(a) of PFMA (2012), the Commission developed and recommended to the Senate on 16th December 2022. The Commission recommendation for the County Recurrent Expenditure Budget Ceilings for 2023/24 was Kshs. 65,148,285,385.84 comprising of Kshs. 39,322,728,989.53 for County Assemblies and Kshs. 25,825,556,396.31 for County Executives.

The Senate considered the recommendation and made some slight adjustments. Subsequently, the recommendation was approved by the Senate with County Assemblies allocated Kshs. 40,612,656,492 while the County Executive was allocated Kshs. 25,825,556,396. The approved recommendation was incorporated in the County Revenue Allocation Act 2023.

**The Commission is required to recommend matters concerning the financial management of both national and county governments.**



*Stakeholder consultative workshop on budget ceilings for 2023/24 in December 2022*



*The Commission led by Dr. Isabel Waiyaki (Fourth right in front) during training and swearing-in of the Kilifi County Budget and Economic Forum in May 2023*

## 2. County Budget and Economic Forums

The Public Finance Management Act (PFMA), 2012 Section 137 stipulates the establishment of the County Budget Economic Forum (CBEF).

In supporting public financial management structures in county governments, the Commission advocates for the establishment of the CBEFs.

The main purpose of CBEFs is to provide or facilitate public engagements with broader County budget process from budget formulation to budget implementation.

County Budget and Economic Forum is a requirement by law that provides a platform for the citizenry to engage with its leadership. During the FY 2022/23.

A total of 35 CBEFs were established, out of which 7 were inducted at their cost, except for Meru - the cost was cost-shared between the Commission and Meru County Government.

## 3. County Fiscal Strategy Papers

Section 117 of the Public Finance Act 2012, County Treasuries are required to seek the views of the Commission before submitting the County Fiscal Strategy Paper (CFSP) to the County Assemblies.

The CFSP should specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

During the reporting period, 37 counties representing 79% submitted their CFSPs to CRA for comments and specific recommendations made to each county government.

It is important to note that 21% of counties did not submit their CFSPs during the reporting period. This amounts to non-compliance with the Public Finance Management Act 2012.

**During the year, 37 out of 47 or 79% of the counties submitted their CFSPs to CRA for comments.**

**Specific recommendations were made to each county government.**

**21% of counties did not submit.**

#### 4.2.2 Consultation on financial legislation affecting counties



*CRA's engagement with The Senate's Finance and Planning Committee over the Prompt Payments Bill, 2022 on May 9, 2023. The Bill proposed that any procuring entity that fails to pay a supplier by the prescribed payment date to pay interest to the supplier on the amount due.*

##### Review of Revenue & Finance Bills

A key mandate of the Commission in executing the constitutional is the mandate as per Article 205. CRA's recommendation must be tabled on the floor of Parliament and debated upon before passing Bill containing provisions dealing with the sharing of revenue, or any financial matter concerning county governments, and also in line with section 161 of the PFM Act.

Section 161 of the PFM Act also requires county governments to seek the Commission's views before imposing any revenue raising measures.

In line with these functions, the Commission reviewed the following Bills and regulations and made recommendations, forwarded to the relevant entities:

##### A. Parliament Bills

1. The Equalization Fund Appropriation Bill, 2023
2. Public Finance Management (Amendment) Bill, 2023 (National Assembly Bill No. 16 of 2023)
3. The County Governments (Revenue Raising

Process) Bill, 2023 (Senate Bills No. 22 of 2023).

4. The County Governments Additional Allocations Bill, 2023 (National Assembly Bills No. 23 of 2023)
5. Equalization Fund Bill, 2022 (National Assembly)
6. Equalization Administration Bill, 2023 (Senate)
7. Natural Resources Benefit Sharing Bill, 2022
8. Preservation of Human Dignity & Social Rights Bill, 2022
9. Gambling Bill, 2023 (Taskforce draft)
10. National Lottery Bill, 2023 (Taskforce draft)
11. Division of Revenue Bill, 2023
12. County Allocation of Revenue Bill, 2023
13. Commission on Revenue Allocation (Amendment) Bill, 2023
14. The Public Service (Values and Principles) (Amendment) Bill No. 46 of 2022
15. Public Finance Management Act (Amendment)



*The Commission during its engagement with the National Assembly Finance and National Planning Committee on over the 2023 Budget Policy Statement on 2nd March 2023*

## B. County Bills Reviewed

- a) Nyeri County Finance Bill, 2023
- b) Nakuru County Finance Bill, 2023

## C. Policies Reviewed

- a) Draft policy on devolved government by Ministry of Devolution
- b) The Budget Policy statement and issued comments.

### 4.2.3. Management of Commission Court Cases

The Commission prepared submissions, affidavits and briefed both the Attorney General's office and outsourced counsel on litigation in court relating to these cases:

- a) **Garissa High Court Constitutional Petition No. Eoo3 of 2023, Sahal Mugow Mohamud & 3 Others v. Equalization Fund Board & 4 others.** The case revolved around the Commission's *Second Policy and Criteria for Sharing Revenue Among Marginalised Areas*.

Specifically, the petition highlighted the allocation issue concerning Wajir South Constituency. Petitioners emphasized that Dadaja Bulla Ward received a disproportionately lower allocation

compared to other wards. They argued that this discrepancy constituted a violation of the Constitution, alleging discrimination against them based on the lower allocation.



*Comm. Fatuma Gedi engages with the Wajir community. The Second Policy was challenged by a petitioner from the County*

- b) **Kakamega High Court Constitutional Petition No. Eoo1 of 2023 (Formerly Nairobi High Court Petition No. E129 of 2023), Salaries and Remuneration Commission –vs- County Assembly of Kakamega and County Government of Kakamega.** The case revolved around pension for state.

### 4.3 Revenue Enhancement



*The OSR potential report was launched by the Commission and stakeholders on 5th October 2022*

#### 4.3.1. Defining and enhancing revenue sources for national and county governments

The Commission is mandated by Article 216 (3b) to define and enhance the revenue sources for both the national and county governments.

Revenue enhancement entails:

- Unbundling of revenue sources assigned to the two levels of government under Article 209.
- Identification of additional sources of revenue for both levels of government such as identification of other revenue raising powers for county governments in terms of Article 209(3)(c).

The Commission works closely with the county governments by providing advisory and technical support in revenue forecasting and capacity-building county staff. During the financial year 2022/23, the Commission trained Kitui and Makueni county governments on matters of revenue administration and enhancement.

In addition, the Commission launched and disseminated the OSR potential & tax gap study to Kiambu and Mombasa County governments. The Commission supported Mombasa in and

development of Mombasa County Finance Bill 2022.

##### 1. Comprehensive Own Source Revenue Potential and Tax Gap Study 2022

In October 2022, the Commission on Revenue Allocation launched a comprehensive Source Revenue Potential and Tax Gap Study on County Governments in Kenya.

The study estimated the revenue potential of county governments using both top-down analysis and deterministic frontier analysis methods.

The findings of the study make it possible for the county governments as well as the Commission and other agencies that support revenue administration reforms to objectively measure the progress of counties as they march towards achieving their full revenue potential.

**Table 1: Estimated OSR potential of the 47 counties**

County	CRA Comprehensive Potential 2022 (Ksh)
Baringo	2,000,011,242
Bomet	2,216,689,512
Bungoma	1,874,286,000
Busia	1,889,576,365
Elgeyo Marakwet	1,078,249,779
Embu	1,465,881,361
Garissa	810,614,015.1
Homabay	1,857,408,178
Isiolo	581,504,190.2
Kajiado	5,400,842,973
Kakamega	5,876,768,604
Kericho	2,104,179,725
Kiambu	11,304,640,695
Kilifi	2,690,691,329
Kirinyaga	2,310,133,956
Kisii	2,190,556,874
Kisumu	28,187,349,756
Kitui	1,603,095,826
Kwale	3,271,893,019
Laikipia	1,388,049,267
Lamu	431,021,405
Machakos	8,838,232,625
Makueni	1,393,269,058
Mandera	736,094,085.1
Marsabit	565,579,135.4
Meru	3,730,655,784
Migori	3,741,810,283
Mombasa	6,041,118,622
Murang'a	3,726,276,713
Nairobi City	67,655,151,721
Nakuru	10,965,698,571
Nandi	1,410,981,569
Narok	4,100,242,962
Nyamira	1,957,583,764
Nyandarua	1,548,564,605
Nyeri	4,302,002,549
Samburu	711706019.1
Siaya	1,203,645,189
Taita/Taveta	1,186,605,915
Tana River	335,515,159.7
Tharaka-Nithi	758,073,967.6
Trans-Nzoia	1,996,627,031
Turkana	1,207,665,909
Uasin Gishu	2,774,980,522
Vihiga	1,662,345,980
Wajir	632,738,732.2
West Pokot	1,840,897,705
<b>Total</b>	<b>215,557,508,247</b>

#### 4.3.2. Optimizing revenues in Natural Resource Management

The constitution of Kenya requires the State to ensure sustainable exploitation, utilization, management and conservation of natural resources, and ensure the equitable sharing of the accruing benefits (Art 69(a); and utilize the natural resources for the benefit of the people of Kenya (Art 69 (h).

The Commission has continued to provide technical advice and oversee implementation of strategies on effective natural resource exploitation and revenue sharing, promote local capacities in sustainable natural resources management and fiscal planning, and natural

resource policy formulation/reforms. During the 2nd commission and in line with its mandate, the Commission carried out following activities successfully.

The Commission spearheaded discussions in Nakuru County, to optimize revenue generation within the blue economy sector, devising strategies for efficient revenue and benefit distribution.

The Commission's focus was on optimizing the sector's impact on local communities while ensuring its sustainable progression.



*The Mineral Sharing Committee, of which the Commission is a member*

Furthermore, the Commission played an integral role in crafting the Royalties-sharing Framework between counties and the National Government, fostering greater transparency, equitable distribution, and enhanced cooperation for sustainable economic growth in Kenya.

## 4.4 Transitional Equalisation

### 4.4.1. Third Policy Identifying Marginalized Areas

Article 216(4) mandates the Commission on Revenue Allocation to determine, publish and regularly review a policy which sets out the criteria to identify marginalised areas for purposes of sharing of the Equalisation Fund.

The Equalisation Fund is established under Article 204(1). One half per cent of all the revenue collected by the national government each year calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly is paid into the Fund.

Further, the national government is required under Article 204 (2) to use the Fund to provide

methodology used to define the marginalised areas, implementation of the policies and emerging institutional and operational challenges.

#### ii. Engaged Stakeholders

The Commission engaged stakeholders on different but complementary platforms in the course of preparing the Third Policy. These included: Equalisation Fund Advisory Board, county governments, and communities living in areas identified as marginalised.

The engagements focused on: consolidating the existing knowledge on marginalisation, identifying priority areas for intervention; building a common understanding of the constitutional obligations on



*CRA's engagement with the Equalisation Fund Advisory Board in June 2023*

basic services including water, roads, health facilities, and electricity to marginalised areas to bring the quality of services in these areas to the level generally enjoyed by the rest of the nation, as far as possible.

In the development of the Third Policy, the Commission;

#### i. Reviewed the First and Second Policies Identifying Marginalised Areas

The process of developing the Policy started with a review of the First and Second policies. The review entailed an assessment of the

addressing marginalisation; emerging challenges following implementation of the First Policy, and what needs to be done differently to improve services in marginalised areas.

#### iii. Assessment and Reporting

The Commission assessed and prepared a report on the implementation of the First and Second policies.

The lessons drawn from their implementation will be used in the preparation of the Third Policy.



*CRA's engagement with local communities and county governments during some of the field visits.*

**List of the 26 Counties visited**

No.	Name
1.	Kajiado
2.	Samburu
3.	Elgeyo Marakwet
4.	Garissa
5.	Wajir
6.	Mandera
7.	Kwale
8.	Tana River
9.	Lamu
10.	Isiolo
11.	Kilifi
12.	Kitui
13.	Turkana

No.	Name
14.	Nandi
15.	West Pokot
16.	Kericho
17.	Bungoma
18.	Homa Bay
19.	Migori
20.	Tharaka Nithi
21.	Meru
22.	Laikipia
23.	Nakuru
24.	Marsabit
25.	Baringo
26.	Narok

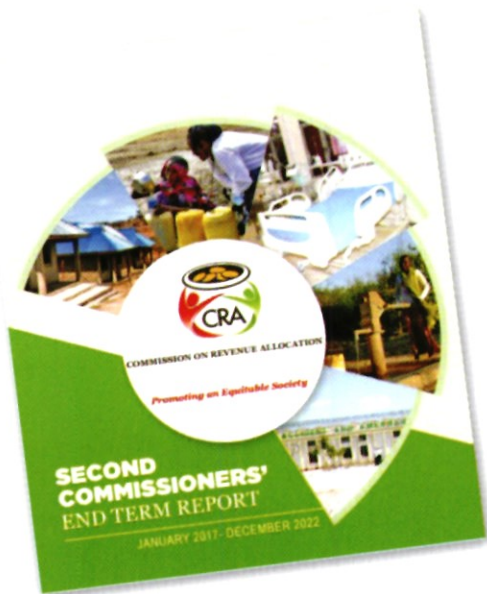
## 4.5 Institutional Capacity



Second Commission members and CEO James Katule (R) during their farewell party in December 2022: Chairperson Dr. Jane Kiringai (C), Vice-Chair Humphrey Wattanga (Second left), Kishanto Ole Suuji (L) and Dr. Irene Asienga

### 4.5.1 Exit of the Second Commission

The term of the Second Commission members, except the Chairperson, Dr. Jane Kiringai, ended in December 2022 with the production of an End-of-Term report and a farewell party organised by the Secretariat. Dr. Kiringai left the Commission at the end of February 2023.



The Second Commission's End-of-Term Report

### 4.5.2 Advances in ICT application

The Commission made significant strides in advancing its mandate to facilitate seamless operations and enhance stakeholder access to Commission services. These include:

#### 1. E-Board Solution for Commission Meetings:

The Commission effectively deployed an e-board solution to enhance the efficiency of Commission meetings. This innovative digital platform simplifies the meeting process by providing Commissioners with electronic access to meeting materials and fostering real-time collaboration. Embracing digital tools has not only streamlined decision-making processes but also significantly reduced reliance on traditional paper-based documentation, marking a leap towards a more sustainable and efficient operational approach.

This initiative enhances stakeholder access to Commission proceedings by providing Commissioners with convenient and secure access to meeting materials, thereby promoting transparency and accountability in the Commission's operations.

## 2. Support for the Integrated County Revenue Management System:

As a member of the Multi-Agency Taskforce overseeing the Integrated County Revenue Management System (ICRMS), the Commission played a pivotal role in championing for its implementation.

The Commission was in the forefront in evaluating existing County revenue management systems. The team reviewed twenty-three government and commercial systems to assess their suitability for integration into the ICRMS framework. This initiative aims to streamline revenue collection processes at the county level and enhance revenue mobilization efforts.

By supporting the ICRMS, the Commission is contributing to the promotion of fiscal transparency and accountability in county governments, ultimately benefiting citizens through improved County Own Source revenue Collection and administration and ultimately ensuring requisite service delivery to the citizens.

## 3. Onboarding of New Commissioners and Work from Anywhere ICT Infrastructure:

The new members of the Commission, except the Chairperson, Mary Chebukati, took office in January 2023. Their successful onboarding onto the Commission's technology platform demonstrates the Commission's commitment to seamless transitions and effective governance processes.

Furthermore, the rollout of *Work from Anywhere* ICT infrastructure has revolutionized stakeholder access to Commission services by enabling remote working capabilities.

With online conferencing facilities, digital collaboration solutions, and intranet and extranet infrastructure in place, stakeholders can now conveniently engage with the Commission from anywhere, promoting inclusivity and participation in Commission activities.

This initiative has not only enhanced stakeholder access but also improved efficiency by reducing the need for physical meetings and travel,



The 3rd Commission's swearing-in on 9th January 2023

ultimately advancing the Commission's mandate to promote transparency, accountability, and citizen engagement in revenue allocation processes.

**4. ICT Infrastructure Modernization and Security Enhancement:** Despite budget constraints, the Commission prioritized the modernization of its ICT infrastructure to enhance system availability and security. Through staged upgrades of ICT equipment, the Commission has improved the reliability and performance of its systems, ensuring uninterrupted service delivery to stakeholders.

Additionally, the Commission conducted regular cybersecurity threat assessments and implemented robust security measures to safeguard its systems and data from internal and external threats.

By investing in ICT infrastructure and security enhancements, the Commission has bolstered stakeholder confidence in its ability to protect sensitive information and maintain operational continuity, thereby enhancing citizen trust and engagement with the Commission.



*Strategic planning retreat with the new Commissioners held in Mombasa in March 2023*

#### **4.5.3. Preparation of the Third Generation Strategic Plan 2023-2029**

Implementation of the second strategic plan 2017-2022 came to end in December 2022 following expiry of the term of the Second Commission. The Third Commission commenced the process of preparing the Third Strategic Plan 2023-2029 by holding a consultative meeting with commissioners, staff and consultants. The draft strategic plan will undergo stakeholder validation and approval.

In developing this Plan, the Commission conducted extensive internal stakeholder consultations and research. drawing on the insights and the strategic guidance of the Members of the Commission, the Senior Management Team and Strategic Planning Committee.

#### 4.5.4. Human Resource Development

The Commission continues to develop its key Human Resource areas such recruitment and selection, employee welfare, reward and compensation, grievance and disciplinary issue, compliance to labour laws and regulations, training and development.



*CRA's Staff Retreat with the new Commissioners for strategic planning and team building in March 2023.*

Key milestones included:

**1. Recruitment and selection:** Three Officers were on boarded as approved by the Commission.

**2. Training and development:** A number of staff underwent some trainings which were sponsored and also to satisfy Continuous Development Programmes (CPD). These are: accounts, human resource, procurement, legal among others. Fleet management team were trained by the Check Unit Team of the National Police Service.

**3. Internship Programme:** The Commission received at least four (4) interns under the PSIP program of the Public Service which ran for twelve (12) months. Separate Internal interns were sourced in order to support the departments with lean staff.

#### 4. Team building and strategic planning

The new Commissioners and staff come together for dedicated sessions of team building and strategic planning in Nakuru and Mombasa counties.

#### 4.5.5. Communication and outreach

The Commission conducted a Stakeholder Perception Survey to identify and understand internal and external stakeholder information needs and preferences and get further insights into CRA's communication methods, processes, results, issues and risks.

A Communication Policy was also developed to guide the Commission's internal and external communication, ensuring all activities are well coordinated, harmonized, effectively managed and responsive to stakeholders' information needs. The Commission also published and disseminated the Annual report for the FY2020/2021.

The Commission further conducted a number of outreach activities to enhance public awareness of its mandate. More than 500 key stakeholders including media were engaged.

The outreach activities included:

#### 1. Media relations using print, electronic and digital media

The Commission appeared more than 200 times in the mainstream and new media channels, in form of stories or mentions.

Members of the Second and Third Commission participated in discussions and interviews on television, radio, newspapers and digital media.



Comm. Khadija Juma participating in a radio show on Radio Kaya, Kilifi County in April 2023

## 2. Dissemination of published materials at national and county level events

The Commission used technical field activities like workshops, county visits, and conferences to effectively disseminate its publications to key stakeholders. Critical partners such as Parliament, county governments, MDAs, and the media played a pivotal role in ensuring broad dissemination of these publications.



Dissemination of the OSR Potential study in Vihiga



## 3. Public outreach events

The Commission participated in critical public outreach events. These included the 1st Urban Forum in June 2023 in Naivasha, Nakuru County.



Vice Chair Koitamet Olekina (C) engages with CRA stakeholders during the Forum in June 2023



Some of the Commission's coverage in the print media in October 2022

The Commission also participated in the and the National Tree Planting exercise in November 2023



Comm. Jonas Kuko during tree planting in Transzoia

## 4.6 Management Analysis

### 4.6.1. GoK Funding

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

**SP 1** – General Administration and Planning

**SP 2** – Equitable Sharing of Revenue

**SP 3** – Public Financial Management

**SP 4** – Transitional Equalization and Stakeholder Engagement

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

The Commission was allocated a budget of Kshs. 491.96 million (2021/22: Kshs. 485.6 million) which was inadequate to execute some of the planned activities for the year.

On further engagement with the Finance and National Planning committee of National Assembly, our budget was increased by Kshs. 175.3 million following previous budget cuts of Kshs. 126.44 million. Net budget increase of Kshs. 48.86 million was realized hence raising our final revised budget for the reporting period to Kshs. 540.82 million (2021/22: Kshs. 446.03 million)

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

- i. Development of the 3rd Strategic Plan
- ii. Induction of the 3rd Commission

- iii. Stakeholder engagements on finalization of the 3rd Marginalization Policy in keeping with Article 216(4)

- iv. Preparatory works in relation to development of the 4th Basis for equitable sharing of revenues among 47 county governments.

- v. Support to counties on PFM matters.

- vi. Provision for relocation of the Commission's premises.

- vii. Acquisition of one additional vehicle.

- viii. Rent and other contractual obligations.

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

### 4.6.2. Donor Funding

Public Financial Management Reforms (PFMR)

The public financial management reform secretariat developed the government of Kenya's public finance management reform strategic plan for the period 2018-2023.

The Commission had a role of delivering on two result areas:

- i. Result area 1 - Sustainable and Predictable Fiscal Space to deliver Government Programs
- ii. Result area 6 - Effective management of public resources in Education Institutions, Health and other Service Facilities.

During the financial year 2021/22, the Commission sought to implement the activities of result area six by developing a Model Tariff and Pricing Policy for county governments. This activity was completed in the reporting period FY 2022/23 with a revised budget allocation of Kshs. 4,750,640.

The draft model awaits further stakeholder consultations and pilot testing.

## 5. Environmental & Sustainability Reporting

### 5.1 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 was established to provide an objective and independent framework for equitable sharing of revenue raised by national government at the following levels:

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

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

### 5.2 Environmental Performance

Environmental performance at the Commission is guided by the Environmental Management and Coordination Act, which informed the establishment of National Environmental Management Authority whose mandate is to support Institutions on environmental matters.

As an independent Commission, we comply with the Act and supports NEMA in meeting its core mandate.

The Commission encourages paperless environment through a robust ICT connectivity

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

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

### 5.3 Employee Welfare

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



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

## 5.4 Market Place Practices

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

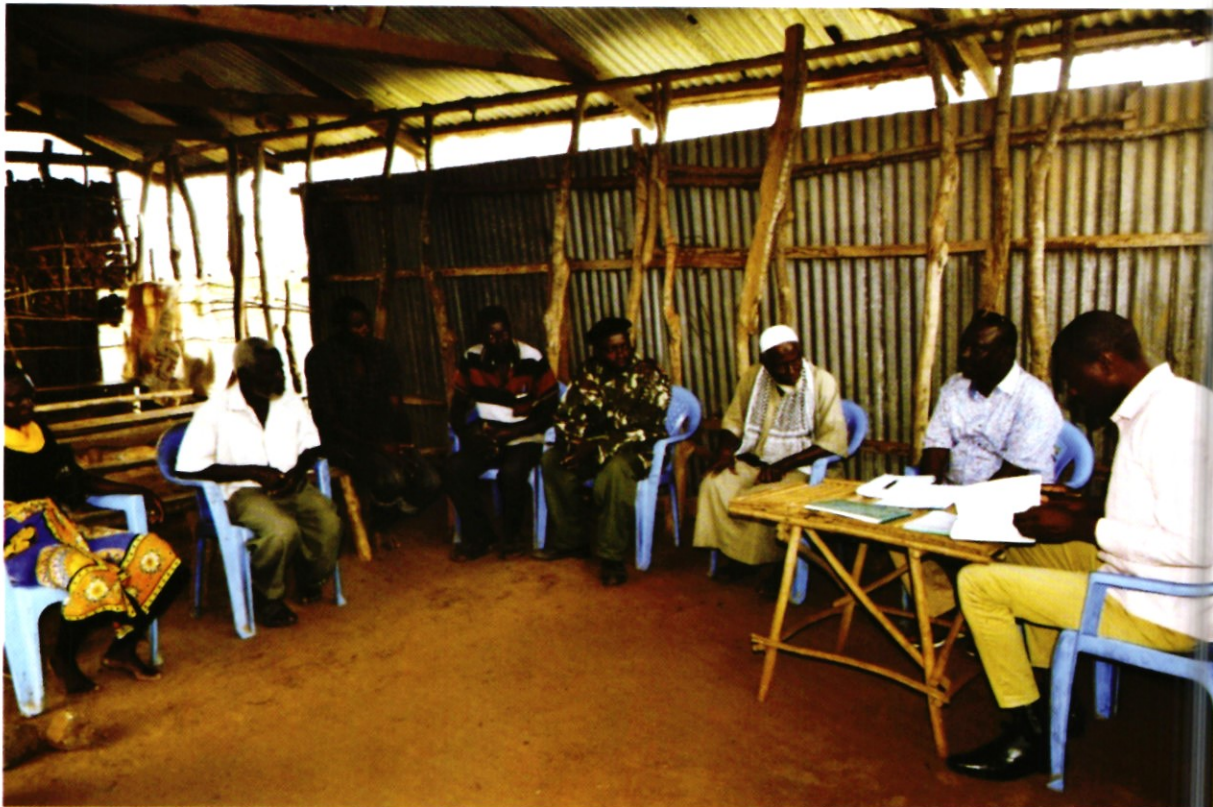
The Commission further adheres to best practices

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

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

## 5.5 Community Engagements

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



*The Commission during a field visit to Kilifi County to identify marginalised areas and to appreciate the extent of marginalisation in some of the sublocations. Focus Group Discussions were conducted in more than 20 counties*



## 6. Commission's Report & Statement of their Responsibilities

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

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

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

The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

### Results

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

### Commissioners

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

### Auditors

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

### Approval of the financial statements

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

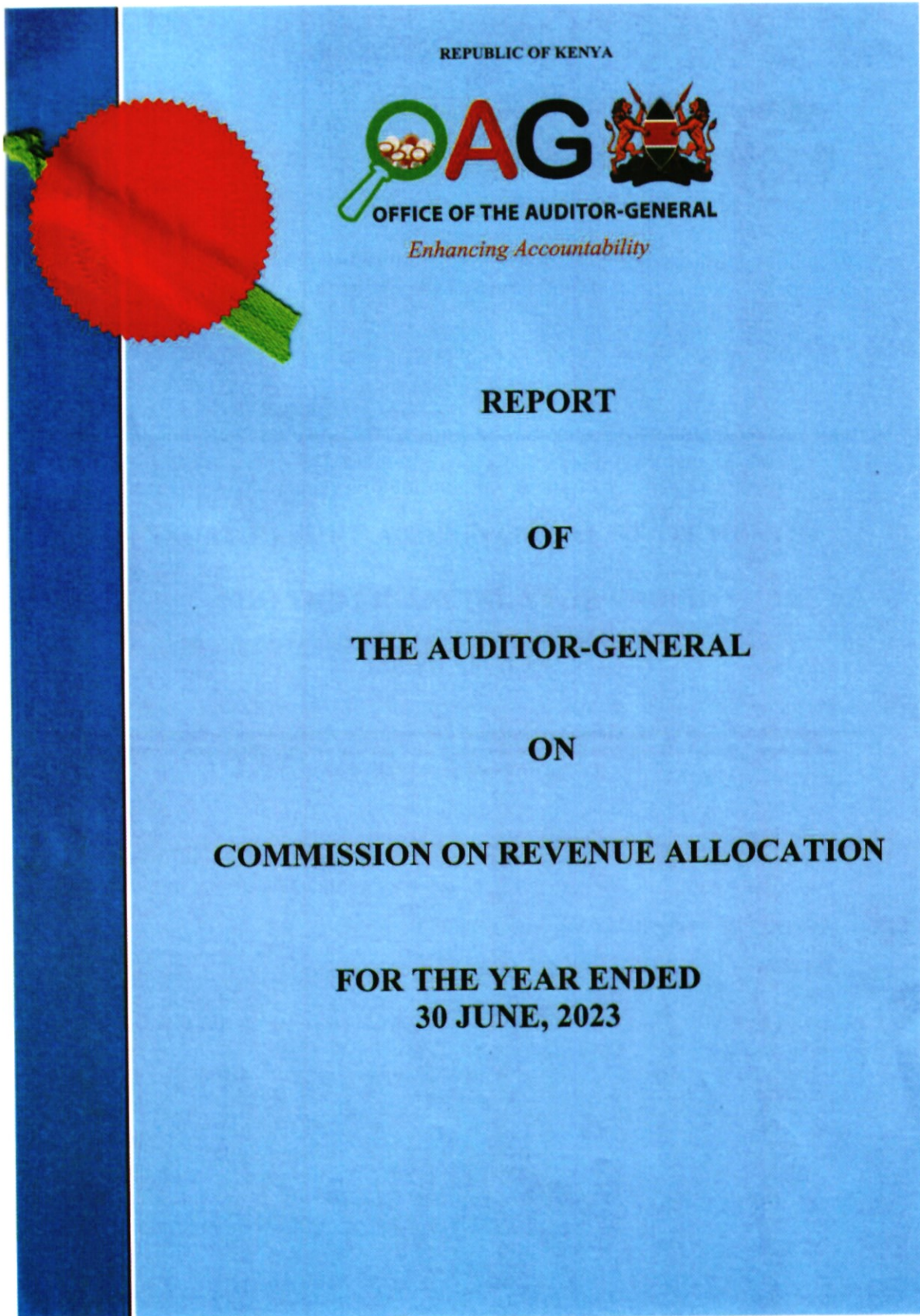


CPA Mary Wanyonyi  
CHAIRPERSON



CPA James Katule  
COMMISSION SECRETARY/CEO

## 7. Report of the Auditor General



## REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

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

---

#### PREAMBLE

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

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

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

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

#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

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

---

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

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

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

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Trade and Other Payables**

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

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

---

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

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

### **Basis for Conclusion**

#### **Irregular Procurement**

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

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

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

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

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

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

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

### **Responsibilities of Management and the Commissioners**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

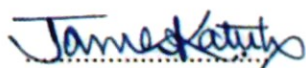
Nairobi

08 January, 2024

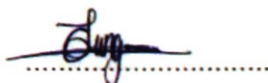
## 8. Statement of Financial Performance for the year ended 30th June 2023

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

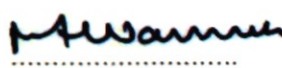
The notes set out on pages 7 to 24 form an integral part of the Financial Statements. These financial statements were approved on 27th September 2023 and signed by:



CPA James Katule  
Commission Secretary / CEO



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

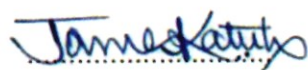


CPA Mary Wanyonyi  
Chairperson of the Commission

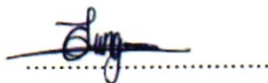
## 9. Statement of Financial Position as at 30th June 2023

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

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



CPA James Katule  
Commission Secretary / CEO



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



CPA Mary Wanyonyi  
Chairperson of the  
Commission

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

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


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



CPA James Katule  
Commission Secretary /  
CEO



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



CPA Mary Wanyonyi  
Chairperson of the Commission

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

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

## 12. Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2023

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

### Note:

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

## 13. Budget Execution

### i. By Programmes and Sub-Programmes (Exchequer)

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

### ii. By Economic Classification (Exchequer)

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

## iii. Summarised Budget (Exchequer and A.I.A)

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

## 14. Notes to the Financial Statements

### 1. General Information

The Commission on Revenue Allocation (CRA) was established under Article 215 of the Constitution of Kenya. The Commission's principle responsibility is to provide an objective and independent framework for equitable sharing of nationally raised revenues.

The Commission also plays a key role in ensuring that the county governments adhere to prudent financial management principles, enhance revenues for both national and county government. Further, the Commission plays a critical role in addressing regional disparities by proposing recommendations aimed at accelerating balanced development in the country, especially marginalised areas.

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

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

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

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

### 3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a Fund's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ol style="list-style-type: none"> <li>a. Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>b. Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>c. Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ol> <p><b><i>The changes have been assessed and have no effect on the operations of the Commission.</i></b></p>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>a. The nature of such social benefits provided by the Commission;</li> <li>b. The key features of the operation of those social benefit schemes; and</li> <li>c. The impact of such social benefits provided on the Commission's financial performance, financial position and cash flows.</li> </ol> <p><b><i>The standard is relevant and was earlier adopted by the Commission as per note 4(iv) below.</i></b></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <ol style="list-style-type: none"> <li>a. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ol> <p><b><i>The changes have been assessed and have no effect on the operations of the Commission.</i></b></p>

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

## ii. Early adoption of standards

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

## 4. Summary of Significant Accounting Policies

### (i) Revenue recognition

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

#### a. Revenue from non-exchange transactions – IPSAS 23

##### Transfers from other government entities

The Commission recognizes revenue from exchequer allocation when the monies are received, and asset recognition

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

**b. Revenue from exchange transactions  
Proceeds from sale of assets / goods**

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

**(ii) Non-Current Assets**

**a. Property, Plant and Equipment – IPSAS 17**

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

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. Depreciation is calculated on the cost of the fixed assets on a straight-line basis at annual rates estimated to write off these assets over their expected useful life.

Additionally, depreciation on assets disposed during the financial year is calculated up to the month of disposal. It is the Commission's policy to charge full depreciation on all its non-current assets in the year of purchase if the acquisition was done in the first half year.

**b. Revaluation of Motor Vehicles**

The Commission undertook a revaluation of its fully depreciated vehicles which were still in usable condition in FY 2021/22. The Revaluation was done for a total of 15 vehicles with a cost of **Kshs. 108,355,969**

all of which had been fully depreciated to a Net Book Value of zero. Through the exercise the Commission realised a revaluation surplus of **Kshs. 33,972,000**

**c. Mortgage and Car Loan Fund Accounts**

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

**Fringe Benefit Tax**

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

The taxable value of Fringe Benefit tax is determined as;

(a) (Market Int rate for the month – Interest charged to employees) x Loan amount

(b) Fringe benefit Tax payable by the Commission = (a) x 30%

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

**d. Covid 19 Fund Account**

The Commission established a Covid 19 Fund with capital outlay of **Kshs. 5,130,000**. The fund is administered by Jubilee Insurance (Current medical insurance service provider). The purpose of this fund is to offer assistance to both Commissioners and Staff in lessening the costly medical burden whenever a need arises. This fund is administered independently from the normal staff medical scheme.

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

**e. Intangible Assets – IPSAS 31**

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

**f. Annual Depreciation & Amortization rates**

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

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

**(iii) Budget information**

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Annex V of the financial statements.

**(iv) Provisions – IPSAS 19**

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

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

The Commission operates a private retirement benefit scheme with APA Assurance Limited and administered by ICEA for all its permanent and pensionable employees. An amount equivalent to 20% and 31 % of basic is set aside as pension and gratuity for all permanent and contractual employees respectively. Additionally, all the employees are members of the statutory National Social Security Fund (NSSF)

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

**(vi) Related parties – IPSAS 20**

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

**(vii) Public Sector Combinations – IPSAS 40**

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

**(viii) Cash and Cash equivalents**

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

#### (ix) Pending Bills

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

### 5. Financial Risk Management

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

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

#### (i) Credit Risk Management

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

Credit risk with respect to accounts receivable is limited due to the nature of the Commission's business and its reliance on government grant as the main source of funding. The amount that best describes the Commission's exposure to credit at the end of the financial year is made up of;

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

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

#### (ii) Liquidity Risk

This is the risk that the Commission will not be able to meet its financial obligations when they fall due. The Commission manages this risk by always ensuring there is sufficient liquidity to meet its liabilities when due, under both normal and constrained conditions, without incurring unexpected losses.

Further, the Commission ensures availability of sufficient cash on demand to meet expected operational expenses including servicing of financial obligations.

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

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

### 6. Contingent liabilities

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

### 7. Comparatives

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

### 8. Subsequent Events

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

### 9. Significant Judgements and Sources of information uncertainty

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Commission estimates accrued gratuity payable to contractual staff at end of their contract. Gratuity is based at 31% of their basic pay.

### 10. Estimates and assumptions

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

### 11. Useful lives and residual values

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

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

### 12. Provisions

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

### 13. Revenue from non-exchange transactions

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

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

### 14. Other Income (A.I.A)

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

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

### 15. Revenue from exchange transactions

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

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

**16. Employees Costs**

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

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

**17. Commissioner's Expenditure**

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

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

**18. Depreciation and amortization expenditure**

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

**19. Repairs and maintenance**

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

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

**20. General expenses**

Description	2022-2023 Kshs.	2021-2022 Kshs.
Utilities Supplies -Electricity	2,156,656	1,919,972
Communication Supplies & Services	4,091,309	4,616,133
Domestic Travel costs	29,294,679	21,011,413
Pre-feasibility Studies and Research		2,582,803
Foreign Travel Costs	13,168,191	7,298,821
Printing Advertising & Information	7,834,946	6,624,936
Rent Expenses	66,360,502	55,998,549
Hire of Transport	194,940	63,114
Training Expenses	9,082	8,042,478

Description	2022-2023 Kshs.	2021-2022 Kshs.
Catering Services	3,175,121	1,581,179
Boards, Seminars & Conferences	20,946,766	15,951,088
Boards, Seminars & Conferences - Audit Committee	191,000	176,000
Insurance Costs ( Motor Vehicle & Plant and Machinery )	4,601,161	3,669,527
Specialised Materials & Supplies - Library Books		434,690
Office & General Expenses	4,257,562	3,932,196
Fuel oils and Lubricants	10,082,714	6,677,929
Security Guards	995,313	803,922
Cleaning Services	1,355,673	2,008,476
Membership fee, Dues and Subscriptions	449,680	533,152
Contracted Professional Services	6,303,904	526,732
Contracted Professional Services - Audit Fee OAG	464,000	464,000

Description	2022-2023 Kshs.	2021-2022 Kshs.
Fringe Benefit Tax (Mortgage & Car Loan Schemes)	2,177,684	1,390,769
Expenditure on Covid Fund	-	2,358,685
<b>Sub total</b>	<b>178,110,881</b>	<b>148,666,564</b>

#### 21. Expenditure funded by A.I.A

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

The significant increase in general expenses was due to among other items; i) increased domestic and

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

#### 22. Finance costs

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

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

#### 23. Surplus remission of unspent Exchequer

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

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

#### 24. Cash and Cash equivalent

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

For the purposes of the cash flow statements, cash and cash equivalent comprise cash in hand, cash

book balance and bank balances at the end of the period. Bank account balances include amounts held at Central bank of Kenya at the end of financial year.

## 25. Receivables

### (a) Short Term Receivables

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

**26. Property, Plant and Equipment**

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

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

**26.a. Write Offs**

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

**26.b. Revaluation of Motor Vehicles**

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

**27. Intangible assets**

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

**28. Mortgage Account (Restricted cash)**

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

**29. Car Loan Account (Restricted cash)**

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

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

**30. Covid 19 Fund Account**

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

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

**31. Trade and other payables from exchange transactions**

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

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

### 32. Prior years adjustments

Description	2022-2023 Kshs.	2021-2022 Kshs.
Trade Payables	98,274	
<b>Total trade</b>	<b>98,274</b>	<b>-</b>

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

### 33. Cash generated from operations

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



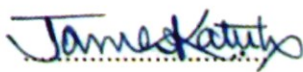


## 15. Appendices

### Appendix I. Progress on follow up of Audit recommendations

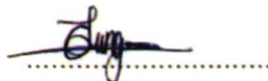
The Commission received Unqualified Audit opinion in financial year 2021/22. One governance issue below was, however, raised on lawfulness and effectiveness in use of public resources.

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



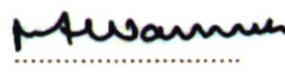
CPA James Katule

**Commission Secretary / CEO**



CPA Maureen K. Junge

**Finance Manager**  
ICPAK M/No. 9883



CPA Mary Wanyonyi

**Chairperson of the Commission**

## 15.2 Appendix II: Analysis of Pending Accounts Payables (Kshs)

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

S/ No.	Item	Supplier	Description	Year	Closing Balance FY 21/22	Pv No.	Paid In FY 22/23	Prior Year's	Pending For FY 22/23	Closing Balance FY 22/23
			<b>2210900</b>		-		-	-	3,732,482	3,732,482
19	2210802	TeamsThatwin Consultants Ltd	Documentary Services	21/22	100,092	CRA/PV08569/1	100,092			-
			<b>2210802</b>		<b>100,092</b>		<b>100,092</b>	-	-	-
20	2211201	NOCK	Fuel Balance for May 22		147,005	7983	147,005			-
21	2211201	NOCK	Fuel - Bill June 22		478,929	7984	478,929			(0)
22	2211201	Ramji Devani	Fuel Balance for May 23			8680			389,558	389,558
23	2211201	Ramji Devani	Fuel - Bill June 23						954,294	954,294
			<b>2211201</b>		<b>625,934</b>		<b>625,934</b>	-	<b>1,343,852</b>	<b>1,343,852</b>
24	2211305	Jeppo Cleaning Services	Cleaning -Bal for June 2022	21/22	100,000	8021	100,000			-
			<b>2211305</b>		<b>100,000</b>		<b>100,000</b>	-	-	-
25	2211310	Paul Nyamodi & Co. Advocates	Legal Counsel	19/20	500,000	8565/1	450,000	50,000		-
26	2211310	Dr. Linda Musumba & Co. Advocate	Legal Counsel	20/21	450,000					450,000
27	2211310	Auditor General	Audit fee for 2021/22	21/22	464,000					464,000
28	2211310	Auditor General	Audit fee for 2021/22	22/23					464,000	464,000
			<b>2211310</b>		<b>1,414,000</b>		<b>450,000</b>	<b>50,000</b>	<b>464,000</b>	<b>1,378,000</b>
29	2220101	CFAO Motors Ltd	Jun-23	22/23		8863			7,830	7,830
30	2220101	NOCK	Jun-23	22/23					173,800	173,800
			<b>2220101</b>		-		-	-	<b>181,630</b>	<b>181,630</b>
		<b>Mortgage &amp; Car Loan Expenses</b>								
31	4110403	Mortgage Fringe Benefit Tax		21/22	60,703	280922	60,703			(0)
32	4110403	Mortgage Fringe Benefit Tax		22/23					333,036	333,036

**15.3: Appendix III: Analysis of Pending Staff Payables (Kshs)**

S/ No.	Item	Supplier	Description	Year	Closing Balance FY 21/22	Pv No.	Paid In FY 22/23	Prior Year's	Pending For FY 22/23	Closing Balance FY 22/23
			<b>4110403 &amp; 4110405</b>		<b>60,703</b>		<b>60,703</b>	<b>-</b>	<b>333,036</b>	<b>333,036</b>
33	3111112	Software Technologies	E Board	22/23					234,900	234,900
			<b>3111112</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>234,900</b>	<b>234,900</b>
		<b>Total Pending Bills</b>			<b>3,242,636</b>		<b>2,230,362</b>	<b>98,274</b>	<b>6,830,820</b>	<b>7,744,820</b>

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

### 15.4: Appendix IV: Prior Year's Adjustments

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

**15.5: Appendix V: Reconciliation on Budget, Accrued and Actual Financial Statements**

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
	A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K
0		Approved Budget	540,819,212			540,819,212						535,820,164
		<b>EXPENDITURE</b>				-						
1	2110101	Basic Salaries - Civil Service	110,399,984	115,508,734		115,508,734						115,508,734
2	2110202	Casual Labour - Others	842,192	444,734		444,734						444,734
3	2110301	House Allowance	24,797,163	22,753,646		22,753,646						22,753,646
4	2110309	Special Duty Allowance	2,311,687	2,272,667		2,272,667						2,272,667
5	2110310	Top-up Allowance	2,443,889	1,150,468		1,150,468						1,150,468
6	2110312	Responsibility Allowance	3,437,144	2,277,204		2,277,204						2,277,204
7	2110314	Transport Allowance	10,055,775	9,855,000		9,855,000						9,855,000
8	2110316	Security Allowance		-		-						-
9	2110320	Leave Allowance	3,166,303	1,427,083	375,000	1,802,083				5,000		1,807,083
10	2110405	Telephone Allowance	11,642,974	3,598,226	7,391,000	10,989,226						10,989,226

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K	
11	2120103	Employer Contribution to Staff Pensions Scheme	22,465,346	21,133,913		21,133,913						21,133,913
		<b>Salary and Allowances</b>	<b>191,562,457</b>	<b>180,421,676</b>	<b>7,766,000</b>	<b>188,187,676</b>	-	-	-	5,000	-	<b>188,192,676</b>
						-						-
12	2710102	Gratuity - Civil Servants	928,139	2,392,091		2,392,091					1,463,952	928,139
13	2210901	Group Life	1,311,350	1,697,537		1,697,537	1,369,700	983,513				1,311,350
14	2210910	Medical Insurance & WIBA	21,047,956	22,783,134	140,638	22,923,772	11,347,483	12,881,303			3,511,815	20,945,777
		<b>Employee Benefits</b>	<b>23,287,444</b>	<b>26,872,762</b>	<b>140,638</b>	<b>27,013,400</b>	<b>12,717,183</b>	<b>13,864,815</b>	-	-	<b>4,975,767</b>	<b>23,185,265</b>
		<b>Salaries and Employees benefits</b>	<b>214,849,901</b>	<b>207,294,437</b>	<b>7,906,638</b>	<b>215,201,076</b>	<b>12,717,183</b>	<b>13,864,815</b>	-	5,000	<b>4,975,767</b>	<b>211,377,941</b>
						-						-
15	2210101	Electricity	2,236,000	2,156,656		2,156,656				206,267	192,272	2,170,651
16	2210102	Water and Sewerage Charges	-			-						-
		<b>Utilities</b>	<b>2,236,000</b>	<b>2,156,656</b>	-	<b>2,156,656</b>	-	-	-	<b>206,267</b>	<b>192,272</b>	<b>2,170,651</b>



No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K	
24	2210401	Travel Costs (airlines, bus, railway, etc.)	11,000,000	10,863,973		10,863,973						10,863,973
25	2210403	Daily Subsistence Allowance	9,000,000	2,304,218	6,820,632	9,124,850						9,124,850
		<b>Foreign Travel</b>	<b>20,000,000</b>	<b>13,168,191</b>	<b>6,820,632</b>	<b>19,988,823</b>	-	-		-	-	<b>19,988,823</b>
						-						-
26	2210502	Publishing & Printing Services	7,499,757	7,462,166		7,462,166						7,462,166
27	2210503	Subscriptions to Newspapers, Magazines and Periodicals	373,552	372,780		372,780						372,780
28	2210504	Advertising				-						-
29	2210505	Trade Shows and Exhibitions				-						-
		<b>Printing and Advertising</b>	<b>7,873,309</b>	<b>7,834,946</b>	-	<b>7,834,946</b>	-	-	-	-	-	<b>7,834,946</b>
						-						-
30	2210603	Rents and Rates - Non-Residential	126,000,373	66,360,502		66,360,502		59,086,043		553,548		126,000,093
31	2210604	Hire of Transport, Equipment	195,000	194,940		194,940						194,940
		<b>Rentals of prodced assets</b>	<b>126,195,373</b>	<b>66,555,442</b>	-	<b>66,555,442</b>	-	<b>59,086,043</b>	-	<b>553,548</b>	-	<b>126,195,033</b>



No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
	A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K
38	2211016	Purchase of Uniforms and Clothing - Staff				-						-
		<b>Library Supplies and Uniforms</b>	-	-		-	-	-	-	-	-	-
39	2211101	General Office Supplies (papers, pencils, forms, small office equipment etc)	3,418,546	3,372,503		3,372,503						3,372,503
40	2211102	Supplies and Accessories for Computers and Printers	2,227,783	2,222,052		2,222,052						2,222,052
41	2211103	Sanitary and Cleaning material	-			-						-
		<b>General office supplies</b>	<b>5,646,329</b>	<b>5,594,555</b>	-	<b>5,594,555</b>	-	-	-	-	-	<b>5,594,555</b>
						-						-
42	2211201	Refined Fuels and Lubricants for Transport	9,382,035	10,082,714		10,082,714				625,934	1,343,852	9,364,796
		<b>Fuel</b>	<b>9,382,035</b>	<b>10,082,714</b>	-	<b>10,082,714</b>	-	-	-	<b>625,934</b>	<b>1,343,852</b>	<b>9,364,796</b>
43	2211301	Bank Charges	63,000	62,892		62,892						62,892

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K	
44	2211305	Contracted Guard & Cleaning Services	2,455,000	2,350,986		2,350,986				100,000		2,450,986
45	2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	918,008	449,680	349,500	799,180				34,044		833,224
46	2211310	Contracted Professional Services	6,786,474	6,767,904		6,767,904			50,000	450,000	464,000	6,753,904
		<b>Other operation Costs</b>	<b>10,222,482</b>	<b>9,631,462</b>	<b>349,500</b>	<b>9,980,962</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>584,044</b>	<b>464,000</b>	<b>10,101,006</b>
47	4110403	Housing loans Fringe Benefit Expense	12,000,000									-
48	4110405	Car loans Fringe Benefit Expense	3,155,352									-
		Fringe Benfit Tax	15,155,352	-	-	-	-	-	-	-	-	-
		<b>General Expenditure</b>	<b>267,774,061</b>	<b>177,333,081</b>	<b>15,236,732</b>	<b>192,569,813</b>	<b>3,673,700</b>	<b>62,727,385</b>	<b>98,274</b>	<b>2,203,702</b>	<b>2,613,539</b>	<b>251,213,661</b>
						-						-
49	2220101	Maintenance Expenses - Motor Vehicles	6,340,339	6,515,869		6,515,869					181,630	6,334,239

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K	
50	2220201	Maintenance of Plant, Machinery and Equipment (including lifts)	695,450	641,856		641,856						641,856
			7,035,789	7,157,725	-	7,157,725	-	-	-	-	181,630	6,976,095
51	3110302	Refurbishment of Non-Residential Buildings	80,860	79,930		79,930						79,930
52	3110701	Purchase of Motor Vehicles	38,340,000	38,340,000		38,340,000						38,340,000
53	3111001	Purchase of Office Furniture and Fittings	200,000	140,000		140,000						140,000
54	3111002	Purchase of Computers, Printers and other IT Equipment	8,847,390	8,847,390		8,847,390						8,847,390
55	3111009	Purchase of other Office Equipment	-			-						-
56	3111112	Purchase of Software	3,691,211	3,924,697		3,924,697					234,900	3,689,797
57	4110403	Housing loans to public servants		12,000,000		12,000,000						12,000,000

No.	Item	Details	Revised Estimates	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 21/22	C/D Prepayments 22/23	Prior Year Adjustments	Accruals Paid in FY 22/23	Accruals from FY 22/23	Actual Cash Expenditure
A	B	C	D	E	F	G	H	I	J	K	L=F-G+H+J-K	
58	4110405	Car loans to public servants		3,427,684		3,427,684				60,703	333,036	3,155,351
		<b>Capital Expenditure</b>	<b>51,159,461</b>	<b>66,759,701</b>	<b>-</b>	<b>66,759,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,703</b>	<b>567,936</b>	<b>66,252,468</b>
		<b>Total Expenditure</b>	<b>540,819,212</b>	<b>458,544,944</b>	<b>23,143,370</b>	<b>481,688,314</b>	<b>16,390,883</b>	<b>76,592,200</b>	<b>98,274</b>	<b>2,269,405</b>	<b>8,338,872</b>	<b>535,820,164</b>

