COMMISSION ON REVENUE ALLOCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013-2014

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ANNUAL REPORT AND FINANCIAL STATEMENTS

2013-2014

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STATEMENT FROM THE CHAIRMAN

It gives me great pleasure to present the Commission's third Annual Report for the year 2013/2014.

The reporting year is a milestone in the history of devolution in Kenya. Firstly, most counties recruited key staff to undertake their functions. Secondly, it is within the same year that counties broke ground for maiden development projects. In May 2014, the First Devolution Conference celebrated the milestone and brought challenges to the fore. However, as a Commission we shall seek to undertake all that is within our mandate to ensure that devolution will live to its full promise.

The main mandate of the Commission on Revenue Allocation is to make recommendations on revenue sharing. In this regard, the Commission recommended Kshs. 230 billion as equitable share of revenue for county governments for the financial year 2013/2014. However, Parliament approved Kshs. 190 billion, with an additional Kshs. 20 billion as conditional grants. The equitable share constituted 31% of audited and approved shareable revenue of Kshs. 608 billion as computed from the exchequer account for year 2010/11.

In 2013/14, we promoted sustainable development as well as accountable exercise of power by devolved governments. We made numerous recommendations to county governments and contributed to various financial bills. Most notably, we introduced the concept of ceilings to county governments to ensure that devolved services and development activities get more funding. We also made significant contributions to the Mining Bill.

The Commission, together with partners, designed and executed a training dubbed 'Kenya Governance Strategic Execution Support (KEGOSES)' project. Senior officers from all 47 counties were trained on five (5) modules of Public Finance Management; thus building their technical expertise in the area of public finance management.

On the other hand, the Auditor General gave the Commission on Revenue Allocation a clean bill of health after the 2012/2013 national audit report was released. This comes as positive news for the Commission and is evidence that in the quest to undertake its mandate, the Commission is practising the tenets of financial discipline and probity.

Some of the challenges experienced included mistrust amongst devolution stakeholders that manifested through constant wrangling and impeachments; inaccurate and inadequate data to inform decision making as well as lack of standards and norms on acceptable service delivery levels. We wish to report that we have so far forged collaborative partnerships, which we hope will solve these problems.

Going forward, I wish to reiterate CRA's commitment to national values in all our engagements. At the core of our recommendations will always be equity and public participation, accountability and transparency in order to promote an equitable society.

My gratitude goes out to the national government, county governments, Parliament, other commissions and independent offices, development partners, fellow commissioners and the Secretariat to the Commission for their support towards fulfilling our mandate.

Micah Cheserem

Chairman

STATEMENT FROM THE SECRETARY/CHIEF EXECUTIVE OFFICER

The year 2013/14 is the second year of implementation of our Strategic Plan (2013-2015). During the year, the Commission continued to pursue its strategic direction of promoting an equitable society by making transparent and evidence-based recommendations on resource sharing.

In this report, we share with you an overview of the past year; the success we had, the challenges we faced, the lessons we learnt and our future outlook in the medium term. We also publish our financial returns for the year.

Our success has been achieved by building amicable, synergistic and mutually beneficial networks both internally and externally. We also reaped the dividends of investing in people and systems. We realised value in consulting widely and built goodwill by embracing national values and observing principles of good governance. However, we also faced some challenges, which included scarcity of resources. We responded by wise optimisation and austerity measures thus enabling us to undertake our mandate.

As we take this time to reflect upon the past year and ponder the coming one, let me take this opportunity to thank every individual and institution with whom we worked closely. We wish to let you know that your cooperation remains dear to us, now and in the future.

George Ooko

Commission Secretary / CEO

ABBREVIATIONS

ADP	Annual Development Plan
CIDP	County Integrated Development Plans
CDF	Constituency Development Fund
CoK	The Constitution of Kenya 2010
CBROP	County Budget Review and Outlook Paper
CoG	Council of Governors
CTs	County Treasuries
CFSP	County Fiscal Strategy Paper
IBEC	Intergovernmental Budget and Economic Council
MDA's	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
NT	National Treasury
OCOB	Office of the Controller of Budget
O&M	Operations and Maintenance
PFM	Public Finance Management
PFMA	Public Finance Management Act 2012
TA	Transition Authority

1
INTRODUCTION

1 INTRODUCTION

The financial year 2012/13 was the first year of implementation of devolution. This is because the first general election to be held after the promulgation of the Constitution of Kenya 2010 was held on 4th March 2013. This election brought about devolved governments as enshrined in the Constitution.

In 2013/14, counties received the first equitable allocation of revenue from national government, thereby heralding a new dawn in which local communities would set their development agenda and participate in the implementation of decisions, marking a watershed in the practice of public finance in the country.

In the new dispensation, planning is decentralised and implementation of programmes is by county governments. The new system is further characterised by:

- Complete separation of roles of Parliament and the Executive on matters of public finance management.
- Transparent budget process managed by Parliament as opposed to The National Treasury.
- Horizontal sharing decided by the Senate in which all counties are equally represented.
- Resource allocation determined by a transparent formula.
- Evidence-based recommendations on revenue allocation.

This report presents the projects and activities undertaken in 2013/2014.

SOME DEVOLUTION ACHIEVEMENTS

On-going road construction in West Pokot County.

A well-stocked pharmacy in Wajir County Referral Hospital

2
THE MANDATE AND ROLE OF THE COMMISSION

2 THE MANDATE AND ROLE OF THE COMMISSION

The Commission on Revenue Allocation was established in December 2010 pursuant to Article 215 of the Constitution of Kenya 2010. The following laws are relevant to CRA's establishment, mandate, functions and objectives:

a) The Constitution of Kenya 2010.

b) Commission on Revenue Allocation Act 2011.

c) Public Finance Management Act 2012.

d) County Governments Act 2012.

e) Leadership and Integrity Act 2012.

f) Intergovernmental Relations Act 2011.

g) Transition to Devolved Governments Act 2011.

h) Urban Areas and Cities Act 2011.

Article 216 of the Constitution provides that the principal function of CRA is to make recommendations concerning the basis for equitable sharing of revenue raised by the national government. This mandate is further buttressed by the CRA Act No. 16 of 2011.

Sharing of revenue has two aspects. The first aspect, commonly known as vertical sharing, involves a determination of the proportion of nationally-raised revenue that should be allocated to national and to county governments. The role of CRA in this aspect of revenue sharing is provided for in Article 216 (1) (a) of the Constitution of Kenya 2010.

The second aspect of revenue sharing, commonly known as horizontal sharing, involves sharing of revenue amongst county governments. The role of CRA in this aspect of revenue sharing is provided for in Article 216 (1) (b) of the Constitution of Kenya 2010. The two revenue-sharing roles are further emphasised by the Public Finance Management Act 2012.

Summary of the Roles of CRA and the Respective Mandates

Role	Mandate
Recommend on the sharing of revenue between national and county levels of government	**Article 216(1) (a) of the CoK**
Recommend on the sharing of revenue among county governments	**Article 216 (1) (b)**

Recommend on other matters concerning financing of, and financial management by, county governments as required by the Constitution and any other law	**Article 216 (2)**
To be consulted when any bill is published concerning sharing of revenue, or any financial matter concerning county governments;	**Article 205**
To promote and give effect to the criteria laid down in Article 203 (1) while making recommendations on sharing of revenue;	**Article 216 (3)**
To enhance revenue while making recommendations on sharing of revenue;	**Article 216 (3)**
To promote fiscal responsibility while making recommendations on the sharing of revenue;	**Article 216 (3)**
To be consulted before the transfer of assets and liabilities to county governments	**Transition to Devolved Government Act 2011**
To determine, publish and regularly review a policy in which is set out the criteria by which to identify marginalized areas for purposes of Article 204 (2)	**Article 216(4)**
To make recommendations on any bill appropriating money out of the Equalisation Fund	**Article 204 (4)**
To make recommendations on amounts of funds earmarked for specific purposes such as the Constituency Development Fund (CDF)	**Commission on Revenue Allocation Act**

2.1 Vision

A trusted and effective adviser on equitable distribution of resources for rapid and balanced economic growth.

2.2 Mission

To make recommendations on equitable sharing of revenue, financing of, and financial management for both national and county governments.

2.3 Strategic Outcome Areas

The Commission has adopted a results-based approach in its Strategic Plan. The Strategic Plan highlights four key results areas to guide the Commission's work and serve as the basis for its accountability. The key result areas are:

1. Robust devolved fiscal systems and transfers.

2. Public financing and financial management .

3. Revenue enhancement.

4. Institutional capacity.

The Commission shall also be consulted and its recommendations considered before Parliament passes any bill appropriating money out of the Equalisation Fund.

2.4 Measures to Implement CRA's Strategy

The Commission has identified the following key strategic interventions to deliver on its institutional mandate:

1. Develop and review public finance principles and criteria, macroeconomic policies, legal and institutional frameworks as well as knowledge, systems and structures that are necessary for a fiscally decentralised government..
2. Develop and review policies and principles for equitable sharing of revenue as well as effective roll-out of the Equalisation Fund.
3. Monitor public expenditure, support intergovernmental relations on financial management and ensure effective and accountable public finance management by county governments.
4. Enhance sources of revenue for both county and national governments; review and recommend existing legal frameworks and taxation regimes governing revenue sources of county and national governments and support identification, mapping exploitation and value addition of natural resources.
5. Attract, develop and retain competent staff; develop and implement service delivery systems and infrastructure; embracing ICT as well as developing and retaining a positive corporate image.

Commissioner Prof. Raphael Munavu listens to county officials from Mandera County explain the ploughing process that is about to commence

3
THE ORGANISATION

3 THE ORGANISATION

This chapter gives an insight into how CRA has organised its work as a Commission to deliver on its mandate. The Commission is made up of nine members supported by a Secretariat comprising five directorates, namely:

1. Fiscal Affairs whose functions are: clarify and cost functions for the national and county governments, support the development of devolution structures as well define and enhance revenue sources.
2. Research and Policy whose functions are: conduct research and policy analysis and offer advice on various issues pertinent to the Commission's mandate, engage stakeholders within and outside the government to improve data and research.
3. Legal Affairs: This directorate prepares working papers and advisory opinions on draft bills relating to CRA's mandate and also works with other stakeholders in the development of devolution bills.
4. Information Communication and Technology (ICT) whose functions are: to set up and maintain ICT support structures within the Commission as well as advise the Commission on current trends and practices within the ICT industry.
5. Corporate Services whose functions are: human resource management, finance and accounting and general administration.

Other key functional areas are Natural Resources, Communications and Internal Audit.

3.1 Committees and Thematic Areas

The Commission carries out its technical and administrative work through committees based on thematic areas, which are outlined below:

1. **Technical Committee:** The Committee coordinates the work of technical divisions of the Commission as carried out by the Fiscal Affairs directorate as well as the Research and Policy directorate. It deals with issues touching on revenue allocation as well as development and review of policies on public finance.
2. **Audit Committee:** The Committee ensures that the Commission complies with all regulatory requirements. It also ensures that Commission activities conform to the Strategic Plan and other internal policies and procedures.
3. **Finance Committee:** The Committee ensures that the Commission has sufficient resources to meet its obligations as and when they fall due. It also safeguards the assets entrusted to the organisation's care and ensures integrity of financial statements and disclosures made by the Commission.
4. **Human Resources and Communications Committee:** It is charged with ensuring that the Commission recruits, trains and retains an optimal pool of motivated staff; it also ensures that the Commission engages all stakeholders.

5. **Information Communication and Technology Committee:** The Committee makes recommendations to the Commission on adoption of current trends in information and communication technology, and also advises the Commission on ICT solutions to recommend to counties.

6. **Procurement Oversight and Advisory Committee:** The Committee ensures compliance with procurement legislation.

3.2 County Visits

As part of the endeavour to make evidence-based recommendations, the Commission designs and implements field visit programmes to establish baselines and subsequently evaluate progress by county governments.

The CRA team led by Commissioner Prof. Joseph Kimura (4th left) together with H.E. Kizito Wangalwa, the Deputy Governor, Busia County, and other county officials during a county visit.

3.3 Advisories

The Commission develops and recommends social and economic policy to various institutions. Some of CRA's recommendations have been adopted for enforcement by public finance management (PFM) oversight agencies as prudential regulations; hence giving them the authoritative effect of subsidiary legislation. For instance, the recommendation on county budget ceilings.

3.4 Stakeholder Engagements

The Commission works through close consultations with its stakeholders. These stakeholders include: Senate, the National Assembly, The National Treasury, county assemblies, county governments, ministries, departments and agencies (MDAs), non-state actors, the media and the general public.

Micah Cheserem (right), CRA chairman, engages with youth from Nairobi County during a tour of Kariokor Market, Nairobi County.

3.5 Collaborations and Partnerships

The Commission collaborates on assignments and projects with institutions of higher learning, development partners, other commissions and independent offices, the national government and MDAs as well as the Intergovernmental Budget and Economic Council (IBEC) in order to advance its mandate.

3.6 Best Practices

The Commission monitors countries implementing devolution for best practices on public finance management in a fiscally decentralized environment and reviews such practices to inform its recommendations. The Commission finds these practices either through desk research or by study visits. In addition, the Commission identifies and documents best practices in counties for adoption by other counties.

Fatuma Abdulkadir (front centre), Vice Chairperson CRA, together with members of the community from Homabay county who are constructing a road.

3.7 Research and Continuous Learning

The Commission supports all its programmes and activities through research. Recommendations are arrived at through rigorous simulation, testing and analysis so as to ensure that they can work in practice and also achieve results that are consistent with stated policy positions.

3.8 Annual Reporting

The Commission reports annually through a framework established by the Constitution of Kenya 2010 and the CRA Act 2011. It reports on its activities, financial returns, relevant additional statistics and other information it deems necessary to communicate to the public. Through this report, the Commission communicates to the public how it has exercised authority granted through its mandate and also how it has used public resources allocated to it.

4
CRA PERFORMANCE REVIEW

4 CRA PERFORMANCE REVIEW

4.1 Introduction

During the reporting year, the Commission recorded significant gains in discharging its mandate. This chapter highlights the main achievements of the Commission from 1st July 2013 to 30th June 2014.

4.2 Fiscal Decentralisation Systems and Transfers

The Commission continues to develop a framework for fiscal decentralisation, which incorporates national values as well as the criteria laid out in Article 203 of the Constitution of Kenya 2010. During the reporting period, the Commission made recommendations and advisories on matters relating to decentralisation systems and fiscal transfers that have enabled successful implementation of devolution.

4.2.1 Fiscal Transfers

4.2.1.1 Division of revenue between national and county governments

The Commission made its recommendation on division of revenue between national and county governments. The recommendation was informed by wide consultations among stakeholders who include: national government institutions, counties, commissions and independent offices, the Intergovernmental Budget and Economic Council (IBEC), various experts and the public.

Commissioner Amina Ahmed presents the 1st Generation Formula to Trans-Nzoia County stakeholders.

In developing the recommendation on the division of revenue, the Commission adopted the historical expenditure approach in order to arrive at the amount required to meet the cost of devolved functions for county governments for the financial year 2014/15. This entailed aggregation of allocations previously used to run all devolved county functions and the cost of new structures at county level.

Table 1 shows recommendations for two financial years (2013/14 and 2014/15) for comparison purposes.

Table 1: CRA Recommendation on Division of Revenue

Fiscal Year	Shareable Revenue (Kshs. Billions)	County Governments' Share (Kshs. Billions)	National Governments' Share (Kshs. Billions)	% of County Governments' Share
2013/14	682	231	451	34%
2014/15	682	279	403	41%

For the period under review, the Commission recommended Kshs. 279 billion as equitable share to county governments for the financial year 2014/15 up from Kshs. 231 billion recommended the previous financial year as shown in Table 3. However, after consultations with The National Treasury and other stakeholders spearheaded by the Intergovernmental Budget and Economic Council (IBEC), Kshs. 227 billion was approved as equitable share to counties up from Kshs. 190 billion the previous financial year as summarised in Table 2.

Table 2: Revenue Sharing after Consultations with IBEC and approval by Parliament

Fiscal Year	Shareable Revenue (Kshs. Billions)	County Governments' Share (Kshs. Billions)	National Governments' Share (Kshs. Billions)	% of County Governments' Share
2013/14	682	190	492	28%
2014/15	682	227	455	33%

4.2.1.2 Revenue sharing among county governments

The Commission has for the last three years, used the first generation revenue sharing formula that was approved by Parliament in 2012. This formula is currently under review and will be used until end of 2014/15.

The formula review process is in line with Paragraph 16 of the Sixth Schedule to the Constitution of Kenya 2010. As part of the review, the Commission conducted consultative forums with counties, experts and received memoranda from experts and the public. After review and adoption, the second formula will be used for sharing revenue from 2015/16 to 2018/19. The parameters, weights and allocations as used in the current formula are shown in Table 3.

Table 3: Parameters and Weights in the First Generation Formula

Parameter	Weight	Amount 2013/14 (Kshs. Billions)	Amount 2014/15 (Kshs. Billions)
Population	45%	85.5	102
Basic Equal Share	25%	47.5	57
Poverty Index	20%	38	45
Land	8%	15.2	18
Fiscal Responsibility	2%	3.8	5
Total	**100%**	**190**	**227**

Participants at a public participation forum for review of the formula for sharing revenue among county governments in Machakos County.

Thus, based on the First Revenue Sharing Formula, revenue to be shared amongst counties for the financial year 2014/2015 is as shown in Table 4.

Table 4: County Allocations as Equitable Share for 2014/2015 (Kshs. Millions) as approved by Parliament.

No.	County	45% Population		25%	20%	8%	2%	100%	
		Individuals No.	Revenue	Basic Equal Share	Poverty	Land Area	Fiscal Responsibility	Total Revenue	Per Person
1	Baringo	555,561	1,463	1,202	793	308	96	3,863	6,954
2	Bomet	724,186	1,908	1,202	726	163	96	4,095	5,655
3	Bungoma	1,375,063	3,622	1,202	1,595	163	96	6,678	4,856
4	Busia	743,946	1,960	1,202	1,312	163	96	4,733	6,362
5	Elgeyo-Marakwet	369,998	975	1,202	410	163	96	2,845	7,690
6	Embu	516,212	1,360	1,202	518	163	96	3,339	6,468
7	Garissa	623,060	1,641	1,202	846	1,236	96	5,021	8,059
8	Homa-Bay	963,794	2,539	1,202	903	163	96	4,902	5,086
9	Isiolo	143,294	377	1,202	274	709	96	2,659	18,557
10	Kajiado	687,312	1,810	1,202	117	613	96	3,839	5,585
11	Kakamega	1,660,651	4,374	1,202	1,915	163	96	7,750	4,667
12	Kericho	758,339	1,997	1,202	461	163	96	3,919	5,168
13	Kiambu	1,623,282	4,276	1,202	756	163	96	6,493	4,000
14	Kilifi	1,109,735	2,923	1,202	1,900	353	96	6,474	5,834
15	Kirinyaga	528,054	1,391	1,202	226	163	96	3,078	5,829
16	Kisii	1,152,282	3,035	1,202	1,675	163	96	6,171	5,356
17	Kisumu	968,909	2,552	1,202	930	163	96	4,943	5,101
18	Kitui	1,012,709	2,668	1,202	1,503	853	96	6,322	6,243
19	Kwale	649,931	1,712	1,202	1,218	231	96	4,459	6,861
20	Laikipia	399,227	1,052	1,202	386	265	96	3,001	7,517
21	Lamu	101,539	267	1,202	44	176	96	1,785	17,581
22	Machakos	1,098,584	2,894	1,202	1,523	174	96	5,889	5,360
23	Makueni	884,527	2,330	1,202	1,341	224	96	5,194	5,872
24	Mandera	1,025,756	2,702	1,202	3,064	727	96	7,791	7,596
25	Marsabit	291,166	767	1,202	823	1,627	96	4,515	15,506

26	Meru	1,356,301	3,573	1,202	584	194	96	5,649	4,165
27	Migori	917,170	2,416	1,202	1,201	163	96	5,078	5,537
28	Mombasa	939,370	2,474	1,202	587	163	96	4,522	4,814
29	Murang'a	942,581	2,483	1,202	716	163	96	4,660	4,943
30	Nairobi	3,138,369	8,267	1,202	1,579	163	96	11,307	3,603
31	Nakuru	1,603,325	4,223	1,202	1,330	210	96	7,061	4,404
32	Nandi	752,965	1,983	1,202	693	163	96	4,137	5,494
33	Narok	850,920	2,241	1,202	559	502	96	4,600	5,406
34	Nyamira	598,252	1,576	1,202	578	163	96	3,614	6,042
35	Nyandarua	596,268	1,571	1,202	716	163	96	3,747	6,284
36	Nyeri	693,558	1,827	1,202	583	163	96	3,871	5,581
37	Samburu	223,947	590	1,202	614	588	96	3,090	13,800
38	Siaya	842,304	2,219	1,202	666	163	96	4,346	5,159
39	Taita-Taveta	284,657	750	1,202	353	478	96	2,879	10,115
40	Tana-River	240,075	632	1,202	460	1,076	96	3,467	14,439
41	Tharaka-Nithi	365,330	962	1,202	306	163	96	2,730	7,472
42	Trans-Nzoia	818,757	2,157	1,202	819	163	96	4,437	5,419
43	Turkana	855,399	2,253	1,202	3,938	1,627	96	9,117	10,658
44	Uasin-Gishu	894,179	2,355	1,202	700	163	96	4,516	5,050
45	Vihiga	554,622	1,461	1,202	446	163	96	3,368	6,073
46	Wajir	661,941	1,744	1,202	1,664	1,586	96	6,292	9,506
47	West-Pokot	512,690	1,350	1,202	848	257	96	3,753	7,320
	TOTALS	**38,610,097**	**101,700**	**56,500**	**45,200**	**18,080**	**4,520**	**226,000**	**5,853**

4.2.1.3 Equalisation Fund

In 2012/2013, the Commission published the criteria for identifying marginalised areas for purposes of allocating the Equalisation Fund. This policy identified marginalised areas, made recommendations for the appropriation and disbursement of the Fund.

Fourteen counties were identified as marginalised areas. These are: Turkana, Mandera, Wajir, Marsabit, Samburu, West Pokot, Tana River, Narok, Kwale, Garissa, Kilifi, Taita Taveta, Isiolo and Lamu. The Equalisation Fund, however, has not been operationalised to date due to delays in passing of enabling regulation. To operationalise the fund, The National Treasury has developed operational guidelines.

Devolution achievement: Malka Suftu farm in Mandera

Some of the guidelines that have been recommended for operationalising the Equalisation Fund include:

1. **Conditional grants to counties:** The policy recommended that the Equalisation Fund be appropriated and disbursed as conditional grants to marginalised counties;

2. **Single budget line:** It was recommended that the Fund be appropriated as a single budget line for each year as opposed to sector-level appropriation based on the Medium Term Expenditure Framework (MTEF);

3. **Unspent funds to be rolled over:** It was recommended that unspent funds should not lapse but be rolled over to ensure project completion. In line with this recommendation, the Fund should be worth Kshs. 6.82 billion currently, being Kshs. 3.41 billion for 2013/14 and Kshs. 3.41 billion for 2014/15.

Additional recommendations made by the Commission regarding the management of the Fund are as follows:

1. That the fund be managed by an **Advisory Committee:** Proposed members of the Committee are: CRA (Chairing), The National Treasury (NT), the Inter-Governmental Relations Department, the Controller of Budget (CoB), the Kenya Institute of Public Policy Research and Analysis (KIPPRA), the Association of Professional Societies in East Africa (APSEA), and state departments responsible for water, roads, health, education and electricity.

2. That the Committee develops **operational guidelines**, which among other things, will govern administrative and implementation frameworks, project identification and appraisal, funds disbursement procedures, project implementation, progress reports and project monitoring and evaluation procedures.

The allocation of the Equalisation Fund to identified marginalised county governments as conditional grants as recommended by the Commission is shown in Table 5.

Table 5: Allocations to Marginalised Counties for 2013/14 & 2014/15 (Kshs. Millions)

No.	County	Population	Allocation 2013/14	Allocation 2014/15
1.	Turkana	855,399	302	302
2.	Mandera	1,025,756	279	279
3.	Wajir	661,941	270	270
4.	Marsabit	291,166	254	254
5.	Samburu	223,947	250	250
6.	West Pokot	512,690	250	250
7.	Tana River	240,075	247	247
8.	Narok	850,920	233	233
9.	Kwale	649,931	230	230
10.	Garissa	623,060	225	225
11.	Kilifi	1,109,735	219	219
12.	Taita Taveta	284,657	217	217
13.	Isiolo	365,330	215	215
14.	Lamu	101,539	209	209
	Totals		**3,400**	**3,400**

Source: CRA 2014

In 2013/14, The National Treasury developed, and tabled in Parliament, its proposals for the management of the Equalisation Fund contained in the Public Finance Management Regulations 2014. The proposals significantly differed with the Commission's recommendations. However, the Commission reiterated its recommendations as contained in the Marginalisation Policy through a memorandum.

4.2.2 Fiscal Decentralization Systems

4.2.2.1 Recurrent budget ceilings for county governments

In 2013/2014, county governments recorded unprecedented levels of operations and maintenance (O&M) costs, which threatened to derail development in devolved units. The Commission introduced ceilings to counties, which capped recurrent expenditure for the county executive and county assemblies in an endeavour to ensure that sufficient funds are set aside for service provision and development activities. The recommended budget ceilings for counties issued were as follows:

CRA Recommended Budget Ceilings for County Assemly and County Executive based on Recomeded budget on Costs of new County Structures of Ksh. 30,232 Million				
No.	**County**	**County Assembly**	**County Executive**	**Total**
1	Nairobi	962,450,836	294,568,636	1,257,019,472
2	Kiambu	659,316,714	294,568,636	953,885,351
3	Kakamega	651,738,361	294,568,636	946,306,998
4	Nakuru	560,798,125	294,568,636	855,366,761
5	Kisii	538,063,066	294,568,636	832,631,702
6	Meru	522,906,360	294,568,636	817,474,996
7	Migori	485,014,594	294,568,636	779,583,231
8	Bungoma	477,436,241	294,568,636	772,004,878
9	Homa Bay	477,436,241	294,568,636	772,004,878
10	Machakos	447,122,829	294,568,636	741,691,466
11	Kitui	431,966,123	294,568,636	726,534,760
12	Busia	401,652,711	294,568,636	696,221,347
13	Kilifi	401,652,711	294,568,636	696,221,347
14	Muranga	386,496,005	294,568,636	681,064,641
15	Kisumu	371,339,299	294,568,636	665,907,935
16	Baringo	363,760,946	294,568,636	658,329,582
17	Garissa	363,760,946	294,568,636	658,329,582
18	Mandera	363,760,946	294,568,636	658,329,582
19	Nandi	363,760,946	294,568,636	658,329,582
20	Siaya	363,760,946	294,568,636	658,329,582
21	Kericho	356,182,593	294,568,636	650,751,229
22	Makueni	356,182,593	294,568,636	650,751,229
23	Narok	356,182,593	294,568,636	650,751,229
24	Nyeri	356,182,593	294,568,636	650,751,229

CRA Recommended Budget Ceilings for County Assemly and County Executive based on Recomeded budget on Costs of new County Structures of Ksh. 30,232 Million

No.	County	County Assembly	County Executive	Total
25	Turkana	356,182,593	294,568,636	650,751,229
26	Mombasa	341,025,887	294,568,636	635,594,523
27	Wajir	341,025,887	294,568,636	635,594,523
28	Uasin Gishu	333,447,534	294,568,636	628,016,170
29	Kajiado	310,712,475	280,193,680	590,906,155
30	Nyandarua	310,712,475	280,193,680	590,906,155
31	Tranzoia	295,555,769	280,193,680	575,749,449
32	Vihiga	295,555,769	280,193,680	575,749,449
33	Bomet	265,242,356	280,193,680	545,436,036
34	Taita	265,242,356	273,006,202	538,248,558
35	Embu	250,085,650	273,006,202	523,091,852
36	Kwale	250,085,650	273,006,202	523,091,852
37	Marsabit	250,085,650	273,006,202	523,091,852
38	Nyamira	250,085,650	273,006,202	523,091,852
39	West Pokot	242,507,297	273,006,202	515,513,499
40	Elgeyo/Marakwet	227,350,591	273,006,202	500,356,793
41	Kirinyanga	219,772,238	273,006,202	492,778,440
42	Samburu	197,037,179	258,631,246	455,668,425
43	Tana River	197,037,179	258,631,246	455,668,425
44	Tharaka Nithi	181,880,473	258,631,246	440,511,719
45	Laikipia	174,302,120	258,631,246	432,933,366
46	Isiolo	151,567,061	244,256,289	395,823,350
47	Lamu	151,567,061	244,256,289	395,823,350
	Total	**16,876,992,217**	**13,355,977,396**	**30,232,969,613**

NOTES

COUNTY ASSEMBLY	
1) MCAs (Salaries, Allowances & Gratuity)	8,415,623,302
2) Speaker (Salaries, Allowances & Gratuity)	339,385,167
3) Deputy Speaker (Salaries, Allowances & Gratuity)	245,086,426
4) CountyAssembly-Administrative staff (Salaries & Pension)	1,659,681,036
5) Other County Assembly staff (Salaries & Pension)	922,140,000
6) Duty Allowances (Pension & Gratuity)	471,324,720
7) Mileage for MCAs	1,140,693,888
8) O & M	3,683,057,678
Total	**16,876,992,217**

COUNTY EXECUTIVE	
1) County Executive (Salaries, Allowances & Gratuity)	1,287,284,400
2) Chief Officers (Salaries, Allowances & Pension)	946,468,800
3) County Secreatry (Salaries & Pension)	138,321,000
4) Governors & D. Governors (Salaries, Allowances & Gratuity)	845,114,050
5) CPSB (Salaries & Pension)	974,688,670
6) PFM Staff (Salaries & Pension)	6,133,556,064
7) O & M	3,030,544,412
Total	**13,355,977,396**

4.3 County governments' planning processes

The financial year 2013/14 was the first for county governments to undertake planning under the framework for devolved governance. Each county was required to prepare a County Integrated Development Plan (CIDP), an Annual Development Plan (ADP), a County Budget Review and Outlook Paper (CBROP) as well as a County Fiscal Strategy Paper (CFSP) prior to budgeting. The Commission, in fulfilling the legal requirements, reviewed the plans for all 47 counties and provided technical assistance to counties on planning and budgeting, especially preparation of CIDP and CFSP. The Commission established that county governments had faced several challenges in preparing these policy documents. Some of the challenges include:

1. Most counties did not have the requisite capacity prior to preparation of the Strategy Papers.
2. Most county governments were not able to meet the required timelines for the Strategy Paper since the national government had not released the Budget Policy Statement from which the counties were expected to align their policies and objectives.
3. Most counties were not adequately undertaking public participation within stipulated deadlines provided by the Public Finance Management Act (PFMA) 2012.

CRA team led by Commissioner Prof. Wafula Masai (4th right) meets with a team from Nyandarua County Assembly.

4.4 Kenya Governance Strategic Execution and Support Project

The Commission, in conjunction with Strathmore University, the Controller of Budget and Transition Authority, participated in training the top leadership of county governments on public finance. The training was implemented under a project known as the Kenya Governance Strategic Execution and Support (KEGOSES) as a long-term solution to challenges faced by county governments in planning and budgeting, and public finance. The training covered three key areas, namely:

1. Public finance management.
2. Devolution and public participation.
3. Monitoring and evaluation of projects outlined in County Integrated Development Plans.

4.5 Contributions to bills with bearing on the framework for devolved governance

In addition to contributions made towards division and allocation of revenue bills for 2013/2014, CRA contributed to the following bills/ legal notices that touched on the framework for devolved governance:

1. Transition Authority Legal Notice No. 16 on the Transfer of Functions to County Governments.
2. Mining Bill 2014.
3. Public Finance Management Regulations 2014.
4. Draft Central Bank of Kenya Bill 2014.

5. Draft National Water Bill 2014.
6. Draft Community Land Bill 2014.
7. County finance bills.
8. Division of Revenue Bill 2014.
9. County Allocation of Revenue Bill 2014.

4.6 County visits

In 2013/14, the Commission visited the forty seven (47) county governments to establish developmental needs and baselines; and to recommend priority areas that the county governments should focus on. The teams visited areas in which devolved governments planned to undertake activities with CIDPs and CFSPs. At the end of the visits, the teams made recommendations to county governments on how they can achieve quick wins and ensure that their expenditures make a difference to the residents.

Commissioner Rose Osoro helps an elderly lady to fetch water in Baringo County

4.7 Promotion of IFMIS and G-Pay

In the year 2013/14, the Commission supported the rollout and uptake of IFMIS and G-Pay through recommending them to devolved governments and offering direct user support and assistance. This was done in conjunction with the IFMIS Directorate at The National Treasury and the Central Bank of Kenya.

4.8 Public Finance Management (PFM)

4.8.1 Oversight Framework for Prudent PFM

4.8.1.1 Understanding of the PFM framework

The Commission on Revenue Allocation has established an advisory portfolio whose main objective is to strengthen the public finance management oversight framework for county governance through advisories and working papers, which simplify the law and demonstrate its practice. During the year in review, the programme achieved the following:

1. Providing advisory services to county governments on the overall legislative framework they need to put in place to deliver services and raise revenue.
2. Developing and disseminating minimal legal specifications to be satisfied by ICT systems to be procured by county governments for revenue management.
3. Arranging consultative sessions with relevant committees of Parliament to enhance cooperation on public finance matters.

To enable wide understanding of the PFM framework, several working papers were published and disseminated under the programme. These include:

1. Working paper on public participation under the Constitution of Kenya.
2. Working paper on the fate of staff seconded to counties from the national government. The constitutional status of the County Allocation of Revenue Bill.
3. Working paper on the link between CRA and the National Assembly's Committee on Budget and Appropriations.
4. Working paper on the increase of the minimum allocation to county governments.
5. Working paper on the meaning of Section 6 of the County Allocation of Revenue Act 2013.
6. Working paper on the consequences of nullification of the election of the county governor.
7. Working paper on Agricultural produce cess on Tea.
8. Memorandum on legislative reform at county level to enable county governments to raise revenue.
9. For purposes of comparing jurisprudence, a working paper on the legal opinion on the National Assembly's constitution (Amendment) on impeachments of US presidents and governors in history.
10. Senate working paper on County Governments (Amendment) (No. 2) Bill of 2014 proposing to establish County Consultative Forums instead of County Development Boards.
11. Working paper on PFM regulations developed by The National Treasury; Memorandum on the Statute Law Misc. Amendment Bill, 2014.
12. Working paper on the Draft Community Land Bill, 2014.
13. Working paper on the Mining Bill, 2014.

Further, the Commission seconded an officer to Tana River County for 2 weeks to support the county government establish their legislative framework. As a result of the cooperation, the County Executive was trained on the process of generating legislation, and submission of bills to the County Assembly. The following draft bills were developed:

1. Environment Bill, 2014.
2. Wildlife Bill, 2014.

3. County Disaster Management Bill, 2014.
4. Flags and Emblems Bill, 2014.
5. County Service Delivery Coordination Bill, 2014.
6. Early Childhood Education Bill, 2014.
7. Inuka Fund (Women and Youth Empowerment) Bill, 2014.
8. Plant Health Bill, 2014.

Yikesemei School – Makueni county before devolution.

Devolution achievements: Yikesemei Early Childhood Development Centre – Makueni County after devolution.

9. Animal Disease Control Bill, 2014.
10. Animal Welfare Bill, 2014.
11. County Abattoirs Bill, 2014.
12. County Livestock Sales Yard Bill, 2014.
13. Mining Bill, 2014.

4.8.2 Oversight of disbursement of funds to counties

Article 219 of the Constitution of Kenya 2010 provides that a county's equitable share of nationally-raised revenue shall be transferred to the county without undue delay. Clause 14 of the Second Schedule of the PFMA 2012 clarifies that cash disbursements to counties shall be done on a quarterly basis. Senate, through the County Allocations of Revenue Act 2013, later modified the quarterly disbursements to monthly disbursements.

CRA closely monitored cash disbursements to counties in the year 2013/14 and established that most disbursements to county governments were late thus affecting project implementation.

Commissioner Meshack Onyango and CEO George Ooko visit a fruit juice processing company in Lamu during a county visit.

4.8.3 Intergovernmental Relations for PFM

4.8.3.1 Coordinated approach to PFM by The National Treasury (NT) and County Treasuries (CT)

The Commission issued an advisory to county governments to focus on devolved functions as laid out in the Fourth Schedule to the Constitution of Kenya 2010. Implementation of functions that are not devolved is to be undertaken by the national government unless prior arrangement has been made to enable county governments perform the functions. The Commission also advised counties to do their integrated planning within the national planning framework including Vision 2030 and MTEF.

4.8.3.2 Harmonised PFM reporting across counties

The Commission wrote to the Cabinet Secretary for The National Treasury, encouraging him to constitute the Public Sector Accounting Standards Board to promote harmonised presentation of budgeting and accounting reports in a manner that promotes inter-county comparison and learning. The Board is yet to be constituted.

4.9 Revenue Enhancement

4.9.1 Mapping of Revenue Sources

The Commission commenced mapping of revenues by identifying pilot counties and doing preliminary work to identify revenue sources and their locations.

4.9.2 Legislation and Policy Formulation for Revenue Raising By Counties

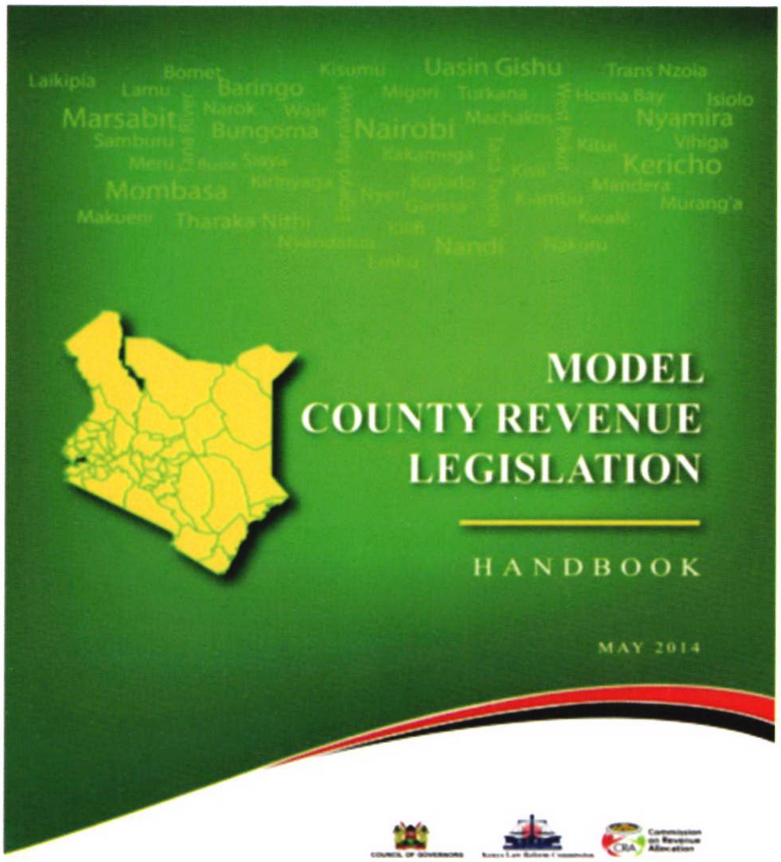
Recognising challenges faced by counties in preparing finance bills and revenue-raising legislation, the Commission offered direct support to several counties in drafting finance bills. In addition, the Commission developed a Model County Revenue Legislation Handbook. CRA collaborated with the World Bank to publish the Handbook, which will guide counties while enacting revenue-raising legislation. The Handbook contains the following models:

i. County model law on Property Rates.

ii. County model law on Trade Licences.

iii. County model law on Revenue Administration.

iv. County model Finance Law.



Model County Revenue Legislation Handbook

4.9.3 Natural Resources

The Commission participated in negotiations between Tiomin Kenya Ltd and Kwale County Government to ensure that their engagement optimised the interest of all stakeholders. The Commission also gave its input to revenue sharing and integration of local communities in natural resource exploitation. These recommendations were made as contributions to the Mining and Energy bills.

4.9.4 Debt strategy

CRA recommended that county governments desist from borrowing in the first three years until their capacity to service these debts is established from their performance in raising local revenues. It also recommended the establishment of a policy framework on intergovernmental relations on debt issues incorporating an integrated debt management strategy for the national and county governments, regulations for guarantee for county government debts, debt caps and sharing of proceeds of national debt.

4.10 Increased Efficiency and Operational Effectiveness in Government

4.10.1 Integrated Approach

In the year under review, the Commission encouraged an integrated approach to utilisation of devolved funds including the Constituency Development Fund (CDF) and the equitable share of revenue allocated to county governments. This was in response to noted sub-optimisation of spending that came as result of a non-integrated approach.

4.11 Structured Engagement With Stakeholders

The Commission signed several memoranda in 2013/14 with various stakeholders to enhance cooperation in the areas of research, capacity building and funding. Examples of the memoranda are: between Strathmore University Governance Centre, the Controller of Budgets (OCOB), the Transition Authority (TA), the Council of Governors (CoG) and CRA for collaborative capacity building of county governments; and that between CRA and the Ford Foundation for funding of capacity building activities.

4.12 Adoption of ICT systems by County Governments

The Commission worked with county governments to have their governance processes automated. This is in line with CRA's strategy to enhance efficiency, increase operational effectiveness and to promote stakeholder engagement in governance processes. To this end, the Commission conducted a baseline survey of ICT needs and preparedness in Kwale, Machakos, Wajir and Busia. The report of the survey highlighted CRA's recommendation to county governments on guidelines to observe in setting up ICT systems, systems suppliers engagement, domain and website development and management, revenue collection and enhancement.

To facilitate public participation in the review of the First generation formula, a survey tool was incorporated in the Commission's website to administer a review questionnaire for the first formula for sharing revenue in order to capture public opinions. The online questionnaire tool simplified the Commission's collection of data and feedback from the citizenry, various stakeholders and widened public participation as required in the Constitution of Kenya 2010.

4.13 Internal Capacity

4.13.1 Staffing

In the year under review, the Commission recruited 12 additional staff to boost its establishment in line with its strategy on internal capacity. Within the same year, six staff left the organisation. As a result of the recruitment and attrition, staff complement increased from 45 in 1 July 2013 to 51 in 30 June 2014. Table 6 shows staff establishment by designation.

Table 6: Staff Establishment of the Commission as at 30 June 2014

	Designation	Number
1	Commissioners	9
2	Commission Secretary	1
3	Directors	6
4	Professional staff - Managers	6
5	Technical staff - Officers	7
6	Assistants	16
7	Support Staff	15
	Total	**60**

During the same year, the Commission sent staff for international and local training in line with its strategy to build capacity of its staff to deliver on their job. Table 7 summarises local and international training attended by staff at each level.

Table 7: Local and International Training Attended by CRA Staff

	Designation	Courses attended	
		Local	International
1	Commissioners	0	6
2	Commission Secretary	0	1
3	Directors	6	1
4	Professional staff - Managers	1	0
5	Technical staff - Officers	5	1
6	Assistants	7	4
7	Support staff	4	0
	Total	**23**	**13**

4.13.2 Service Delivery Systems and Infrastructure, Policies and Procedures

The Commission developed and implemented the following policy documents within the reporting period:

1. Human Resources Manual.
2. ICT Policy.
3. Finance Manual.
4. Trust Deed for CRA Staff Pension.

4.13.3 Audit of CRA Accounts

Adherence to proper internal controls and procedures ensured that the Commission's accounts received unqualified opinion from the Auditor General for the year 2012/13. In particular, the Auditor General gave CRA a clean bill of health after the 2012/13 national audit report was released. This comes as positive news for the Commission and is evidence that in the quest to undertake its mandate, the Commission is practising what it preaches; that is, financial discipline and probity.

4.13.4 ICT Solutions

The Commission implemented a corporate wireless network with enhanced security features and also upgraded its internet link by doubling the bandwidth and adequately backing it up. This bandwidth expansion was complemented by 100GB free cloud storage.

Other ICT solutions implemented include a CCTV and control access solution, a library management system with web-based functionality as well as availing IFMIS and G-Pay for internal use.

4.13.5 Corporate Governance

The Commission executes its business through committees and also through full Commission meetings.

The Commission participated in the presidential reporting enshrined in Article 249 of the Constitution and undertook to review its policies and enabling legislations to be in line with the national values and principles of good governance.

4.13.6 Resource Centre

The Commission operationalised its resource centre through recruitment of a library assistant in 2013/14. The resource centre is fully automated and comprises of a collection of books, CDs and journals covering topical areas in economics, finance, law, devolution and motivational materials.

CRA installed the KOHA Library Management System. This system has web-based functionality, which ensures that it is accessible from any computer/ device within the Commission's network and externally through the Internet. This facilitates the Commission in accessing various online resources in order to provide information to inform policy development and analysis for decision making.

5
THE FUTURE: LESSONS LEARNT, CHALLENGES AND WAY FORWARD

5 THE FUTURE: LESSONS LEARNT, CHALLENGES AND WAY FORWARD

5.1 Introduction

Fiscal decentralisation is a relatively new entrant in the realm of fiscal management even in the global arena. As the first Commission to steer the mandate of revenue sharing in a devolved framework, CRA learnt many lessons that are highlighted below. This section further details challenges faced and the way forward for the medium term.

5.2 Lessons

5.2.1 Need to Pioneer Kenya's Own Solutions

The Commission realised that whereas lessons do exist from other territories on fiscal decentralisation, using these lessons in the Kenyan context calls for careful and diligent scrutiny. However, research to pioneer Kenya's own solutions needs to be undertaken. This kind of research needs to be planned and undertaken; this can be complex, expensive and time consuming.

5.2.2 Intergovernmental Relations is the Future

Revenue sharing between levels of government in a decentralised environment requires consultation. Consequently, in addition to the professional computation, the Commission undertakes, in arriving at revenue sharing, negotiations and deliberations on revenue sharing and transfer of functions needs to be undertaken through Parliament and within intergovernmental frameworks.

5.2.3 Costing of Functions to Enhance Revenue Sharing

The Commission made recommendations on revenue sharing based on historical allocation and expenditures of ministries, agencies and departments. However, the costing of both national and county governments' functions has not been comprehensively undertaken. Proper costing will enhance equity in revenue sharing between the two levels of government.

5.2.4 Policy Analysis Key in Advising

The Commission has a role to advise Parliament, national and county governments on fiscal and economic matters. Policy analysis is needed so as to advise appropriately on fiscal matters. Consequently, developing capacity for requisite policy analysis is critical.

CRA's capacity building will give priority to policy development and analysis in public debt management, public-private partnerships, investment in various sectors, and community participation in revenue sharing of resources found in counties, education and health.

5.3 Challenges

5.3.1 Wrangling in County Governments

The financial year 2013/2014 was tumultuous with regards to decentralisation, characterized by multiple impeachment motions brought to the Senate to remove certain governors from office. At the centre of the wrangles is unhealthy competition for control of public resources at the disposal of county governments. While the law gives county assemblies the power of legislation and oversight, this has often been misconstrued. Several county executive committee members came under threat of censure especially those in finance.

Vacancies in the office of the county assembly or the executive disrupt checks and balances that are integral for robust public finance management systems. All parties concerned are to read the law and perform their roles with utmost strictness and good faith.

5.3.2 Inadequate Funding of Activities

The Commission did not receive all the funding it had requested for. Consequently, it was not possible to undertake several activities such as revenue mapping in counties. Development of a fiscal responsibility framework was also not undertaken. However, the Commission appreciates funding it got from donors.

5.4 Way Forward

5.4.1 Enhancing Collaborations and Partnerships

CRA acknowledges the support of various stakeholders in meeting its mandate. It will continue to reach out to strengthen existing collaborations and partnerships as well as form new ones as necessary.

5.4.2 Emphasis on Research and Policy Analysis

Research is at the core of development of policies and making recommendations in public finance aimed at contributing to the successful financing of devolution in counties. To this end, the Commission will continue developing evidence-based local solutions informed by analysis of the country's unique situations and needs. This will call for additional funding for CRA's research initiatives and capacity enhancement in research methodology and policy analysis.

5.4.3 Preparation and Validation of an Inventory of Assets and Liabilities

The Commission is supporting the Transition Authority in the preparation and validation of an inventory of assets and liabilities of the government, other public entities and defunct local authorities. CRA is represented in the Technical Committee on Transfer of Assets and Liabilities (TCTAL), which was established under Legal Notice 45 of 2013, to advise the Transition Authority on its mandate in relation to assets and liabilities.

CRA is also represented in the Joint Technical Team (JTT), which is the operational arm of TCTAL with membership drawn from the Auditor General, National Land Commission, Ministry of Devolution and Planning and The National Treasury. With direction from IBEC, the verification of assets and liabilities of the defunct local authorities is underway and its outcome will inform the transfer of assets to the county governments. Thereafter, the verification of assets for ministries and other public entities will follow.

6
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

REPUBLIC OF KENYA

KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COMMISSION ON REVENUE ALLOCATION

FOR THE YEAR ENDED 30 JUNE 2014

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON REVENUE ALLOCATION FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Commission on Revenue Allocation, set out on pages 1 to 15, which comprise the statement of financial position as at 30 June 2014, statement of comprehensive income, statement of changes in net assets, statement of cash flows, and statement of comparison of budget and 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 8 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis and Public Finance Management Act, 2012 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

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 2014, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Commission on Revenue Allocation Act, 2011.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 January 2015

I KEY COMMISSION INFORMATION

(a) Background Information

The Commission was formed by the Constitution of Kenya under Article 215 in December, 2010 and is represented by the Commission Secretary who is responsible for the general policy and strategic direction of the Commission.

(b) Principal Activities

The principal activity of the Commission is to recommend the basis for equitable sharing of revenues raised nationally between the national and the county governments and sharing of revenue among the county governments.

The Mission of the Commission is to make recommendations for equitable sharing of revenue, financing of, and financial management for both national and county governments.

The Vision is to be a trusted and effective adviser on equitable distribution of resources for rapid and balanced economic growth.

(c) Key Management

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

1.	George Ooko	Commission Secretary
2.	James Katule	Director Corporate Services
3.	Joseph Kuria	Director ICT
4.	Sheila Yieke	Director Legal Affairs
5.	Stephen Masha	Director County Fiscal Affairs
6.	Lineth Oyugi	Director Research
7.	George Muruli	Director Communication

(d) Commission Headquarters

Commission on Revenue Allocation

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(e) Commission Contacts

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(f) Commission Bankers

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2. Kenya Commercial Bank

KICC Branch

Harambee Avenue

P. O. Box 46950-00100 Nairobi

Tel: (020) 29248501,

Fax: (020) 29248501,

3. I & M Bank

Riverside Branch,

14 Riverside Drive

P. O. Box 30238 – 00100 Nairobi

(g) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

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City Square 00200

Nairobi, Kenya

II REPORT OF THE COMMISSIONERS

The Public Audit Act, 2003, requires the Commission to prepare financial statements for each financial year, which includes a Statement of Financial Position showing in details assets and liabilities of the Commission, a Statement of Comprehensive Income, and such other statements that the Commissioners may deem necessary. The CRA Act (22) requires the Commission to ensure that proper books are kept recording, all the property, undertakings, funds, activities, contracts, transactions and other business of the Commission. The Commissioners are also responsible for safeguarding assets of the Commission.

The Commissioners accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the CRA Act. The Commissioners are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Commission and of its operating results. The Commissioners further accept responsibility for maintenance of accounting records, which have been relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

Principal Activities

The principal activity of the Commission is to recommend the basis for equitable sharing of revenues raised nationally between the national and the county governments and sharing of revenue among the county governments.

The **Mission** of the Commission is to make recommendations for equitable sharing of revenue, financing of, and financial management for both national and county governments.

The **Vision** is to be a trusted and effective adviser on equitable distribution of resources for rapid and balanced economic growth.

Results

The results of the Commission for the year ended 30 June, 2014 are set out on page 1-11.

Commissioner

The members of the Commission who served during the year are featured in accordance with CRA's Act.

Auditors

The Auditor General is responsible for the statutory audit of the Commission in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Commission

Micah Cheserem

CHAIRMAN

Date: **30 September 2014**

III STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012, requires the Accounting Officer to prepare financial statements in respect of that Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on 30 June, 2014. 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 Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations 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 30 June, 2014, 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 twelve months from the date of this statement.

Approval of the Financial Statements

The Commission's financial statements were approved by the Commission on 30 September, 2014 and signed on its behalf by:

Micah Cheserem

CHAIRMAN

Date: 30 September 2014

IV STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	1	268,348,000	340,000,000
		268,348,000	**340,000,000**
Revenue from exchange transactions			
Finance income - outstanding receivables	2	-	4,952,000
Other income	3	14,462,743	3,172,101
		14,462,743	**8,124,101**
Total revenue		**282,810,743**	**348,124,101**
Expenses			
Employee costs	4	137,937,592	116,789,139
Commissioner's Expenses	5	17,617,422	25,173,327
Depreciation and amortization expense	6	44,227,749	39,150,083
Repairs and maintenance	7	5,405,185	2,598,710
General expenses	8	113,005,231	109,539,687
Finance costs	9	1,627,456	723,427
Total expenses		**319,820,636**	**293,974,372**
Other gains/(losses)			
Gain on sale of assets		-	-
Gain on foreign exchange transactions		-	-
Unrealized gain on fair value of investments		-	-
Impairment loss		-	-
Surplus before tax		**(37,009,893)**	**54,149,729**
Taxation		-	-
Surplus for the period		**(37,009,893)**	**54,149,729**
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-
		(37,009,893)	**54,149,729**

The notes set out on pages 7 to 12 form an integral part of the Financial Statements

V STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Cash and cash equivalents	10	116,212,317	130,628,278
Receivables from non-exchange transactions	11	34,296,898	35,599,924
		150,509,215	**166,228,202**
Non-current assets			
Property, plant and equipment	12	112,303,543	154,555,207
Intangible assets	13	1,297,570	2,044,409
		113,601,113	**156,599,616**
Total assets		**264,110,328**	**322,827,818**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	14	5,277,668	26,985,265
		5,277,668	**26,985,265**
Non-current liabilities			
Non-current employee benefit obligation		-	-
		-	-
Total liabilities		**5,277,668**	**26,985,265**
Net assets		**258,832,660**	**295,842,553**
Reserves		(37,009,893)	54,149,728
Accumulated surplus		295,842,553	241,692,825
Total net assets and liabilities		**258,832,660**	**295,842,553**

The Financial Statements set out on pages 1 to 12 were signed on behalf of the Commission by:

Micah Cheserem

CHAIRMAN

Date: 30/9/2014

George Ooko

COMMISSION SECRETARY

Date: 30/9/2014

VI STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

Attributable to the owners of the controlling entity

	Accumulated surplus Kshs '000
Balance as at 30 JUNE 2012	241,692,825
Surplus/(deficit) for the period	54,149,728
Transfers to/from accumulated surplus	-
Balance as at 30 JUNE 2013	**295,842,553**
Surplus for the period	(37,009,893)
Transfers to/from accumulated surplus	-
Balance as at 30 JUNE 2014	**258,832,660**

VII STATEMENT OF CASH FLOWS

	Note	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities			
Net cash flows from operating activities	15	**(13,187,487)**	**86,513,893**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	12	(1,092,175)	(26,024,766)
Purchase of intangible assets	13	(136,300)	(2,031,635)
Net cash flows used in investing activities		**(1,228,475)**	**(28,056,401)**
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**(14,415,962)**	**58,457,492**
Cash and cash equivalents at 1 JULY	10	130,628,278	72,170,786
Cash and cash equivalents at 30 JUNE	10	**116,212,317**	**130,628,278**

VIII STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	**2013-2014**	**2013-2014**	**2013-2014**	**2013-2014**
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Government grants and subsidies	293,437,054	(25,089,054)	268,348,000	268,348,000	-
Finance Income	-	-	-	-	
Other Income (A.I.A)	1,200,000	-	1,200,000	14,462,743	13,262,743
Total income	**294,637,054**	**(25,089,054)**	**269,548,000**	**282,810,743**	**13,262,743**
Expenses					
Compensation of employees	143,135,828	(15,000,000)	128,135,828	137,937,592	(9,801,764)
Commissioner's Expenses		-	-	17,617,422	(17,617,422)
General Expenses (Operation and Maintenance)	150,751,226	(10,089,054)	140,662,172	162,638,165	(21,975,993)
Finance cost	750,000	-	750,000	1,627,456	(877,456)
Total expenditure	**294,637,054**	**(25,089,054)**	**269,548,000**	**319,820,635**	**(50,272,635)**
Surplus for the period	**-**	**-**	**-**	**(37,009,892)**	**63,535,37[illegible]**

IX NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Basis of Accounting

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Commission.

The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the accrual basis following the Government's standard chart of accounts.

The accrual basis of accounting recognises transactions and events when they are incurred.

2. Non-Current Assets

Non-Current assets are stated at Cost or valuation less Accumulated Depreciation.

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.

3. The Depreciation rates used are as follows:

Motor vehicle	25%
Furniture & Fitting	12.5%
Office Equipment & Accessories	30%
Computers & Printers	30%
Computer Software	33%

4. Retirement Benefits Obligations

The Commission maintains a private Pension Scheme with Jubilee Insurance and administered by ICEA. Further, the employees are members of the statutory National Social Security Fund (NSSF).

5. Recognition of Revenue and expenses

Income is recognized in the period in which it's received. Government funding is only recognized on receipt. Income is not accrued if its recoverability is considered doubtful.

The revenue constitutes all funds accruing to the Commission in the form of Exchequer allocations, Appropriation in Aid, and Donor funding.

6. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise Cash in hand & Cash book balance as at 30th June, 2014.

7. Exchange Rate

The Commission maintained a USD account mainly for payment of rent for the office premises. The Exchange rate used at the time of deposit was 86.8.

8. Pending bills

Pening bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. Such bills are accrued in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from other governments – gifts and services-in-kind

	2013-2014 Kshs	2012-2013 Kshs
Unconditional grants (Operational Grant-GOK)		
1st Quarter Exchequer	101,148,000	100,000,000
2nd Quarter Exchequer	75,000,000	100,000,000
3rd Quarter Exchequer	70,000,000	110,000,000
4th Quarter Exchequer	22,200,000	30,000,000
Conditional grants	**268,348,000**	**340,000,000**
Other organizational grants	0	0
	0	0
Total government grants and subsidies	**268,348,000**	**340,000,000**

2. Finance income - outstanding receivables

	2013-2014 Kshs	2012-2013 Kshs
Part of 4th Quarter Exchequer	0	4,952,000
Total receivables finance income – outstanding	**0**	**4,952,000**

3. Other income (A.I.A)	2013-2014 Kshs	2012-2013 Kshs
Interest on Bank Deposit	8,607,612	2,012,101
Sale of Tender	44,000	1,160,000
Sale of Newspapers	1,131	-
	8,652,743	**3,172,101**
Donor funding		
Ford Foundation - KEGOSES Project	5,810,000	-
	5,810,000	-
Total other income	**14,462,743**	**3,172,101**

Ford Foundation *gave a grant of USD 70,000 to CRA for KEGOSES Project which was to build capacity on Financial management by the County Governments.*

United Nations Development Programme (UNDP) *Sponsored CRA's retreat at Fairmount President's Club in Nanyuki on development of recommendation for the vertical revenue sharing formulae for 2014/2015.* Financial Year.

World Bank *facilitated the development of model laws for County governments in conjunction with CRA.*

4. Employee costs

	2013-2014 Kshs	2012-2013 Kshs
Basic salaries	76,906,365	59,257,299
Top up for seconded staff	514,320	2,774,761
House Allowance	15,556,671	12,008,550
Commuter Allowance	8,018,916	6,091,177
Responsibility Allowance	4,274,839	4,040,000
Telephone Allowance	2,858,245	2,369,983
Special Duty	1,723,742	1,694,452
Leave Allowance	1,250,000	1,002,159
Security Allowance	720,000	745,714
Acting Allowance	308,705	-
Pension contribution	10,235,827	92,600
Accrued Pension	1,648,331	399,345
Gratuity	4,678,231	1,114,338
Provision for Gratuity	-	16,267,102
Medical Insurance	7,677,415	6,080,906
Medical - Ex Gratia	241,944	-
Travel Insurance	67,720	-
Group Life Insurance	1,197,221	-
Wages	59,100	217,500
Terminal Dues		413,361
Other cash deductions	-	2,219,892
	137,937,592	**116,789,139**

The cost of staff salaries and benefits has increased significantly because the Commission hired more staff in the course of the year which also increased the cost of medical insurance. Provision for Pension has also been made for the accrued Pension.

5. Commissioner's Expenses

	2013-2014 Kshs	2012-2013 Kshs
Telephone Allowance	2,784,000	2,694,858
Leave Allowance	415,000	415,000
Security Allowance	5,921,289	10,102,068
Domestic Travel costs	597,036	3,630,970
Foreign Travel Costs	2,365,265	2,915,566
Training Expenses	1,410,602	1,586,370
Medical Insurance	4,018,930	2,091,030
Hospitality Supplies & Services	2,600	-
Special Expenditure	-	406,000
Club Membership	102,700	1,331,465
	17,617,422	**25,173,327**

6. Depreciation and amortization expense

	2013-2014 Kshs	2012-2013 Kshs
Computer & Printers	6,452,089	5,788,205
Office Equipment	1,872,567	349,820
Furniture & Fittings	11,645,124	9,952,721
Motor Vehicle	23,374,830	22,608,606
Intangible Assets	883,139	450,730
Total depreciation and amortization	**44,227,749**	**39,150,083**

7. Repairs and maintenance

	2013-2014 Kshs	2012-2013 Kshs
Routine maintenance of Motor vehicles	4,189,187	2,307,509
Routine maintenance of Assets	1,215,998	291,201
Total repairs and maintenance	**5,405,185**	**2,598,710**

8. General expenses

The following are included in general expenses:

	2013-2014 Kshs	2012-2013 Kshs
Utilities Supplies -Electricity	1,979,881	1,508,979
Utilities Supplies -Water	231,027	-
Communication Supplies & Services	4,347,645	3,422,184
Domestic Travel costs	14,743,190	8,574,064
Foreign Travel Costs	3,970,696	4,195,379
Printing Advertising & Information	12,288,436	17,504,857
Rent Expenses	31,353,790	29,424,931
Training Expenses	6,055,846	8,379,452
Hospitality Supplies & Services	6,806,417	5,452,567
Insurance Costs (Motor Vehicle & Plant and Machinery)	4,732,384	3,624,398
Specialised Materials & Supplies	3,309,836	1,128,574
Office & General Expenses	5,269,942	7,080,100
Fuel oils and Lubricants	4,805,526	4,499,176
Security Guards	1,927,000	3,858,988
Cleaning Services	2,042,475	
Contracted Professional Services	2,904,893	10,422,039
	106,768,984	**109,075,687**
Audit fee	**464,000**	**464,000**
KEGOSES Project	**5,772,247**	-
Total General Expenses	**113,005,231**	**109,539,687**

9. Finance costs

	2013-2014 Kshs	2012-2013 Kshs
Bank Charges	1,627,456	723,427
Borrowings (amortized cost)	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Bank overdrafts	0	0
Total finance costs	**1,627,456**	**723,427**

10. Cash and cash equivalents

	2013-2014 Kshs	2012-2013 Kshs
KCB - Cash Book	115,417,724	128,900,754
I&M - Cash Book	770,951	1,719,573
Cash-on-hand (Petty Cash)	23,642	7,951
Short-term deposits	0	0
Total cash and cash equivalents	**116,212,317**	**130,628,278**

11. Receivables from non-exchange contracts

Current receivables	2013-2014 Kshs	2012-2013 Kshs
Prepayments		
Medical Insurance	8,167,843	5,475,523
Group Life	640,710	774,262
Motor Vehicle	1,922,122	2,247,047
Plant & Machinery	1,696,885	1,405,253
Dstv and Others	144,478	475,094
	12,572,038	**10,377,180**
Deposit		
Rent	18,753,322	18,753,322
Fuel	1,000,000	1,000,000
	19,753,322	**19,753,322**

The rent deposit refers to 6 months' rent deposit and it's inclusive of parking fees and service charge for the same period.

Debtots		
Outstanding Salary advance from Staff	1,573,727	302,500
Outstanding Imprest from staff	86,275	
Others	311,536	214,922
	1,971,538	517,422
Income Receivable		
Part of 4th Quarter Exchequer	0	**4,952,000**
	-	4,952,000
Less: impairment allowance	0	0
Total current receivables		
	34,296,898	**35,599,924**

12. Property, plant and equipment

	Computers & Printers	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
Cost or Valuation:	Shs	Shs	Shs	Shs	Sh
As at 1st July, 2012	**14,439,696**	**625,257**	**70,297,260**	**87,369,529**	**172,731,742**
Additions during the year	6,560,172	5,611,772	22,283,513	6,129,791	40,585,248
Disposal	0	0	0	0	
Transfer/Adjustments	0	0	0	0	
As at 30th June 2013	**20,999,868**	**6,237,029**	**92,580,773**	**93,499,320**	**213,316,990**
Additions during the year	507,095	29,745	594,718	0	1,131,558
Disposal	0	0	0	0	0
Transfer/Adjustments	0	(24,883)	(14,500)	0	(39,383)
As at 30th June 2014	**21,506,963**	**6,241,891**	**93,160,991**	**93,499,320**	**214,409,163**
Depreciation and impairment					
At 1 July 2012	2,275,148	196,261	3,840,654	13,750,368	20,062,43
Depreciation	5,788,205	349,820	9,952,721	22,608,606	38,699,352
Impairment	0	0	0	0	0
At 30 June 2013	**8,063,353**	**546,081**	**13,793,375**	**36,358,974**	**58,761,783**
Depreciation	6,452,089	1,872,567	11,645,124	23,374,830	43,344,610
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/adjustment	0	(622)	(151)	0	(773)
At 30 June 2014	**14,515,442**	**2,418,027**	**25,438,348**	**59,733,804**	**102,105,620**
Net book values					
At 30 June 2014	**6,991,522**	**3,823,865**	**67,722,643**	**33,765,516**	**112,303,54**
At 30 June 2013	**12,936,515**	**5,690,948**	**78,787,398**	**57,140,347**	**154,555,20**

13. Intangible assets - software

Cost	
At 1 July 2012	**508,244**
Additions	2,031,635
At 30 June 2013	**2,539,879**
Additions – internal development	136,300
At 30 June 2014	**2,676,179**
Amortization and impairment	
At 1 July 2012	44,740
Amortization	450,730
At 30 June 2013	**495,470**
Amortization	883,139
Impairment loss	0
At 30 June 2014	**1,378,609**
Net book values	
At 30 June 2014	**1,297,570**
At 30 June 2013	**2,044,409**

14. Trade and other payables from exchange transactions

	2013-2014 Kshs	**2012-2013 Kshs**
Trade payables (Suppliers Invoices)	3,165,337	9,854,818
Audit Fees	464,000	464,000
Accrued Pension	1,648,331	399,345
Gratuity	-	16,267,102
Other payables	-	-
Total trade and other payables	**5,277,668**	**26,985,265**

15. Cash generated from operations

	2013-2014 Kshs	2012-2013 Kshs
Surplus/Deficit for the year before tax	(37,009,893)	54,149,728
Adjusted for:		
Depreciation	44,226,976	39,150,083
(Non-cash grants received)	-	0
(Contributed assets)	-	0
Impairment	-	0
(Gains and losses on disposal of assets)	-	0
Contribution to provisions	-	0
Contribution to impairment allowance	-	0
(Finance income)	-	0
Finance cost	-	0
Working capital adjustments:		
(Increase in inventory)	-	0
(Increase in receivables)	1,303,026	(8,730,788)
Increase [illegible]erred income	-	0
Increase in payables	(21,707,597)	1,944,870
Increase in payments received in advance	-	0
Net cash flows from operating activities	**(13,187,487)**	**86,513,893**

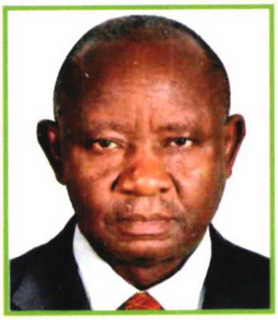
THE COMMISSION MEMBERS

Micah Cheserem
Chairman

Is a qualified Fellow of the Association of Chartered Certified Accountants of London since 1974. He is a former Governor of the Central Bank of Kenya and a former chairperson of the Capital Markets Authority (CMA).

Fatuma Abdulkadir
Vice Chairperson

Holds a Masters in Business Administration and Bachelor of Education. She has been the National Project Coordinator in the Arid Lands Resource Management Project. She has wide experience in development and implementation of government policies in Arid and Semi-Arid (ASAL) regions. She has also facilitated implementation of programmes funded by development partners such as the EU, UNDP, WFP, FAO, UNICEF and OXFAM. She is the immediate former chair of the Kenya Food Security Meeting, which coordinates humanitarian interventions of all actors including government donors and NGOs in the food security sector.



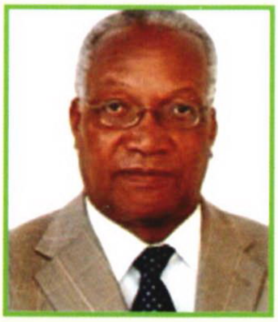
Prof. Wafula Masai
Commissioner

He is a holder of a Doctorate in Economic Analysis and Planning, a Masters of Arts in Development Economics and Bachelor of Arts in Economics. For about 30 years, he has served as a lecturer and Associate Professor of Economics, Chairman of the Economics Department (University of Nairobi), Programmes Director at the African Centre for Economic Growth and economic policy consultant for many international agencies, Kenyan public, private and civil society organisations.

Rose Osoro
Commissioner

Holds a Masters in Business Administration from the University of Nairobi and a Bachelor of Arts from Kenyatta University. She is a Certified Public Accountant (CPA) and Certified Public Secretary (CPS) finalist. She has extensive work experience in public finance with emphasis on budgeting and financial allocation. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Kenya Institute of Management. She previously held positions at the Kenya Forestry Research Institute.

THE COMMISSION MEMBERS

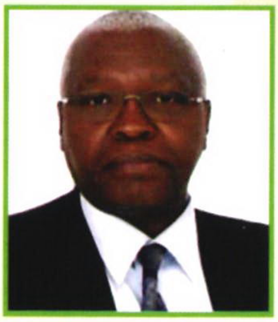


Prof. Joseph Kimura
Commissioner

Holds a PhD in Accounting, MBA in Accounting and Finance and Bachelor of Commerce in Accounting and is a Certified Public Accountant. He holds the rank of Fellow of the Institute of Certified Public Accountants of Kenya and is a founder member of the Association of Financial Analysts of East Africa. Prof. Kimura has held many positions both in the public and private sectors including the University of Nairobi, United States International University, KASNEB and the Higher Education Loans Board among others.

Amina Ahmed
Commissioner

Holds a certificate on Fiscal Decentralisation and Local Governance from the Andrew Young School of Policy Studies. In addition, Amina has certificates from the World Bank Institute on Policy Analysis and Economic Development. Amina also holds a Bachelor of Arts in Economics and French. She has been the immediate chairperson of the Kenyatta International Commercial Centre and 2008/11 a member of the Executive Committee of the One Shilling Foundation. She worked at the Kenya Commercial Bank for 22 years as regional manager, Coast region and has wide experience in Public and Commercial Finance.



Prof. Raphael Munavu
Commissioner

Holds a PhD in Chemistry, a Masters of Science in Chemistry and Bachelor of Arts in Chemistry. He has held senior academic and administrative positions in Moi University, the University of Nairobi, Egerton University, the Kenya National Examinations Council and the South Eastern University College (SEUCO). He has wide research and teaching experience and is a Fellow of the Kenya National Academy of Sciences (KNAS).

Dr.Kamau Thugge
Commissioner/ PS Treasury

He is a distinguished economist with a PhD in Economics from Johns Hopkins University. He started his employment in the International Monetary Fund (IMF).

THE COMMISSION MEMBERS

Meshack Onyango
Commissioner

Holds a Masters of Science in International Banking and Finance from Herriot-Watt University, Edinburgh, Scotland, and a Bachelor of Commerce degree (Accounting option) from the University of Nairobi and a diploma in Money and Capital Markets Development from the prestigious New York Institute of Finance.

He is a financial sector and payments system development expert with 30 years' experience working with the Central Bank of Kenya. He has undertaken various consultancy assignments with varied has been a board member at the Capital Markets Authority. He is also a member of the Kenya Institute of Directors.

George Ooko
Commission Secretary

George Ooko holds a Bachelor of Commerce and Masters of Business Administration from the University of Nairobi. He is a former Chief Executive Officer of the Coffee Development Fund. He has vast experience from both the public and private sectors; formerly a Senior Executive at Barclays and NIC Banks.

James Katule
Director Corporate Service

James Katule holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics & Business Education from Kenyatta University. He is a Certified Public Accountant and a member of ICPAK.

He has a wealth of experience in financial management, administration, people management and procurement gained in working for the Kenya National Trading Corporation, the International Centre for Insect Physiology and Ecology (ICIPE), International Livestock Research Institute (ILRI), the Africa Medical Research Foundation (AMREF) and, most recently, Capital Markets Authority (CMA).

Sheila Yieke
Director Legal and Public Affairs

Sheila Yieke is an Advocate of the High Court of Kenya and holds an MBA, Finance, from the United States International University and is a Certified Public Secretary (K). In addition, she is an alumnus 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.

THE MANAGEMENT TEAM

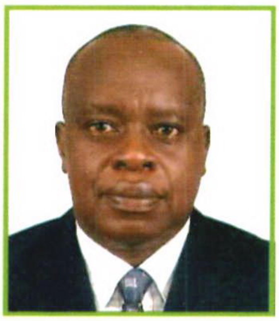
Joseph Kuria
Director ICT

Joseph Kuria holds a Masters in Business Administration, Strategic Management, from the University of Nairobi and a BSc. In Computer Science from Egerton University. He has several certifications such as MCP, MCSE, MCDBA, MCT, Project Management and CISA. He is a Certified Information Systems Auditor and a member of ISACA. He has over 11 years' working experience with different organisations including InfoTech Training Centre Ltd, Aga Khan University Hospital and Kenya Airways. He has been involved in large-scale ICT projects, IT strategic formulation, execution and alignment with business, IT security, business continuity management, IT service management and project and change management.

Lineth Oyugi
Director Research and Policy

Lineth Oyugi holds a Masters of Arts in Economics from the University of Nairobi and is a 4th year PhD student of Economics at the University of Nairobi. She has vast knowledge and experience in research, having worked for the Federation of Kenya Employers as the Head of Research and Policy Advocacy.

Additionally, Lineth has worked with the Institute of Policy Analysis and as a Research Fellow, Macroeconomics programme, and also with the Ministry of Finance and Ministry of Planning and National Development as an Economist.



Dr. Amenya P. Nyakundi
Advisor Natural Resource Management

Dr. Amenya Nyakundi has a distinctive knowledge in the field of natural resources development, energy, and environment. He holds PhD in Environment Technology from JKUAT; an MA in (planning) from the University of Nairobi, a B.Sc in geology from Poona University, advanced certificate in Geothermal Energy- University of Pisa (Italy), Certificate of Corporate Governance (KIM), Certificate in Strategic leadership Development (Kenya School of Governance) and senior management course (Government Training Institute Mombasa).

Dr. Nyakundi previously worked in the office of the former Prime Minister (Coordinating Inter-Ministerial Energy and Environment projects).He also worked in the Ministry of Energy for over Twenty Five (25) years and has extensive experience in energy project planning, development and management.

COMMISSION ON REVENUE ALLOCATION

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