

REPUBLIC OF KENYA



*Enhancing Accountability*



PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT** NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 25 FEB 2025

DAY.  
TUESDAY

TABLED  
BY:

DEPUTY MAJORITY WHIP  
HON. NAOMY WAGORI MP

CLERK-AT  
THE-TABLE:

DAVID MCHARO.

**THE AUDITOR-GENERAL**

**ON**

**COMMISSION ON REVENUE ALLOCATION**

**FOR THE YEAR ENDED 30 JUNE, 2024**



---

# **COMMISSION ON REVENUE ALLOCATION**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR ENDED**

**30 JUNE 2024**

---

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

## TABLE OF CONTENTS

	<b>Page</b>
1. Acronyms, Abbreviations and Glossary of Terms .....	iii
2. Key Commission Information and Management .....	v
3. Commissioners .....	ix
4. Management .....	xv
5. Chairperson's Statement .....	xviii
6. Report of The Commission Secretary / CEO .....	xix
7. Statement of Performance Vs Predetermined Objectives For FY 2023/24.....	xxi
8. Statement of Governance .....	xxxi
9. Management Discussion and Analysis.....	xxxvii
10. Environmental and Sustainability Reporting .....	xlv
11. Commissioner's Report and Statement of their Responsibilities .....	xlvii
12. Report of The Auditor General .....	l
13. Statement of Financial Performance For The Year Ended 30 June 2024.....	1
14. Statement of Financial Position as at 30 June 2024.....	2
15. Statement of Changes in Net Assets For The Year Ended 30 June 2024.....	3
16. Statement of Cash Flows For The Year Ended 30 June 2024.....	4
17. Statement of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2024.....	5
18. Notes to The Financial Statements For Year Ended 30 June 2024.....	8
19. Annexes	
Annex I. Progress on follow-up of Audit recommendations .....	30
<b>Annex II. Analysis of Pending Accounts Payables (KShs)</b> .....	<b>31</b>
<b>Annex III. Analysis of Staff Payables (KShs)</b> .....	<b>36</b>
<b>Annex IV - Financial Statements Reconciliation on Accrual and Cash Basis</b> .....	<b>39</b>

## **1. Acronyms, Abbreviations and Glossary of Terms**

### **(i) Acronyms**

<b>No.</b>	<b>Abbreviation</b>	<b>Definition</b>
1	A.I.A	Appropriation in Aid
2	AIE	Authority to incur Expenditure
3	AWAK	Association of Women Accountants of Kenya
4	ACGRMC	Audit, Corporate Governance and Risk Management Committee
5	ADM	Administration
6	CIR	Circular
7	CPA	Certified Public Accountant
8	CPM	Certified Professional Mediator
9	CPS	Certified Public Secretary
10	CRA	Commission on Revenue Allocation
11	CSCLSC	CRA Staff Car Loan Scheme Committee
12	FY	Financial Year
13	HAU	Head of Accounting Unit
14	HFU	Head of Finance Unit
15	IPSAS	International Public Sector Accounting Standards
16	KCB	Kenya Commercial Bank
17	MoU	Memorandum of understanding
18	MTEF	Medium Term Expenditure Framework
19	MTPP	Model Tariffs and Pricing Policy
20	OAG	Office of Auditor General
21	OCOB	Office Of Controller of Budget
22	PBB	Programme-Based Budget
23	PFM	Public Finance Management
24	PSASB	International Public Sector Accounting Standards
25	RAC	Revenue Allocation Committee
26	SAGA	Semi-Autonomous Government Agency
27	SP	Sub-Programme
28	SRC	Salaries and Remuneration Commission ACGRMC
29	TADAT	Tax Administration Diagnostic Assesment Tool

**(ii) Glossary of Terms**

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

## **2. Key Commission Information and Management**

### **a) Background information**

The Commission on Revenue Allocation (CRA) is established under Article 215 of the Constitution of Kenya. The principal function of the Commission is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments and among the county governments. The Commission also makes recommendations on other matters concerning the financing of, and financial management by, county governments, as required by the Constitution and national legislation. In formulating its recommendations, the Commission seeks to promote and give effect to the criteria set out in Article 203(1) of the Constitution. When appropriate the Commission is required to define and enhance the revenue sources of the national and county governments; and also, to encourage fiscal responsibility. Further, the Commission is required to determine, publish, and regularly review a policy in which it sets out the criteria by which to identify the marginalised areas for purposes of Article 204(2) of the Constitution.

### **Vision**

No Kenyan Left Behind.

### **Mission**

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

### **Principal Activities**

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

- a) Make recommendations concerning the financing of, and financial management, by County Governments;
- b) Define and enhance revenue sources of the National and County Governments;
- c) Encourage fiscal responsibility by the National and County Governments.

- d) Determine, publish, and regularly review a policy which sets out the criteria by which to identify the marginalized 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.

**b) 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 executing 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
2.	Angela Kariuki	Director Corporate Services
3.	Sheila Yieke	Director Legal Affairs
4.	Joseph Kuria	Director ICT
5.	Lineth Oyugi	Director Economics Affairs
6.	CPA Roble Nuno	Director Fiscal Affairs

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 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 Nuno	Director Fiscal Affairs
7.	CPA Maureen Junge	Finance Manager

**d) Fiduciary Oversight Arrangements**

**The Commission and its composition**

Article 215 of the constitution prescribes the eight-member composition of the commission.

The Commission has overall responsibility to ensure the 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 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 ensure that the Committees perform their duties collectively.

The Commission Committees are as follows:

1. **The Finance and Administration Committee** provides the policy framework on support to the Commission in finance, procurement, human resource, ICT, legal, and communication.
2. **The Revenue Allocation Committee** guides the development of recommendations on division of revenue between the two levels of government and among County Governments.
3. **The 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. **The Legal and ICT Committee** guides on legal and ICT matters affecting the Commission's operations
5. **The Audit, Corporate Governance and Risk Management Committee** provides oversight over governance, risk management and control processes of the Commission.

During the period under review, the Commission held nine (9) Full Commission Meetings.

The Commission has continued to lead the organization effectively by ensuring the implementation of good corporate governance through its governance structures.

**e) Commission Headquarters**

Commission on Revenue Allocation  
Prism Towers  
28<sup>th</sup> Floor  
P.O Box 1310-00200 Nairobi  
Tel: (020) 4298000

**f) Commission Contacts**

Telephone: (254) (020) 4298000  
E-mail: [info@crakenya.org](mailto:info@crakenya.org)  
Website: [www.crakenya.org](http://www.crakenya.org)

**g) 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,

**h) Independent Auditors**

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



**i) Principal Legal Adviser**

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

**3. Commissioners**


Name	Profile
 <p>CPA Mary Wanyonyi Chebukati <b>Chairperson</b></p>	<p>CPA Mary Wanyonyi 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. An ambitious and diligent professional, she has expert knowledge in the organization and functions of Government and is skilled in the implementation and monitoring of accounting standards and systems and administering accounting units.</p> <p>Prior to joining CRA as Chairperson, Mrs. Chebukati worked with the Ministry of Lands and Physical Planning as a Senior Deputy Accountant General.</p> <p>Previously, she served as a Head of Department in various Ministries. She has also served as a member on the boards of Kenyatta National Hospital, Masai Mara University and Cooperative University and as the Chairperson of the Kenya Ladies Golf Union.</p> <p>Mrs. Wanyonyi is member of ICPAK, ICIFA and AWAK. She holds a Master of Business Administration, a Bachelor of Commerce (Accounting) and is a Certified Professional Mediator.</p>
 <p>Koitamet Olekina, HSC. <b>Vice Chairperson</b></p>	<p>Commissioner Wilfred Koitamet Olekina Nchoshi is a Public Policy, Strategic Management, Civic Education and Disaster Management Expert. He has a rich and blended career that reflects his commitment to public service and the transformation of community lives.</p> <p>He has worked as a Board Member of Kenya Institute for Public Policy Research and Analysis (KIPPR); the Deputy Coordinator of the Government Crisis Response Centre in the former Office of the Prime Minister; Board Member of the Kenya Tourist Board; Director, Regional Coordination of the Orange Democratic Movement (ODM); an Executive Director of Maasai Education Discovery an NGO; Chairman of the Organization for Intercultural Education (OFIE) and as Vice Chairman of the Bomas of Kenya Draft Constitution. In addition, he has served as a Presiding Officer for the Electoral Commission of Kenya. He holds an Executive Master's in Public Policy and Administration and a Bachelor's Degree in Philosophy and Literature both from Kenyatta University.</p>

Name	Profile
 <p data-bbox="244 975 675 1075"><b>Hon. Fatuma Gedi, CBS Chairperson Allocation Committee. Revenue</b></p>	<p data-bbox="699 307 1485 659">Hon. Fatuma holds a Bachelor of Commerce in Human Resource Management, from the Grets University. She also holds a Higher Diploma Certificate in Human Resource Management and Public Relations from the Regional Institute of Business Management. She has vast and extensive experience of over 20 years on resource allocation, public finance, strategic management, and public administration. Before joining the Commission she served as the Women Representative and Member of Parliament for Wajir County in the 12th Parliament.</p> <p data-bbox="699 710 1485 1263">As a Member of Parliament, she held key leadership positions in Parliament where she served as a ranking Member of the Budget and Appropriations Committee; Vice Chairperson of the Parliamentary Committee on Administration and National Security; and Vice Chairperson of the Parliamentary Committee on Delegated Legislation. She also served as the National Chairperson of the Caucus 47 Women Representative in Kenya; National Chairperson of the Women League, Jubilee Party, and Trainer of Trainers at the National Democratic Institute (NDI). She also previously worked as a gender issues consultant at the Centre for Multi-Party Democracy; Project Manager, Greenland Aid and Development; Community Mobilization Officer, Save The Children, United Kingdom; Child Protection Officer at the World Food Programme, UNICEF and Ministry of Health.</p> <p data-bbox="699 1313 1485 1417">Hon. Gedi is passionate on women empowerment and leadership and protection and promotion of the interests and rights of minorities and marginalized communities.</p>
 <p data-bbox="244 1860 616 1959"><b>Benedict Mutiso Chairman, Finance and Administration Committee.</b></p>	<p data-bbox="699 1435 1485 1667">Mr. Mutiso is a Policy and Strategy visionary with expertise in Tax, Finance and Audit, offering turn key strategies that bring much needed growth to organizations that he is associated with. He has a rich blended career that spans over 20 years reflecting an astute commitment to making a difference in those he associates with and in the communities around him.</p> <p data-bbox="699 1674 1485 1871">He holds a B.Com Finance option degree from the Catholic University of Eastern Africa and is a Diploma holder from the Kenya School of Revenue Administration in Tax Administration and Customs Procedure. He also has expertise on organizational systems and operating softwares.</p> <p data-bbox="699 1877 1485 1948">In his previous life, Mr. Mutiso led a team within the KRA Audit Program that specialized in the foods and pharmaceutical sector.</p>



Name	Profile
	<p>He also was part of the team that was in the top 25 in ensuring compliance in the taxpayers' sector.</p>
 <p><b>Dr. Jalango Midiwo</b> <b>Chairman, Legal and ICT Committee.</b></p>	<p>Dr. Midiwo is an experienced Health Insurance expert with over 25 years of problem-solving, analytical, innovative, and creative skills.</p> <p>He has worked at NHIF Kenya as a General Manager in charge of Benefits and Quality Assurance for 11 years. He has additionally worked as a Chief Officer for Health Department in Siaya County and as a consultant for Health Financing for diverse organizations including the International Finance Cooperation (IFC), Rockefeller Foundation Kenya, and Output Based Aid Kenya.</p> <p>Dr Midiwo is a trained medical doctor and has worked as a medical superintendent at Rachuonyo District Hospital, and as a medical officer at Mbagathi hospital and Suba District Hospital among others.</p> <p>He holds a Master's in Public Health (MPH) and a Bachelor of Medicine and Bachelor of Surgery (MChB) degree from Kuban State Medical Academy, Russia; and a Diploma in International Health (EFQM) from the University of Heidelberg, Germany.</p>
 <p><b>Hadija Juma, HSC.</b> <b>Chairperson, Public Finance Committee.</b></p>	<p>Ms. Juma is a motivated, adaptable, and responsible sociologist dedicated to improving the livelihoods of marginalized and vulnerable persons.</p> <p>Commissioner Juma has worked as a Gender and Social Development Officer at the Ministry of Labour, Social Security and Services and as a Programme Officer at Citizen Against Violence. She has also worked with various non-governmental organizations on community empowerment and social issues. She has extensive work experience with marginalized communities addressing various social issues.</p> <p>She has developed several manuals and policies for various ministries, departments and agencies including the Gender Mainstreaming Training Manual for the Ministry of Gender, Children and Social Development; Gender and Disability Mainstreaming Formula for Agro-Chemical and Muhoroni Sugar companies; developed the National Social Protection</p>


Name	Profile
	<p>Policy and Strategic Planning Document for Busia County’s Department of Gender, Community Development and Social Services.</p> <p>Ms. Juma is pursuing a master’s degree in development studies at Jomo Kenyatta University of Agriculture and Technology (JKUAT). She has a bachelor’s degree in Sociology with IT from Maseno University, a Diploma in Early Childhood Education from the University of Nairobi, and a Diploma in Community Development from the Kenya School of Development Studies.</p>
 <p data-bbox="252 1101 488 1167"><b>Dr. Isabel Waiyaki</b> <b>Commissioner</b></p>	<p>Dr. Waiyaki is an experienced economist with over 14 years of experience in Economics, Finance and Policy development.</p> <p>She has worked as a Director of the National Government Constituency Development Fund (NG-CDF); Project Manager of the Local Development Research Institute (LDRI); Lecturer of Economics at the University of Nairobi; County Executive Committee (CEC) Member of the Department of Trade and Industry, Tourism, Cooperatives and Enterprise Development in Kiambu County Government; Consultant of the Kenya Health Sector Support Project (KHSSP) at the World Bank; Chairperson of the National Government Constituency Development Fund (NG-CDF) Kikuyu Constituency branch; Research Analyst at the Centre for Economic and Social Research (CESR); Economic Research Advisor at the Bank of Africa; Corporate Relationship Manager at the Bank of Africa among other positions.</p> <p>Dr Waiyaki holds a PhD in Economics from the University of Nairobi, a Master of Arts in Leadership and Governance from Pan African Christian University, a Master of Arts in Economics from the University of Nairobi and a Bachelor of Arts in Economics from the University of Nairobi. She has also extensively published in various academic journals and research documents and authored books on Corporate Governance, Finance and Economics.</p>

Name	Profile
 <p data-bbox="252 643 443 710"><b>Jonas Kuko</b> <b>Commissioner</b></p>	<p data-bbox="699 318 1481 632">Mr. Kuko is an Agriculture expert having worked in the Agriculture sector for over 28 years. He has rich experience in public service, resource allocation and management. He has worked as a Director with the Rural Electrification Authority; Principal, Chebororwa Agricultural Training College; District Project Monitoring and Evaluation Officer; Division Extension Officer among other positions in the agriculture sector.</p> <p data-bbox="699 681 1481 831">Mr. Kuko holds Bachelor of Science degree in Agriculture from Egerton University; a Diploma in Farm Management from Egerton University; a certificate in General Agriculture from Bukura Institute of Agriculture.</p>
 <p data-bbox="252 1373 544 1473"><b>Dr. Chris Kiptoo, CBS</b> <b>PS National Treasury/</b> <b>Commissioner</b></p>	<p data-bbox="699 853 1481 1041">Dr. Chris Kiptoo is the Principal Secretary, National Treasury. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade &amp; Cooperatives.</p> <p data-bbox="699 1090 1481 1444">In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.</p> <p data-bbox="699 1493 1481 1886">Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.</p>

Name	Profile
	<p>Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (International Macroeconomics Finance specialization) from the University of Nairobi, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic &amp; Financial Management Institute of Eastern &amp; Southern Africa (MEFMI).</p>
 <p>CPA James Katule <b>Commission Secretary</b></p>	<p>CPA Katule is the Chief Executive Officer (CEO) of CRA. Prior to his appointment, James Katule was the Director Fiscal Affairs (2014-2022) and Director Corporate Services (2012-2014) at CRA.</p> <p>His experience spans over 32 years, 17 of which have been at various levels of management in public organizations as well as international donor-funded research institutions. These include the International Centre for Insect Physiology and Ecology (ICIPE), The International Livestock Research Institute (ILRI), African Medical and Research Foundation (AMREF), The Capital Markets Authority (CMA) and currently CRA.</p> <p>James Katule is an experienced Certified Public Accountant – CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics &amp; Business Education from Kenyatta University. He is an alumnus of the Andrew Young School of School of Policy Studies, Georgia State University where he undertook a course on Fiscal Decentralization, Local Governance and Service Delivery.</p>

**4. Management**

Name	Profile
 <p data-bbox="236 981 584 1048"><b>CPA James Katule</b> <b>Accounting Officer / CEO</b></p>	<p data-bbox="699 338 1449 488">CPA Katule is the Chief Executive Officer (CEO) of CRA. Prior to his appointment, James Katule was the Director Fiscal Affairs (2014-2022) and Director Corporate Services (2012-2014) at CRA.</p> <p data-bbox="699 539 1449 853">His experience spans over 32 years, 17 of which have been at various levels of management in public organizations as well as international donor-funded research institutions. These include the International Centre for Insect Physiology and Ecology (ICIPE), The International Livestock Research Institute (ILRI), African Medical and Research Foundation (AMREF), The Capital Markets Authority (CMA) and currently CRA.</p> <p data-bbox="699 904 1449 1294">James Katule is an experienced Certified Public Accountant – CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics &amp; Business Education from Kenyatta University. He is an alumnus of the Andrew Young School of School of Policy Studies, Georgia State University where he undertook a course on Fiscal Decentralization, Local Governance and Service Delivery.</p>
 <p data-bbox="236 1823 608 1890"><b>Angela Kariuki</b> <b>Director Corporate Services</b></p>	<p data-bbox="699 1308 1449 1787">She holds a Masters in International Commercial Law (LLM) from the University of Nottingham (UK) and a Bachelor of Laws (LLB) from the University of Sheffield (UK). She is an Advocate of the High Court of Kenya; member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. Mrs. Kariuki has been with the Commission from inception for a period of six years. She has broad professional experience in the areas of human capital management, facilities management, supply chain management, strategic planning and corporate governance, legal compliance with regards to securities law, corporate law, policy formulation and implementation.</p> <p data-bbox="699 1823 1449 1935">She previously worked with the Capital Markets Authority for nine years and Kilonzo &amp; Company Advocates for two years.</p>

Name	Profile
 <p data-bbox="245 694 539 760">Sheila Yieke <b>Director Legal Affairs</b></p>	<p data-bbox="699 327 1465 681">She is an Advocate of the High Court of Kenya and holds an MBA, Finance from the United States International University and a Certified Public Secretary (K). In addition she is alumni of the International Development Law Organization (IDLO) and a member of the Chartered Institute of Purchasing and Supplies (UK). She has worked with Sotik Tea and Sotik Highlands Tea Estates, Kenya Investment Authority and Kosgey and Masese Co. Advocates. Internationally she has worked at the UN, IGAD, NORDIC and UNOPS.</p>
 <p data-bbox="245 1344 419 1411">Joseph Kuria <b>Director ICT</b></p>	<p data-bbox="699 769 1465 924">He holds a Master’s Degree in Business Administration, Strategic Management from the University of Nairobi and a BSc. Degree in Computer Science from Egerton University. He is currently pursuing a PhD in Information Systems.</p> <p data-bbox="699 968 1465 1521">He holds the following professional certifications: MCP, MCSE, MCDBA, CISA, CEH, MCT, PMP and PRINCE2 He is a member of Information Systems Audit and Control Association (ISACA). He has over 16 years working experience in both Public and Private Sector. Mr. Kuria is a leading technology strategist with experience spanning systems and network architecture, business re-engineering, data center technologies, application development, global vendor management, budgeting and project portfolio management. He is a strategic adviser to both National and County governments of Kenya on the adoption of computer based financial and revenue management systems and deployment of Integrated Shared Services across government.</p>

Name	Profile
 <p data-bbox="236 681 592 747">Lineth Oyugi <b>Director Economic Affairs</b></p>	<p data-bbox="699 311 1449 539">Lineth Oyugi holds a Masters of Arts in Economics from the University of Nairobi and a 4<sup>th</sup> year Phd student of Economics at University of Nairobi. She has vast knowledge and experience in Research having worked for the Federation of Kenya Employers as the Head of Research and Policy Advocacy.</p> <p data-bbox="699 548 1449 738">Additionally Lineth has worked with the Institute of Policy Analysis and as a Research Fellow, Macroeconomics programme and also with the Ministry of Finance and Ministry of Planning and National Development as an Economist.</p>
 <p data-bbox="236 1141 539 1207">CPA Roble Nuno <b>Director Fiscal Affairs</b></p>	<p data-bbox="699 760 1449 953">Mr. Nuno holds an MBA (Finance) and Business Administration degree from Kenyatta University and Methodist University respectively. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.</p> <p data-bbox="699 962 1449 1079">He has over 30 years' experience in the Public Financial Management and over eight years in Senior Management position in the County Government of Garissa.</p> <p data-bbox="699 1123 1449 1234">He has attended several Courses both locally and Internationally while serving the National and County Governments.</p>
 <p data-bbox="236 1765 496 1831">CPA Maureen Junge <b>Finance Manager</b></p>	<p data-bbox="699 1269 1449 1424">CPA M. Junge is a certified public accountant, certified public secretary (CPSK) having extensive work experience in public finance with emphasis on budgeting, financial management, financial analysis, and reporting.</p> <p data-bbox="699 1468 1449 1579">Prior to joining the Commission, CPA Junge served in senior management at Kenya Investment Authority, Africa Investment Bank and Reliance General Limited.</p> <p data-bbox="699 1623 1449 1734">As the inaugural manager in charge of finance at CRA, Ms. Junge was instrumental in developing finance policies and procedures inline with the PFM reporting framework.</p> <p data-bbox="699 1778 1449 1889">Ms. Junge is a member of ICPAK and AWAK and holds a Master of Science degree and a Bachelors of Commerce degree (Finance option) from The University of Nairobi.</p>

## **5. Chairperson's Statement**

It is with great honor that I present the Commission on Revenue Allocation's (CRA) Annual Report and Financial Statements for FY 2023/2024, reflecting our efforts and achievements from July 2023 to June 2024.

As a pioneer in fiscal decentralization, the Commission continues to promote a sustainable approach to resource allocation that upholds equity and fiscal responsibility. Our recommendations provide a strong foundation for long-term development and fiscal balance across both levels of Governments.

In doing so, the Commission safeguarded the principles of public finance as envisaged in Article 201 of the Constitution. The Commission provided independent, non-partisan advice to Parliament and other key stakeholders, hence contributed to strengthening the legislative framework for fiscal decentralization in the country. We are committed to the principle of transparency and accountability in revenue sharing to promote national interest and economic stability.

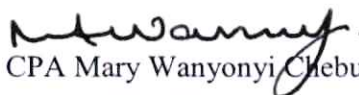
The Commission fulfilled the above mandate under article 216(1) by submitting our recommendations, to inform the Division of Revenue Bill (DoRB), County Allocation of Revenue Bill (CARB) and County Governments Additional Allocations Bill (CGAAB). These ensure counties receive adequate resources to deliver essential services while maintaining fiscal equity.

The Commission made recommendations on County Recurrent Budget Expenditure Ceilings creating harmony in the execution of mandates of both arms of County Government. Similarly, the Commission contributed to promoting responsible fiscal management, supported establishment of key PFM structures within county financial systems, guided counties on Own Source Revenue (OSR) enhancement and adherence to fiscal responsibility principles.

In line with its mandate under Article 216(4) of the Constitution, the Commission visited 26 Counties to assess the level of deprivation of critical infrastructure in key sectors to inform the identification of marginalized areas in the development of Third Policy.

The Commission maintained high standards of accountability, achieving an unqualified audit opinion for FY 2022/2023. Our efforts were recognized by the Institute of Certified Public Accountants of Kenya (ICPAK), underscoring our adherence to International Public Sector Accounting Standards (IPSAS) and responsible financial stewardship.

As we look to the future, the Commission is focused on advancing Kenya's fiscal decentralization agenda. We will continue to focus on promoting balanced growth and supporting the economic stability of all counties in the short, medium and long term.

  
CPA Mary Wanyonyi Chebukati  
**CHAIRPERSON**

Date : 27/09/2024

## **6. Report of The Commission Secretary / CEO**

The Commission on Revenue Allocation (CRA), steadfast in its mandate and essential functions, remains a cornerstone in advancing the national and county governments. I am pleased to present the operational and administrative highlights of the Commission for the financial year 2023/2024.

Our work under the Inter-Governmental Revenue and Financial Matters Programme is organized into four sub-programmes:

**General Administration and Support Services (Sub-Programme 1):** The Commission achieved an unqualified audit opinion for FY2022/23, affirming its commitment to transparency and accountability. Notably, we were recognized as Second Runners-up in the Financial Reporting (FiRE) competition for IPSAS Accrual reporting. Operational efficiency was further enhanced through the relocation to more spacious offices in Prism Towers, Upper Hill, Nairobi. To support staff motivation, the Commission continued to offer car loans and mortgages under the existing scheme. Additionally, leadership and governance training for new Commissioners ensured a smooth transition and alignment with institutional goals.

**Equitable Sharing of Revenue (Sub-Programme 2):** The Commission submitted timely recommendations for the equitable sharing of revenue between the national and county governments for FY2024/25. This was accomplished through rigorous technical analysis and consultations to finalize the Division of Revenue Bill (DoRB), County Allocation of Revenue Bill (CARB), and County Governments Additional Allocations Bill (CGAAB). An assessment of devolution's impact on service delivery across 24 counties offered critical insights for developing the Fourth Basis for Revenue Sharing (FY2025/26 to FY2029/30). The Commission also engaged extensively with stakeholders, including county governments, national government institutions, non-state actors, academia, and other key partners.

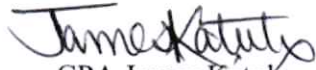
**Public Financial Management (Sub-programme 3):** The Commission recommended county governments' recurrent expenditure budget ceilings for FY2024/25. In collaboration with the World Bank, we disseminated findings from the County Own Source Revenue (OSR) Potential and Tax Gap Study to five counties and developed Revenue Enhancement Action Plans. To strengthen technical capacity, 10 Commission staff were trained on the Tax Administration Diagnostic and Assessment Tool (TADAT). Furthermore, we launched the Model Tariffs and Pricing Policy for County Governments, developed a ranking framework to incentivize adherence to fiscal responsibility principles, and reviewed several bills in Parliament in line with Article 205 of the Constitution.

**Transitional Equalization (Sub-Programme 4):** Stakeholder engagements were conducted in 26 counties as part of preparations for the Third Policy. However, due to budgetary constraints arising from funding cuts, the completion of the Third Policy has been deferred to FY2024/25.

Despite financial challenges, the Commission has made significant strides in fulfilling its mandate. I extend my deepest gratitude to our stakeholders, partners, and dedicated staff for

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

their unwavering contributions and support. Together, we continue to promote equitable development in Kenya.



CPA James Katule

**COMMISSION SECRETARY/CEO**

Date : 27/09/2024

**7. Statement of Performance Vs Predetermined Objectives For FY 2023/24**

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
<b>Programme:</b> Inter-government transfers and financial matters									
<b>Sub-Program 1: General Administration and Support services</b>									
<b>SP 1: General Administration and Support Services</b>	1.1	Enhanced staff motivation	No. of staff trained	25	2	Suspended due to budgetary constraints	471.59	484.25	88%
			No. of Report on Work environment & Employee satisfaction surveys	2	-	Suspended due to budgetary constraints			
			No. of team building conducted	1	-	Suspended due to budgetary constraints			
	1.2	Enhanced fleet	No. of vehicles procured	2	-	Suspended due to budgetary constraints			
	1.3	Effective oversight	No. of Audit committee meetings	4	4	Done			
	1.4	Enhanced systems and processes of governance, risk management, and internal control	No. of internal Audit reports	8	6	Two (2) audits were not carried out due to budgetary constraints.			
	1.5	Enhanced Communication with key stakeholders	No. of key stakeholders directly engaged on CRA Recommendations.	300	400	Workshops, County visits, and National Assembly sessions			
			No. of Surveys conducted on CRA's external image and	2	-	Suspended due to budgetary constraints			

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
			staff knowledge of CRA's mandate and functions						
			Annual report compiled, printed, and disseminated for FY 22/23	1	1	The report was printed and dissemination is currently ongoing.			
	1.6	Strategic Plan	2023 – 2028 strategic plan developed	1	-	Draft SP done and awaiting stakeholder validation exercise before its launch in the next financial year.			
Sub-Program 2: Equitable Sharing of Revenue									
SP 2. Equitable Sharing of Revenue	2.1	Recommendation on equitable sharing of revenue between national and county governments.	Annual Recommendation on Vertical Share FY 2024/25	1	1	Completed and submitted to the Senate, National Assembly, County Assembly, National Executive, and County Executive within the stipulated timeline	15.20	18.66	99%
			No. of Recommendations on Bills that deal with the sharing of revenue (DoRB, CARB, BROP, CGAAB, BPS, and DMSP)	6	6	CRA submitted comments on BROP, BPS, DoRB, CARB, CGAAB and MTDS.			
			No. of consultations held on equitable sharing of revenue with elected officials (National Assembly, Senate,	4	4	The Commission held consultations on the recommendation for the sharing of revenue between the national and			

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
			and Governors) as well as National Treasury			county governments for the financial year 2024/25 with the National Assembly, Senate, Council of Governors, and National Treasury			
	2.2	Equitable sharing of revenue among county governments	No. of reports on data needs for the Fourth Basis on revenue sharing among county governments	1	-	The data needed for preparation on the Fourth revenue-sharing basis was collected from various published sources. In addition, data was collected based on the assessment of the impact of devolution on service delivery undertaken in the 24 counties.  However, due to resource constraints occasioned by budget cuts, data on the assessment of the impact of devolution on service delivery was not collected from the remaining 23 counties.			
			Recommendation on the Fourth Basis for Revenue Sharing among County Governments	1	-	The recommendation on the Fourth Basis is yet to be completed due to budget constraints occasioned by budget cuts, which delayed some activities including			

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
						<p>consultations with the county economic clusters, COG, The Senate, the National Assembly, and the public.</p> <p>However, several activities were completed. These include a commission visit to 24 counties to assess the impact of devolution on service delivery; a review of the Third Basis; consultations with institutions and consultations with MDAs (Health, Infrastructure, Agriculture, Urban, Water, Roads, Kenya National Bureau of Statistics) on data and parameters.</p>			
			No. of publications on the Fourth Basis for Sharing Revenue among County Governments.	1	-	Publication will be undertaken once the preparation of the Fourth Basis has been completed in Q1 of 2024/25.			
			No. of dissemination fora for the Fourth Basis	10	-	Dissemination will be undertaken after completion of the preparation			

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
						of the Fourth Basis in Q1 of 2024/25.			
Sub-Program 2: Public Financial Management									
SP 3. Public Financial Management	3.1	Recommendation on Recurrent expenditure budget ceilings for County Government.	Annual recommendation on recurrent budget ceiling FY2024/25	1	1	The FY 2024/25 budget ceiling was approved by the Commission and submitted to the Senate.	16.25	11.75	98%
	3.2	Enhanced Financial Management	County Fiscal Strategy Paper Review Report	1	1	CFSP 2024 Report developed and awaiting approval by the Commission and thereafter submission to the Senate			
			No. of bills reviewed on financial management and financing (Finance bills)	15	9	Equalization Fund Bill, 2022 (National Assembly), Equalization Administration Bill, 2023 (Senate), Gambling Bill, National Lottery Bill, Division of Revenue Bill, 2023, County Allocation of Revenue Bill, 2023, Equalization Appropriation Bill, Commission on Revenue Allocation (Amendment) Bill, 2023, The Public Service (Values and			

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
						Principles) (Amendment) Bill No. 46 Of 2022.			
	3.3	Enhanced compliance of PFM provision on the establishment of CBEFs and their effectiveness	No. of counties supported on CBEF's establishment	47	34	Following up on 13 Counties for establishment			
			CBEF monitoring system developed (%)	40	-	Suspended due to budgetary constraints			
			No. of CBEFs inducted and trained	47	13	The Commission inducted and trained 13 counties.			
			No. of CBEFs Monitored for effectiveness	47	13	The Commission supported 13 counties i.e. monitoring of their effectiveness			
			Capacity building report on PFM induction for County executive and assembly	1	1	Done			
	3.4	Framework on prudent financial management for county governments	No. of Fiscal responsibility evaluation framework.	1	-	Suspended due to budgetary constraints			
	3.5	Market-Based County Borrowing product developed	(%) of product development for approval	50	-	50% of Concept note development was done in FY 22/23 and with CMA awaiting approval.			
	3.6	Framework on County Ranking developed	Framework for county ranking developed (%)	50	50	Concept note developed and approved. Draft Framework for County ranking developed. The			

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
						draft framework was subjected to experts' review. Comments are to be incorporated in the FY 24/25, subjected to peer-to-peer evaluation, and thereafter be used to rank counties.			
	3.7	Fiscal Responsibility Index developed	Fiscal Responsibility Index developed (%)	50	25	Concept note developed and approved. Parameters of Index identified and subjected to key stakeholders for input. The other 25% will be completed subject to availability of funds.			
	3.8	Revenue Enhancement to National & County Governments from Natural Resources	Framework for sharing mineral royalties to (i) County governments and (ii) Communities (%)	50	-	This was a multi-year activity (2 years), and the Framework for County government Regulations was developed and is currently at the AG's office for final review.			
			Study on unlocking the revenue opportunities from the Blue Economy (%).	50	50	Concept note developed. The Commission visited inland water bodies, lake basin waters and Coastal counties for facts finding and developed reports on the same (Counties visit: Nakuru, Kisumu, Homa bay, Kilifi and Kwale).			

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
	3.9	Counties supported on Revenue enhancement.	A framework of ranking counties by OSR performance	1	1	Framework was done.			
			County Revenue Forecasting Tool	1	-	To be undertaken through a collaborative engagement with the National Treasury in FY 2024/25			
			No. of counties assessed on county revenue administration	10	-	No assessment was undertaken due to lack of resources. Tax Administration Diagnostics Assessment Tool (TADAT) is an IMF program supported by TADAT Secretariat. Further, there were no new agreements with either UN Women or UNDP			
			Capacity building report on county OSR training	4	4	Four county-specific reports were prepared for the following counties: Makueni, Mombasa, Kericho, and Kilifi.			
			Dissemination of OSR Potential and Tax Gap Study	47	5	The Commission through the support of WorldBank disseminated OSR Potential and Tax Gap Study to 5 Counties (Taita Taveta, Uasin Gishu, Kakamega, West Pokot, and Migori)			

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
	3.10	Counties supported on own source revenue legislation and oversight	No. of counties trained on OSR model laws & CRA mandate	23	3	Capacity building on model laws through the OSR training requested by counties (Makueni, Mombasa, and Kericho)			
			No. of bills drafted on OSR for support of counties.	50	-	Suspended due to budgetary constraints			
			Model on Tariffs and Pricing Policy developed and launched	1	1				
			No. of counties trained on model Tariffs and Pricing Policy	24	5	The following Counties were trained on the MTPP; Machakos, Mombasa, Kiambu, Nairobi and Makuenei.			
			A Comparative study on enactment of revenue legislation and revenue collection at the county level	1	-	Suspended due to budgetary constraints			
<b>Sub-Program 4: Transitional Equalization and stakeholder engagement</b>									
<b>SP 4: Transitional Equalization and stakeholder engagement</b>	4.1	Policies identifying marginalized areas	Third Policy identifying marginalized areas	1	-	The Third Policy has not been completed due to resource constraints occasioned by budget cuts. The completion of the Third Policy was been postponed to Q3 and Q4 of FY 2024/25.	<b>13.41</b>	<b>2.16</b>	<b>100%</b>

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Non-financial performance – Programmes, Key Outputs and Targets FY 2023/24									
sub-program	No.	Key Outputs	Key Performance Indicators	Target 2023/24	Achievements 2023/24	Remarks	Approved Budget (million)	Revised Budget (million)	Absorption Rate
			No. of stakeholder fora on the Third Policy identifying marginalised areas	4	1	A consultation with the NA Budget and Appropriation Committee was held. However, due to budget constraints, consultations with the CoG, Senate and civil society were not undertaken. The consultations will be held in QIII and QIV of Financial Year 2024/25.  Stakeholder engagements were carried out in 26 counties as part of the activities for the preparation of the Third Policy.			
			No. of reports published and publicized on Third Policy identifying marginalized areas	1	-	This activity will be undertaken once the preparation of the Third Policy is completed in the financial year 2024/25			
<b>GRAND TOTAL</b>							<b>516.45</b>	<b>516.82</b>	<b>89%</b>

## **8. Statement of Governance**

### **a) Roles and Responsibilities of Commissioners**

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

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

### **b) Appointment to the Commission**

The Third Commission was fully constituted in FY 2023/24 following their appointment in office on 1<sup>st</sup> January 2023 except for the Chairperson who was appointed on 17<sup>th</sup> July 2023.

#### **Members of the Third Commission.**

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

### **c) Commission Structure**

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

The Commission undertook its function through five (5) Committees which assisted in discharging their mandate, responsibilities, and obligations. The Committees were:

- i. Finance and Administration Committee
- ii. Revenue Allocation Committee.
- iii. Public Finance Management Committee

- iv. Legal and ICT Committee.
- v. Audit, Corporate Governance and Risk Management Committee.

The Commission continuously assesses its governance operating model to ensure that robust and proper systems, and 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 continually provides leadership to the implementation of the Commission’s strategies.

**d) Commission’s Transactions / Attendance in the reporting period**

During the year under review, the Commission held nine (9) full commission meetings as tabulated below;

**Full Commission meetings attendance FY 2023/24**

Meetings	CPA Mary Wanyonyi Chebukati	HSC Koitamet Olekina,	Dr. Jalango Midiwo	Dr. Isabel Waiyaki	Jonas Kuko	Hadija Juma,	Hon. Fatuma Gadi	Benedict Muasya	Dr. Chris Kiprro, CBS
<b>Full Commission Meetings</b>									
4 <sup>th</sup> Full Commission Meeting held on 3 <sup>rd</sup> July 2023.	*	√	√	√	√	√	√	√	√
5 <sup>th</sup> Full Commission Meeting held on 14 <sup>th</sup> August 2023.	√	√	√	√	√	√	√	#	√
6 <sup>th</sup> Full Commission Meeting held on 28 <sup>th</sup> August 2023.	√	√	√	√	√	√	√	√	√
7 <sup>th</sup> Full Commission Meeting held on 11 <sup>th</sup> October 2023.	√	√	√	√	√	√	√	√	√
8 <sup>th</sup> Full Commission Meeting held on 15 <sup>th</sup> December 2023.	√	√	√	√	√	√	√	√	√
9 <sup>th</sup> Full Commission Meeting held on 24 <sup>th</sup> January 2024.	√	√	√	√	√	√	√	√	√
9 <sup>th</sup> Special Commission Meeting held on 26 <sup>th</sup> February 2024.	√	√	√	√	√	√	#	√	#
10 <sup>th</sup> Full Commission Meeting held on 9 <sup>th</sup> April 2024.	√	√	√	√	√	√	√	√	√
11 <sup>th</sup> Full Commission Meeting held on 4 <sup>th</sup> June 2024.	√	√	√	√	√	√	√	√	√
12 <sup>th</sup> Full Commission Meeting held on 27 <sup>th</sup> June 2024.	√	√	√	√	√	√	√	√	√

**Key:**

Present	√
Absent	×
Absent with apology	#
Not yet appointed	*

**e) Management Committees.**

The Accounting officer of the Commission executes his roles through various management committees as highlighted below.

**i. Senior Management Committee**

The senior management committee is tasked with providing strategic leadership and management the Commissions operations while setting key priorities, goals and objectives.

**ii. Public Finance Management Standing Committee (PFMSC)**

Section 18(1) of the Public Finance Management Regulations, 2015 requires every national government entity to establish the Public Finance Management Standing Committee (PFMSC) chaired by the Accounting Officer.

The key responsibility of the PFMSC is to provide strategic guidance to the Commission on public finance management matters.

**iii. Budget Implementation Committee (BIC)**

All MDAs are expected to establish a Budget Implementation Committee at the beginning of each Financial year to facilitate the smooth execution of planned activities. The Committee's sole responsibility was to oversee budget implementation and regularly, advise the Accounting Officer on the performance of the budget.

**iv. CRA Staff Car Loan Scheme Committee (CSCLSC)**

The CRA Staff Car Loan Committee members are appointed by the Accounting Officer. The Committee's sole responsibility is to execute responsibilities of the scheme in the best interest of the staff. The committee consider's Staff car loan applications and make necessary recommendations for the Accounting Officer's consideration and approval.

**f) Audit, Corporate Governance and Risk Management Committee (ACGRMC)**

**i. Establishment of the ACGRMC**

The ACGRMC is established in accordance with section 73(5) of the Public Finance Management Act (PFMA), 2012, Regulation 174 of the Public Finance Management Regulations (PFMR) for National Government, 2015, Audit Committee Guidelines for National Government, 2016 as well as section 12(1) of the CRA Act, 2011.

**ii. Mandate of ACGRMC**

The purpose of the ACGRMC is to assist the Commission in fulfilling its oversight role to ensure effectiveness and efficiency in operations and the effectiveness of the internal control, risk management and governance processes. The Committee's mandate includes:

- a) Assisting the Commission in enhancing internal controls to improve efficiency, transparency and accountability.
- b) Reviewing internal and external audit reports and recommendations after management response to ensure action is taken.
- c) Enhancing oversight of governance, risk management and internal control processes.
- d) Enhancing communication between management, internal and external auditors.
- e) Fostering an independent and effective Internal Audit Function.

**iii. ACGRMC Composition**

The ACGRMC is constituted in accordance with Regulation 174 (4) of the PFMR for National Government, 2015 which provides that there shall be a minimum of three members, excluding a person who shall be appointed to represent the National Treasury in each audit committee and a maximum of five. Below is a list of members who served in the ACGRMC for the reporting period.

**Members who served in the ACGRMC as at 30th June, 2024:**

No.	Name	Designation
1	Jones Kimeu	Independent Member/ Chairperson
2	Dr. Elkana Kimeli	Independent Member
3	Joel Walucho	The National Treasury Representative
4	Dr. Isabel Waiyaki	Commissioner

**iv. ACGRMC Activities/Meetings**

The annual calendar of meetings and activities incorporates a schedule of all meetings and activities of the Committee in a financial year. The Committee meetings were held in accordance with Regulation 179 (1) of the PFMR for National Government, 2015 that requires the Committee to meet at least once in every three months.

The ACGRMC held four (4) meetings in the period under review as tabulated below.

**The ACGRMC meeting attendance**

Meetings	Rosemary Ndiritu (Retired 02.11.2024)	Jones Kimeu	Joel Walucho	Dr. Elkana Kimeli (Appointed 01.01.2024)	Dr. Isabel Waiyaki
Quarter I	√	#	√	×	√
Quarter II	*	√	√	√	√
Quarter III	*	√	√	√	√
Quarter IV	*	√	√	√	√

**Key:**

Present	√
Absent	×
Absent with apology	#
Retired	*

**v. Conflict of Interest**

The ACGRMC members are required to disclose any actual or potential conflict of interest during Committee meetings. When declared, the Committee member abstains from decisions where the conflict exists. The Head of Internal Audit maintains a register of conflicts of interest for the Committee which is updated where a conflict is declared.

**Note:**

Risk management, compliance, and conflict of interest is the responsibility of management under corporate governance.

**vi. Training on Corporate Governance for the third Commission.**

In the third quarter of FY 2023/2024, the new Commissioners underwent an induction and training on Leadership and Corporate Governance organized by the Institute of Certified Secretaries (ICS). The course content included but not limited to Leadership, Communication, Legal affairs, among other units of the course.

**g) Stakeholder engagements and public participation.**

The Commission's recommendation directly impacts equitable Revenue sharing between the National and County governments and among County governments and Financing and Financial management of County government. Further, the Commission is required to determine, publish and regularly review a policy in which it sets out the criteria by which to identify the marginalised areas for purposes of Article 204(2) of the Constitution.

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

In light of the above processes entailed in developing the various recommendations, the Commission carried out various consultative forums with its key stakeholders. In the review period, approximately 700 stakeholders were engaged against a cumulative target of 600.

## **9. Management Discussion and Analysis**

### **A. Equitable Sharing of Revenue (SP 2)**

#### **i. Equitable Sharing of Revenue.**

The Commission is mandated by Article 216(1) (a) to recommend the basis for the equitable sharing of nationally raised revenue between the national and county governments. Further, Section 190 of the Public Finance Management Act (PFMA) 2012 requires the Commission to submit its recommendations at least six months before the beginning of the next financial year to The Senate, National Assembly, the national executive, county assemblies and county executives.

In fulfilment of the mandate above, the Commission prepared and annually submitted to Parliament three recommendations on the sharing of revenue between the national and county governments for the FY 2021/22, FY2022/23 and FY 2023/24. The Commission achieved its target of three recommendations for the review period.

#### **ii. Recommendations on Bills that Deal with the Sharing of Revenue**

Article 205 requires that when a Bill that includes provisions dealing with the sharing of revenue or any financial matter concerning county governments is published, the Commission considers those provisions and makes recommendations to the National Assembly and Senate. In fulfillment of the requirements of Article 205, the Commission considered each of the following annual bills: Division of Revenue Bill (DoRB); County Allocation of Revenue Bill (CARB), and County Governments Additional Allocations Bill (CGAAB) for 2022, 2023, and 2024 and submitted its recommendations to Parliament. The Commission achieved its target of three submissions for each year 2022, 2023 and 2024.

#### **iii. Recommendations on National Government Policies**

During the reporting period, the Commission made annual recommendations on each of the following policy documents on financial matters: Budget Review and Outlook Paper (BROP); Budget Policy Statement (BPS), and the Medium-Term Debt Management Strategy (MTDS).

Section 25(5) of the PFMA 2012 requires that the National Treasury seeks and considers the Commission views on the BPS. The Commission reviewed the 2022, 2023 and 2024 BPS and submitted its views to the National Treasury and Parliament. The Commission achieved its target of reviewing the document for each year.

Further, during the period under review, the Commission made annual recommendations each on the provisions of the BROP and MTDS. The recommendations (two for each financial year) were submitted to the National Treasury for consideration. This was against a target of 2 for each year.

**iv. Preparation of the Fourth Basis for Revenue-sharing among County Governments**

The Commission is mandated by Article 216(1) (b) to make recommendations on the basis for the equitable sharing of revenue among county governments. Article 217 provides that once every five years, the Senate shall, by resolution, determine the basis for allocating among the counties the share of national revenue that is annually allocated to the county level of government.

During the review period, the Commission commenced the preparation of the recommendation on the Fourth Basis for revenue sharing among county governments which will be used to share revenues over a period of five years (FY 2025/26 to 2029/30). Initial activities were undertaken towards the preparation of the Fourth Basis. These included: consultations with organizations/institutions on review of the Third Basis; and consultations with the national government representatives from six sectors and subsectors (Health, Agriculture, Livestock and Fisheries, Roads, Water, Education, and Urban services) to understand the data requirements and possible parameters and consultation with regional economic blocs. Consultations with other stakeholders including the Council of Governors, The Senate, National Assembly and the public are scheduled to take place in the first quarter of FY 2024/25. Following the consultation with sectors and subsectors, the Commission prepared a report on data needs for the preparation of the Fourth Basis.

Further, the Commission collected data from 24 counties based on the assessment of the impact of devolution on service provision. The Commission has planned to assess the impact of devolution on service provision in the remaining 23 counties in the first quarter of the FY 2024/25.

**B. Public Financial Management (SP 3)**

**i. Recommendation on Recurrent expenditure budget ceilings for County Government.**

During the reporting period two Stakeholders engagement were undertaken i.e the county governments both the County Assembly and Executive. Parliamentary Budget office was also engaged. This is in line with Article 201 (a) that states there shall be openness and accountability, including public participation in financial matters. Further, the Commission undertook one stakeholder engagement with the Senate.

The Commission therefore prepared one recommendation annually for FY 2022/23, 2021/22 and 2020/21 against a target of one for each year respectively.

**ii. Enhanced Financial Management - Induction of County Executive committee members on PFM Activity**

Pursuant to Article 216 of the Constitution, the Commission on Revenue Allocation engaged the County Executive Committee Members (CECMs) for Finance and Economic Planning on CRA's mandate and its implication on financial management. 29 against a target of 47 CECMs of Finance and economic planning participated in the induction.

Further, the Commission received and reviewed County Fiscal Strategy papers from 24 Counties out of the 47. Individual County recommendations were developed and shared with the respective Counties. A consolidated report for the County Fiscal strategy paper has been developed for 2024/25

**iii. Enhanced compliance of PFM provision on the establishment of CBEFs and their effectiveness**

In supporting public financial management structures in county governments, the Commission advocates for the establishment of the County Budget and Economic Forum in compliance to Section 137 of the PFM Act, 2012. The main purpose of CBEFs is to provide or facilitate public engagements with broader County budget processes from budget formulation to budget implementation.

During the reporting period, 39 against a target of 47 CBEFs were established with 13 inducted using counties resources.

**iv. Revenue Enhancement to National & County Governments from Natural Resources.**

In order for the Commission to fully realize the potential of the blue economy, there is need to undertake a study on the same. Understanding revenue potential in the blue economy is paramount since it helps policymakers and stakeholders identify economic opportunities and maximize the benefits that can be derived from ocean/inland waters-related activities while ensuring that the benefits and costs of these economic activities are distributed fairly and sustainably. Sharing revenues and benefits accrued from natural resources is a function of

the Commission. In this regard the Commission visited Counties with large waters bodies on a fact-finding mission to identify the economic opportunities and revenue potential in those counties and

prepared a report. The Counties visited are Nakuru (inland), Kisumu & Homabay (Lake basin) and Kilifi & Kwale (Coastal ocean strip).

**v. County Revenue Administration Assessment Activity**

The Commission did not undertake any revenue assessments due to budgetary constraints. However, ten (10) Commission staff were trained and certified on TADAT by the United Nations Capital Development Fund (UNCDF). Some of them have and continue to support counties in the development of Revenue Enhancement Action Plans (REAPs) that are in line with international revenue best practices.

**vi. Dissemination of County OSR Potential and Tax Gap Study**

The Commission in collaboration with the World Bank disseminated the potential study to 5 pilot counties and developed revenue enhancement action plans. The 5 pilot counties were Taita Taveta, Uasin Gishu, West Pokot, Kakamega, and Homabay. The Commission also capacity-built the following County Governments on OSR enhancement strategies: - Makueni, Mombasa, Kericho, Kilifi, and Lamu.

**vii. Framework for Ranking Counties**

The Commission developed a framework for ranking the counties OSR performance and adherence to fiscal responsibility principles. The ranking tool has been subjected to peer review by stakeholders and received views.

**viii. Launched the Model Tariffs and Pricing Policy**

The Commission on Revenue Allocation (CRA), as an Independent Commission mandated under Article 216, plays a key role in providing recommendations on financing and financial management for county governments.

During the period under review, the Commission received from the National Treasury AIE of KSh.12 million for the launch of the Model Tariffs and Pricing Policy (MTPP) which marked a critical milestone in enhancing county revenue streams and addressing challenges by the counties.

Despite the constitutional mandate for counties to raise their own revenues (Article 209), a significant issue persists – the duplicity and multiplicity of charges stemming from outdated frameworks of former Local Authorities.

The National Policy to Support Enhancement of County Governments' OSR underscores the need for comprehensive revenue policies and legislation to provide a solid foundation for county revenue-raising measures. As a response to this imperative, the MTPP, and The Model Laws were collaboratively developed by an interagency team, with CRA actively contributing.

### **C. Transitional Equalization (SP 4)**

#### **i. Policy identifying marginalized areas**

The Commission is mandated by Article 216(4) to determine, publish and regularly review a policy in which it sets out the criteria by which to identify the marginalised areas for purposes of sharing of the Equalization Fund. The Equalization Fund is used to provide basic services including water, roads, health facilities and electricity to marginalised areas to the extent necessary to bring the quality of those services in those areas to the level generally enjoyed by the rest of the nation.

In furtherance of this mandate, the Commission during the reporting period, visited 26 Counties and engaged with stakeholders in the preparation for the Third Policy identifying marginalised areas. The objectives were to ascertain and document the extent of deprivation in the marginalised areas and engage with the county leadership and the public on the Third Policy identifying marginalised areas. But due to budget constraints, the finalization of the Third Policy was rescheduled to FY 2024/25.

### **D. General Administration and Support Services (SP 1)**

#### **i. Unqualified Audit Opinion**

The Commission's financial statements were prepared in accordance to the relevant standards. The statements presented fairly the financial position, results of operations, and cash flows of the Commission. There were no material misstatements or omissions in the financial statements that required the auditor to modify or qualify their opinion hence the Unqualified Audit opinion for the reporting period FY2022/23.

Given the various policies and strong internal control systems, the Commission has maintained Unqualified Audit opinions since inception.

#### **ii. 2nd Runner Up, FiRE Awards 2023.**

After two attempts into the Financial Reporting (FiRE) competition, the Commission received an award as the Second Runner-Up in the category of International Public Sector Accounting Standards (IPSAS) Accrual for Commissions and Independent Offices. Present to witness this milestone were the

Chairperson CPA Mary Wanyonyi Chebukati, Vice Chairperson Koitamet Ole Kina, Commissioner Dr. Isabel Waiyaki, CEO CPA James Katule and representatives from the Commission. The event which was marked with pomp and colour was graced by the Chief Guest CPA Kimani Kuria who is also the Chairperson of the Finance and National Planning Committee of the National Assembly.



**iii. Staff Benefits**

The Commission Continued to improve the terms and benefits of the members of staff through the Staff Car loan and Mortgage schemes. During the period under review, the Commission reduced the interest on the Mortgage scheme from 4% to 3%. The reduction of the cost of borrowing the Mortgage loan facility attracted more staff to the scheme despite the inadequate resources. Loan applicants have gradually increased i.e. 23, 25 and 26 for FY2021/22, 2022/23 and 2023/24 respectively. So far under the Staff Car Loan Scheme, a total of ten beneficiaries is on record.

**iv. Training on Corporate Governance for New Commissioners**

In the third quarter of FY 2023/2024, the new Commissioners underwent an induction and training on Leadership and Corporate Governance organized by the Institute of Certified Secretaries (ICS). The

course content included but was not limited to Leadership, Communication, and Legal affairs, among other course units.

During the reporting period, the Commission maintained a training plan that saw 28 Commissioners and staff being trained against a target of 75 (Commissioners and Staff) for the period under review and the two outer years. The Commission further trained thirteen (13) interns under the Public Service Internship Programme.

**v. Enhanced Fleet**

The Commission maintained an old fleet with most of the vehicles depreciated to almost zero value. Given the budgetary constraints facing the Commission over the years, a staggered motor vehicle replacement model was adopted by the Commission but we did not buy any vehicle in the reporting period however three (3) vehicles were acquired in the comparative year FY2022/23.

**vi. Conducive work environment**

The Commission continued to provide a conducive work environment with very minimum interruptions. A conducive environment is a catalyst to employees' productivity since they get more motivated and are comfortable with a feeling of being valued. Therefore, they invest their energy and time in their roles and tasks that lead to higher productivity and innovative thinking.

During the Third Quarter of the FY 2023/24 The Commission relocated its Offices to a more conducive and spacious environment in the City's Upper Hill area where majority of Public Sector offices are located. This yet again a major boost to employee morale in its quest to enhance the Commission staff productivity in the FY 2024/2025.

**E. GoK Funding**

The Commission prepared a programme-based budget (PBB) under the Inter-government revenue and financial matters programme. The budget was implemented through four (4) sub-programmes (SP) 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 in line with our core mandate as highlighted under section 9 above.

The Commission was allocated a budget of Kshs. 516.45 million (2022/23: Kshs. 491.96 million) which was later reduced to KSh.460.40 million through a budget cut of KSh.56.045 million. The revised budget was too low to execute the Commission's planned activities for the reporting period.

The Commission's budget was later reinstated by KSh. 56.41 million to a revised budget of Kshs. 516.82 million following several engagements with both the National Treasury and the Finance and Planning Committee (FNPC) of the National Assembly. Given the enhanced budget, the Commission implemented most of its key priorities to an absorption rate of 89% (2022/23: 99%) of the annual approved budget. However, the lack of Exchequer issues at the end of the year contributed to a low absorption rate. The same also contributed to increased pending bills of KSh.41.2 million (2022/23: KSh. 7.79 million) by the close of the year.

#### **F. Authority to Incur Expenditure (AIE)**

The Commission on Revenue Allocation (CRA), as an Independent Commission mandated under Article 216, plays a key role in providing recommendations on financing and financial management for county governments.

During the period under review, the Commission received and utilized 99.6% of the A.I.E from the National Treasury of KSh.12 million. The funding was used to launch the Model Tariffs and Pricing Policy (MTPP) which marked a critical milestone in enhancing county revenue streams and addressing challenges faced by the counties.

## **10. Environmental and Sustainability Reporting**

### **a) Sustainability Strategy and Profile**

The Commission exists to support the Kenyan taxpayer in offering policy direction on matters of finance through stringent and compliant steps as envisioned in Article 215/6 of our Constitution in the Senate and parliament of Kenya.

Continuous resource mobilization through linkages, collaborations, and partnerships with stakeholders that include donors, sponsors both local and International has seen both County and National Governments realize progress and successes on the area of mandate. Alignments to its programs to the Medium Term Plans of both levels of Government have been extremely successful in meeting its objective.

Continued participation in the Inter-Governmental Budget and Economic Council (IBEC) which is Chaired by the Deputy President of Kenya affirms the Commissions noble responsibility on matters finance and budgeting.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

The Commission is currently undertaking a review of it's Organizational structure, grading structure and staff establishment which will inform a completely new structure. To this end, the Climate Change Action Unit will be incorporated in the Structure at the point of approval in line with the Climate Change Act, 2016 so as to be aligned to National Government strategy.

### **c) Employee Welfare**

The Commission has an approved Human Resource & Procedures Manual that spells out relations between Management and the Secretariat staff on matters of Human capital such as the Recruitment Policy, Training and Development Policy, Code of Conduct, and Disciplinary Control among other policy documents.

The Manual provides guidelines on all human capital issues. It has successfully enabled the Commission achieve strides on attracting and retaining employees of high calibre from other Institutions.

The Policy document also provides guidelines on welfare benefits such as mortgage and car loan facilities which are attractive and accessible to staff. Furthermore, clear disciplinary and employee grievance processes are documented in simple language understood by all staff.

The Manual has good provisions on appraisal and succession planning in order to sustain its tempo whenever there are exits from its staff establishment.

On the Human Capital front, the Commission purposed to provide for training and development in its budget in order to motivate, retain, attract and scale up its skills inventory and even develop and grow its workforce.

In providing its annual report on Articles 10 and 232 of the Constitution of Kenya, 2010 matters of values and Principles of Public Service and adherence to fair labour practices are strictly complied with. The ethnic and gender parity Principle is appreciated during recruitment processes at the Commission. The Commission fully adheres to Occupational Safety and Health 2007 (OSHA) as its current physical address is located in a building that complies with the Act and has continuously sensitized its workforce on the said subject matter.

#### **d) Operational practices/marketplace practices**

The Commission has a framework for equal opportunity for all, suppliers of goods and services through compliance and adherence to the Public Procurement and Asset Disposal Act of 2015 and accompanying guidelines and regulations of 2020. Further, the Commission has qualified and competent procurement and finance Officers who meet requirements of their regulatory bodies that include ICPAK (Institute of Certified Public Accountants of Kenya) and KISM (Kenya Institute of Supplies Management). They subscribe to the guidelines as envisioned in Articles 10 and 232 of the Constitution of Kenya, 2010 that spells out Values and Principles to espoused by Public Servants in Kenya.

The Commission has no history of non-payment to suppliers unless on issues of budgetary constraints that at times lead to pending bills which are processed as first charge in the subsequent financial year.

#### **e) Community Engagements**

The Commission's mandate requires that any policy change or formula being worked out has to be subjected to public participation across the counties in the Nation. Thereafter it is passed through the Parliament of Kenya for consideration and approval. Over the years, the Commission has interacted with Kenyans from all walks of life in its quest to meet the mandate requirements and those of the taxpayer. The Commission undertakes people-driven policies. Recently, there were platforms for leaders from Arid and Semi-Arid Lands (ASAL) to engage on how their funds would be allocated fairly and transparently and many others.

## **11. Commissioner's Report and Statement of their Responsibilities**

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

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2024. 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, 2024 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, 2024 are set out on page 1 to 29.

**Commissioners**

The members of the Commission who served during the year are shown from page ix - xiv 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.

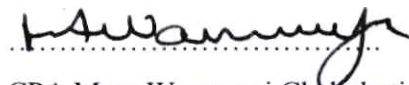
**Approval of the financial statements**

The Commission's financial statements were approved by the Commission on **27<sup>th</sup> September 2024** and signed on its behalf by the Commission Secretary and Chairperson.



CPA James Katule

**Commission Secretary / CEO**

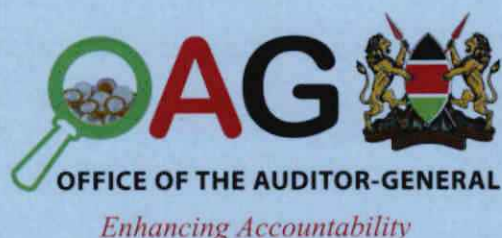


CPA Mary Wanyonyi Chebukati

**Chairperson of the Commission**

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

# REPUBLIC OF KENYA



Telephone: +254-(20) 3214000  
Email: 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 OR THE YEAR ENDED 30 JUNE, 2024**

---

### PREAMBLE

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

- A. Report on 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 the 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 the 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, risk management environment and 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, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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 30, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, 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 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 Commission on Revenue Allocation as at 30 June, 2024 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 for Supreme Audit Institutions (ISSAIs). I am independent of the Commission on Revenue Allocation Management in accordance with ISSAI 130 on the 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

#### Budget Control and Performance

I draw attention to the statement of comparison of budget and actual amounts which indicates that the commission received a total of Kshs.459,170,762 against an income budget of Kshs.516,815,777, representing 89% of the budget. The underfunding may have affected the operations of the Commission.

My opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

## **Other Information**

The Management is responsible for the other information set out on page iii to xviii which comprise of Acronyms, Abbreviations and Glossary Terms; Key Commission Information and Management; Commissioners; Management Team; Chairperson's Statement; Report of the Chief Executive Officer; Statement of Performance against Predetermined Objectives; Statement of Governance; Management Discussion and Analysis; Environmental and Sustainability Reporting; and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Commission on Revenue Allocation, financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, I confirm that other information is not materially inconsistent with the financial statements.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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**

#### **1.0 Delayed Completion of Office Partitioning Works**

The statement of financial position reflects a balance of Kshs.161,145,790 in respect to property, plant and equipment as disclosed in Note 26 to the financial statements. The balance includes additions of Kshs.97,935,861 in respect of furniture, fittings and refurbishment. Review of procurement process revealed that the Commission on 15 December, 2023, entered into a contract for proposed partitioning works on 28<sup>th</sup>, 29<sup>th</sup> and 30<sup>th</sup> floors of Prism Towers. The contract was awarded to a local Company for office partitioning works at a contract sum of Kshs.117,011,951. The contract duration was three (3) months, with a one month's extension granted and the works expected to be completed by 30 April, 2024. Review of the information provided indicate that although the contractor had been issued with a certificate of practical completion, the contractor had completed works valued at Kshs.97,747,781 or 83% of the contract sum. At the time of audit, the contractor had left site with the Commission having occupied the new offices

contrary to Regulation 33(3)(u) of the Public Procurement and Asset Disposal Regulations, 2020 which states that the role of the procurement function shall be to monitor contract management by user departments to ensure implementation of contracts in accordance with the terms and conditions of the contracts.

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

## **2.0 Irregular Payment of Commissioners' Leave Allowance**

The statement of financial performance reflects receivables from non-exchange transactions of Kshs.44,800,313 as disclosed in Note 25 to the financial statements. Included in the balance is Commissioners leave allowance for recovery of Kshs.400,000 that had been paid by the Commission. Although Management explained that the Commissioners had agreed to reimburse the leave allowance, the payment was contrary to Article 250 (7) of the Constitution of Kenya 2010 which states that the remuneration and benefits payable to or in respect of a commissioner or the holder of an independent office shall be a charge on the Consolidated Fund.

In the circumstances, the Management was in breach of the law and The National Treasury Guidelines.

## **3.0 Non-Compliance with Guidelines on Staff Recruitment**

The statement of financial performance reflects employee costs of Kshs.213,395,952 as disclosed in Note 16 to the financial statements. Review of human resources records revealed that Management recruited nine (9) members of staff in the period under review. However, written confirmation of availability of funding from The National Treasury, and necessary approvals from the relevant entities in the Public Service mandated to undertake recruitment were not provided for audit. This is a requirement as outlined in the provisions of The National Treasury Circular No 7/2023 dated 21 June, 2023 on Guidelines for Implementation of the financial year 2023/2024 and the medium-term budget which states that recruitment of new staff / replacement / upgrading/promotion of staff should only take place after the MDAs have obtained written confirmation of availability of funding from The National Treasury, and necessary approvals from the relevant entities in the Public Service mandated to undertake recruitment. Further, Section 120 (2) of The Public Finance Management (National Government) Regulations, 2015 stipulates that the budgetary allocation for personnel costs shall be determined on the basis of a detailed costing of a human capital plan of a national government entity as approved by the state department responsible for public service management matters, the Public Service Commission and The National Treasury.

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

## **4.0 Non-Compliance with the Law on Public Procurement**

Review of the revised procurement plan for the period under review revealed planned procurement valued at Kshs.245,430,359. However, it was noted that the reserved allocation for Access to Government Procurement (AGPO) was Kshs.26,154,204 or 11%

of the total procurement budget. This is below the required threshold of 30% by the Public Procurement and Asset Disposal Act. Although Management indicated that revision of the procurement budget affected mostly the reserved procurement items under AGPO groups, it was contrary to Section 157(5) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity shall, when processing procurement, reserve a prescribed percentage of its procurement budget, which shall not be less than thirty per cent, to the disadvantaged group and comply with the provisions of this Act and the regulations in respect of preferences and reservations.

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

### **5.0 Non- Compliance with the Law on Fringe Benefits Tax**

Statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.41,166,370 as disclosed in Note 31 to the financial statements. Review of Appendix II on analysis of pending accounts payable revealed the Commission had not remitted fringe benefit tax of Kshs.3,145,926 to the Commissioner of domestic taxes. Although Management cited lack of adequate funds for the non-remittance, this was contrary to Section 12B of income tax Act cap 470 which states that, notwithstanding any other provision of this Act, a tax to be known as fringe benefit tax shall be payable commencing on the 12 June, 1998 by every employer in respect of a loan provided at an interest rate lower than the market interest rate to an individual who is a director or an employee or is a relative of a director or an employee, by a virtue of his position as a director or his employment or the employment of a person to whom is related. Under the Act, the rate applicable is 30% of the benefit equal to the difference between the interest at the prescribed market lending rate and the actual interest paid on the loan.

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

### **6.0 Unauthorized Budget Reallocation**

The statement of financial performance reflects an amount of Kshs.215,867,785 in respect of general expenses as disclosed in Note 20 to the financial statements. The expenditure includes Kshs.26,136,981 in respect of domestic travel which further includes expenditure of Kshs.1,743,708 incurred in respect of conference package and ought to be expensed under hotel and conference expenditure item. Although Management explained that it was due to budget cuts, approvals for reallocation were not provided for audit. This is contrary to Regulation 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund, or supplementary estimates.

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

## **7.0 Rent Expenses on Unoccupied Office Space**

The statement of financial performance reflects general expenses of Kshs.215,867,785 as disclosed in Note 20 to the financial statements. Included in the balance is rent expenses of Kshs.99,198,649. Review of expenditure records provided for the audit revealed that the Commission entered into a lease agreement with Prism Towers starting from 1 July 2023 and made an advance payment for the full year's rent. However, it was noted that the Commission was still domiciled at their former residence as the works for the new offices were yet to begin. The procurement for the partitioning of works begun in October 2023, with the award of the contract done in December, 2023. This resulted to the Commission paying rent amounting to Kshs.21,440,947 for unoccupied space before the contractor took over site and the works begun. In the circumstances, value for money was not achieved for rent paid in respect of unutilized space of Kshs.21,440,947. This is contrary to Regulation 43(d) of Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall manage control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, except for the effects of the matter discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

#### **Failure to Implement Internal Audit Recommendations**

Review of the Internal Audit report on Fleet Management revealed that the Commission has a fleet of twenty-one (21) motor vehicles. It was noted that tracking systems for six (6) motor vehicles were inactive following a resolution by the Full Commission to remove the tracking devices from the Commissioners' vehicles. A follow up on the implementation

of the recommendation by the Internal Audit revealed that tracking devices for eight (8) motor vehicles were inactive at the time of audit. Further, the Commission had contracted a local Company for vehicle tracking devices for its motor vehicles at a contract sum of Kshs.378,000 during the period under review.

In the circumstances, Management effectiveness on implementation of internal audit recommendations could not be confirmed.

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 controls, 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 the Management and those Charged with Governance**

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 governance.

In preparing the financial statements, Management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**23 December, 2024**

**13. Statement of Financial Performance For The Year Ended 30 June 2024.**

Particulars	Note	2023-2024 Kshs.	Restated 2022-2023 Kshs.
<b>REVENUE</b>			
<i>Revenue from non-exchange transactions</i>			
Exchequer Transfers	13	459,170,062	540,765,903
Other Income (Donor Funding)	14	-	4,750,640
		<b>459,170,062</b>	<b>545,516,543</b>
<i>Revenue from exchange transactions</i>			
Other Incomes	15	700	121,030
		<b>700</b>	<b>121,030</b>
<b>Total Revenue</b>		<b>459,170,762</b>	<b>545,637,573</b>
<b>EXPENSES</b>			
Employee costs *	16	213,395,952	207,372,557
Commissioners' Expenses	17	11,331,450	23,143,370
Depreciation and amortization expense	18	37,125,384	24,144,191
Repairs and maintenance	19	9,186,753	7,157,725
General expenses *	20	215,867,785	178,043,681
General expenses-Funded by A.I.A	21	-	4,750,640
Finance costs	22	101,976	62,892
<b>Total Expenses</b>		<b>487,009,301</b>	<b>444,675,056</b>
<b>Surplus / (Deficit) before tax</b>		<b>(27,838,539)</b>	<b>100,962,518</b>
Taxation			
<b>Surplus for the period</b>		<b>(27,838,539)</b>	<b>100,962,518</b>
Remission to National Treasury *	23	87,897	3,832,111
<b>Net Surplus / (Deficit) for the Year</b>		<b>(27,926,436)</b>	<b>97,130,406</b>

The notes set out on pages 7 to 29 form an integral part of the Financial Statements. These financial statements were approved on **27th September 2024** and signed on behalf of the Commission by:



CPA James Katule  
Commission Secretary / CEO



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




CPA Mary Wanyonyi Chebukati  
Chairperson of the Commission

**14. Statement of Financial Position as at 30 June 2024.**

Particulars	Note	2023-2024 Kshs.	Restated 2022-2023 Kshs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	24	6,836,219	1,464,253
Receivables from non-exchange transactions *	25	44,800,313	101,401,622
<b>Total Current Assets</b>		<b>51,636,531</b>	<b>102,865,875</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	26	161,145,790	96,830,215
Intangible assets	27	6,266,590	7,697,388
Mortgage Account (Restricted cash)	28	155,923,446	155,923,446
Car Loan Account (Restricted cash)	29	29,518,000	29,518,000
Covid 19 Fund (Restricted cash)	30	-	2,771,315
<b>Total Non-Current Assets</b>		<b>352,853,826</b>	<b>292,740,364</b>
<b>Total Assets</b>		<b>404,490,357</b>	<b>395,606,239</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions *	31	41,166,370	9,793,204
Retention	33	5,437,389	
<b>Total Current Liabilities</b>		<b>46,603,759</b>	<b>9,793,204</b>
<b>Non-Current Liabilities</b>			
Non-current employee benefit obligation			
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>46,603,759</b>	<b>9,793,204</b>
<b>NET ASSETS</b>		<b>357,886,598</b>	<b>385,813,035</b>
<b>Represented by;</b>			
Accumulated surplus		323,914,598	351,841,035
Revaluation Surplus		33,972,000	33,972,000
<b>NET ASSETS</b>		<b>357,886,598</b>	<b>385,813,035</b>


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on **27<sup>th</sup> September 2024** and signed on behalf of the Commission by:

  
CPA James Katule

**Commission Secretary / CEO**

  
CPA Maureen K. Junge

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

  
CPA Mary Wanyonyi Chebukati  
**Chairperson of the Commission**

**15. Statement of Changes in Net Assets For The Year Ended 30 June 2024.**

Particulars	Notes	Revaluation Reserve	Accumulated Surplus	Total
<b>As at July 1, 2022</b>		<b>33,972,000</b>	<b>254,612,354</b>	<b>288,584,354</b>
Surplus/(Deficit) for the year			97,130,406	97,130,406
Prior Years Adjustment*	32		98,274	98,274
<b>As at June 30, 2023</b>		<b>33,972,000</b>	<b>351,841,035</b>	<b>385,813,035</b>
<b>As at July 1, 2023</b>		<b>33,972,000</b>	<b>351,841,035</b>	<b>385,813,035</b>
Surplus/(Deficit) for the year			(27,926,436)	(27,926,436)
Prior Years Adjustment	32		-	-
<b>As at June 30, 2024</b>		<b>33,972,000</b>	<b>323,914,598</b>	<b>357,886,598</b>

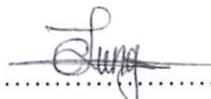
**Note:**

Net Assets for FY 2022/23 have been enhanced by the Prior year adjustment of Ksh.98,274 hence the total closing balance of Ksh.385,841,035 as was recorded in the Statement of Financial Position.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on **27<sup>th</sup> September 2024** and signed on behalf of the Commission by:



CPA James Katule  
**Commission Secretary / CEO**



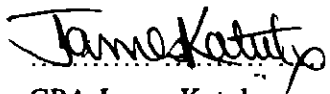
CPA Maureen K. Junge  
**Finance Manager**  
ICPAK M/No. 9883



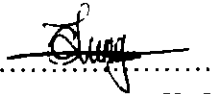
CPA Mary Wanyonyi Chebukati  
**Chairperson of the Commission**

**16. Statement of Cash Flows For The Year Ended 30 June 2024.**

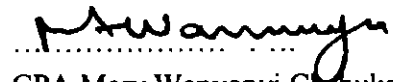
	Note	2023-2024 Kshs.	2022-2023 Kshs.
<b>Cash flows from operating activities</b>	<b>35</b>	<b>104,482,329</b>	<b>66,802,074</b>
<b>Cash Flow from Investing Activities</b>			
Acquisition of assets		(99,110,361)	(52,669,010)
Mortgage			(12,000,000)
Car Loan			(1,250,000)
<b>Net cash flows used in investing activities</b>		<b>(99,110,361)</b>	<b>(65,919,010)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,371,967</b>	<b>883,064</b>
Cash and cash equivalents at 1 July	16	1,464,252	581,188
<b>Cash and cash equivalents at 30 June</b>	<b>16</b>	<b>6,836,219</b>	<b>1,464,252</b>



CPA James Katule  
Commission Secretary / CEO



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



CPA Mary Wanyonyi Chebukati  
Chairperson of the Commission

**17. Statement of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2024.**

Particulars	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% Utilization
A	B	C	D=B-C	E	F=D-E	G=E/D(100)
Government grants and subsidies	516,450,000	365,077	516,815,077	459,170,062	57,645,015	89%
Other Income		700	700	700	-	100%
<b>Total income</b>	<b>516,450,000</b>	<b>365,777</b>	<b>516,815,777</b>	<b>459,170,762</b>	<b>57,645,015</b>	<b>89%</b>
<b>Expenses</b>						
Compensation of employees	243,840,955	(34,000,000)	209,840,955	188,214,362	21,626,593	90%
Group Life & Med Insurance	28,108,000	(1,763,315)	26,344,685	26,311,684	33,001	100%
Operation and Maintenance	136,440,045	6,415,275	142,855,320	127,277,008	15,578,312	89%
Finance cost	63,000	-	63,000	63,000	-	100%
Repair & Maintenance-MV	6,474,000	2,386,817	8,860,817	8,214,335	646,482	93%
Repair & Maintenance-Others Assets	1,264,000	(664,000)	600,000	570,900	29,100	95%
Capital Expenditure	100,260,000	27,990,300	128,250,300	108,874,161	19,376,139	85%
<b>Total Expenses</b>	<b>516,450,000</b>	<b>365,077</b>	<b>516,815,077</b>	<b>459,525,450</b>	<b>57,289,627</b>	
<b>Total expenditure (O&amp;M)</b>	<b>516,450,000</b>	<b>365,077</b>	<b>516,815,077</b>	<b>459,525,450</b>	<b>57,289,627</b>	<b>89%</b>

**Note:**

1. The Commission had a GoK budget of **Kshs. 516.45 million** which was revised downwards by **Kshs. 56.045 million** and later reinstated by **KSh. 56.41 million** hence an overall increase of **KShs. 365,077** and a final revised budget of **Kshs.516.82 million**.
2. This statement on **Cash Basis** reflects a low absorption rate of **89%**. The Commission however incurred Pending Bills worth **Kshs. 41.17 million** hence the total cost of **Kshs. 500.69 million** presenting **97%** absorption.
3. Based on the Cash Basis, the low absorption rate of 89% was mainly due;
  - i. Delayed replacement of staff who separated from the Commission in the reporting period and prior years that resulted in the absorption of **90%** PE Budget

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024*

- ii. Lack of Exchequer funding for operation and maintenance hence increased pending bills and low absorption on Rental cost of **65%**.
  - iii. Failure by the contractor to provide the final certificate of work done hence **85%** absorption of Capital Expenditure.
- 4. Appendix IV** provides a detailed reconciliation of the Commission's GoK Annual approved budget, Actual Expenditure, and Financial statements FY 2023/24 (Accrual vs. Cash basis)

**a) Budget Execution**

The Commission prepares and executes its budget through under one Program for *Inter-government Revenue and Financial matters*. Further, four sub-programmes namely; i) General Administration, ii) Equitable Sharing of Revenue, iii) Public Finance Management, and iv) Transitional Equalization and Stakeholder Management, were established in line with the Commission's mandate and for ease of budget implementation.

Summaries of the budget by Vote, Programme, and Sub-programme and by Economic classification are provided in the Tables below;

**Budget summary by Vote**

S No.	Particulars	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	GoK	516,450,000	365,077	516,815,077	459,525,450	57,289,627	89%
2	Other Income A.I.A		700	700	700	-	100%
	<b>Total Vote</b>	<b>516,450,000</b>	<b>365,777</b>	<b>516,815,777</b>	<b>459,526,150</b>	<b>57,289,627</b>	<b>89%</b>

**Budget by Programmes and Sub-Programmes**

SP	Sub-Programmes	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	General Administration and Planning	471,588,640	12,659,770	484,248,410	427,391,490	56,856,920	88%
2	Equitable Sharing of Revenue	15,200,000	3,463,307	18,663,307	18,427,960	235,347	99%
3	Public Financial Management	16,248,000	(4,500,000)	11,748,000	11,552,237	195,763	98%
4	Transitional Equalization and SM	13,413,360	(11,258,000)	2,155,360	2,153,763	1,597	100%
	<b>Total Programme</b>	<b>516,450,000</b>	<b>365,077</b>	<b>516,815,077</b>	<b>459,525,450</b>	<b>57,289,627</b>	<b>89%</b>

**Budget by Economic Classification**

S No.	Economic Classification	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% Utilization
		Kshs	Kshs	Kshs	Kshs	Kshs	
1	Salary and Allowance	243,840,955	(34,000,000)	209,840,955	188,214,362	21,626,593	90%
2	Operations and Maintenance	127,487,685	18,669,470	146,157,155	130,302,967	15,854,188	89%
3	Capital Expenditure	100,260,000	27,990,300	128,250,300	108,874,161	19,376,139	85%
4	Technical Sub-Programmes - GoK	44,861,360	(12,294,693)	32,566,667	32,133,960	432,707	99%
	<b>Total Programme</b>	<b>516,450,000</b>	<b>365,077</b>	<b>516,815,077</b>	<b>459,525,450</b>	<b>57,289,627</b>	<b>89%</b>

## **18. Notes to The Financial Statements For Year Ended 30 June 2024**

### **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:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a Fund’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul 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> </ul> <p><i>The changes have been assessed and have no effect on the operations of the Commission.</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <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> </ul> <p><i>The standard is relevant and was earlier adopted by the Commission as per note 4(iv) below.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul 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> </ul>

Standard	Effective date and impact:
	<p>b. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> <p><i>The changes have been assessed and have no effect on the operations of the Commission.</i></p>
Other improvements to IPSAS	<p><i>Applicable 1<sup>st</sup> January 2023</i></p> <p>a. <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></p> <p>b. Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <p>c. <i>IPSAS 39: Employee Benefits</i></p> <p>d. Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <p>e. <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></p> <p>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.</p> <p><i>The changes have been assessed and have no effect on the operations of the Commission.</i></p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>These changes have been assessed and the Commission's leased assets will be impacted upon application of this standard.</i></p>
IPSAS 44: Non-Current Assets Held for Sale and	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p>

Standard	Effective date and impact:
Discontinued Operations	<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><i>The changes have been assessed and will not have any effect on the operations of the Commission.</i></p>

ii. **Early adoption of standards**

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

#### **4. Summary of Significant Accounting Policies**

##### **(i) Revenue recognition**

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

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

###### **Transfers from other government entities**

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

##### **b. Revenue from exchange transactions**

###### **Proceeds from sale of assets / goods**

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

##### **(ii) Non-Current Assets**

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

All property Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as 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. 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 11%, 13%, 15%, and 16% for Q1, Q2, Q3 and Q4 respectively

**c. Covid 19 Fund Account**

The Commission established a Covid 19 Fund with capital outlay of **Kshs. 5,130,000** in FY 2020/21. The fund was administered by Jubilee Insurance (Current medical insurance service provider). The purpose of the fund was to offer assistance to both Commissioners and Staff in lessening the costly medical burden whenever a need arose. 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** in the reporting period. The Commission resolved to transfer the surplus to partial payment of outstanding Medical Insurance premium.

**d. 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.

**e. Annual Depreciation & Amortization rates**

The straight-line depreciation was applied to all the Commission's assets. Full year's depreciation was applied to assets acquired in the first half year while none was for those acquired in the last half year.

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 FY2023/24 was approved by the National Assembly in June 23. 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. 365,077 on the FY 2023/24 to close with a revised budget of KShs. 516.82 million.

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

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

statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Annex V of these financial statements.

**(iv) Provisions – IPSAS 19**

Provisions are recognized 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 and in the past. Such bills were accrued in the year in which they are incurred and they form a first charge in the subsequent year.

**(x) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

The Commission's rent payable as at the end of 30 June 2024 (USD 166,626.78) was accounted for at the ruling rate of Ksh.129

**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.

**Credit Risk Analysis**

<b>Description</b>	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>
<b>As at 30<sup>th</sup> June 2024</b>		
Receivables from exchange transactions	44,800,313	44,800,313
Bank balances	6,836,219	6,836,219
<b>Total</b>	<b>51,636,532</b>	<b>51,636,532</b>
<b>As at 30 June 2023</b>		
Receivables from exchange transactions	101,401,622	101,401,622
Bank balances	1,464,254	1,464,254
<b>Total</b>	<b>102,865,875</b>	<b>102,865,875</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 of;

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

## **6. Contingent liabilities**

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

## **7. Comparatives**

Prior year comparative information has been presented in the current financial year, the figures have been restated to cater for adjustments made in the review period.

## **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	2023-2024 Kshs.	2022-2023 Kshs.
1st Quarter Exchequer	57,775,022	73,674,590
2nd Quarter Exchequer	109,589,262	75,856,117
3rd Quarter Exchequer	80,074,654	65,411,220
4th Quarter Exchequer	211,731,124	325,823,976
	<b>459,170,062</b>	<b>540,765,903</b>

The Commission undertook a multi-year relocation process whose budget allocation was split between FY22/23 and FY23/24. The reduction in the budget therefore was due to the one-off allocation in FY22/23.

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

Description	2023-2024 Kshs.	2022-2023 Kshs.
1420102 Donor Funding - PFMR	-	4,750,640
<b>Total other income</b>	<b>-</b>	<b>4,750,640</b>

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

## 15. Revenue from Exchange transactions

Description	2023-2024 Kshs.	2022-2023 Kshs.
Payment in Lieu of notice	-	121,030
Sale of Newspapers	700	-
	<b>700</b>	<b>121,030</b>

It is expected that any staff separated from the Commission should give a month's notice failure to which salary in lieu of notice is considered. The note above refers to one of the staff members who resigned and exited without giving a notice period in FY22/23. Additionally, revenue from exchange transactions refers to any income other than the Exchequer.

## 16. Employees Costs

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>Restated 2022-2023 Kshs.</b>
Basic salaries	113,175,568	113,790,024
Casual Labour	2,426,254	444,734
Salary Market Adjustment	2,025,600	1,718,710
Acting Allowance	115,990	-
House Allowance	22,069,570	22,753,646
Special Duty	-	820,667
Extraneous Allowance	2,530,667	1,452,000
Top up for seconded staff	3,917,984	1,150,468
Responsibility Allowance	2,400,000	2,277,204
Transport Allowance	9,777,448	9,855,000
Leave Allowance	1,378,750	1,427,083
Telephone Allowance	3,221,529	3,598,226
Pension contribution	22,051,400	21,133,913
Gratuity	2,407,896	2,392,091
Affordable Housing Levy	2,012,278	-
National Industrial Training Authority (NITA)*	43,700	78,120
Medical Insurance	21,185,542	21,510,722
Group Life Insurance	1,510,234	1,697,537
WIBA	1,145,543	1,272,412
	<b>213,395,952</b>	<b>207,372,557</b>

The Commission in the reporting period engaged seven additional bodyguards attached to the Commissioners in line with their terms of engagement. This therefore led to the increased top-up cost in addition to the new cost on Affordable housing levy and NITA. The three expenditure items substantially contributed to the increased employee cost.

NITA cost has been restated to cater for payables of Ksh.78,120 for FY22/23 which was paid in the review period.

## 17. Commissioners Expenses

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>2022-2023 Kshs.</b>
Telephone Allowance	1,500,000	7,391,000
Leave Allowance	-	375,000
Domestic Travel costs	4,403,200	6,154,800
Foreign Travel Costs	-	6,820,632
Hospitality and Conference	4,643,200	1,911,800
Medical Insurance (Ex Gratia)	-	140,638
Club Membership	785,050	349,500
	<b>11,331,450</b>	<b>23,143,370</b>

In FY 2022/23, the Commission paid out a lumpsum telephone allowance to the 2<sup>nd</sup> Commission and former CEO that had earlier been withdrawn. The one-off payment led to a significant decrease in the said expenditure item.

### 18. Depreciation and Amortization Expenses

Description	2023-2024 Kshs.	2022-2023 Kshs.
Refurbishment	523,591	658,010
Furniture & Fittings	588,407	573,744
Motor Vehicle	27,167,270	17,582,270
Computer & Printers	4,267,407	2,421,049
Office Equipment	1,073,612	145,635
Intangible Assets	3,505,098	2,763,484
<b>Total depreciation and amortization</b>	<b>37,125,384</b>	<b>24,144,191</b>

The Commission acquired two new vehicles in QIV of FY 2022/23 that led to the increased cost on depreciation for the reporting period.

### 19. Repairs and maintenance

Description	2023-2024 Kshs.	2022-2023 Kshs.
Routine maintenance of Motor vehicles	8,587,353	6,515,869
Routine maintenance of Assets	599,400	641,856
<b>Total repairs and maintenance</b>	<b>9,186,753</b>	<b>7,157,725</b>

The increased cost is attributed to the old fleet currently held by the Commission with high maintenance cost. Replacement of the old vehicles would be ideal and will help reduce on motor running costs.

### 20. General Expenses

Description	2023-2024 Kshs.	Restated 2022-2023 Kshs.
Utility Supplies -Electricity	2,088,160	2,156,656
Communication Supplies & Services	4,095,371	4,091,309
Domestic Travel costs *	26,136,981	29,227,479
Foreign Travel Costs	-	13,168,191
Printing Advertising & Information	6,724,454	7,834,946
Rent Expenses	99,198,649	66,360,502
Hire of Transport	475,000	194,940
Training Expenses	358,600	9,082
Catering Services	6,646,315	3,175,121
Boards, Seminars & Conferences	11,952,604	20,946,766
Boards, Seminars & Conferences - Audit Committee	252,800	191,000
Insurance Costs ( Motor Vehicle & Plant and Machinery )	4,271,359	4,601,161
Office & General Expenses	4,751,998	4,257,562
Fuel oils and Lubricants	16,693,799	10,082,714
Security Guards	1,024,400	995,313
Cleaning Services	2,212,446	1,355,673

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>Restated 2022-2023 Kshs.</b>
Membership fee, Dues and Subscriptions	1,217,470	449,680
Contracted Professional Services	9,744,429	6,303,904
Contracted Professional Services - Audit Fee OAG	464,000	464,000
O&M Expenditure on Relocation and demolition works	12,746,060	
Fringe Benefits Tax (Mortgage & Car Loan Schemes)	4,812,890	2,177,684
<b>Sub total</b>	<b>215,867,785</b>	<b>178,043,681</b>

The General expenses increased mainly due to among other items; (i) Increased rental cost which was occasioned by delayed partitioning works at the Prism Towers hence the unforeseen extended stay at 14 Riverside Drive that attracted additional rental cost. (ii) Cost of catering increased due to the increase in the contract sum that was based on the provision of enhanced snacks for various meetings at the office., (iii) Fuel increased due to the numerous activities on stakeholder engagements on the 4<sup>th</sup> Basis formula and (iv) Increase in the Contracted professional services was attributed to the cost of the consultant engaged for managing the partitioning works at the Commission's new offices. Domestic Travel costs have been restated downwards by Ksh. 67,200 being unutilized imprest for FY 22/23 which was refunded in the review period.

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

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>2022-2023 Kshs.</b>
Boards, Seminars & Conferences (PFMR)	-	4,750,640
<b>Sub total</b>	<b>-</b>	<b>4,750,640</b>

In the reporting period, the Commission did not engage other financial partners to support its core activities other than GoK.

#### **22. Finance costs**

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>2022-2023 Kshs.</b>
Bank Charges	101,976	62,892
<b>Total finance costs</b>	<b>101,976</b>	<b>62,892</b>

KCB bank operates a suspense account for CRA's salary processing. The account attracts monthly bank charges whenever such transactions are made. In the reporting period, the bank automated the aforementioned system hence the additional cost of operation.

### 23. Surplus remission of unspent Exchequer

Description	2023-2024 Kshs.	Restated 2022-2023 Kshs.
Refund to other Govt entities (NT)*	87,897	3,832,111
	<b>87,897</b>	<b>3,832,111</b>

This amount relates to the surplus in the Commission books of account (recurrent Account) at the end of the financial year which is remitted to the National Treasury. This amount does not include the balance of KSh.4,500 in the deposit account relating to the A.I.E granted by the National Treasury for the Model Tariffs and Pricing Policy.

In the Comparative year, the refund to the National Treasury was restated to cater for Ksh.362,830 that was transferred to the consolidated fund.

### 24. Cash and Cash Equivalent

Description	2023-2024 Kshs.	2022-2023 Kshs.
CBK - 1000181281 (Recurrent A/c) - Exchequer	-	-
CBK - 1000181998 (Deposit A/c-Retention sum)	5,437,389	-
CBK - 1000182512 (Cash A/c)	-	-
Cash-on-hand (Petty Cash & office float)	1,398,830	1,464,253
<b>Total cash and cash equivalents</b>	<b>6,836,219</b>	<b>1,464,253</b>

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

### 25. Receivables

Description	2023-2024 Kshs.	Restated 2022-2023 Kshs.
<b>i. Prepayments</b>		
Medical Insurance	14,245,293	11,933,333
Group Life	1,053,443	983,513
WIBA	395,147	947,969
Motor Vehicle	3,686,949	3,533,969
Catering	-	107,373
Rent and Service Charge	-	59,086,043
Fuel	867,223	-
<b>Sub total</b>	<b>20,248,056</b>	<b>76,592,200</b>
<b>ii. Deposit</b>		
Rent	21,992,532	21,992,532
Fuel	1,060,000	1,060,000
Provision of Eline (Internet)	50,000	50,000

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

<b>Description</b>		<b>2023-2024 Kshs.</b>		<b>Restated 2022-2023 Kshs.</b>
Naivas Supermarket		100,000		100,000
<b>Subtotal</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		713,106		945,240
Commissioners' Leave Allowance for Recovery		400,000		-
Imprest and other debtors *		171,957		596,987
<b>Sub total</b>		<b>1,349,726</b>		<b>1,606,890</b>
<b>Total current receivables</b>		<b>44,800,313</b>		<b>101,401,622</b>
<b>Ageing analysis (receivable from exchange transactions)</b>	<b>Current FY</b>	<b>%of total</b>	<b>Comparative FY</b>	<b>%of total</b>
Less than 1 year	43,590,313	97%	78,199,090	77%
Between 1-2 years				
Between 2-3 years				
Over 3 years	1,210,000	3%	23,202,532	23%
<b>Total (tie to totals above)</b>	<b>44,800,313</b>		<b>101,401,622</b>	

The significant decrease in receivables was mainly due to decreased prepayment of rent expenses. In the Comparative year, the debtor's amount relating to imprest and other liabilities has been restated to cater for the revised costs for Domestic Travel, NITA, and refund to the National Treasury.

**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 1st July 2023</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>
Additions during the year			97,935,861		97,935,861
<b>As at 30th June 2024</b>	<b>44,487,780</b>	<b>13,793,653</b>	<b>200,379,692</b>	<b>108,669,078</b>	<b>367,330,202</b>
<b><i>Depreciation and Impairment</i></b>					
<b>As at 1st July 2023</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>At 30 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>
Depreciation	4,267,407	1,073,612	1,111,998	27,167,270	33,620,287
<b>As at 30th June 2024</b>	<b>38,011,680</b>	<b>11,563,661</b>	<b>100,070,994</b>	<b>56,538,078</b>	<b>206,184,413</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 2024</b>	<b>6,476,100</b>	<b>2,229,991</b>	<b>100,308,698</b>	<b>52,131,000</b>	<b>161,145,790</b>

**Note:**

In the reporting period, the Commission capitalized the cost of partitioning works for its new office premises at Prism Towers, hence the increased cost of non-current assets

**27. Intangible assets**

Description	2023-2024 Kshs.	2022-2023 Kshs.
<b><u>COST / VALUATION</u></b>		
At 30 June 2022	20,420,174	14,260,261
Additions	3,924,697	6,159,913
At 30 June 2023	24,344,871	20,420,174
Additions	2,074,300	3,924,697
At 30 June 2024	26,419,171	24,344,871
<b><u>AMORTIZATION</u></b>		
At 30 June 2022	13,884,000	12,760,777
Amortization	2,763,484	1,123,223
At 30 June 2023	16,647,483	13,884,000
Amortization	3,505,098	2,763,484
Impairment loss		
At 30 June 2024	20,152,582	16,647,483
<b><u>NET BOOK VALUE</u></b>		
At 30 June 2023	7,697,388	6,536,175
At 30 June 2024	6,266,590	7,697,388

The Intangible assets relate to Software acquired by the Commission over time and their respective amortized amounts.

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

Description	2023-2024 Kshs.	2022-2023 Kshs.
At 30 June 2023	155,923,446	143,923,446
Additional	-	12,000,000
At 30 June 2024	155,923,446	155,923,446

The Capital for the Staff Mortgage fund was not enhanced due to the budgetary constraints faced by the Commission at the time. The mortgage scheme is administered by KCB Bank Limited (KICC branch). The loans advanced to the staff were issued at a 4% interest rate and later reviewed downwards to 3%. This is equivalent to the KCB's administration cost hence no interest earned is recouped back to the scheme.

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

Description	2023-2024 Kshs.	2022-2023 Kshs.
At 30 June 2023	29,518,000	28,268,000
Additional	-	1,250,000
At 30 June 2024	29,518,000	29,518,000

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

The Capital for the Staff Car Loan Scheme fund was not enhanced due to the budgetary constraints faced by the Commission at the time. The Car Loan scheme is managed internally for 3% interest which is recouped back to the revolving fund.

**30. Covid 19 Fund Account**

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>2022-2023 Kshs.</b>
As at 30 June 2023	2,771,315	2,771,315
Expense (Partial payment of P.Bill on Medical	(2,771,315)	-
<b>As at 30 June 2024</b>	<b>-</b>	<b>2,771,315</b>

The Covid-19 Fund was established by the Commission in FY 2020/21 to cater for staff expenditure related to the pandemic. The fund had an initial outlay of Ksh.5.1 million and was administered by Jubilee Insurance from CIC Insurance. Following the end of the pandemic, the Commission in the reporting period resolved to utilize the balance in the fund to partially clear the outstanding medical insurance premiums with Jubilee Insurance.

**31. Trade and other Payables**

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>Restated 2022-2023 Kshs.</b>
Gratuity	4,259,658	1,926,162
Other Staff payables *	987,589	122,220
Audit Fees	928,000	928,000
Trade payables (Suppliers Invoices-Debit Notes)	34,991,123	6,816,822
<b>Total trade and other payables</b>	<b>41,166,370</b>	<b>9,793,204</b>

Trade payables increased in the reporting period mainly due to the lack of exchequer funding despite the availability of budgetary provisions.

**32. Prior Year's adjustments**

<b>Description</b>	<b>2023-2024 Kshs.</b>	<b>2022-2023 Kshs.</b>
NITA payment FY22/23		98,274
<b>Total trade and other payables</b>		<b>98,274</b>

### 33. Retention Account

Description	2023-2024 Kshs.	2022-2023 Kshs.
<b>A. Contractor</b>		
<b>Contract Sum</b>	<b>117,011,951</b>	
<b>Retention computation:</b>		
1st Certificate - 10% (30% of 117,011,951)	3,510,359	
2nd Certificate - 10% (40% of 117,011,951)	4,680,478	
3rd Certificate - 10% (30% of 15,839,416)	1,583,942	
<b>Total Retention</b>	<b>9,774,778</b>	
<b>Less:</b>		
50% moiety of Retention paid on issue of Certificate of Practical completion (50% of 9,774,778)	(4,887,389)	
i. Amount retained and payable after the Defects liability period	<b>4,887,389</b>	
<b>B. Consultant</b>		
<b>Contract Sum</b>	<b>11,000,000</b>	
<b>Retention computation:</b>		
1st Payment	5,000,000	
2nd Payment	3,250,000	
3rd Payment	2,200,000	
<b>Total Payments</b>	<b>10,450,000</b>	
ii. Retained amount and payable after the Defects liability period (5% of Contract Sum)	<b>550,000</b>	
<b>Total Retention</b>	<b>5,437,389</b>	

During the reporting period, the Commission engaged M/s Design Works and M/s Corriocom for the design and portioning of its new office premises respectively. The two contractual obligations provided for the retention of 5% and 10% of certified valued work for the designer and contractor respectively. Further, the Contractor's contract provided for a 50% moiety of retention to be paid on the issuance of a certificate of practical completion.

The retained amounts will be payable after the lapse of the defects liability period and on satisfactory completion of the project. The amounts were retained in the Commission's deposit account.

**34. Authority to Incur Expenditure (AIE)**

Description	2023-2024 Kshs.	2022-2023 Kshs.
<b>AIE from the National Treasury</b>	<b>12,000,000</b>	
<i>Adjusted for:</i>		
Total Expenditure	11,944,980	
Excess refunded to TNT	50,520	
Excess to be refunded to TNT in subsequent year	4,500	
	<b>12,000,000</b>	

The above relates to AIE granted to the Commission from the National Treasury to launch the Model Tariffs and Pricing Policy. A return of the same was submitted to the National Treasury before the year closure in FY 2023/24. Appendix V provides a detailed expenditure analysis.

**35. Net cash flows from operating activities**

	Note	2023-2024 Kshs.	2022-2023 Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Exchequer releases	13	459,170,062	540,765,903
Other receipts	15	700	121,030
<b>Total receipts</b>		<b>459,170,762</b>	<b>540,886,933</b>
<b>Payments</b>			
Employee costs	16	(186,714,362)	(203,296,302)
Commissioners expenses	17	(11,331,450)	(23,318,370)
Repairs and Maintenance	19	(8,785,234)	(6,976,095)
General expenses	20	(153,401,045)	(236,610,327)
Finance costs including loan interest	22	(63,000)	(62,892)
Remission to National treasury	23	(87,897)	(3,832,109)
<b>Adjusted For:</b>			
Salary Advance	25	232,136	11,236
Imprest	25	(5,000)	
Leave allowance for recovery	25	(400,000)	
Adjustments during the year	32	430,030	
Retention	33	5,437,389	
<b>Net cash flow from operating activities</b>		<b>104,482,329</b>	<b>66,802,074</b>

**19. Annexes**

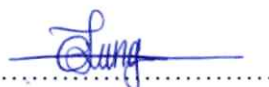
**Annex I. Progress on follow-up of Audit recommendations**

The Commission received an Unqualified Audit opinion in the financial year 2022/23. One governance issue below was however raised on lawfulness and effectiveness in the use of public resources.

Reference No. on the external audit report	Issue / Observation from Auditor	Management Comments	Focal point person to resolve the issue	Status:	Time frame:
2036	Trade and Other Payables	The pending bills incurred related to contractual obligations that hadn't been paid by the close of the year due to budget cuts.	Finance Manager	Pending bills cleared	
2037	Irregular Procurement	The Commission adopted the list of licensed and Approved hotels in Kenya for 2024, from the Tourism Regulatory Authority (TRA) on 2 <sup>nd</sup> April 2024.	Procurement Officer	Matter Resolved	



CPA James Katule  
Commission Secretary / CEO



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



CPA Mary Wanyonyi Chebukati  
Chairperson of the Commission

**Annex II. Analysis of Pending Accounts Payables (KShs)**

Analysis of Pending Accounts Payables (KShs)										
S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
1	2210101	14 Riverside mgt	Electricity bill- February 23	22/23	24,714	8,924	24,714			-
2	2210101	14 Riverside mgt	Electricity bill-March 23	22/23	30,260	8,962	30,260			-
3	2210101	14 Riverside mgt	Electricity bill-Bal May 23	22/23	16,665	8,926	16,665			-
4	2210101	14 Riverside mgt	Electricity bill-Bal June 23	22/23	96,508	8,963	96,508			-
5	2210101	14 Riverside mgt	Electricity bill-Bal June 23	22/23	24,125	8,929	24,125			-
			<b>2210101</b>		<b>192,272</b>		<b>192,272</b>	-	-	-
										-
6	2210201	Safaricom	Telephone Bill -Bal for June 2022	21/22	-					-
7	2210201	Safaricom	May	22/23	4,477	,8965/1/2	4,477			-
8	2210201	Safaricom	June	22/23	20,089	8,964	20,089			-
9	2210201	Telkom Kenya	Telephone bill for June 2024	23/24					2,628	2,628
10	2210201	Safaricom Ltd	Telephone bill for June 2024	23/24					44,857	44,857
			<b>2210201</b>		<b>24,566</b>		<b>24,566</b>	-	<b>47,485</b>	<b>47,485</b>
										-
11	2210202	Safaricom Ltd - VAT FEB 24							1,313	1,313
12	2210202	Safaricom Ltd	Internet Bill June 2024	23/24					2,538	2,538
									<b>3,851</b>	<b>3,851</b>
										-
13	2210301	Tondwe Africa Group Ltd		23/24					98,970	98,970
14	2210301	Long Rock Tours and Travel		23/24					116,555	116,555
									<b>215,525</b>	<b>215,525</b>
										-

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

Analysis of Pending Accounts Payables (KShs)										
S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
15	2210503	Blessed star Ventures	Newspapers for June 2024	23/24					39,619	39,619
16	2210603	Cape Holdings Limited	Rent and Car park for Jan- Feb 2024	23/24					11,390,829	11,390,829
17	2210603	Cape Holdings Limited	Rent and Car park for Jan- Feb 2024	23/24					10,103,966	10,103,966
			<b>2210603</b>		-	-	-	-	<b>21,494,795</b>	<b>21,494,795</b>
18	2210801	Oliveira Restaurant	Supplies - May 2022	21/22	-					-
19	2210801	Oliveira Restaurant	Supplies - June 2022	21/22	-					-
20	2210801	Naivas Supermarket	Supplies - May 2023	22/23	9,520	,8930/1	9,520			-
21	2210801	Naivas Supermarket	Supplies - June 2023	22/23	127,355	8,932	127,355			-
22	2210801	Meal Magic Caterers	Supplies - June 2023	22/23	187,207	,8934/1/2	187,207			-
23	2210801	Netasam limited	Staff snacks and Lunch for May 2024	23/24					702,500	702,500
24	2210801	Netasam limited	Supplies June 2024	23/24					421,900	421,900
25	2210801	Netasam limited	Breakfast, stakeholder consultation meeting	23/24					89,847	89,847
26	2210801	Naivas Limited	Supplies June 2024	23/24					46,417	46,417
27	2210801	Naivas Limited	Supplies June 2024	23/24					36,309	36,309
28	2210801	Raphame Services	VAT for Jan 2024	23/24					700	700
			<b>2210801</b>		<b>324,082</b>		<b>324,082</b>	-	<b>1,297,673</b>	<b>1,297,673</b>
29	2210802	Audit committee allowances	QIV Meeting	23/24					52,000	52,000
30	2210802	Unpaid Tax for 31/1/24		23/24					4,800	4,800
					-	-	-	-	<b>56,800</b>	<b>56,800</b>

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Analysis of Pending Accounts Payables (KShs)										
S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
31	2210802	villa rosa Kempinsko	ESR-Venue for stakeholder consultative forum	23/24					308,880	308,880
32	2210802	Postmortem Retreat - MTPP	Stoni Arthi	23/24					118,800	118,800
			<b>2210802</b>		-	-	-	-	<b>427,680</b>	<b>427,680</b>
										-
33	2210901	CIC Life Insurance	Group Life	22/23	220,667	9,059	220,667			-
34	2210910	Jubilee Health Insurance	Medical Insurance	22/23	3,511,815	,9058/1	3,511,815			-
			<b>2210900</b>		<b>3,732,482</b>	<b>9,059</b>	<b>3,732,482</b>	-	-	-
										-
35	2211201	Ramji Devani	Fuel Balance for May 23	22/23	389,558		389,558			-
36	2211201	Ramji Devani	Fuel - Bill June 23	22/23	954,294		954,294			-
37	2211201	Ramji Devani	Unpaid VAT - Feb 24	23/24					25,404	25,404
			<b>2211201</b>		<b>1,343,852</b>	-	<b>1,343,852</b>	-	<b>25,404</b>	<b>25,404</b>
										-
38	2211305	Bank Charges - April 24 (Returned)		23/24					<b>5,060</b>	<b>5,060</b>
										-
39	2211305	Sparkling Clean Services Ltd	Cleaning Services for May 2024	23/24					278,650	278,650
40	2211305	Sparkling Clean Services Ltd	Cleaning Services for June 2024	23/24					278,650	278,650
41	2211305	Cobra Security	Security Services for June 2024	23/24					79,550	79,550
			<b>2211305</b>		-	-	-	-	<b>636,850</b>	<b>636,850</b>
										-
42	2211310	Auditor General	Audit fee for 2021/22	21/22	464,000		464,000			-

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Analysis of Pending Accounts Payables (KShs)										
S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
43	2211310	Auditor General	Audit fee for 2022/23	22/23	464,000					464,000
44	2211310	Auditor General	Audit fee for FY23/24	23/24					464,000	464,000
			<b>2211310 - Audit OAG</b>		<b>928,000</b>	-	<b>464,000</b>	-	<b>464,000</b>	<b>928,000</b>
45	2211310	Dr. Linda Musumba & Co. Advocate	Legal Counsel	20/21	450,000		450,000			-
46	2211310	Legal Fee	Constitutional Petition E473 and Petition E456 of 2023	23/24					712,880	712,880
			<b>2211310</b>		<b>450,000</b>		<b>450,000</b>	-	<b>712,880</b>	<b>712,880</b>
48	2220101	CFAO Motors Ltd	Jun-23	22/23	7,830		7,830			-
49	2220101	NOCK	Jun-23	22/23	173,800		173,800			-
50	2220101	CFAO	Motor Vehicle repairs	23/24					161,948	161,948
51	2220101	CFAO	Motor Vehicle repairs	23/24					96,639	96,639
52	2220101	Bigisell Supplies	Motor Vehicle repairs	23/24					124,062	124,062
53	2220101	Lizmart Agencies Ltd	Motor Vehicle repairs	23/24					50,000	50,000
54	2220101	Land Ford And Boost Enterprises	Motor Vehicle repairs GKA 843X	23/24					122,000	122,000
			<b>2220101</b>		<b>181,630</b>	-	<b>181,630</b>	-	<b>554,649</b>	<b>554,649</b>
	2220201	MFI - Bounced Payment for CRA210324/12		23/24					<b>28,500</b>	<b>28,500</b>
55	3110302	NYS	Demolition Works	23/24					4,982,260	4,982,260
					-		-	-	<b>4,982,260</b>	<b>4,982,260</b>
		<b>Staff Mortgage &amp; Car Loan Expenses</b>								-

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Analysis of Pending Accounts Payables (KShs)										
S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
57	4110405	Mortgage Fringe Benefit Tax		22/23	333,036		333,036			-
58	4110405	Fringe benefit		23/24					3,145,926	3,145,926
			<b>4110403 &amp; 4110405</b>		<b>333,036</b>	<b>-</b>	<b>333,036</b>	<b>-</b>	<b>3,145,926</b>	<b>3,145,926</b>
										-
59	3111112	Software Tecnologies	E Board	22/23	234,900		234,900			-
60	3111112	Techload Limited	Assorted Ict Software	23/24					1,134,700	1,134,700
			<b>3111112</b>		<b>234,900</b>		<b>234,900</b>	<b>-</b>	<b>1,134,700</b>	<b>1,134,700</b>
										-
61	2210100	Housing Levy June 24-Prepayment	Jan-24	23/24					16,177	16,177
63	2210100	Car Loan Repayment	March	23/24					160,688	160,688
										-
										<b>176,865</b>
										<b>176,865</b>
										-
64	2120103	NITA	April	23/24					4,600	4,600
										-
										<b>4,600</b>
										<b>4,600</b>
										-
		<b>Total Pending Bills</b>			<b>7,744,820</b>	<b>9,059</b>	<b>7,280,820</b>	<b>-</b>	<b>35,455,123</b>	<b>35,919,123</b>

**Annex III. Analysis of Staff Payables (KShs)**

S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
1	2210100	Housing Levy - All Staff	January	23/24					197,878	197,878
2	2210100	Housing Levy - All Staff	February	23/24					203,733	203,733
3	2210100	Fridah Mutua	Sal Increment Arrears (March-June)	23/24					37,852	37,852
4	2210100	Boniface Kivuva	Sal Increment Arrears (May-June)	23/24					5,846	5,846
					- 0		-	-	<b>445,309</b>	<b>445,309</b>
5	2210302	Kivuva	Visit to	22/23	4,900	,031123	4,900			-
6	2210302	Salvatory Okoth	Visit to Transzoia	22/23	19,600	272	19,600			-
7	2210302	Salvatory Okoth	Visit to Nyandarua	22/23	19,600	272	19,600			-
8	2210302	Fridah mutua	Airport transfer	23/24					9,000	9,000
9	2210302	John Lokodo Gabana	Night out - Muranga	23/24					12,600	12,600
10	2210302	Dr.Gladys Nyanchama Asuga	DSA for DPSM staff	23/24					50,400	50,400
11	2210302	Sylvia Barasa	Postmortem Retreat on MTPP	23/24					12,000	12,000
12	2210302	Gabana John	Machakos-Retreat for fraft of 4th Basis	23/24					75,600	75,600
13	2210302	Brian Saleon	Machakos-Retreat for fraft of 4th Basis	23/24					75,600	75,600
14	2210302	Renny Mutai	Machakos-Retreat for fraft of 4th Basis	23/24					84,000	84,000
15	2210302	George Njuguna	Machakos-Retreat for fraft of 4th Basis	23/24					75,600	75,600
16	2210302	Hadija Juma	Retreat of Commissioners with SDPS	23/24					54,600	54,600
			<b>Domestic - 2210302</b>		<b>44,100</b>		<b>44,100</b>	-	<b>449,400</b>	<b>449,400</b>
17	2210910	Jennifer Nafula	Medical claim June 2024	23/24					15,000	15,000

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
18	2210910	David Shikumo	Medical claim June 2024	23/24					12,700	12,700
19	2210910	Maureen Junge	Medical claim June 2024	23/24					1,000	1,000
20	2210910	Maureen Junge	Medical claim June 2024	23/24					460	460
21	2210910	Maureen Junge	Medical claim June 2024	23/24					450	450
22	2210910	Jennifer Nafula	Medical claim June 2024	23/24					12,480	12,480
23	2210910	Maureen Junge	Medical claim June 2024	23/24					790	790
24	2210910	Lawrence Katana	Medical claim June 2024	23/24					50,000	50,000
			<b>Medical Insurance/Claim - 2210910</b>		-	-	-	-	<b>92,880</b>	<b>92,880</b>
25	2710100	James Katule	Accrued Gratuity	21/22	462,210					462,210
26	2710100	James Katule	Accrued Gratuity	22/23	1,463,952					1,463,952
27	2710100	James Katule	Accrued Gratuity	23/24					1,504,368	1,504,368
28	2710100	Boniface Mati Kivuva	Date of engagement (3 Years Contract)	24/04/23					42,995	42,995
29	2710100	Richard Maikuri Kebu	Date of engagement (3 Years Contract)	01/08/23					157,648	157,648
30	2710100	George Njuguna Wambui	Date of engagement (3 Years Contract)	01/08/23					157,648	157,648
31	2710100	Elizabeth Khisa Wafula	Date of engagement (3 Years Contract)	01/02/24					47,304	47,304
32	2710100	Dickson Kipruto Ndara	Date of engagement (3 Years Contract)	01/02/24					67,127	67,127
33	2710100	Brian Lemayian Salaon	Date of engagement (3 Years Contract)	01/02/24					67,127	67,127
34	2710100	Hamza Juma Nambwaya	Date of engagement (3 Years Contract)	01/02/24					67,127	67,127
35	2710100	Alvin Walubengo Wafula	Date of engagement (3 Years Contract)	02/04/24					195,300	195,300
36	2710100	Jackson Owino Odundo	Date of engagement (3 Years Contract)	14/05/24					26,851	26,851

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*

S/No.	Item	Supplier	Description	Year	Closing Balance FY 22/23	PV No.	Payments FY 23/24	Prior Year's Adjustments	Pending Bills FY 23/24	Closing Balance FY 23/24
			Gratuity - 2710101		1,926,162	-	-	-	2,333,496	4,259,658
		<b>Total</b>			<b>1,970,262</b>	<b>-</b>	<b>44,100</b>	<b>-</b>	<b>3,321,085</b>	<b>5,247,248</b>

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

**Annex IV - Financial Statements Reconciliation on Accrual and Cash Basis**

Reconciliation Analysis of Expenditure on Accrual and Cash Basis										
No.	Item	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 22/23	C/D Prepayments 23/24	Prior Year Adjustments/ Transfer	Accruals Paid in FY 23/24	Accruals from FY 23/24	Actual Cash Expenditure
	A	D	E	F	G	H	I	J	K	L=F-G+H+J-K
0		459,170,062		459,170,062						459,170,062
				-						
1	2110101	115,317,157		115,317,157					614,086	114,703,071
2	2110202	2,426,254		2,426,254						2,426,254
3	2110301	22,069,570		22,069,570						22,069,570
4	2110309	2,530,667		2,530,667						2,530,667
5	2110310	3,917,984		3,917,984						3,917,984
6	2110312	2,400,000		2,400,000						2,400,000
7	2110314	9,777,448		9,777,448						9,777,448
8	2110320	1,378,750		1,378,750						1,378,750
9	2110405	3,221,529	1,620,000	4,721,529						4,841,529
10	2120103	26,515,275		26,515,275					2,346,185	24,169,090
		<b>189,554,633</b>	<b>1,620,000</b>	<b>191,054,633</b>	-	-	-	-	<b>2,960,271</b>	<b>188,214,362</b>
				-						-
11	2710102			-						-
12	2210901	1,510,234		1,510,234	983,513	1,053,443		220,667		1,800,832
13	2210910	22,331,084		22,331,084	12,881,303	14,640,441	(226,990)	740,500	92,880	24,510,852
		<b>23,841,319</b>	-	<b>23,841,319</b>	<b>13,864,815</b>	<b>15,693,883</b>	<b>(226,990)</b>	<b>961,167</b>	<b>92,880</b>	<b>26,311,684</b>
		<b>213,395,952</b>	<b>1,620,000</b>	<b>214,895,952</b>	<b>13,864,815</b>	<b>15,693,883</b>	<b>(226,990)</b>	<b>961,167</b>	<b>3,053,151</b>	<b>214,526,046</b>
				-						-
14	2210101	2,088,160		2,088,160				192,272		2,280,432
15	2210102			-						-
		<b>2,088,160</b>	-	<b>2,088,160</b>	-	-	-	<b>192,272</b>	-	<b>2,280,432</b>
16	2210201	1,039,921		1,039,921				24,566	47,485	1,017,002
17	2210202	3,050,090		3,050,090	107,373				3,851	2,938,866
18	2210203	5,360		5,360						5,360
		<b>4,095,371</b>	-	<b>4,095,371</b>	<b>107,373</b>	-	-	<b>24,566</b>	<b>51,336</b>	<b>3,961,228</b>

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Reconciliation Analysis of Expenditure on Accrual and Cash Basis										
No.	Item	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 22/23	C/D Prepayments 23/24	Prior Year Adjustments/ Transfer	Accruals Paid in FY 23/24	Accruals from FY 23/24	Actual Cash Expenditure
	A	D	E	F	G	H	I	J	K	L=F-G+H+J-K
10	2210301	2,616,785		2,616,785					215,525	2,401,260
20	2210302/303	23,520,196	4,403,200	27,923,396				44,100	449,400	27,518,096
		<b>26,136,981</b>	<b>4,403,200</b>	<b>30,540,181</b>	-	-	-	<b>44,100</b>	<b>664,925</b>	<b>29,919,356</b>
				-						-
21	2210502	6,064,650		6,064,650						6,064,650
22	2210503	539,616		539,616					39,619	499,997
23	2210505	120,188		120,188						120,188
		<b>6,724,454</b>	-	<b>6,724,454</b>	-	-	-	-	<b>39,619</b>	<b>6,684,835</b>
				-						-
24	2210603	99,198,649		99,198,649	59,086,043				21,494,795	18,617,811
25	2210604	475,000		475,000						475,000
		<b>99,673,649</b>	-	<b>99,673,649</b>	<b>59,086,043</b>	-	-	-	<b>21,494,795</b>	<b>19,092,811</b>
26	2210700	358,600		358,600			78,120			436,720
		<b>358,600</b>	-	<b>358,600</b>	-	-	<b>78,120</b>	-	-	<b>436,720</b>
27	2210801	6,646,315		6,646,315				324,082	1,297,673	5,672,724
28	2210802	12,205,404	4,643,200	16,848,604					484,480	16,364,124
		<b>18,851,719</b>	<b>4,643,200</b>	<b>23,494,919</b>	-	-	-	<b>324,082</b>	<b>1,782,153</b>	<b>22,036,849</b>
29	2210903						226,990			226,990
30	2210904	4,271,359		4,271,359	3,533,969	3,686,949				4,424,339
		<b>4,271,359</b>	-	<b>4,271,359</b>	<b>3,533,969</b>	<b>3,686,949</b>	<b>226,990</b>	-	-	<b>4,651,329</b>
				-						-
31	2211101	2,694,261		2,694,261						2,694,261
32	2211102	2,057,737		2,057,737						2,057,737
		<b>4,751,998</b>	-	<b>4,751,998</b>	-	-	-	-	-	<b>4,751,998</b>
				-						-
33	2211201	16,693,799		16,693,799		867,223		1,343,852	25,404	18,879,470
		<b>16,693,799</b>	-	<b>16,693,799</b>	-	<b>867,223</b>	-	<b>1,343,852</b>	<b>25,404</b>	<b>18,879,470</b>
34	2211301	101,976		101,976			(33,916)		5,060	63,000

Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.

Reconciliation Analysis of Expenditure on Accrual and Cash Basis										
No.	Item	Staff	Commissioners	Actual Accrued Recorded Expenditure	B/D Prepayments from 22/23	C/D Prepayments 23/24	Prior Year Adjustments/ Transfer	Accruals Paid in FY 23/24	Accruals from FY 23/24	Actual Cash Expenditure
	A	D	E	F	G	H	I	J	K	L=F-G+H+J-K
35	2211305	3,236,846		3,236,846					636,850	2,599,996
36	2211306	1,217,470	785,050	2,002,520			33,916			2,036,436
37	2211310	10,208,429		10,208,429				914,000	1,176,880	9,945,549
38	3110302	12,746,060		12,746,060					4,982,260	7,763,800
		<b>27,510,781</b>	<b>785,050</b>	<b>28,295,831</b>	-	-	-	<b>914,000</b>	<b>6,801,050</b>	<b>22,408,781</b>
39	4110405	4,812,890		4,812,890				333,036	3,145,926	2,000,000
		<b>4,812,890</b>	-	<b>4,812,890</b>	-	-	-	<b>333,036</b>	<b>3,145,926</b>	<b>2,000,000</b>
		<b>215,969,761</b>	<b>9,831,450</b>	<b>225,801,211</b>	<b>62,727,385</b>	<b>4,554,172</b>	<b>305,110</b>	<b>3,175,908</b>	<b>34,005,208</b>	<b>137,103,808</b>
				-						-
40	2220101	8,587,353		8,587,353				181,630	554,649	8,214,334
41	2220201	599,400		599,400					28,500	570,900
		<b>9,186,753</b>	-	<b>9,186,753</b>	-	-	-	<b>181,630</b>	<b>583,149</b>	<b>8,785,234</b>
42	3110302	97,747,781		97,747,781						97,747,781
43	3110701			-						-
44	3111001	188,080		188,080						188,080
45	3111002			-						-
46	3111009			-						-
47	3111112	2,074,300		2,074,300				234,900	1,134,700	1,174,500
48	4110403			-						-
49	4110405			-						-
		<b>100,010,161</b>	-	<b>100,010,161</b>	-	-	-	<b>234,900</b>	<b>1,134,700</b>	<b>99,110,361</b>
				-						-
		<b>538,562,628</b>	<b>11,451,450</b>	<b>549,064,950</b>	<b>76,592,200</b>	<b>20,248,056</b>	<b>78,120</b>	<b>4,553,605</b>	<b>38,776,208</b>	<b>459,525,450</b>

**ADD**  
Retention            5,437,389  
Total Payables    43,384,470

*Commission on Revenue Allocation  
Annual Report and Financial Statements for the year ended June 30, 2024.*