



**COMMISSION ON  
REVENUE ALLOCATION**

*Promoting an equitable society*



THE NATIONAL ASSEMBLY PAPERS I AND	
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**2019 ANNUAL  
2020 REPORT  
& FINANCIAL STATEMENTS**



## ABBREVIATIONS

BROP	Budget Review and Outlook Paper
CBEFs	County Budget and Economic Forums
CCI	County Creditworthiness Initiative
FCDC	Frontier County Development Council
IGRTC	Intergovernmental Relations Technical Committee
PFMA	Public Finance Management Act, 2012
UNDP	United Nations Development Programme

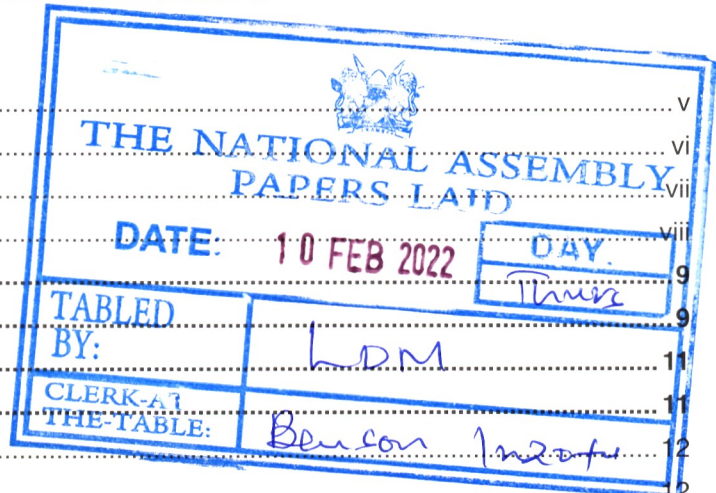
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## CHAIRPERSON'S STATEMENT

It is my pleasure to deliver this statement, and annual report 2019-2020. During the financial year the commission completed four key deliverables in line with its mandates.

First, the commission submitted the third basis for revenue sharing among county governments in April 2019. The recommendation is anchored in a revenue sharing framework which seeks to closely align funding to functions assigned to county governments to enhance service delivery. The framework also takes into account the need to address developmental gaps and economic disparities among counties. In addition, the framework seeks to create incentives for county governments to adhere to principles of fiscal responsibility and to optimize their capacity to raise own revenue. Notably the report has generated significant healthy debate.

Second, the Commission is proud to report that in collaboration with partners, Capital Markets Authority, the National Treasury and the CoG and the World Bank Group, we developed the County Creditworthiness Initiative (CCI) to help counties assess and unlock their capacity to acquire access sustainable financing from the commercial lenders. Three counties were rated successfully i.e Makueni, Bungoma and Kisumu. This exercise will be scoped to cover the remaining counties in the coming years.

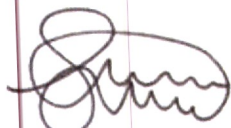
The capacity building for county governments which the commission undertakes in collaboration with other partners saw 6 counties training on CBEFs for county executives and external members. The six counties are: Kakamega, Mandera, Lamu, Garissa, Tana River and Turkana. We also conducted Capacity building for the members of Finances and Budget Committees of County Assemblies on OSR and OSR model laws. This saw training happen for the following county assemblies. Machakos, Kitui, Makueni, Kajiado, Garissa, Mandera, Marsabit, Kisumu, Homa bay, Nyamira, Kisii, Kakamega, Bungoma, Vihiga, Muranga, Nyandarua, Tharaka-Nithi, Laikipia, Nyeri

The third deliverable The Commission also started a series of analytical reports to track progress in own-source revenue generation by county governments since the onset of devolution. The first of these is the *Counties Efforts Towards Revenue Mobilisation: taking Stock of the Last Six Years*. The report tracks progress in county own-source revenue mobilization effort and aims at augmenting counties' OSR enhancement agenda.

The commission has also developed a new framework to be used in the determination of expenditure ceilings for the county executive and assemblies. This approach corrects imbalances as observed through expenditure analysis for the last seven years.

The commission is the current chair of the forum of Constitutional Commissions and Independent Offices (CC&IOs) In supporting the Government response to COVID-19 the Commission led the Chapter 15 institutions in fund raising towards the COVID kitty and handed over the money in April 2020.

I would like to thank all our partners for their support in the past year. In particular, the Commission received invaluable support from UNDP, the World Bank and all partners in the PFMR Secretariat. I look forward to even more fruitful engagements in the coming year.



**Dr. Jane Kiringai**  
**CHAIRPERSON**

## COMMISSION SECRETARY'S STATEMENT

It is a delight for me to present the Commission's Annual Report and Financial Statements for financial year 2019-2020. During this period, the Commission made significant contributions to promote equitable sharing of revenue between national and county governments and among county governments. In addition, we made key recommendations on the financing and financial management needs of county governments.

To promote equitable sharing of revenue among county governments, the Commission prepared a recommendation on the third basis for revenue sharing among county governments. Development of the third basis involved engagements with the Senate and other stakeholders and resulted in its submission to the Senate for approval. In addition, consultations were carried out with the Council of Governors, Intergovernmental Budget and Economic Council (IBEC) among other stakeholders on the sharing of revenue between the national and county governments.

The Commission, in collaboration with the National Treasury and the Public Finance Management secretariat, conducted regional cluster trainings for Members of County Assemblies (MCAs) on revenue-raising model laws and other own-source revenue topics. This was done to capacity-build county assembly members due to the pivotal legislative role they play.

Furthermore, the Commission is mandated to advise county governments on how to finance their operations in ways that ensure fiscal responsibility. In line with this, the Commission in collaboration with the World Bank Group, Capital Markets Authority, the National Treasury, IBEC and county governments developed the County Creditworthiness Initiative (CCI) to shepherd counties towards creditworthiness in order to unlock their potential for achieving larger, longer-term, and sustainable financing. The initiative resulted in the shadow credit rating of three pilot counties: Makueni, Bungoma and Kisumu.

The Constitution of Kenya in Article 205 provides that the Commission shall consider and make recommendations on any bill concerning sharing of revenue or financing of county governments. In this regard, the Commission gave recommendations on various bills including the Public Finance Management (Amendment) Bill, 2019; the Equalization Fund Bill, 2019; the Gaming Bill, 2019; the Conflict of Interest Bill, 2019 as well as draft regulations of various Funds sought to be established under the PFM Act such regulations contained in the draft PFM National Toll Fund.

Following a directive from the President of Kenya, H. E. Uhuru Kenyatta, the Commission and other agencies formed a multi-agency task-force to deliver a single integrated county revenue management system (ICRMS) to be used across all forty-seven County Governments. The task-force is continuing with its work and so far have produced a draft report highlighting key recommendations that require implementation for a single integrated county revenue management system (ICRMS) to be implemented countrywide.

In addition, the Commission started a series of biannual analytical reports to track progress in own-source revenue since the onset of devolution, which can be used to inform policy making at both levels of government. The first in this series of analytical reports; "*Counties Efforts Towards Revenue Mobilisation: taking Stock of the Last Six Years*", was published in this financial year. The report tracks progress in county own-source revenue mobilization effort over the last six years in the 47 counties and aims at augmenting counties' OSR enhancement agenda.

Finally, I extend my sincere gratitude to all our donors, partners and stakeholders who continue to support the work of the Commission. I also appreciate the CRA secretariat whose tireless efforts continue to ensure that CRA implements its mandate with excellence to ensure equity in the sharing of resources in our country.



Dr. Moses Sichei

COMMISSION SECRETARY/CEO





**COMMISSION ON  
REVENUE ALLOCATION**

## **CHAPTER 1**

# **MANDATE AND ROLE OF THE COMMISSION**

## MANDATE



The Commission on Revenue Allocation (CRA) is an independent Commission set up under Article 215 of the Constitution of Kenya, 2010. Its core mandate is to recommend the basis for equitable sharing of revenues raised nationally between the national and the county governments, and among county governments.

## VISION



No Kenyan Left Behind

## MISSION



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

## CORE VALUES



Excellence  
Inclusiveness  
Integrity  
Equity  
Objectivity

## MOTTO

Promoting an Equitable Society



**COMMISSION ON  
REVENUE ALLOCATION**

**CHAPTER 2**

**PERFORMANCE  
REVIEW  
AND ACHIEVEMENTS**

## Introduction

During the financial year 2019/2020, the Commission undertook several activities in line with its mandate and functions. This chapter highlights the main activities and accomplishments realised by the Commission for the period June 2019 to June 2020.

### A. Division of Revenue

#### 1.1. Recommendation on the Basis for Revenue Sharing between National and County Governments for FY 2020/2021

The Commission is mandated to make recommendations on the basis for equitable sharing of revenue between national and county governments, also known as the vertical recommendation, (Article 216(1)(a) of the Constitution). The Commission is required to submit this recommendations at least six months before the beginning of a Financial Year to the Senate, the National Assembly, the County Assembly, the National Executive and County Executives (Section 190 of the Public Finance Management Act (PFMA)).

During FY 2019/2020, the Commission prepared and submitted for approval the recommendation on the basis for the equitable sharing of revenue between the national and county governments for FY 2020/2021. The recommendation proposed an allocation of Kshs. 1,561.96 billion to the national government and Kshs. 321.74 billion to the county governments as equitable shares. The recommendation also proposed an allocation of a new conditional grant of Kshs. 5 billion from the national government equitable share to finance urban services within the provision of the Urban Areas and Cities Act 2011.

The Commission's recommendation provided for a minimum allocation to either level of government, equivalent to 5.7 % of each government's development expenditure. This translated to additional allocation of Kshs. 5.24 billion to county governments and Kshs. 31.35 billion to the national government. The adjustment of 5.7 percent was based on a three-year average of actual development expenditure of either level of government. The Commission further recommended that the national government be allocated an additional Kshs. 71.01 billion for the purpose of investing in strategic areas under the Big Four Agenda. Table 1 summarizes the Commission's recommendation and approved allocation between the two levels of government for FY 2020/2021 (Ksh. billion)

**Table 1: Commission's recommendation and approved allocation between the two levels of government for FY 2019/2020 (Ksh. Billion)**

	Item	FY 2020/2021 Commission's Recommendation	FY 2020/2021 Approved Allocations
1.	National Government	1,561.96	1,533.4
2.	County Governments	321.74	316.5
3.	Equalization Fund	5.77	6.8
<b>Conditional Transfers to the counties</b>			
1.	Level 5 Hospitals		4.3
2.	Compensation for user fees forgone		0.9
3.	Leasing of Medical Equipment		6.2
4.	Road Maintenance Levy Fund		9.4
5.	Rehabilitation of Youth Polytechnics		2.0
6.	Supplement for construction of county headquarters		0.3
7.	New Conditional Transfer for financing of five (5) cities	5.0	-
8.	Loans and grants from development partners		30.2

As part of the vertical sharing of revenue between the two levels of government, the Commission also reviewed and provided comments to Parliament on the 2020 Budget Policy Statement, the 2020 Division of Revenue Bill (DORB) and the 2020 County Allocation of Revenue Bill (CARB).

## 1.2. Recommendation on the Basis for Revenue Sharing among County Governments

Article 216 (1) (b) of the Constitution of Kenya, mandates the Commission to make recommendations concerning the basis for the equitable sharing of revenue raised nationally among county governments. In line with this mandate, the Commission developed the Third Basis recommendation as a successor to the Second Basis recommendation. The recommendation was submitted to the Parliament in April 2019. During the FY 2019/2020, the Senate invited the Commission to various consultative fora on the Third Basis recommendation. During these events, the Commission developed various presentations which were used during the consultative meetings.

The Third Basis recommendation is summarised in Table 2:

**Table 2: The Third Basis for Revenue Sharing among County Governments**

No	Indicator of Expenditure Need	CRA Recommend Weight
1	Health index	17%
2	Agricultural index	10 %
3	Population index	18 %
4	Urban services index	5%
5	Basic share index	20%
6	Land area index	8 %
7	Rural access index	4%
8	Poverty head count index	14 %
9	Fiscal Effort Index	2%
10	Prudence Index	2%
<b>Total</b>		<b>100%</b>

## B. Addressing Marginalization

### 1.1. Preparation of the new Equalization Fund Regulations

As ordered by the Court in November 2019, the National Treasury, the Council of Governors and the Commission prepared the Public Finance Management (Equalisation Funds) Regulations, 2020. The regulations propose for transfer of equalisation funds as a conditional grant to the counties with areas identified as marginalised; establishment of an advisory board at the national level and, establishment of project committees at the county level to undertake project identification, prioritisation and implementation.



Consultative Meeting with Senators on the 3rd Formula, 13th April 2018

## 1.2. Assessment of implementation of the First Marginalisation Policy

In FY 2019/20, the Commission visited 2 counties identified as marginalised under the first policy to assess implementation of projects. Visits to Marsabit and Turkana Counties were undertaken in May and June 2019, respectively. The Counties identified as marginalised under the first policy and the resources allocated to them are presented in Table 3.

**Table 3: List of Marginalised Counties and allocations under the 1st policy**

	County	Criteria for Sharing Revenue	Total Allocation
1	Garissa	6.64	783,520,000
2	Isiolo	6.33	746,940,000
3	Kilifi	6.47	763,500,000
4	Kwale	6.74	795,300,000
5	Lamu	6.12	722,200,000
6	Mandera	8.2	967,600,000
7	Marsabit	7.51	886,200,000
8	Narok	6.86	809,500,000
9	Samburu	7.37	869,700,000
10	Tana River	7.28	859,000,000
11	Turkana	8.9	1,050,200,000
12	Taita Taveta	6.37	751,700,000
13	Wajir	7.88	929,800,000
14	West Pokot	7.34	866,100,000
15	Administration Cost	4.83%	598,740,000
<b>Total</b>		<b>100</b>	<b>12,400,000,000</b>

The visits to the remaining 12 counties were not undertaken due to the challenges that arose from the outbreak of the COVID-19 pandemic.

## 1.3. Delays in Implementation of the First and Second Policies on Marginalisation

Following the Court ruling that disbanded the Equalisation Fund Advisory Board established under the First Policy and delays in establishment of another institution to oversee the implementation of the Equalisation Funds, the implementation of the first policy remains incomplete and the implementation of the Second policy was not undertaken in 2019/2020. The new regulation nonetheless provides for implementation of both policies, and indeed the subsequent policies

## C. Public Financial Management

In the year under review, the Commission undertook various activities to enhance public financial management in county governments including:

- i. Recommendation on county government Recurrent Expenditure Budget Ceilings
- ii. Analytical report on County Fiscal Strategy Papers submitted to the Commission
- iii. County Budget Economic Forum (CBEF) Effectiveness Report
- iv. County Budget and Economic Forums Training (GoK and UNDP supported training)

### 1.1. Development of County Recurrent Expenditure Budget Ceilings Recommendations for FY 2020/2021

The Commission developed the 2020/21 recommendations on county Recurrent Expenditure Budget Ceilings and submitted them to the Senate. The Senate approved the recommendations with a total ceiling of Kshs 59,956 million comprising of the Kshs 33,248 million for County Assemblies and Kshs 26,708 million for County Executive. This figure was similar with the ceiling of the financial year 2019/20 since there was no growth in the share of nationally raised revenue allocated to the counties as per the Division of Revenue Act (DORA 2020).

### 1.2. County Fiscal Strategy Paper Report

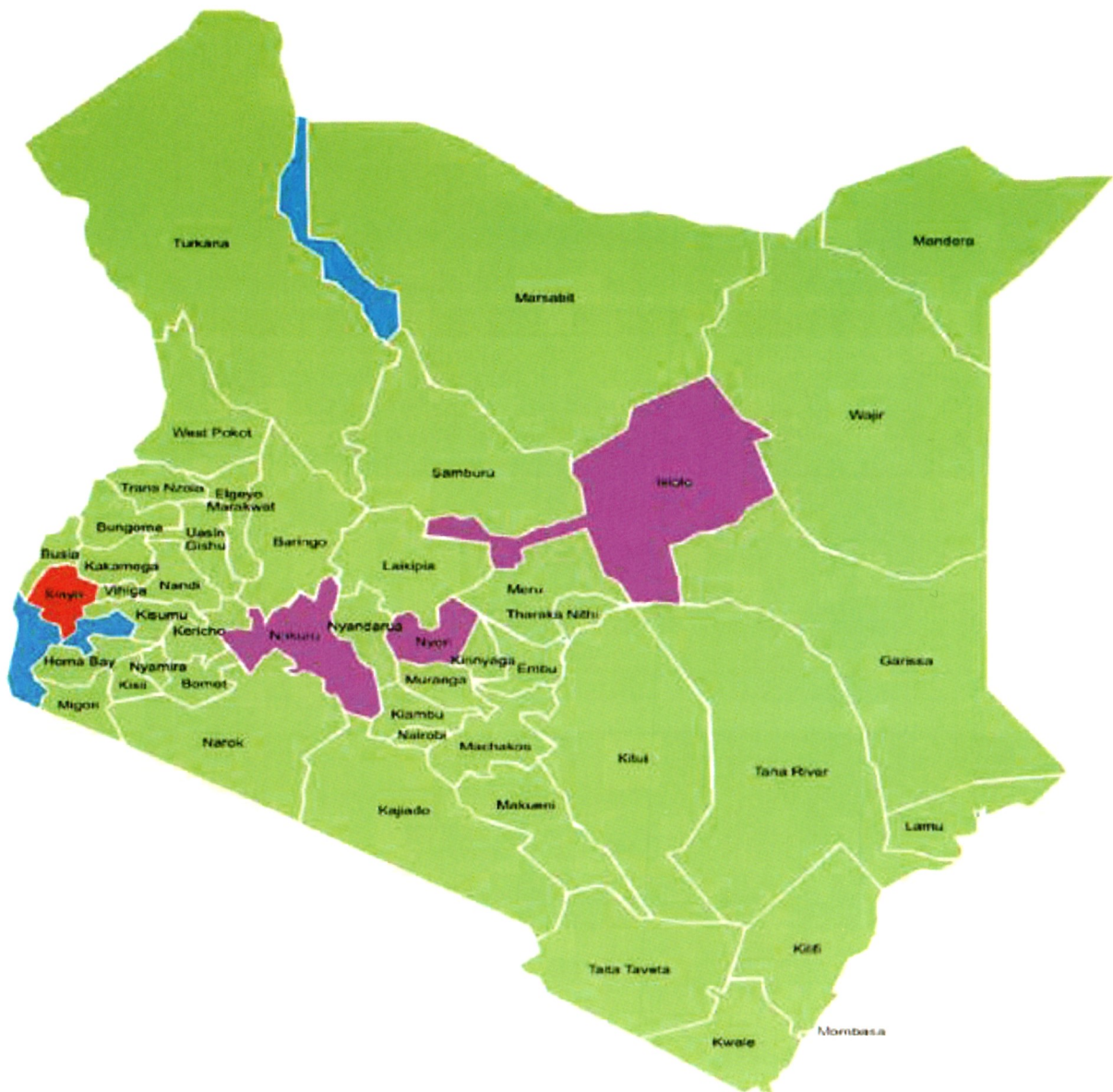
Section 117 of the Public Finance Management Act (2012) provides for the preparation of the County Fiscal Strategy Paper (CFSP) for each county. The County Treasury should submit the CFSP to the County Assembly by 28th February of each year. In preparing the CFSP, the County Treasury should seek and consider the views of the Commission on Revenue Allocation.

Pursuant to this provision, the Commission received and reviewed County Fiscal and Strategy Papers from 31 county governments. The Commission sent comments to all 31 County governments. Subsequently a consolidated report was produced with the following recommendations:

- i. Counties to strictly adhere to the submission deadline of 28th February;
- ii. Counties to set realistic revenue projections to avoid shortfalls in revenue collections resulting to pending bills;
- iii. Counties to develop models for Own-Source Revenue (OSR) forecasts to ensure reasonable revenue predictability;
- iv. Counties to strictly adhere to the fiscal responsibility principles of 30% development expenditure and 35% personnel costs at budgeting as well as during implementation;
- v. All eligible pending bills should be paid;
- vi. Counties to budget for county assemblies as per the CRA recommendation to Senate on Recurrent Expenditure Budget Ceilings for 2020/21;
- vii. That counties revise their 2019 / 2020 revenue projections and align the activities / expenditure levels to the new projection;
- viii. Encourage counties to revise their County Fiscal Strategy Papers (CFSP) for the 2020/ 2021 Financial Year to align projections to the economic realities brought about by the Covid-19 pandemic.

### 1.3. County Budget Economic Forums (CBEFs) Effectiveness Report

Section 137 of the Public Finance Management Act (PFMA) 2012, provides for the establishment of the County Budget Economic Forum (CBEF) in every county. The purpose of the Forum is to provide a means for consultation by the county government on the preparation of county plans, the County Fiscal Strategy Paper (CFSP); the Budget Review and Outlook Paper for the County (CBROP); and matters relating to budgeting, the economy and financial management at the county level. Since 2018, the Commission has inducted and trained a total of 46 counties.



Key:

Not Trained Not Established

Trained - Not Established

Trained - Established

Key: In August 2019, the Commission developed a monitoring and evaluation CBEF effectiveness tool (questionnaire) to rate the performance of the CBEFs. The objective of the instrument was to establish the effectiveness of the CBEFs in planning, budgeting, financial management, and public participation. The tool was sent to the 47 county governments but 15 county governments responded by submitting the filled questionnaires. The responses from the 15 counties, representing a 32%, were analyzed and a report on CBEF effectiveness was developed with the following key recommendations:

- i. Gazettement of the CRA guidelines on the establishment and operationalization of CBEFs. The Gazette notice should provide for repercussion for non-compliance.
- ii. All counties should establish and operationalize CBEFs as per the law.
- iii. All CBEFs should develop operational frameworks including their Terms of Reference, Work plan and Code of Conduct.
- iv. The non-state members MUST have a strong feedback mechanism with their nominating constituencies.
- v. CRA to monitor and evaluate quarterly the effectiveness of CBEF and work to automate the effectiveness tool to improve on responsiveness and monitoring efficiency.
- vi. Continuous capacity building the CBEFs for their effectiveness.

#### 1.4. CBEFs Trainings (GOK and UNDP Supported Trainings)

In the year 2019/20, UNDP supported CRA to a tune of Kshs. 4 million to capacity build CBEFS in 8 Northern frontier Counties namely Lamu, Mandera, Garissa, Tana River, Wajir, Isiolo, Turkana and Marsabit. Out of these, Wajir and Marsabit could not be trained since Wajir had not yet appointed the non-state actors while Marsabit could not facilitate the non-state members to attend the training.

#### 1.5. Fiscal Responsibility

Article 216 (3(c)) requires that in formulating recommendations, the Commission should encourage Fiscal Responsibility. In the period under review, CRA executed this mandate through the following activities: -

- i. The County Creditworthiness Initiative (CCI)
- ii. Analysis of Audit Opinions for County Governments in Kenya

#### County Creditworthiness Initiative (CCI)

The Commission has a constitutional mandate to advise county governments on how to finance their operations and to undertake investments in ways that meet the fiscal responsibility yardstick. This mandate confers an obligation to the Commission to support County Governments bridge financing gaps that may exist and support the development of an enabling environment for County Government borrowing.

The Commission, in collaboration with the World Bank Group (WBG), conceived the County Creditworthiness Initiative (CCI) for Kenya. The Initiative aimed to provide technical assistance to county governments to bridge the creditworthiness gap and access market finance for infrastructure and other development projects.

The CCI was conceived to coordinate and integrate existing efforts, instruments, knowledge, and resources from partners and stakeholders by identifying the most effective financing solutions and implementation arrangements for County Governments in Kenya. CCI aims to achieve the following outcomes:

- a) A strengthened regulatory framework for County Government borrowing;
- b) A fiscal decentralisation structure that supports responsible borrowing, regulated by market discipline;
- c) An institutional framework for overseeing sustainable County Government's borrowing;
- d) A capital market that is ready for County Government borrowing;
- e) Strengthened financial management by County Governments for market access.

CCI was piloted in nine (9) County Governments: Meru, Laikipia, Bungoma, Nandi, Mombasa, Kisumu, Lamu, Makueni and Samburu. The Counties were selected by an objective criterion developed by the Commission. Nyandarua County Government was a late inclusion to the pilot county governments due to its clean audit report in the financial year 2017/18. The nine County Governments attended a one-week Creditworthiness Training Academy on the drivers of creditworthiness in Nairobi in February 2019.

Using the tools from the training, the County Governments were expected to undertake self-assessment and develop their action plans to improve on their credit worthiness. It was a requirement that the nine counties submit to the Commission action plans endorsed by their Governors. Six counties did submit their actions plans out of which three counties (Bungoma, Kisumu and Makueni) were selected to undertake shadow credit rating.

The Global Credit Rating Company Limited (GCR) was contracted by the World Bank Group (WBG) to undertake the Shadow Credit Rating for the three counties. The Shadow Credit Rating reports were shared with the leadership of three County Governments (Bungoma, Kisumu and Makueni) in December 2019, and in March 2020, the three counties unveiled their ratings to the public.

#### Analysis of Audit Opinions for County Governments in Kenya

In making the revenue-sharing recommendations, the Commission considers the reports of the Office of the Auditor-General which outlines the fiscal efficiency of County Governments. The consideration of fiscal efficiency in revenue sharing recommendations stems from the requirement of Article 216 (3) (a) of the Constitution of Kenya that the CRA should give effect to the criteria set out in Article 203 (1). One of the criteria is fiscal capacity and efficiency of County Governments.

CRA collaborated with other relevant institutions, notably the Office of the Auditor General (AOG) to encourage prudent use of public funds for better service delivery to Kenyan citizens.

The tables below shows the analysis of the Audit Opinions for County Governments as from 2016/2017 to 2017/2018.

Financial Year 2017/2018					
County Executive			County Assembly		
Unqualified	Qualified		Unqualified	Qualified	
Makueni	Baringo	Machakos	Kericho	Bomet	Meru
Nyandarua	Bomet	Mandera		Bungoma	Murang'a
	Bungoma	Marsabit		Busia	Nakuru
	Busia	Meru		E/Marakwet	Nandi
	E/Marakwet	Mombasa		Garissa	Narok
	Garissa	Nakuru		Kajiado	Nyamira
	Isiolo	Nandi		Kakamega	Nyandarua
	Kajiado	Narok		Kiambu	Nyeri
	Kakamega	Nyamira		Kirinyaga	Siaya
	Kericho	Nyeri		Kisii	Taita Taveta
	Kiambu	Samburu		Kwale	Tana River
	Kilifi	Siaya		Laikipia	Trans Nzoia
	Kirinyaga	Tharaka Nithi		Makueni	Turkana
	Kisii	Trans Nzoia		Mandera	Uasin Gishu
	Kisumu	Turkana		Marsabit	Wajir
	Kitui	Uasin Gishu			West Pokot
	Kwale	Vihiga			
	Laikipia	West Pokot			
Disclaimer	Adverse		Disclaimer	Adverse	
Homa Bay	Embu		Homa Bay	Baringo	Lamu
Lamu	Murang'a		Migori	Embu	Machakos
Migori	Taita Taveta		Vihiga	Isiolo	Mombasa
Nairobi City				Kilifi	Nairobi City
Tana River				Kisumu	Samburu
Wajir				Kitui	Tharaka Nithi

Source: Office of the Auditor General (AOG)

As per the above table, the County Executive of Makueni and Nyandarua recorded Unqualified Opinions in the financial year 2017/2018. The County Assembly of Kericho also recorded Unqualified Opinion in the financial year 2017/2018. This is a great move as far as public financial management is concerned.

Financial Year 2016/2017					
County Executive			County Assembly		
Unqualified	Qualified		Unqualified	Qualified	
	Baringo	Mandera		Bomet	Meru
	Bungoma	Marsabit		Bungoma	Murang'a
	Busia	Meru		Busia	Nakuru
	E/Marakwet	Mombasa		Embu	Narok
	Kajiado	Nakuru		Garissa	Nyandarua
	Kakamega	Narok		Kericho	Nyeri
	Kiambu	Nyandarua		Kiambu	Taita Taveta
	Kilifi	Nyeri		Kirinyaga	Tana River
	Kisii	Trans Nzoia		Kitui	Vihiga
	Laikipia	Uasin Gishu		Kwale	Wajir
	Makueni	Wajir		Laikipia	West Pokot
				Mandera	
Disclaimer	Adverse		Disclaimer	Adverse	
Bomet	Embu		Homa Bay	Baringo	Marsabit
Homa Bay	Garissa		Kilifi	E/Marakwet	Migori
Kericho	Isiolo		Lamu	Isiolo	Mombasa
Kitui	Kirinyaga		Nandi	Kajiado	Nairobi
Lamu	Kisumu		Trans Nzoia	Kakamega	Nyamira
Machakos	Kwale		Turkana	Kisii	Samburu
Migori	Murang'a			Kisumu	Siaya
Nairobi City	Nyamira			Machakos	Tharaka Nithi
Nandi	Samburu			Makueni	Uasin Gishu
Taita Taveta	Siaya				
Tana River	Tharaka Nithi				
Vihiga	Turkana				
West Pokot					

Source: Office of the Auditor General (AOG)

From the summary, there was no County Executive or County Assembly that recorded Unqualified audit opinion in the financial year 2016/2017.



— courtesy CRA

*Launch of County Creditworthiness Initiative Ratings for Makueni, Bungoma and Kisumu Counties on 3rd April, 2020*

## D. Revenue Enhancement

The Commission is mandated Article 216 (3b) to define and enhance revenue sources for both the national and county governments. The Commission works closely with county governments to provide advisory and technical support in revenue forecasting and capacity building for county staff. During the financial year 2019/20 the following activities were undertaken.

### 1.1. Own-Source Revenue (OSR) Report 2019

The Commission developed its first analytical report in 2019 to track OSR progress since the onset of devolution. The aim of the 2019 OSR Report is to provide policymakers with evidence of OSR success to help develop strategies to increase revenue from own-sources. Specifically, the own-source revenue report 2019 analyzed revenue performance of 47 county governments over six years.

The OSR Report 2019 focused on: assessing growth of county OSR for six years beginning with FY 2013-14 to FY 2018-19; revenue capacity gap analysis; revenue streams analysis; revenue mobilization efforts; OSR financing county budgets; the relationship of OSR to Gross -County Product (GCP); county economic structure and revenue collection.

The report highlights counties that have significantly increased revenue collections over the past six years. The counties of Embu and Garissa dramatically tripled their revenue collections by 202 and 254 per cent respectively from FY 2013/14. In the same analysis, 15 counties doubled their revenue after six years: Tana River, West Pokot, Lamu, Kirinyaga, Mombasa, Nandi, Kiambu, Elgeyo-Marakwet, Laikipia, Taita-Taveta, Marsabit, Makueni, Kakamega, Tharaka-Nithi, and Nyandarua. However, four counties receded after six years: Busia, Wajir, Homabay, and Mandera; they have had declining revenue growth. In Nairobi County, although it raises the highest Own-Sources Revenue, it grew by less than 1 per cent after six years. Nairobi County is currently financing 40 per cent of its budget from Own-Source Revenue but has the potential to fund its budget more than two times.

The report also indicates that all 47 counties are raising less than 40 per cent of their estimated revenue potential except for counties with game reserves. Management of game reserves appears to advantage certain counties in terms of OSR collection. Main own-source revenue streams for counties are: business permits, property-related revenue and vehicle parking fees. Agriculture-dominated counties are disadvantaged by the narrowness of the significant revenue stream cess, which accounts for only 3 per cent of total county collections.

Despite the gap to their estimated revenue potential, city counties can be weaned off the equitable share, due to their ability to finance their budgets significantly compared to other counties with a high dependence on the national government to fund their budgets. Such counties can wean off this dependency on national transfers by undertaking revenue reforms that enhance OSR and take advantage of their diverse economy.

### 1.2. Own-Source Revenue (OSR) Guidelines

Training on own-source revenue for County Governments has been done on an ad-hoc basis and by many different organizations including private firms, government agencies and development partners. Despite this, County Government staff and policymakers still lack adequate capacity to execute their own-source revenue administration and legislation role fully.

To further improve revenue administration and legislation, the Commission developed a uniform framework for training county governments on matters of own-source revenue administration and legislation through a multi-agency task force. The goal of this task force was to develop an own-source revenue training guideline.

The training guideline is targeted at both the county executive and assembly, specifically: Governors, County Executive Committee Members, Chief Officers, Speakers, Clerks, Members of the County Assembly, Budget and Finance Committee Members, Budget and Finance Committee Clerks, Internal Auditor, Audit Committee, Revenue Directors, Head of Revenue, Fiscal Analysts, Revenue Accountants, Cashiers, Sub-County Revenue Officers, Revenue Supervisors, Revenue Clerks, and Enforcement Officers.

The guideline covers five focus areas specifically: institutional, legal and policy frameworks guiding own-source revenue; own-source revenue administration practices; revenue accounting; Analysis and forecasting; and ethics and code of conduct. In addition, there is one module on cross-cutting areas. The training may be conducted using one or more of the recommended training methods: case study, group discussion, role-playing, demonstrations, lecture/exposition, questions and answer, brainstorming and coaching.

The development of the own-source revenue training guideline was supported by AHADI and Public Finance Management Reform (PFMR) Secretariat.

### 1.3. County Revenue Assessment

In the Financial Year 2019-2020, the Commission, in partnership with UNDP, supported two activities:

- a) Development of revenue assessment and administration frameworks reports for Turkana and Isiolo county governments.
- b) Development of Revenue Administration Action Plans for Turkana and Isiolo County

#### Development of Revenue Assessment, Administration Reports and Action Plans for Turkana and Isiolo

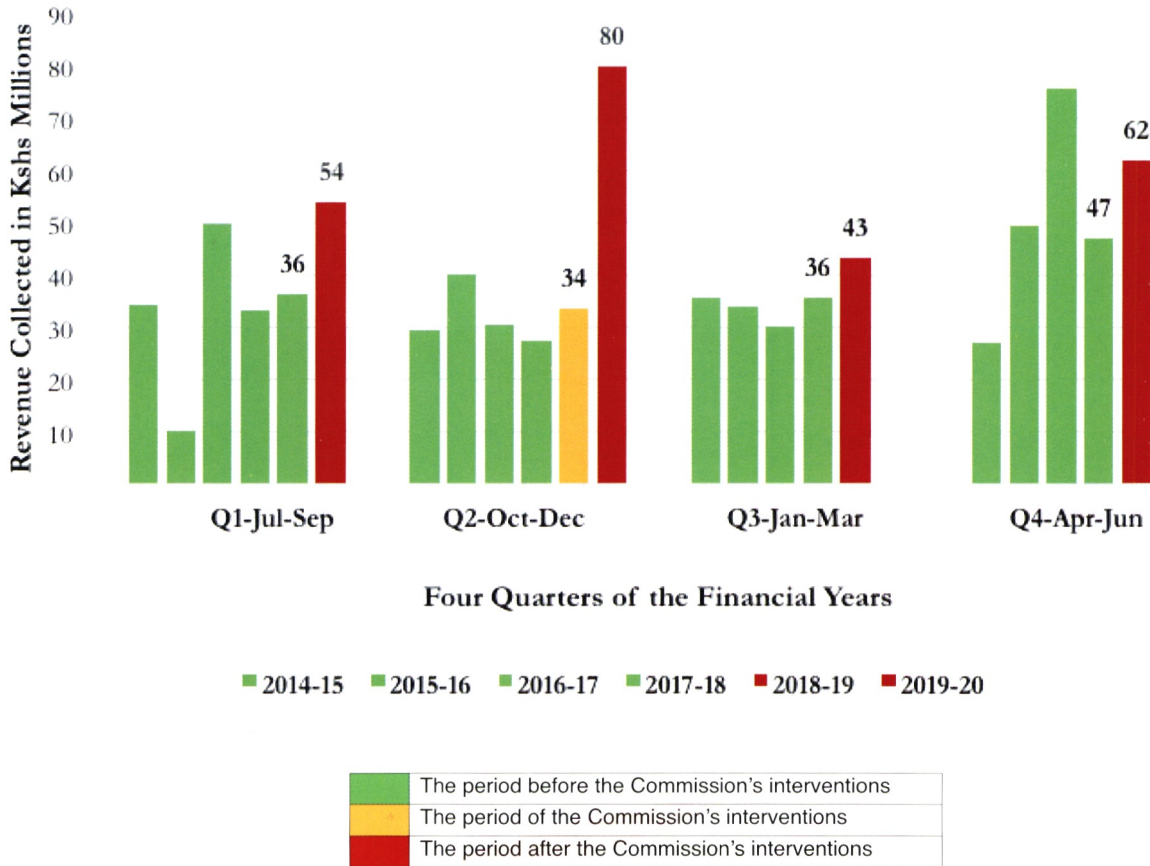
##### Turkana

The Commission began working with Turkana County to train revenue staff between 9th and 12th September, 2019. After that, the assessment was conducted between 18th and 22nd November, 2019. Dissemination of the result of the evaluation was conducted via Zoom on 29th June 2020. The workshop with the County Executive and Assembly of Turkana to develop revenue-administration action plan was conducted between 1st and 2nd October 2020.

Some of the wins from the CRA-UNDP initiatives on reforming Turkana county's revenue administration included:

1. Increased staff morale: The county reported that the 47 participants trained had improved job morale. The training was an inaugural revenue administration training for staff below the sub-county revenue officer.
2. First land revenue waiver announcement: After the assessment, the county announced the land rates waiver, which resulted in the increased payment by ratepayers.
3. Adoption: The County Assembly committed to adopting the primary legislation action plan for revenue administration.
4. Implementation: The County Executive committed to implementing the action plan.

The specific actions listed above resulted in improved revenue performance by Turkana County attributed to the interventions of the Commission with the support of UNDP.



Tremendous revenue improvement after the Commission's interventions -The first quarter of FY 2019-20 saw a 49 % increase in revenue compared to the same quarter the previous year. In the third quarter of FY 2018-19, the OSR for Turkana increased by 21 per from the previous years, and in the same quarter the following year FY 2019-2020. In the fourth year of FY 2018-19, the OSR for Turkana increased by 32 per from the previous years.

### Isiolo

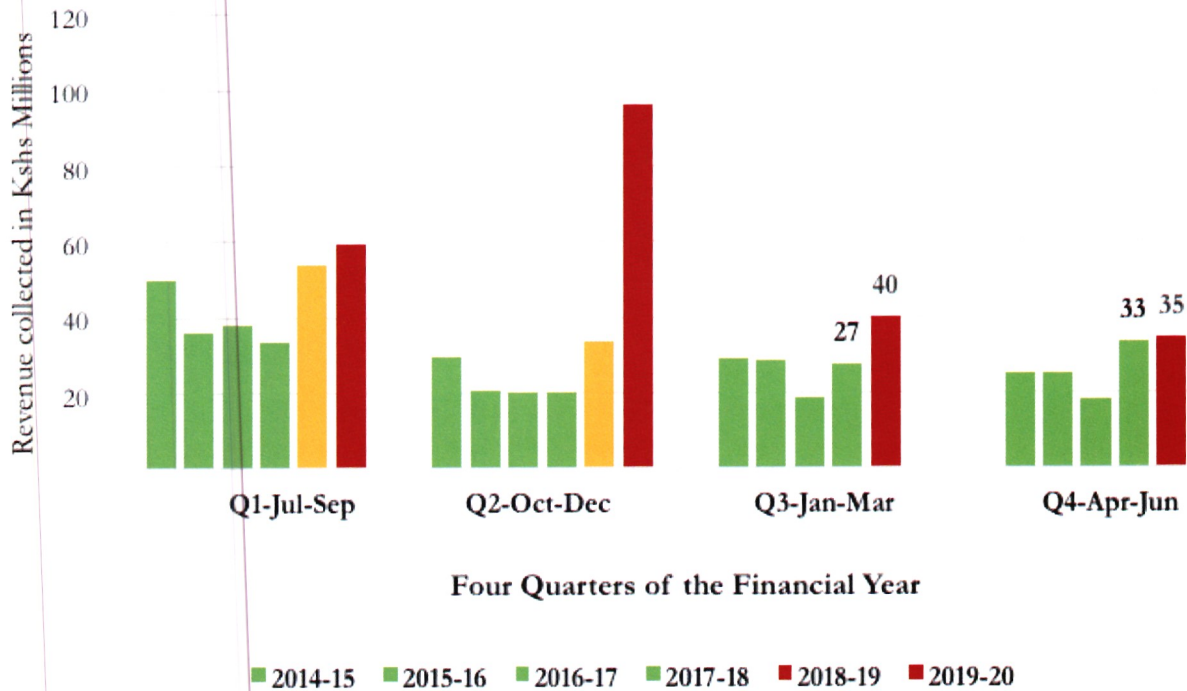
The Commission initiated Isiolo County revenue administration activity with revenue staff training between the 19th and 23rd August 2019. Thereafter, the assessment was conducted between 3rd to 8th November 2019. Dissemination of the result of the evaluation was conducted via Zoom on 30th June 2020. The workshop with the County Executive and Assembly of Turkana to develop revenue-administration reform action plan was conducted between 29th and 30th September 2020.

Some of the wins from the CRA-UNDP initiatives on reforming Isiolo county's revenue administration included:

1. The motivation of revenue staff: The County recorded that the work morale for the 57 participants who were trained went up. The training was an inaugural revenue administration training for the staff.
2. Development of an enforcement Bill: Following the assessment and recommendation during the discussions, the county executive developed an enforcement bill.
3. The County Assembly: committed to adopting the primary legislation action plan for revenue administration.
4. The County Executive: committed to implementing the action plan.

In terms of performance after training, the second quarter had the highest growth compared to the other quarter. Sim-

ilarly, the revenue of Isiolo increased by 46 per cent in the third quarter of the financial year 2019-20 compared to the same quarter the previous year. In the fourth quarter comparison between the 2019/20 and 2018/19 financial years the performance was almost equal.



### E. Research & Knowledge Management

The Commission is committed to strengthen its ability to perform its advisory role and mandate on devolution matters in the country. To achieve its mandate, the Commission has four broad functions in Research and Knowledge Management:

- i. Generate evidence-based knowledge to support recommendations it makes as part of its revenue oversight mandate;
- ii. Assess the potential of natural resource as a revenue source for counties and develop a national strategic framework to govern the utilization by counties of natural resources
- iii. Establish, and manage for posterity, a repository for devolution and fiscal decentralization literature and data shaping the devolution discourse in Kenya;
- iv. Monitor the implementation of its overall strategy and evaluate the strategy’s effectiveness in performing the Commission’s mandate.

During the financial year 2019/2020 the Commission undertook the following activities aimed at enhancing its Research and Knowledge Management:

#### 1.1. Research

##### Economic Impact of the Coronavirus (COVID-19) and its Implications for Revenue Sharing in Kenya

In FY 2019/2020, the world came under a public health threat with the emergence of the novel Corona virus disease (COVID-19). Given the threat the virus has presented globally, the World Health Organization (WHO) on 11<sup>th</sup> March 2020, declared the outbreak a global pandemic raising the risk assessment of the outbreak to “very high”.

The devastating effects of the virus necessitated countries to resort to either partial or complete lockdown of their economies to curb the spread of the virus. This had economic consequences and many countries had to make a trade-off between disrupting socio-economic activities by locking down businesses/ industries and social activities that are non-essential in the fight against the virus or allow these activities to continue at the risk of allowing the virus to spread.

Likewise, restrictions on the free entry and movement of people within countries were imposed, keeping people off work. This was expected to adversely affect traders and workers, especially those that depend on daily wages.

It is with this background that the Commission carried out a study to assess the economic impact of the Corona virus disease (COVID-19). This was informed by fact that the economic environment prevailing in the country informs the work of the Commission and informs the strategic direction to be pursued by the Commission. The first part of the assessment considered the overall effect on the economy. This was followed by an assessment of the impact of the pandemic at county level.

### 1.2. Assessment of the impact of Covid-19 at County level

The Commission works with county governments to optimize their economies and capacity to raise revenue. This is highly correlated with the economic activities at the counties and provision of services. In addition, the Commission is charged with encouraging fiscal responsibility in counties. The COVID-19 pandemic presented counties with an unprecedented situation that required immediate response. The response measures taken, largely followed those of the national government that were meant to curb the spread of the virus including: closing markets, restaurants and eateries, restricting movement of both people and goods and requiring all public service vehicles to adhere to passenger-distancing guidelines including a passenger carrying capacity of 60 percent.

The above measures were bound to have a negative impact on county revenues requiring a re-orientation of county finances including county financial legislations. This study therefore assessed the effect of the pandemic on the above. This is an ongoing study and will be finalized in FY 2020/21.

### 1.3. Monitoring and Evaluation

The focus for the monitoring and Evaluation (M&E) in FY 2019/20 was to establish a Monitoring and Evaluation system including development of an M&E policy, framework as well as monitoring tools.

During the financial year 2019/20 the M&E implemented the following activities:

#### Institutional capacity building

To monitor the implementation of the Commission's overall strategy and evaluate the strategy's effectiveness in performing the Commission's mandate the Commission established a M&E system. The first critical step in establishing the M&E system was to draft a M&E policy to guide the implementation of the M&E functions. The policy document is undergoing review. This was followed by development of the Commission's monitoring and evaluation framework which is critical to the successful implementation of the commission's mandate. The framework is intended to provide an effective and efficient methodical process towards regular and systematic gathering, capturing, analysis and dissemination of information on progress of the Commission's strategic plan implementation, programs, projects and all other activities the Commission is involved in. The draft M&E framework is also undergoing review before adoption.

The specific aims of the M&E framework are to:

- i. Determine progress of the Commission's strategic plans, programs, projects, activities and policies as well as accelerate implementation.
- ii. Enhance accountability and transparency in the Commission.
- iii. Enhance efficiency and avoid duplication of roles, functions and reduce wastages.
- iv. Evaluate performance of the Commission's strategic plan in achievement of its intended outcomes and impact.
- v. Facilitate appropriate feedback for improved performance.

As part of the M&E framework, the Commission also developed monitoring tools for collecting data and information for tracking progress of activities it carries out. The monitoring tools include reporting templates (monthly, quarterly and annual reporting templates) as well as an activity progress tracking tool. The templates are awaiting approval and adoption.

In addition, the Commission ensured its FY 2020/21 work-plans are well aligned with the current strategic plan and have clear outputs and targets to facilitate tracking of progress and measuring performance. The Commission also supported development of program performance reporting by providing performance information for quarterly reporting.

#### 1.4. Library and Knowledge Management

As an initial process of Knowledge Management Implementation, the Commission developed a draft report under review titled "Justification for Implementation of Knowledge Management at the Commission on Revenue Allocation (CRA)". The document sheds light on Knowledge Management in the context of the Commission and gives practical proposals on steps that can be taken for institutionalisation of Knowledge Management (KM).

Further, the Commission is in discussion with the ICT Authority on ways we can partner and utilise available ICT infrastructure and open-source software to make knowledge flow within the Commission seamless and more accessible.

As a way of improving KM, the Commission worked with AHADI Kenya in the last quarter of the financial year as they were winding up their project in Kenya. The process involved compilation of all the knowledge products and publication done in collaboration between the Commission and AHADI for dissemination to the public through the newly developed County Governance Toolkit. The toolkit will soon be incorporated with the Commission website.

In addition, the Commission is currently in the process of weeding out and disposing excess outdated publications to decongest the library. This will involve identifying potential libraries and institutions who can benefit from these resources. So far, the Commission has disseminated over 50 copies of assorted titles to Hogarth Representation Library Service, a Canadian Organisation.

### F. Information Technology

#### 1.1. Integrated Data Management Systems

In a world filled with increasingly complex and abundant data, the ability to translate information into visual representations is essential in helping audiences understand important subject matter and help in making data driven policy decision in government. It also promotes transparency in the way resources are shared and utilized across the nation.

The Commission commenced on the development of an integrated data management system whose objective is to develop an integrated centrally managed data portal that will capture data from all sources to help stakeholders make data-driven policy, investment and sustainable development decisions in Kenya especially at the county government level. Specifically, the project seeks to create a one-stop source of financial, investment, policy and development data to inform major economic designs.

To operationalize the program, a steering committee consisting of Economic Affairs, ICT, Legal and Fiscal Affairs Commissions was set up to steer the development of the portal. The development of the database is ongoing.

#### 1.2. Framework for vertical sharing of revenues in Kenya

To build sound economic thinking and scientific evidence, to underpin recommendations for additional transfers to counties, the Commission produced a policy paper on conditional grants which mainly focused on issues and policy options for Kenya

#### 1.3. Collaboration with other institutions

The Commission signed a Memorandum of Understanding between with the National Institute of Public Finance and Policy for partnership and cooperation.

### G. Legal Matters

The Commission undertook the following activities during the financial year under review:

#### 1.1. Revenue Bills and Draft Regulations

In executing its constitutional mandate per Article 205, which requires that the Commission gives recommendations on any Bill containing provisions dealing with the sharing of revenue, or any financial matter concerning county governments, the following Bills and regulations were reviewed and recommendations forwarded:

- a) The Public Finance Management (Amendment) Bill, 2017
- b) The Public Participation Bill, 2019

- c) The County Licensing (Uniform Procedures) Bill, 2019
- d) Conflict of Interest Bill, 2019
- e) Public Finance Management (Amendment) Bill, 2019
- f) Public Finance Management (Amendment) Bill, 2020
- g) Public Finance Management (National Toll Fund) Regulations, 2020
- h) The Public Finance Management (Amendment) Bill (National Assembly Bill no. 48 of 2019)
- i) Tax Laws (Amendment) Bill, 2020
- j) Equalization Fund Bill, 2019
- k) Gaming Bill, 2019
- l) Pandemic Response Management Bill, 2020
- m) The Public Finance Management (Equalization Fund) Regulations, 2020

## 1.2. Capacity Building Forums for County Assembly Members

The Commission conducted capacity building forums on OSR model laws with support from the PFMR program for Central and Nairobi regions. The training targeted county assembly members of Finance and Budget committees.

## 1.3. Legal Advisories

The Commission developed various advisories on the Commission mandate to:

- a) Transfer of functions by Nairobi City County: the Commission prepared an advisory to the on the legality of the transfer.
- b) Review of the BBI steering Committee Report and its impact on the Commission

## 1.4. Management of Commission Court Cases

The Commission in the review period prepared submissions, affidavits and briefed both the Attorney General's office and outsourced counsel on litigation in court making sure that the Commission was well represented in court. Such cases included:

- a. Cases challenging the census report by Mandera county and north frontier leaders,
- b. High Court Petition No. 103 of 2020 in Garissa,
- c. Supreme Court Advisory Opinion on division of revenue, among others.

Additionally, the Commission played an active role in the development of a framework to implement the court judgement in Council of Governors –vs- AG & 2 others Constitutional Petition No. 272 of 2016 on the Equalization Fund.

## 1.5. Technical Support

The Commission continued to offer technical support in development or review of the various MoUs and contracts as entered by the Commission during the period under review e.g. medical insurance contract for commissioners and staff.

## H. Communication and Outreach Activities

In the period under review, the Commission carried out several activities to inform its key stakeholders including the public of activities undertaken to fulfil its mandate.

## Meeting with Partners and various Delegations



— courtesy CRA

*Meru County Governor H.E. Kiraitu Murungi accompanied by his Deputy H. E. Titus Ntuchiu pays a courtesy call on CRA chairperson Dr. Jane Kiringai, 9th July, 2019*

The chairperson of the Constitutional Commissions and Independent Offices (CCs and IOs) held a consultative meeting with the Public Relations Society of Kenya led by its president Dr. Wilfred Marube [@prskkenya](#) [@wmarube](#). The meeting aimed at identifying areas where [@prskkenya](#) can support CCs and IOs improve how they inform the public of the work they do to support implementation of the Constitution.



— courtesy CRA

*Public Relations Society of Kenya officials led by their president Dr. Wilfred Marube met CRA officials led by its chairperson Dr. Jane Kiringai, 11th July, 2019*

The Commission met with Senator Dr. Agnes Zani to discuss the Public Finance Management Amendment Bill, 2019. The Bill seeks to amend sections of the PFM Act to guide the development of a uniform county revenue collection system nationwide.



— courtesy CRA

*Senator Agnes Zani met with CRA Commissioners and staff led by Chairperson Dr. Jane Kiringai, 16th July, 2019*

### Annual Congress of CCIOs

The theme of the 8th Annual Congress was 'Promoting Accountability and Citizens Access to Quality Public Service.'

Constitutional Commission's and Independent Offices (CCs and IOs) Forum led by their chairperson Dr. Jane Kiringai met with Kericho Governor H. E. Prof. Paul Chepkwony as part of preparation for the upcoming Annual Congress of CCs and IOs to be held in Kericho County in October



— courtesy CRA

*Kericho Governor Prof. Paul Chepkwony with CRA Chairperson Dr. Jane Kiringai durin preparation for the Annual COngress for CCIOs, July 17th, 2019*

CEOs of Constitutional Commissions and Independent Offices (CCs&IOs) held a planning meeting for 8th Annual Congress of CCs & IOs



— courtesy CRA

*CEOs of Constitutional Commissions and Independent Offices (CCIOs), 20th August, 2019*

Press Conference at the Start of the Annual Congress for CCIOs



— courtesy CRA

*Constitutional Commissions & Independent Offices (CCIOs) group photo with Deputy President H.E. William Ruto at the Annual Congress Held in Kericho, October 16, 2019*



*Archbishop (Rtd) Eliud Wabukala shaking hands with Deputy Controller of Budget Stephen Masha with the Deputy Auditor General Gichana at the 8th Annual Congress for CCIOs 16th October, 2019*

— courtesy CRA



*The Deputy President follows proceedings of Plenum 1 at the 8th Annual Congress in Kericho County discussing: 'Promoting accountability, good governance and transparency' - 16th October 2019*

— courtesy CRA



*Delegates visiting the CRA exhibition booth at the ongoing 8th Annual Congress in Kericho, 16th October, 2019*

— courtesy CRA

### Visit to Kericho Women's Prison

Chairperson's of Constitutional Commissions and Independent Offices visited Kericho Women's Prison. They listened to prisoners and donated beddings and diapers to the mother's who live with their children in the prison



— courtesy CRA

*Kericho Deputy Governor the late H. E. Susan Kikwai and CRA Chairperson Dr Jane Kiringai with inmates at the Kericho Women's Prison - 17th October 2019*

### CRA Submission to the Building Bridges Advisory Taskforce



— courtesy CRA

*Dr Jane Kiringai hands over CRA's submission to the Building Bridges to Unity advisory task force vice-chairman Dr. Adams Oloo, August 6, 2019*

## Meeting with National Treasury CS and PS

### i. Meeting CS Ukur Yattani

The Commission paid a courtesy call on the acting National Treasury Cabinet Secretary Hon. Ukur Yattani. The CS was briefed on the 3rd revenue sharing formula that's now before the Senate. The parties also discussed possible solutions to end the current stalemate on the Division of Revenue Bill, as well as the progress report on Marginalization policy and the Equalization Fund.

The meeting agreed on various fundamentals such as the need for an analytical based inter-agency national conversation primarily focused on revenue generation in both the national and county government. Among the resolutions from the meeting is the immediate need for a policy shift in implementation of the Equalization fund: a review of the operational guidelines from project identification, composition of the project identification unit and project implementation.



— courtesy CRA

National Treasury Cabinet Secretary Hon. Ukur Yattani receives a book from CRA Chairperson Dr. Jane Kiringai, looking on are Commissioners Kishanto ole Suuji, Fouzia Abdikadir and CEO George Ooko, 9th August, 2019

### ii. Meeting PS Dr Julius Monzi Muia

The Commission paid a courtesy call on the Treasury Principal Secretary Dr Julius Monzi Muia. Led by the Chairperson Dr Jane Kiringai, they discussed ways of forging accelerated working relationship based on partnership arrangement. During the meeting, the Commission briefed the PS on the proposed 3rd revenue generation formula that's currently before the Senate, the marginalization policy, Equalization fund status, Creditworthiness initiative with counties and financing of big cities <https://twitter.com/KeTreasury>



— courtesy CRA

Treasury Principal Secretary Dr Julius Monzi Muia shaking hands with CRA Chairperson Dr Jane Kiringai during a courtesy call to the PS's Office, 9th August, 2019

## Mediation

CRA and the OCoB have today mediated an agreement between the Elgeyo Marakwet County Executive and Assembly over the approval of the county's budgets.



— courtesy CRA

*Elgeyo Marakwet sign agreement on county's budget after mediation by the Commission and OCoB, 19<sup>th</sup> August, 2019*

Presentation at the International Conference on Fiscal Federalism, India 27<sup>th</sup> August, 2019

The Commission informed participants that there is need to give special attention to urban counties that are engines of growth taking into account given the huge responsibility of providing urban services. "With the first consignment of crude oil shipped this week, resource revenue sharing is a critical conversation and there is need to harmonize legislation on resource Revenue sharing," she stated



— courtesy CRA

*The Commission visited the Institute of Social Studies in Delhi, India. Prof. Arun Kumar, a senior fellow at the Institute took the team through the economic transformation that has occurred in India since independence*

The team also visited the National Institute of Urban Affairs in Delhi where they were taken through urbanisation, urban financing and the urban transformation mission in India.

### Meeting with the Institute of Economic Affairs

The Commission held fruitful discussions with Mr. Kwame Owino, CEO of the Institute of Economic Affairs. The discussion focused on ways of establishing a working partnership in the development of a revenue forecasting model spearheaded by the Institute.



— courtesy CRA

The Commission met with Kwame Owino of IEA Kenya on development of a revenue forecasting model, 27th September, 2019. — courtesy CRA

### Revenue Sharing Under Fiscal Stress

The discussion on revenue sharing under fiscal stress informed the development of the recommendation on division of revenue between the national and county governments. The conversation focused on identifying the choices and options available in the division of revenue between the national and county governments during a period of fiscal stress.



— courtesy CRA

CRA Vice Chairperson Humphrey Wattanga with Kenya National Chambers of Commerce Chairman, and IndustryKiprono Kittony at the conference on revenue sharing under fiscal stress, 15th November, 2019.

### Farewell to Outgoing CEO

The Commission held a farewell party for the outgoing CEO Mr. George Ooko. The Commission appreciated his selfless and dedicated service in ensuring the success and growth of Devolution and the Commission in particular.



— courtesy CRA

CRA Chairperson Dr. Jane Kiringai and commissioners Dr. Irene Asienga and Kishanto ole Suuji had over a gift to outgoing CEO George Ooko, 13th December, 2019.

### Visit from the Controller of Budget



— courtesy CRA

CRA Chairperson Dr. Jane Kiringai hands over a report to the Controller of Budget Dr. Margaret Nyakang'o - 21st January 2020



**COMMISSION ON  
REVENUE ALLOCATION**

**CHAPTER 3**

**FINANCIAL  
REPORT**

## 4. KEY COMMISSION INFORMATION AND MANAGEMENT

### a) Background information

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

### b) Principal Activities

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

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

### Mission

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

### Vision

No Kenyan Left Behind.

### c) Key Management

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

- |                       |  |
|-----------------------|--|
| 1. Dr. Moses Sichei   | Commission Secretary                   |
| 2. Angela Kariuki     | Director Corporate Services            |
| 3. James Katule       | Director Fiscal Affairs                |
| 4. Sheila Yieke       | Director Legal                         |
| 5. Joseph Kuria       | Director ICT                           |
| 6. Lineth Oyugi       | Director Research                      |
| 7. Dr. Naomi Mathenge | Ag. Director Research & Knowledge Mngt |
| 8. Maureen Junge      | Finance Manager                        |

**d) Commission Headquarters**

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

**e) Commission Contacts**

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

**f) Commission Bankers**

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

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

**g) Independent Auditors**

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

**h) Principal Legal Adviser**

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



**COMMISSION ON  
REVENUE ALLOCATION**

**COMMISSIONERS**

**I) Commissioners**

**Dr. Jane Kiringai**  
**Chairperson**

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

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

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



**Mr. Humphrey Wattanga**  
**Vice Chairperson**

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

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

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



**Prof. Edward Oyugi**  
**Commissioner**

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

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

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

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



Mr. Kishanto Suuji  
**Commissioner**

Mr. Kishanto ole Suuji has over twenty seven years' experience in public service and the financial sector.

Prior to joining the Commission on Revenue Allocation, Mr. Suuji worked as a Director at Kenya School of Monetary Studies, Central Bank of Kenya, where he rose through the ranks in various departments of the bank. Under this capacity, he was in charge of the Finance and Administration Department.

He holds an MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a B.A. in Economics and Government from University of Nairobi.



Dr. Irene Asienga  
**Commissioner**

Dr. Irene Koech Asienga has over 15 years' experience in research, teaching and administration.

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

She holds a doctorate degree in Economics from the University of Strathclyde, Scotland, UK; a Master of Arts in Economics from the University of Malawi and a Bachelor of Arts in Economics from the University of Nairobi.

She has interests in public finance, environmental, agricultural and development economics and has published widely in peer reviewed journals.



Mr. Peter Gachuba  
**Commissioner**

Mr. Peter Gachuba is an Investment Banker with over 20 years of Investment Banking and Private Equity experience. Prior to joining CRA, Mr. Gachuba worked as the Managing Partner of Strategic Africa Fund, Strategic Africa Advisors from 2012 to 2016 and as the Managing Partner of AfriCap Fund, a specialized Private Equity Fund based in Johannesburg, South Africa from 2004 to 2010.

Mr. Gachuba has also worked for Kestrel Capital, Cooperative Bank of Kenya, Acacia Fund Limited, CDC Capital Partners, KPMG and Loita Capital Partners. He has also served as a Non-Executive Director in many boards including Faulu Microfinance Bank, Equity Bank Limited, and has worked in USA, South Africa, Mozambique, Malawi, Uganda and Tanzania.

He holds an Accounting and a Master's Degree in International Business from Southern New Hampshire University in New Hampshire, USA.



Prof. Peter Kimuyu  
**Commissioner**

Professor Peter Kiko Kimuyu holds a PhD in Energy Economics from University of Nairobi, a M.Sc. in Energy Economics from University of Surrey, UK, an M.A. in Economics from University of Nairobi, and a B. Ed. in Economics and Mathematics from University of Nairobi.

He is the founder director of the School of Economics in the University of Nairobi and former Executive Director of the Institute of Policy Analysis and Research.

He has held board-level appointments with the Export Promotion Council, Privatization Commission and KCB Group. He is a trustee with Africa International University, Technical Advisor to Scott Christian University and a lapsed member of the New York Academy of Sciences.

Professor Kimuyu has published extensively and written several books, articles, book chapters, and papers on diverse development issues.



Ms. Fouzia Abdikadir  
**Commissioner**

Ms. Fouzia has over 10 years' experience in financial management. Prior to joining the Commission on Revenue Allocation, she worked as a finance manager.

She holds a Postgraduate Diploma in Portfolio Management and Investment Analysis from the London School of Commerce, U.K. and a Bachelor of Commerce-Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She is currently undertaking an MBA from the University of Wales Institute, Cardiff. She also has certification in civic leadership from Tulane University (USA).

Commissioner Fouzia is a Mandela fellow (Young African Leadership Initiative, 2014) and she has also published on the challenges of the girl child in Africa education in the Hunger Report by Bread for the World.



Dr. Julius Muia  
**PS Treasury/  
Commissioner**

Dr. Julius Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning – The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat which operated under the Office of the President, Republic of Kenya to facilitate the implementation of Vision 2030.

Between April 2008 and October 2016, Dr. Muia served as the Secretary, National Economic and Social Council, Office of the President. This is a top advisory government think tank whose flagship project was formulating Vision 2030.

An alumnus of the University of Nairobi's School of Business, Dr Julius Muia graduated with a First Class Honours Degree in Accounting; Masters Degree and PhD in Finance from the same university. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.



**COMMISSION ON  
REVENUE ALLOCATION**

**MANAGEMENT**

## j) Management



Dr Moses Sichei  
**Commission Secretary / CEO**

Dr. Moses Muse Sichei holds a Ph.D. (Economics) degree from the University of Pretoria (South Africa), MA and BA in Economics from the University of Nairobi, Kenya. He also holds an Associate of Kenya Institute of Bankers (AKIB) professional qualification and a member of the Kenya Institute of Bankers. He has over 15 years in economic policy research and analysis, international development and post-disaster/crisis recovery management. He has also published widely in refereed journals and books.

Prior to joining the Commission, he worked as an Economic Advisor in United Nations Development Programme (UNDP) covering Sierra Leone and Liberia and more recently Malawi and Namibia. He also worked, among others, as a Regional Financial Policy Advisor at the East African Community in Arusha (Tanzania), Director for Research and Policy at CRA, Manager in Research and Policy department of the Central Bank of Kenya, Lecturer of Economics at the University of Nairobi and University of Pretoria (South Africa).



Angela Kariuki  
**Director Corporate Services**

She holds a Masters in International Commercial Law (LLM) from the University of Nottingham (UK) and a Bachelor of Laws (LLB) from the University of Sheffield (UK). She is an Advocate of the High Court of Kenya; member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. Mrs. Kariuki has been with the Commission from inception for a period of six years. She has broad professional experience in the areas of human capital management, facilities management, supply chain management, strategic planning and corporate governance, legal compliance with regards to securities law, corporate law, policy formulation and implementation.

She previously worked with the Capital Markets Authority for nine years and Kilonzo & Company Advocates for two years.



James Katule  
**Director Fiscal Affairs**

He holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics & Business Education from Kenyatta University. He is a Certified Public Accountant and a member of ICPAK. He has a wealth of experience in financial management, administration, people management and procurement gained in working for the Kenya National Trading Corporation, the International Centre for Insect Physiology and Ecology (ICIPE), International Livestock Research Institute (ILRI), the Africa Medical Research Foundation (AMREF) and most recently, Capital Markets Authority (CMA)



Sheila Yieke  
**Director Legal Affairs**

She is an Advocate of the High Court of Kenya and holds an MBA, Finance from the United States International University and a Certified Public Secretary (K). In addition she is alumni of the International Development Law Organization (IDLO) and a member of the Chartered Institute of Purchasing and Supplies (UK). She has worked with Sotik Tea and Sotik Highlands Tea Estates, Kenya Investment Authority and Kosgey and Masese Co. Advocates. Internationally she has worked at the UN, IGAD, NORDIC and UNOPS.



Joseph Kuria  
**Director ICT**

He holds a Master's Degree in Business Administration, Strategic Management from the University of Nairobi and a BSc. Degree in Computer Science from Egerton University. He is currently pursuing a PhD in Information Systems.

He holds the following professional certifications: MCP, MCSE, MCDDBA, 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.



Lineth Oyugi  
**Director Economic Affairs**

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

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



Dr. Amenya. P. Nyakundi  
**Advisor Natural Resource**

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

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



Maureen Junge  
**Finance Manager**

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

As the inaugural manager incharge of finance, Ms. Junge was instrumental in setting up the finance department at the Commission including aligning all financial management and reporting systems and policies.

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

**II. REVIEW OF CRA'S PERFORMANCE FOR FY 2019/2020**

Sub programmes	Programme Output/ Outcome	Key Performance Indicators	Planned Activities			Actual Performance		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Sub programme 1:  General Administration and Planning	Reviewed Strategic Plan 2016/17 – 2021/22	Reviewed Strategic plan for 5 years from 2017/18	1	-	-	1	-	-
	ICT systems recommended to the county government	No. of counties adopting the recommended ICT systems in county governments	30	10	7	31	9	7
	Upgraded security system	Unified endpoint enterprise security appliance	1	-	-	1	-	-
	Annual maintenance plan and contracts.	Preventive maintenance reports	4	4	4	4	4	4
	ERP System Maintenance Upgraded server infrastructure	Maintenance reports	2	2	2	2	2	2
	Work environment and safety survey	Established Terms of References, tools and survey report.	-	-	1	-	-	-
	Employee satisfaction survey	Report on employee satisfaction survey	-	1	1	-	-	-
	Staff Car Loan Scheme	Implemented Staff Car Loan Scheme	-	-	1	-	-	1
	Enhanced good governance	Reviewed internal and external communication strategy	1	-	-	1	-	-
	Commissioners and Staff trained	No. of Commissioners and staff trained	40	40	25	23	16	15
Enhanced workplace bonding	No. of Team buildings conducted	1	-	-	1	-	-	
Replacement of motor vehicles	No. of vehicles	-	3	3	-	2	1	

Sub programmes	Programme Output/ Outcome	Key Performance Indicators	Planned Activities			Actual Performance		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Sub programme 2:  Equitable Sharing of Revenue	Revenue equitably shared between National and County Governments	No. of Recommendation on basis for revenue sharing between national and county governments	1	1	1	1	1	1
	Revenue shared equitably among county governments	No. of Bills Reviewed (DORB & CARB)	2	2	2	2	2	2
		No. of Recommendation on the basis for revenue sharing among county governments	-	-	1 (FY20/21- FY24/25)	-	-	1 (FY20/21- FY24/25)
	Publicize Recommendation on equitable sharing of Revenue between the National and County governments and the 3rd basis formula for Revenue sharing among county govts.	Conducted Public participation on 3 <sup>rd</sup> Basis formula	-	-	1	-	-	1
		No. of reports developed on:						
		1. Popular Version	-	-	2	-	-	2
		2. Technical / Background Report	-	-		-	-	
		No. of Recommendation incorporated in Vertical share	-	-	1	-	-	1
	Financing of cities and urban areas	No. of Recommendation incorporated in the Budget Policy Statement	-	-	1	-	-	1
		Framework on benefit sharing from natural resources.	No. of Recommendation on benefit sharing incorporated in the Vertical share	-	-	1	-	-
No. of Research papers on the impact assessment of the Covid-19 pandemic			-	-	1	-	-	-
Socio Economic impact assessment of the Covid-19 pandemic		No. of county finance Bills reviewed on the impact of COVID-19 on Revenue streams in the Counties	-	-	47	-	-	47

Sub programmes	Programme Output/ Outcome	Key Performance Indicators	Planned Activities			Actual Performance		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Sub programme 3:  Public Finance Management	Framework for recurrent expenditure budget ceilings for county governments.	Annual recommendation on recurrent budget ceiling	1	1	1	1	1	1
	Reviewed Plans and Budgets by the county governments	No. of ADPs, County Budgets and CFSPS reviewed.	47 ADPs, 47 County Budgets and 47 CFSPs	47 ADPs, 47 County Budgets and 47 CFSPs	47 ADPs, 47 County Budgets and 47 CFSPs	47 ADPs, 47 County Budgets and 11 CFSPs	47 ADPs, 47 County Budgets and 17 CFSPs	47 ADPs, 47 County Budgets and 35 CFSPs
	Established CBEF	No. of CBEFs established	-	47	-	-	45	-
		Monitor effectiveness of 47 CBEFs and their strengthening from Northern frontier counties	-	-	47	-	-	15
	A database on Natural Resources	No. of Capacity building trainings of the county government on natural resources	1	1	1	1	1	-
		No. of Recommendation Reports on revenue enhancement from Natural resources	-	1	1	-	-	-
	Enhanced revenue sources	No. of Finance bills reviewed	47	47	47	32	32	30
		No. of counties mapped to establish the Revenue Database	47	47	-	47	5	-
		No. of published uniform training curriculum on County Own Sources of Revenue.	-	-	1	-	-	-
	Financing and financial management of county government mechanisms developed	MCA's trained on County Own Sources Revenue in 5 Regional Clusters each with 100 members.	-	-	500	-	-	300
County Comprehensive Performance Expenditure Review Report		1	-	-	1	-	-	
Disseminate 1 Fiscal Responsibility Report with a Criteria for determining Fiscal responsibility		1	-	-	1	-	-	
No. of Policy Recommendations on Fiscal Responsibility		-	-	4	-	-	1	
No. of Policies on financing and financial management developed		3	3	3	2	2	2	
Trained Members of the County Assembly on Own source revenue policy and laws	Recommendation on Revenue Management System (RMS)	-	-	1	-	-	1	
	No. Of counties piloted under the County Creditworthiness Initiative	-	-	9	-	-	9	
	MCA's trained on County Own Sources Revenue in 5 Regional Clusters each with 100 members	-	-	500	-	-	300	

Sub programmes	Programme Output/ Outcome	Key Performance Indicators	Planned Activities			Actual Performance		
			2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Sub programme 4: Transitional Equalization	Marginalization Lab Established	Annual Report on status of marginalization in Kenya	-	-	1	-	-	-
	Report on implementation of 2nd policy identifying marginalised areas	Monitor implementation of the 2nd policy identifying marginalised areas	-	-	100%	-	-	-
		Baseline report on each county's development status	-	-	1	-	-	-
	Master Plan on de-marginalization of communities	Implementation status report on 1st policy on marginalised areas.	-	-	1	-	-	Draft Report
		Consultancy on Geographical Information System (GIS) mapping of all projects implemented in marginalised areas.	-	-	1	-	-	-
	Conceptualize impact assessment of Equalization Fund	Report on impact assessment of Equalization Fund	-	-	1	-	-	-
	Structured engagement with stakeholders	No. of stakeholder engagement meetings	2	2	2	2	2	2
Equalization Fund Board framework	Draft Equalization Fund Board Framework	-	-	1	-	-	1	

### III. CORPORATE GOVERNANCE STATEMENT

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

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

1. To observe high standards of ethical and moral behavior
2. To act in the best interests of the Commission
3. To exercise fairness and equity to stakeholders
4. To recognize the legitimate interests of all stakeholders
5. To ensure that the Commission acts as a good corporate citizen.

#### Responsibilities/Role of the Commission

The Commission has been set up under Article 215 of the Constitution with the primary mandate to make recommendations concerning the basis for the equitable sharing of revenue raised by the National Government. The Commission has adopted the doctrine of collective responsibility in decision making.

#### Appointment and Composition of the Commission

Article 215 (2) of the Constitution of Kenya 2010 prescribes that the number of Commissioners which constitute the whole Commission shall comprise:

- (a) A chairperson, who shall be nominated by the President and approved by the National Assembly;
- (b) Two persons nominated by the political parties represented in the National Assembly according to their proportion of members in the Assembly; (shall not be members of Parliament).
- (c) Five persons nominated by the political parties represented in the Senate according to their proportion of members in the Senate; and
- (d) The Principal Secretary in the Ministry responsible for finance.

Commissioners of the Commission are appointed for a period of six years and are not eligible for reappointment, unless they are *ex officio* and a member of the Commission is allowed to serve on a part time basis.

The Commissioners are State Officers and their remuneration and benefits are set out by the Salaries and Remuneration Commission.

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

#### Commission Committees

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

The Commission Committees are as follows:

1. Finance and Administration Committee provides the policy framework on support to the Commission in the areas of finance, procurement, human resource, ICT, legal and communication.

2. Division of Revenue and Allocation Committee guides the development of recommendations on division of revenue between the two levels of government and among County Governments.
3. Public Financial Management Committee guides the preparing of recommendations on financing of and financial management of County Governments and recommendations that encourage fiscal responsibility.
4. Revenue Enhancement Committee steers the Commission's recommendation that define and enhance revenue sources of both National and County Governments.
5. Stakeholder Management and Marginalization Committee deals with determination of the marginalization policies. In addition the committee serves as a link between the Commission and its stakeholders.
6. Audit, Corporate Governance and Risk Management Committee provides oversight on Corporate Governance, Risk Management and Internal Control Processes of the Commission.

### **Commission Performance and Code of Conduct**

Training of Commissioners and Staff in various aspects and in particular corporate governance is an ongoing process outlined in a robust and comprehensive training plan approved by the Commission. At the outset new Commissioners are taken through an induction program to assist them understand the legislative framework, governance, nature and operations of the business of the Commission amongst others.

In the spirit of good corporate governance, the Commissioners are required to disclose at the beginning of each Full Commission and Committee Meetings any conflicts of interests and also conflicts of interests in relation to agenda items.

The Commission has developed and implements a Code of Conduct and Ethics which the Commissioners and Staff subscribe ensuring smooth effective operations in the best interest of the Commission and in accordance to corporate governance standards.

#### IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.

##### a) **Sustainability Strategy And Profile**

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

The Commission on Revenue Allocation was established to provide an objective and independent framework for equitable sharing of revenue raised by national government. The resources are allocated as follows:

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

The Commission successfully developed the first, second and third basis formula hence support the devolution aspect in Kenya which is a model for developing countries. It has since overseen growth in terms of developments in the remote parts of Kenya through disbursement of resources from the national government to the counties. Therefore, power and authority is vested in the hands of Kenyans out there in the villages in this process of self - determination.

##### b) **Environmental Performance**

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

##### c) **Employee Welfare**

The Commission on Revenue Allocation values its employees and has initiated various programs to enhance this aspect. To this end, employee growth and development is key and is effected through continuous training and development through short courses and membership to professional bodies such as IHRM, ICPAK, KISM, LSK among others.

Career pathing and mentorship is another critical aspect whereby employees are taken through career talks and mentorship by their seniors. Furthermore, scholarships and training grants on short courses are encouraged for employees to apply and approval given by the Commission. It exposes employees to best practices and therefore builds their careers and be competitive in contemporary labour market within Kenya and beyond.

##### d) **Market Place Practices**

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

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

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

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

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

## V. REPORT OF THE COMMISSIONERS

The Public Finance Management Act 2012 requires the Commission to prepare financial statements for each financial year, which includes a Statement of Financial Position showing in details assets and liabilities of the Commission, a Statement of Financial Performance, and such other Statements that the Commissioners may deem necessary. CRA Act (22) requires the Commission to ensure that proper books are kept recording all the property, undertakings, funds, activities, contracts, transactions and other business of the Commission. The Commissioners are also responsible for safeguarding assets of the Commission.

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

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

### Principal activities

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

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

### Mission

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

### Vision

No Kenyan Left behind

### Results

The results of the Commission for the year ended June 30, 2020 are set out on page 1 to 17.

### Commissioners

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

### Auditors

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

By Order of the Commission



**Dr. Jane Kiringai**

**CHAIRPERSON**

Date 17 / 09 / 2020

## VI. STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

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

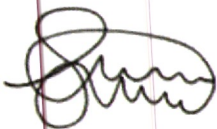
The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining 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, 2020 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.

### Approval of the financial statements

The Commission's financial statements were approved by the Commission on **17<sup>th</sup> September 2020** and signed on its behalf by:



**Dr. Jane Kiringai**

**CHAIRPERSON**

**Date 17 / 09 / 2020**

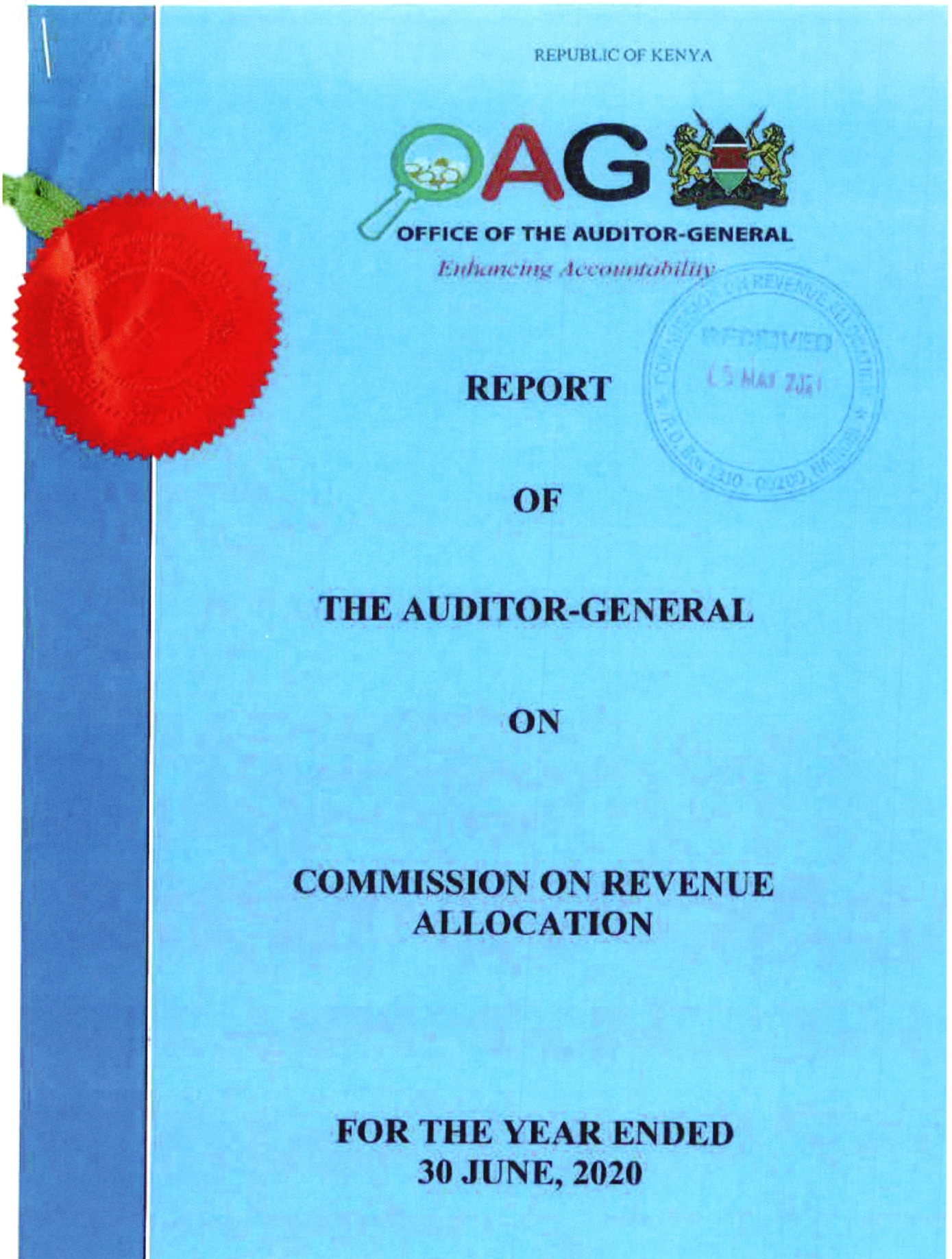


**Dr. Moses Sichei**

**COMMISSION SECRETARY / CEO**

**Date 17 / 09 / 2020**

VII. REPORT OF THE AUDITOR GENERAL.



## REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON REVENUE ALLOCATION FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Commission on Revenue Allocation set out on page 1 to 18, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 the Commission on Revenue Allocation as at 30 June, 2020, 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 the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission on Revenue Allocation Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence, I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

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

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*Report of the Auditor General on Commission on Revenue Allocation for the year ended 30 June, 2020*

**Other Matter****Pending Bills**

Annex II to the financial statements shows that the Commission on Revenue Allocation had pending bills totalling to Kshs.7,470,306 which were not settled as at 30 June, 2020. The pending bills relates to supply of goods and services which were not settled in 2019/2020 financial year but were instead carried forward to 2020/2021 financial year. Failure to settle bills during the year to which they relate adversely affects the provisions of the subsequent year to which they are charged.

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

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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**

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

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

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

**Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

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

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

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

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

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

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


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

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

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

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

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

  
Nancy Gathungu  
**AUDITOR-GENERAL**

Nairobi

28 April, 2021

**VIII. STATEMENT OF FINANCIAL PERFORMANCE**
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019-2020	Restated 2018-2019
		Kshs	Kshs
<b>REVENUE</b>			
<b>Revenue from Non-Exchange transactions</b>			
<b>i Transfer from other Governments</b>			
Exchequer Transfers	4.i	360,324,938	409,530,065
Donor Funding	4.ii	30,720,000	12,999,457
<b>ii Transfer from Ministries</b>			
Ministry of ICT (MICT)-in kind	4.a	-	2,367,127
<b>Revenue from Exchange Transactions</b>		<b>391,044,938</b>	<b>424,896,649</b>
<b>iii Sale of Goods</b>			
Other incomes	4.b	1,095	1,950
<b>Total revenue</b>		<b>391,046,033</b>	<b>424,898,599</b>
<b>EXPENDITURE</b>			
Employee Benefits	5	196,824,859	190,406,020
Commissioner's Expenses (Board)	6	11,369,768	18,691,080
Depreciation & amortization	7	22,341,883	26,791,813
Repairs & maintenance	8	5,199,984	7,289,386
General expenses	9	103,614,323	132,806,704
General expenses funded by A.I.A	9	21,174,545	8,165,642
Finance costs	10	66,320	60,720
<b>Total expenses</b>		<b>360,591,683</b>	<b>384,211,365</b>
<b>OTHER GAINS / (LOSSES)</b>			
Gain on sale of Assets	14.a.	7,121,000	(120,924)
Loss on foreign exchange transactions	14.b.	(360,269)	-
<b>Surplus before tax</b>		<b>37,215,081</b>	<b>40,566,310</b>
Taxation		-	-
<b>Surplus / (Deficit) for the Period</b>		<b>37,215,081</b>	<b>40,566,310</b>
Remission to National Treasury	9.a.	10,837,605	10,739,359
Unspent A.I.A	9.a.	9,900,352	-
<b>Net Surplus for the Year</b>		<b>16,477,124</b>	<b>29,826,951</b>

The notes set out on page 6 to 17 form an integral part of the Financial Statements

**IX. STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2020

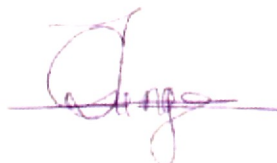
	Note	2019-2020 Kshs	Restated 2018-2019 Kshs
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	882,390	6,596,525
Receivables from non-exchange transactions	12.(a & c)	41,007,133	36,516,511
		<b>41,889,523</b>	<b>43,113,037</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	40,998,286	47,372,753
Intangible assets	14	2,780,973	1,931,532
Mortgage Fund	15.a.	117,402,126	115,527,126
Car Loan Fund	15.b.	11,276,000	1,000
		<b>172,457,385</b>	<b>164,832,411</b>
<b>TOTAL ASSETS</b>		<b>214,346,908</b>	<b>207,945,447</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	7,868,279	17,943,942
		<b>7,868,279</b>	<b>17,943,942</b>
<b>TOTAL LIABILITIES</b>		<b>7,868,279</b>	<b>17,943,942</b>
<b>NET ASSETS</b>		<b>206,478,629</b>	<b>190,001,505</b>
<b>Represented by:</b>			
Reserves		16,477,124	29,826,951
Accumulated surplus		190,001,505	160,174,554
<b>TOTAL NET ASSETS &amp; LIABILITIES</b>		<b>206,478,629</b>	<b>190,001,505</b>

The Financial Statements set out on pages 1 to 17 were signed on behalf of the Commission by:



Dr. Moses Sichei  
COMMISSION SECRETARY/CEO

Date 17 / 09 / 2020



Maureen Junge  
FINANCE MANAGER /

ICPAK No. 9883  
Date 17 / 09 / 2020



Dr. Jane Kiringai  
CHAIRPERSON

Date 17 / 09 / 2020

**X. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2020**

	2019-2020 Kshs	Restated 2018-2019 Kshs
<b>Balance as at 30 June 2019</b>	<b>190,001,505</b>	<b>160,174,554</b>
Surplus / (Deficit) for the year	16,477,124	29,826,951
<b>Balance as at 30 June 2020</b>	<b>206,478,629</b>	<b>190,001,505</b>

**XI. STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2020**

	Note	2019-2020 Kshs	Restated 2018-2019 Kshs
<b>Cash flows from operating activities</b>			
Surplus / (Deficit) from operating Activities		<b>16,477,124</b>	<b>29,826,951</b>
<b>Adjusted for:</b>			
Depreciation and Amortization	7	22,341,883	26,791,813
(Gains) and losses on disposal of assets	14.a	(7,121,000)	120,924
<b>Working capital adjustments:</b>			
(Increase)/Decrease in receivables	12	(4,490,622)	386,985
Increase/(Decrease) in payables	16	(10,075,662)	(3,368,037)
Increase in payments received in advance		-	-
<b>Net cash flows from operating activities</b>		<b>17,131,723</b>	<b>53,758,636</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Refurbishment	13	(14,602,578)	(36,843,480)
Proceeds from sale of Property, Plant & Equipment	14.a	7,121,000	
Purchase of intangible assets	14	(2,214,280)	-
Mortgage Fund	15.a.	(1,875,000)	(11,222,000)
Car Loan Fund	15.b.	(11,275,000)	(1,000)
<b>Net cash flows used in investing activities</b>		<b>(22,845,858)</b>	<b>(48,066,480)</b>
<b>Cash flows from financing activities</b>			
(Increase)/Decrease in deposits	12.b.	-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,714,135)</b>	<b>5,692,157</b>
Cash and cash equivalents at 1 July 2019	11	6,596,525	904,368
<b>Cash and cash equivalents at 30 June 2020</b>		<b>882,390</b>	<b>6,596,525</b>

**XII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

Revenue	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization %	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	2019-2020
Government grants and subsidies	469,376,899		(104,702,877)		364,674,022		360,324,938		4,349,084		99%	
Other Income (A.I.A)	-		11,560,000		11,560,000		6,720,000		4,840,000		58%	
<b>Total income</b>	<b>469,376,899</b>		<b>(93,142,877)</b>		<b>376,234,022</b>		<b>367,044,938</b>		<b>9,189,084</b>		<b>98%</b>	
<b>Expenditure</b>												
Compensation to Commissioners employees	211,940,000		(21,863,550)		190,076,450		185,042,204		5,034,246		97%	
Group Life & Med Insurance	18,317,265		1,821,788		20,139,053		20,139,019		34		100%	
Gratuity	8,426,000		966,320		9,392,320		9,392,316		4		100%	
Operation and Maintenance	172,767,007		(57,915,402)		114,851,605		114,701,497		150,108		100%	
Operation and Maintenance-A.I.A(CCIO)	-		11,560,000		11,560,000		5,136,782		6,423,218		44%	
Finance Cost	69,049		(6,666)		62,383		61,770		613		99%	
Repairs and Maintenance-Motor Vehicle	4,385,078		198,953		4,584,031		4,583,265		766		100%	
Repairs and Maintenance-Other Assets	1,322,500		(611,298)		711,202		711,199		3		100%	
Capital Expenditure	52,150,000		(27,293,022)		24,856,978		24,856,879		99		100%	
<b>Total expenditure</b>	<b>469,376,899</b>		<b>(93,142,877)</b>		<b>376,234,022</b>		<b>364,624,931</b>		<b>11,609,091</b>		<b>97%</b>	
<b>Surplus/(Deficit) for the period</b>							<b>2,420,007</b>					

**Note:**

- Approved reallocations of **Kshs. 31,312,754**, and **Kshs. 18,637,939** were effected in the budget and incorporated under the adjustments besides the budget reduction of **Kshs.104,702,877**. The first reallocation / adjustments was mainly to cater for expenditure items affected by the budget cuts while the second reallocation was mainly to cater for misposting of CRA's budget by the IFMIS team from 586 million to 469 million.
- A.I.A of **Kshs. 11,560,000** was also consider as an adjustment which was not in the initial allocation. This amount was contributed by constitutional commissions towards the 8<sup>th</sup> annual congress. The balance of **Kshs. 4.8** million was paid directly to service providers of the event.
- Annex V** provides a reconciliation of the Commission's Annual approved budget, Actual Expenditure and Financial statements FY 2019/20

### XIII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

#### 1. General Information

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

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

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

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

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

#### 3. Summary of Significant Accounting Policies

##### (i) Revenue from non-exchange transactions – IPSAS 23

##### Exchequer Allocations

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

##### Donor Funding

The Commission received funding (A.I.A) of **Kshs. 24,000,000** from UNDP and PFMR support of various activities of the Commission.

##### *United Nations Development Partners (UNDP)*

In the reporting year, the Commission continued with implementation of activities earlier supported by UNDP up to **Kshs. 12 million**. The Commission utilized **Kshs. 9,172,858** being an absorption rate of **76%** of the funding compared to **74%** absorption rate in FY 2018/19. The funding was in support of the Commission's mandate inline with building capacity of counties in public financial management. The two main outputs are highlighted below:

- a) Strengthening county-level planning and public financial management (PFM) systems.
- b) Strengthened citizen participation mechanisms and processes to ensure effective and equitable service delivery, transparent and accountable use of resources.

### **Public Financial Management Reforms (PFMR)**

-The Commission also received **Kshs. 12,000,000** from PFMR in support of conducting training of MCA's on issues of Public Financial Reforms. The Commission utilised 9 Kshs. **9,760,605** being an absorption rate of **81%** was realized.

#### **(ii) Revenue from exchange transactions – IPSAS 9**

##### **Sale of Newspapers**

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

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

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

All property Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. Depreciation is calculated on the cost of the fixed assets on a straight-line basis at annual rates estimated to write off these assets over their expected useful life. Additionally, depreciation on assets disposed during the financial year is calculated up to the month of disposal.

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

##### **Mortgage and Car Loan Fund Accounts**

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

#### **(iv) Intangible Assets – IPSAS 31**

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

#### **(v) Annual Depreciation & Amortization rates**

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

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

**(vi) Provisions – IPSAS 19**

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

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

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

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

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

**(viii) Related parties – IPSAS 20**

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

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

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

**(x) Financial Instruments – IPSAS 41**

This standard is applicable from 1st January 2022. Its objective is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

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

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

***The standard is not relevant to the Commission.***

**(xi) Social Benefit – IPSAS 42**

Applicable: 1st January 2022

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



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

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

**(xii) Cash and Cash equivalents**

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

**(xiii) Pending Bills**

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

**(xiv) Exchange Rate**

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

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

The difference in the exchange rates led to a loss of Kshs. 360,269 that had not been anticipated by the Commission.

	2019-2020 Kshs	2018-2019 Kshs
<b>4 Transfers from other Governments</b>		
<b>(i) Operational Grant (Exchequer Transfers)</b>		
1st Quarter Exchequer	54,440,131	69,724,920
2nd Quarter Exchequer	109,335,846	91,508,700
3rd Quarter Exchequer	91,887,351	86,246,800
4th Quarter Exchequer	104,661,610	162,049,645
	<b>360,324,938</b>	<b>409,530,065</b>
<b>(ii) Other Grants (Donor funding)</b>		
Open Society Initiative for Eastern Africa (OSIEA)	-	4,833,815
United Nation Development Partners (UNDP)	12,000,000	8,165,642
Public Financial Management Reforms (PFMR) – in kind	12,000,000	-
Constitutional & Independent Offices (CCIO's)	6,720,000	-
	<b>30,720,000</b>	<b>12,999,457</b>
<b>4(a) Transfer from Ministries</b>		
Ministry of ICT (MICT)-in kind	-	2,367,127
	-	<b>2,367,127</b>
<b>4(b) Sale of Goods</b>		
Sale of Newspapers/Assets	1095	1,950
	<b>1,095</b>	<b>1,950</b>
<b>5 Employee costs</b>		
Basic salaries	110,528,488	106,762,293
Casual Labour	1,207,762	2,118,259
Acting Allowance	805,833	280,487
House Allowance	21,684,790	22,380,414
Special Duty	2,448,000	2,448,000
Top up for seconded staff	427,950	376,656
Responsibility Allowance	3,606,452	4,380,463
Transport Allowance	9,877,889	10,021,556
Security Allowance	720,000	720,000
Leave Allowance	1,455,001	1,425,949
Telephone Allowance	3,537,474	3,394,183
Pension contribution	19,461,285	17,743,625
Gratuity	2,769,056	2,591,946
Medical Insurance	17,119,139	14,120,719
Group Life Insurance	899,178	807,885
WIBA	276,562	833,585
	<b>196,824,859</b>	<b>190,406,020</b>

The significant increase in staff salaries was mainly due to Annual increment which also had a direct positive effect on pension contribution.

	2019-2020 Kshs	2018-2019 Kshs
<b>6 Commissioner's Expenses</b>		
Telephone Allowance	1,480,000	1,440,000
Leave Allowance	400,000	400,000
Security Allowance	7,680,000	7,680,000
Domestic Travel costs	789,400	2,903,800
Foreign Travel Costs	366,468	5,728,939
Pre-Feasibility Studies	-	182,500
Hospitality and Conference	43,800	302,091
Office and General Supplies	-	-
Training Expenses	-	-
Medical Insurance (Ex Gratia)	110,100	53,750
Club Membership	500,000	-
	<b>11,369,768</b>	<b>18,691,080</b>
<b>7 Depreciation &amp; Amortization</b>		
Refurbishment	6,553,689	9,732,502
Furniture & Fittings	2,395,762	3,060,031
Motor Vehicle	8,239,500	9,387,819
Computer & Printers	3,232,335	2,472,113
Office Equipment	555,759	744,508
Intangible Assets	1,364,839	1,394,840
	<b>22,341,883</b>	<b>26,791,813</b>
<b>8 Repairs and maintenance</b>		
Routine maintenance of Motor vehicles	4,522,425	6,364,693
Routine maintenance of Assets	677,559	924,693
	<b>5,199,984</b>	<b>7,289,386</b>
<b>9 General expenses</b>		
Utilities Supplies -Electricity	2,090,948	2,309,558
Utilities Supplies -Water	327,648	361,180
Communication Supplies & Services	4,527,346	4,169,737
Domestic Travel costs	7,322,092	15,860,327
Foreign Travel Costs	1,735,804	1,367,142
Printing Advertising & Information	4,231,270	5,751,322
Rent Expenses	48,566,654	46,632,307
Hire of Transport	1,444,983	2,248,391
Training Expenses	2,971,335	8,260,057
Catering Services	2,333,988	3,316,337
Boards, Seminars & Conferences	4,488,357	14,721,293
Boards, Seminars & Conferences - Audit Committee	117,600	124,400
Insurance Costs ( Motor Vehicle & Plant and Machinery )	1,001,753	4,071,021
Specialised Materials & Supplies—Library resources & Uniforms.	892,458	167,638
Office & General Expenses	3,373,140	4,170,640

	2019-2020	2018-2019
	Kshs	Kshs
Fuel oils and Lubricants	5,832,118	6,378,766
Security Guards	1,464,465	1,366,717
Cleaning Services	2,356,346	2,229,054
Membership fee, Dues and Subscriptions	506,620	1,292,870
Contracted Professional Services	7,565,399	1,830,082
Contracted Professional Services – Audit Fee OAG	464,000	464,000
Feasibility Study	-	5,713,866
	<b>103,614,323</b>	<b>132,806,704</b>

#### Expenses Funded by A.I.A

Boards, Seminars & Conferences (UNDP)	9,172,858	8,165,642
Boards, Seminars & Conferences (PFMR)	6,864,905	
Boards, Seminars & Conferences (CCIO)	5,136,782	
	<b>21,174,545</b>	<b>8,165,642</b>
<b>TOTAL General Expenses</b>	<b>124,788,868</b>	<b>140,972,346</b>

#### 9(a) Surplus Remission / Unspent A.I.A

Refund to other Govt entities (NT)	10,837,605	10,739,359
Unspent A.I.A - OSIEA	4,833,815	
Unspent A.I.A - UNDP	2,827,142	
Unspent A.I.A - PFMR	2,239,395	
	<b>20,737,957</b>	<b>10,739,359</b>

#### 10 Finance Costs

Bank Charges	66,320	60,720
Borrowings (amortized cost)	-	-
Finance leases (amortized cost)	-	-
	<b>66,320</b>	<b>60,720</b>

#### 11 Cash and cash equivalents

CBK - 1000181281 (Recurrent A/c) - Exchequer	-	4,955,002
CBK - 1000181998 (Deposit A/c)	265,902	265,902
Cash-on-hand (Petty Cash & office float)	616,487	1,375,621
	<b>882,390</b>	<b>6,596,525</b>

#### 12 Receivables (Current Receivables)

##### (a) Prepayments

Medical Insurance	10,879,857	9,139,914
Group Life	736,493	653,680
WIBA	553,125	829,687
Motor Vehicle	1,973,776	-
Plant & Machinery	137,667	227,606

	2019-2020	2018-2019
	Kshs	Kshs
Service Charge Q1 FY20/21	1,614,477	-
Electricity Bill - June19	110,992	218,766
Telephone	8,468	-
Internet	163	-
Newspapers - June19	1,800	3,060
Hire of Transport - June19	29,196	89,371
Bank Charges - March19	-	4,550
Water	-	43,840
Motor Vehicle Maintenance	5,619	-
	<b>16,051,633</b>	<b>11,210,474</b>
<b>(b) Deposit</b>		
Rent	21,992,532	21,992,532
Fuel	1,060,000	1,060,000
Provision of E1line (Internet)	50,000	50,000
Naivas Supermarket	100,000	100,000
	<b>23,202,532</b>	<b>23,202,532</b>
The rent deposit refers to 6 months rent deposit and it's inclusive of parking fees and service charge for the same period. Service charge deposit was enhanced from the original lease by <b>Kshs.3,239,210</b>		
<b>(c) Debtors</b>		
Salary	64,663	-
Outstanding Salary advances	1,679,000	2,055,000
Outstanding Imprest from staff	-	39,200
	<b>1,743,663</b>	<b>2,094,200</b>
<b>(d) Credit Notes</b>		
14 Riverside Mngt June 19 Payment	9,306	9,306
<b>TOTAL Receivables</b>	<b>41,007,133</b>	<b>36,516,511</b>

**13 Property, Plant and Equipment**

	Computers & Printers	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
<i>Cost or Valuation:</i>	KShs	KShs	KShs	KShs	KShs
<b>As at 30th June 2018</b>	<b>27,420,641</b>	<b>10,124,945</b>	<b>100,940,669</b>	<b>95,386,970</b>	<b>233,873,225</b>
Additions during the year	2,367,127	118,753	1,399,600	32,958,000	36,843,480
Disposal	(2,158,990)	(42,085)	(1,213,111)	-	(3,414,186)
Write off					-
Transfer/Adjustments					
<b>As at 30th June 2019</b>	<b>27,628,778</b>	<b>10,201,613</b>	<b>101,127,158</b>	<b>128,344,970</b>	<b>267,302,519</b>
Additions during the year (Comps & Printers funded by PFMR)	2,895,700	20,000	889,800	10,797,078	14,602,578
Disposal				(19,989,002)	(19,989,002)
Write off					
Transfer/Adjustments					
<b>As at 30th June 2020</b>	<b>30,524,478</b>	<b>10,221,613</b>	<b>102,016,958</b>	<b>119,153,047</b>	<b>261,916,095</b>
<b><i>Depreciation and Impairment</i></b>					
<b>As at 30 June 2018</b>	<b>22,451,622</b>	<b>8,268,280</b>	<b>72,867,502</b>	<b>94,238,652</b>	<b>197,826,055</b>
Depreciation	2,472,113	744,508	12,792,533	9,387,819	25,396,973
Disposals/Write off	(2,158,990)	(42,085)	(1,092,187)		(3,293,262)
Impairment					0
Transfer/adjustment					0
<b>As at 30 June 2019</b>	<b>22,764,745</b>	<b>8,970,703</b>	<b>84,567,848</b>	<b>103,626,471</b>	<b>219,929,766</b>
Depreciation	3,232,335	555,759	8,949,451	8,239,500	20,977,044
Disposals /Write off				(19,989,002)	(19,989,002)
Transfer/adjustment					
<b>At 30 June 2020</b>	<b>25,997,079</b>	<b>9,526,462</b>	<b>93,517,299</b>	<b>91,876,969</b>	<b>220,917,809</b>
<b><i>Net Book Values</i></b>					
<b>At 30 June 2020</b>	<b>4,527,398</b>	<b>695,151</b>	<b>8,499,659</b>	<b>27,276,078</b>	<b>40,998,286</b>
<b>At 30 June 2019</b>	<b>4,864,033</b>	<b>1,230,910</b>	<b>16,559,310</b>	<b>24,718,500</b>	<b>47,372,753</b>

	2019-2020 Kshs	2018-2019 Kshs
<b>14 Intangible assets - software</b>		
<b><i>Cost or Valuation:</i></b>		
<b>At 30 June 2018</b>	<b>12,045,981</b>	<b>10,454,158</b>
Additions		1,591,823
<b>At 30 June 2019</b>	<b>12,045,981</b>	<b>12,045,981</b>
Additions	2,214,280	
<b>At 30 June 2020</b>	<b>14,260,261</b>	<b>12,045,981</b>
<b><i>Amortization and impairment</i></b>		
<b>At 30 June 2018</b>	<b>8,719,609</b>	<b>6,902,395</b>
Amortization	1,394,840	1,817,214
<b>At 30 June 2019</b>	<b>10,114,449</b>	<b>8,719,609</b>
Amortization	1,364,839	1,394,840
Impairment loss		
<b>At 30 June 2020</b>	<b>11,479,289</b>	<b>10,114,449</b>
<b><i>Net Book Values</i></b>		
<b>At 30 June 2020</b>	<b>2,780,973</b>	<b>1,931,532</b>
<b>At 30 June 2019</b>	<b>1,931,532</b>	<b>3,326,372</b>
<b>14(a) Disposal of Fixed Assets</b>		
<b><i>Cost or Valuation:</i></b>		
As at 1st July 2019	19,989,002	3,414,186
Accumulated depreciation	19,989,002	3,293,262
Net Book Value At 30 June 2020	-	120,924
Salvage Value	7,121,000	-
Gain / (Loss on Disposal)	7,121,000	(120,924)
<b>14(b) Loss on Foreign exchange Transaction</b>		
<b>OSIEA FUNDING</b>		
Difference in Exchange Rate of USD 48,000	360,269	-
	<b>360,269</b>	<b>-</b>
<b>15 (a) Mortgage Account (Restricted Cash)</b>		
<b>At 30 June 2019</b>	<b>115,527,126</b>	<b>104,305,126</b>
Additions	1,875,000	11,223,000
Withdrawals to Staff Car Loan Account	-	(1,000)
<b>At 30 June 2020</b>	<b>117,402,126</b>	<b>115,527,126</b>
<b>(b) Car Loan Account (Restricted Cash)</b>		
<b>At 30 June 2019</b>	<b>1,000</b>	<b>-</b>
Additions	11,275,000	1,000
<b>At 30 June 2020</b>	<b>11,276,000</b>	<b>1,000</b>

The Mortgage scheme is administered by Kenya Commercial Bank (KICC branch). The loans to staff are issued at 4% interest rate being; 3% Administration cost and 1% earnings to the revolving fund. Further, the Car Loan scheme is managed internally once there availability of funds. The loans will be issued at an interest rate of 3%. The total interest accruing from fund will be recouped back to the account.

**16. Trade and other payables**

	2019-20 Kshs	2018-2019 Kshs
<b>Audit Fees</b>	928,000	1,392,000
<b>Gratuity</b>	2,616,618	9,239,878
Trade Payables (Suppliers Invoices-Debit Notes)	3,925,688	7,045,104
<b>Other Staff Payables</b>	397,973	266,959
	<b>7,868,279</b>	<b>17,943,941</b>

**17. Financial Risk Management**

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

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

**(i) Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Commission.

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

Credit risk with respect to accounts receivable is limited due to the nature of the Commission's business and its reliance on government grant as the main source funding.

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

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

**(ii) Liquidity Risk**

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

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

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

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

## 18. Contingent liabilities /Assets

### Gratuity payment for employees on contract

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

## 19. Comparatives

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

## 20. Subsequent Events

There have been no events subsequent to the financial year end with significant impact on the financial statements for the year ended June 30, 2019.

## 21. Significant Judgements and Sources of information uncertainty

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

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

### Estimates and assumptions

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

### Useful lives and residual values

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

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

### Provisions

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

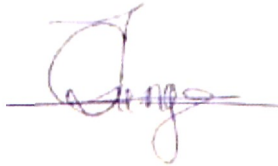
**Annex I. Progress on follow up of Audit recommendations**

The Commission received Unqualified Audit opinion in financial year 2018/19 without any specific issue raised that needed the management attention.

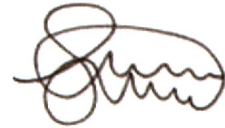
Reference No. on external audit report	Issue / Observation from Auditor	Management Comments	Focal point person to resolve the issue	Status:	Time frame:
N/A	N/A	N/A	N/A	N/A	N/A



**DR. Moses Sichei**  
COMMISSION SECRETARY / CEO  
Date 17 / 09 / 2020



**Maureen K. Junge**  
FINANCE MANAGER / ICPAK No.9883  
Date 17 / 09 / 2020



**Dr. Jane Kiringai**  
CHAIRPERSON  
Date 17 / 09 / 202

Annex II. Analysis of pending accounts payable



S/ No.	ITEM	SUPPLIER	DESCRIPTION	YEAR	CLOSING BALANCE FY 18/19	PV No.	Prior Year's Adjustment for Over & Understatements	AMOUNT PAID IN FY 19/20	CLOSING BALANCE FY 19/20
1	2210101	14 Riverside mgt	Electricity bill-May	18/19	28,035	5107		26,585	1,450
2	2210101	14 Riverside mgt	Electricity bill-April 20	19/20					135,082
				<b>2210101</b>	<b>28,035</b>		<b>-</b>	<b>26,585</b>	<b>1,450</b>
3	2210201	Safaricom	Mobile Services June	18/19	54,908	5013	(1,644)	50,509	2,755
4	2210201	Safaricom	Telephone bill-May	18/19	773	4996		733	40
5	2210201	Airtel	Telephone-May & June	18/19	35		(35)		
				<b>2210201</b>	<b>55,716</b>		<b>(1,679)</b>	<b>51,242</b>	<b>2,795</b>
6	2210202		Internet for June	18/19	63,320	5015		60,045	3,275
7	2210202	Telkom	Internet for May	18/19	148,074	5155		140,415	7,659
8	2210202	Telkom	Internet for June	18/19	148,074	5017		140,415	7,659
				<b>2210202</b>	<b>359,468</b>		<b>-</b>	<b>340,875</b>	<b>18,593</b>
9	2210301	Longrock tours and travel	Return Ticket to Kisumu		19/20				67,900
				<b>2210301</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>67,900</b>
10	2210401	National Treasury	Ticket to Canada Placement study visit	18/19	9,000	4960		9,000	
11	2210502	KRA	WH VAT-IKUALITY GRAPHICS	17/18	144	2374/	(144)		
				<b>2210502</b>	<b>144</b>		<b>(144)</b>	<b>-</b>	<b>-</b>
12	2210502	Cadre Kenya Ltd	Newspaper supply for May	18/19	240	5000		228	12
				<b>2210503</b>	<b>240</b>		<b>-</b>	<b>228</b>	<b>12</b>
13	2210603	KRA	10% Rental Income - (Service Charge Oct - Dec 17) - PV 2418	17/18	137,254				137,254
14	2210603	KRA	10% Rental Income - (Service Charge Jul - Aug 17) - PV 2418	17/18	91,502				91,502
				<b>2210603</b>	<b>228,756</b>		<b>-</b>	<b>-</b>	<b>228,756</b>



S/ ITEM No.	SUPPLIER	DESCRIPTION	YEAR	CLOSING BALANCE FY 18/19	PV No.	Prior Year's Adjustment for Over & Understatements	AMOUNT PAID IN FY 19/20	CLOSING BALANCE FY 19/20
			2210904	154,837		-	173,435	(0)
32	2211009 KRA	WH VAT-EDUCATE YOURSELF LIMITED	17/18	7,262		(7,262)		0
			2211009	7,262		(7,262)		0
33	2211101 B.N Chege Florist	Flowers for the month of May 2019	17/18	16,500				16,500
34	2211101 B.N Chege Florist	Flowers for the month of June 2019	18/19	66,000	5045		62,586	3,414
35	2211101 GreenShamrock	Stationeries	18/19	253,000	5204		239,914	13,086
36	2211101 Lastborn Enterprises	Stationeries	18/19	234,000	5177		221,897	12,103
	2211101 B.N Chege Florist	Flowers for the month of March 20	19/20					
			2211101	569,500		-	524,397	28,603
37	2211201 National oil	Fuel for the Month of May 2019	18/19	714,838	5009/1		617,000	97,838
38	2211201 National oil	Fuel for the Month of June 2019	18/19	563,930	5004/1		563,930	0
39	2211201 Fuel(Karisa, Elkana & John)		18/19	15,000		4948/49/50	15,000	-
			2211201	1,293,768		-	1,195,930	97,839
40	2211305 Liga Holdings	Supply of Sanitizer	19/20					17,806
			2211305	-				17,806
41	2211310 Auditor General	Audit fee for 2016/17	16/17	464,000	5993		456,000	8,000
42	2211310 Auditor General	Audit fee for 2017/18	17/18	464,000	5993		456,000	8,000
43	2211310 Auditor General	Audit fee for 2018/19	18/19	464,000				464,000
44	2211310 Auditor General	Audit fee for 2019/20	19/20					464,000
45	2211310 KRA	WHT Kamothe Waiganjo	19/20		5971			154,310
46	2211310 Paul Nyamodi & Co. Advocates	Legal Counsel						1,500,000
			2211310	1,392,000		-	912,000	16,000
47	2220101 Stoic Ltd Company	QTN- KK/NRB/019/0058/019	18/19	240,000	5167		227,586	12,414
48	2220101 KK Security	KK/NRB/0190058/019	18/19	105,000	5208		99,569	5,431

S/ ITEM No.	SUPPLIER	DESCRIPTION	YEAR	CLOSING BALANCE FY 18/19	PV No.	Prior Year's Adjustment for Over & Understatements	AMOUNT PAID IN FY 19/20	CLOSING BALANCE FY 19/20
49	2220101 Toyota Kenya Ltd	GKB 083V - Repairs for May	18/19	14,800	5055		14,035	766
50	2220101 Toyota Kenya Ltd	GKB 525M - Repairs for May	18/19	98,982	5057		93,862	5,120
51	2220101 Toyota Kenya Ltd	GKA 841X - Repairs for May	18/19	31,976	5059		30,322	1,654
52	2220101 Toyota Kenya Ltd	GKB 157A - Repairs for May	18/19	154,466	5061		146,476	7,990
53	2220101 Toyota Kenya Ltd	GKB 040A - Repairs for May	18/19	22,827	5064		21,646	1,181
54	2220101 Toyota Kenya Ltd	GKB 157A - Repairs for May	18/19	123,481	5114/1		117,094	6,387
55	2220101 Toyota Kenya Ltd	GKA 843X - Repairs for May	18/19	35,295	5069		33,469	1,826
56	2220101 Toyota Kenya Ltd	GKB 200A - Repairs for April	18/19	33,238	5116		33,238	-
57	2220101 Toyota Kenya Ltd	GKB 084V - Repairs for May	18/19	14,800	5073		14,035	766
58	2220101 Toyota Kenya Ltd	GKB 084V - Repairs for June	18/19	14,800	5076		14,035	766
59	2220101 Toyota Kenya Ltd	GKA 839X - Repairs for June	18/19	39,857	5078		37,795	2,062
60	2220101 Toyota Kenya Ltd	GKB 923C - Repairs for June	18/19	58,779	5080/2		55,739	3,040
61	2220101 Toyota Kenya Ltd	Repair of GKA 843X	19/20					98,780
62	2220101 Toyota Kenya Ltd	Repair of GKA 843X	19/20					9,349
63	2220101 Toyota Kenya Ltd	Repair of GKB 157A	19/20					96,307
64	2220101 Toyota Kenya Ltd	Repair of GKB 084V	19/20					32,372
65	2220101 Toyota Kenya Ltd	Repair of GKA 839X	19/20					40,317

S/ No.	ITEM	SUPPLIER	DESCRIPTION	YEAR	CLOSING BALANCE FY 18/19	PV No.	Prior Year's Adjustment for Over & Understatements	AMOUNT PAID IN FY 19/20	CLOSING BALANCE FY 19/20
66	2220101	Toyota Kenya Ltd	Repair of GKB 083V	19/20					54,533
67	2220101	Toyota Kenya Ltd	Repair of GKA 842X	19/20					10,200
68	2220101	Toyota Kenya Ltd	Repair of GKB 923C	19/20					238,796
69	2220101	Toyota Kenya Ltd	Repair of GK 841X	19/20					351,660
70	2220101	KRA	MAINTENANCE GKB 200A	19/20		5095			766
71	2220201	MFI	Maintenance of Kyocera Printers	18/19	988,301		-	938,901	49,400
					33,640	5043		31,900	1,740
72	2710100	Accrued Gratuity - 2014/15	Accrued Gratuity - 2014/15	14/15	33,640		-	31,900	1,740
					1,657,468	,011019		1,657,468	-
73	2710100	Accrued Gratuity - 2015/16	Accrued Gratuity - 2015/16	15/16	1,657,468	,011019		1,657,468	-
74	2710100	Accrued Gratuity - 2016/17	Accrued Gratuity - 2016/17	16/17	1,657,468	,011019		1,657,468	-
75	2710100	Accrued Gratuity - 2017/18	Accrued Gratuity - 2017/18	17/18	1,657,468	,011019		1,657,468	-
76	2710100	Accrued Gratuity - 2018/19	Accrued Gratuity - 2018/19	18/19	1,657,468	,011019		1,657,468	-
77	2710100	Dr. Moses Sichei	Accrued Gratuity - 2019/20	19/20					462,210
		Emily Kimani	Accrued Gratuity - 2018/19	17/18	18,060				18,060
		Emily Kimani	Accrued Gratuity - 2018/19	18/19	504,611				504,611
		Emily Kimani	Accrued Gratuity - 2019/20	19/20					558,345
		Oliver Mwenda	Accrued Gratuity - 2018/19	18/19	429,867				429,867
		Oliver Mwenda	Accrued Gratuity - 2019/20	19/20					643,525
78		OSIEA	Loss in Foreign Exchange Transaction	18/19	9,239,878	0	-	8,287,340	2,616,618
					17,667,469	0	(9,085)	15,727,916	7,470,306
			<b>GRAND TOTAL</b>						

## Annex III. Analysis of pending staff payables

S/No	ITEM	NAME	DESCRIPTION	YEAR	CLOSING BALANCE FY18/19	PV No.	AMT PAID IN FY 19/20	CLOSING BALANCE FY 19/20
1	2110101	Naomi Mathenge	Acting Allowance	19/20				11,249
2	2110101	Domnic Lutenyo	Acting Allowance	19/20				2,133
3	2110316	Dr. Moses Sichei	Security Allowance	19/20				240,000
4	2110320	Dr. Moses Sichei	Leave Allowance	19/20				16,667
5	2110320	Nelly Amiani	Leave Allowance	19/20				6,667
6	2110320	Andrew Munyao	Leave Allowance	19/20				6,667
7	2110405	Dr. Moses Sichei	Telephone Allowance	19/20				60,000
			<b>Salary &amp; Allowances</b>					<b>343,383</b>
8	2210301	Amenya Nyakundi	Overpaid Imprest	17/18	1,200	3273		1,200
9	2210402	Edward Oyugi	Contingency	18/19	147,472	CLAIM128/70	147,472	-
10	2210402	Peter Gachuba	Contingency	18/19	70,187	CLAIM00127	70,187	-
			<b>2210400</b>		<b>217,659</b>	<b>-</b>	<b>217,659</b>	<b>-</b>
11	2210910	William Birech	Medical Claim (Partial)	18/19	1,000	4961	1000	-
12	2210910	Humphrey Wattanga	Medical Claim	18/19	6,200	4966	6200	-
13	2210910	Humphrey Wattanga	Medical Claim	18/19	1,000	4964	1000	-
14	2210910	Humphrey Wattanga	Medical Claim	18/19	4,500	4965	4500	-
15	2210910	Elsie Kemei	Medical Claim	18/19	15,850	4963	15850	-
16	2210910	Zinzi Khalwale	Medical Claim	18/19	9,550	4962	9550	-



S/No	ITEM	NAME	DESCRIPTION	YEAR	CLOSING BALANCE FY18/19	PV No.	AMT PAID IN FY 19/20	CLOSING BALANCE FY 19/20
17	2210910	Justus Emeri	Medical Claim	18/19	10,000	4872	10000	-
18	2210910	Joyce Kuria	Medical Claim	19/20				1,400
19	2210910	Geoffrey Ntooki	Medical Claim	19/20				11,600
20	2210910	Humphrey Wattanga	Medical Claim	19/20				10,100
21	2210910	Rachel Kagwanja	Medical Claim	19/20				10,590
			<b>2210910</b>		<b>48,100</b>		<b>48,100</b>	<b>33,690</b>
22	2211201	Fouzia Abdikadir	Fuel	19/20				12,700
23	2211306	William Birech	HR Practicing Cert	19/20				7,000
			<b>2211306</b>					<b>7,000</b>
			<b>GRAND TOTAL</b>		<b>266,959</b>		<b>265,759</b>	<b>397,973</b>

**Annex IV. Prior Year's adjustment for FY 2018/19**

Note	Particulars	Year	PV	Audited	Revised	Difference	Reason	Action	Affected Statement	Effect on Financial Statements
5	Gratuity for Emily Kimani	17/18 & 18/19	-	-	522,671	(522,671)	Under-statement	Increase General Expenses, and Payables & reduce Accumulated Suplus by 934,478	Statement of Financial Performance	Decreased surplus
5	Gratuity for Oliver Mwenda	18/19	-	-	429,867	(429,867)	Under-statement	Increase General Expenses, and Payables & reduce Accumulated Suplus by 934,478	Financial Position	Decreased Net Assets
5	Gratuity for Emily Kimani	18/19	-	-	504,611	(504,611)	Under-statement	Increase General Expenses, and Payables & reduce Accumulated Suplus by 934,478	Statement of Financial Performance	Decreased surplus
9	Simon Richu's Cash bail- Isiolo Law courts	18/19	2805	100,440	440	100,000	Refund of Cash Bail	Reduce:1. General Expenses, and increase Accumulated Suplus by 100,000	Statement of Financial Performance	Increased surplus
9	Safaricom's June 19 Payment	18/19	5013	54,908	53,264	1,644	Overstatement	Reduce General Expenses, and Payables & Increase Accumulated Suplus by 1644	Statement of Cash-flows	Increased cash and cash equivalent
9	Airtel's May & June 18	17/18	-	-	35	35	Overstatement	Reduce:1. Payables & 2. Increase Accumulated Suplus by 35, 144 and 7,262	Financial Position	Increased Net Assets
9	VAT Ikuality PV	17/18	2374	288	144	144	Overstatement		Changes in Equity	Increased accumulated surplus
9	Educate Yourself-WHT	17/18	2365	14,524	7,262	7,262	Overstatement		Changes in Equity	Increased accumulated surplus

Note	Particulars	Year	PV	Audited	Revised	Difference	Reason	Action	Affected Statement	Effect on Financial Statements
9	Sarova Stanley	18/19	Accru- al	77,200	-	77,200	Overstate- ment	Reduce Gener- al Expenses, and Payables & Increase Accumulated Surplus by 77,200	Statement of Finan- cial Performance	Increased surplus
<b>12(d)</b>	Jubilee Insur- ance			15,692	-	(15,692)	Unhon- oured Credit Notes	Reduce receivables and accumulated surplus by 61,536	Financial Position	Decreased Net Assets
<b>12(d)</b>	First Assurance			45,844	-	(45,844)			Changes in Equity	Decreased accumu- lated surplus
							<b>((827,789))</b>			
<b>Workings:</b>										
			<b>Audited Net Assets FY 18/19</b>	<b>190,829,294</b>						
			<b>Revised figures (Annex IV)</b>	<b>(827,789)</b>						
			<b>Revised Net Assets FY 18/19</b>	<b>190,001,505</b>						

**Annex V. Reconciliation on Budget and Actual amounts to Financial Statements**

ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAP-TURED IN FSS FY 19/20	PREPAYMENTS FY 18/19	PREPAYMENTS FY 2019/20	ACCRUALS PAID IN FY 19/20	ACCRUALS FY 19/20	OTHERS	ACTUAL EXPENDITURE
	(a)	(b)	(c)	(d) = (b+c)	(e)	(f)	(g)	(h)	(i)	(j) = (d-e+f+g-h+i)	
<b>REVENUE</b>											
1	9910201	GoK Exchequer	364,674,022	353,304,254	11,369,768	364,674,022					360,324,938
2	1420102	Other Revenues	11,560,000	11,560,000	11,560,000						6,720,000
		<b>Total Inflow</b>	<b>376,234,022</b>	<b>364,864,254</b>	<b>11,369,768</b>	<b>376,234,022</b>	-	-	-	-	<b>367,044,938</b>
<b>EXPENDITURE</b>											
3	2110101	Basic Salaries - Civil Service	111,341,873	111,334,321	111,334,321			13,382	2,426		111,323,365
4	2110202	Casual Labour - Others	1,836,450	1,207,762	1,207,762						1,207,762
5	2110301	House Allowance	21,733,000	21,684,790	21,684,790				28,000		21,712,790
6	2110309	Special Duty Allowance	2,592,000	2,448,000	2,448,000						2,448,000
7	2110310	Top-up Allowance	883,280	427,950	427,950						427,950
8	2110312	Responsibility Allowance	3,660,000	3,606,452	3,606,452						3,606,452
9	2110314	Transport Allowance	9,896,000	9,877,889	9,877,889				12,500		9,890,389
10	2110316	Security Allowance	8,160,400	720,000	8,400,000			240,000			8,160,000
11	2110320	Leave Allowance	2,090,600	1,455,001	1,855,001			30,001			1,825,000
12	2110405	Telephone Allowance	4,979,000	3,537,474	5,017,474			60,000	3,000		4,960,474
13	2120103	Employer Contribution to Staff Pensions Scheme	22,903,847	19,461,285	19,461,285				18,737		19,480,022
			<b>190,076,450</b>	<b>175,760,924</b>	<b>185,320,924</b>	-	-	<b>343,383</b>	<b>64,663</b>		<b>185,042,204</b>
14	2210901	Group Life	981,992	899,178	899,178	653,680	736,493				981,991
15	2210910	Medical Insurance & WIBA	19,157,061	17,395,702	17,505,802	9,969,601	11,432,982				19,157,028
16	2710102	Gratuity - Civil Servants	9,392,320	2,769,056	2,769,056			8,287,340	1,664,080		9,392,316
			<b>29,531,373</b>	<b>21,063,936</b>	<b>21,174,036</b>	<b>10,623,281</b>	<b>12,169,475</b>	<b>8,508,875</b>	<b>1,697,770</b>	-	<b>29,531,335</b>



ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAPTURED IN FSs FY 19/20	PREPAYMENTS FY 18/19	PREPAYMENTS FY 2019/20	ACCRUALS PAID IN FY 19/20	ACCRUALS FY 19/20	OTHERS	ACTUAL EXPENDITURE
<b>SALARY AND ALLOWANCES</b>											
17	2210101 Electricity	219,607,823	196,824,860	9,670,100	206,494,960	10,623,281	12,169,475	8,508,875	2,041,153	64,663	214,573,539
18	2210102 Water and Sewerage Charges	1,876,128	2,090,948		2,090,948	218,766	110,992	28,035	135,082		1,876,127
	<b>Utilities</b>	<b>2,159,937</b>	<b>2,418,596</b>	<b>-</b>	<b>2,418,596</b>	<b>262,606</b>	<b>110,992</b>	<b>28,035</b>	<b>135,082</b>	<b>-</b>	<b>2,159,935</b>
19	2210201 Telephone, Telex, Facsimile and Mobile Phone Services	1,302,055	1,239,550		1,239,550		8,468	54,037			1,302,055
20	2210202 Internet Connections	3,539,562	3,179,931		3,179,931		163	359,468			3,539,562
21	2210203 Courier & Postal Services	107,865	107,865		107,865						107,865
	<b>Communication</b>	<b>4,949,482</b>	<b>4,527,346</b>	<b>-</b>	<b>4,527,346</b>	<b>-</b>	<b>8,631</b>	<b>413,505</b>	<b>-</b>	<b>-</b>	<b>4,949,482</b>
22	2210301 Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,022,463	1,235,806		1,235,806				67,900	(145,445)	1,022,461
23	2210302 Accommodation - Domestic Travel	6,918,276	6,086,286	789,400	6,875,686						6,875,686
	<b>Domestic Travel</b>	<b>7,940,739</b>	<b>7,322,092</b>	<b>789,400</b>	<b>8,111,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,900</b>	<b>(145,445)</b>	<b>7,898,147</b>
24	2210401 Travel Costs (airlines, bus, railway, etc.)	90,795			-			90,795			90,795
25	2210403 Daily Subsistence Allowance	2,394,495	1,735,804	366,468	2,102,272			135,864		145,445	2,383,581
	<b>Foreign Travel</b>	<b>2,485,290</b>	<b>1,735,804</b>	<b>366,468</b>	<b>2,102,272</b>	<b>-</b>	<b>-</b>	<b>226,659</b>	<b>-</b>	<b>145,445</b>	<b>2,474,376</b>
26	2210502 Publishing & Printing Services	3,462,691	3,462,690		3,462,690						3,462,690
27	2210503 Subscriptions to Newspapers, Magazines and Periodicals	702,564	703,580		703,580	3,060	1,800	240			702,560
28	2210505 Trade Shows	65,000	65,000		65,000						65,000
	<b>Printing and Advertising</b>	<b>4,230,255</b>	<b>4,231,270</b>	<b>-</b>	<b>4,231,270</b>	<b>3,060</b>	<b>1,800</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>4,230,250</b>
29	2210603 Rents and Rates - Non-Residential	50,181,655	48,566,654		48,566,654		1,614,477				50,181,131
30	2210604 Hire of Transport, Equipment	1,504,707	1,444,983		1,444,983	89,371	29,196				1,384,808
31	2210700 Travel Allowance	2,971,335	2,971,335		2,971,335						2,971,335



ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAP-TURED IN FSS FY 19/20	PREPAYMENTS FY 18/19	PREPAYMENTS FY 2019/20	ACCRUALS PAID IN FY 19/20	ACCRUALS FY 19/20	OTHERS	ACTUAL EXPENDITURE
32	2210801 Catering Services (receptions), Accommodation, Gifts, Food and Drinks	2,608,116	2,333,988		2,333,988			274,075			2,608,063
33	2210802 Boards, Committees, Conferences and Seminars	4,950,021	4,605,957	43,800	4,649,757			325,850			4,975,607
34	2210802 Boards, Committees, Conferences and Seminars (CCIO)	11,560,000	5,136,782		5,136,782						5,136,782
35	2210903 Plant, Equipment and Machinery Insurance	165,200	255,139		255,139	227,606	137,667				165,200
36	2210904 Motor Vehicle Insurance	5,035,723	746,613		746,613		1,973,776	2,667,189	351,858		5,035,720
	<b>Insurance costs</b>	<b>5,200,923</b>	<b>1,001,752</b>	<b>-</b>	<b>1,001,752</b>	<b>227,606</b>	<b>2,111,443</b>	<b>2,667,189</b>	<b>351,858</b>	<b>-</b>	<b>5,200,920</b>
37	2211009 Supply of Library Books	573,459	573,458		573,458						573,458
38	2211016 Purchase of Uniforms and Clothing - Staff	319,005	319,000		319,000						319,000
39	2211101 General Office Supplies (papers, pencils, forms, small office equipment etc)	2,377,861	1,846,906		1,846,906			553,000	22,500		2,377,406
40	2211102 Supplies and Accessories for Computers and Printers	1,278,740	1,278,739		1,278,739						1,278,739
41	2211103 Sanitary and Cleaning material	247,501	247,500		247,500						247,500
	<b>General supplies</b>	<b>3,904,102</b>	<b>3,373,144</b>	<b>-</b>	<b>3,373,144</b>	<b>-</b>	<b>-</b>	<b>553,000</b>	<b>22,500</b>	<b>-</b>	<b>3,903,644</b>
42	2211201 Refined Fuels and Lubricants for Transport	7,016,221	5,832,118		5,832,118			1,195,929	12,700		7,015,347
43	2211305 Contracted Gurd & Cleaning Services	3,803,007	3,820,811		3,820,811				17,806		3,803,005
44	2211306 Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	999,621	506,620	500,000	1,006,620				7,000		999,620
45	2211310 Contracted Professional Services	6,839,450	8,029,399		8,029,399			928,000	2,118,310		6,839,089
		<b>11,642,078</b>	<b>12,356,830</b>	<b>500,000</b>	<b>12,856,830</b>	<b>-</b>	<b>-</b>	<b>928,000</b>	<b>2,143,116</b>	<b>-</b>	<b>11,641,714</b>
46	3111404 Pre-feasibility, Feasibility and Appraisal Studies	2,214,280	2,214,280		2,214,280						2,214,280
	<b>Sub-Total General Expenses</b>	<b>126,411,605</b>	<b>110,965,389</b>	<b>1,699,668</b>	<b>112,665,057</b>	<b>582,643</b>	<b>3,876,539</b>	<b>6,612,482</b>	<b>2,733,156</b>	<b>-</b>	<b>119,838,279</b>



ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAP-TURED IN FSS FY 19/20	PREPAYMENTS FY 18/19	PREPAYMENTS FY 2019/20	ACCRUALS PAID IN FY 19/20	ACCRUALS FY 19/20	OTHERS	ACTUAL EXPENDITURE
47	2211301 Bank Charges	62,383	66,320		66,320	4,550					61,770
48	2220101 Maintenance Expenses - Motor Vehicles	4,584,031	4,522,425		4,522,425		5,619	988,301	933,080		4,583,265
49	2220201 Maintenance of Plant, Machinery and Equipment (including lifts)	711,202	677,559		677,559			33,640			711,199
	<b>Maintenance</b>	<b>5,295,233</b>	<b>5,199,984</b>	<b>-</b>	<b>5,199,984</b>	<b>-</b>	<b>5,619</b>	<b>1,021,941</b>	<b>933,080</b>	<b>-</b>	<b>5,294,464</b>
	<b>GENERAL EXPENSES</b>	<b>131,769,221</b>	<b>116,231,693</b>	<b>1,699,668</b>	<b>117,931,361</b>	<b>587,193</b>	<b>3,882,158</b>	<b>7,634,423</b>	<b>3,666,236</b>	<b>-</b>	<b>125,194,513</b>
	<b>SALARIES AND GEN EXPENSES</b>	<b>351,377,044</b>	<b>313,056,553</b>	<b>11,369,768</b>	<b>324,426,321</b>	<b>11,210,474</b>	<b>16,051,633</b>	<b>16,143,298</b>	<b>5,707,389</b>	<b>64,663</b>	<b>339,768,052</b>
					<b>NBV</b>	<b>ACC DEPR</b>	<b>DIS/A.I.A</b>	<b>BAL B/D</b>			
50	3110302 Refurbishment of Non-Residential Buildings	-	4,630,541		4,630,541	(73,229,477)		(77,860,018)			(0)
51	3110701 Purchase of Motor Vehicles	10,797,078	27,276,078		27,276,078	(91,876,969)	19,989,002	(128,344,970)			10,797,078
52	3111001 Purchase of Office Furniture and Fittings	889,900	3,869,118		3,869,118	(20,287,822)		(23,267,141)			889,800
53	3111002 Purchase of Computers, Printers and other IT	-	4,527,399		4,527,399	(25,997,080)	(2,895,700)	(27,628,779)			0
54	3111009 Purchase of other Office Equipment	20,000	695,151		695,151	(9,526,462)		(10,201,613)			20,000
55	4110403 Housing loans to public servants	1,875,000	117,402,126		117,402,126			(115,527,126)			1,875,000
56	4110403 Car loans to public servants	11,275,000	11,276,000		11,276,000			(1,000)			11,275,000
	<b>CAPITAL EXPENDITURE</b>	<b>24,856,978</b>	<b>169,676,413</b>	<b>-</b>	<b>169,676,413</b>	<b>(220,917,811)</b>	<b>17,093,302</b>	<b>(382,830,646)</b>	<b>-</b>	<b>-</b>	<b>24,856,879</b>
	<b>TOTAL EXPENDITURE</b>	<b>376,234,022</b>	<b>482,732,966</b>	<b>11,369,768</b>	<b>494,102,734</b>						<b>364,624,931</b>
										Closing Balance	<b>2,420,007</b>



## NOTES

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## NOTES

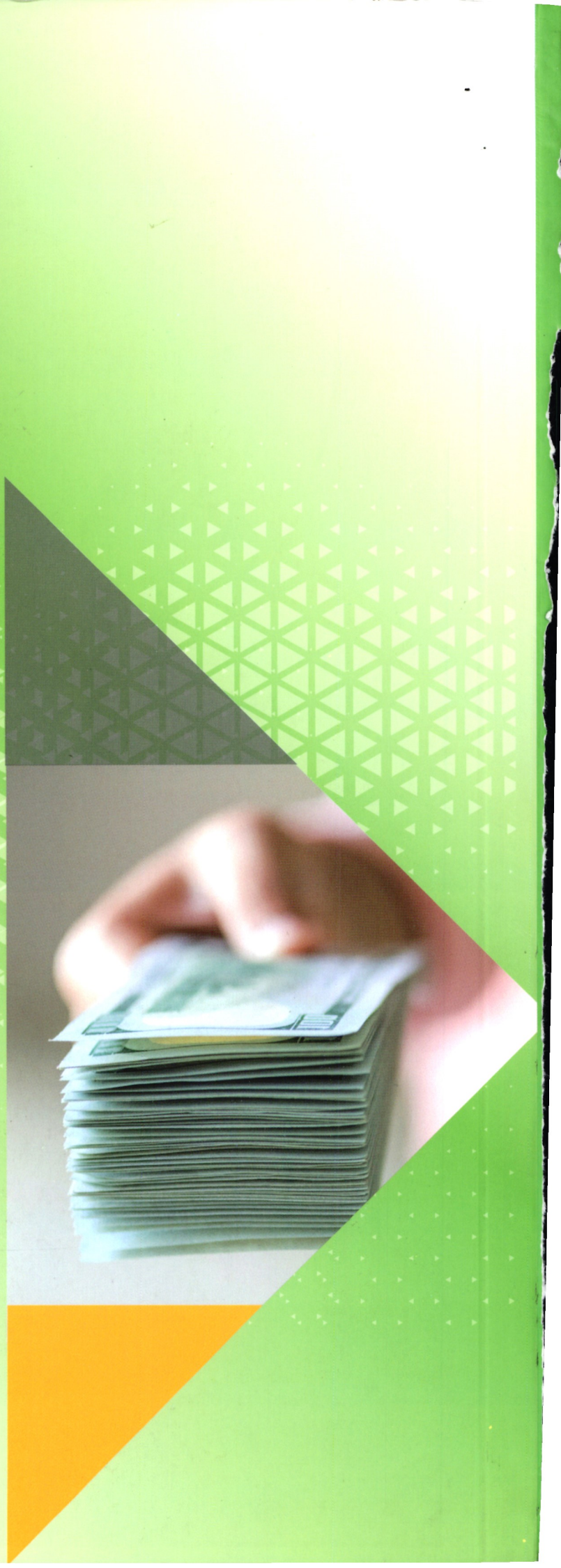
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## NOTES

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**COMMISSION  
ON REVENUE  
ALLOCATION**

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