



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

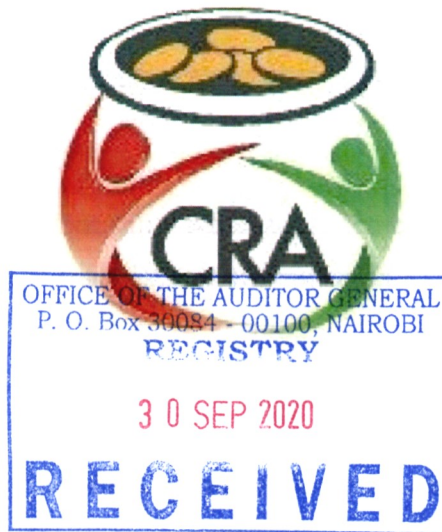
ON

COMMISSION ON REVENUE ALLOCATION

**FOR THE YEAR ENDED
30 JUNE, 2019**

*② Head Table 2/16/19
Please arrange tabling
of report to committee
& acknowledge receipt
p/notes 07/10/20*

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 08 OCT 2020
TABLED BY: K.O.M
Miniam Mado



COMMISSION ON REVENUE ALLOCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2019

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

TABLE OF CONTENT	PAGE
I. KEY COMMISSION INFORMATION AND MANAGEMENT.....	iii
Background information	iii
Principal Activities	iii
Key Management	iii
Commission Headquarters	iv
Commission Contacts	iv
Commission Bankers	iv
Independent Auditors	iv
Principal Legal Adviser	iv
COMMISSIONERS	v
MANAGEMENT	x
II. CHAIRPERSON’S STATEMENT	xv
III. REPORT OF THE COMMISSION SECRETARY / CEO.....	xvi
IV. REPORT OF THE COMMISSIONERS.....	xvii
V. STATEMENT OF COMMISSIONERS’ RESPONSIBILITIES.....	xix
VI. REPORT OF THE AUDITOR GENERAL	xxi
VII. STATEMENT OF FINANCIAL PERFORMANCE.....	1
VIII. STATEMENT OF FINANCIAL POSITION	2
IX. STATEMENT OF CHANGES IN NET ASSETS.....	3
FOR THE YEAR ENDED 30 JUNE 2019.....	3
X. STATEMENT OF CASH FLOWS.....	4
XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.....	6
Annex I. Progress on follow up of Audit recommendations	18
Annex II. Analysis of pending accounts payable	19
Annex III. Analysis of pending staff payables	27
Annex IV. Prior Year’s adjustment for FY 2017/18	29
Annex V. Reconciliation on Budget, Actual amounts and Financial Statements	31

I. KEY COMMISSION INFORMATION AND MANAGEMENT

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.

Principal Activities

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

Mission

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

Vision

No Kenyan Left Behind.

Key Management

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

1. George Ooko	Commission Secretary
2. 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. Ameyia Nyakundi	Advisor Natural Resources
8. Dr. Naomi Mathenge	Ag. Director Research & Knowledge Management
9. Maureen Junge	Finance Manager

Commission Headquarters

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

Commission Contacts

Telephone: (254) (020) 4298000
E-mail: info@crakenya.org
Website: www.crakenya.org

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,

Independent Auditors



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


Principal Legal Adviser

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



COMMISSIONERS

 <p>Dr. Jane Kiringai Chairperson</p>	<p>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.</p> <p>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).</p> <p>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.</p>
 <p>Mr. Humphrey Wattanga Vice Chairperson</p>	<p>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.</p> <p>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.</p> <p>He is a Peer Review member of Grand Challenges Canada; a member of the</p>



	<p>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.</p>
 <p>Prof. Edward Oyugi Commissioner</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p>
 <p>Dr. Irene Asienga Commissioner</p>	<p>Dr. Irene Koech Asienga has over 15 years’ experience in research, teaching and administration.</p> <p>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,</p>


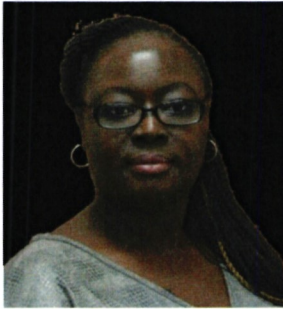

	<p>supervision of teaching and non-teaching staff, academic advising, marketing the campus programs, drawing up annual reports for the campus and preparation of annual estimates of income and expenditure. She is a former Dean, Business School and Head of Commerce Department at the same university.</p> <p>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.</p> <p>She has interests in public finance, environmental, agricultural and development economics and has published widely in peer reviewed journals.</p>
 <p>Mr. Kishanto Suuji Commissioner</p>	<p>Mr. Kishanto ole Suuji has over twenty seven years' experience in public service and the financial sector.</p> <p>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.</p> <p>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.</p>
	<p>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</p>


 <p>Mr. Peter Gachuba Commissioner</p>	<p>based in Johannesburg, South Africa from 2004 to 2010.</p> <p>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.</p> <p>He holds an Accounting and a Master’s Degree in International Business from Southern New Hampshire University in New Hampshire, USA.</p>
 <p>Prof. Peter Kimuyu Commissioner</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Professor Kimuyu has published extensively and written several books, articles, book chapters, and papers on diverse development issues.</p>

 <p>Ms. Fouzia Abdikadir Commissioner</p>	<p>Ms. Fouzia has over 10 years’ experience in financial management. Prior to joining the Commission on Revenue Allocation, she worked as a finance manager.</p> <p>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.</p>
 <p>Dr. Kamau Thugge PS Treasury/ Commissioner</p>	<p>Dr. Thugge holds a Bachelors of Arts (Economics) from Colorado College, USA, Master in Economics from Johns Hopkins University, USA and a Doctor of Philosophy (PhD) in Economics from Johns Hopkins University, USA</p> <p>Dr. Kamau Thugge is currently the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance he worked with the International Monetary Fund (IMF) both in the policy making Departments and non-policy making Departments as Economist/Senior Economist and Deputy Division Chief.</p>

MANAGEMENT

 <p>George Ooko Commission Secretary / CEO</p>	<p>He holds a Masters of Business Administration degrees and Bachelor of Commerce from the University of Nairobi. He has vast experience from both the public and private sectors. He was formerly a Senior Executive at Barclays and NIC Banks.</p> <p>He is the founding CEO of Coffee Development Fund where he served from 2007 to 2011 and has practical experience in establishing and managing public sector special fund. He is also the first CEO at Commission on Revenue Allocation since August 2011.</p>
 <p>Angela Kariuki Director Corporate Services</p>	<p>She holds a Masters in International Commercial Law (LLM) from the University of Nottingham (UK) and a Bachelor of Laws (LLB) from the University of Sheffield (UK). She is an Advocate of the High Court of Kenya; member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. Mrs. Kariuki has been with the Commission from inception for a period of six years. She has broad professional experience in the areas of human capital management, facilities management, supply chain management, strategic planning and corporate governance, legal compliance with regards to securities law, corporate law, policy formulation and implementation.</p> <p>She previously worked with the Capital Markets Authority for nine years and Kilonzo & Company Advocates for two years.</p>

 <p>James Katule Director Fiscal Affairs</p>	<p>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).</p>
 <p>Sheila Yieke Director Legal Affairs</p>	<p>She is an Advocate of the High Court of Kenya and holds an MBA, Finance from the United States International University and a Certified Public Secretary (K). In addition she is alumni of the International Development Law Organization (IDLO) and a member of the Chartered Institute of Purchasing and Supplies (UK). She has worked with Sotik Tea and Sotik Highlands Tea Estates, Kenya Investment Authority and Kosgey and Masese Co. Advocates. Internationally she has worked at the UN, IGAD, NORDIC and UNOPS.</p>
 <p>Joseph Kuria Director ICT</p>	<p>He holds a Master's Degree in Business Administration, Strategic Management from the University of Nairobi and a BSc. Degree in Computer Science from Egerton University. He is currently pursuing a PhD in Information Systems.</p> <p>He holds the following professional certifications: MCP, MCSE, MCDBA, CISA, CEH, MCT, PMP and PRINCE2 He is a member of Information Systems Audit and Control Association (ISACA). He has over 16</p>

	<p>years working experience in both Public and Private Sector. Mr. Kuria is a leading technology strategist with experience spanning systems and network architecture, business re-engineering, data center technologies, application development, global vendor management, budgeting and project portfolio management. He is a strategic adviser to both National and County governments of Kenya on the adoption of computer based financial and revenue management systems and deployment of Integrated Shared Services across government.</p>
 <p>Lineth Oyugi Director Economic Affairs</p>	<p>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.</p> <p>Additionally Lineth has worked with the Institute of Policy Analysis and as a Research Fellow, Macroeconomics programme and also with the Ministry of Finance and Ministry of Planning and National Development as an Economist.</p>

 <p data-bbox="242 781 580 846">Dr. Amenya. P. Nyakundi Advisor Natural Resource</p>	<p data-bbox="874 185 1447 694">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).</p> <p data-bbox="874 734 1447 1005">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.</p>
 <p data-bbox="242 1630 718 1731">Dr. Naomi Mathenge Ag. Director Research & Knowledge Management</p>	<p data-bbox="874 1126 1447 1514">Dr. Mathenge is an experienced Policy Analyst with over ten (10) years of working in the research and policy industry. She holds a PhD in Economics from the University of Cape Town in South Africa, a Master of Arts in Economics from the University of Malawi and a Bachelor of Arts in Economics from Moi University. She is a member of the African Growth and Development Policy Modelling Consortium (AGRODEP)</p> <p data-bbox="874 1559 1447 1868">Before joining the Commission, Dr, Mathenge worked as a Policy Analyst at the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and consulted for the then Ministry of Health on monitoring and evaluation. She has interests in CGE modelling, Macroeconomics, Economic Development, and Policy Analysis.</p>



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. CHAIRPERSON'S STATEMENT

I'm delighted to share the 2018/2019 Annual Report, which tracks progress in the execution of the Commission's mandate. The commission made substantial progress building on the achievements of 2017/2018. As a commission, we believe that what gets measured gets done and in this regard the commission was able to achieve four key milestones.

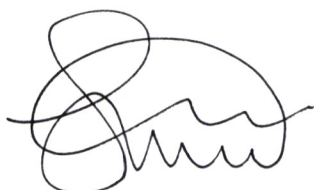
First, The Commission developed the third basis for equitable sharing of revenue among county governments. The recommendation is anchored in a revenue sharing framework which seeks to closely align funding to functions assigned to county governments, to enhance service delivery. The recommendation is before senate pending its approval and will be used to share revenue among county governments for five years.

Secondly, in executing the mandate of making recommendations on matters concerning financial management of county governments, the commission supported and trained 43 counties in establishing and operationalizing County Budget and Economic Forums (CBEF) which is a requirement in the PFM Act 2012. The commission also started a shadow credit rating program for county governments, working with development partners and the Capital Markets Authority (CMA), which will prepare counties to access financial products in the capital markets for infrastructure development.

Third, natural resources are the new frontiers for revenue streams for governments worldwide. To strengthen capacity for the commission in making recommendations on sharing of these revenue streams, two study placements to India and Canada were organized in 2018 through the World Bank funded Kenya petroleum technical assistance project (KEPTAP), in this regard the Commission is well placed to make recommendations sharing of natural resource revenues and royalties.

And finally, in fulfilling the President's directive for the creation of a single system of revenue collection to eliminate duplications and wastage of resources in counties, the commission is part of a multi-agency team comprising of the Council of Governors, the National Treasury and the Kenya Revenue Authority whose principal aim is to deliver on a single revenue collection system, integrated with National Government Systems and to be used across all 47 Counties. Notably, the directive was informed by the findings from a study commissioned by the CRA on the status of automation of revenue collection in the counties.

All these milestones would not have been achieved without a dedicated team of Commissioners and the Secretariat, financial and technical support for development partners and stakeholders. I wish to express sincere gratitude to the strong teams that made these achievements possible.



Dr. Jane Kiringai
CHAIRPERSON

Date: 19 / 09 / 2019

III.REPORT OF THE COMMISSION SECRETARY / CEO

I am delighted to introduce the Commission on Revenue allocation's annual report and financial statements for the financial year 2018/2019

In this financial year, we embarked on implementing forward thinking initiatives with a focus on delivering value for money in our financial performance. We will sharpen our attention to disciplined financial spending, focusing more on strategic allocation and prudent utilization of resources.

To optimize output among the staff, the Commission is keen on rewarding high performance while at the same time building on the values of the Commission. Employee engagement remains a key priority going forward as we aim to improve on the culture of our work environment.

We want to build a dynamic commission which will support our strategy and growth and to achieve this end, the commission continues to invest in proper operational systems aimed at optimizing performance and capturing opportunities. The fruits of this investment have seen the commission maintain unqualified audit opinion since inception.

At the heart of a dynamic organization is its people. In today's rapidly changing world, the required skills and competences are evolving fast, we have enhanced our organization with the right skills and expertise through offering training opportunities and technical transfers to our commissioners and staff through partnership with academic and research institutions. We encourage our employees to embrace a continuous learning and coaching mindset with initiatives and tools enabling everyone to keep up with the new demands of the professional world and acquire new knowledge and skills.

We have equally introduced Staff Mortgage and car loan schemes as part of staff benefits. We will also continue with efforts to reinforce a dynamic high-performance culture within the Commission, with an unwavering commitment to integrity at its core.

From this strong foundation, the commission is well positioned to achieve its targets and visions and I would like to thank our Staff, Commissioners and stakeholders for their important contributions throughout the year.



George Ooko

COMMISSION SECRETARY / CEO

Date: 19 / 09 / 2019

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

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, 2019 are set out on page 1 to 17.

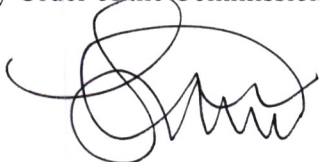
Commissioner

The members of the Commission who served during the year are shown from page v-xiii 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 (PFM) Act, 2012, and Section 35 of the Public Audit Act, 2015.

By Order of the Commission

A handwritten signature in black ink, appearing to be 'Dr. Jane Kiringai', written over a faint circular stamp or watermark.

Dr. Jane Kiringai

CHAIRPERSON

Date: 19 / 09 / 2019

V. 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.

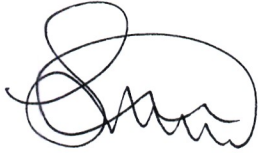
The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining 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, 2019, 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 **19th September 2019** and signed on its behalf by:

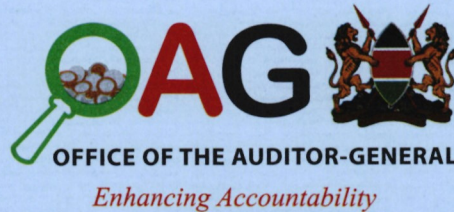
A handwritten signature in black ink, appearing to be 'Jane Kiringai', written in a cursive style.

Dr. Jane Kiringai
CHAIRPERSON

Date: 19 / 09 / 2019

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COMMISSION ON REVENUE ALLOCATION FOR THE YEAR ENDED 30 JUNE, 2019

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, 2019, 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, 2019, 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 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, 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 except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Overall Governance nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Risk Management

In spite of the Commission having an Enterprise Risk Management Framework, the risk assessment had not been performed, neither had the corporate risk register been developed. In the circumstances, it could not be confirmed that the Commission had developed a system of risk management and internal control that builds robust business operations as required under Section 165 of Public Finance Management Regulations, 2015.

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

Commissioners are 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, Commissioners are 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 liquidate the Commission or to cease operations.

Commissioners are 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, Commissioners are 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 going concern 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

22 September, 2020

VII. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019 Kshs	Restated 2017-2018 Kshs
REVENUE			
Revenue from Non-Exchange transactions			
i Transfer from other Governments			
Exchequer Transfers	4.i	409,530,065	355,044,310
Donor Funding	4.ii	12,999,457	-
ii Transfer from Ministries			
Ministry of ICT (MICT)-in kind	4.a	2,367,127	-
		424,896,649	355,044,310
Revenue from Exchange Transactions			
iii Sale of Goods			
Other incomes	4.b	1,950	7,212
		1,950	7,212
Total revenue		424,898,599	355,051,522
EXPENDITURE			
Employee Benefits	5	189,471,542	168,195,598
Commissioner's Expenses (Board)	6	18,691,080	19,654,609
Depreciation & amortization	7	26,791,813	16,644,377
Repairs & maintenance	8	7,289,386	6,520,550
General expenses	9	141,158,631	145,090,396
Finance costs	10	60,720	63,934
Total expenses		383,463,172	356,169,465
OTHER GAINS / (LOSSES)			
Gain on sale/Write off of assets	13.a.	(120,924)	
Surplus before tax		41,314,502	(1,117,943)
Taxation		-	-
Surplus / (Deficit) for the Period		41,314,502	(1,117,943)
Remission to National Treasury	9.a.	10,739,359	8,979,421
Net Surplus for the Year		30,575,143	(10,097,364)

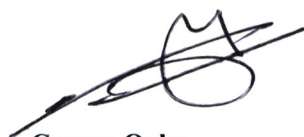
The notes set out on page 6 to 17 form an integral part of the Financial Statements

VIII. STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2018-2019 Kshs	Restated 2017-2018 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	11	6,496,525	904,368
Receivables from non-exchange transactions	12.(a & c)	36,578,047	36,965,033
		43,074,573	37,869,401
Non-current assets			
Property, plant and equipment	13	47,372,753	36,047,168
Intangible assets	14	1,931,532	3,326,372
Mortgage Fund	15	115,527,126	104,305,126
Car Loan Fund	15(a)	1,000	-
		164,832,410	143,678,665
TOTAL ASSETS		207,906,982	181,548,065
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	16	17,077,688	21,293,915
		17,077,688	21,293,915
TOTAL LIABILITIES		17,077,688	21,293,915
NET ASSETS		190,829,294	160,254,150
Represented by:			
Reserves		30,575,144	(10,097,364)
Accumulated surplus		160,254,150	170,351,514
TOTAL NET ASSETS & LIABILITIES		190,829,294	160,254,150

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



George Ooko
COMMISSION SECRETARY/CEO

Date 19 / 09 / 2019



Maureen Junge
FINANCE MANAGER / ICPAK No. 9883

Date 19 / 09 / 2019

Dr. Jane Kiringai
CHAIRPERSON

Date 19 / 09 / 2019

IX. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus Kshs
Surplus / (Deficit) for the year	170,351,514
Balance as at 30 June 2018	(10,097,364)
	<u>160,254,150</u>
Surplus / (Deficit) for the year	30,575,144
Balance as at 30 June 2019	<u>190,829,294</u>

X. STATEMENT OF CASH FLOWS

	Note	2018-2019 Kshs	Restated 2017-2018 Kshs
Cash flows from operating activities			
Surplus / (Deficit) from operating Activities		30,575,144	(10,097,364)
Adjusted for:			
Depreciation and Amortization	7	26,791,813	16,644,377
(Gains) and losses on disposal of assets	12.a	120,924	
Working capital adjustments:			
(Increase)/Decrease in receivables	12 (a & c)	386,985	(1,721,929)
Increase/(Decrease) in payables	16	(4,216,230)	14,497,639
Increase in payments received in advance		-	-
<i>Net cash flows from operating activities</i>		53,658,637	19,322,724
Cash flows from investing activities			
Purchase of property, plant, equipment and Refurbishment	13	(36,843,480)	(9,583,392)
Purchase of intangible assets	14	-	(1,591,823)
Mortgage Fund	15	(11,222,000)	(13,500,000)
Car Loan Fund	15(a)	(1000)	-
<i>Net cash flows used in investing activities</i>		(48,066,480)	(24,675,215)
Cash flows from financing activities			
(Increase)/Decrease in deposits	12(b)	-	(3,339,210)
<i>Net cash flows used in financing activities</i>		-	(3,339,210)
<i>Net increase/(decrease) in cash and cash equivalents</i>		5,592,157	(8,691,701)
Cash and cash equivalents at 1 July 2018	11	904,368	9,596,070
Cash and cash equivalents at 30 June 2019		6,496,525	904,368

XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization %
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Government grants and subsidies	434,556,341	(21,639,391)	412,916,950	409,530,065	3,386,885	99%
Other Income (A.I.A)		18,202,892	18,202,892	15,368,534	2,834,358	84%
Total income	434,556,341	(3,436,499)	431,119,842	424,898,599	6,221,243	99%
Expenditure						
Compensation of Commissioners & employees	213,955,183	(5,692,201)	208,262,982	198,552,574	9,710,408	95%
Operation and Maintenance	184,199,942	(21,883,494)	167,152,213	155,314,458	11,837,755	93%
Repairs and Maintenance-Motor Vehicle	3,602,016	2,684,105	6,286,121	6,262,613	23,508	100%
Repairs and Maintenance-Other Assets	1,401,600	(376,306)	1,025,294	891,053	134,241	87%
Finance cost	92,880	(20,288)	72,592	65,270	7,322	90%
Capital Expenditure	31,304,720	17,015,920	48,320,640	48,230,639	90,001	100%
Total expenditure (O&M)	434,556,341	(8,272,264)	431,119,842	409,316,607	21,803,235	95%
Surplus/(Deficit) for the period				15,581,992		

Note:

1. Approved reallocations of **Kshs. 2,958,930**, **Kshs 24,000,000** and **Kshs. 34,205,403** were effected in the budget and incorporated under the adjustments besides the budget reduction of **Kshs.13,639,391** and **Kshs.8,000,000**. A.I.A of **Kshs. 18,202,892** was also consider as an adjustment which was not in the initial allocation.
2. The Budget Reallocations were meant to cater for Advertisement costs, Foreign Travel, Acquisition of motor vehicles and other general expenses mainly due to pending bills and insufficient budget provision.
3. The low A.I.A revenue collection (**84%**) realates partially to UNDP's support in kind of **Kshs. 11 million** which the Commission utilized **Kshs. 8,165,642** that translated to 74% absorption rate.
4. Under utilization of budget provision (**absorption of 87%**) for repairs and maintenance of other assets was mainly due to more care executed by the staff while handling the Commission assets. This led to saving on the said budget line.
5. **Annex V** provides a reconciliation of the Commission's Annual approved budget, Actual Expenditure and Financial statements

XII. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**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.

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard 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. <i>The standard is not relevant to the Commission.</i>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • 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. <i>The standard is not relevant to the Commission.</i>
IPSAS 42: Social Benefits	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 should help users of the financial statements and general purpose financial reports assess: <ol style="list-style-type: none"> (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. <i>The standard is relevant to the Commission and was earlier adopted as per not 3 (viii) below</i>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019, however IPSAS 42 on social benefit had earlier been adopted by the Commission.

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. 15,833,815** from UNDP and OSIEA in partial support of various activities of the Commission.

UNDP

In the reporting year, the Commission continued with implementation of activities earlier supported by UNDP up to **Kshs. 11 million**. An absorption of **74%** of the funding was realized i.e. **Kshs. 8,165,642**. The funding was in support of the Commission's mandate inline with county capacity building in financial management. The main objectives are highlighted below:

- a) Strengthening public participation through County Economic forums (PFMA Section 137)
- b) Drafting of Policy to identify marginalized areas.
- c) Strengthening Revenue collection at county level.

OSIEA

The Commission also received **Kshs. 4,833,815** from Open Society Initiative for Eastern Africa in support of setting a Marginalization Lab.

(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, 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 funded loans by accessing affordable mortgage facilities and Acquisition of motor vehicles. The schemes draw strength from the SRC's circular Ref No. SRC/ADM/CIR/1/13. III (128) dated 17th December 2014 and CRA's internal rules

(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) 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.

(x) 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.

	2018-2019 Kshs	2017-2018 Kshs
4 Transfers from other Governments		
(i) Operational Grant (Exchequer Transfers)		
1st Quarter Exchequer	69,724,920	60,851,290
2nd Quarter Exchequer	91,508,700	92,181,320
3rd Quarter Exchequer	86,246,800	129,867,000
4th Quarter Exchequer	162,049,645	72,144,700
	409,530,065	355,044,310
(ii) Other Grants (Donor funding)		
Open Society Initiative for Eastern Africa (OSIEA)	4,833,815	-
United Nation Development Partners (UNDP)	8,165,642	-
	12,999,457	-
4(a) Transfer from Ministries		
Ministry of ICT (MICT)-in kind	2,367,127	-
	2,367,127	-
4(b) Sale of Goods		
Sale of Newspapers/Assets	1,950	7,212
	1,950	7,212
5 Employee costs		
Basic salaries	106,762,293	91,443,177
Casual Labour	2,118,259	3,036,613
Acting Allowance	280,487	250,141
House Allowance	22,380,414	19,661,866
Special Duty	2,448,000	2,288,000
Top up for seconded staff	376,656	230,179
Responsibility Allowance	4,380,463	4,057,333
Transport Allowance	10,021,556	8,893,781
Security Allowance	720,000	720,000
Leave Allowance	1,425,949	1,650,908
Telephone Allowance	3,394,183	3,012,865
Pension contribution	17,743,625	17,411,615
Gratuity	1,657,468	1,657,468
Medical Insurance	14,120,719	11,765,350
Group Life Insurance	807,885	1,906,932
WIBA	833,585	209,371
	189,471,542	168,195,598

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

6 Commissioner's Expenses		
Telephone Allowance	1,440,000	1,552,000
Leave Allowance	400,000	400,000
Security Allowance	7,680,000	6,880,000
Domestic Travel costs	2,903,800	1,896,300
Foreign Travel Costs	5,728,939	4,573,778
Pre-Feasibility Studies	182,500	2,441,850
Hospitality and Conference	302,091	725,806
Office and General Supplies	-	-
Training Expenses	-	202,375
Medical Insurance (Ex Gratia)	53,750	51,000
Club Membership	-	931,500
	18,691,080	19,654,609

	2018-2019	2017-2018
	Kshs	Kshs
7 Depreciation & Amortization		
Refurbishment	9,732,502	9,371,683
Furniture & Fittings	3,060,031	2,654,922
Motor Vehicle	9,387,819	1,148,319
Computer & Printers	2,472,113	993,955
Office Equipment	744,508	658,285
Intangible Assets	1,394,840	1,817,214
	26,791,813	16,644,377
8 Repairs and maintenance		
Routine maintenance of Motor vehicles	6,364,693	5,589,060
Routine maintenance of Assets	924,693	931,490
	7,289,386	6,520,550
9 General expenses		
Utilities Supplies -Electricity	2,309,558	2,501,095
Utilities Supplies -Water	361,180	464,681
Communication Supplies & Services	4,171,416	4,425,292
Domestic Travel costs	15,860,327	7,702,586
Foreign Travel Costs	1,367,142	3,943,590
Printing Advertising & Information	5,751,466	5,984,113
Rent Expenses	46,632,307	48,140,699
Hire of Transport	2,248,391	2,043,129
Training Expenses	8,260,057	7,633,393
Catering Services	3,316,337	5,392,957
Boards, Seminars & Conferences	14,798,493	7,210,445
Boards, Seminars & Conferences (UNDP)	8,165,642	
Boards, Seminars & Conferences - Audit Committee	124,400	132,000
Insurance Costs (Motor Vehicle & Plant and Machinery)	4,071,021	2,674,864
Specialised Materials & Supplies – Library resources & staff Uniforms.	174,900	2,011,977
Office & General Expenses	4,170,640	6,283,866
Fuel oils and Lubricants	6,378,766	5,476,473
Security Guards	1,366,717	1,414,247
Cleaning Services	2,229,054	2,113,051
Membership fee, Dues and Subscriptions	1,292,870	327,330
Contracted Professional Services	1,930,082	1,791,387
Feasibility Study	5,713,866	26,959,222
	140,694,631	144,626,396
Audit fee	464,000	464,000
	464,000	464,000
Total General Expenses	141,158,631	145,090,396

Kshs. 2,958,930 under printing and advertising refers to Pending bills for FY 2014/15 which had been forwarded to GAA for payment. The pending bills remained outstanding until FY 18/19 when the Commission requested for no objection to settle the bills and avoid legal charges against the Commission. Further, the said amount had not been previously captured as an expense.

	2018-2019	2017-2018
	Kshs	Kshs
9(a) Surplus Remission		
Refund to other Govt entities (NT)	10,739,359	8,979,421
	10,739,359	8,979,421
10 Finance Costs		
Bank Charges	60,720	63,934
Borrowings (amortized cost)	-	-
Finance leases (amortized cost)	-	-
	60,720	63,934
11 Cash and cash equivalents		
CBK - 1000181281 (Recurrent A/c)	4,855,002	59,984
CBK - 1000181998 (Deposit A/c)	265,902	265,902
CBK - 1000182512 (CBK 165 A/c)	-	500,000
Cash-on-hand (Petty Cash & office float)	1,375,621	78,482
	6,496,525	904,368
12 Receivables (Current Receivables)		
Medical Insurance	9,139,914	8,408,383
Group Life	653,680	481,045
WIBA	829,687	418,741
Motor Vehicle	-	1,151,234
Plant & Machinery	227,606	207,077
Dstv and Others	-	235,204
Electricity Bill - June19	218,766	-
Newspapers - June19	3,060	-
Hire of Transport - June19	89,371	-
Bank Charges - March19	4,550	-
Water	43,840	-
	11,210,474	10,901,684
(b) Deposit		
Rent	21,992,532	21,992,532
Fuel	1,060,000	1,060,000
Provision of E1 line (Internet)	50,000	50,000
Naivas Supermarket	100,000	100,000
	23,202,532	23,202,532
<p>The rent deposit refers to 6 months rent deposit and it's inclusive of parking fees and service charge for the same period. Service charge deposit was enhanced from the original lease by Kshs.3,239,210</p>		
(c) Debtors		
Outstanding Salary advances	2,055,000	1,170,000
Overpaid Telephone Allowance	-	1,386,000
Outstanding Imprest from staff	39,200	233,975
Others (Jubilee and First Assurance)	70,842	70,842
	2,165,042	2,860,817
	36,578,047	36,965,033

13 Property, Plant and Equipment

<i>Cost or Valuation:</i>	Computers & Printers	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	KShs	KShs	KShs	KShs	KShs
As at 30th June 2017	24,079,323	8,610,699	96,212,840	95,386,970	224,289,833
Additions during the year	3,341,318	1,514,246	4,727,829	-	9,583,392
Disposal					0
Write off					-
Transfer/Adjustments					
As at 30th June 2018	27,420,641	10,124,945	100,940,669	95,386,970	233,873,225
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					
As at 30th June 2019	27,628,778	10,201,613	101,127,158	128,344,970	267,302,519
<u>Depreciation and Impairment</u>					
As at 30 June 2017	21,457,667	7,609,996	60,840,897	93,090,333	182,998,892
Depreciation	993,955	658,285	12,026,605	1,148,319	14,827,164
Disposals/Write off					-
Impairment					0
Transfer/adjustment					0
As at 30 June 2018	22,451,622	8,268,280	72,867,502	94,238,652	197,826,055
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)
Transfer/adjustment					
At 30 June 2019	22,764,745	8,970,703	84,567,848	103,626,471	219,929,766
<u>Net Book Values</u>					
At 30 June 2019	4,864,033	1,230,910	16,559,310	24,718,500	47,372,753
At 30 June 2018	4,969,019	1,856,665	28,073,167	1,148,319	36,047,170

13.a Write off of Fixed Assets

	2018-2019	2017-2018
	KShs	KShs
<u>Cost or Valuation:</u>		
As at 1st July 201 & 1.7.2018	3,414,186	-
Accumulated depreciation	3,293,262	-
Net Book Value At 30 June 2019 & 30.6.2018	120,924	-
Salvage Value	-	-
Gain / (Loss on write off)	(120,924)	-

14 Intangible assets - software

<u>Cost or Valuation:</u>		
At 30 June 2018	12,045,981	10,454,158
Additions		1,591,823
At 30 June 2019	12,045,981	12,045,981
<u>Amortization and impairment</u>		
At 30 June 2018	8,719,609	6,902,395
Amortization	1,394,840	1,817,214
At 30 June 2019	10,114,449	8,719,609
<u>Net Book Values</u>		
At 30 June 2019	1,931,532	3,326,372

15 Mortgage Account (Restricted cash)

At 30 June 2018	104,305,126	90,805,126
Additions	11,223,000	13,500,000
Withdrawals to Staff Car Loan Account	(1,000)	-
At 30 June 2019	115,527,126	104,305,126

15.(i) Car Loan Account (Restricted Cash)

Deposit	1,000	-
At 30 June 2019	1,000	-

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

	2018-2019	2017-2018
	Kshs	Kshs
Audit Fees	1,392,000	1,392,000
Gratuity	8,287,340	6,629,872
Trade Payables (Suppliers Invoices-Debit Notes)	7,131,389	13,219,468
Other Staff Payables	266,959	52,575
	17,077,688	21,293,915

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.

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 is to 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 2017/18 with one specific issue raised that needed the management attention. Details of the query are highlighted below.

Reference No. on external audit report	Issue / Observation from Auditor	Management Comments	Focal point person to resolve the issue	Status:	Time frame:
Audited Report FY 2017/18	Irregular payment of Airtime Allowances to Commissioners and CEO in FY 2017/18	Overpaid amount was recovered in the reporting period FY 2018/19	Maureen Junge, Finance Manager	Issue resolved	N/A



George Ooko
COMMISSION SECRETARY/CEO

Date 19 / 09 / 2019



Maureen K. Junge
FINANCE MANAGER/ICPAK No.9883

Date 19 / 09 / 2019

Dr. Jane Kiringai
CHAIRPERSON

Date 19 / 09 / 2019

Annex II. Analysis of pending accounts payable

S/N	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
1	2210101	14 Riverside Management	Electricity May 17 - (232791)	-				-				-
2	2210101	Knight Frank Electricity	Jun-18	107,677	3792	(261)	101,860	-				-
3	2210101	Knight Frank Electricity	Electricity bill-May		3799		5,556		210,165	182,130	28,035	28,035
4	2210101	14 Riverside mgt	2210101						210,165	182,130	28,035	28,035
5	2210201	Safaricom calls	May-18	51,699	3776		49,024	-				-
6	2210201	Safaricom calls	Jun-18	73,206	3784		2,675					-
7	2210201	Airtel calls	May-18	8,361	3811		3,787	-				-
8	2210201	Airtel calls	Jun-18	8,219	3820		432					-
9	2210201	Airtel calls	Mobile Services June		3807/1		7,794	-				-
10	2210201	Safaricom	Telephone bill-May		3816		425					-
11	2210201	Airtel	Telephone-May & June						59,165	58,392	773	54,908
12	2210201	Airtel	2210201						17,267	17,232	35	773
13	2210202	Safaricom	Internet for June	-					76,432	75,624	55,716	55,716
14	2210202	Telkom	Internet for May							50,185	63,320	63,320
15	2210202	Telkom	Internet for June								148,074	148,074
16	2210301	Longrock tours and travel	Air tickets for staff members to attend CRAC	433,470	3860		433,470	-				-
17	2210301	Attic Tours	Air ticket for Edward Oyugi	11,735	3702		11,735	-				-
18	2210401	Raydoll Tours and Travel	Change of reservation for Lineth Oyugi SA flight	9,375	4226		9,375	-				-

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
19	2210401	National Treasury	Ticket to Canada Placement study visit								9,000	9,000
20	2210402	Madison Insurance	Travel Insurance for 3 Commissioners								18,598	18,598
			2210400								27,598	27,598
21	2210502	Admark Enterprises	Supply of Branded bags and Pens	107,500	3861		101,940					
					3863		5,560					
22	2210502	Teams that win	Video coverage for CRAC	170,000	3607/2		161,207					
					3608		8,793					
23	2210502	Ashdown Limited	Supply of Maasai shukas	87,696	3686/1	(4,536)	83,160					
24	2210502	KRA	WH VAT-IKUALITY GRAPHICS	144	2374/			144				144
			2210502									144
25	2210503	Rex Kiosk	May-18	1,239	3908		1,175					
					3909		64					
26	2210502	Cadre Kenya Ltd	Newspaper supply for May						78,900	78,660	240	240
			2210503						78,900	78,660	240	240
27	2210603	KRA	10% Rental Income - (Service Charge Oct - Dec 17) - PV 2418	137,254	2706			137,254				137,254
28	2210603	KRA	10% Rental Income - (Service Charge Jul - Aug 17) - PV 2418	91,502	2707			91,502				91,502
29	2210603	14 Riverside management	Service Charge - Sep 2017	482,467	3984		457,512					
					3985		24,955					
30	2210603		Partial Rent - Sep 2018	1,541,418	4710/2	40	1,307,548					
					4710		154,182					
					4710		79,729					
31	2210603		Service Charge - 2016	743,017	3809		704,585					

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
							38,432					-
32	2210603	14 Riverside management	Service Charge - March 2017	2,160,045	4560		2,048,319	-				-
			2210603	-	4610		111,726	-	-	0	-	228,756
33	2210604	Pewin Cabs	May-18	316,594	4073		300,218	-				-
					4074		16,376					-
34	2210604	Pewin Cabs	Jun-18	188,102	4487		178,373	-				-
					4488		9,729					-
35	2210604	Pewin cabs	Car hire services for May						252,729	230,000	22,729	22,729
			2210604						252,729	230,000	22,729	22,729
36	2210801	Naivas Supermarket	May-18	9,133	3910		8,661	-				-
37	2210801	Naivas Supermarket	Jun-18	-	3911		472	-				-
38	2210801	Secret Garden	May-18	155,850	3815		147,789	-				-
					3824		8,061					-
39	2210801	Secret Garden	Jun-18	217,950	3892		206,677	-				-
					3894		11,273					-
40	2210801	System Inn	May-18	5,200				5,200				5,200
41	2210801	System Inn	Jun-18	(2,800)				(2,800)				(2,800)
42	2210801	Dusit	Catering services for June	28,800	3813		27,310	-				-
					3823		1,490					-
43	2210801	Dusit	Catering services for April	27,336	3808		25,922	-				-
44	2210801	Joyroys services	Catering services for the month of May		3817		1,414					-
45	2210801	Joyroys services	catering services for the month of June								139,560	139,560
46	2210801	Naivas Ltd	Catering services for June								95,195	95,195
											54,000	54,000

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
			2210801						-	-	288,755	291,155
47	2210802	Longrock tours and travel	Air tickets for staff members	157,505	3685/1		157,505	-				-
48	2210802	Villa Rosa Kempinski	Senate meeting-Half day conference						301,000	160,350	140,650	140,650
49	2210802	Border Place hotel	Conference Venue - UNDP								44,000	44,000
50	2210802	Lantern Resort	Conference Venue - UNDP								39,200	39,200
51	2210802	Tumaini Gardens	Conference Venue - UNDP								69,000	69,000
52	2210802	Mountain Breeze Hotel	Conference Venue - UNDP								33,000	33,000
53	2210802	Sarova Stanley	Marginalization Lab Meeting								77,200	77,200
			2210802					-	301,000	160,350	403,050	403,050
								-				-
54	2210904	APA Insurance	MV Ins-Prorated Premium to cover to April 2019								121,010	121,010
55	2210904	APA Insurance	Motor Vehicle Insurance FY 2018/18								2,546,179	2,546,179
			2210904						-	-	2,667,189	2,667,189
												-
56	2210910	Madison Insurance	Medical Insurance								154,837	154,837
			2210904						-	-	154,837	154,837
												-
57	221009	Njigua Books	Supply of library books	446,608	4079		423,508	-				-
					4080		23,100					-
58	221009	KRA	WH VAT-EDUCATE YOURSELF LIMITED	7,262				7,262				7,262
			221009						-	-	0	7,262
												-
59	221101	Susma Suppliers	Supply of store items	232,650	3862		220,616	-				-
					3867		12,034					-

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
60	2211101	B.N Chege Florist	Flowers for the month of May 2019							49,500	16,500	16,500
61	2211101	B.N Chege Florist	Flowers for the month of June 2019								66,000	66,000
62	2211101	GreenShamrock	Stationeries								253,000	253,000
63	2211101	Lastborn Enterprises	Stationeries							49,500.0	234,000	234,000
			2211101								569,500	569,500
64	2211201	National Oil	May-18	431,472	3963		431,472	-				-
65	2211201	National Oil	Jun-18	462,860	3772		462,860	-				-
66	2211201	National oil	Fuel for the Month of May 2019								714,838	714,838
67	2211201	National oil	Fuel for the Month of June 2019								563,930	563,930
68	2211201	Fuel(Karisa, Elkana & John)									15,000	15,000
			2211201								1,293,768	1,293,768
69	2211305	Nine One One	Bill for May 17 - (PSIN020033)	-								-
70	2211305	Nine One One	Bill for June 17 - (PSIN020330)	-								-
71	2211305	Liga Holdings	Extra toiletries for June	11,400	3829		10,810	-				-
					3856		590					-
			2211305								0	0
72	2211306	Auditor General	Audit fee for 2015/16	464,000				464,000				464,000
73	2211306	Auditor General	Audit fee for 2016/17	464,000				464,000				464,000
74	2211306	Auditor General	Audit fee for 2017/18	464,000	4694		464,000	-				-
75	2211306	Auditor General	Audit fee for 2018/19								464,000	464,000
			2211310								0	1,392,000
76	2220101	Toyota Kenya	Service for GKA 838X	67,254	3796/1		63,775	-				-
					3803		3,479					-
77	2220101	Toyota Kenya	Service for GKB 200A	134,431	3793/1		127,478	-				-
					3806		6,953					-

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
78	2220101	Toyota Kenya	Service for GKB 923C	494,199	3795/1		468,637	-				-
					3804		25,562					-
79	2220101	Toyota Kenya	Service for GKB 040A	88,827	3794/1		84,233	-				-
					3805		4,595					-
80	2220101	Toyota Kenya	Service for GKA 840X	137,522	3955	(36,012)	52,396	-				-
					3956		2,858					-
81	2220101	TOYOTA KENYA	SERVICE-GKB 200A - PV2399		4633		2,393					-
82	2220101	KRA	WH VAT-TOYOTA KENYA - PV2400		4564		43,863					-
83	2220101	TOYOTA	SERVICE-GKA 842X - PV2401	-				-				-
84	2220101	KRA	WH VAT-TOYOTA KENYA - PV2402	-				-				-
85	2220101	TOYOTA	SERVICE-GKB 200A - PV2403									-
86	2220101	KRA	WH VAT-TOYOTA KENYA - PV2404									-
87	2220101	TOYOTA	SERVICE-GKA 838X - PV2405	-				-				-
88	2220101	KRA	WH VAT-TOYOTA KENYA - PV2406	-				-				-
89	2220101	TOYOTA KENYA LTD	CAR MAINTENANCE - GKA 850X - PV2983	-				-				-
90	2220101	KRA	WITHHOLDING VAT-TOYOTA KENYA LTD-PV2984	-				-				-
91	2220101	Stoic Ltd Company	QTN-KK/NRB/019/0058/019								240,000	240,000
92	2220101	KK Security	KK/NRB/0190058/019								105,000	105,000
93	2220101	Toyota Kenya Ltd	GKB 083V - Repairs for May								14,800	14,800
94	2220101	Toyota Kenya Ltd	GKB 525M - Repairs for May								98,982	98,982
95	2220101	Toyota Kenya Ltd	GKA 841X - Repairs for May								31,976	31,976

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
96	2220101	Toyota Kenya Ltd	GKB 157A - Repairs for May								154,466	154,466
97	2220101	Toyota Kenya Ltd	GKB 040A - Repairs for May								22,827	22,827
98	2220101	Toyota Kenya Ltd	GKB 157A - Repairs for May								123,481	123,481
99	2220101	Toyota Kenya Ltd	GKA 843X - Repairs for May								35,295	35,295
100	2220101	Toyota Kenya Ltd	GKB 200A - Repairs for April								33,238	33,238
101	2220101	Toyota Kenya Ltd	GKB 084V - Repairs for May								14,800	14,800
102	2220101	Toyota Kenya Ltd	GKB 084V - Repairs for June								14,800	14,800
103	2220101	Toyota Kenya Ltd	GKA 839X - Repairs for June								39,857	39,857
104	2220101	Toyota Kenya Ltd	GKB 923C - Repairs for June								58,779	58,779
105	2220101	MIFI	Maintenance of Kyocera Printers								33,640	33,640
			2220101								1,021,941	1,021,941
106	2710100	Accrued Gratuity - 2014/15	Accrued Gratuity - 2014/15	1,657,468				1,657,468				1,657,468
107	2710100	Accrued Gratuity - 2015/16	Accrued Gratuity - 2015/16	1,657,468				1,657,468				1,657,468
108	2710100	Accrued Gratuity - 2016/17	Accrued Gratuity - 2016/17	1,657,468				1,657,468				1,657,468
109	2710100	Accrued Gratuity - 2017/18	Accrued Gratuity - 2017/18	1,657,468				1,657,468				1,657,468
110	2710100	Accrued Gratuity - 2017/18	Accrued Gratuity - 2018/19								1,657,468	1,657,468
			2710101								1,657,468	8,287,340
111	3111009	Boyence Solutions	Supply of binding machine	118,552	3858		112,420					
					3866		6,132					

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No.	Item	Supplier	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Invoice (18/19)	Paid Proforma (18/19)	Pending Bills (18/19)	Total Outstanding
			3111009	-				-	-	0	-	-
112	3111112	CREDITORS	KRA-VAT WITHHOLDING - PV3571	1,077	FT18274SRFVO -10003100		1,077	-				-
113	3111112	CREDITORS	KRA-WH VAT-MEGABIT TECHNOLOGIES LTD - PV3569	44,531	FT182749QLL W-10003101		44,531	-				-
			311112					-	-	0	-	-
114	3111401	Ashdown	Printing of 2nd marginalisation policy	279,250	3859	270	265,062	-				-
			3111401		3865		14,458					-
			GRAND TOTAL	18,309,460		(40,499)	10,472,527	7,796,434	919,227	826,449	9,014,295	16,810,729

Annex III. Analysis of pending staff payables

S/No	Item	Name	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Imprest advanced (18/19)	Amount Paid (18/19)	Owing (18/19)
1	2110320	Lineth Oyugi	Leave Allowance FY 17/18	40,000	3966		40,000	-			
2	2110320	Martha Maneno	Leave Allowance FY 17/18	12,575	3967		12,575	-			
			2110320						-	0	0
3	CRA070	PETER AMENYA NYAKUNDI	OVERPAID IMPREST	-	3273				16,800	18,000	1,200
			2210301						16,800	18,000	1,200
4	2210401	Job Otiwa	Training - Duke USA	478,905	CRA/IW00115/2		478,905	-			
5	2210401	Albert Mwenda	Delegation to South Africa	227,452	STD290818		226,641	-			
					STD290818/1		811				
6	2210401	Comm. Ole Suuji	Training - Duke USA	677,804	CRA/IW01231/2		677,804	-			
7	2210401	Jane Kiringai	Delegation to South Africa	177,800	STD220818/3		177,289	-			
					STD220818/3/1		511				
8	2210401	Humphrey Wattanga	Delegation to South Africa	226,233	STD220818/1		225,583	-			
					STD220818/1/2		650				
9	2210401	Edward Oyugi	Delegation to South Africa	186,111	STD220818/7		185,576	-			
					STD220818/7/3		534				
10	2210401	Peter Kimuyu	Delegation to South Africa	177,965	STD220818/6		177,454	-			
					STD220818/6/4		511				
11	2210401	Irene Asienga	Delegation to South Africa	177,965	STD220818/5		177,454	-			
					STD220818/5/5		511				
12	2210401	Kishanto Suuji	Delegation to South Africa	129,045	STD220818/4		128,674	-			
					STD220818/4/6		371				
13	2210401	Peter Gachuba	Delegation to South Africa	242,400	STD220818/8		241,704	-			
					STD220818/8/7		696				
14	2210401	Fouzia Dahir	Delegation to South Africa	242,400	STD220818/9		241,704	-			
					STD220818/9/8		696				
15	2210402	Prof E. Oyugi	Contingency								147,472

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

S/No	Item	Name	Description	Balance B/D	PV No.	Prior Year's Adjustment for Over & Understatements	Payments in FY 18/19	Outstanding from FY 17/18	Actual Imprest advanced (18/19)	Amount Paid (18/19)	Owing (18/19)
16	2210402	Peter Gachuba	Contingency							Sub-Total	70,187
			2210400							-	217,659
										-	217,659
17	2210700	MARTHA MANENO	UNPAID REFUND TO LSK(ADVOCATES CONFERENCE)	28,300	3981		28,300				
			2210700							-	0
18	2210910	William Birech	Medical Claim (Partial)								1,000
19	2210910	Humphrey Wattanga	Medical Claim								6,200
20	2210910	Humphrey Wattanga	Medical Claim								1,000
21	2210910	Humphrey Wattanga	Medical Claim								4,500
22	2210910	Elsie Kemei	Medical Claim								15,850
23	2210910	Zinzi Khalwale	Medical Claim								9,550
24	2210910	Justus Emeri	Medical Claim								10,000
			2210904							-	48,100
			GRAND TOTAL	3,024,954		-	3,024,954		16,800	18,000	266,959

Annex IV. Prior Year's adjustment for FY 2017/18

Note	Audited FY 17/18	Revised FY 18/19	Difference	Reason	Action	Affected Statement	Effect on Financial Statements
5	Employees Costs						
(a)	Telephone Allowance	3,012,865	(154,000)	Overpaid Telephone allowance	Reduced Telephone Allowance Expense by Kshs. 1,386,000	Financial Performance Financial Position	Decreased deficit Increased Net Assets
6	Commissioner's Expenses						
(a)	Telephone Allowance	2,784,000	(1,232,000)			Changes in Equity Cashflow Statement	Increased accumulated surplus
8	Repair & Maintenance						
(a)	Routine maintenance of motor vehicle	5,625,072	(36,012)			Financial Performance	Decreased deficit
9	General expenses for staff						
(a)	Electricity	2,501,356	(261)	Overstated Payables FY17/18	Reduced accrued expense	Financial Position	Increased Net Assets
(b)	Printing, Advertising & Information	5,988,649	(4,536)			Changes in Equity	Increased accumulated surplus
(c)	Office & General Expenses	6,283,851	15	Understated Expense	Increased Expense	Financial Performance Financial Position Changes in Equity Cashflow Statement	Increased deficit Reduced Net Assets Reduced Accumulated surplus Reduced closing cash & cash equivalent
(d)	Domestic Travel	7,707,836	(5,250)	46,800 posted as outstanding Imp but were Nil surrenders. 52,050 Posted as expenses but outstanding Surrenders	Reduced expenses by Kshs. 5,250	Financial Performance Financial Position Changes in Equity	Decreased deficit Increased Net Assets Increased accumulated surplus
(e)	Rent	48,140,659	40			Financial Performance	Increased deficit

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note	Audited FY 17/18	Revised FY 18/19	Difference	Reason	Action	Affected Statement	Effect on Financial Statements
(f)	26,958,952	26,959,222	270	Understated Payables FY17/18	Increased accrued expenses	Financial Position	Reduced Net Assets
(g)	5,492,957	5,392,957	(100,000)	Overstated Expense	Reduced Expense	Financial Performance Financial Position Changes in Equity	Reduced Accumulated surplus Increased Net CF from operating activities Reduced deficit Increased Net Assets Increased Accumulated surplus
10	Cash and Cash equivalent						
(a)	59,999	59,984	(15)	Overstated Cashbook balance	Reduced closing cash & cash equivalent	Financial Position	Reduced Net Assets
11	Receivables						
(a)	-	1,386,000	1,386,000	Understated Debits	Increased Debt by Kshs 1,386,000 and 5,250	Financial Position	Increased Net Assets
(b)	228,725	233,975	5,250				
(c)	23,102,532	23,202,532	100,000	Understated Deposits	Increased deposit by Kshs.100,000	Financial Position	Increased Net Assets

Annex V. Reconciliation on Budget, Actual amounts and Financial Statements

ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAPTURED IN FY18/19	PENDING BILLS (17/18) PAID IN FY 18/19	PREPAYMENTS FY 2017/18	PREPAYMENTS FY 18/19	ACCRUALS FY 18/19	ACTUAL EXPENDITURE
		(a)	(b)	(c)	(d) = (b+c)	(e)	(f)	(g)	(h)	(i)=(d+e-f+g-h)
	REVENUE									
1	9910201 GoK Exchequer	412,916,950								409,530,065
2	1420102 Other Revenues	18,202,892								15,368,534
	Total Inflow	431,119,842	-	-	-	-	-	-	-	424,898,599
	EXPENDITURE									
3	2110101 Basic Salaries - Civil Service	116,198,138	106,762,293		106,762,293					106,762,293
4	2110202 Casual Labour - Others	1,900,000	2,118,259		2,118,259					2,118,259
5	2110101 Acting Allowance	-	280,487		280,487					280,487
6	2110301 House Allowance	22,382,000	22,380,414		22,380,414					22,380,414
7	2110309 Special Duty Allowance	2,449,000	2,448,000		2,448,000					2,448,000
8	2110310 Top-up Allowance	376,565	376,656		376,656					376,656
9	2110312 Responsibility Allowance	4,713,000	4,380,463		4,380,463					4,380,463
10	2110314 Transport Allowance	10,110,000	10,021,556		10,021,556					10,021,556
11	2110316 Security Allowance	8,400,000	720,000	7,680,000	8,400,000					8,400,000
12	2110320 Leave Allowance	1,920,000	1,425,949	400,000	1,825,949					1,825,949
13	2110405 Telephone Allowance	6,852,000	3,394,183	1,440,000	4,834,183					4,834,183
14	2120103 Employer Contribution to Staff Pensions Scheme	18,579,206	17,743,625		17,743,625					17,743,625
15	2710102 Gratuity - Civil Servants	-	1,657,468		1,657,468				1,657,468	-
	Medical Insurance	14,709,695	14,120,719	53,750	14,174,469		8,408,383	9,139,914	202,937	14,703,063
16	2210910 WIBA	1,244,531	833,585		833,585		418,741	829,687		1,244,531
	Group Life	980,520	807,885		807,885		481,045	653,680		980,520
A	SALARY AND ALLOWANCES	210,814,655	189,471,542	9,573,750	199,045,292	52,575	9,308,169	10,623,281	1,860,405	198,552,574
17	2210101 Electricity	2,692,052	2,309,558		2,309,558			218,766	28,035	2,607,705
18	2210102 Water and Sewerage Charges	363,780	361,180		361,180					361,180
19	2210201 Telephone, Telex, Facsimile and Mobile Phone Services	1,421,057	1,287,198		1,287,198	141,485			55,716	1,372,967
20	2210202 Internet Connections	2,323,800	2,867,682		2,867,682		179,392		359,468	2,328,822

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAPTURED IN FY18/19	PENDING BILLS (17/18) PAID IN FY 18/19	PREPAYMENTS FY 2017/18	PREPAYMENTS FY 18/19	ACCRUALS FY 18/19	ACTUAL EXPENDITURE
21	2210203 Courier & Postal Services	16,580	16,535		16,535					16,535
	Communication	3,761,437	4,171,416	-	4,171,416	141,485	179,392	-	415,184	3,718,325
22	2210301 Travel Costs (airlines, bus, railway, mileage allowances, etc.)	4,530,202	4,282,724		4,282,724	445,205				4,727,929
23	2210302 Accommodation - Domestic Travel	17,013,828	11,577,603	2,903,800	14,481,403				1,200	14,480,203
	Domestic Travel	21,544,030	15,860,327	2,903,800	18,764,127	445,205	-	-	1,200	19,208,132
24	2210401 Travel Costs (airlines, bus, railway, etc.)	6,166,392	1,132,630		1,132,630	9,375			9,000	1,133,005
25	2210403 Daily Subsistence Allowance	3,738,540	234,512	5,728,939	5,963,451	2,944,079			236,257	8,671,273
	Foreign Travel	9,904,932	1,367,142	5,728,939	7,096,081	2,953,454	-	-	245,257	9,804,278
26	2210502 Publishing & Printing Services	1,528,842	1,361,935		1,361,935	360,660				1,722,595
27	2210503 Subscriptions to Newspapers, Magazines and Periodicals	1,145,212	1,150,903		1,150,903	1,239		3,060	240	1,154,962
28	2210504 Advertising and Public Awareness	3,252,632	3,238,628		3,238,628					3,238,628
	Printing and Advertising	5,926,686	5,751,466	-	5,751,466	361,899	-	3,060	240	6,116,185
29	2210603 Rents and Rates - Non-Residential	51,861,644	46,632,307		46,632,307	4,926,987				51,559,294
30	2210604 Hire of Transport, Equipment	2,940,608	2,248,391		2,248,391	504,696		89,371	22,729	2,819,729
31	2210700 Travel Allowance	7,865,432	8,260,057		8,260,057	28,300				8,288,357
32	2210801 Catering Services (receptions), Accommodation, Gifts, Food and Drinks	4,151,379	3,316,337		3,316,337	439,069	44,028		288,755	3,466,463
33	Boards - Audit Committee	124,400	124,400		124,400					124,400
34	2210802 Conferences and Seminars	14,146,673	14,798,493	302,091	15,100,584	157,505			403,050	14,855,039
	Committees, Conferences and Seminars (A.I.A)	11,000,000	8,165,642		8,165,642					8,165,642
35	2210903 Plant, Equipment and Machinery Insurance	273,500	252,598		252,598		207,077	227,606		273,127
36	2210904 Motor Vehicle Insurance	-	3,818,423		3,818,423		1,151,234		2,667,189	-
	Insurance costs	273,500	4,071,021	-	4,071,021	-	1,358,311	227,606	2,667,189	273,127

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAPTURED IN FY18/19	PENDING BILLS (17/18) PAID IN FY 18/19	PREPAYMENTS FY 2017/18	PREPAYMENTS FY 18/19	ACCRUALS FY 18/19	ACTUAL EXPENDITURE
37	2211009	Supply of Library Books			-	446,608				446,608
38	2211016	Purchase of Uniforms and Clothing - Staff	174,900		174,900					174,900
39	2211101	General Office Supplies (papers, pencils, forms, small office equipment etc)	3,020,504	53,750	3,074,254	232,650			569,500	2,737,404
40	2211102	Supplies and Accessories for Computers and Printers	1,150,135		1,150,135					1,150,135
		General supplies	4,170,640	53,750	4,224,390	232,650	-		569,500	3,887,540
41	2211201	Refined Fuels and Lubricants for Transport	6,378,766		6,378,766	894,332			1,293,768	5,979,330
42	2211305	Contracted Guards	1,366,717		1,366,717		11,784			1,354,933
43	2211306	Contracted Cleaning Services	2,229,054		2,229,054	11,400				2,240,454
44	2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,292,870		1,292,870					1,292,870
45	2211310	Contracted Professional Services	1,930,082		1,930,082					1,930,082
46	3111404	Pre-feasibility, Feasibility and Appraisal Studies	5,713,866	182,500	5,896,366	279,520				6,175,886
		Sub Total General Expenses	140,694,631	9,171,080	149,865,711	11,930,526	1,593,515	582,643	5,934,907	154,850,458
45	2211310	Contracted Professional Services - Audit fees (OAG)	464,000		464,000	464,000			464,000	464,000
		GENERAL EXPENSES	141,158,631	9,171,080	150,329,711	12,394,526	1,593,515	582,643	6,398,907	155,314,458
46	2211301	Bank Charges	60,720		60,720		4,550			65,270
47	2220101	Maintenance Expenses - Motor Vehicles	6,364,693		6,364,693	886,221			988,301	6,262,613
48	2220201	Maintenance of Plant, Machinery and Equipment (including lifts)	924,693		924,693				33,640	891,053
		Maintenance	7,289,386	-	7,289,386	886,221	-	-	1,021,941	7,153,666
		TOTAL GEN EXP (A+B+ Row 46,47 & 48)	337,980,279	18,744,830	356,725,109	13,333,322	10,901,684	11,210,474	9,281,253	361,085,968
					-					-

COMMISSION ON REVENUE ALLOCATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

ITEM	DETAILS	REVISED BUDGET	STAFF	COMMISSIONERS	AMOUNT CAPTURED IN FY18/19	PENDING BILLS (17/18) PAID IN FY 18/19	PREPAYMENTS FY 2017/18	PREPAYMENTS FY 18/19	ACCRUALS FY 18/19	ACTUAL EXPENDITURE
49	3110302 Refurbishment of Non-Residential Buildings	2	-		-					-
50	3110701 Purchase of Motor Vehicles	32,957,999	32,958,000		32,958,000					32,958,000
51	3111001 Purchase of Office Furniture and Fittings	1,477,056	1,399,600		1,399,600					1,399,600
52	3111002 Purchase of Computers, Printers and other IT Equipment	2,367,127	2,367,127		2,367,127					2,367,127
53	3111009 Purchase of other Office Equipment	295,456	118,753		118,753	118,552				237,305
54	3111112 Purchase of Software				-	45,607				45,607
55	4110403 Housing loans to public servants	11,223,000	11,223,000		11,223,000					11,223,000
	CAPITAL EXPENDITURE	48,320,640	48,066,480	-	48,066,480	164,159	-	-	-	48,230,639
	TOTAL EXPENDITURE	426,283,986	386,046,759	18,744,830	404,791,589	13,497,481	10,901,684	11,210,474	9,281,253	409,316,607
	Surplus for the Period (Actual)									15,581,992