

REPUBLIC OF KENYA

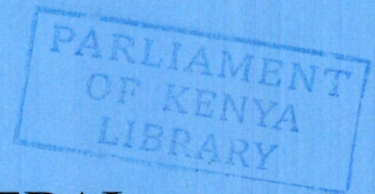


Enhancing Accountability

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REPORT

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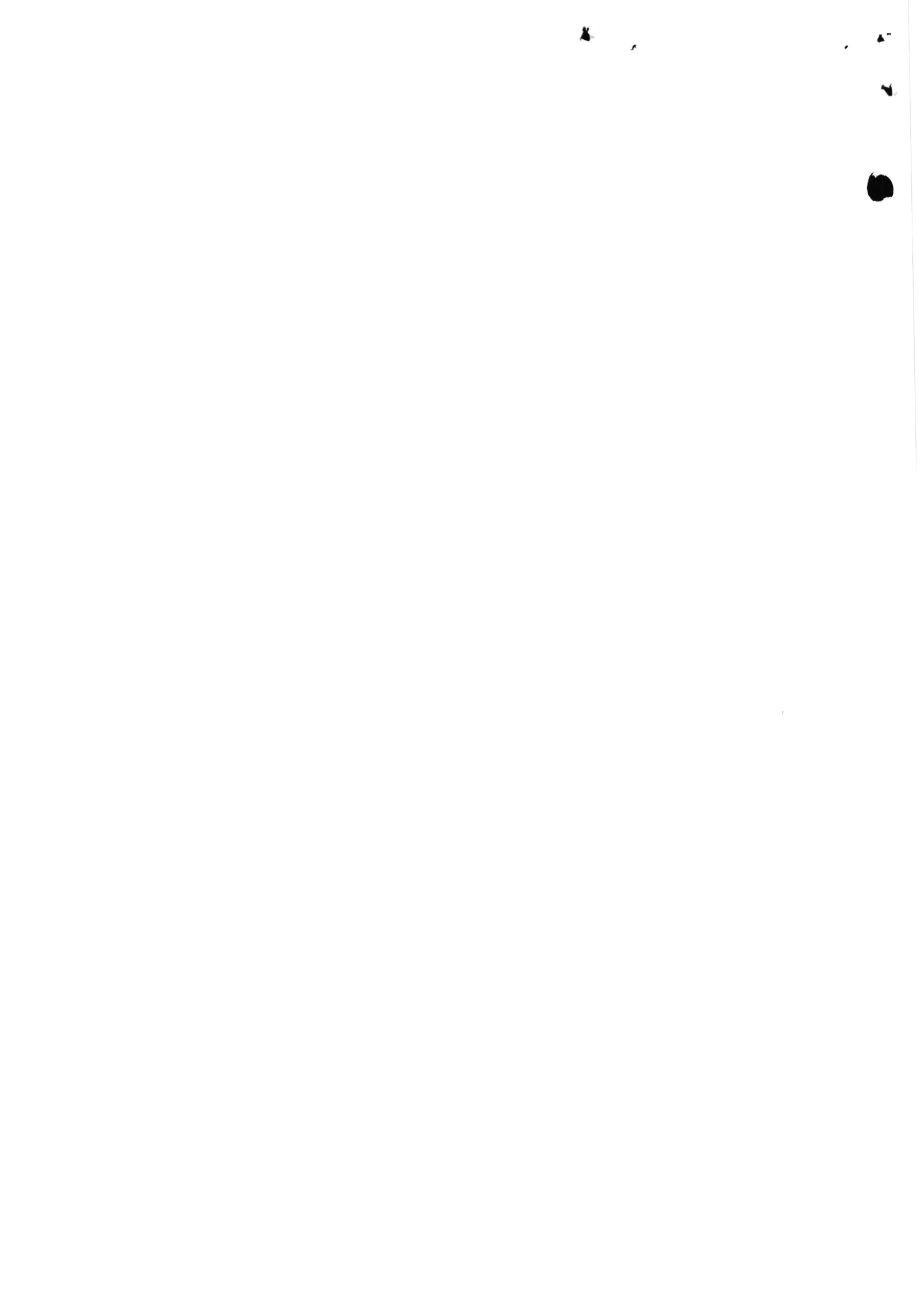
THE AUDITOR-GENERAL

ON

**RECEIVER OF REVENUE -
REVENUE STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE, 2022**

**COUNTY GOVERNMENT
OF BUNGOMA**





**RECEIVER OF REVENUE
COUNTY GOVERNMENT OF BUNGOMA**

REVENUE STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

*Receiver Of Revenue
County Government Of Bungoma
Revenue Statements for the Period Ended 30th June 2022*

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Revenue Statements for the Period Ended 30th June 2022*

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I. Key Entity Information and Management

(a) Background information

The Chief Officer Finance is under the County Department of Finance and Economic Planning. At County Executive Committee level and he is represented by the County Executive Committee Member for Finance and Economic Planning, who is responsible for the general policy and strategic direction of the Department. The Chief Officer Finance was designated as a receiver of Revenue on 13th July, 2020 by the County Executive Committee Member, Finance and Economic Planning in accordance with section 157 of the PFM Act, 2012.

(b) Principal activities

The receiver of revenue collects revenue and remits to the County Revenue Fund (CRF).

(c) Key Management

The Finance Department's day-to-day management is under the following key organs:

- i. Ms. Esther N. Wamalwa - CEC, Finance and Economic Planning
- ii. Ms. Dinah Naswa Makokha Finance
- iii. Edward Makhandia- Economic Planning
- iv. Patrick Wandili- Health and Sanitation
- v. Soeti Sichei - Tourism and Environment
- vi. John Wasike- Agriculture
- vii. Aruput Juma - Livestock and Fisheries
- viii. Moses Marango - Roads and Public Works
- ix. Stephen Makhani - Trade and Energy
- x. George Kombo - Lands and Housing
- xi. CPA. Ambrose Sifuna Makokha - Director Revenue

(d) Department 's Headquarters

P.O. Box 437-50200,
Former Municipal Buildings,
Moi Avenue Street
Bungoma, KENYA

(e) Department 's Contacts

Telephone: (254) 705 725 725
E-mail: revenue@bungoma.go.ke
Website: <https://bungoma.go.ke>

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(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank,
P.O. Box 201-50200
Bungoma.
3. Equity Bank Ltd,
P. O. Box 2450-50200,
Bungoma.
4. Co-operative Bank of Kenya Ltd,
P.O. Box 1964-50200,
Bungoma.
5. National Bank of Kenya,
P.O. Box 25-50200,
Bungoma.
6. Safaricom PLC,
Moi Avenue, Moghe Plaza Ground floor
Bungoma.

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II. Foreword By the CECM Finance and Economic Planning

It is my pleasure to present the County Government of Bungoma financial statements on county revenue Fund for the year ended 30th June 2022. The financial statements present the financial performance of the County Government over the past year.

The promulgation of the Constitution of Kenya, 2010, under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Bungoma County included business permits, land rates, cesses, market fees, parking fees, Administrative service fees, public health facilities' fees, Appropriation in Aids (AIA) among others.

a) Revenue

In the year ended 30 June 2022, the County had projected to collect both local revenue and Appropriation in Aids of Kshs.1, 488,336,493, representing 10% of the funding to the county Budget of ksh 14,454,364,384.

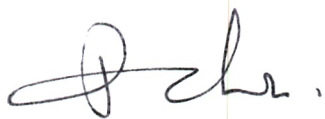
During the year, the county collected an actual amount of ksh 1,158,647,039 of which the ksh 53,299,982 are transfers from operation accounts (Transfers from County Government), Of the amount, the local revenue collected is ksh 359,346,473 representing 48% of budgeted amount of ksh 746,811,602 and an amount totaling to ksh 359,292,947 was transmitted to CRF

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In addition, the actual AIA amount collected is ksh 746,000,579 representing 101% Of the budgeted amount ksh 741,524,891, Excess collection being to previous year Insurance claims being paid.

Revenue Source	Budget	Actual Collection	Realization
Local generated Revenue	746,811,602.00	359,346,473.00	48%
Aids in Appropriation	741,524,890.95	746,000,579.00	101%
Transfers from County Government		53,299,987.00	0%
Total Revenue	1,488,336,492.95	1,158,647,039.00	78%

Figure: Table Depict Revenue Performance on the Budget.



CPA BARASA CHRISPINUS
CPA ICPAK NO. 19812
CECM: FINANCE AND ECONOMIC PLANNING.
COUNTY GOVERNMENT OF BUNGOMA.



III. Management Discussion and Analysis

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Bungoma County included business permits, land rates, cesses, market fees, parking fees, Administrative service fees, public health facilities' fees, Appropriation in Aids (AIA) among others.

Operational of the fund.

County Government collects local revenue using the Bungoma Automated Revenue management system (BARMS) system, every collecting officer has a POS machine to ensure that every revenue paid is captured directly into the system to avoid leakages and encourage efficient revenue collection. The amounts are banked daily in the four Collection accounts and swept to the Bungoma County Revenue Fund held at CBK on every Tuesday.

Aids in Appropriation are revenue associated with collections from Mabanga ATC/AMC, level 3, 4&5 hospitals and County vocational training centres, the revenues include, Receipts from county Government and Donations, Receipts from offering services, Hire of county machines & assets and sale of goods. Most cash is collected through Agents that are located within the facility entities.

Revenue Enhancement Measures

The department has continued to institute new measures directed at sealing all the possible leakages to enhance revenue collection and improve collection efficiency.

1. The market entry fees module has been developed and re-structured. It is now possible to register all market traders, which allow them to generate bills and pay through m-pesa. This new module is meant to reduce cash handling amongst taxpayers and revenue collectors. The department can now track market fee defaulters. The Finance Act 2021 requires all payments of market fees to be cashless while exempting low value traders with no structures.
2. The department continues to implement flexible payment plans for property rates owners. Defaulters with huge balances can agree and enter into a twelve-month payment plan. This strategy has enabled improved performance of property rates.
3. Measures that are more aggressive are underway to get all defaulters of property rates to comply. The department has forwarded a list of defaulters for legal action by the County.
4. The department had started arresting and arraigning defaulters of trade licenses in court. This was halted after public outcry and incitement.

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5. Inadequate number of revenue vehicles had hampered mobility of revenue supervisors and collectors. In the FY 2021/22 budget, the department allocated funds to carry out major services for the vehicles in revenue.
6. The department had proposed new revenue streams in the Finance Bill, 2021. Upon deliberation by the cabinet, the proposals were deferred.
7. The department of Finance and Economic planning is pursuing the responsible departments to fast track the long pending revenue support legislation.

No.	Legislation	Ministry/Department
1.	County Valuation Roll	Lands, Urban/Physical Planning & Housing
2.	Construction and Development Control Bill	Lands, Urban/Physical Planning & Housing
3.	County Inspectorate and Enforcement Bill	Public Administration
4.	Public Entertainment and Amenities Bill	Gender
5.	County Physical Planning Bill	Lands, Urban/Physical Planning & Housing

Challenges the Department faces in Local Revenue Collection

The department has faced the following challenges in revenue collection:

- i. There is unprecedented resistance to pay taxes from the citizens obligated to pay. The major sectors affected are town service vehicles and bodaboda who claim that the dual carriage road is still under construction and not in good shape. Most of the town service vehicles ply between Bungoma town and Kanduyi.
- ii. Political interference and incitement against the tax payers is evident. This starts with non-compliance by the political class in regard to payment of property rates, parking fees, single business permits, liquor licenses and stall rent.
- iii. The Covid-19 containment measures affected collection from PSV stickers and Liquor license fees as a result of reduced business hours caused by the just ended night curfews.
- iv. The market support infrastructure is still in bad state. These include the auction rings (Chwele, Kimilili, Kamukuywa, Misikhu, Webuye and Mbakalo), sanitation facilities, slaughter houses (Bungoma, Webuye and Kimilili) The county staff houses where the department collects rent are in deplorable condition.
- v. Motivation programs for revenue collectors with starling performance have not been possible. Reimbursement of transport to revenue collectors and supervisors traversing across large geographical

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locations collecting trade licenses, plan approval fees, market fees and liquor licenses have been limited by the budget constraints. There is need to allocate funds to motivate revenue collectors.

IV. Statement of Performance against County Predetermined Objectives

Introduction.

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives

The County's 2018-2022 CIDP has identified six (6) key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Bungoma County's 2018-2022 CIDP are to:

1. The Automation of Revenue Collection, which has boosted revenue collection hence funding of more development activities for the County.
2. An inclusive, job-intensive, resilient and competitive economy.
3. To support growth and development of trade through providing affordable fee for licenses.
4. To broaden and diversify market access;
5. Renovate and consolidate the existing health infrastructure for effective service delivery, Procure, distribute and maintain appropriate medical equipment.

Below we present the progress made in attaining the objectives of the CIDP (2021-2022) for Receive of revenue Bungoma County.

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Development Objectives			
Sl. No.	Objective	Actual Performance	Remarks
1.	Automation of revenue Collection	90%	
2.	Increase license revenue by 50%	15%	Covid-19 number led to higher closure of Business.
3.	Increase Property rates revenue collection by 50%	20%	Poor definition of areas within a municipality.

Progress on attainment of Development Objectives from Annual Development Plan (Adopted from Receive of revenue Bungoma County. ADP)

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Objective	Outcome	Indicator	Performance
The Automation of Revenue Collection, which has boosted revenue collection	Bungoma automated revenue management system Existence	No leakages & efficiency Revenue	90%.
Health infrastructure for effective service delivery, Procure, distribute and maintain appropriate medical equipment.	Collect revenue maximally	Increased revenue collections and Improved services	90%

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V. Statement of Receiver of Revenue's responsibilities

Section 165 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue for a county government shall prepare an account in respect of the revenue collected, received and recovered by the receiver during that financial year.


The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the financial year (period) ended on June 30, 2022. 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 statement of assets and liabilities of the entity, (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 entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the Bungoma county receiver of revenue accounts, which have been prepared on the Cash Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the Bungoma county receiver of revenue account gives a true and fair view of the state of Bungoma county receiver of revenue transactions during the financial year ended June 30, 2022, and of the Bungoma county statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the receiver of revenue account as well as the adequacy of the systems of internal financial control.

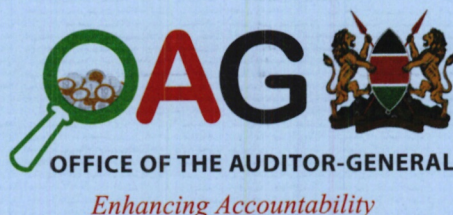
The Receiver of Revenue confirms that the Bungoma County has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable). The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Revenue Statements

The Bungoma County Government revenue statements were approved and signed by the Receiver of Revenue on 3.13.1.2022


Chief Officer
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REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON THE RECEIVER OF REVENUE - COUNTY GOVERNMENT OF BUNGOMA FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying revenue statements of Receiver of Revenue - County Government of Bungoma set out on pages 1 to 11, which comprise the statement of

financial assets and liabilities and statement of arrears of revenue as at 30 June, 2022 and the statement of receipts and disbursements and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Receiver of Revenue - County Government of Bungoma as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial assets and liabilities reflects a cash and cash equivalents balance of Kshs.150,190,650 in respect of bank balances as disclosed in Note 17 to the revenue statement. However, review of the financial records revealed that the County Government of Bungoma operated an M-Pesa utility account with the Safaricom Mpesa services through ZUENAH account which reflected a balance of Kshs.169,565 at the end of the year and which has not been disclosed in the revenue statement. Further, the bank balances reflected in Note 17 have not been supported by certificates of bank balance. In addition, out of the 28 revenue bank accounts, bank reconciliation statements for 24 bank accounts with balances totalling Kshs.98,173,025 were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.150,190,650 could not be confirmed.

2. Variance Between the BARMS System Records and the Financial Statements

Included in the statement of receipts and disbursements, and as disclosed in Notes 1 - 16 to the revenue statement are amounts totalling Kshs.54,481,778 relating to four (4) revenue streams: public health services fees, physical planning and development fees, conservancy administration fees and administration control fees and charges fees whose balances are at variance with the balances reflected by the BARMS system as detailed below:

Revenue Stream	Balance as per Financial Statements (Kshs)	Balance in the BARMS System (Kshs)	Variance (Kshs)
1. Public Health Service Fees			
Inspection of Buildings/Premises/Institutions	1,927,842	1,912,150	15,692.00
Public Health Permit	3,612,790	Not provided	3,612,790
2. Physical Planning and Development			

Revenue Stream	Balance as per Financial Statements (Kshs)	Balance in the BARMS System (Kshs)	Variance (Kshs)
Building Plans Approval	11,464,386	10,656,663	807,723.00
Occupational Permits	19,000	Not provided	19,000
Physical Planning	4,825	Not provided	4,825
3. Conservancy Administration			
Refuse Disposal Fees	11,749,805	Not provided	11,749,805
Public Cemetery	63,000	39,000	24,000
Noise Control	39,600	17,600	22,000
4. Administration Control Fees and Charges			
Weights and Measures	288,040	Not provided	288,040
Fire Services	19,375,490	Not provided	19,375,490
Liquor Licenses	5,937,000	5,945,000	(8,000.00)

Further, the BARMS system's revenue reports on occupational permits, physical planning, refuse disposal fees, weights and measures and fire services revenue sources but the reports were not provided for review.

In the circumstances, the accuracy and completeness of the County own source revenue amounts totalling Kshs.54,481,778 could not be confirmed.

3. Unsupported Own Source Revenue Balances

The statement of receipts and disbursements reflects an amount of Kshs.1,105,347,052 in respect of total County own source revenue for the year ended 30 June, 2022 which, as disclosed in Notes 1 - 15 to the statement of receipts and disbursements, relates to fifteen (15) revenue streams. However, the revenue balance was not supported with documents including ledgers and summary of banking details.

In the circumstances, the accuracy and completeness of the County own source revenue amount of Kshs.1,105,347,052 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

Statement of comparison of budget and actual amounts reflects a receipts budget and actual on comparable basis amounts of Kshs.1,488,336,493 and Kshs.1,158,647,039 respectively, resulting to under-collection of Kshs.329,689,454 or 22% of the budget.

The under-collection of revenue affected the planned activities and may have impacted negatively on service delivery to the public.

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

Basis for Conclusion

1. Non-Remittance of Collected Revenue to County Revenue Fund

The statement of receipts and disbursements reflects an amount of Kshs.1,105,347,052 in respect to County own generated receipts as disclosed in Notes 1 - 15 to the revenue statement. However, review of the collection bank accounts and the Mpesa statements revealed that Kshs.255,557,499 was collected during the year but not transferred to the County Revenue Fund Account as required by Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015.

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

2. Revenue Spent at Source

The statement of receipts and disbursement reflects County own source revenue totalling to Kshs.1,105,347,052. Included in this amount is hospital fees collected totalling to Kshs.728,618,782. However, the entire amount was utilized at source contrary to Regulation 63(4) of the Public Finance Management (County Governments) Regulations, 2015.

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

3. Out-Dated Valuation Roll

Management has not updated the County's valuation roll since 2005 to determine the amount to be paid as rates to the County Government. Further, the absence of an integrated database between the County and National Governments makes it difficult for

sharing of information, which compromises enforcement. This is contrary to Section 3 of Valuation for Rating Act, Cap 266, 1984 (Revised 2012) which states that every local authority shall from time to time, but at least once in every ten years or such longer period as the Minister may approve, cause a valuation to be made of every ratable property within the area of the local authority in respect of which a rate on the value of land is, or is to be imposed, and the values to be entered in a valuation roll.

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

4. Balance Due for Disbursement

The statements of receipts and disbursements reflects a balance due for disbursement amount of Kshs.150,190,650. However, this is net of an amount of Kshs.825,869,214 incurred by facilities, contrary to Regulation 63 of the Public Finance Management (County Governments) Regulations, 2015 Paragraph (4) which states that all public moneys collected by a Receiver of Revenue or collector of revenue or collected and retained by a County Government entity, shall be paid into the designated bank accounts of the County Government and shall not be used by any public officer in any manner between the time of their receipts and payment into the bank except as provided by law.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of the revenue statement in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of a revenue statement that is free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the revenue statement as a whole is 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 the revenue statement.

In addition to the audit of the revenue statement, 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 statement 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 revenue statement and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 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 the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the statement 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 of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the revenue statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Receiver of Revenue'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 Receiver of Revenue to cease to sustain services.

- Evaluate the overall presentation, structure and content of the revenue statement, including the disclosures, and whether the statement represents 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 Receiver of Revenue to express an opinion on the revenue statement.
- 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2023


Receiver Of Revenue
County Government Of Bungoma.
Revenue Statements for the Period Ended 30th June 2022

VII. Statement of Receipts and Disbursements for the year ended 30th June 2022

	Note	2021/22
		Kshs
County Own Source Revenue		
Cess	1	41,302,577
Land/Poll Rate	2	21,379,076
Single/Business Permits	3	87,932,428
Property Rent	4	15,749,535
Parking Fees	5	72,436,640
Market Fees	6	43,552,246
Advertising	7	21,331,893
Hospital Fees	8	728,618,782
Public Health Service Fees	9	5,540,632
Physical Planning and Development	10	11,488,211
Hire Of County Assets	11	17,621,385
Conservancy Administration	12	11,852,405
Administration Control Fees and Charges	13	25,600,530
Park Fees		-
Other Fines, Penalties, And Forfeiture Fees	14	385,725
Miscellaneous receipts	15	554,987
Total County Own Source Revenue		1,105,347,052
Other Receipts		
Transfers From County Governement	16	53,299,987
Total Other Receipts		53,299,987
Total Receipts		1,158,647,039
Balance b/f at the beginning of the year		176,705,772
Expenditure By Facilities collection AIA		(825,869,214)
Disbursements To CRF		(359,292,947)
Balance Due for Disbursement		150,190,650

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 31/3/2022 and signed by:


 Chief Officer
 Name: Dinah Makokha



 Director Revenue Services.
 Name: Ambrose Makokha
 Icpak Member No:7929


*Receiver Of Revenue
County Government Of Bungoma
Revenue Statements for the Period Ended 30th June 2022*

VIII. Statement of Financial Assets and Liabilities as At 30th June 2022

	Note	2021/22
		Kshs
Financial Assets		
Cash And Cash Equivalents		
Bank Balances	17	150,190,650
Total Financial Assets		150,190,650
Total Financial Assets		150,190,650
Financial Liabilities		
Payables-Due to CRF	18	150,190,650
Total Financial Liabilities		150,190,650

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31/3/2022 and signed by:


Chief Officer
Name: Dinah Makokha



Director Revenue Services.
Name: Ambrose Makokha
Icpak Member No:7929


IX. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30th June 2022

Receipt	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C%
County Own Source Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cess	74,946,752	23,785,378	98,732,130	41,302,577	57,429,553	42%
Land/Poll Rate	56,611,952	18,069,208	74,681,160	21,379,076	53,302,085	29%
Single/Business Permits	115,258,685	56,894,361	172,153,046	87,932,428	84,220,618	51%
Property Rent	11,333,236	8,050,666	19,383,902	15,749,535	3,634,367	81%
Parking Fees	95,187,928	46,986,970	142,174,899	72,436,640	69,738,259	51%
Market Fees	60,337,763	29,784,120	90,121,884	43,552,246	46,569,638	48%
Advertising	27,473,695	13,561,653	41,035,348	21,331,893	19,703,455	52%
Hospital Fees	552,826,404	150,000,000	702,826,404	728,618,782	(25,792,378)	104%
Public Health Service Fees	12,180,272	6,012,465	18,192,736	5,540,632	12,652,104	30%
Physical Planning and Development	21,854,301	17,399,742	39,254,043	11,488,211	27,765,832	29%
Hire Of County Assets	6,124,482	(1,433,138)	4,691,344	17,621,385	(12,930,042)	376%
Conservancy Administration	13,645,288	6,107,057	19,752,346	11,852,405	7,899,941	60%
Administration Control Fees and Charges	26,699,668	13,179,576	39,879,244	25,600,530	14,278,714	64%
Other Fines, Penalties, And Forfeiture Fees	2,706,094	1,335,791	4,041,885	385,725	3,656,160	10%
Miscellaneous Receipts	632,796	312,363	945,159	554,987	390,172	59%
Other Revenue Sources	13,705,574	6,765,389	20,470,963	-	20,470,963	0%
Total County Own Source Revenue	1,091,524,891	396,811,602	1,488,336,493	1,105,347,052	382,989,441	74%
Transfers From County Government	-	-	-	53,299,987	-	
Total Other Receipts	-	-	-	53,299,987	-	
Total Receipts	1,091,524,891	396,811,602	1,488,336,493	1,158,647,039	382,989,441	78%

(a) The increase of Kshs.396,811,602 from original to final budget was due to additional funds allocated in supplementary estimates and Approved by assembly.

The County Receiver of revenue's financial statements were approved on 31/3/2022 and signed by:


Chief Officer
Name: Dinah Makokha


Director Revenue Services.
Name: Ambrose Makokha
Icpak Member No:7929


Receiver Of Revenue
 County Government Of Bungoma
 Revenue Statements for the Period Ended 30th June 2022

X.Statement of Arrears of Revenue As At 30th June 2022

Classification Of Receipts	Balance as at 1 st July 2021	Arrears received during the year	Additions in arrears for the current year to June 30, 2022	Total arrears as at 30 June 2022	Measures taken to recover the arrears	Assessment to the recoverability of arrears
(Indicate As Applicable)						
Cess	59,256,000.00	-	6,601,330.00	65,857,330.00		
Land/Poll Rate	115,893,118.48	4,533,348.50	48,994,961.39	160,354,731.37		
Total Arrears	175,149,118.48	4,533,348.50	55,596,291.39	226,212,061.37		

The County Receiver of revenue's financial statements were approved on 3/3/ 2022 and signed by:


 Chief Officer
 Name: Dinah Makokha


 Director Revenue Services.
 Name: Ambrose Makokha
 Icpak Member No:7929

XI. Notes to the Financial Statements

Accounting Policies

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

1. Statement of Compliance and Basis of Preparation

The revenue statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the County Government Bungoma. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Bungoma County. The accounting policies adopted have been consistently applied to all the years presented.

The revenue statements have been prepared on the cash basis following the standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Bungoma County.

2. Recognition of Receipts

The entity recognises all receipts from the various sources when the related cash has been received by the entity.

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on 19th August 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was one(1) number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include revenue collection accounts held at Commercial banks.

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

This relates to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are disclosed under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b) which is a memorandum statement.

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year.

7. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

8. Subsequent Events

There have been no events subsequent to the financial year-end with a significant impact on the revenue statements for the year ended June 30, 2022

Notes To the Financial Statements (Continued)

1. Cess

Description	2021/22
	Kshs
Farm produce	38,228,222.10
Fish farming	23,200.00
Veterinary	3,051,155.00
Total	41,302,577.10

2. Land/Poll rates

Description	2021/22
	Kshs
Land rates	12,147,843
Land penalties and interest	4,697,884
Arrears	4,533,349
Total	21,379,076

3. Single /Business Permits

Description	2021/22
	Kshs
Business permit application fees	4,136,550.00
Annual Business permit fees	73,283,750.00
Business permit penalties and interest	2,332,328.00
Business permit renewal fees	8,179,800
Total	87,932,428.00

4. Property Rent

Description	2021/22
	Kshs
County Housing	10,320,100
Plot Rent	318,000
Transfer of Property	2,894,155
Stalls/kiosks rent	1,327,800
Consent to charge	103,000
Clearence certificate	366,500
Extension of lease	191,040
Survey fees & Beacon search	228,940
Total	15,749,535

Receiver Of Revenue
County Government Of Bungoma
Revenue Statements for the Period Ended 30th June 2022

Notes To the Financial Statements (Continued)

5. Parking Fees

Description	2021/22
	Kshs
Street parking fees	9,876,670
Monthly toll/sticker fees	61,085,700
Motorbike fees	1,474,270
Total	72,436,640

6. Market Fees

Description	2021/22
	Kshs
Market entry fees	32,544,598
Livestock	7,916,214
Pulping	4,000
Slaughter fee	3,087,434
Total	43,552,246

7. Advertising

Descriptions	2021/22
	Kshs
Billboard advertising	21,331,893
Total	21,331,893

8. Hospital Fees

Description	2021/22
	Kshs
Level 5 & 4 hospitals	598,341,419
Level 3 hospitals	112,784,219
Public Health fees	1,431,482
Vocational Training Centres(Vtc) fees	16,061,662
Total	728,618,782

9. Public Health Service Fees

Description	2021/22
	Kshs
Inspection of buildings/premises/Institutions	1,927,842
Public health permit	3,612,790
Total	5,540,632

Receiver of Revenue
County Government Of Bungoma
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

10. Physical Planning and Development

Description	2021/22
	Kshs
Building plans approval	11,464,386
Occupational Permits	19,000
Physical Planning	4,825
Total	11,488,211

11. Hire Of County Assets

Description	2021/22
	Kshs
Agricultural Mechanisation Services (AMS)	1,010,320
Hire of Machines and Equipment	20,000
Hire of County Stadium	59,000
Conference facilities/Agricultural Training Centers (ATC)	16,532,065
Total	17,621,385

12. Conservancy Administration

Description	2021/22
	Kshs
Refuse disposal fees	11,749,805
Public cemetery	63,000
Noise control	39,600
Total	11,852,405

13. Administration Control Fees and Charges

Description	2021/22
	Kshs
Weights and measures	288,040
Fire Services	19,375,490
Liquor licenses	5,937,000
Total	25,600,530

14. Other Fines, Penalties and Forfeitures

Description	2021/22
	Kshs
Impounding Fees	385,725
Total	385,725

Receiver Of Revenue
County Government Of Bungoma
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

15. Miscellaneous Receipts

Description	2021/22
	Kshs
Miscellaneous Income	73,024
Overpayment Recovery	96,215
Other charges	103,648
Cooperative	282,100
Total	554,987

16. Transfers from County Government.

Description	2021/22
	Kshs
Conference facilities/Agricultural Training Centers (ATC)	9,759,200
Level 3 hospitals(Dispensaries)	5,550,787
Vocational Training Centres(polythenic Fees)	37,990,000
Total	53,299,987

17. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	2021/22
			Kshs
Kenya Commercial Bank 1177737930	KES		380,981
National Bank of Kenya 1001113676000	KES		7,150
Cooperative bank of Kenya 01141669167100	KES		-
Equity Bank 0480261006908	KES		108,360
4. Bumula Health Centre Dev Community	KES	FIF	1,237,259.10
5. Mt. Elgon District Health Services	KES	FIF	2,250,358.02
6. Kimilili Health Management Services	KES	FIF	12,550,339.3
7. Health Care Services Webuye	KES	FIF	8,720,832.50
8. MOH Hospitals(Bungoma Referral)	KES	FIF	63,179,597.74
9. Bokoli Sub-District Hospital	KES	FIF	938,177.15
10. Med Sup Nait. Cost Sharing Account	KES	FIF	661,390.30
11. Sirisia Sub-District Hospital CA MoE/ School Account	KES	FIF	1,720,055.53
12. Chwele Sub-District Hospital - BGM	KES	FIF	2,009,855.43
13. Cheptais Sub-District Hospital	KES	FIF	3,768,762.05
14. Cheptais Sub County Hospital Collection Account	KES	FIF	70,375.00
16. Mabanga Agricultural Training Centre KCB	KES	FIF	8,454.80

Receiver of Revenue
County Government Of Bungoma
Revenue Statements for the Period Ended 30th June 2022

Notes to the Financial Statements (Continued)

17. Bungoma County Agriculture Mechanization Centre E	KES	FIF	158,846.30
18. Chwele Sub County Hospital Collection account (Co-o	KES	FIF	600.00
22. .MT. Elgon Sub County Hospital - Collection 1141782	KES	FIF	2,150.01
23. Sirisia Sub County Hospital Revenue Collection -0114	KES	FIF	58,020.02
24. Naitiri Sub-District Hospital Collection Account(KES	KES	FIF	619.41
25. Sinoko Sub County Hospital coperative Bank	KES	FIF	308,504.85
26. Sinoko Sub County Hospital kcb Bank	KES	FIF	26,384.55
21. Bumula Sub County Hospital Collection Account -011	KES	FIF	8,390.00
15. Bungoma HSSF(Consolidated)	KES	FIF	27,560,363.54
19. Public Health Collection Account KCB 1156993393	KES	FIF	1,456,408.15
20. Public Health Collection Account KCB 1225921872	KES	FIF	2,988,377.00
19. Bungoma Vocational Training(Consolidated)	KES	Fund	20,012,476
Total			150,190,650

18. Payables- Due To CRF

Payables	2021/22
	Kshs
Balance b/f at the beginning of the year	149,823,541
Adjustment VTc opening Balance	26,882,231
Amount collected during the year	1,158,647,039
Amounts disbursed to CRF during the year	(359,292,947)
Expenditure By Facilities collection AIA	(825,790,596)
Bank Charges	(78,618)
Balance c/d at the end of the year	150,190,650

This relates to amounts yet to be disbursed to the exchequer at the end of the financial year and the adjust amount of ksh 26,882,231 are amounts of bank balances not captured in the previous.