

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RECEIVER OF REVENUE**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**COUNTY GOVERNMENT OF  
BUNGOMA**

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RECEIVER OF REVENUE  
County Government of Bungoma

REVENUE STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2023

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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 30<sup>th</sup> June 2023.**

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1. Acronyms and glossary of terms

*a) Acronyms*

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue
ATC	Agricultural Training Centre
AMC	Agricultural Mechanization Centre

*b) Glossary of terms*

Comparative FY	Comparative Prior Financial Year
Fiduciary Management	The key management personnel who had financial responsibility

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

### **(a) Background information**

The Receiver of revenue is under the County Department of Finance and Economic Planning.

At the County Executive Committee level, the receiver of revenue 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 Receiver of revenue. The Receiver of revenue was designated as a receiver 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 Team**

The County Government of Bungoma *day-to-day* management of revenue is under the following:

- CPA Chrispinus Barasa - CEC, Finance and Economic Planning
- Ms. Dinah Naswa Makokha – Chief Officer Finance
- Edward Makhandia- Chief Officer Economic Planning
- Dr. Magrina Mayama- Chief Officer Health and Sanitation
- Mr. Soeti Sichei – Chief Officer Tourism and Environment
- Mr. Fredrick Wotia – Director, Agriculture
- Fredrick Wotia – Director, Livestock and Fisheries
- Ms. Evelyn Wekesa - Chief officer Roads and Public Works
- Mr. Reuben Wambwa – Chief Officer Trade and Energy
- George Kombo – Chief Officer Lands and Physical Planning
- Mr. Denson Barasa – Chief Officer Housing
- CPA. Benard Muchanga- 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) 728 039 039  
E-mail: [revenue@bungoma.go.ke](mailto: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.

**(i) County Attorney**

Bungoma Municipal Building,  
P.o. Box 437-50200.  
Bungoma, Kenya.

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**3. Foreword By the CECM Finance and Economic Planning**

It is my pleasure to present the County Government of Bungoma financial statements on Receiver of Revenue for the year ended 30th June 2023. The financial statements present the financial performance of the County Government over the past year.

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 include business permits, land rates, cess, market fees, parking fees, Administrative service fees, public health facilities' fees, Appropriation in Aids (AIA).

**Financial Performance**

**a) Receipts**

In the year ended 30 June 2023, the County had projected to collect both local revenue and Appropriation in Aids of Kshs.1, 347,382,860, representing 9% of the funding to the county Budget of ksh 14,824,738,618.00.

During the year, the county collected ksh 1,110,829,943, out of which, the local revenue amounted to ksh 347,668,740 representing 70% of budgeted amount of ksh 500,000,000. Out of the collected amount, ksh 330,427,054 was transmitted to County Revenue Fund. In addition, Appropriation in Aid collected ksh 762,664,712 representing 90% Of the budgeted amount ksh 847,382,860.

**Below is the summary:**

Description of Revenue	Budget Amount	Actual Receipt	% Absorption
Local Revenue	500,000,000.00	347,668,740.00	70%
Appropriation in Aids	847,382,860.00	763,161,203.00	90%
<b>Total</b>	<b>1,347,382,860.00</b>	<b>1,110,829,943.00</b>	<b>82%</b>

In view of this, specific measures have been proposed by the county to enhance revenue generation and collection. These include:

- The Department of Finance and Economic planning shall, in collaboration with the County Assembly, fast track on the completion of relevant pieces of legislation to inform administration of various fees and charges.
- The Directorate of Revenue shall closely monitor payments from other Government bodies and agencies to ensure that due taxes, rates and fees are paid.
- Collaboration between the Ministries, Departments and Agencies (MDAs), National Government, private sector, civil society and the general public for enhancement of the local revenue.

**Receiver Of Revenue**  
**County Government Of Bungoma**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.**

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- Continuous performance appraisal for revenue collectors to monitor variations between collections and targets, this will bolster revenue from market fees and related streams;
- Proper and prompt accounting and reporting by receivers of revenue as per Section 157 (2) of PFMA, 2012.
- Utilization of services of the Office of county attorney to assist in revenue enforcement through legal processes.
- Collaboration with the Law courts administration in setting up an express special court on County Revenue matters.
- Enhancing the BARMS system modules to 100% cashless payments on all revenue streams to avert challenges associated with cash handling.

**National and County economic outlook,**

- National Government revenues continue to form the largest part of the County Government budget, contributing 91% while locally generated revenues constitute 9% of the budget.
- The country experienced economic resilience and growth of 6.0% which is expected to be maintained in the medium term. This growth outlook will be supported by a broad-based private sector growth, strong performance of the services sector and recoveries in agriculture, while the public sector consolidates.
- The country's inflation is expected to be maintained at 6.7%. Interest and exchange rates are expected to remain stable, and this will be safeguarded over the medium term.



.....  
**CPA Chrispinus Barasa**  
**ICPAK NO. 19812.**  
**CEC Member – Finance and Economic Planning**  
**County Government of Bungoma**

**Receiver Of Revenue  
County Government Of Bungoma  
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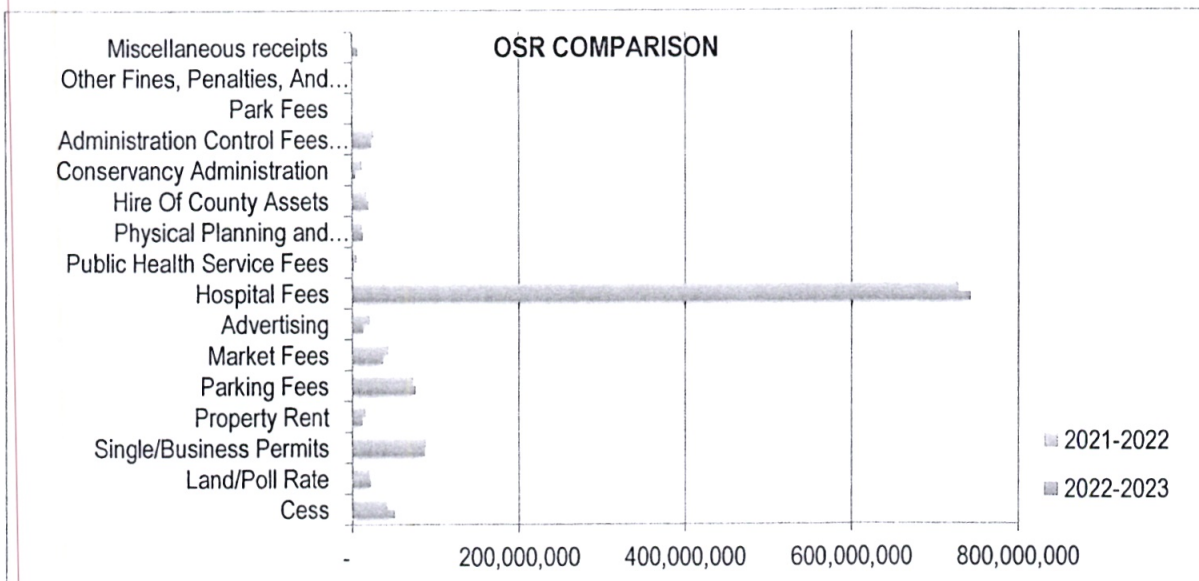
**4. Management Discussion and Analysis**

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, cess, market fees, parking fees, administrative service fees, public health facilities' fees, Appropriation in Aids (AIA). Appropriation in Aid are revenue include collections from Mabanga ATC/AMC, level 2,3,4&5 hospitals and County vocational training centres, hire of county machines and assets. Collection of revenue is done through Agents that are located within the facilities.

**Operation of the fund.**

County Government collects local revenue using the Bungoma Automated Revenue Management System (BARMS). 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 A/C held at CBK on Tuesday of every week.

The county collected Ksh.1,110,829,943 for the year ended 30th June, 2023 against Ksh.1,105,347,375 reported for the financial year 2021/22 representing a marginal growth of 0.4% in revenues generated. The County had projected to collect Ksh.1, 347,382,860 from own revenue sources for the financial year 2022/23 This represents 82% achievement.



**Revenue Collection Challenges**

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Revenue enhancement effort has been hampered by a myriad of challenges, key among them highlighted below:

- I. Significant relevant pieces of legislation to support revenue collection and administration are yet to be enacted. These include the following bills:
  - a) Bungoma County Public Entertainment and Amenities Bill
  - b) Bungoma County Public Health and Sanitation Bill
  - c) Bungoma County Outdoor Advertisement and Signage Bill
  - d) Bungoma County Public Markets Bill
  - e) Bungoma County Property Development and Control Bill
  - f) Bungoma County Animal Control and Welfare Bill
  - g) Bungoma County Revenue Administration Bill
  - h) Bungoma County Rating Bill
  - i) Bungoma County Valuation Roll for Kimilili, Webuye and Bungoma
  - j) Bungoma County Fire and Disaster Management Bill
  - k) Bungoma County Housing Policy
- II. There was unprecedented resistance to pay taxes from obligated business people, major cases being the boda boda operators. Despite numerous stakeholder meetings, compliance has remained poor.
- III. The poor state of market support infrastructure including auction rings, sanitation facilities and slaughterhouses posed a challenge in enforcing collection as several incidences of resistance were reported on county markets.
- IV. There is a limitation in undertaking revenue supervision arising from mobility constraints. The few vehicles assigned for revenue enhancement are old and frequently breakdown, significantly affecting supervision and collection efforts.
- V. Motivation programmes for revenue collectors were not implemented. These included reimbursements of transport to revenue collectors traversing across county markets to collect revenue. Trainings and promotions have not been possible.
- VI. The directorate of Revenue has grappled with a significant number of casual revenue collectors who have received no salary during the financial year and still collected revenue.
- VII. Increasing number of carwash and private parking yards within county major towns has considerably reduced the number of vehicles on street parking spaces. Town streets have equally for some time not been properly marked for parking

**REVENUE RAISING MEASURES**

***Receiver Of Revenue  
County Government Of Bungoma  
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In order achieve a sustained growth in revenue collection; the County Government will undertake a combination of both Revenue administrative and system reforms as follows;

- i. To enhance revenue collection, the County Government will fast track completion of relevant pieces of legislation to inform administration of various fees and charges. These include eight revenue administrative bills, Housing Policy, and two municipality valuation rolls
- ii. Enhancing the BARMs system modules to 100% cashless payments on all revenue streams to avert challenges associated with cash handling.
- iii. Continuous weekly performance appraisal for all revenue collectors across all collection points to monitor variations between collections and targets. this enhance collections from market fees and related streams
- iv. The receivers and collectors of revenue are duly appointed pursuant to 157 (2) of PFMA, 2012 to ensure proper and prompt accounting and reporting of revenues from all devolved units.
- v. In line with the County Executive order No.1 of 2022, Revenue collection has been decentralized to the ward level with clear mapping of revenue points that will enhance maximum revenue collection. Revenue officers at the ward level now reports administratively to the Ward administrator
- vi. Utilize the Office of county attorney to enforce collections from defaulters through legal processes. Further to this, plans are underway to facilitate collaboration with the Law courts administration in setting up an express special court on County Revenue matters.
- vii. Introduce tax incentives including tax holidays to resident registered traders on county markets in accordance to Section 159 (1) of the Public Finance Management Act, 2012 and Article 210 of the Constitution of Kenya 2010. The
- viii. Implementation of various tax incentives including waivers and negotiated flexible plans for property tax defaulters. A cabinet approval to grant waivers on property penalties and interests with a target of enhancing collection over the waiver period will be sought
- ix. Undertake continuous on-job trainings for revenue staff in their relevant fields and tax payer education and sensitization.
- x. Improve Officers' mobility by acquiring more vehicles for revenue enhancement and ensuring routine repairs and maintenance of existing vehicles and motorbikes.

**5. 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.

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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 June 30, 2023. 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, 2023, 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 29.6.2023



.....  
Name: R. J. Simiyu.  
County Receiver of Revenue

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF BUNGOMA

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### PREAMBLE

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

- A. Report on the Revenue Statements that considers whether the revenue 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 17, which comprise of the statement of

financial assets and liabilities and statement of arrears of revenue as at 30 June, 2023, 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 Statement - County Government of Bungoma as at 30 June, 2023, 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 and the County Governments Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Receipts and Disbursements**

The statement of receipts and disbursements reflects several balances that are at variance with the corresponding balances shown in supporting schedules as shown below:

<b>Item</b>	<b>Balance in the Financial Statements (Kshs.)</b>	<b>Balance in the Supporting Schedules (Kshs.)</b>	<b>Variance (Kshs.)</b>
Farm Produce Agricultural Cess-Note 1	44,308,350	44,564,782	256,432
Natural Resources Sand, Ballast, Murram Cess-Note 1	209,850	178,130	31,720
Timber Cess - Note 1	9,750	23,550	13,800
Land Rates (Area rates)- Note 2	26,728,668	2,921,048	23,807,620
Land Penalties and Interests - Note 2	884,948	1,918,333	1,033,385
Annual Business permit Fees (Single Business Permit) - Note 3	72,597,745	19,456,825	53,140,920
Business Permit Penalties and Interest (Accrued Penalties for Single Business Permit) - Note 3	2,381,825	276,350	2,105,475
Business Permit Renewal Fees (Renewal of SBP) - Note 3	3,579,191	1,364,120	2,215,071
Single Business Permit Advertisement Fees - Note 3	1,993,020	645,512	1,347,508
Application Form - Note 3	84,260	125,785	41,525
Street Parking Fees - Note 5	3,589,000	2,357,313	1,231,687

Item	Balance in the Financial Statements (Kshs.)	Balance in the Supporting Schedules (Kshs.)	Variance (Kshs.)
Monthly Toll/Sticker Fees/Bus Park (Consolidated County Bus Park Sticker) - Note 5	59,336,273	34,233,843	25,102,430
Reserved Parking - Note 5	3,201,823	2,615,000	586,823
Market Entry Fees (Mkt fees) - Note 6	30,106,045	24,645,185	5,460,860
Fees for Market Premises - Note 6	32,660	36,510	3,850
Branding- Note 7	6,991,291	1,951,900	5,039,391
Billboard Advertising - Note 7	2,221,500	341,000	1,880,500
Outdoor advertisement - Note 7	3,378,540	3,748,290	369,750
Level 3 Hospitals- Note 8	87,221,737	99,786,131	12,564,394
Vocational Training Centres Fees - Note 8	17,257,490	30,935,275	13,677,785

In the circumstances, the accuracy and completeness of the respective statement of receipts and disbursements balances could not be confirmed.

## 2. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and liabilities reflects a balance of Kshs.126,836,649 in respect of bank balances which, as disclosed in Note 18 to the financial statements, comprises of balances in twenty-seven (27) bank accounts maintained by the Receiver of Revenue in various local banks. However, bank reconciliation statements for the accounts were not provided to support the balances.

In addition, included in the statement is a balance of Kshs.978,600 in respect of cash in hand as disclosed in Note 19 to the financial statements. However, a board of survey report was not provided to support the balance.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.127,815,249 shown in the statement of financial assets and liabilities as at 30 June, 2023 could not be confirmed.

## 3. Unsupported Receipts - Hire of County Assets

The statement of receipts and disbursements reflects an amount of Kshs.19,457,432 in respect of hire of county assets which, as disclosed in Note 11 to the financial statements, relates to revenue obtained from three (3) categories of county assets. However, detailed schedules showing the specific assets under the three categories and how much was raised from each specific asset were not provided for audit review.

In the circumstances, the accuracy and completeness of the revenue of Kshs.19,457,432 could not be confirmed.

#### **4. Outdated Valuation Roll**

The statement of receipts and disbursements reflects an amount of Kshs.32,765,835 as land/poll rate which, as disclosed in Note 2 to the financial statements, relates to land rates. However, during the audit, it was observed that the County Government has not updated its valuation roll since 2005 to help determine the current rates of its property.

In the circumstances, the accuracy and completeness of the receipts of Kshs.32,765,835 from land rates 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.

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.1,347,382,860 and Kshs.1,110,829,943 respectively resulting to under-collection of own source revenue of Kshs.236,552,916 or 18% of the target.

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

My opinion is not modified in respect of this matter.

#### **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**

##### **Unresolved Prior Year's Matters**

In the audit of the previous year, several issues were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given explanation for the failure to resolve the issues.

## 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 matter 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**

#### **Revenue Spent at Source**

The statement of receipts and disbursements reflects an amount of Kshs.852,194,429 in respect of expenditure (at source) by facilities (Mabanga and Agricultural Training Centre). No explanation was provided for spending revenue at source, contrary to Regulation 63(4) of the Public Finance Management (County Governments) Regulations, 2015, which provides that moneys collected by a county government entity should not be utilized at source but should be banked in the designated bank accounts.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, 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**

#### **Inadequate Maintenance of Records by Enforcement Department**

The Compliance and Enforcement Department of the County Executive issues enforcement notices and undertakes any other enforcement action in relation to physical development. However, review of records maintained by the Department revealed that

the registers were old and mutilated and lacked backup copies. The records included reports on arrests, courts case notice, demolitions and complaints. Consequently, the information contained in these records is not safe and there is imminent possibility of being lost.

In the circumstances, internal controls and risk management in enforcement department were not effective.

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 statements 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 revenue 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 revenue statements, 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 the Management is aware of the intention to terminate the Receiver of Revenue or to cease its operations.

Management is also responsible for the submission of the revenue 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 statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue 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 the 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 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 the revenue statements.

In addition to the audit of the revenue 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 revenue 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 revenue statements 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 revenue 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 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 statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 revenue 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 statements, including the disclosures and whether the revenue 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 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 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.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**09 February, 2024**

Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.

7. Statement of Receipts and Disbursements for the year ended 30th June 2023

	Note	2022-2023	2021-2022
		ksh	ksh
<b>County Own Source Revenue</b>			
Cess	1	44,527,950	41,302,577
Land/Poll Rate	2	32,765,835	21,379,076
Single/Business Permits	3	83,885,437	87,932,428
Property Rent	4	9,216,325	15,749,535
Parking Fees	5	68,468,694	72,436,640
Market Fees	6	35,591,980	40,464,812
Advertising	7	12,591,331	21,435,541
Hospital Fees	8	743,911,772	728,618,782
Public Health Service Fees	9	2,606,150	8,628,066
Physical Planning and Development	10	12,830,622	11,488,211
Hire Of County Assets	11	19,457,432	17,621,385
Conservancy Administration	12	4,234,184	11,852,405
Administration Control Fees and Charges	13	21,773,732	25,600,530
Other Fines, Penalties, And Forfeiture Fees	14	376,070	385,725
Miscellaneous receipts	15	18,592,429	451,339
<b>Total County Own Source Revenue</b>		<b>1,110,829,943</b>	<b>1,105,347,052</b>
<b>Other Receipts</b>			
Transfers From County Government	16	49,317,037	53,299,987
<b>Total Other Receipts</b>		<b>49,317,037</b>	<b>53,299,987</b>
<b>Total Receipts</b>		<b>1,160,146,980</b>	<b>1,158,647,039</b>
Balance b/f at the beginning of the year		150,013,596	176,705,772
<b>Disbursements To CRF</b>		<b>(330,427,054)</b>	<b>(359,292,947)</b>
Expenditure By Facilities collection AIA	17	(852,194,429)	(826,046,268)
<b>Balance Due for Disbursement</b>		<b>127,539,093</b>	<b>150,013,596</b>

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 29/9/2023 and signed by:



R. J. Simuyi  
County Receiver of Revenue



Bernard Lumba  
Head of Revenue Reporting  
ICPAK M/No: 21133

**Receiver Of Revenue**  
**County Government Of Bungoma**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.**

**8. Statement of Financial Assets and Liabilities As at 30<sup>th</sup> June 2023**

	Note	2022-2023	2021-2022
		ksh	ksh
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances	18	126,836,649	150,190,650
Cash In Hand	19	978,600	
<b>Total Financial Assets</b>			
		127,815,249	150,190,650
<b>Total Financial Assets</b>			
<b>Financial Liabilities</b>			
Payables-Due to CRF	20	127,815,249	150,190,650
<b>Total Financial Liabilities</b>		127,815,249	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 29/9/ 2023 and signed by:



.....  
R. J. Simiyu  
County Receiver of Revenue



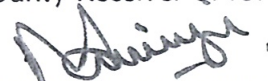
.....  
Bernard Lumba  
Head of Revenue Reporting  
ICPAK M/No: 21133


Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023

9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30<sup>th</sup> June 2023.

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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>County Own Source Revenue</b>						
Cess	67,459,408	(19,459,408)	48,000,000	44,527,950	3,472,050	93%
Land/Poll Rate	70,636,541	(20,181,869)	50,454,672	32,765,835	17,688,837	65%
Single/Business Permits	161,362,159	(46,103,474)	115,258,685	83,885,437	31,373,248	73%
Property Rent	17,016,392	(4,861,826)	12,154,565	9,216,325	2,938,240	76%
Parking Fees	133,263,100	(38,075,171)	95,187,928	68,468,694	26,719,234	72%
Market Fees	67,619,928	(19,319,979)	48,299,948	35,591,980	12,707,968	74%
Advertising	38,463,173	(10,989,478)	27,473,695	12,591,331	14,882,364	46%
Hospital Fees	642,823,421	124,233,407	767,056,828	743,911,772	23,145,056	97%
Public Health Service Fees	17,052,380	(4,872,109)	12,180,272	2,606,150	9,574,121	21%
Physical Planning and Development	30,596,022	(8,741,721)	21,854,301	12,830,622	9,023,679	59%
Hire Of County Assets	27,361,021	4,440,783	31,801,804	19,457,432	12,344,373	61%
Conservancy Administration	17,146,875	(4,899,107)	12,247,768	4,234,184	8,013,584	35%
Administration Control Fees and Charge	37,379,535	(10,679,867)	26,699,668	21,773,732	4,925,936	82%
Other Fines, Penalties, And Forfeiture F	3,788,531	(1,082,438)	2,706,094	376,070	2,330,024	14%
Miscellaneous Receipts	53,616,394	5,437,751	43,054,145	18,592,429	24,461,716	43%
Other Revenue Sources	12,940,009	4,012,476	32,952,485	-	32,952,485	0%
<b>Total County Own Source Revenue</b>	<b>1,398,524,891</b>	<b>(51,142,031)</b>	<b>1,347,382,860</b>	<b>1,110,829,943</b>	<b>236,552,916</b>	<b>82%</b>

The County Receiver of revenue's financial statements were approved on 29/6/2023 and signed by:

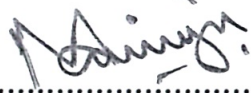
  
.....  
Name: R. J. Simiyu  
County Receiver of Revenue

  
.....  
Name: Bernard Lumba  
Head of Revenue Reporting  
ICPAK M/No: 21133

Receiver Of Revenue  
 County Government Of Bungoma  
 Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.

10. Statement of Arrears of Revenue As at 30th June 2023.

Classification Of Receipts	Balance as at The beginning of the current year (1 <sup>st</sup> July 2022)	Arrears received during the year.	Additions in arrears for the current year to June 30, 2023	Total arrears as at 30 June 2023	Measures taken to recover the arrears	Assessment to the recoverability of arrears
	A	B	C	D=A+(B)+C		
Cess	65,857,330			65,857,330		
Land rate	160,354,731			160,354,731		
Total Arrears	226,212,061	-	-	226,212,061		



Name: R. J. Simiyu  
 County Receiver of Revenue



Name: Bernard Lumba  
 Head of Revenue Reporting  
 ICPAK M/No: 21133

## 11. Significant 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 of 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 Receiver of revenue. 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 Receiver of revenue*.

### 2. Recognition of Receipts

The entity recognises all receipts from the various sources when the Bungoma county Receiver of revenue has received the related cash.

### 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 County Assembly approved the original budget on 30<sup>th</sup> May 2022 for the period 1st July 2022-30<sup>th</sup> JUNE 2023 as required by law. There were two 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 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.

**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, 2023

Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023

12. Notes to the Financial Statements

1. Cess

Description	2022-2023	2021-2022
	Kshs	Kshs
Farm produce(Agricultural Cess)	44,308,350	38,228,222
Natural Resources Sand, Ballast,Murram Cess	209,850	
Fish farming	-	23,200
Veterinary	-	3,051,155
Timber cess	9,750	
<b>Total</b>	<b>44,527,950</b>	<b>41,302,577</b>

2. Land rates

Description	2022-2023	2021-2022
	Kshs	Kshs
Land rates( Area Rates)	26,728,668	12,147,843
Land penalties and interest	884,948	4,697,884
Arrears	5,152,219	4,533,349
<b>Total</b>	<b>32,765,835</b>	<b>21,379,076</b>

3. Single /Business Permits

Description	2022-2023	2021-2022
	Kshs	Kshs
Business permit application fees	3,247,896	4,136,550
Annual Business permit fees(single Business Permit )	72,597,745	73,283,750
Business permit penalties and interest( Accrued Penalties for Single Business Permit)	2,381,825	2,332,328
Business permit renewal fees (Renewal of SBP)	3,579,191	8,179,800
Single Business permit Advertisement fees	1,993,020	
Application Form	84,260	
Duplicate Permit	1,500	-
<b>Total</b>	<b>83,885,437</b>	<b>87,932,428</b>

4. Property Rent

Description	2022-2023	2021-2022
	Kshs	Kshs
County Housing	6,414,072	10,320,100
Ground Rent Arrears	1,675,696	*
Plot Rent/ Ground Rent	155,657	318,000
Plot Transfer	138,000	*
Property rates- other charges Arrears	500	
Transfer of Property	55,000	2,894,155
Stalls/kiosks rent( House & stall rent)	616,500	1,327,800
Consent to charge	30,000	103,000
Clearance certificate	109,900	366,500
Extension of lease	4,000	191,040
Survey fees & Beacon search	17,000	228,940
<b>Total</b>	<b>9,216,325</b>	<b>15,749,535</b>

**Receiver Of Revenue**  
**County Government Of Bungoma**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.**

Notes to the Financial Statements (Continued)

5. Parking Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Street parking fees	3,589,000	9,876,670
Monthly toll/sticker fees/Bus park( consolidated County Bus park sticker)	59,336,273	61,085,700
Motorbike fees( annual BodaBoda stickers Penalties)	2,035,848	1,474,270
Registration fees(Sacco Stickers)	226,600	
Reserved parking( Parking fee)	3,201,823	
Monthly Stickers Penalties	79,150	
<b>Total</b>	<b>68,468,694</b>	<b>72,436,640</b>

6. Market Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Market entry fees( MKT FEES)	30,106,045	32,544,598
Livestock movement permit	2,439,315	7,916,214
Pulping		4,000
Charges for Carriers/ Loaders With Commodities	246,060	
Fees for Market Premises	32,660	-
Charges for Auction Ring-Market Fees Bill	2,767,900	
<b>Total</b>	<b>35,591,980</b>	<b>40,464,812</b>

7. Advertising

Descriptions	2022-2023	2021-2022
	Kshs	Kshs
Branding	6,991,291	
Billboard advertising	2,221,500	21,331,893
Outdoor Advertisement	3,378,540	103,648
<b>Total</b>	<b>12,591,331</b>	<b>21,435,541</b>

8. Hospital Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Level 5 & 4 hospitals	639,244,204	598,341,419
Level 3 hospitals	87,221,737	112,784,219
Public Health fees	188,341	1,431,482
Vocational Training Centres(Vtc) fees	17,257,490	16,061,662
<b>Total</b>	<b>743,911,772</b>	<b>728,618,782</b>

*Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.*

Notes to the Financial Statements (Continued)  
9. Public Health Service Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Inspection of buildings/premises/Institutions	42,080	1,927,842
Inspection for issuance of hygiene license	6,600	
Applications for medical examination	550	
Public health permit	3,350	3,612,790
Public Health- property Development	4,550	
Slaughter fee	914,140	3,087,434
Slaughter House Fees.	523,430	
Food Drugs and Chemical substance License	1,111,450	
<b>Total</b>	<b>2,606,150</b>	<b>8,628,066</b>

10. Physical Planning and Development

Description	2022-2023	2021-2022
	Kshs	Kshs
Building plans approval( Plan approval application)	12,270,492	11,464,386
Building Inspection	535,130	
Occupational Permits		19,000
Physical Planning	25,000	4,825
<b>Total</b>	<b>12,830,622</b>	<b>11,488,211</b>

11. Hire Of County Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	3,895,010	1,010,320
Hire of Machines and Equipment		20,000
Hire of County Stadium	4,000	59,000
Conference facilities/Agricultural Training Centers (ATC)	15,558,422	16,532,065
<b>Total</b>	<b>19,457,432</b>	<b>17,621,385</b>

12. Conservancy Administration

Description	2022-2023	2021-2022
	Kshs	Kshs
Refuse disposal fees	150,200	
Public cemetery	15,000	63,000
Noise control	13,200	39,600
SBP Conservancy	4,055,784	11,749,805
<b>Total</b>	<b>4,234,184</b>	<b>11,852,405</b>

*Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.*

Notes to the Financial Statements (Continued)

13. Administration Control Fees and Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Weights and measures	5,910	288,040
Fire Services( SBP Fire Compliance)	17,628,288	19,375,490
Liquor licenses( Alcoholic Drinks License)	4,127,034	5,937,000
Hoarding fees	10,000	
Change of Business Location	2,500	
<b>Total</b>	<b>21,773,732</b>	<b>25,600,530</b>

14. Other Fines, Penalties and Forfeitures

Description	2022-2023	2021-2022
	Kshs	Kshs
Impounding Fees	369,570	385,725
Towing Fees	3,500	
Audit fee	3,000	
<b>Total</b>	<b>376,070</b>	<b>385,725</b>

15. Miscellaneous Receipts

Description	2022-2023	2021-2022
	Kshs	Kshs
crop Development	900	
Stock Movement	1,099,403	
Miscellaneous Income	700	73,024
Overpayment Recovery/ Refund for overpayment	35,953	96,215
Salary Recovery	204,966	
Unclassified.	17,250,507	-
Cooperative		282,100
<b>Total</b>	<b>18,592,429</b>	<b>451,339</b>

16. Transfers from County Government.

Description	2022-2023	2021-2022
	Kshs	Kshs
Conference facilities/Agricultural Training Centers (ATC)	8,529,200	9,759,200
Level 3 hospitals(Dispensaries)	9,852,562	5,550,787
Vocational Training Centres(polythenic Fees)	30,935,275	37,990,000
<b>Total</b>	<b>49,317,037</b>	<b>53,299,987</b>

**Receiver Of Revenue**  
**County Government Of Bungoma**  
**Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.**

Notes to the Financial Statements (Continued)

17. Bank Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Expenditure By Facilities collection AIA	852,050,691	825,790,596
Bank Charges & commissions	161,488	78,618
<b>Total</b>	<b>852,212,179</b>	<b>825,869,214</b>

18. Bank Balances.

Name of Bank, Account No. & currency	Amount in bank account currency	Exc. rate (if in foreign currency)	2022-2023	2021-2022
			Kshs	Kshs
Kenya Commercial Bank 1177737930	KES		2,614,502	380,981
National Bank of Kenya 100113676000	KES		7,594,887	7,150
Cooperative bank of Kenya 01141669167100	KES		5,235,493	-
Equity Bank 0480261006908	KES		1,170,957	108,360
4. Bumula Health Centre Dev Community	KES	FIF	1,174,499	1,237,259.10
5. Mt. Elgon District Health Services	KES	FIF	361,699	2,250,358.02
6. Kimilili Health Management Services	KES	FIF	13,937,651	12,550,339.37
7. Health Care Services Webuye	KES	FIF	10,322,904	8,720,832.50
8. MOH Hospitals(Bungoma Referral)	KES	FIF	48,007,462	63,179,597.74
9. Bokoli Sub-District Hospital	KES	FIF	2,813,162	938,177.15
10. Med Sup Nait. Cost Sharing Account	KES	FIF	4,471,156	661,390.30
11. Sirisia Sub-District Hospital CA MoE/ School Accounts	KES	FIF	80,741	1,720,055.53
12. Chwele Sub-District Hospital - BGM	KES	FIF	24,620	2,009,855.43
13. Cheptais Sub-District Hospital	KES	FIF	1,526,164	3,768,762.05
14. Cheptais Sub County Hospital Collection Account	KES	FIF	-	70,375.00
16. Mabanga Agricultural Training Centre KCB	KES	FIF	13,014	8,454.80
17. Bungoma County Agriculture Mechanization Centre Ed	KES	FIF	706,883	158,846.30
18. Chwele Sub County Hospital Collection account ( Co-01	KES	FIF	(600)	600.00
22. .MT. Elgon Sub County Hospital - Collection 1141782311	KES	FIF	2,150	2,150.01
23. Sirisia Sub County Hospital Revenue Collection -011417	KES	FIF	85,440	58,020.02
24. Naitiri Sub-District Hospital Collection Account(KES)	KES	FIF	(619)	619.41
25. Sinoko Sub County Hospital cooperative Bank	KES	FIF	33,760	308,504.85
26. Sinoko Sub County Hospital kcb Bank	KES	FIF	184,225	26,384.55
21. Bumula Sub County Hospital Collection Account - 01141	KES	FIF	8,390	8,390.00
15. Bungoma HSSF(Consolidated)	KES	FIF	13,765,239	27,560,363.54
19. Public Health Collection Account KCB 1156993393	KES	FIF	395,830	1,456,408.15
20. Public Health Collection Account KCB 1225921872	KES	FIF	3,173,820	2,988,377.00
19. Bungoma Vocational Training(Consolidated)	KES	Fund	9,133,220	20,012,476
<b>Total</b>			<b>126,336,649</b>	<b>150,190,650</b>

**Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.**

Notes to the Financial Statement (Continued)

18(a) Balance carried forward as at 30<sup>th</sup> June 2023 and subsequently transferred

Ref	Amount (Kshs)	Date subsequently transferred
Disbursement 1(kcb)	1,870,000	3-Jul-23
Disbursement 2(National Bank)	7,594,287	4-Jul-23
Disbursement 3(Cooperative)	5,256,343	4-Jul-23
Disbursement 4(Equity)	1,173,555	3-Jul-23
Disbursement 5(kcb)	1,805,995	10-Jul-23
<b>Total</b>	<b>17,700,180</b>	

➤ This is a disclosure note indicating how the cash balance as at the end of the year has been subsequently disbursed to the CRF

19. Cash in hand.

Description	2022-2023	2021-2022
	Kshs	Kshs
Mobile Money(Revenue Mpesa)	978,600	
<b>Total</b>	<b>978,600</b>	<b>-</b>

20. Payables- Due To CRF.

Payables	2022-2023	2021-2022
	Kshs	Kshs
Balance b/f at the beginning of the year	150,190,650	149,823,541
Adjustment VTc opening Balance	99,103	26,882,231
Amount collected during the year	1,160,146,980	1,158,647,039
Amounts disbursed to CRF during the year	(330,427,054)	(359,292,947)
Expenditure By Facilities collection AIA	(852,050,691)	(825,790,596)
Bank Charges	(143,738)	(78,618)
<b>Balance c/d at the end of the year</b>	<b>127,815,249</b>	<b>150,190,650</b>

Notes to the Financial Statement (Continued)

1. Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than	Between	Between	Over 3 years
	1 year	1-2 years	2-3 years	
cess			65,857,330	
and/poll rate			160,354,731	
<b>Total (agree to statement of arrears)</b>	-	-	<b>226,212,061</b>	-

2. Appendices

Appendix 1: Progress on follow up of prior Year Auditor Recommendations.

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:																												
REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF COUNTY REVENUE FUND OF THE FINANCIAL YEAR 2021-2022																																
REPORT ON THE RECEIVER OF REVENUE STATEMENTS																																
Basis for Qualified Opinion																																
	<p><b>Cash and Cash Equivalents</b></p> <p>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, certificates of bank balance have not supported the bank balances reflected in Note 17. 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.</p>	<p>The Certificates of Bank Balances, Bank Reconciliation, bank statements and extracts of cashbooks are attached: Appendix I.</p> <p>The County operates an Mpesa utility account 337890 for revenue collection. ZUENAH was a county officer who was account agent operating the utility account. The role was to access m-pesa statements and facilitate sweeping of M-pesa collections to county revenue collection A/C No.01141669167100 held at Co-operative bank.</p> <p>M-pesa utility account balance of ksk.169,565 was swept on 30<sup>th</sup> June, 2022.</p>																														
	<p><b>Variance Between the BARMs System Records and the Financial Statements</b></p> <p>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:</p> <table border="1"> <thead> <tr> <th>Revenue Stream</th> <th>Balance as per Financial Statements(Kshs)</th> <th>Balance in the BARMs System(Kshs)</th> <th>Variance (Kshs)</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>1. Public Health Service Fees</b></td> </tr> <tr> <td>Inspection of Buildings/Premises/Institutions</td> <td>1,927,842</td> <td>1,912,150</td> <td>15,692.00</td> </tr> <tr> <td>Public Health Permit</td> <td>3,612,790</td> <td>Not provided</td> <td>3,612,790</td> </tr> <tr> <td colspan="4"><b>2. Physical Planning and Development</b></td> </tr> </tbody> </table>	Revenue Stream	Balance as per Financial Statements(Kshs)	Balance in the BARMs System(Kshs)	Variance (Kshs)	<b>1. Public Health Service Fees</b>				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	<b>2. Physical Planning and Development</b>				<p>The total collection reported in BARMs for the FY 2021/22 was Ksh. 352,548,030. The amount of own source revenue reported in the Financial Statements was Ksh. 351,772,175. The difference between BARMs and FS was Ksh. 775,855. This amount was held in cash at the close of the Financial Year. Financial statements were based on revenue received in the bank. The amounts held in cash was as follows:</p> <table border="1"> <thead> <tr> <th>Bank/Account</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Mpesa</td> <td>169,565</td> </tr> <tr> <td>Kenya Commercial Bank</td> <td>380,981</td> </tr> <tr> <td>Equity Bank (K)</td> <td>108,360</td> </tr> </tbody> </table>	Bank/Account	Amount	Mpesa	169,565	Kenya Commercial Bank	380,981	Equity Bank (K)	108,360		
Revenue Stream	Balance as per Financial Statements(Kshs)	Balance in the BARMs System(Kshs)	Variance (Kshs)																													
<b>1. Public Health Service Fees</b>																																
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**Receiver Of Revenue  
County Government Of Bungoma  
Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.**

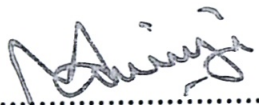
Sl. No.	Issue / Observations from Auditor	Management comments			Status:	Timeframe:
		Limited	National Bank of Kenya	7150		
	Building Plans Approval	11,464,386	10,656,663	807,723		
	Occupational Permits	19,000	Not provided	19,000		
	Physical Planning	4,825	Not provided	4,825		
	<b>3. Conservancy Administration</b>					
	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		
	<b>4. Administration Control Fees and Charges</b>					
	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)		
	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.					
	<b>Unsupported Own Source Revenue Balances</b>					
	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.					
	<b>Other Matters</b>					
	<b>budgetary Control and Performance</b>					
	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.					
	The county collects most of its revenue from structured streams. The peak season for structured streams is between January and June. However, this was affected by electioneering activities. The County Government has made deliberate strategic decisions including devolving revenue collection to the					

Receiver Of Revenue  
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Ref No	Issue / Observations from Auditor	Management comments	Status	Timeframe
		<p>wards. This will be supported with clear baseline data to increase the tax base and enhance own source revenue.</p> <p>In the FY 2022/23, the economy was recovering from the covid 2019 pandemic. Night curfews restricted public gathering and closure of hospitality and social points significantly affected business operations.</p>		
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
	<p><b>Non-Remittance of Collected Revenue to County Revenue Fund</b>                      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 M-pesa 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.</p>	<p>As at closure of the Financial Year Ending 30<sup>th</sup> June 2022, own source revenue not transferred to CRF was ksh 496,492. The County Government issued written instructions to the banks operating collection accounts to sweep to the County Revenue Fund by 30<sup>th</sup> June, 2022.</p> <p>Attached find copies of sweeping instructions. APPENDIX III</p> <p>The county will take the necessary administrative decisions to collecting banks when such instances happen in future.</p>		
	<p><b>Revenue Spent at Source</b>                      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.</p>	<p>The County Government enacted Health Services Act 2019. The act allows county health facilities to operate with their own funds. Attached is a copy of the Act. Further to the above, facilities have been directed to bank all their collections in a special purpose account at the Central Bank of Kenya.                      Attached is a letter from the CEC Finance to the Department of Health and Sanitation</p>		
	<b>Out-Dated Valuation Roll</b>	The County has a draft Valuation Roll		

Receiver Of Revenue  
 County Government Of Bungoma  
 Revenue Statements for the Period Ended 30<sup>th</sup> June 2023.

Ref No.	Issue / Observations from Auditor	Management comments	Status	Timeframe
	<p>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.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>for Bungoma and Webuye Municipalities. The drafts have been submitted to the County Assembly for further legislative process. Attached is a forwarding letter of the draft valuation roll to the County Assembly. Soft copy is available for review by audit.</p>		
3	<p><b>Balance Due for Disbursement</b>                      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.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The County has Health Services Act that authorizes Health Facilities to operate with their own funds. Attached is a copy of the Act. Further to the above, facilities have been directed to bank all their collections in a special purpose account at the Central Bank of Kenya. Attached is a letter from the CEC Finance and Economic Planning to the Department of Health and Sanitation</p>		



Name: R. S. Sinyu  
 County Receiver of Revenue



Name: Bernard Lumba  
 Head of Revenue Reporting  
 ICPAK M/No: 21133