

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**RECEIVER OF REVENUE – REVENUE  
STATEMENTS**

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

**COUNTY GOVERNMENT OF BUSIA**





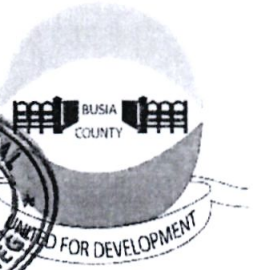
COUNTY GOVERNMENT OF BUSIA

OFFICE OF THE GOVERNOR

P.O. BOX PRIVATE

50400 BUSIA,

KENYA



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## RECEIVER OF REVENUE

COUNTY GOVERNMENT OF BUSIA

REVENUE STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE, 2024

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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 Busia  
Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

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County Government of Busia  
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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

**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**

*[Customise the details in this section to suit your entity]*

The receiver of revenue is under the Department of finance, economic planning and ICT. At the County Executive Committee level, the receiver of revenue is represented by the County Executive committee member for finance, who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue is designated as a receiver by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

**(a) Principal activities**

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

**(b) Key Management**

The County Government of Busia's day-to-day management of revenue is under the following:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Hon. Topister Naiti Wanyama
2.	Accounting Officer in charge of Finance	Mr. Gypson Ojiambo Wafula
3.	Accounting Officer in charge of Agriculture	Mr. Odende Timothy
4.	Accounting Officer in charge of Sports	Mr. Dennis Ngira
5.	Accounting Officer in charge of Health	Dr. Lusamba Wilberforce
6.	Accounting Officer in charge of Transport	Mr. Hefow Aden
7.	Accounting Officer in charge of Trade	Mr. Mwaro Elijah
8.	Accounting Officer in charge of Lands	Ms. Imo Mercy
9.	Director Revenue	Ms. Peris A. Oyombera
10.	Head of Revenue Reporting unit	Mr. Barnabas Abwogah

*Receiver Of Revenue  
County Government of Busia  
Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

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**(d) County Headquarters**

P.O. Box Private Bag 50400

Busia (K)

Town Hall Building Busia-

Kisumu Highway Busia

**(e) Entity Contacts**

E-mail: [info@busiacounty.go.ke](mailto:info@busiacounty.go.ke)

Website: [www.busiacyounty.go.ke](http://www.busiacyounty.go.ke)

**(f) Independent Auditors**

Office of the Auditor General

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. Commercial banks**

i. Kenya Commercial Bank, Busia Branch

ii. National Bank of Kenya, Busia Branch.

**(i) County Attorney**

P.O. Box Private Bag 50400

Busia (K)

Inyanza Plaza

Opposite KMTC-Busia

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

It is my pleasure to present the County Government of Busia Receiver of revenue financial statements for the year ended 30<sup>th</sup> June, 2024. The financial statements present the financial performance of the Receiver of Revenue Fund for the financial year 2023/2024.

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 of Kenya 2010.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Busia County included single business permits, land rates, business plan approvals, advertising fees, hospital user fees, cess and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

- 1) Automation of revenue collection system – the County is currently using Busia County Revenue Management system as the revenue collection system;
- 2) Continuous revenue mapping to inform realistic projections and putting in place proper revenue collection enforcement measures.
- 3) Allocation of service delivery vehicles to enhance supervision and monitoring of own source revenue collection.
- 4) Collaborative approach including administrators at grassroot level to enhance revenue collection.

Sign.....

**Hon. Topister Naiti Wanyama.**  
**CECM County Treasury and Economic Planning**  
**County Government of Busia**

#### 4. Management Discussion and Analysis

##### **Background information**

Own Source Revenue (OSR) is anchored by the 2010 Constitution, the 2012 Public Finance Management Act, the County Government Act of 2012 and Urban Areas and Cities Act 2011. Together, these allow counties to impose property tax, entertainment taxes and any other tax authorized by an Act of Parliament, as well as charges for the services they provide.

Improved OSR not only increases absolute revenues for a county but also improves the fiscal autonomy of county governments and allows them to better manage their public finances in manner more appropriate to their own economies. Studies by the National Treasury and reports by the Office of the Controller of Budget and the Commission on Revenue Allocation (CRA) have established that most counties raise less than 40 per cent of their estimated revenue potential. The joint devolution programme is working with partner counties and CRA to address this issue.

CRA has developed Own Sources Revenue Training Guidelines for counties that provide a tool for strengthening their technical capacity on OSR administration to improve performance. Through training programmes and ongoing assessments, the programme, together with CRA, is enhancing the technical capacity of county government revenue staff, supervisors, management and policymakers on the process of revenue collection, management and enhancement.

##### **County own generated receipt.**

This is money derived by or on behalf of a County Government from levies, rates, fees, charges or any other source as authorized by Article 209 (3) of The Constitution of Kenya, 2010. The county heavily relied on levy rates on hospital user fees, trailer parking fees and single business permits for its services. During the financial year 2019/2020, 2020/2021, 2021/2022, 2022/2023 and 2023/2024 the County Government adopted electronic payment and improved its monitoring systems for charges, permits and fees.

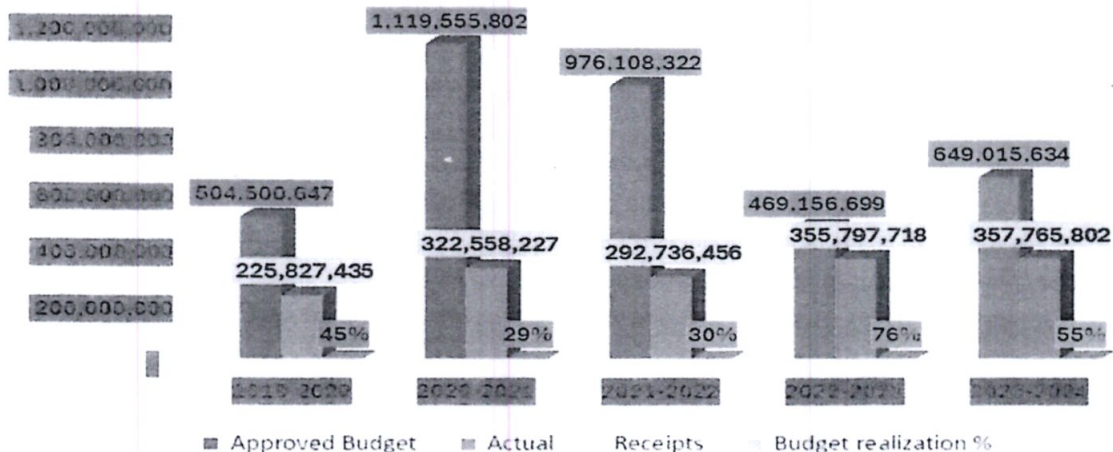
The County Government projected to collect a total of Kshs. 649,015,634 from the local sources which were planned to support priority programmes and projects identified for implementation over the FY 2023/2024. This is shown in the table below:

*Receiver Of Revenue  
County Government of Busia  
Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

Own generated revenues for the FY 2019/2020 to 2023/2024				
Financial Year	Approved Budget	Actual Receipts	Deviation	Budget realization
	Kshs	Kshs	Kshs	%
2019-2020	504,500,647	225,827,435	(278,673,212)	45%
2020-2021	1,119,555,802	322,558,227	(796,997,575)	29%
2021-2022	976,108,322	292,736,456	(683,371,866)	30%
2022-2023	469,156,699	355,797,718	(113,358,981)	76%
2023-2024	649,015,634	357,765,802	(291,249,832)	55%
<b>Totals</b>	<b>3,069,321,470</b>	<b>1,196,919,836</b>	<b>(1,872,401,634)</b>	<b>39%</b>

**Actual Revenue Performance against Annual Targets from FY 2019/2020 to FY 2023/2024**

**REVENUE COLLECTION ACTUAL VIS A VIS TARGET FROM FY 2019/20 TO 2023/24**



The county recorded an upward trajectory in revenue for the FY 2023/2024 as shown above. This was attributed to a number of factors listed below:

- i. Intensified revenue enhancement and enforcement through regular Rapid Result Initiatives and use of utility vehicles
- ii. Operationalization of car parking fees along designated parking areas
- iii. Enhancement in collection of sugarcane cess from the sugarcane companies
- iv. Regular follow up NHIF disbursements and sub sequent transfer of collection account

## **5. Statement of Receiver of Revenue's responsibilities**

Section 166 (1) of the Public Finance Management Act, 2012 requires that, not later than three months after the end of financial year, the accounting officer for a County Government shall prepare financial statements in respect of that entity. Section 166 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

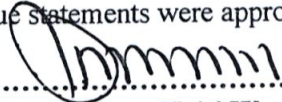
The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue financial statements, which gives a true and fair view of the state of affairs of the receiver of revenue for and as at the end of the period ended on 30<sup>th</sup> June,2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,(ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the 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 County Government of Busia 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 County Government of Busia receiver of revenue account gives a true and fair view of the state of County Government's receiver of revenue transactions during the year ended 30<sup>th</sup> June,2024, and of the County Government's statement of financial 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 County Government of Busia 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.

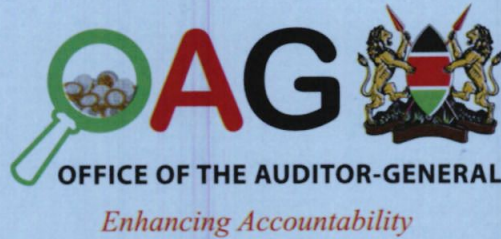
### **Approval of the Revenue Statements**

The revenue statements were approved and signed by the Receiver of Revenue on 30<sup>th</sup> September, 2024.

  
.....  
Name: **Hon. Topister Naiti Wanyama.**  
County Receiver of Revenue.  
County Government of Busia

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF BUSIA**

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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 revenue statements.
- B. Report on the 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Busia set out on pages 1 to 24, which comprise of the statement

of financial assets and liabilities and statement of arrears of revenue as at 30 June, 2024, 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 revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue – County Government of Busia as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Disbursements to County Revenue Fund**

The statement receipts and disbursements reflect disbursements to County Revenue Fund amounting to Kshs.394,293,000, while the financial statements of the County Revenue Fund reflect corresponding receipts of Kshs.367,373,000 resulting to unexplained variance of Kshs.26,920,000.

In the circumstances, the accuracy and completeness of disbursements to County Revenue Fund amounting to Kshs.394,293,000 could not be confirmed.

#### **2. Unaccounted for Revenue**

The statement of receipts and disbursements reflects total county own source revenue amounting to Kshs.357,765,802. The County Government of Busia automated own source revenue collection with effect from 01 August, 2023 through adoption of a cashless Integrated Revenue Collection and Hospital Information Management System. However, analysis of revenue collection transactions for several revenue streams extracted from the County's Integrated Revenue Collection and Hospital Information Management System revealed that cash collections totaling to Kshs.84,528,600 did not indicate the Mpesa or bank transaction reference numbers.

Further, Management did not provide explanation on cash transactions recorded in the revenue collection system which did not have cash collection features and there did not exist documentary evidence of banking or holding of cash on hand. The anomaly may result in the risk of generation of official receipts for cash collections that have not been banked or recorded as revenue contrary to Regulation 63 (4) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the accountability of the revenue amounting to Kshs.84,528,600 could not be accounted confirmed.

### **3. Inaccuracy of the Statement of Receipts and Disbursements**

The statement of receipts and disbursements reflects balance due for disbursement of Kshs.2,406,780, while recasting of the amounts leads to a balance as Kshs.1,969,510 which results in an unexplained variance of Kshs.437,270.

In the circumstances, the accuracy and completeness of balance due for disbursement of Kshs.2,406,780 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance - Under Collection of Revenue**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totaling Kshs.649,015,634 and Kshs.357,765,802 respectively, resulting to under collection of Kshs.291,249,832 or 45% of the budget. The shortfall in revenue collection may be an indicator of revenue leakages and inefficiencies in revenue collection system.

In the circumstances, the under collection of revenue affected implementation of 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 judgement, are of most significance in the audit of the revenue statements. Except for the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

##### **Unresolved Prior Year Matters**

In the audit of the previous year, several issues were reported under the Report on the Revenue Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

## **Other Information**

Management is responsible for the other information set out on page v to x which comprise of Key Entity Information and Management, Forward by the CECM Finance and Economic Planning and Statement of Receiver of Revenue's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue's revenue statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **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 effect of 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. Ineffectiveness in Revenue Point of Sales Machines Management**

The County Government of Busia allocated revenue clerks point of sales machines (POS) for revenue collection in all Sub-counties. However, there was no register of allocation of machines and it was not possible to determine the number of POS machines in use and their respective locations. Further, the machines issued are not surrendered back to the office on a daily basis. This poses a risk of misuse of machines by revenue staff and non-revenue staff who may end up collecting revenue in cash that may not be recorded or accounted for.

In addition, Management has not put in place measures and records to ensure adequate revenue staff duty and leave rotation. Further, no explanation was provided on how POS machines were accounted for in event the revenue collectors proceed on leave without surrendering machines back to the office.

This was contrary to Regulation 63(1)(a) of Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer and a

Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public moneys relating to their County departments or agencies.

In the circumstances, Management breached the law.

## **2. Non-collection of Poll or Land Rates and Arrears**

The Receiver of Revenue reports provided for audit review revealed that Management planned to collect land rates and arrears of Kshs.80,854,659 during the year under review, but only collected Kshs.2,429,033 or 3% of the budgeted amount. No documentary evidence in form of demand notices or other forms of public awareness was provided by Management to confirm efforts put in place to ensure collection of current and outstanding balances. This was contrary to Regulation 63(1)(a) of Public Finance Management (County Government) Regulations, 2015 which states that an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public moneys relating to their County departments or agencies.

In the circumstances, Management breached the law.

## **3. Irregular Spending of Revenue at Source**

During the year under review, the Busia Agricultural Training College received an allocation of Kshs.2,031,850 from the County Government of Busia for the entity's operations. However, it was observed that in addition to allocated funds, Management directly spent at source revenue collections amounting to Kshs.6,045,355 and the Chief Officer, Finance granted approvals to spend at source a total amount of Kshs.1,337,244. No explanation was provided on why Management had provided authority to the Busia Agricultural Training College to spend revenue collected irregularly.

This was contrary to Regulation 63(4) of the Public Finance Management (County Governments) Regulations, 2015, 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.

## **4. Integrated Revenue Collection and Hospital Information Management System**

During the financial year 2022/2023, the County Government procured provision of consultancy services for supply, delivery, installation, customization and commissioning of an integrated revenue and hospital information management system at a contract price of Kshs.59,885,232 and a charge of 6% of all funds collected as transaction fees.

Audit of the system's features and functionalities in respect to the user's system requirements and terms of reference as described in the contract reveal that despite the County Government having paid full contract sum, several modules were not implemented as at the time of audit, in October 2024 thereby limiting the system's effectiveness as detailed below: -

- i. The specification No.4 of the General Specifications as highlighted in the contract terms of reference required integration of revenue management system with hospital information management system and other third-party systems being used by the County including Ms Dynamics ERP Revenue collection account, banks and SMS Gateway Systems. However, system review revealed that the said integrations were not done.
- ii. Failure to customize Offline Operations Feature: Site visit carried out on 30 September, 2024 revealed occasional system downtime which led to hard cash collection. However, such transactions could not be updated to the system once services are restored due to lack of offline operation capability despite the provision for the system to allow for customization to meet specific needs of the County. The anomaly compromises revenue data integrity and indicates possible ineffectiveness in revenue collection.
- iii. Transfer of Skills: Interview and observation of the system user revealed inadequate knowledge and expertise in use of the Revenue Management System.

In the circumstances, the public may not have realized value for money spent on revenue automation system amounting to Kshs.59,885,232.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the revenue statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON THE 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 effect of the matters 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**

### **1. Uncoordinated Revenue Collection by County Enforcement Unit, Building Plans Approval Unit and Revenue Office**

Review of coordination of revenue collection and enforcement revealed that the enforcement unit carries out enforcement inspections at least three times a month in the entire Busia County. However, no documentary evidence was provided to show communication between enforcement unit and revenue office in respect to the assigning of revenue clerks to accompany enforcement officers during inspections. Also, the enforcement work plans were not provided for audit review.

Further, there were no back to office reports indicating the nature, area of enforcement, revenue collected, impoundment notices issued, register of items impounded, details of the point-of-sale machines (POS) allocated for each of the enforcement exercise, details of vehicles allocated for enforcement and number of enforcement officers involved in each of the enforcements conducted.

Discussions with revenue office and enforcement unit indicated that the offices operate independent of each other during enforcements and revenue officers are not involved in enforcement activities.

In the circumstances, the effectiveness of internal controls on revenue collection from building plans approval department could not be confirmed.

### **2. Lack of Proper Management of Parking Bays**

Review of revenue reports provided for audit revealed that the Receiver of Revenue planned to collect parking fees of Kshs.42,300,640 during the year under review, but a paltry Kshs.29,608,877 or 70% of the target was collected. However, physical verification on 27 September, 2024 at Kasarani private parking revealed that although the individual car parking slots are marked, the entire parking space was not fenced or demarcated to allow for a defined entrance and exit points for ease of management.

Further, the parking bay did not have designated revenue and enforcement officers to ensure proper collection of revenue and the few cars parked at the time of visit had not been billed and receipted. Interviews conducted with revenue officers around the parking area revealed that revenue collection machines (POS) are prone to malfunctioning which affect seamless revenue collection thereby resorting to cash collections. No evidence of banking of cash collections was provided for audit.

In addition, review of data obtained from the Integrated Revenue Collection and Hospital Information Management System showed that 763 vehicles did not pay parking fees in the year despite being billed through the revenue collection system.

In the circumstances, the effectiveness of parking fees collection and management could not be confirmed.

### **3. Inadequate Allocation of Motor Vehicles to Revenue Office**

Review of the revenue office capacity in revenue collection, monitoring and execution, revealed that the office was allocated only one (1) motor vehicle for all its operations.

In the circumstances, the effectiveness revenue collection management could not be confirmed.

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

#### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless

Management is aware of the intention to terminate the Receiver of Revenue 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 financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the revenue statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**

**23 December, 2024**

*Receiver Of Revenue  
County Government of Busia  
Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

**7. Statement of Receipts and Disbursements for the year ended 30th June 2024**

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>County Own Source Revenue</b>			
Cess	1	63,842,944	49,905,791
Land Rate	2	2,429,033	3,725,150
Single/Business Permits	3	73,608,301	64,080,118
Property Rent	4	7,748,537	6,090,268
Parking Fees	5	29,608,877	31,697,585
Market Fees	6	12,756,274	12,679,690
Advertising	7	18,809,328	12,518,898
Hospital Fees	8	119,906,901	153,638,955
Public Health Service Fees	9	7,401,736	6,072,514
Physical Planning and Development	10	2,517,650	4,927,616
Hire Of County Assets	11	3,335,830	1,387,095
Conservancy Administration	12	5,091,063	4,220,881
Administration Control Fees and Charges	13	6,385,370	3,974,980
Other Fines, Penalties, And Forfeiture Fees	14	147,000	672,928
Miscellaneous receipts	15	3,739,688	-
Cash in hand	19	437,270	205,249
<b>Total County Own Source Revenue</b>		<b>357,765,802</b>	<b>355,797,718</b>
Other Receipts			
Donations/Grants Not Received Through CRF		-	-
<b>Total Other Receipts</b>		<b>-</b>	<b>-</b>
<b>Total Receipts</b>		<b>357,765,802</b>	<b>355,797,718</b>
Balance b/f at the beginning of the year		38,798,596	80,036,552
Disbursements To CRF		(394,293,000)	(396,000,000)
Bank charges	17	(301,888)	(625,875)
Prior year adjustments		-	(409,798)
<b>Balance Due for Disbursement</b>		<b>2,406,780</b>	<b>38,798,596</b>

(Disclosure: The balance b/f at the beginning includes Kshs. 26,923,153-opening balance in the KCB collection account and sum of Kshs. 11,875,443 being opening balances in various revenue NHIF accounts which were later transferred to the collection account during the year under review and thus captured as part of Own source receipts in supporting schedules amounting to total of Kshs.369,203,975 receipts in KCB Collection account)

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 30<sup>th</sup> September and signed by:

.....  
Hon. Topister Naiti Wanyama  
County Receiver of Revenue

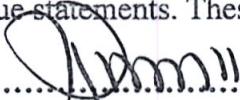
.....  
CPA. Abwogah Barnabas  
Head of Revenue Reporting  
ICPAK M/No:23547


Receiver Of Revenue  
 County Government of Busia  
 Revenue Statements for the financial year ended 30<sup>th</sup> June 2024

8. Statement of Financial Assets and Liabilities As at 30<sup>th</sup> June 2024

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalent</b>			
Bank Balances	18	1,969,510	38,593,347
Cash In Hand	19	437,270	205,225
<b>Total Financial Assets</b>		<b>2,406,780</b>	<b>38,798,596</b>
<b>Total Financial Assets</b>		<b>2,406,780</b>	<b>38,798,596</b>
<b>Financial Liabilities</b>			
Payables-Due to CRF	20	2,406,780	38,798,596
<b>Total Financial Liabilities</b>		<b>2,406,780</b>	<b>38,798,596</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 30<sup>th</sup> September and signed by:

  
 .....  
 Hon. Topister Naiti Wanyama  
 County Receiver of Revenue

  
 .....  
 CPA. Abwogah Barnabas  
 Head of Revenue Reporting  
 ICPAK M/No:23547

*Receiver Of Revenue  
County Government of Busia  
Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

**9. Statement of Comparison of budget vs Actual Amounts for the Period Ended 30<sup>th</sup> June 2024**

Receipt	Original Targets	Adjustments	Final Targets	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	Kshs
<b>County Own Source Revenue</b>						
Cess	54,130,184	8,803,506	62,933,690	63,842,944	(909,254)	101%
Land/Poll Rate	84,530,715	(3,676,056)	80,854,659	2,429,033	78,425,626	3%
Single/Business Permits	61,891,345	973,543	62,864,888	73,608,301	(10,743,413)	117%
Property Rent	19,242,561	(10,050,452)	9,192,109	7,748,537	1,443,572	84%
Parking Fees	42,300,640	-	42,300,640	29,608,877	12,691,763	70%
Market Fees	16,307,094	400,000	16,707,094	12,756,274	3,950,820	76%
Advertising	8,077,685	6,922,315	15,000,000	18,809,328	(3,809,328)	125%
Hospital Fees	169,347,944	98,200,000	267,547,944	119,906,901	147,641,043	45%
Public Health Service Fees	8,621,362	4,227,998	12,849,360	7,401,736	5,447,624	58%
Physical Planning and Development	51,626,027	(19,526,027)	32,100,000	2,517,650	29,582,350	8%
Hire of County Assets	15,677,476	11,958,894	27,636,370	3,335,830	24,300,540	12%
Conservancy Administration	9,950,579	-	9,950,579	5,091,063	4,859,516	51%
Administration Control Fees and Charges	6,918,001	1,300,300	8,218,301	6,385,370	1,832,931	78%
Other Fines, Penalties, And Forfeiture Fees	394,020	465,980	860,000	147,000	713,000	17%
Miscellaneous Receipts	-	-	-	3,739,688	-	-
Cash in hand as 30 <sup>th</sup> June 2024	-	-	-	437,270	-	-
<b>Total County own source Revenue</b>	<b>549,015,633</b>	<b>100,000,001</b>	<b>649,015,634</b>	<b>357,765,802</b>	<b>(291,249,832)</b>	<b>55%</b>
<b>Total Other Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Receipts</b>	<b>549,015,633</b>	<b>100,000,001</b>	<b>649,015,634</b>	<b>357,765,802</b>	<b>(291,249,832)</b>	<b>55%</b>

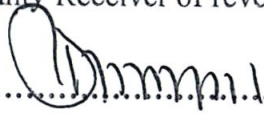
**Budgetary notes on under realization (below 90%)**

- a. Land/poll rate: the under realization was attributed to un-operationalization of the Rating Act due to lack of Rating of Committee and lack of un-updated valuation Roll.
- b. Property Rent: the under realization was attributed to un-operationalization of the Rating Act due to lack of Rating of Committee and lack of un-updated valuation Roll.
- c. Parking fees: the under collection was attributed to hike in fuel prices which had an effect on motor industry lack of trailer park to maximize on trailer parking fee.
- d. Market fees: the under realization was attributed to tough economic times thus trading activities especially the purchasing power of the taxpayers affected, and also the seasonality of this revenue stream affected regular collection.
- e. Public health services: under realization was as result of decline in need of this services due tough economic times affecting hospitality industry.
- f. Physical planning: the under collection from this stream was as a result of declining demand for building plan approval due reduced construction works as result of harsh economic times.
- g. Conservancy Administration: the under realization was as a result of struggling water schemes thus the low supply and low receipts in respect of sale of water from the water schemes.
- h. Administration control fees: the under realization was as a result of consumer behavior in response to tough economic times like the liquor sector which led to most liquor stores to close amid low customer turn out.
- i. Other fines, penalties and forfeitures: the under realization from this stream, owing to the fact that this stream is pegged in non-compliance cases that leads to clamping and impounding, in which such cases were limited, furthermore any court fines to defaulters end up to judiciary and not the County government.

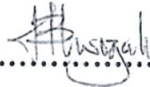
*Receiver Of Revenue  
County Government of Busia  
Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

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The County Receiver of revenue's financial statements were approved on 30<sup>th</sup> September, 2024 and signed by:



.....  
**Hon. Topister Naiti Wanyama**  
**County Receiver of Revenue**



.....  
**CPA. Abwogah Barnabas**  
**Head of Revenue Reporting**  
**ICPAK M/No:23547**

*Receiver Of Revenue  
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**10. Statement of Arrears of Revenue As at 30th June 2024**

<b>Classification Of Receipts (Indicate As Applicable)</b>	<b>Balance as at The beginning of the current year (1<sup>st</sup> July 2023) A</b>	<b>Arrears received during the year, B</b>	<b>Additions in arrears for the current year to June 30, 2024 C</b>	<b>Total arrears as at 30 June 2024 D=A+(B)+C</b>	<b>Measures taken to recover the arrears</b>	<b>Assessment to the recoverability of arrears</b>
Land/Poll Rate	110,754,353	(602,250)	78,294,564	188,446,667	Passing of Rating Regulations to operationalize enforcement of the Rating Act	
Property Rent	6,987,504	(315,154)	2,042,674	8,715,024	Passing of Rating Regulations to operationalize enforcement of the Rating Act	
<b>Total Arrears</b>	<b>117,741,857</b>	<b>(917,404)</b>	<b>80,337,238</b>	<b>197,161,691</b>		

## **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 Busia. 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 County Government of Busia. 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 County Government of Busia.

### **2. Recognition of Receipts**

The County Government of Busia recognises all receipts from the various sources when the related cash has been received by the County Government of Busia.

### **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 28<sup>th</sup> March, 2023 for the period 1<sup>st</sup> July 2023 to 30 June 2024 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 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.

**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, 2024

## 12. Notes to the Financial Statements

### 1. Cess

Description	2023/24	2022/23
	Kshs	Kshs
Farm produce (Sugar, Tobacco, Transit cess)	53,675,537	43,211,291
Quarrying (sand cess)	3,494,780	1,214,850
Livestock (Stock sale & slaughter fees)	4,076,108	4,089,840
Fish farming (fish cess, import, licence, movement permit)	2,596,519	1,389,810
<b>Total</b>	<b>63,842,944</b>	<b>49,905,791</b>

### 2. Land rates

Description	2023/24	2022/23
	Kshs	Kshs
Land rates	1,826,773	3,649,803
Arrears	602,260	75,347
<b>Total</b>	<b>2,429,033</b>	<b>3,725,150</b>

### 3. Single /Business Permits

Description	2023/24	2022/23
	Kshs	Kshs
Annual Business permit fees	73,608,301	64,080,118
<b>Total</b>	<b>73,608,301</b>	<b>64,080,118</b>

### 4. Property Rent

Description	2023/24	2022/23
	Kshs	Kshs
County Housing	5,757,658	4,511,838
Plot Rent	1,417,909	830,020
Stalls/kiosks rent	572,970	748,410
<b>Total</b>	<b>7,748,537</b>	<b>6,090,267</b>

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Revenue Statements for the financial year ended 30<sup>th</sup> June 2024*

**5. Parking Fees**

Description	2023/24	2022/23
	Kshs	Kshs
Private/Reserved parking	5,684,033	3,137,194
Bus Park fees	20,428,604	2,468,580
Trailer parking fees	3,496,240	26,091,811
<b>Total</b>	<b>29,608,877</b>	<b>31,697,587</b>

**6. Market Fees**

Description	2023/24	2022/23
	Kshs	Kshs
Market entry fees	12,756,274	12,679,690
<b>Total</b>	<b>12,756,274</b>	<b>12,679,690</b>

**7. Advertising**

Descriptions	2023/24	2022/23
	Kshs	Kshs
Advertising	18,809,328	12,518,898
<b>Total</b>	<b>18,809,328</b>	<b>12,518,898</b>

**8. Hospital Fees**

Description	2023/24	2022/23
	Kshs	Kshs
Hospital user fees	39,929,474	57,430,823
mortuary fees	2,074,870	5,040,285
Funds from NHIF	77,902,557	91,167,847
<b>Total</b>	<b>119,906,901</b>	<b>153,638,955</b>

**9. Public Health Service Fees**

Description	2023/24	2022/23
	Kshs	Kshs
Veterinary services	3,045,836	1,858,214
Public Health	4,355,900	4,214,300
<b>Total</b>	<b>7,401,736</b>	<b>6,072,514</b>

### 10. Physical Planning and Development

Description	2023/24	2022/23
	Kshs	Kshs
Building plans approval	2,517,650	4,927,616
<b>Total</b>	<b>2,517,650</b>	<b>4,927,616</b>

### 11. Hire Of County Assets

Description	2023/24	2022/23
	Kshs	Kshs
Machines hire	47,500	198,000
Tractor hire	1,698,255	-
Hire of County Stadia/Halls	66,500	56,000
Agricultural Training Centre (ATC)	1,523,575	943,855
Water bowser services	-	189,240
<b>Total</b>	<b>3,335,830</b>	<b>1,387,095</b>

### 12. Conservancy Administration

Description	2023/24	2022/23
	Kshs	Kshs
Solid waste	2,984,260	2,625,470
Noise	345,200	358,200
sale of water from water scheme (Busia Hill, Busijo, Alema, Munana, Butula, Port.Victoria)	1,761,603	1,237,211
<b>Total</b>	<b>5,091,063</b>	<b>4,220,881</b>

### 13. Administration Control Fees and Charges

Description	2023/24	2022/23
	Kshs	Kshs
Weights and measures	163,000	-
Fire Services	2,986,500	2,472,800
Liquor licenses	3,000,000	1,353,000
Group registration	127,350	104,650
Coop Audit fee	108,520	44,530
<b>Total</b>	<b>6,385,370</b>	<b>3,974,980</b>

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**14. Other Fines, Penalties and Forfeitures**

Description	2023/24	2022/23
	Kshs	Kshs
Impounding Fees	147,000	594,050
Other miscellaneous	-	78,878
<b>Total</b>	<b>147,000</b>	<b>672,928</b>

**15. Miscellaneous Receipts**

Description	2023/24	2022/23
	Kshs	Kshs
Insurance compensations	3,739,688	-
<b>Total</b>	<b>3,739,688</b>	<b>-</b>

**17. Bank Charges & Reversals**

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank charges	25,849	625,875
Reversals	276,039	-
<b>Total</b>	<b>301,888</b>	<b>625,875</b>

DATE	DETAILS	AMOUNT (DR)
01-Jul	Bank charge	600
07-Jul	Bank charge	120
17-Jul	Bank charge	1,065
18-Jul	Bank charge	120
01-Aug	Bank charge	575
05-Sep	Bank charge	575
18-Sep	Bank charge	115
01-Oct	Bank charge	575
02-Oct	Bank charge	230
02-Nov	Bank charge	575

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15-Nov	Bank charge	1,065
27-Nov	Bank charge	1,065
30-Nov	Bank charge	115
30-Nov	Bank charge	115
01-Dec	Bank charge	575
01-Dec	Bank charge	575
04-Jan	Bank charge	575
12-Jan	Bank charge	882
12-Jan	Bank charge	5,880
12-Jan	Bank charge	1,065
18-Jan	Bank charge	115
29-Jan	Bank charge	115
02-Feb	Bank charge	575
07-Feb	Bank charge	115
07-Feb	Bank charge	115
19-Feb	Bank charge	230
02-Mar	Bank charge	575
06-Mar	Bank charge	115
13-Mar	Bank charge	115
03-Apr	Bank charge	1,065
03-Apr	Bank charge	575
11-Apr	Bank charge	115
12-Apr	Bank charge	230
15-Apr	Bank charge	115
22-Apr	Bank charge	115
22-Apr	Bank charge	115

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22-Apr	Bank charge	1,065
03-May	Bank charge	575
08-May	Bank charge	115
08-May	Bank charge	115
11-May	Bank charge	115
29-May	Bank charge	115
30-May	Bank charge	230
04-Jun	Bank charge	575
10-Jun	Bank charge	115
15-Jun	Bank charge	200
15-Jun	Bank charge	30
15-Jun	Bank charge	200
15-Jun	Bank charge	30
18-Jun	Bank charge	200
18-Jun	Bank charge	30
19-Jun	Unpaid cheque bank charge	117
19-Jun	Unpaid cheque bank charge	585
28-Jun	Bank charge	575
	<b>Total</b>	<b>25,849</b>

01-Aug	Reversal-Erroneous	52,000
07-Sep	Reversal-Erroneous	30,000
07-Sep	Reversal -Erroneous	70,000
22-Dec	Reversal-Erroneous	100,000
20-Feb	Reversal-Erroneous	10,729
28-Feb	Reversal-Erroneous	11,000

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19-Mar	Reversal-Erroneous	2,310
	<b>TOTAL</b>	<b>276,039</b>

**18. Bank Balances**

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	2023/24	2022/23
			Kshs	Kshs
KCB Revenue Collection-1140748017	1,953,019	-	1,953,019	26,923,153
Sio Port Victoria Health Centre KCB - Health (NHIF)- 1183867425	314	-	314	202
Teso North Sub County hospital (NHIF)1264006292	498	-	498	8,370
Alupe Sub District hospital (NHIF)	3,310	-	3,310	42
Khuyangu health centre (NHIF)01001036736900	672	-	672	785,023
Nambale Sub County Hospital (NHIF)1255604875	2,640	-	2,640	144
Busia County Referral Hospital (NHIF)01001036712400	978	-	978	3,638,179
Port Victoria hospital (NHIF)01001036646000	614	-	614	1,830,092
Busia Transport and Public Works - NBK01071253868000	-	-	-	834
Busia Lands Housing and Urban Devt-01071253878000	1,230	-	1,230	75,347
Busia Agriculture crop and animal resources01071253873700	6,235	-	6,235	105,669
Busia Health and Sanitation revenue Account-1309510830	-	-	-	5,225,499
<b>Total bank balances</b>	<b>1,969,510</b>	<b>-</b>	<b>1,969,510</b>	<b>38,592,552</b>

**19. Cash in Hand**

Description	2023/24	2022/23
	Kshs	Kshs
Cash in hand	437,270	213,249
<b>Total</b>	<b>437,270</b>	<b>213,249</b>

Description	FY 2023/24
	Kshs
Produce cess	37,960
Hospital user fees	80,650
Trailer parking fees	14,010
SBP	169,000

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Market fees	57,820
Sand cess	27,200
Public health	21,500
Group registration	1,250
Private parking	3730
Veterinary fees	13650
Audit fee	10,500
<b>Total</b>	<b>437,270</b>

**20. Payables- Due To CRF**

Payables	FY 2023/24	FY 2022/23
	Kshs	Kshs
Balance b/f at the beginning of the year	38,798,545	80,036,545
Amount collected during the year	357,765,802	355,797,718
Amounts disbursed to CRF during the year	(394,293,000)	(396,000,000)
Reversals, Bank charges	(301,888)	(625,875)
Prior year adjustments	-	(409,778)
<b>Balance c/d at the end of the year</b>	<b>2,406,780</b>	<b>38,798,545</b>
<b>Disclosure:</b> <i>The balance b/f at the beginning includes Kshs. 26,923,153-opening balance in the KCB collection account and sum of Kshs. 11,875,443 being opening balances in various revenue NHIF accounts which were later transferred to the collection account during the year under review and thus captured as part of Own source receipts in supporting schedules amounting to total of Kshs.369,203,975 receipts in KCB Collection account</i>		

**21. (a) Prior year disclosures**

Description	2023/2024	2022/21
	Kshs	Kshs
Coop Audit fee	28,020	-
	<b>28,020</b>	

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Ksh. 28,020 was revenue collection under “administration control fees and charges”, in respect of Co-operative Audit fee for FY 2021/2022 which was omitted in statement of receipts and disbursement but included in Statement of comparison budget and actual thus was part of the Kshs.79,388,491 disclosed balance as at 30th June,2022

**(b)Prior year disclosure**

Description	2022/2023	2021/2022
	Kshs	Kshs
Land rates arrears	111,250,103	7,015,612
Property rent arrears	7,986,229	1,806,511
NHIF arrears	6,250,000	24,060,000
<b>Total</b>	<b>125,486,332</b>	<b>32,882,123</b>

**Ksh. 32,882,123** was arrears of revenue for FY 2021/2022 from Land rates-Kshs.7,015,612, Plot rent-Kshs.1,806,511 and NHIF-Kshs.24,060,000 that was not disclosed in the year under review. **Kshs.125,486,332** was total revenue arrears for FY 2022/2023 which includes Kshs.6,250,000 NHIF arrears was omitted in summation of totals in arrears declared in the statement of arrears for the year under review.

**22. Ageing Analysis of Revenue in Arrears**

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Land rate	-	-	188,446,667	-	188,446,667
Property rent	-	-	8,715,024	-	8,715,024
<b>Total</b>	-	-	<b>197,161,691</b>	-	<b>197,161,691</b>

13. Appendices

**Appendix 1: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.**

*There were no waivers and variations of fees or charges granted by the Receiver of Revenue during the year*

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted

(PFM ACT section 165 subsection 4, 5)

CPA Gypson Ojiambo Wafula  
 Chief Officer- County Treasury

  
 Sign and date ICPAK 18661

**Appendix 2: 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. However, the management is yet to appear before recommended committee(s) for resolution to be made.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p><b>Unsupported Receipts – Single Business Permit</b></p> <p><i>The statement of receipts and disbursements reflects an amount of Kshs.64,080,118 in respect of revenue from single business permit as disclosed in Note 3 to the financial statements. Available records indicated that the single business permit revenue stream is fully automated, and collections are done through the Busia County Pro-Revenue System. However, at the time of audit in November, 2023, there was no data provided for audit verification in relation to the revenue stream.</i></p>	<p>The management acknowledges that the previous data could not be accessed due to system shutdown of County pro system by the vendor with effect from February 2023 hence denying the county access to obtain system generated single business permit (SBP) register.</p> <p>However, the management maintained the same information of SBP data in an excel format which was used as back-up and hereby avails extract of excel schedule for SBP amounting to Kshs.64,080,118 for audit verification.</p> <p>The database is now available in the Revenue management system in place as a consolidated</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Further, during the year under review, the County Executive of Busia did not maintain a data base of all the businesses operating in the sub-counties and a register of invoices issued to various business owners requesting for payment for business permits. No revenue registers were also maintained to ascertain the amount invoiced, amount collected and outstanding balances. In the circumstances, the accuracy and completeness of the revenue of the Kshs.64,080,118 from single business permit could not be ascertained</p>	<p>report and as per the various sub counties</p>		
2.	<p><b>Inaccuracies in the Statement Arrears of Revenue</b>  The statement of arrears of revenue reflects total</p>	<p>The management would like to clarify that the statement of arrears for the period under review was erroneously captured as</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>arrears of Kshs.119,236,332. However, re-calculation of the total arrears amounted to Kshs.112,973,487 resulting to reconciled variance of Kshs.6,262,845.</i></p> <p><i>In the circumstances, the accuracy and completeness of total arrears of revenue balance of Kshs.119,236,332 could not be confirmed.</i></p>	<p>Kshs 119,236,332 instead of Kshs 125,486,332.</p> <p>The Kshs119,236,332 is the total arrears from Land/Poll rates of Kshs 111,250,103.00 and property rates of Kshs 7,986,229.00.</p> <p>The amount of Kes 6,250,000.00 NHIF Hospital fees was omitted in the total amount as highlighted</p>		
3	<p><b>Unsupported Bank Balances</b></p> <p><i>The statement of financial assets and liabilities reflects a balance of Kshs.38,593,347 in respect of bank balances which, as disclosed in Note 18 to the financial statements, comprises of balances in thirteen (13) bank accounts. However, certificates of bank</i></p>	<p>The management hereby provides certificates of bank balances for the three bank accounts</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>balances for three (3) bank accounts with balances of Kshs.785,023. Kshs.3,638,179 and Kshs.1,830,092 respectively, were not provided for audit review.</i></p> <p><i>In the circumstances, the accuracy and completeness of the bank balances of the three (3) accounts with total balance of Kshs.6,253,294 could not be confirmed.</i></p>			
4	<p><b>Variences between Financial Statements and Supporting Schedules</b>  <i>The statement of receipts and disbursements reflects own source revenue amounts of Kshs.153,638,955, Kshs.3,725,150 and Kshs.6,072,514 relating to hospital fees, land rates and public health services, respectively. However, the amounts are at variance</i></p>	<p>The management would like to clarify that the mentioned variance was as a result of misclassification of revenue streams in the respective classes which has since been reconciled and supporting schedules availed for verification as highlighted under appendix 4.</p>		

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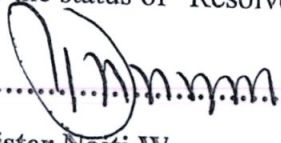
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>with the amounts of Kshs.142,150,611, Kshs.3,649,803 and Kshs.5,966,845 shown in the respective supporting schedules. The variances of Kshs.11,488,344, Kshs.75,347 and Kshs.105,669 have not been explained or reconciled</p>			
	<p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.469,156,699 and Kshs.355,797,718 respectively, resulting to under-collection of revenue of Kshs.113,358,981 or 24% of the targeted receipts. The under-collection of revenue affected the</p>			

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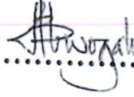
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>planned activities and may have impacted negatively on service delivery to the public</i>			

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

.....  
  
 Hon. Topister Naiti Wanyama  
 County Receiver of Revenue

Date

.....  
  
 CPA. Abwogah Barnabas  
 Head of Revenue Reporting  
 ICPAK M/No:23547  
 Date