



**COUNTY GOVERNMENT OF BUNGOMA
FINANCE AND ECONOMIC PLANNING**

**IMPLEMENTATION PLAN OF FY 2024/25
INTERNAL AUDIT OF REVENUE
RECOMMENDATIONS**

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COUNTY GOVERNMENT OF BUNGOMA
CHIEF OFFICER
29 SEP 2025
FINANCE
P.O. Box 427-50200, BUNGOMA

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IMPLEMENTATION PLAN OF OWN SOURCE REVENUE INTERNAL AUDIT REPORT

1.1 BACKGROUND

The County Government of Bungoma is a county governance unit established territorially under the First Schedule of the Constitution of Kenya and its functions provided for in the Fourth schedule. In order to perform these functions, the county government is empowered by Sec. 209 of the Constitution of Kenya to collect;

- a) property rates
- b) entertainment taxes; and
- c) any other tax that it is authorized to impose by an Act of

The county governments may also impose charges for the services they provide. These revenues are meant to reduce the overdependence on the national revenue. The county directorate of internal audit carried out an audit of the County Own Generated Revenue as at 30th June, 2024. The audit was undertaken in accordance with our 2022/2023 Risk-Based Annual Audit Plan. I have obtained all the necessary information and explanations which to my knowledge were relevant for the purpose of the audit. The Audit Notification was given vide letter Ref. No. **Ref: BCG/AUD/1.Memos/8/VOL.III (174)** dated 10th September, 2024. The essence of the audit was to examine and review financial and operational activities in regard to the Management of the County Own Generated Revenue in the County Government. The report classified the findings into four categories of rating;

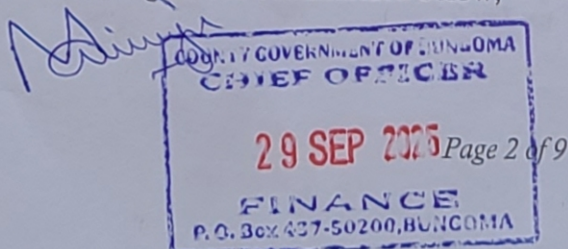
Classification	Action required when rating is at controlled level
Critical	Immediate action required and commitment of senior management
High	Senior management attention required and remedial action planned
Moderate	Management responsibility must be specified and accountability defined
Low	Managed by routine procedures such as quality management systems

There was a total of 15 findings rated as indicated below, with the overall report rating being high.

Report classification	High				
Weighted score	3				
Description	Number of findings				
	Low	Moderate	High	Critical	Total
Weight	1	2	3	4	
No. of findings	4	2	5	5	15

1.2. FINDINGS / ISSUES

The significant findings are as summarized below;



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- a) Failure to produce Annual and Quarterly Revenue Statements in a format prescribed by the Public Sector Accounting Standards Board
- b) Inaccurate Revenue reporting
- c) Uncollected Revenue
- d) Underperformance of Fees for the audit of Co-operatives and the property rates
- e) Outstanding invalidated transactions
- f) Uncollected Single Business Permit Fees
- g) Unsupported and unreported waivers of Land rates
- h) High proportion of damaged POS devices

The internal controls in revenue management were found to have deficiencies. The specific findings on the internal control systems have been discussed in detail in this report. The Management may need to focus on the various identified aspects of internal control so as to enhance the operational efficiency and compliance.

The Management's Commitment to address and resolve the issues raised, will help to increase the operational efficiency and compliance. This will be effective in enabling the achievement of the financial reporting objectives of the project.

We significantly recommend capacity building in revenue reporting and strengthening the internal controls embedded in revenue reporting.

1.3. OBJECTIVES

The objectives of Own Generated Revenue audit were as follows

- a) Funds due to the county government are timely received into the County Revenue Fund (CRF) Account
- b) Proper recording and reporting of transactions related to the County Revenue Fund (CRF)
- c) Recording of all cash transactions are complete and accurate.
- d) Banking arrangements and facilities are appropriate and adequate
- e) To ascertain validity and authenticity of transactions in bank accounts
- f) To ensure that the potential for staff malpractice and fraud are minimized
- g) There is Proper collection, accounting and safe custody of revenue/AIA
- h) The accounting records are accurate and complete and maintained in a manner prescribed by the PSASB
- i) Final accounts are accurate, complete and with adequate disclosure
- j) To establish whether the revenues are properly assessed, collected and accounted for (including exemptions, waivers, deductions and refunds) and are in accordance with laws and regulations



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2.0. IMPLEMENTATION PLAN OF 2024/25 INTERNAL AUDIT OF REVENUE RECOMMENDATIONS MATRIX

S/NO	RECOMMENDATION/ISSUE	ACTION	RESPONSIBLE PERSON	TIMELINE	BUDGET	EXPECTED OUTPUT	STATUS
	The chief officer required to produce and submit the Revenue Statements	Prepare monthly, quarterly and annual reports are prepared and submitted to the prescribed institutions	Receiver of Revenue	July 2025- June 2026	500	Monthly, quarterly and annual report	1 st and 2 nd quarter of 2025/26 has been prepared and submitted to the Bungoma County Assembly, C.O.B, The National Treasury, The O.A.G and the C.R.A.
		Undertake capacity building of revenue officer on revenue reporting	Receiver of Revenue	May 2026	1,119,000	Training report/certificate	Reports now being prepared by accountants as evidenced by the ROR Reports
2	ensure accuracy in revenue reporting	Prepare regular reconciliation of the different records and reports subsequent to which the relevant adjusting entries can be made	Director revenue	June 2026	1000	Harmonized standard chart of accounts.	All Adjusting journals being approved by the Chief Officer before being posted in the system
3	Ensure accurate and consistent reporting	Designate officers to each of the different component of revenue so as to enhance the internal controls	Director	November	500	Officers designated	Section heads assigned appointed and assigned duties

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		undertake regular reconciliation of the different records and reports subsequent to which the relevant adjusting entries can be made	Director revenue	of	Monthly	100000	Monthly reconciliation reports	Ongoing
4	Standard Chart of Accounts	Undertake Capacity building of the members of staff so as to ensure that there is accurate classification and reporting of transactions	Receiver revenue	of	June 2026	1,000,000	Work plan	Training Undertaken for the Accounting Unit
		Implement an appropriate treatment of the recovered principal amounts and overpayments so as to ensure that these transactions are not inappropriately treated as revenues	Receiver revenue	of	September, 2025-June 2026	1000	integration of the BARMS and Payroll platforms	Work in progress
5	The department disclose all M-PESA balances in the Financial Statements	Maintain accurate record of MPESA balance	-Receiver revenue -Director revenue	of of	July 2025- June 2026	500	Record of MPESA balances	Balances included in the statement of financial position
6	The Department should ensure that revenue is fully collected	Implement performance management for revenue officers with clearly set targets	-Receiver revenue -Director	of	July 2025- June 2026	520,000	Performance management reports	Management has addressed the matter through quarterly staff performance appraisal system




		Map out existing and potential revenue sources	-Receiver of revenue -Director, revenue	February - march 2026	4,500,000	Revenue mapping report	Scheduled under KDSP II work plan
		Strengthen monitoring and evaluation of revenue collection	Receiver of revenue Director revenue	Quarterly	3,000,000	Periodic revenue reports	Management has addressed the matter through executive revenue dashboard for real-time monitoring
		Strengthen the enforcement mechanisms involved in revenue collection	-Receiver of revenue -Chief officer administration -Director revenue -Director administration -Director enforcement	July 2025- June 2026	1,500,000	Number of enforcements deployed to enforce revenue collection	Management has requested deployment of 100No. Enforcement officers for revenue enhancement
7	The department should ensure that all transactions are validated	Regular reconciliations and investigation of the invalidated transactions	Director revenue			To enhance Realtime results and Integrity.	Cash and Bank Reconciliations being performed on a daily basis
		Capacity building of the officers involved in the validation of transactions so that appropriate treatments may be prescribed for invalid transactions	Receiver of revenue			Training report	Accountants and ICT Officers Trained, Training invitations

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8	The department should ensure that single business permit fees is collected	Strengthen enforcement by conducting field inspection, Capacity building of business owners on importance of single business permit compliance & Segregation of duties	Receiver of revenue Licensing officer			Sample Minutes on business owners' sensations. Stronger revenue control systems	Stakeholder sensitization for traders conducted
9	Expended bank charges	Cash receipts are recognized on a gross basis, except for the circumstances envisaged in the Reporting Standard, Capacity building of staff & Bank Reconciliation	Accounting officer			Receiver of Revenue Statement.	Verification of bank Charges underway to request reimbursement for the same
10	Unsupported and unreported waivers of Land rates	Develop a county legislation that will spell out circumstances under which waiver can be granted and capacity building of officers	Director Revenue			County tax waiver administration Act.	Management has developed the Draft Bungoma County Waiver and Variation Bill 2026 for Cabinet deliberation
11	Land rates levied at zero rates	Strengthen the controls so that the automated system self-imposes the applicable rates	Licensing officer Accounting officer Receiver of revenue			To ensure 100% accuracy and system integrity	Management has identified data entry errors within the system workflow. A comprehensive data cleanup exercise is currently underway.


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12	Revenue Performance.	Develop a recovery strategy to address the revenue collection challenges in the degrading sources of revenue and Align targets with historical trends.	Director revenue Revenue collectors.			Automated revenue collection system. Updated property register	Current revenue targets are aligned with historical trends
13	Segregation of duties	Identifiable tasks are assigned to different officers so as to ensure that there is an effective system for checks and rechecks. Where segregation of duties is not possible, the management may need to put in place compensating controls	Receiver of Revenue Accounting officer finance			Improved internal controls	System approval rights reviewed and Job Descriptions prepared and submitted to DHRAC for approval.

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14	High proportion of damaged POS devices	Develop a short USSD Code such as *126# that is easy to memorize subsequently sensitize and facilitate members of the public to make payments using their mobile phones. The revenue officers may be limited to verification of the payment status. This will help to reduce costs associated with the POS gadgets while also minimizing cash handling	ICT manager Director revenue			Improved efficiency in revenue collection	The system has now been upgraded to support cashless payments via STK Push technology , significantly enhancing collection efficiency and user experience.
15	Revenue Enforcement	Reviewed and strengthen the enforcement mechanisms To carry out similar simulations in all markets	Director of revenue Enforcement officer			Number of enforcements deployed to enforce revenue collection	Management has requested deployment of 100No. Enforcement officers for revenue enhancement E-clamping application for PSVs activated

NAME	DESIGNATION
Prepared by: CPA Gregory Wafula	Director, Revenue
Approved by: Roberts Simiyu	Receiver of Revenue

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