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COUNTY GOVERNMENT OF BUNGOMA



COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
07 NOV 2023
TABLED
By: *Hon. James Muthiga*

COUNTY ASSEMBLY OF BUNGOMA (LPCS)
REPORT BY COMMITTEE ON FINANCE AND ~~ECONOMIC~~
PLANNING COMMITTEE
ON

COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
NOTICE ISSUED
By: *Hon. James Muthiga*

ASCERTAIN THE CAUSE EFFECT OF REVENUE COLLECTION
DECLINE IN SOME REVENUE STREAMS AS PER RECEIVERS
OF REVENUE FINANCIAL STATEMENT FOR PERIOD ENDED
31ST MARCH, 2023.

IN RESPECT TO THE DEPARTMENT OF FINANCE AND
ECONOMIC PLANNING.

Clerk's Chambers

County Assembly Buildings

PO BOX 1886,

BUNGOMA, KENYA.

September, 2023

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CHAPTER ONE

1.1 preface

Mr. Speaker Sir, on behalf of the members of the Finance and Economic Planning committee, it is my pleasure and duty to present to the House the Committee's report on the ascertainment of the cause effect of revenue collection decline in some revenue streams as per receivers of revenue financial statement for period ended 31st March,2023 report.

This activity was paramount considering that 85% of all revenue streams have been witnessing negative variance in revenue collection since financial year 2020/2021.

The Committee wanted to ascertain particularly why the period (2020/2021) when the Country was hit by Corona pandemic and there was lock down and discouragement to transact business in cash, was the time the County registered significant increase in revenue collection.

1.2 Mandate of the Committee.

Mr. Speaker Sir, The sectorial Committee on Finance and Economic Planning is constituted pursuant to the provisions of Standing Order No. 217 of the County Assembly of Bungoma and executes its mandate in accordance with Standing order 217(5) which provides as follows:

- a) Investigate, inquire and report all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments.
- b) Study the programme and policy objectives of departments and the effectiveness of the implementation;
- c) study and review all county legislation referred to it;
- d) study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;

- e) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;
- f) to vet and report on all appointments where the constitution or any law requires the County Assembly to approve, except those under Standing order 208(Committee on Appointments); and
- g) make reports and recommendations to the County Assembly as often as possible, including recommendations of proposed legislation

1.3 Committee Membership

Mr. Speaker Sir, the Committee on Finance and Economic Planning as currently constituted comprises of the following members:-

- | | |
|-----------------------------|------------------|
| 1. Hon. James Mukhongo | Chairperson |
| 2. Hon. Orize Kundu | Vice Chairperson |
| 3. Hon. Stephen Wamalwa | Member |
| 4. Hon. Everlyne Mutiembu | Member |
| 5. Hon. Vitalis Wangila | Member |
| 6. Hon. Violet Makhanu | Member |
| 7. Hon. Jack Kawa | Member |
| 8. Hon. Francis Chemion | Member |
| 9. Hon. Tony Barasa | Member |
| 10. Hon. George Makari | Member |
| 11. Hon. Aggrey Mulongo | Member |
| 12. Hon. Godfrey Wanyama | Member |
| 13. Hon. Everton Nganga | Member |
| 14. Hon. Christine Mukhongo | Member |
| 15. Hon. Catherine Kituyi | Member |

1.4 Legal Framework

1.4.1 Power to impose taxes and charges by County Government

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A SECTORIAL COMMITTEE REPORT ON ASCERTAINMENT OF THE CAUSE EFFECT OF REVENUE COLLECTION DECLINE IN SOME REVENUE STREAMS AS PER RECEIVERS OF REVENUE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST MARCH 2023.

Article 209(3)(4) & (5) of the Constitution provides that:-

3) A county may impose;

- a) Property rates
- b) Entertainment taxes; and
- c) Any other tax that is authorized to impose by an Act of parliament.

4) The National and County Governments may impose charges for the services they offer.

5) the taxations and other revenue raising power of the County shall not be exercised in a way that that prejudices national economic policies, economic activities across County boundaries or the national mobility of goods, services, capital or labour

Article 210 of the constitution states that:-

1) No tax or licensing fee may be imposed, waived or varied except as provided by legislation

2) If legislation permits the waiver of any tax or licensing fee—

(a) a public record of each waiver shall be maintained together with the reason for the waiver; and

(b) each waiver, and the reason for it, shall be reported to the Auditor-General.

(3) No law may exclude or authorize the exclusion of a State officer from payment of tax by reason of—

(a) the office held by that State officer; or

(b) the nature of the work of the State officer

Revenue Fund for county governments

Article 207 requires each Counties to have Revenue Fund for county government

(1) There shall be established a Revenue Fund for each county government, into which shall be paid all money raised or received by or on behalf of the county government, except money reasonably excluded by an Act of Parliament.

(2) Money may be withdrawn from the Revenue Fund of a county government only—

- (a) as a charge against the Revenue Fund that is provided for by an Act of Parliament or by legislation of the county; or
- (b) as authorized by an appropriation by legislation of the county.
- (3) Money shall not be withdrawn from a Revenue Fund unless the Controller of Budget has approved the withdrawal
- 4) An Act of Parliament may—
 - (a) make further provision for the withdrawal of funds from a county Revenue Fund; and
 - (b) provide for the establishment of other funds by counties and the management of those fund

Establishment of the County Treasury

Section 109 of the Public Finance Management Act 2012 establishes the County Revenue Fund for each county government.

109. (1) there is established, for each county a County Revenue Fund in accordance with Article 207 of the Constitution.

(2) The County Treasury for each county government shall ensure that all money raised or received by or on behalf of the county government is paid into the County Revenue Fund, except money that—

(a) is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose;

(b) may, in accordance with other legislation, this Act or County legislation, be retained by the county government entity which received it for the purposes of defraying its expenses; or

(c) is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.

(3) The County Treasury shall administer the County Revenue Fund and ensure that the county government complies with the provisions of Article 207 of the Constitution.

Administration of the County Revenue Fund

Regulation 80 and 81 of the Public Finance Management (County Governments)

Regulations 2015 stipulates as follow:

80. (1) The County Treasury shall administer the County Revenue Fund in accordance with the Constitutional provisions in Article 207 and 209 (3) and (4) in controlling revenue receipts to ensure that;

(a) all revenue receipts by the county government are paid into the County Exchequer Account, except revenue receipts reasonably excluded by the Act, or any other Act of Parliament or an Act of County Assembly; and

(b) withdrawals from the County Revenue Fund are done-

(i) in accordance with an appropriation by an Act of County Assembly; or

(ii) as a direct charge against the County Revenue Fund authorized by the Act, an Act of Parliament or an Act of County Assembly.

(2) The administrator of the County Revenue Fund shall keep proper books of accounts of the County Revenue Fund in accordance with standards and formats prescribed by the Public Sector Accounting Standards Board.

81(1) Receivers of revenue shall promptly deposit into the county exchequer account all receipts due to the County Revenue Fund.

(2) The receivers of revenue shall promptly pay the revenue received into the County Revenue Fund , as soon as possible and in any case not later than five (5) working days after receipt thereof.

(3) The County Treasury shall issue a receipt to a receiver of revenue to acknowledge the receipt of revenue thereof.

County government responsibilities in public finance.

102. (1) Each county government shall ensure adherence to—

(a) the principles of public finance set out in Chapter Twelve of the Constitution;

(b) the fiscal responsibility principles provided in section 107 under this Act;

(c) national values set out in the Constitution;

(d) any other requirements of this Act.

(2) The County Executive Committee shall observe principles of collective responsibility in exercising their functions under this Act.

(3) In making decisions a county assembly shall take cognizance of Article 216 (2) of the Constitution. Establishment of county treasuries.

103. (1) There is established for each county government, an entity to be known as County Treasury. (2) The County Treasury shall comprise—

(a) the County Executive Committee member for finance;

(b) the Chief Officer; and

(c) the department or departments of the County Treasury responsible for financial and fiscal matters. (3) The County Executive Committee member for finance shall be the head of the County Treasury. Responsibilities and Powers of a County Treasury General responsibilities of a County Treasury.

104. (1) Subject to the Constitution, a County Treasury shall monitor, evaluate and oversee the management of public finances and economic affairs of the county government including—

(a) developing and implementing financial and economic policies in the county;

(b) preparing the annual budget for the county and coordinating the preparation of estimates of revenue and expenditure of the county government;

- (c) co-coordinating the implementation of the budget of the county government;
- (d) mobilizing resources for funding the budgetary requirements of the county government and putting in place mechanisms to raise revenue and resources;
- (e) managing the county government's public debt and other obligations and developing a framework of debt control for the county;
- (f) consolidating the annual appropriation accounts and other financial statements of the county government in a format determined by the Accounting Standards Board;
- (g) acting as custodian of the inventory of the county government's assets except where provided otherwise by other legislation or the Constitution;
- (h) ensuring compliance with accounting standards prescribed and published by the Accounting Standards Board from time to time;
- (i) ensuring proper management and control of, and accounting for the finances of the county government and its entities in order to promote efficient and effective use of the county's budgetary resources;
- (j) maintaining proper accounts and other records in respect of the County Revenue Fund, the County Emergencies Fund and other public funds administered by the county government;
- (k) monitoring the county government's entities to ensure compliance with this Act and effective management of their funds, efficiency and transparency and, in particular, proper accountability for the expenditure of those funds;
- (l) assisting county government entities in developing their capacity for efficient, effective and transparent financial management, upon request;
- (m) providing the National Treasury with information which it may require to carry out its responsibilities under the Constitution and this Act;

(n) issuing circulars with respect to financial matters relating to county government entities;

(o) advising the county government entities, the County Executive Committee and the county assembly on financial matters;

(q) strengthening financial and fiscal relations between the national government and county governments in performing their functions;

(r) reporting regularly to the county assembly on the implementation of the annual county budget; and (s) taking any other action to further the implementation of this Act in relation to the county.

Powers of a County Treasury.

105. (1) A County Treasury has such powers as are necessary to enable it to carry out its functions and responsibilities under this Act including—

(a) with prior notice, access any system of public financial management used by any of the county government entities and the internal controls used to monitor the system;

(b) taking appropriate measures, including the stoppage of funds, to deal with any failure of a county government entity to comply with this Act;

(c) with prior notice, accessing the premises of a county government entity and inspecting all records and other documents relating to the financial affairs of that county government entity, kept by that entity;

(d) requiring county government entities to comply with all applicable norms or standards regarding accounting practices, budget classification systems and other public financial management systems as prescribed by the Accounting Standards Board;

(e) requiring any public officer employed by a county government or county government entity to provide explanations, information and assistance in respect to matters relating to the county government's public finances: Provided that a person providing the information shall not be liable if at the time of providing the information, that person, in writing, objected to providing such information on grounds that the information may incriminate him or her;

(f) issuing guidelines to accounting officers for the county government entities, or public officers employed by those entities, with respect to the financial affairs of that Government or those entities, and monitoring compliance with those guidelines; and

(g) ensuring that county government entities operate a financial management system that complies with national standards as prescribed by the Accounting Standards Board.

(2) A County Treasury may, in writing, authorize any of its officers to carry out a specified responsibility, or exercise a specified power, on its behalf.

(3) When carrying out a responsibility, or exercising a power, on behalf of a County Treasury, an authorized officer shall, if requested to do so by the person in relation to whom the responsibility or power is being carried out or exercised, produce the officer's authorization for inspection and failure to comply with such a request invalidates any subsequent action purporting to be taken under the authority of the authorization.

(4) An authorization given under subsection (3) remains in force for such period as is specified in it or, if no such period is specified, until it is revoked by the County Treasury concerned.

(5) A County Treasury may, in writing, revoke or vary an authorization given under subsection (3).

Receivers of Revenue

157. (1) The County Executive Committee member for finance shall, in writing, designate persons to be responsible for collecting, receiving and accounting for such county government revenue as the County Executive Committee member for finance may specify in their letters of designation.

(2) A receiver of county government revenue is responsible to the County Executive Committee member for finance for ensuring that the revenue for which the receiver is responsible is collected or recovered, and is accounted for

158. (1) A receiver of revenue for a county government may authorize any public officer employed by that county government or any of its entities to be a collector of revenue for the purpose of collecting revenue for that county government and remitting it to the receiver

2) Any other public officer, other than a receiver of revenue or collector of revenue for a county government, who collects revenue for that Government shall, not later than three days after receiving it, deliver the revenue to a receiver or collector of revenue for that county government. (3) A receiver of revenue' for a county government shall provide quarterly statements to the County Treasury with copies to the National Treasury and the Commission on Revenue Allocation

1.5 Acknowledgement

Mr. Speaker Sir, let me take this opportunity to express my gratitude and sincere thanks to the members of the committee and its Secretariat for dedicating their time to analyze the receivers of revenue report and diligently carrying sampled interrogation of collectors of revenue departments.

The committee is grateful to the offices of Honorable Speaker and Clerk of the County Assembly of Bungoma for the support received as it discharged its mandate in the preparation of this report.

Lastly, the committee lauds the County Executive Committee Member of Finance and Economic Planning and his counterpart of Lands, Urban, Physical Planning and Housing for appearing before the Committee and providing the necessary information that enabled the Committee compile this report.

Mr. Speaker Sir, it is therefore my singular duty, on behalf of the Committee of Finance and Economic Planning, to table this report and recommend it to these Honorable House for consideration and adoption.

Signed  Date.....

Hon. James Barasa Mukhongo, MCA Chwele/Kabuchai Ward
Chairperson, Committee on Finance and Economic Planning

CHAPTER TWO

2.1 Local Revenue General Collection Analysis of Critical Revenue Streams

The County Government relies heavily on disbursements from the national government, but these can be quite unreliable because release of the money can come in very late and thus hamper project implementation. It is prudent for a county Government to step up collection of local revenue as well as own source revenue in order to supplement the disbursements from the National government

It has been noted that revenue collection in the County has not grown consistently over time and thus the reason the committee of Finance and Economic Planning decided to find out reasons for the inconsistency/drop in revenue collection.

During Covid -19 period in the year 2020 and 2021, the citizens were sensitized on the need to avoid handling money to reduce on infection rates.

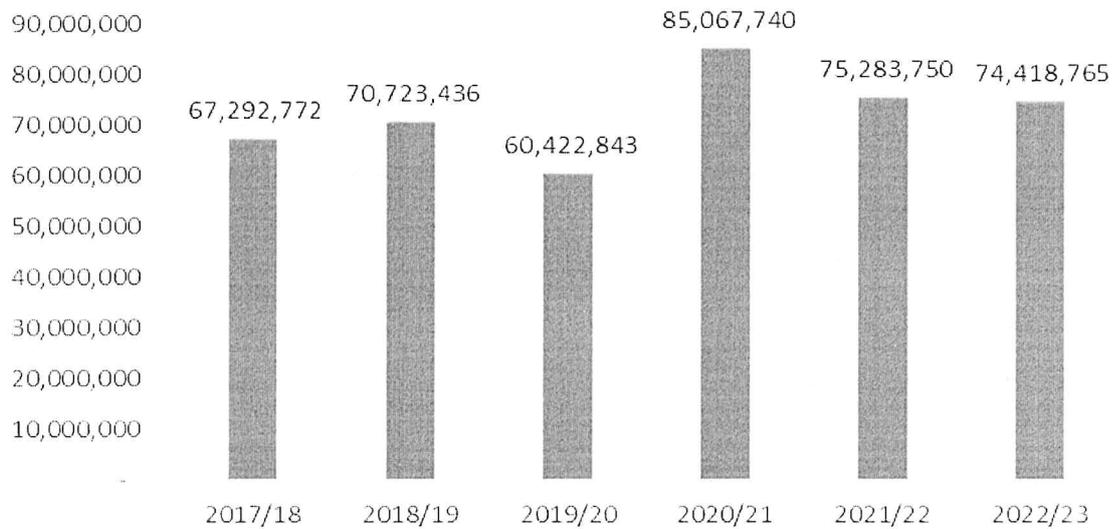
During that period, traders were required to pay for various charges through electronic means rather than manual exchange of cash. It is surprising to note that the County Government collected more money during that period compared to any other period before and after. Most of the key revenue streams have been declining rather than increasing despite automation.

The Committee sampled and analyzed revenue streams as presented below:

(a) Single business permits

In the year 2020/2021, the County collected Kshs.85 million compared to Kshs.75.2 m and Kshs.74.4m collected in 2021/2022 and 2022/2023 respectively. Compared to 2022/2023, there is a variance of Kshs.10.6m which is a 14% drop

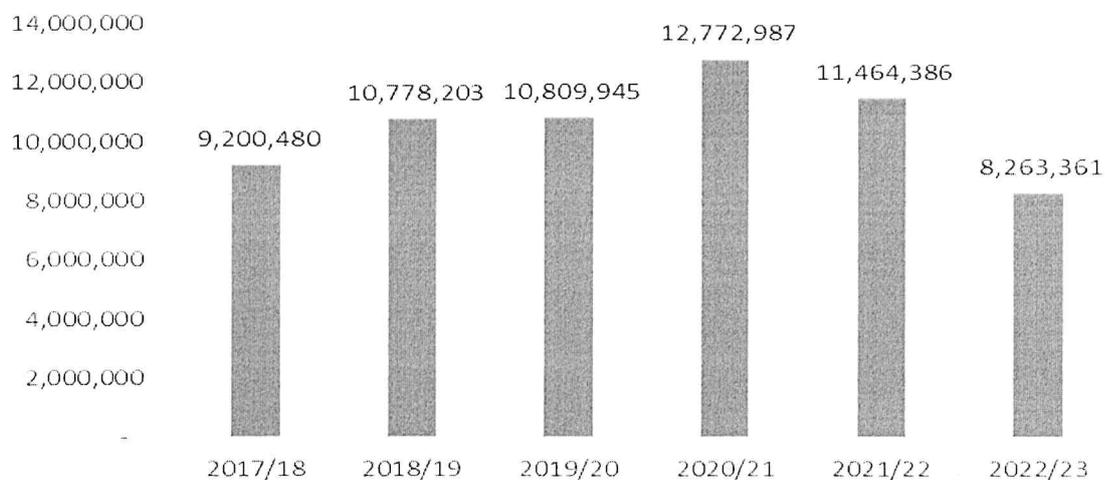
Single Business Permits



(b) Plan approval

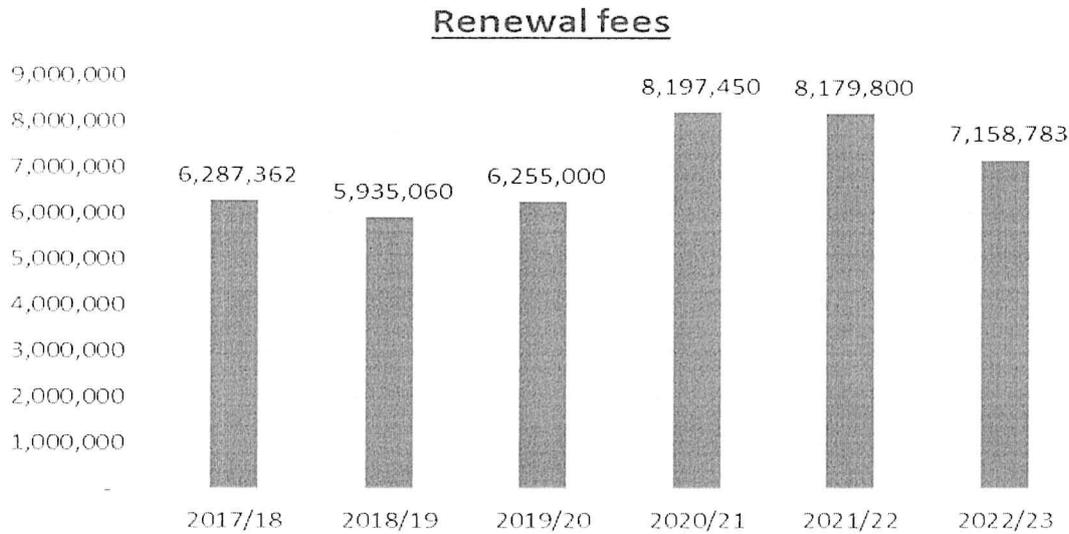
Kshs. 12,772,987 was collected in the financial year 2020/2021 compared to Kshs. 8,263,361 collected in the year 2022/2023. A negative variance of Kshs. 4,512,626

Plan Approval



(c) Single business permit renewal fees

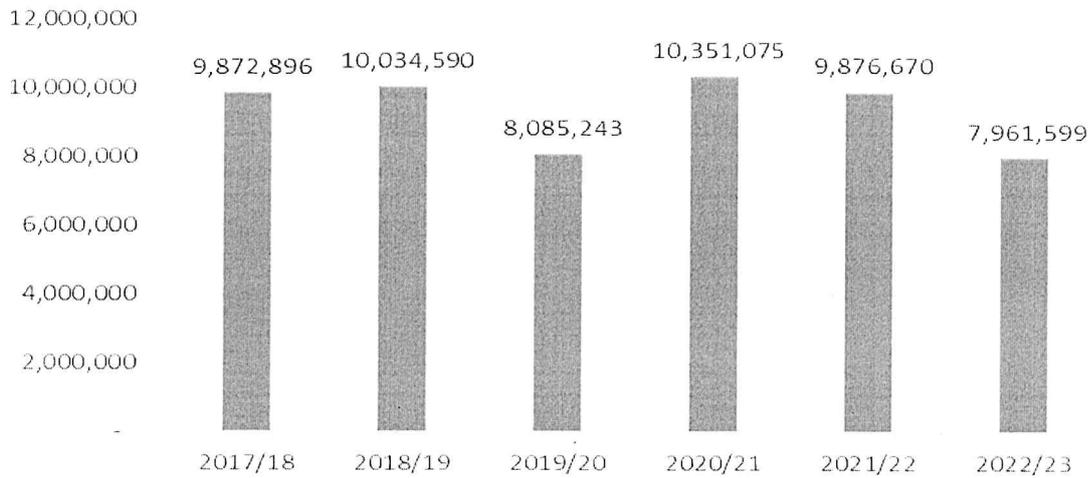
In the year 2020/2021 Kshs.8.1m was collected while in 2022/2023 Kshs.7.1 m was collected which is a negative variance of Kshs.1m.



(d) Parking Fees

In the year 2020/2021 Kshs.10.35 m was collected against Kshs.9.8m and Kshs.7.9 m in years 2021/2022 and 2022/2023 respectively. Compared to Year 2022/2023, it is a negative variance of Kshs.2.38m

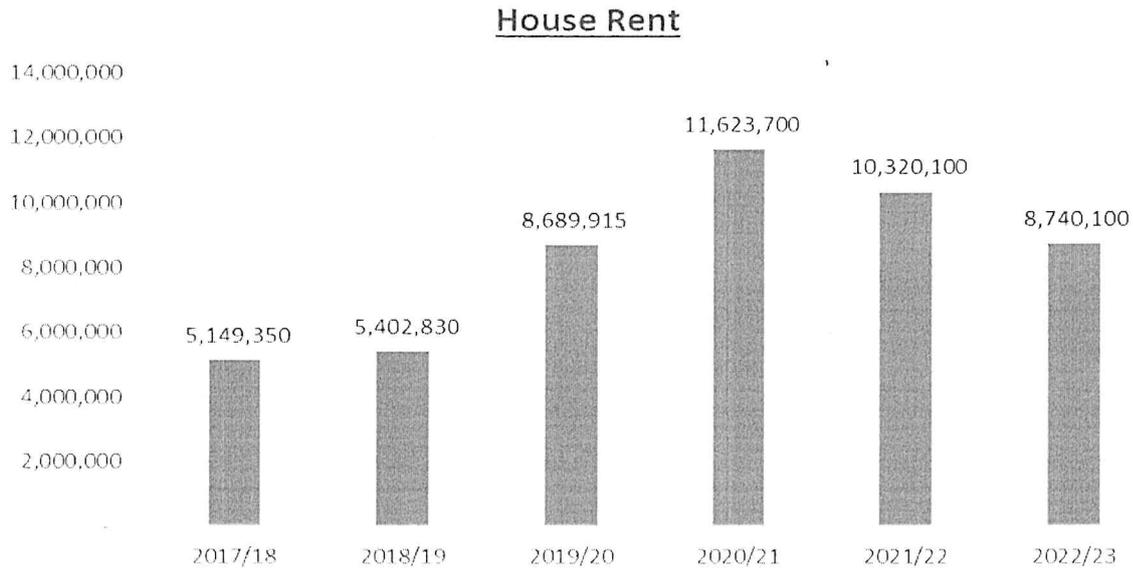
Car Parking Fees



(e) House rent

Kshs.11.6m was collected in the year 2020/2021 compared to Kshs.10.3m and 8.7m in the financial years 2021/2022 and 2022/2023 respectively, a negative variance of Kshs.2.8m. The department gave some of the reasons for decline in revenue collection as:

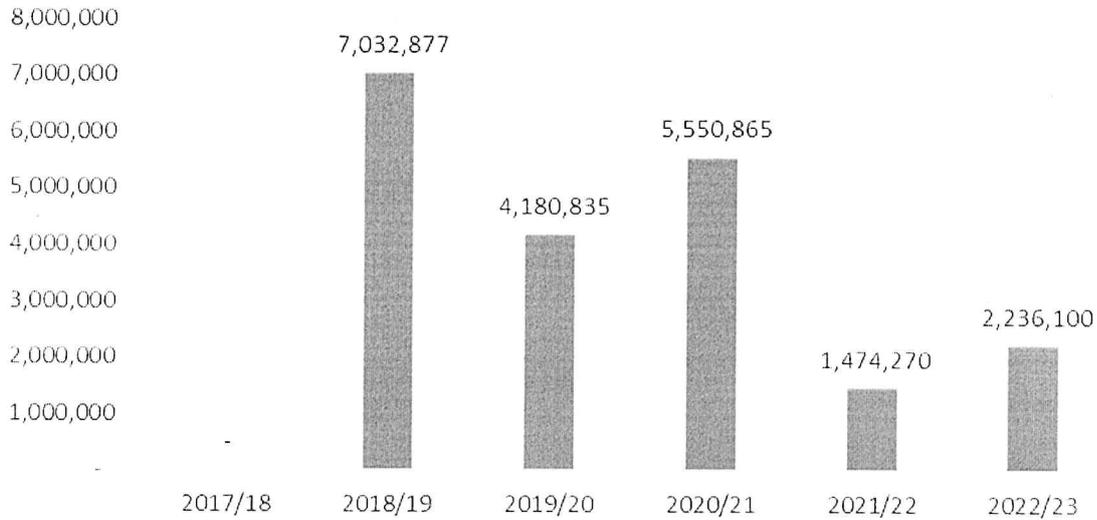
1. some houses especially in hospitals have been turned into offices
2. Lack of budgetary allocation to renovate houses has made tenants vacate.



(f) Boda Boda Parking

Kshs.7m was collected in the year 2018/2019, Kshs.5.55m was collected in financial year 2020/2021 compared to Kshs.1.4m and 2.2m collected in financial year 2021/2022 and 2022/2023 respectively, a negative variance of Kshs.4m and Kshs.3.3m respectively. Compared to financial year 2022/2023 there was a negative variance of Kshs.2.8m which is 28% drop.

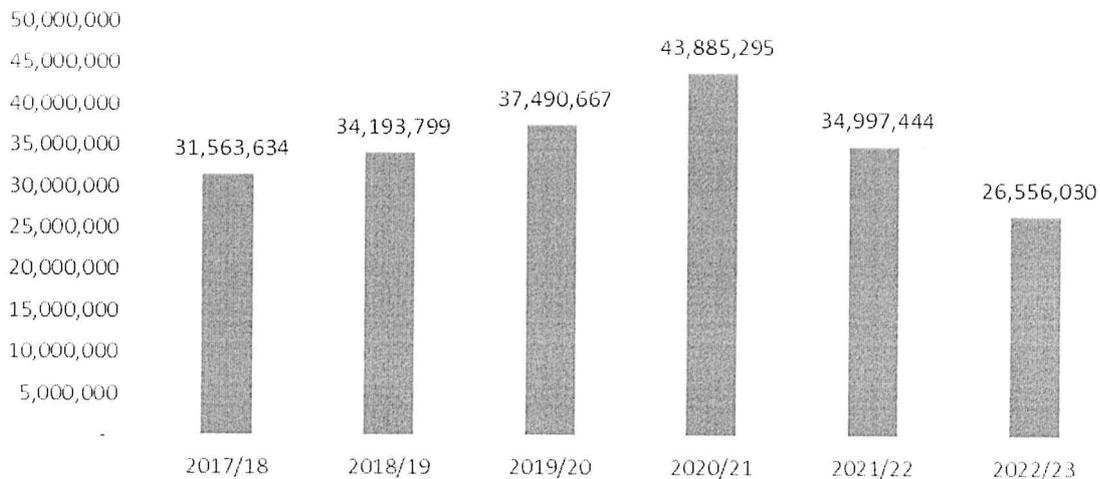
Bodaboda Parking Fees



(g) Market fees

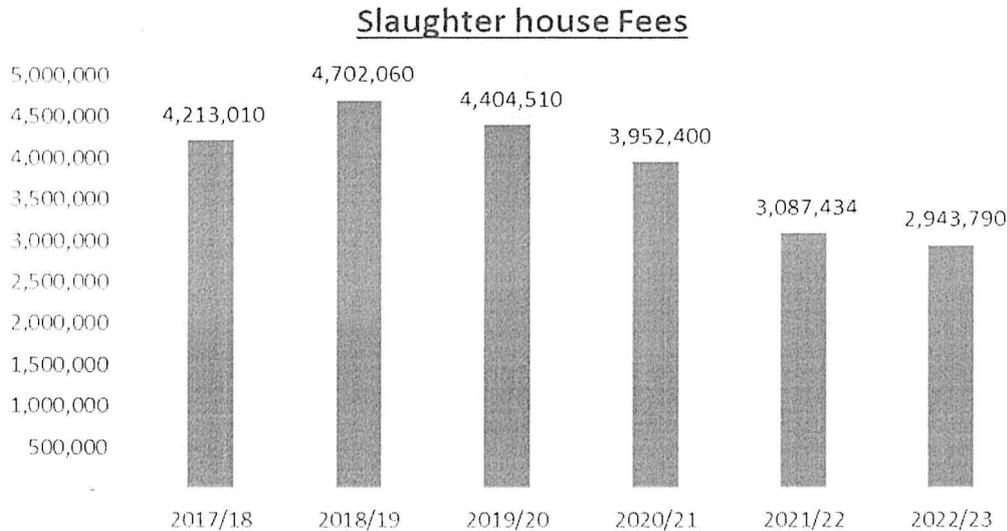
Kshs.43.8m was collected in financial year 2020/2021 compared to Kshs.34.9m and Kshs.26.5 m collected in Financial year 2021/2022 and 2022/2023 respectively. Compared to collection in 2022/2023 there was a variance of Kshs.17.3m which is 39%

Market Fees



(h) Slaughter Fees

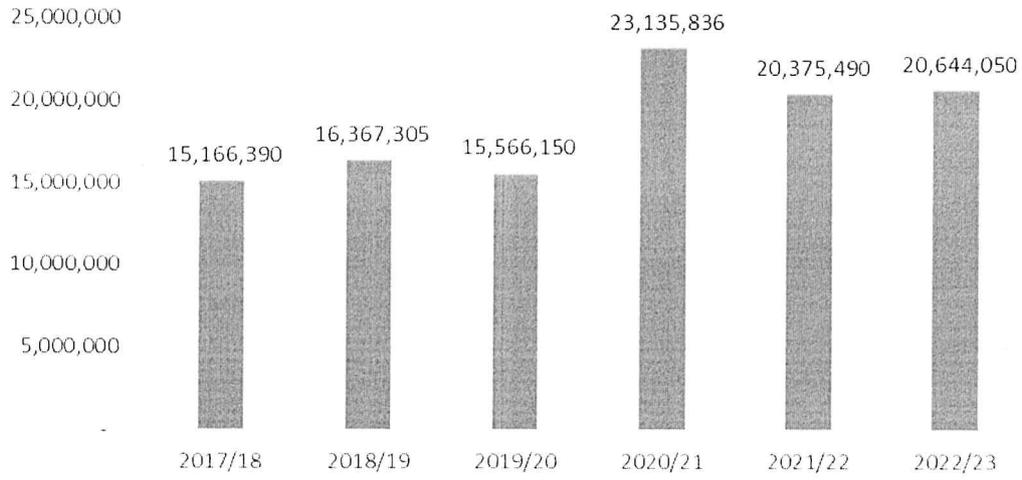
Kshs.4.7m was collected in the year 2018/2019, Kshs.4.4m was collected in the financial year 2019/2020 and since then, revenue collection has dropped to Kshs.2.9m in the financial year 2022/2023 resulting to a negative variance of Kshs.1.4m



(i) Fire fighting

Kshs.23m was collected in 2020/2021 compared to Kshs.20.3m and Kshs.20.6m in 2021/2022 and 2022/2023 respectively. A negative variance of Kshs. 2,491,786 compared with 2022/2023

Fire Fighting



CHAPTER THREE

3.1 sector interrogation of the most affected revenue streams.

Mr. Speaker sir, after analyzing the entire revenue stream performance, the Committee deemed it fit that they identify revenue streams that registered big negative deviations in revenue collection. The committee identified revenue stream under the department of Lands, Urban, Physical Planning and Housing together with revenue streams in department of Finance and Economic planning as having performed poorly as per receivers of revenue analysis report for period ended March, 31st 2023.

In view of the foregoing, the committee decided to interrogate the Officers in the two departments to ascertain the causes of revenue decline and come up with interventions to improve revenue collection.

3.2 Department of Lands, Urban, Physical Planning and Housing.

Mr. Speaker Sir, the Officers from the department were invited on 13th July 2023 to appear before the Committee on 20th July 2023 at 11.00 a.m. via letter BCA/CC/SEC/01 VOL.IV (34) which they honored.

Key areas for clarification was:

1. Why Building Plans approval registered a variance of Kshs -10,543,366 where by in Nine Months as at March 31st 2023 they had only collected 921,020 yet same period in 2022 they collected Kshs 11,464,386.
2. Why Occupation permit did not collect any revenue by the close of nine months

yet during the comparative period in 2022 they had collected kshs 19,000.

3. Why no Hoarding fee was not collected at all in previous comparative period.
4. Only Kshs 87,630 was collected as Building inspection fee across the County at the close of nine-month period and nothing was collected in the previous year.

On 20th July 2023, the following Officers from the department of Lands, Urban, Physical Planning and Housing appeared before the committee for engagement:

1. Arch. Douglas Sasita Wekesa-CECM.
2. Mr. George Kombo- Chief Officer
3. Mr. B.W Sindani-Assistant Director Physical Planning

In their written submission via ref No CG/BGM/L&H/INTMEM/VOL.1/24 dated 17th July 2023 together with their oral submission indicated as follows:

1. Building approval, they collected kshs 5,401,120 as at 31st March 2023 then Kshs 7,566,037 at the close of the financial year. The department had an annual target of Kshs .21, 854,301.
2. Building inspection by close of nine months they had collected kshs 1,104,540 and by the end of the year they collected kshs 1,498,040. The department had a target of kshs. 4,468,779
3. Survey fee they collected kshs. 135,505 by the close of nine months then kshs 152,505 no target for this revenue streams was indicated.
4. Hoarding fee they collected kshs. 7,000 by the close of nine months and kshs 14,550 by the end of the year. No targets were indicated.
5. Public Health-property Development revenue stream collected kshs. 4,550 by the close of nine months then Kshs .12, 000 by the end of the year, equally no target was given.

Mr. Speaker Sir, generally the Department reported to have collected Kshs 6,670,715 by the close of nine months' period contrary to disclosure of kshs 1,038,650 by Treasury of what was collected by the department of Lands, Urban, Physical Planning and Housing, in the Receiver of Revenue County Government of Bungoma quarterly report

and financial statements for the period ended March 31st 2023 (page 10, on revenue stream 10 in Receivers of revenue report attached).

From the above nine-months revenue collection of kshs. 6,670,715 the breakdown per sub county was as follows:

1. Kanduyi Sub-County-Kshs. 3,259,155
2. Bumula-County-Kshs. 192,870
3. Webuye West Sub-County-Kshs. 520,000
4. Webuye East Sub-County-Kshs. 826,665
5. Tongaren Sub-County-Kshs. 304,480
6. Sirisia Sub-County-Kshs. 40,420
7. Kimilili Sub-County Kshs. 828,650
8. Mt Elgon Sub-County-Kshs. 158,220
9. Kabuchai Sub-County-Kshs. 540,255

The Department informed the Committee that the revenue figures submitted by the Treasury were not the true reflection of the actual collection of revenue by the department.

They highlighted the following challenges as having contributed to drop in revenue collection in the department;

1. The Department is not adequately facilitated to supervise its revenue streams across the County.
2. The department is only involved in invoicing but revenue collection is done by Treasury hence follow up on defaulters becomes a problem for the department.
3. When going to the field for revenue supervision with revenue officers in the department, only revenue officers get lunch allowance hence discouraging other department staff.
4. The reporting structure of revenue officers in the department is not clear hence making supervision at departmental level on revenue collection campaigns difficult.

Mr. Speaker Sir, the Committee noted that there is laxity on the part of the staff to enforce rent collection since some of the Houses are not billed for example houses occupied by the Anglican Bishop and Nyota Radio had not been billed for many years.

The department was further invited to appear 5th September 2023 and engage with the committee to shade light on the cause of decline in the under mentioned revenue streams:

1. Why County Housing registered a variance of Kshs -5,404,633
2. Plot rent registered a variance of Kshs. 163,741
3. Transfer of property registered a variance of Kshs -2,730,955
4. Extension of lease nothing was collected the whole year.
5. Survey fees and Beacon search nothing was collected
6. Land penalties and interest registered a variance of Kshs -3,925,753

The same departmental Officers appeared before the Committee on 5th September 2023 but they had no written submission nor addressed conclusively the cause of negative variance in the aforementioned revenue streams.

The Officers only informed the committee about the cause of revenue drop in County Houses rent being:

- i. Poor state of County Houses
- ii. Some Houses converted to Offices
- iii. The mandate of revenue collection is not in their department.

The Committee tasked the department to furnish the Committee with the following information;

- i. The County Houses inventory
- ii. Rent paid per house/ unit
- iii. List of condemned Houses

- iv. List of Houses converted to Offices
- v. Total rent arrears per House Unit
- vi. List of Houses that require renovations
- vii. County Houses rent billed in 2020/21, 2021/22 and 2022/23

The committee noted that despite the department committing to avail the above documents and further follow ups, no response has been availed.

3.3 Department of Finance and Economic Planning.

The Committee invited the department through the Office of Chief Officer of Finance and Economic Planning to appear for engagement on 5th September 2023 over declining revenue streams that directly fall under the Department.

The sampled revenue streams identified by the Committee for engagement with the department include:

1. Farm produce Cess
2. Veterinary
3. Business Permit Application
4. Annual Business Permit
5. Business Permit renewal
6. Business permit penalties
7. Street Parking
8. Monthly too/Stickers
9. Motorbike fees
10. Registration fees
11. Reserved Parking
12. Bus Park fees
13. Market entry fees

14. Livestock
15. Slaughter fees
16. Charges for carriers/Loaders with Commodities
17. Fees for market premises
18. Charges for Auction Ring
19. County Housing

The department Officers who appeared before the committee on 12th September 2023 for engagement were:

- a) Benard Lumba-Director Revenue
- b) Ambrose Makokha- Director Accounting Services
- c) Augustine Kipsang-Coordinator SPU
- d) Benedict Watitwa- Head of Rates
- e) Evans Katami-Economist
- f) Diana Nanjala-Accountant

3.3.1 Information on revenue performance submitted by the department

REVENUE TYPE/CENTRE	2019/2020	2020/2021	2021/2022	2022/2023	VARIANCE 2022 VS 2023	% CHANGE
Single Business Permits	60,422,843	85,067,740	75,283,750	74,418,765	(864,985)	-14
SBP Renewal fees	6,255,000	8,197,450	8,179,800	7,158,783	(1,021,017)	-13
SBP Application fees	4,129,350	5,667,540	4,136,550	4,530,000	393,450	-27
Parking fees	8,085,243	10,351,075	9,876,670	7,961,599	(1,915,071)	-24
Boda boda	4,180,835	5,550,865	1,474,270	2,236,100	761,830	-

parking						225
House Rent	8,689,915	11,623,400	10,320,100	8,740,100	(1,580,000)	-28
Market fees	37,490,667	43,885,295	34,997,444	26,556,030	(8,441,414)	-50
Enclosed Bus Park (sticker) fees	54,641,690	42,061,645	61,985,700	60,145,319	(1,840,381)	29
Slaughter fees	4,404,510	3,952,400	3,087,434	2,943,790	(143,644)	-33
Cess	22,055,708	32,536,824	38,882,062	53,460,955	14,578,893	54
Market shops rent	1,924,690	1,580,630	1,309,300	1,878,700	569,400	23
Auction ring fees- stock sales	5,555,115	8,361,910	8,369,060	8,753,040	383,980	5
Veterinary	3,244,500	3,409,482	3,051,155	2,613,495	(437,660)	-26
TOTAL	221,080,066	262,246,256	260,953,295	261,396,676		

NOTES

- Street parking and reserved parking are consolidated and reported as parking fees
- Market entry fees and charges for carriers/loaders with commodity are consolidated as market fees
- Collection from Business permit penalties' are included in annual Business Permit fees
- A Boda boda registration fee is gratis (free) pursuant to eleventh schedule of the County Finance Act.

Mr Speaker Sir, in their submission the department acknowledged drop in revenue collection across the revenue streams but assured the Committee that a number of interventions have been put in place to correct the trend across the revenue streams.

Some of the interventions stated include:

- a) That the department has embraced cashless revenue collection.
- b) That they have embraced supervision of revenue collectors and targets set together with rotation of revenue collectors
- c) They have forwarded revenue laws for approval by County Assembly
- d) Lobby for creation of a fund to support revenue streams having potential of increased revenue collection, which will aid development of some infrastructure like Auction rings among others
- e) Allocation of more revenue and effort to areas that have great potential for revenue improvement,
- f) Work with other departments to identify projects in those departments that will support revenue collection like Slaughter Houses.
- g) Creating more parking spaces for vehicles in major Urban Centers

N/B

The committee observed that a lot of money is budgeted yearly for revenue system enhancement yet the impact is not felt in terms of improved revenue collection.

The Committee informed the department particularly the Directorate of Revenue being the County official appointed Receiver of revenue to pull up their socks by embracing strategies that will boost enhancement of Revenue.

The Committee further noted that the department has not taken appropriate disciplinary measures against those staff who engage in malpractices that denied revenue to the County.

CHAPTER FOUR

4.1 Committee Observations and Recommendations

4.2 Committee Observation

1. Most departments that collect revenue other than Finance have no access to the revenue system and therefore it is difficult for them to confirm whether invoices raised have been paid or not.
2. The department of finance has not been posting accurately revenues paid by traders to the right revenue stream code; these errors in posting have led to revenue being posted as "OTHER sources" which is misleading because every revenues collected has a specific code. In the financial year 2022/2023 Kshs.14.9m was posted under the code of other sources.
3. Officers from other departments involved in revenue collection are not adequately facilitated in terms of personnel, transport and field allowance to be able to deliver their duties.
4. The department of Housing does not have a clear inventory of how many houses they have, location of each, value of each and how many are occupied.
5. No follow up on tenants living in the County houses for rent payment, some tenants have stayed in the houses for many years without paying rent yet no follow up to enforce payment. Other tenants are not billed house rent.
6. The committee noted that there is unclear reporting structure of revenue collectors while enforcing revenue collection within the departments they are deployed to and the Treasury.
7. The committee observed that other than department of Finance and Economic Planning other departments are not aware of their responsibility in revenue collection in their departments.

8. While implementing strategy 4 on revenue enhancement policy by involving Ward and Village Administrators could increase revenue collected, it has been noted to have increased the level of corruption.
9. One of the strategies cited by the department as a measure to enhance revenue collection and reduce cases of corruption was through frequent staff rotation in the revenue department, which has not been implemented.
10. On renewal of single business permits, the significant drop poses a threat in collection of annual single business permit due to high number of defaulters
11. The Committee observed abnormal drop of revenue from boda boda parking in financial years 2022 and 2023.
12. It was also observed that market fees dropped significantly in the years 2022 and 2023

4.3 Committee recommendations

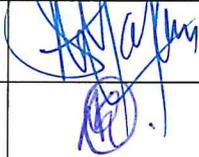
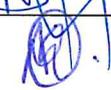
1. **That** all revenue collectors should have access to the revenue system reports to enable them follow up on their performance. The committee directs that the above should be implemented immediately on adoption of this report.
2. The department is directed **That** in 90 days after adoption of this report it should configure the system to accurately recognize every revenue stream to the correct code and report to the committee immediately after implementation.
3. The Committee directs the department of Finance and Economic Planning to liaise with all other revenue collecting departments on their requirements to enhance collection and facilitate them uniformly in terms of transport, personnel and uniform allowances to all revenue collectors.
4. The department of Finance and Economic Planning as the in charge of revenue collection is directed to ensure the department of housing has an

- updated inventory of houses stating location and value of each. This will help in coming up with rent per month and follow up on defaulters.
5. That the County receiver of revenue and revenue Collector in charge of Housing should in 90 days after adoption of this report, prepare two lists;
(a) Houses with rent arrear (b) Those not billed, and enforce payment and feedback be shared with this committee.
 6. **That** the County Executive Committee Member of Finance should within 14 days after adoption of this report convene a meeting of all collectors of revenue and outline their clear reporting line during enforcement of revenue collection, the resolutions and guidelines from the same deliberations should be communicated to all stakeholders including the County Assembly
 7. The committee directs County Executive Member of Finance to ensure monthly meetings with the various revenue collectors to review performance and give way forward on any shortfalls on targets. Progress report on the target collection should be shared with the committee on quarterly basis.
 8. The Committee directs urgent review of implementation strategy 4 of revenue enhancement policy to clearly define the role of Ward and Village Administrators in revenue collection.
 9. **That** the department should with immediate effect put in place structures and guidelines that will ensure revenue collectors rotate from one point to another and also ensure compliance of the same in the recommendation of the policy statement on enhancement of revenue report approved by the County Assembly.
 10. The revenue system should be enhanced to ensure that all single business permit traders are registered, so that invoices are produced every year and follow up made for payment. Further to that, the system should filter all unpaid invoices for legal action. The list should be forwarded to Finance and Economic Planning Committee for noting and way forward at the end of every financial year.

11. The department is directed to take inventory of all motor cycles in the County and fully enforce schedule 11 of the Finance bill by ensuring that all boda boda pay the required fee. They should share the inventory with the committee in 3 months' time.
12. The department is directed to share with the committee the implementation matrix of strategy 2 and 4 (as per attached County Policy Statement on enhancement of own revenue) to address drop in market entry fee.

ADOPTION SCHEDULE

Mr. Speaker sir, we the undersigned members of the Committee on Finance and Economic Planning do append our signatures adopting this report with the contents therein.

No.	Name	Designation	Signature
1.	Hon. James Mukhongo	Chairperson	
2.	Hon. Orize Kundu	Vice chairperson	
3.	Hon. Stephen Wamalwa	Member	
4.	Hon. Everlyne Mutiembu	Member	
5.	Hon. Vitalis Wangila	Member	
6.	Hon. George Makari	Member	
7.	Hon. Aggrey Mulongo	Member	
8.	Hon. Everton Nganga	Member	
9.	Hon. Jack Kawa	Member	
10.	Hon. Francis Chemion	Member	
11.	Hon. Tony Barasa	Member	
12.	Hon. Godfrey Wanyama	Member	
13.	Hon. Violet Makhanu	Member	
14.	Hon. Christine Mukhongo	Member	
15.	Hon. Catherine Kituyi	Member	

LIST OF ANNEXURE

Annex 1. Draft -The Bungoma County Receivers of Revenue Report as at 31st March 2023

Annex 2. Draft- The Bungoma County Policy on Revenue enhancement

Annex 3. Adoption Minutes



Del
7.11.23
5/5/23

COUNTY ASSEMBLY OF BUNGOMA
CLERK
05 MAY 2023
RECEIVED
P.O. BOX 1000-55200 B.L.

Ag. PCA
Taka nde

RECEIVER OF REVENUE
COUNTY GOVERNMENT OF BUNGOMA

QUARTERLY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

MARCH 31, 2023

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
Quarterly Reports and Financial Statements For the Period Ended March 31, 2023*

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I. Key Entity Information and Management

(a) Background information

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

(b) Principal activities

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

(c) Key Management

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

- County Executive Committee Member for Finance.
- Chief Officer, Finance.
- Chief Officers, in charge of departments collecting revenue.
- Director, Revenue.
- Head of Revenue Reporting.

(d) Department 's Headquarters

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

(e) Department 's Contacts

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

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(f) Independent Auditors

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

(g) Principal Legal Adviser

The County Attorney.
P.O. Box 437-50200,
Former Municipal Buildings,
Moi Avenue Street
Bungoma, 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.

II. Management Discussion and Analysis

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

Operational of the fund.

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

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

Revenue Enhancement Measures

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

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

**Receiver Of Revenue
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4. The department had started arresting and arraigning defaulters of trade licenses in court. This was halted after public outcry and incitement.
5. Inadequate number of revenue vehicles had hampered mobility of revenue supervisors and collectors. In the FY 2022/23 budget, the department allocated funds to carry out major services for the vehicles in revenue.
6. The department had proposed new revenue streams in the Finance Bill, 2021. Upon deliberation by the cabinet, the proposals were deferred.
7. The department of Finance and Economic planning is pursuing the responsible departments to fast track the long pending revenue support legislation.

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

Challenges the Department faces in Local Revenue Collection

The department has faced the following challenges in revenue collection:

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

Receiver Of Revenue

County Government Of Bungoma

Quarterly Reports and Financial Statements For the Period Ended March 31, 2023

- v. Motivation programs for revenue collectors with starling performance have not been possible. Re-imbusement of transport to revenue collectors and supervisors traversing across large geographical locations collecting trade licenses, plan approval fees, market fees and liquor licenses have been limited by the budget constraints. There is need to allocate funds to motivate revenue collectors.

III. Statement of Performance against County Predetermined Objectives

Introduction.

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

Strategic development objectives

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

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

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

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

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

Receiver Of Revenue
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Ref	Objective as per CIDP	Performance/Progress made up since the start of CIDP planning period up to date	Remarks (Explain the reasons performance/under Over performance)
1.	Automation of revenue Collection	90%	
2.	Increase license revenue by 50%	15%	Covid-19 number led to higher closure of Business.
3.	Increase Property rates revenue collection by 50%	20%	Poor definition of areas within a municipality.

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

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

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

IV. Statement of Receiver of Revenue's Responsibilities

Section 166 (1) of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the accounting officer for a National Government Entity 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 **31st March 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 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 receiver of revenue account gives a true and fair view of the state of Bungoma receiver of revenue transactions during the period ended **31st March, 2023**, and of the Bungoma 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 Bungoma county statement 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 2023



.....
Name: Dinah Makokha.
County Receiver of Revenue

Receiver Of Revenue
County Government of Bungoma
Quarterly Reports and Financial Statements For the Period Ended March 31, 2023

V. Statement of Receipts and Payments for The Period ended 31, 2023

	Note	Period ended March 2023 ksh	Comparative period prior year ksh
County Own Source Revenue			
Cess	1	35,859,742	41,302,577
Land/Poll Rate	2	26,566,130	21,379,076
Single/Business Permits	3	66,219,051	87,932,428
Property Rent	4	5,514,376	15,749,535
Parking Fees	5	53,794,940	72,436,640
Market Fees	6	27,806,587	43,552,246
Advertising	7	3,370,180	21,331,893
Hospital Fees	8	443,766,643	728,619,105
Public Health Service Fees	9	476,410	5,540,632
Physical Planning and Development	10	1,038,650	11,488,211
Hire Of County Assets	11	18,799,495	17,621,385
Conservancy Administration	12	1,425,437	11,852,405
Administration Control Fees and Charges	13	5,837,699	25,600,530
Park Fees			-
Other Fines, Penalties, And Forfeiture Fees	14	127,920	385,725
Miscellaneous receipts	15	42,748,066	554,987
Total County Own Source Revenue		733,351,326	1,105,347,375
Other Receipts			
Transfers From County Government	16	-	53,299,987
Total Other Receipts		-	53,299,987
Total Receipts		733,351,326	1,158,647,362
Balance b/f at the beginning of the year		150,013,919	176,705,772
Expenditure By Facilities collection AIA		(480,225,657)	(826,046,268)
Disbursements To CRF		(238,142,436)	(359,292,947)
Balance Due for Disbursement		164,997,152	150,013,919

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The quarterly financial statements were approved on _____ 2023 and signed by:


.....

Chief Officer
Name: Dinah Makokha


.....

Director Revenue Services.
Name: CPA Lumba Bernard
Icpak Member No: 21133

Receiver Of Revenue
 County Government of Bungoma
 Quarterly Reports and Financial Statements For the Period Ended March 31, 2023

Statement Of Financial Assets and Liabilities As At 31, 2023

	Note	Period ended Mar- 23 ksh	2021/22 ksh
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	17	158,660,079	150,013,919
Cash In Hand	18	6,337,073	
Total Financial Assets		164,997,152	150,013,919
Financial Liabilities			
Payables-Due to CRF	19	164,997,152	150,013,919
Total Financial Liabilities		164,997,152	150,013,919

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 _____ 2023 and signed by:

.....
 Chief Officer
 Name: Dinah Makokha

.....
 Director Revenue Services.
 Name: CPA Lumba Bernard
 Icpak Member No: 21133

VII. Statement of Comparison of budget vs Actual Amounts for the Period Ended 31,2023.

Receipt	Original Budget A Kshs	Adjustments B Kshs	Final Budget C=A+B Kshs	Actual On Comparable Basis D Kshs	Budget Realization Difference E=C-D Kshs	% Of Realization F=D/C %
County Own Source Revenue						
Cess	67,459,408	(19,459,408)	48,000,000	35,859,742	12,140,258	75%
Land/Poll Rate	70,636,541	(20,181,869)	50,454,672	26,566,130	23,888,542	53%
Single/Business Permits	161,362,159	(46,103,474)	115,258,685	66,219,051	49,039,634	57%
Property Rent	17,016,392	(4,861,826)	12,154,565	5,514,376	6,640,189	45%
Parking Fees	133,263,100	(38,075,171)	95,187,928	53,794,940	41,392,988	57%
Market Fees	67,919,928	(19,319,979)	48,299,948	27,806,587	20,493,361	58%
Advertising	38,463,173	(10,989,478)	27,473,695	3,370,180	24,103,515	12%
Hospital Fees	642,833,421	124,233,407	767,056,828	443,766,643	323,290,185	58%
Public Health Service Fees	17,052,380	(4,872,109)	12,180,272	476,410	11,703,862	4%
Physical Planning and Development	30,596,022	(8,741,721)	21,854,301	1,038,650	20,815,651	5%
Hire Of County Assets	27,361,021	4,440,783	31,801,804	18,799,495	13,002,310	59%
Conservancy Administration	17,146,875	(4,899,107)	12,247,768	1,425,437	10,822,331	12%
Administration Control Fees and Cha	37,379,535	(10,679,867)	26,699,668	5,837,699	20,861,969	22%
Other Fines, Penalties, And Forfeitur	3,788,531	(1,082,438)	2,706,094	127,920	2,578,174	5%
Miscellaneous Receipts	53,616,394	5,437,751	43,054,145	42,748,066	306,079	99%
Other Revenue Sources	12,940,009	4,012,476	32,952,485	-	32,952,485	0%
Total Receipts	1,398,524,891	(51,142,031)	1,347,382,860	733,351,326	614,031,534	54%

The County Receiver of revenue's quarterly financial statements were approved on _____ 2023 and signed by:

.....
 Chief Officer
 Name: Dinah Makokha

.....
 Director Revenue Services.
 Name: CPA Lumba Bernard
 Iepak Member No: 21133

VIII. Statement of Arrears of Revenue As At 31, 2023

County Government Of Bungoma

Quarterly Reports and Financial Statements For the Period Ended March 31, 2023

Classification Of Receipts	Balance as at 1 st July 2022	Arrears received during the year	Additions in arrears for the current year to June 30, 2022	Total arrears as at 30 June 2022	Measures taken to recover the arrears	Assessment to the recoverability of arrears
(Indicate As						
Cess	59,256,000	-	6,601,330	65,857,330		
Land/Poll Rate	115,893,118	4,533,349	48,994,961	160,354,731		
Single/Business Permits						
Park Fees						
Other Fines, Penalties, And Forfeiture Fees						
Miscellaneous						
Total Arrears	175,149,118	4,533,349	55,596,291	226,212,061		

.....


Chief Officer
 Name: Dinah Makokha

.....


Director Revenue Services.
 Name: CPA Lumba Bernard
 Icpak Member No: 21133

IX. Notes to the Financial Statements

Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity. 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 entity.

2. Recognition of Receipts

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

3. Budget

The County Revenue budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The County Assembly approved the original budget on 30th May 2022 for the period 1st July 2022 to 30 June 2023 as required by law. There was one supplementary budget passed in the period. A high-level assessment of the County's actual performance against the comparable budget during the period under review has been included in these financial statements.

4. Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

5. Revenue in Arrears

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

6. Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. (Include the receiver's actual policy on disbursements)

Notes To the Financial Statements (Continued)

1. Cess

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Farm produce	35,684,842	38,228,222
Quarrying	148,400	
Fish farming	-	23,200
Veterinary	26,500	3,051,155
Total	35,859,742	41,302,577

2. Land/Poll rates

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Land rates	20,037,075	12,147,843
Land penalties and interest	772,131	4,697,884
Arrears	5,756,924	4,533,349
Total	26,566,130	21,379,076

3. Single /Business Permits

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Business permit application fees	2,318,720	4,136,550
Annual Business permit fees	59,361,015	73,283,750
Business permit penalties and interest	23,200	2,332,328
Business permit renewal fees	4,516,116	8,179,800
Total	66,219,051	87,932,428

4. Property Rent

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
County Housing	4,915,467	10,320,100
Plot Rent	154,259	318,000
Transfer of Property	163,200	2,894,155
Stalls/kiosks rent	233,550	1,327,800
Consent to charge	16,000	103,000
Clearence certificate	31,900	366,500
Extension of lease	-	191,040
Survey fees & Beacon search	-	228,940
Total	5,514,376	15,749,535

Notes to the Financial Statements (continued)

5. Parking Fees

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Street parking fees	4,532,860	9,876,670
Monthly toll/sticker fees	33,019,240	61,085,700
Motorbike fees	922,810	1,474,270
Registration fees	91,500	
Reserved parking	405,000	
Bus Park fees	14,823,530	
Total	53,794,940	72,436,640

6. Market Fees

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Market entry fees	22,523,337	32,544,598
Livestock	2,866,995	7,916,214
Pulping		4,000
Slaughter fee	1,253,640	3,087,434
Charges for Carriers/ Loaders With Commodities	139,340	
Fees for Market Premises	22,540	
Charges for Auction Ring-Market Fees Bill	1,000,735	
Total	27,806,587	43,552,246

7. Advertising

Descriptions	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Branding	1,308,940	
Billboard advertising	1,988,440	21,331,893
Outdoor Advertisement	72,800	
Total	3,370,180	21,331,893

Notes to the Financial Statements (Continued)

8. Hospital Fees

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Level 5 & 4 hospitals	443,766,643	598,341,742
Level 3 hospitals		112,784,219
Public Health fees		1,431,482
Vocational Training Centres(Vtc) fees		16,061,662
Total	443,766,643	728,619,105

9. Public Health Service Fees

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Inspection of buildings/premises/Institutions	86,680	1,927,842
Public health permit	165,530	3,612,790
Food Drugs and Chemical substance License	224,200	
Total	476,410	5,540,632

10. Physical Planning and Development

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Building plans approval	921,020	11,464,386
Occupational Permits		19,000
Physical Planning	25,000	4,825
Hoarding fees	5,000	
Building Inspection	87,630	
Total	1,038,650	11,488,211

11. Hire Of County Assets

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Agricultural Mechanisation Services (AMS)	3,430,610	1,010,320
Hire of Machines and Equipment		20,000
Hire of County Stadium		59,000
Conference facilities/Agricultural Training Centers (A)	15,368,885	16,532,065
Total	18,799,495	17,621,385

Notes to the Financial Statements (Continued)

12. Conservancy Administration

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Refuse disposal fees	150,200	11,749,805
Public cemetery	3,000	63,000
Noise control		39,600
SBP Conservancy	1,272,237	
Total	1,425,437	11,852,405

13. Administration Control Fees and Charges

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Weights and measures	5,910	288,040
Fire Services	3,699,255	19,375,490
Liquor licenses	2,113,184	5,937,000
Betting levy	18,350	
Change of Business Location	1,000	
Total	5,837,699	25,600,530

14. Other Fines, Penalties and Forfeitures

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Impounding Fees	127,920	385,725
Total	127,920	385,725

15. Miscellaneous Receipt

Description	Period ended Mar-23	Comparative period Prior Year
	Kshs	Kshs
Stock Movement	1,809,595	
Miscellaneous Income		73,024
Overpayment Recovery	20,931	96,215
Salary Recovery	4,068,860	
Other charges(Unclassified)	36,848,680	103,648
Cooperative		282,100
Total	42,748,066	554,987

Receiver Of Revenue
County Government Of Bungoma
Quarterly Reports and Financial Statements For the Period Ended March 31, 2023

16. Transfers from the County Government.

Description	Period ended	Comparative
	Mar-23	period Prior Year
	Kshs	Kshs
Conference facilities/Agricultural Training Centers (ATC)		9,759,200
Level 3 hospitals(Dispensaries)		5,550,787
Vocational Training Centres(polythenic Fees)		37,990,000
Total	-	53,299,987

17. Bank Balances

Name of Bank, Account No. & currency	Amount in bank account	Exc. rate (if in foreign)	Period ended Mar-23	2021/22
			Kshs	Kshs
Kenya Commercial Bank 1177737930	KES		6,080,114	380,981
National Bank of Kenya 100113676000	KES		5,407,104	7,150
Cooperative bank of Kenya 01141669167100	KES		13,955,548	-
Equity Bank 0480261006908	KES		1,463,588	108,360
4. Bumula Health Centre Dev Community	KES	FIF	245,073	1,237,259.10
5. Mt. Elgon District Health Services	KES	FIF	2,198,290	2,250,358.02
6. Kimilili Health Management Services	KES	FIF	8,918,021	12,550,339.37
7. Health Care Services Webuye	KES	FIF	8,201,701	8,721,155.50
8. MOH Hospitals(Bungoma Referral)	KES	FIF	57,916,712	63,179,597.74
9. Bokoli Sub-District Hospital	KES	FIF	110,645	938,177.15
10. Med Sup Nait. Cost Sharing Account	KES	FIF	27,495	661,390.30
11. Sirisia Sub-District Hospital CA MoE/ School Ac	KES	FIF	204,203	1,720,055.53
12. Chwele Sub-District Hospital - BGM	KES	FIF	737,522	2,009,855.43
13. Cheptais Sub-District Hospital	KES	FIF	385,968	3,768,762.05
14. Cheptais Sub-County Hospital Collection Account	KES	FIF	70,375	70,375.00
16. Mabanga Agricultural Training Centre KCB	KES	FIF	127,713	8,454.80
17. Bungoma County Agriculture Mechanization Ce	KES	FIF	316,043	158,846.30
18. Chwele Sub-County Hospital Collection account	KES	FIF	(600)	600.00
22. .MT. Elgon Sub County Hospital - Collection 114	KES	FIF	2,150	2,150.01
23. Sirisia Sub County Hospital Revenue Collection	KES	FIF	32,860	58,020.02
24. Naitiri Sub-District Hospital Collection Account	KES	FIF	(619)	619.41
25. Sinoko Sub County Hospital cooperative Bank	KES	FIF	42,533	131,450.85
26. Sinoko Sub County Hospital kcb Bank	KES	FIF	191,625	26,384.55
21. Bumula Sub County Hospital Collection Account	KES	FIF	8,390	8,390.00
15. Bungoma HSSF(Consolidated)	KES	FIF	27,560,364	27,560,363.54
19. Public Health Collection Account KCB 11569933	KES	FIF	1,456,408	1,456,408.15
20. Public Health Collection Account KCB 12259218	KES	FIF	2,988,377	2,988,377.00
19. Bungoma Vocational Training(Consolidated)	KES	Fund	20,012,476	20,012,476
Total			158,660,079	150,013,919

Notes to the Financial Statements (Continued)

18. Cash in hand

Description	Period ended Mar-23	2021/22
	Kshs	Kshs
Mobile Money(Revenue Mpesa)	6,337,073	
Total	6,337,073	-

19. Payables- Due To CRF

Payables	Period ended Mar-23	2021/22
	Kshs	Kshs
Balance b/f at the beginning of the year	150,013,919	149,823,541
Adjustment VTc opening Balance		26,882,231
Amount collected during the year	733,351,326	1,158,647,362
Amounts disbursed to CRF during the year	(238,142,436)	(359,292,947)
Expenditure By Facilities collection AIA	(480,125,841)	(825,967,650)
Bank Charges	(99,816)	(78,618)
Balance c/d at the end of the year	164,997,152	150,013,919

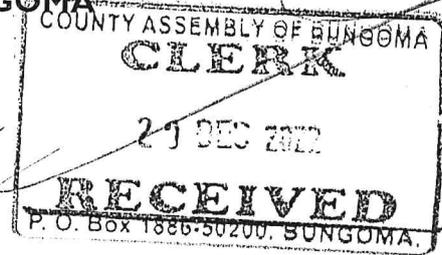
X. Appendices
Appendix 1: Statement of Receipts and Disbursements Per Quarter

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative to date Period ended Mar	2021-2022
					23	
					Kshs	
County Own Source Revenue						
Cess			35,859,742		35,859,742	41,302,577
Land/Poll Rate			26,566,130		26,566,130	21,379,076
Single/Business Permits			66,219,051		66,219,051	87,932,428
Property Rent			5,514,376		5,514,376	15,749,535
Parking Fees			53,794,940		53,794,940	72,436,640
Market Fees			27,806,587		27,806,587	43,552,246
Advertising			3,370,180		3,370,180	21,331,893
Hospital Fees			443,766,643		443,766,643	728,619,105
Public Health Service Fees			476,410		476,410	5,540,632
Physical Planning and Development			1,038,650		1,038,650	11,488,211
Hire Of County Assets			18,799,495		18,799,495	17,621,385
Conservancy Administration			1,425,437		1,425,437	11,852,405
Administration Control Fees and Charges			5,837,699		5,837,699	25,600,530
Park Fees					-	-
Other Fines, Penalties, And Forfeiture Fees			127,920		127,920	385,725
Miscellaneous receipts			42,748,066		42,748,066	554,987
Total County Own Source Revenue			733,351,326		733,351,326	1,105,347,375
Other Receipts						
Transfers From County Government			-		-	53,299,987
Total Other Receipts			-		-	53,299,987
Total Receipts			733,351,326		733,351,326	1,158,647,362
Balance b/f at the beginning of the year			150,013,919		150,013,919	176,705,772
Expenditure By Facilities collection AIA			(480,225,657)		(480,225,657)	(826,046,268)
Disbursements To CRF			(238,142,436)		(238,142,436)	(359,292,947)
Balance Due for Disbursement			164,997,152		164,997,152	150,013,919

Tabled on 15/02/2023 at 9:30 Finance Committee to resolve

7.14.18
20/12/22
For HSC
Walter Finema

COUNTY GOVERNMENT OF BUNGOMA



MINISTRY OF FINANCE AND ECONOMIC PLANNING
COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND ECONOMIC PLANNING

OUR REF: CGB/FIN/INTER.MEMO/VOL4/17 DATED: 19th DECEMBER, 2022

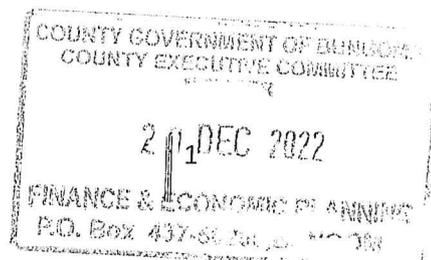
TO : CLERK, COUNTY ASSEMBLY OF BUNGOMA
FROM : CEC Member – Finance and Economic Planning
DATE : 19th December, 2022

Bring to the Attention of the Committee
15/12/22

RE: POLICY STATEMENT ON ENHANCING OWN SOURCE REVENUE

Introduction

1. Section 132. (1) of the Public Finance Management Act, 2012 provides that each Financial Year, the County Executive Committee Member for Finance (CECM-F) shall with the approval of the County Executive Committee, make a pronouncement of the revenue raising measures for the county government.
2. Section 132 (2) of the PFMA 2012 states that The CECM-Finance shall, on the same date that the revenue raising measures are pronounced, submit to the county assembly the County Finance Bill, setting out the revenue raising measures with a policy statement expounding on those measures.
3. Local revenue is an essential revenue source for the County given since it expands budgetary and service delivery needs. The County has little influence on the revenue that it receives as transfers from the national government in cases of delays, local revenue is the best alternative. As measures are progressively implemented to enhance own source revenue, it is increasingly becoming a source of focus for accountability and fiscal discipline in the county.
4. Since the on-set of devolution, The National Treasury has fallen short on achieving 100 percent transfer of equitable revenues to counties. This lack of sufficient funds to the counties means that the counties cannot spend on planned development projects, which ultimately creates funding crisis that end up in large pending bills, stifling local economies and killing opportunities for investment and job creation



The strategy indicated will help to attain the target set for revenue collection.



CPA CHRISPINUS BARASA
CECM FINANCE AND ECONOMIC PLANNING

Copy to: H. E the Governor
Speaker of Assembly of Bungoma
County Secretary

REVENUE RAISING MEASURES AND STRATEGIC APPROACHES

In order to attain the revenue projection of Ksh.700 million, strategic measures has to be put in place as follows:

NO. OF MEASURE	REVENUE RAISING MEASURES	STRATEGY
MEASURE ONE	Weekly performance appraisal for revenue collectors to monitor variations between collections and targets.	<ul style="list-style-type: none"> • The revenue collectors will have structured forms to fill daily returns. • The specific revenue collection zones will be mapped. • No revenue collector will stay in a zone more than two days.
MEASURE TWO	Full transition to cashless transactions;	<ul style="list-style-type: none"> • All revenues shall be cashless to avoid cash handling. • System will be updated to recognize revenue upto village level • All department revenue sources will be paid to revenue collection accounts.
MEASURE THREE	The receivers of revenue to ensure proper and prompt accounting and reporting of revenues as per Section 157 (2) of PFMA, 2012.	<ul style="list-style-type: none"> • All receivers of revenue to monitor their revenue streams and report on monthly basis. • Any deviation should be addressed promptly.

MEASURE FOUR	Decentralization of revenue collection to the ward level with clear mapping of revenue points will enhance maximum revenue collection to attain the expected target.	<ul style="list-style-type: none"> • Ward administrator will chair the ward revenue enhancement committee. • The village administrators will be engaged to ensure maximum revenue collections. • The revenue streams and mapping as well as registers of businesses will be done.
MEASURE FIVE	The office of county attorney shall assist in the processing of defaulters and enforcing revenue collection through court and negotiate to be given a designated court to handle county revenue matters.	<ul style="list-style-type: none"> • All defaulters will be enforced through court • A designated court shall be organized by county attorney to handle county defaulter. • A charge sheet to be known staff to be trained to process the charges.
MEASURE SIX	Tax incentives: There shall be tax incentives to all registered market traders, the trader shall receive the incentive strictly from the resident market and if he or she trades on other markets the tax will apply normally. The business permit will exempt two days per week depending on the period of the permit. The intention is to encourage tax compliance.	<ul style="list-style-type: none"> • The market committee shall maintain upto date register of resident market traders • All traders to be encouraged to take at least a weekly permit to benefit from the tax incentive
MEASURE SEVEN	Additional vehicles to support supervision and collection of business licenses	<ul style="list-style-type: none"> • Increase enforcement vehicles

**MINUTES OF FINANCE AND ECONOMIC PLANNING COMMITTEE
HELD ON 30TH SEPTEMBER 2023 AT ATURKAN HOTEL KITALE**

MEMEBRES PRESENT

1. Hon. James Mukhongo.....Chairperson
2. Hon. Orize Kundu.....Vice Chairperson
3. Hon. Stephen Wamalwa.....Member
4. Hon. Everlyne Mutiembu.....Member
5. Hon. Vitalis Wangila.....Member
6. Hon. George Makari..... Member
7. Hon. Francis Chemion.....Member
8. Hon. Tony Barasa..... Member
9. Hon. Violet Makhanu..... Member
10. Hon. Aggrey Mulongo.....Member
11. Hon. Everton Nganga.....Member
12. Hon. Jack Kawa..... Member
13. Hon. Godfrey Wanyama.....Member
14. Hon. Christine Mukhongo.....Member
15. Hon. Catherine Kituyi.....Member

MEMBERS OF THE SECRETARIAT

1. Jocktan Kabeyi.....Committee Clerk
2. Mildred Wasari.....SAA
3. Janet Nalianya.....FA
4. Peter Mbito.....Hansard

Agenda

1. Preliminaries
 - (a) Prayer
 - (b) Adoption of the agenda
2. Communication from the Chair
3. Adoption of the report on ascertainment of cause effect on revenue collection decline of some revenue streams as per receivers of revenue financial statement for period ended 31st March 2023.

MIN 1/30/9/2023 PRELIMINARIES

- (a) Prayer. The meeting was called to order at 11.25 a.m. with a word of prayer by the Chair
- (b) Adoption of the agenda. The agenda for deliberation was adopted on proposal by Hon Aggrey Mulongo and seconded by Hon Vitalis Wangila

MIN 2/30/9/2023 COMMUNICATION FROM THE CHAIR. The Chair welcomed members to the meeting and thanked them for participating fully in the entire process of report writing.

MIN 3/30/9/2023 ADOPTION OF THE REPORT ON ASCERTAINMENT OF CAUSE EFFECT ON REVENUE COLLECTION DECLINE OF SOME REVENUE STREAMS AS PER RECEIVERS OF REVENUE FINANCIAL STATEMENT FOR PERIOD ENDED 31ST MARCH 2023.

The chair asked the Committee Clerk to project and read the entire report for members after which they were given an opportunity to make their observations and recommendations.

The Committee agreed to the recommendation that they came up with after the Chair read out aloud each recommendation and putting a question to each.

The members agreed to all recommendations and recommended the report.

MIN 4/30/9/2023 ADJOURNMENT. There being no other business, the meeting ended at 2.15 p.m. The Committee will reconvene on notice.

Confirmation

Chairman Name. Hon James Mulongo Signature. [Signature]

Date.....

Secretary Name.....Signature.....

Date.....

