



COUNTY GOVERNMENT OF BUSIA

COUNTY TREASURY AND ECONOMIC PLANNING

OSR INTERNAL AUDIT REPORT

ANNUAL IMPLEMENTATION REPORT / PLAN

FY 2025/2026

Prepared by:

DIRECTORATE OF REVENUE

1. Background

Internal Audit plays a critical role in providing independent and objective assurance by identifying control gaps, highlighting risk exposures, and recommending corrective measures for improved public financial management and service delivery. Within Own Source Revenue (OSR), the Directorate of Revenue has continued to work closely with Internal Audit to identify operational, compliance, systems, and infrastructure gaps affecting revenue administration.

According to the Commission on Revenue Allocation (CRA) assessment, Busia County has the potential to realise more than KES 1 billion in Own Source Revenue. Although this potential has not yet been fully attained, the county has recorded a steady upward trajectory in OSR performance over the last three financial years. This progress is attributable to deliberate internal reforms undertaken as part of the county's revenue enhancement strategy.

This Annual Implementation Report/Plan sets out the actions being undertaken in response to internal audit findings, the progress made to date, and the priority interventions required to strengthen efficiency, accountability, compliance, and revenue performance.

The implementation report is informed by the actual findings of the Final Audit Report on Revenue Spot Check. The audit established five principal issues requiring management action: irregular engagement of casual employees in revenue collection; non-conducive working environment for revenue collectors, traders and customers; weak revenue collection system controls including system downtime and inadequate POS coverage; weak management and under-assessment of Single Business Permits (SBP), including unstructured records, expired or missing permits and weak reporting; and untapped revenue sources and other leakage risks. Accordingly, this report presents the corrective actions, progress made, responsible offices, timelines and outputs for addressing each of these audit issues in a structured and accountable manner.

2. Legal and Institutional Framework

- Public Finance Management Act, 2012 (Sections 102(4), 157 and 158)
- Public Finance Management (County Governments) Regulations, 2015 (Regulations 22 and 61-63)
- Busia County Finance Act, 2023
- Busia County Trade Act, 2017
- Busia County Sand Cess Act
- Occupational Safety and Health Act, 2007

3. Strategic Objective

1. To enhance efficiency, accountability, compliance, and revenue performance through strengthened systems, improved infrastructure, and effective enforcement.
2. To support effective and sustainable revenue operations across all county revenue streams.

4. Strategic Priorities

The implementation framework responds to internal audit findings under the following pillars:

- Revenue governance and compliance

- Systems strengthening and automation
- Market infrastructure and working environment
- Single Business Permit (SBP) reforms
- Revenue enhancement and leakage control
- Stakeholder engagement and capacity building

5. Implementation Matrix

5.1 Revenue Governance and Compliance

| Intervention | Key Activities | Timeline | Responsibility | Output | Progress / Status |
|---------------------------------|---|-----------|--|---|---|
| Regularization of revenue staff | Remove casuals from revenue roles and deploy trained officers | Q1-Q2 | CECM Finance / CPSB | Compliant staffing | Revenue staff have undergone vetting and fit-and-proper assessment. Decisions were made based on the outcomes, including deployment and reassignment. |
| Legal designation of collectors | Issue formal appointment letters | Q1 | Receiver Revenue of | Appointment letters issued to individual collectors | Appointment letters have been issued to qualified revenue officers. |
| Strengthen internal controls | Develop SOPs and enforce compliance | Q2 | Receiver Revenue Departmental Directors of / | SOP manual | Initial review of revenue-generating departments has been undertaken to inform development of policies and SOPs. |
| Routine audits | Conduct quarterly revenue audits | Quarterly | Internal Audit | Audit reports | Quarterly audits have been undertaken. |

5.2 Revenue Systems and Automation

| Intervention | Key Activities | Timeline | Responsibility | Output | Progress / Status |
|------------------------|------------------------------------|----------------|-------------------|-----------------------|--|
| Restore revenue system | Fix Jambo Pay system | Immediate (Q1) | ICT / Vendor | Functional system | System uptime has improved following execution of the SLA. |
| Enhance POS coverage | Procure and distribute devices | Q2 | ICT Procurement / | Adequate POS coverage | Coverage has improved. Consultations are ongoing with KCB Bank to support additional POS machines and use of KCB agents for integration. |
| System integration | Activate SBP and reporting modules | Q2-Q3 | ICT | Real-time reporting | Reports generated have improved in presentation and analysis. Integration with KCB as the main |

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| | | | | | banker for real-time reporting is work in progress. |
| Business continuity | Establish backup systems | Q2 | ICT | Backup plan | Downtime has reduced and a draft budget has been prepared for a data server room, pending approval. |
| Contract review | Strengthen SLA terms | Q1 | Legal Treasury / | Revised contract | The SLA has been reviewed and signed. |

5.3 Market Infrastructure and Working Environment

| Intervention | Key Activities | Timeline | Responsibility | Output | Progress / Status |
|------------------------|---|----------|-------------------------------|---------------------|--|
| Infrastructure upgrade | Renovate stalls, bus parks and cess points | Q2-Q4 | Trade Department | Improved facilities | Approval was granted for renovation of markets and stalls, and implementation is work in progress through the Department of Trade. |
| Staff welfare | Provide PPE (uniforms, boots and umbrellas) | Q1 | Finance Receiver / of Revenue | Equipped staff | Proposed for budgeting under FY 2026/2027. |
| Sanitation improvement | Fix drainage, sewerage, lighting and garbage collection | Q2-Q3 | Trade Environment / | Clean markets | This remains a major challenge. |
| Market completion | Complete ongoing projects and build ablution blocks | Q3-Q4 | Trade Department | Operational markets | Occupancy rate remains low. |
| Waste management | Establish garbage collection systems | Q2 | Environment Department | Clean environment | Waste collection remains a challenge. |

5.4 Single Business Permit (SBP) Reforms

| Intervention | Key Activities | Timeline | Responsibility | Output | Progress / Status |
|----------------------------|---|-----------------------------------|--------------------|----------------------|---|
| SBP database restructuring | Clean and digitize records | Q1-Q2 | ICT / Revenue | Accurate database | Data collection has been completed and is awaiting clean-up and analysis. |
| Enforce SBP compliance | Inspect and enforce licensing through surveillance and compliance | Continuous (effective April 2026) | Enforcement Unit | Increased compliance | Notice has been issued and penalties waived up to 1 May 2026. |
| Business census | Map all businesses | Q2 | Revenue Department | Updated register | Work is in progress; data collection has |

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| | | | | | already been undertaken. |
| Automate SBP processes | Enable invoicing and reporting | Q2-Q3 | ICT | Automated system | A self-service portal for SBP is now operational. |
| Fair billing enforcement | Ensure each trader has a permit to operate | Continuous | Revenue Department | Proper billing | Under-invoicing is currently being checked. |

5.5 Revenue Enhancement and Leakage Control

| Intervention | Key Activities | Timeline | Responsibility | Output | Progress / Status |
|---------------------------|---|------------|--------------------------------------|--------------------------------|---|
| Revenue mapping | Identify untapped revenue sources | Q2 | Revenue Directorate | New revenue streams identified | Work in progress. |
| Enforcement operations | Remove illegal street trading, especially where it blocks business premises | Continuous | Enforcement Unit | Increased compliance | Undertaken through targeted assignments. |
| Secure collection points | Deploy enforcement officers to support revenue collectors | Q1-Q2 | Administration / Receiver of Revenue | Safe operations | Reduced operational incidents. |
| Monitoring tools | Introduce dashboards | Q3 | ICT | Real-time tracking | Dashboard functionality for supervisors is now available through the Revenue Management System. |
| Rapid Results Initiatives | Conduct targeted revenue drives | Quarterly | Revenue Department | Increased revenue | Collection drives, trend reviews and spot checks are conducted continuously. |

5.6 Stakeholder Engagement and Capacity Building

| Intervention | Key Activities | Timeline | Responsibility | Output | Progress / Status |
|----------------------|---|-----------|---|-------------------|--|
| Public sensitization | Undertake media campaigns and barazas | Quarterly | Communications | Awareness created | Outreach coverage continues. |
| Capacity building | Conduct stakeholder engagements and staff capacity building | Q2 | Department of Finance / Receiver of Revenue | Skilled staff | Training has been undertaken for a small team. |

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| Stakeholder engagement | Engage traders' associations, Boda Boda associations, BMUs and market committees | Continuous | Revenue Department | Improved relations and collaboration | Work progress. in |
| Change management | Support transition to automation | Q2-Q3 | ICT / HR | Smooth adoption | User adoption remains under close follow-up. |

6. Risk Management Plan

| Risk | Mitigation Strategy |
|------------------------------------|---|
| System downtime | Enforce SLA provisions and establish backup systems. |
| Revenue leakage | Strengthen automation, enforcement and routine audits. |
| Resistance from traders | Undertake continuous sensitization and stakeholder engagement. |
| Non-compliance by revenue officers | Enhance capacity building, supervision and disciplinary action where necessary. |
| Budget constraints | Implement interventions in phases and align priorities to available resources. |

7. Monitoring and Evaluation Framework

| Tool | Frequency | Responsibility |
|-----------------------------|--------------------------|---------------------|
| Revenue performance reports | Daily / Weekly / Monthly | Revenue Directorate |
| Internal audit reviews | Quarterly | Internal Audit |
| System-generated reports | Daily | ICT |
| Field inspections | Daily / Weekly / Monthly | Enforcement Unit |

8. Expected Outcomes

- Improved compliance with the Public Finance Management Act, 2012.
- Increased Own Source Revenue (OSR) collections.
- Reduced revenue leakages and fraud risks.
- Functional and reliable revenue systems.
- Improved business environment and trader satisfaction.
- Improved stakeholder engagement and feedback mechanisms.

implementation will depend on strong leadership, adequate resourcing - particularly for spot checks and rapid results initiatives - effective interdepartmental coordination, and continuous monitoring of progress.

| Prepared by | Approved by |
|--|--|
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