



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	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	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

					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

					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.

Stakeholder engagement	Engage traders' associations, Boda Boda associations, BMUs and market committees	Continuous	Revenue Department	Improved relations and collaboration	Work in progress.
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.

9. Conclusion

This Annual Implementation Report/Plan provides a structured execution framework for addressing internal audit findings and strengthening revenue enhancement within Busia County. Its successful 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
<p>Peris Oyombera Director Revenue Signature: <u><i>[Signature]</i></u> Date: <u>9/4/26</u> Official Stamp:</p>	<p>Ahmed Adan Hefow Chief Officer – Finance/Revenue Signature: <u><i>[Signature]</i></u> Date: <u>9/5/26</u> Official Stamp:</p> 