

MURANG'A COUNTY GOVERNMENT



MURANG'A COUNTY ASSEMBLY

THIRD ASSEMBLY

SECOND SESSION

THE FINANCE & ECONOMIC PLANNING COMMITTEE'S REPORT
ON

FACT FINDING SITE VISITS ON OWN SOURCE REVENUE COLLECTION AND
MANAGEMENT

CLERK'S CHAMBERS,
MURANG'A COUNTY ASSEMBLY BUILDINGS,
MURANG'A.

Table of Contents	2
1.0 PREFACE.....	2
1.1 Establishment of the Committee.....	2
1.2 Membership.....	2
2.0 ACKNOWLEDGEMENT	3
3.0 INTRODUCTION	4
4.0 SITE VISITS.....	5
4.1 Site visit at Kabati abattoir - Kandara Side.....	5
4.2 Site visit 2 – Kabati abattoir, Maragua side.....	7
4.3 Site visit 3 at Salvation Army Quarry at Kakuzi/Mitumbiri Ward.....	8
Table 1 .Kiambu County Rates in levying cess in quarries	11
Table:2 . Nyeri County rates in levying cess in quarries.....	12
4.4 Site visit 4 at Mukuyu market	13
5.0 MEETING WITH DIRECTORATE OF REVENUE.....	14
6.0 REVENUE PERFORMANCE.....	15
7.0 OBSERVATIONS	16
8.0 RECOMMENDATIONS.....	18
ADOPTION	

1.0 PREFACE

Hon. Speaker,

This committee on its own motion embarked on site visits to various own source revenue collection points. In the chilly mornings, these site visits took us to the hustle and bustle of the two abattoirs in Kabati and finally to the serene Mukuyu Market to witness first-hand, the working of the new revenue collection system. We have detailed all that in a blow to blow account of the experience in this report.

1.1 Establishment of the Committee

The Sectoral Committee on Finance and Economic Planning is constituted under the provisions of Standing Order 204 (5) and mandated to undertake the following activities;

- a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;

Second Schedule of the Murang'a County Assembly Standing Orders provides for the committee on Finance & Economic Planning considering all matters related to management of Public Finance and Economic Planning, county planning and statistics and disaster management.

1.2 Membership

The Finance and Economic Planning Committee as currently constituted comprises of 16 Members, namely:

- | | |
|----------------------------|------------------|
| 1. Hon. John Kibaiya Ngugi | Chairperson |
| 2. Hon. Alex W. Wanyoike | Vice Chairperson |
| 3. Hon. Francis K. Kamau | Member |
| 4. Hon. Morris Thuku | Member |
| 5. Hon. Steven Muigai | Member |
| 6. Hon. Charles M. Karina | Member |
| 7. Hon. John Kamau Munyua | Member |
| 8. Hon. Loise Mary Muthoni | Member |

9. Hon. Margaret W. Gichia	Member
10. Hon. Peter Murigi Ngugi	Member
11. Hon. Jane Mukami Kigotho	Member
12. Hon. Thomas Muteti	Member
13. Hon. Gladys Wambui Waikau	Member
14. Hon. Hilary Muigai Muchoki	Member
15. Hon. Pauline Njeri Muchiri	Member
16. Hon. Esther Nyawira Kamindo	Member

2.0 ACKNOWLEDGEMENT

Hon. Speaker, this Committee is grateful to your Office and that of the Clerk to the County Assembly for the support in execution of its mandate. Secondly, I acknowledge the Members of the committee for braving the chilly morning to undertake the site visits in time. Finally, the secretariat for their dedication to the call of duty during the excursions.

On behalf of the Finance and Economic Planning Committee, it is with distinct honour and pleasant duty to table this report and recommend it to the Assembly for adoption.

SIGN.....DATE.....

HON. JOHN K. NGUGI

CHAIRPERSON, FINANCE AND ECONOMIC PLANNING COMMITTEE

3.0 INTRODUCTION

Hon. Speaker,

The process of revenue collection and management should reflect transparency, public participation, accountability and good governance. The Constitution outlines national values and principles of governance as rule of law, public participation, good governance, transparency, inclusiveness, accountability, integrity and sustainable development.

Our Constitution requires all State Organs as well as state and public officers to observe national values and principles in the formulation and implementation of public policy decisions. These national values and principles are also underscored in the PFM Act (2012), which establishes relevant institutions and assigns them responsibilities. Adherence to these values will result in: better understanding of revenue raising measures by ratepayers; reduced revenue leakages; improved control through better recording and reporting and voluntary compliance leading to increased revenue collection and more resources to fund our priority projects and programmes.

County Assembly has an important oversight role on revenue collection and management matters, in addition to its legislative mandate. It's our responsibility to enact revenue collection and administration laws. Both Executive and Assembly play distinct but complementary roles where Own Source Revenue is concerned; Executives are responsible for execution, while Assembly is responsible for legislation and oversight.

Strengthening Own Source Revenue mobilisation can improve fiscal autonomy through more predictable access to revenue. This would allow the county government to have greater ownership and control over its development agenda. Own-source revenue also has the potential to foster political and administrative accountability of county officials to their constituents.

4.0 SITE VISITS

Hon. Speaker, this committee carried out a total of four (4) site visits on diverse dates between February 16, 2023 and March 1, 2023. Later, this committee invited the Revenue Directorate to a meeting on March 1, 2023 within the precincts to get clarification on the issues we picked during the site visits.

4.1 Site visit at Kabati abattoir - Kandara Side

The account details interaction of members with the revenue collector and the meat inspector on February 16, 2023. Top Meat Ltd, as the facility is known, is owned by seven directors who have managers who deal with the business side of the meat. It's a main economic mainstay of Kabati and its environs as it employs dozens of people in the meat chain. The revenue collector on duty informed members that new system had kicked in since January 3, 2023.

In the tax administration matters, the said managers are registered as tax payers in the system as such having responsibility to pay for the carcasses that have been verified by the revenue collector. Charges range from a pig at Kshs 100, cow Kshs 300 to a goat at Kshs 100 per head.

In accounting for the revenue due to each shareholder, the revenue collector relies on physical count of the carcasses. Previously, one of the managers was registered as tax payer to pay for all the facility's carcasses. However system down time had forced a change of tact by registering the all the managers to make sure that payments go through. The facility manages an average of 75 pigs and 18 to 20 cows in a day. On a normal day, the facility handles an average of 5 goats with peaks during the weekends/festivities numbering to 15.

The revenue collector rakes in between kshs 11,000 to Kshs 16,000 in a day. In defending numbers, the revenue collector cited the intricacies of the meat chain where a meat vendor can get a single pig which meets the meat demand and on the other hand same demand can be met by several pigs. Obviously depending on the two scenarios, revenue collection is bound to be affected.

The revenue collector hailed the new system as a step in the right direction. She however noted no significant difference in revenue collected at that juncture but the benefit in terms of eliminating cash handling. Revenue collectors would hand over collections to the market in charge, who would then consolidate with the market fees and bank. In terms of record keeping, the revenue collector indicated that she doesn't keep any record but retains *m-pesa messages*.

Discussion with meat inspector attached to the facility revealed that previously they used to be responsible for collecting revenue but with onset of devolution, it was handed to Revenue directorate. The inspecting officer acknowledged to keeping records for onward transmission to the Director of Veterinary Services.

By operation of law, when a slaughtered animal is found by the inspecting officer (Meat inspector) to be free from disease or other conditions which may be injurious to the consumers of the meat, well-nourished and in sound and wholesome condition, the carcass shall be passed as fit for consumption and shall be stamped by the inspecting officer with the official mark of approval.

The official mark of approval shall consist of either an ink brand, burning brand or like device using such ink, design or size as the Director of Veterinary Services may require. The stamps shall be placed on such parts of the carcass, organs and parts as the Director of Veterinary Services may require. Every inspecting officer shall, when conducting final inspection, stamp every carcass on both sides with an inspection mark; every inspecting officer is personally responsible that the stamp embossed with his individual number is kept under lock when not in use.

Members were startled to learn that veterinary docket had not been facilitating the meat inspector with this very important ink. In the previous regime, he had to contend with buying this ink which costs a pricey sum of Kshs 9,000 for a 5 - litre jerrycan. This is money that he is never reimbursed. Having bought the same thrice and spending a whopping Kshs 27, 000, is not the best way to motivate our critical staff in public health regulation.

On the licensing the abattoir, the facility is inspected by public health officials regularly. Meat handlers are inspected once every six months by Public Health at a cost of Kshs 400 .Members were informed that meat distributor license for the motorcycle costs kshs 500 annually. Members expressed reservations on that fee arguing that, while a meat

distributor pays kshs 500 annually, a shop pays Kshs 5,000 for a single business permit. The Canon of equality in taxation was lacking as burden of taxation must be distributed equally or equitably among the taxpayers.



Figure 1. Hon. Members and staff pose for a photo at Kabati abattoir – Kandara.

4.2 Site visit 2 – Kabati abattoir, Maragua side

The facility is owned by a sole proprietor. Members interacted with Bernice who is the revenue coordinator for Kabati slaughter. On average the slaughter house does 80 pigs, 30 cows, 5 goats. The revenue collector monitors by counting from the entry from their holding area to the slaughter. The revenue collector keeps record for onward transmission to her supervisor.

Cows are charged at Kshs 300 while goat is at Kshs 100 as the system prescribed. The collector alluded that majority of animals are brought overnight for the next day slaughter. She admitted to keeping the record of all animals slaughtered at the slaughter

house. She also compare her notes with the manager of the facility to facilitate revenue payment.

The slaughter reported to be raking in Kshs 15,000 to Kshs. 16,000 per day. The revenue collector and meat inspector report to work at 6.00 a.m. The meat inspector starts work at 6:30 a.m. and is the control as carcasses have to be certified as fit for human consumption. The facility has CCTV to ensure that work starts as scheduled to avoid meat business being done outside the regulated time. Members were informed that the meat distributor's licence is done annually by public health officials at a cost of kshs 500. The process is done by the sub county authorities.

Complaints from the meat vendors revolved around lack of services by the county government. They complained that with revenue they give to county there is a legitimate expectation of services. They instead vouched for a public hearing session with the County Treasury to discuss on areas to enhance compliance with the revenue raising measures.

Members were also informed that the meat inspector is not facilitated with ink by the Veterinary Directorate with the owner of the abattoir having to buy the ink for meat stamping. The inspecting officer also has to contend with hiring the white coats and fend for the certificate of transport to ensure business continuity.

4.3 Site Visit 3 at Salvation Army Quarry at Kakuzi/Mitumbiri Ward

The site visit happened on February 22nd 2023. The entry to quarry is manned by Alex and Catherine, both who are revenue collectors. They serve on rotation basis covering different quarries in Kakuzi/Mitumbiri Ward. The Salvation Army quarry is served by three different routes which can be accessed from the neighbouring Kiambu County. The new system entailed the collectors facilitating lorry drivers to pay the quarrying cesses. For a 7- tonne (FSR) charges are Kshs 700, ten - wheel lorry at kshs 1,500, double steering is charged Kshs 2,500 and Trailer at Kshs 3,500 per trip. Previously, trailers used to pay 3000 but same was hiked. The only exception is the canter which is defined under market category, paying Kshs 700.

On average, the collectors manage kshs 30,000 per day. The revenue collectors are issued with control sheets for accountability to their supervisors. Collectors illustrated

the app as having the quarry as defined in the system as a stream in the system, under sub county (Gatanga), Under sites (Del Monte, Ndoge 1 and 3 kms). However, the system does not indicate the point of sale (location from where payment is made). Members noted this glaring oversight on part of the system.

The system down time/delay would occasion chaos in trying to detain drivers awaiting the confirmation message to be cleared. Members queried the contingency plans in case of total system failure and revenue collectors indicated that they have an M-pesa Pay Bill No. for the sub county.

In terms of challenges, the glaring one is lack of a barrier and enforcement officers. This serves to embolden notorious drivers who would bulldoze without paying cess. The other glaring oversight with the system is lack of time stamp. This forces the revenue collector to find out timing with their m-pesa message. This presented an opportunity for the owner of the lorries to play mischief by manipulating m-pesa messages time and forwarding to the driver.

Previously there weren't enforcement officers patrolling and only the occasional hiring of the administration police stationed nearby. Collectors recounted to having dealt with gun wielding robbers on three separate occasions. The greatest challenge, as cited by the collectors, is a trend where many lorries shows up late in to the evening to pick building materials. They then tactically delay until our collectors have closed shop to evade paying the cess, occasioning loss of revenue to the county.

Members opined the recourse is not necessarily having barrier as the road is not exclusively used by Lorries. In the contrary, Members advised that collectors ought to record each and every lorry entering quarry at whatever time. That way it would be easier to track and nab evaders.

Collectors recounted of a strategy that worked to a great effect. Stone crushers had instructions to enquire whether the Lorries appearing after 6 p.m. had paid requisite cess. If the lorry had not paid the applicable cess, the crushers would not load whatever material they needed. That way compliance was achieved and in case defaulters were nabbed, the crusher was liable to pay for the fines.

The other prominent challenge is loss of business to neighbouring Kiambu County quarries. Murang'a County cess charges are way higher compared to kiambu. The trailer at Kiambu is charged Kshs 1, 200 against Kshs 3500 in Murang'a. A ten wheel

lorry in kiambu is charged Kshs 600 against Kshs 1,500 in Murang'a .Drivers opt for Kiambu quarries to pocket the difference. Members agreed to rationalize this cess in the interest of promoting competitiveness of our revenue raising measures during the finance bill.

The perception of the revenue collectors is that the system has registered a marked improvement in collections. In enhancing daily collections, the revenue collector cited the need to deploy enough enforcement officers to quarries. Enforcement would enhance compliance and ease their workload.

The legitimate expectation of the road maintenance by the county government serve to enhance compliance. Roads deterioration can create a situation where drivers refuse to pay. The saving grace is that Del Monte Kenya Ltd maintains the feeder roads in lieu of paying cess. However, lack of clarity in this arrangement had set up the county government against the pineapple grower in recent past. This was after the lorries doing their routine maintenance were clamped by authorities. The dispute was resolved by Gatanga Sub County Administration with the agreement that Del Monte need only to regularize this maintenance by giving prior notice in writing.

We have a situation where the county government was used to only facilitating the revenue collectors with a control sheet for accountability purposes. Members were told for the yellow dust coat, they had to contend with buying out of the pocket. The other startling revelation was the revenue collectors having stagnated in casual terms for inordinately long period. In between them, the two revenue collectors had amassed 25 years as casuals, pointing to a serious problem of career progression for the lower cadre revenue officers. Members noted that it was demoralizing for the officers to work for those number of years and fail to be absorbed on permanent terms despite the numerous job postings.



Figure 2 .Members conferring with the revenue collectors at the entrance to Salvation Army Quarry, Del Monte

Table 1 .Kiambu County Rates in levying cess in quarries

County	Description	Unit	Charges Kshs
Kiambu County Finance Act , 2021	Two axle Lorries loaded with quarry products (Stones, murrum, ballast, sand, quarry chips etc.	Per month	12,000
	Three axle Lorries loaded with quarry products	Per month	16,000
	Four axle Lorries loaded with quarry products	Per month	20,000
	Trailers loaded with quarry products (Stones, murrum ballast, sand, quarry chips etc.	Per month	25,000

	Two axle Lorries loaded with quarry products (Stones, murrum ballast, sand, quarry chips etc.)	Per trip	400
	Three axle Lorries loaded with quarry products (Stones, murrum, ballast, sand, quarry chips, etc.)	Per trip	600
	Four axle Lorries loaded with quarry products (Stones, murrum, ballast, sand, quarry chips, etc.)	Per trip	800
	Trailers loaded with quarry products (Stones, murrum, ballast, sand, quarry chips, etc.)	Per trip	1,000

Table 2 . Nyeri County rates in levying cess in quarries

County	Description	Unit	Charges Kshs
Nyeri County Revenue Administration Act, 2014	Pick up 3 - 3.5 tonnes load Murrum/chippings/ sand/stones/quarry dust/hardcore/ Ballast	Per trip	400
	Up to 7- tonne lorry Murrum/chippings/ sand/stones/quarry dust /hardcore/ Ballast	Per trip	500
	lorry Above 7 tonnes (cess quarry, timber e.t.c)	Per trip	1,000

4.4 Site visit 4 at Mukuyu market

The site visit happened on March 1, 2023. The municipal revenue collector demonstrated the working of the new revenue collection system. Traders opined that the system gives feedback on the payment in real time through an *m-pesa message*. As for the banana traders in Mukuyu, they have to contend with selling bananas in the open, congestion and dirty environment. The system challenges cited by elderly traders was the need to be proficient with mobile phones which is cumbersome at their age. In this case, they have to rely on other traders to do it. They have to pick a trusted trader for purposes of remitting revenue on their behalf. Often times these elderly traders cannot confirm if indeed the remittance of money has taken place.

Traders have to contend with unsightly mounds of uncollected garbage. Traders complained that garbage for Wednesday market day may pile to the next market day, being a Saturday. The open sewerage in some areas and smelly sewer flowing in the open trenches is an eye sore. Members witnessed mounds of garbage lying uncollected at the corner of the market during the visit.

Members expressed concern with elderly traders who have to make do with numerous trips to the toilet and paying the ten shillings. The low income nature of their businesses affect profitability because of expenses related to answering the call of nature. It was the opinion of members that exemptions for these traders need to should be considered. A visit to the public toilet confirmed that the facility was under management of private entity.

A visit to the goat sale yard in mukuyu also featured in the itinerary. Traders in sale yard complained of the limited space. They had to request a part of toilet to be demolished to accommodate the sale of goat and hens. The male toilet had dysfunctional pump for 2 years. Intermittent water supply hindered traders from accessing proper sanitation facilities as municipality management dilly dallied on rectifying the situation.

Goat is charged kshs 30 and kshs 10 for hen. The cited system challenges was where traders had to pool their money for payment by one trader. The message for payment should identify the trader making payment. The trader proposed an ETR to collect revenue as traders are evading paying due to charges.

The facility is tucked in a small corner and is unsecured with a fence. Traders can pay up fees at the entrance without having collectors do a follow up with a fence. The traders had complained to municipal authorities on poor state of the toilet. They are forced to hire a cleaner to do the work.

The goat sale yard is an open space without roofing, as such when it rains or sun is high, our traders are exposed to vagaries of weather. The dumping site which had since been eliminated was slowly creeping back. This pointing to a poor solid waste management policy by the municipality authorities.

At Mukuyu bus terminus, members canvassed with the revenue collectors. Revenue collectors report to work at 6 a.m. and leave at 5 p.m. They indicated that they all had the revenue app. The market alone is manned by 7 revenue collectors while 6 are stationed at the parking bays.

They cited the challenge lack of data to facilitate their work. In case a system down time/delay is short, collectors have to contend with waiting. For longer period, a pay bill for the municipality is at hand. However, the Municipality Revenue Coordinator indicated that during the piloting phase, challenges of system down time were rife but had since resolved since the turn of the year. In any case there is platform for revenue collectors where the administrator of ICT is able to institute immediate measures.

The system doesn't segment revenue collectors in terms performance. Mukuyu market has seven clamps with one for the lorries and rest for small cars. In case of defaults, one is liable to a fine of kshs 2,000. The accountable documents are tamper proof as the municipality revenue coordinator checks weekly against Serial Numbers.

Staffing challenges, like it was noted in other areas members visited, among the group, only the revenue supervisors were on permanent and pensionable terms. It was appalling to discover that there was a revenue collectors with 16 year experience as a casual employee, others had 14 years and 12 years respectively.

5.0 MEETING WITH DIRECTORATE OF REVENUE

Hon. Speaker, this committee invited the CECM – Finance to a meeting on March 1, 2023 after concluding the site visits. The meeting was attended by the Ag. Chief Officer of Revenue, Director of Revenue and the nine Revenue Sub County Coordinators. The

meeting targeted clarifying issues as picked out in the field visits. Details of the meeting are annexed in the report in form of the approved minutes.

6.0 REVENUE PERFORMANCE

Table 3 ; Comparison of Revenue Performance between the Year 2021 and 2022.

Sub County	July 21 – December 21 Kshs	July 22 – December 22 Kshs	Movement Kshs
Kandara	16,580,580	13,895,410	(2,685,170)
Municipality	57,719,526	55,657,301	(2,062,225)
Kigumo	11,281,577	10,314,115	(967,462)
Mathioya	5,955,130	7,345,753	1,350,623
Maragua	31,803,194	35,245,529	3,442,335
Gatanga	21,471,971	21,516,020	44,049
Kahuro	6,301,190	10,886,240	4,585,050
Kangema	9,851,429	11,487,031	1,635,602
Kiharu	13,257,444	9,066,480	(4,190,964)
Total	157,641,461	175,413,879	17,772,418

Source; County Treasury

Table 4; Revenue collection in January 2023

REVENUE PERFORMANCE JAN 2023	
SUB-COUNTY	AMOUNT (Kshs)
KANDARA	923,096
MUNICIPALITY	8,428,932
KIGUMO	1,682,270
MATHIOYA	561,800
MARAGUA	3,991,320
GATANGA	2,904,445
USSD	16,788,168
KANGEMA	1,071,203
KIHARU	772,540
NHIF	19,630,000
TOTAL	56,753,774

Source; County Treasury

7.0 OBSERVATIONS

1. There has to be a clear understanding of revenue collection costs or the efficiency of our revenue administration system. Suffice to say, an updated information on the personnel numbers within the revenue directorate would help ascertain the economic rationale for our revenue collection activities and improve efficiency in administration.
2. Parking fees portends lots of potential in own source revenue generation. This is only possible when better data becomes available (e.g. actual parking units, undeveloped parking slots, vehicle type and the parking trends), more accurate estimates can be prepared. That said, the estimates point to that professional management of our county parking assets could lead to substantial revenue generation.
3. County government should enact legislation to set out compliance obligations and powers in a County (Revenue Administration) Act. The documented challenges in revenue collection in some parts of Kigumo especially with boda boda riders and traders in Muthithi market and Maragua Town where tax payers gang up against paying taxes exemplify the need for legal basis in revenue collection.
4. There is a constitutional requirement to propose and enact an Appropriation Act for each financial year [Art. 224]. An Appropriation Act is usually accompanied by a Finance Act. The purpose of the Finance Act is to enact the new and amending fiscal measures arising from the budget in respect of which the appropriation is authorised. The amendments in a Finance Act are substantive laws that create tax obligations and impose taxes and charges. The last we enacted the Finance Act was in the Financial Year 2018/19.
5. The revenue collection structure in place has undermined control by the County Treasury, leading to poor coordination of the function. The revenue enforcement falls under the office of the County Secretary. The impact of such arrangement has been loss of control by County Treasury of the revenue function due to improper reporting relationship.

6. According to Adam Smith International (World Bank Consultant) study on Own-Source Revenue Potential and Tax Gap, cess can be regulatory if the objective of charging a fee for the right to undertake an activity e.g. quarrying or sand harvesting is to control or even reduce the activity or to raise revenue to pay for mitigating measures, such as to reduce environmental damage. In our case, cess has taken the form of a tax, where it is mandatory and contributes to revenue raising and is not earmarked for a specific purpose or to general a specific benefit for the taxpayer/use (Lorry Owners).
7. Revenue personnel ought to have requisite knowledge and skills on revenue related laws and operations. Over the years, our Revenue collectors have had inadequate incentives to be professional at their work because of lack of a scheme of service.
8. The CECM – Finance has to clarify the definition and objectives of market fees whether it is a type of cess on produce or an access fee to market space and facilities. The enhancement of this type of revenue stream should focus on better management of county government's assets i.e. market infrastructure i.e. stalls, sheds, water, garbage collection and toilets.
9. Investment in Network infrastructure is critical for effective deployment of Integrated Revenue Management Information System. ICT Infrastructure should scale up connectivity in Wide Area Network (WAN).
10. Any revenue-raising objective applied to our rates is to be balanced against the cost of implementing regulatory responsibility as well as the impact that imposing additional fees might have on the cost of doing business and competitiveness against the neighbouring counties.
11. County Treasury failure to meet revenue targets could be, in part, because the targets are unrealistic. Under performance can be attributed to lack of capacity to prepare credible revenue projections.
12. The share of Kenyans living in urban areas is projected to rise to 50% by 2050, and municipalities are under pressure to expand opportunities for sustainable growth. Interventions by World Bank supported KUSP including the improved water supply, sewerage and solid waste management , storm water drainage,

parking spaces and street lighting could translate more in own source revenue in our urban centres.

8.0 RECOMMENDATIONS

1. The County Public Service Board to develop a Scheme of Service for the revenue function .The scheme of service should prescribe the qualifications of hiring of staff in the revenue directorate. Investment in staff and skills may require reviewing the recruitment policies, providing training on ethics and integrity and enhancing technical capacity.
2. The Office of the County Secretary should second an enforcement unit to the Revenue Directorate for the revenue function. The CECM – Finance shall map the resource requirements of the said unit e.g. vehicles and motorcycles to adequately man our revenue collection points and budget accordingly.
3. Section 104(1) (g), PFM Act stipulates that the County Treasury shall act “as custodian of the inventory of the county government’s assets. The CECM – Finance should put in place an automated asset verification, tagging and management system, vehicle tracking and fleet management system to promote lawful and effective use of our strategic resources.
4. The Finance Acts should be reserved for annual amendments to fiscal provisions in the Principal legislations, arising from the annual budget submitted and passed under Article 224 and Sec. 132, PFM Act, 2012 including any necessary amendments to the taxes, fees and charges Act.
5. The CECM – Finance to undertake measures to improve efficiency and effectiveness of personnel involved in the revenue directorate. The revenue department should undertake head count of all the revenue officials and rationalize their placement in their work stations.
6. The CECM – Finance should restructure the organizational structure of the revenue directorate in line with the best practice. This can be sought from consultants (Kenya School of Revenue Administration, Kenya School of Government), KRA and counties.
7. The County Government should fast track enactment of the County (Revenue Administration) Act. The legislation to be enacted ought to have provisions

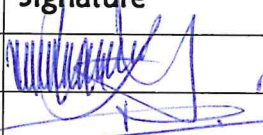




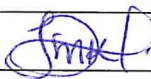
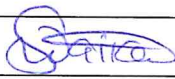


relating to how a tax or charge will be imposed, collected and regulatory duty or obligation on tax payer.

8. The CECM – Finance should ensure that charges are standard across the board. The canon of taxation on certainty provide that the manner of payment and the amount to be paid should be clear to every tax payer and not arbitrary.
9. Parking fees should be in line with benchmarks, location, peak periods and zoning of areas to manage traffic flow and ensure cost of provision and maintenance is at least covered by this stream. The CECM – Finance jointly with the CECM, Public Works should map all our parking spaces and generate comprehensive data that is needed to realize more parking fees.
10. The CECM - Finance should ensure that the rates in the finance bill compare favourably with our neighbouring counties. Additionally, in enhancing efficiency in levying quarrying cess may be handled under Single Business Permit as a special category to maximise on its revenue potential.
11. The CECM, Water to provide the revenue collectors with water and sanitation facilities in our revenue collection booths.
12. The CECM, ICT should ensure that the system is configured to provide real time stamps. There is need to consider investing in greater automation of revenue management system, strengthen IT connectivity, speed and infrastructure. In addition, is the facilitation to our revenue officials with data bundles and WIFI hot spots.
13. The CECM, Lands, Physical Planning and Urban Development to survey and plan the markets. The Infrastructure department should then secure our markets with a fence to facilitate revenue collection with a clear entry and exit.
14. The CECM, ICT should strengthen performance monitoring of revenue administration. There is need to set to incentivize our revenue collectors by assessing performance against targets. This can also be complemented by a reward scheme.
15. The CECM – Finance has to undertake the cost benefit analysis on the need to outsource the provision of basic amenities in our markets .The purpose of which is to rationalize our market fees to cover the cost of providing water and sanitation facilities to our traders at no fee.

16. The CECM – Finance has ensure that our quarries are manned by revenue enforcement unit patrolled by a motorcycle.
17. The smart town policy under Urban Development has to make sure that our urban centres are upgraded. World Bank funding under the Kenya Urban Support Programme (KUSP) will translate to modern markets, organized parking, street lighting and drainage infrastructure, transforming sleepy urban centres into thriving commercial hubs with liveable residential neighbourhoods.
18. The revenue administration framework should provide that the revenue function is manned 24 hrs and all year.
19. In making own source (local) revenue projections, the CECM – Finance should refer to the macroeconomic environment, previous year's performance and status of the tax base. County Treasury has to look into scientifically proven methods of forecasting local revenue e.g. trend analysis, regression and time - series analysis.
20. The CECM-Finance has to provide a work pan to the County Assembly on the sector budget implementation of these recommendations.
21. That the recommendations herein are binding, upon which approval of the budget estimates of FY 2023/24 is premised.

ADOPTION

We, the undersigned Members of Finance and Economic Planning Committee do hereby append our signatures to adopt this report.

Name	Designation	Signature
Hon. John K. Ngugi	Chairperson	
Hon. Alex W. Wanyoike	Vice-Chairperson	
Hon. Francis K. Kamau	Member	
Hon. Charles M. Karina	Member	
Hon. Morris Thuku	Member	
Hon. Steven Muigai	Member	
Hon. John Kamau Munyua	Member	
Hon. Loise Mary Muthoni	Member	
Hon. Margaret W. Gichia	Member	
Hon. Peter Murigi Ngugi	Member	
Hon. Jane Mukami	Member	
Hon. Thomas Muteti	Member	
Hon. Gladys Wambui Waikau	Member	
Hon. Hilary Muigai Muchoki	Member	
Hon. Pauline Njeri Muchiri	Member	
Hon. Esther Nyawira Kamindo	Member	