**DEPARTMENT OF FINANCE & ECONOMIC PLANNING**

**REVENUE MOBILIZATION STRATEGY**

**OCTOBER 2025**

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# FORWARD

The devolved system of governance brought in by the proclamation of the Constitution of Kenya 2010 (CoK 2010) ushered in the creation of County governments in Kenya. The need for effective and efficient service delivery to the citizens cannot be downplayed, especially with key powers and functions initially controlled by the national government having been moved to the counties. Financing of the 7 Billion County government budget, like many other county governments in Kenya, remains a significant pillar in defining the devolution program.

Pointers from all stakeholders involved in county governance, including development partners, communicate the great need to shift away from the overreliance on financing the county government budgets from the equitable share from the National government to enhancement of mobilization of Own Source Revenue by the Kirinyaga County. Kirinyaga County has undergone a reality check on the results of the TADAT Assessment carried out in March 2023 by the International Monetary Fund’s TADAT Secretariat.

This strategy maps out the path to structurally mitigate the gaps identified during the Kirinyaga County TADAT assessment by strongly advocating adopting good international practices in enhancing OSR. A consultative and participatory process has been utilized in formulating the strategy by deliberately involving strategic stakeholders ranging from TADAT experts, Kirinyaga County, specific departments and agencies of the Kenyan Government, development partners and other international Tax Administrations. Practical Implementation of the strategy will create an enabling environment for enhanced fiscal space, reliable mobilization of OSR, budgetary discipline and improved service delivery.

# ACKNOWLEDGEMENTS

Development of this REVENUE MOBILIZATION STRATEGY was achieved through tireless efforts which entailed a consultative process together with stakeholders within the County and National Government Agencies.

Specifically, I knowledge contribution from UNCDF, KRA, CRA and the Kirinyaga County team that ensured any information needed was availed as and when required.

Much appreciation to the leadership including CECM, Finance and Economic planning, Chief Budget, Economic Planning and Procurement, Chief Finance Officer, Director of Budget, Director Economic Planning, and other technical staff for attending the mission meetings.

Further acknowledgement is extended to the following officers who actively participated in the assessment of the system of tax administration of Kirinyaga County Revenue Directorate which was undertaken during the period March 6 -24, 2023 using the Tax Administration Diagnostic Assessment Tool (TADAT).

The assessment team comprised the following: Messrs. Ronald Nyenje Makumbi, Joseph Tulula and Samuel Kariuki. The team was supported by Mr. Edward Nyaga (CFO), the assessment coordinator, Mr. Eliud Kariuki- Director ICT, Ms. Beatrice Mugoh, Ms. Caroline Mutugi, Mr. Samuel Njihia, Mr. Harrison Kabue - for Director Revenue and Mr. Henry Muruga.

Last but not least I salute the team that burnt the mid-night oil to ensure the Kirinyaga County REVENUE MOBILIZATION STRATEGY was professionally prepared capturing the aspiration, resolve and spirit of revenue enhancement. That team was led by Mr. Patrick Gichobi James-Deputy Director, Budget with the following members; Ms. Caroline Mutugi, Mr. Harrison Kabue, Mr. Morris Githinji, Mr. Joseph Karebe, and Mr. Michael Kamau.

*CECM, FINANCE AND ECONOMIC PLANNING.*

# EXECUTIVE SUMMARY

The results of the TADAT assessment for Kirinyaga County Revenue Directorate including the identification of the main strengths and weaknesses was as summarized below.

KCRD has an integrated revenue management system called KIRIPAY that has various revenue payment options which include direct bank deposits to Equity bank, KCB bank and Co-operative bank, Mobile money payment platform (M-Pesa). All taxpayers’ payments are paid electronically and the ledgers are timely and automatically updated. The External Oversight is strong, external audits are conducted annually by OAG and published in OAG and Kirinyaga County website. There is in place an elaborate PWD program of exemptions on SBP and the PWD are issued with a certificate.

KCRD is faced with a challenge of documentations that comply with the international good practices on many county systems and processes including revenue automation, inspection, reporting and audits. KCRD lacks a Structured Risk management framework to manage compliance, operational and human capital risks. Further KCRD lacks an audit committee that weakens the assurance mechanism.

Table 2 provides a summary of performance scores, and Figure 1 a graphical snapshot of the distribution of scores. The scoring is structured around the TADAT framework’s nine performance outcome areas (POAs) and 32 high level indicators critical to tax administration performance. An ‘ABCD’ scale is used to score each indicator, with ‘A’ representing the highest level of performance and ‘D’ the lowest.

# ABBREVIATIONS AND ACRONYMS

CECM-County Executive Committee Member

CM&EU-County Monitoring and Evaluation Unit

CoB-Controller of Budget

CoK- Constitution of Kenya

CRA-Commission on Revenue Allocation

GCP- Gross County Product

KC-Kirinyaga County

KCRD- Kirinyaga County Revenue Department

KNBS-Kenya National Bureau of Statistic

KRA-Kenya Revenue Authority

M&E-Monitoring and Evaluation

NG-National Government

OAG- Office of Auditor General

OSR-Own Source Revenue

POAs-Performance Outcome Areas

PWD-People with Disability

RMS-Revenue Management System

SBP-Single Business Permits

TADAT-Tax Administration Diagnostic Assessment Tool

UNCDF- United Nation County Development Fund

# 1.0 INTRODUCTION

## 1.1 Background

Kirinyaga County is one of the 47 counties in the Republic of Kenya. It is in the central region, and it covers a total area of 1478.1 km2, of which 308.2 km2 are under forest cover. The total land area under agricultural production is 801.7 km2 *(KNBS, 2019).*

The County lies between 1,158 meters and 5,380 meters above sea level in the South and at the Peak of Mt. Kenya respectively. Mt. Kenya which lies on the northern side greatly influences the landscape of the County as well as other topographical features. The mountain area is characterized by prominent features from the peak, hanging and V-shaped valleys. The snow melting from the mountain forms the water tower for the rivers that drain in the County and other areas that lie south and west of the County. The Snow flows in natural streams that form a radial drainage system and drop to rivers with large water volumes downstream.

The county has a population of 610,411 (Male 302,011 Female 308,369 and intersex 31) based on KNBS 2019 census report and a GCP and per capita GCP of Kshs. 143,807 Million and Kshs. 190,221respectively(Economic Survey 2021).

The main economic activities include;

* Agriculture
* Tourism and trade.

Main taxes for KC are; Single Business Permit, Property Rates and

Liquor Licensing.

Communication is mainly through mobile phones, internet, computers and laptops etc.



### Fig 1; Kirinyaga map

## 1.2 Statement of the problem

According to the Commission of Revenue Allocation (CRA) Report, on counties towards revenue mobilization, only 3 counties with national Parks that manage to collect over 40% OSR. The finding indicated that, 42 of the 47 counties have not realized their full potential in Revenue collection leading to counties heavily dependent on equitable share from the National government (NG). KC being one of them there is dire need for improving its revenue capacities, projection, generation, collection and reporting.

## 1.3 Objectives of TADAT training and assessment framework

The main aim of the Tax Administration Diagnostic Assessment Tool (TADAT) is to provide a standardized means of assessing the status of key components of a county’s tax administration system and its level of maturity in the context of international good practice. Other objectives will include;

* Identify the strength and weakness of the county revenue administration system reference to each POA
* Provide baseline and set the reforms that can enhance county revenue administration system
* Promote good practices within the revenue services in the counties
* Improve county capacities for revenue projection, generation, collection and reporting

## 1.4. Some of the key findings emanating from the Counties’ TADAT training and assessment

The following key findings and observations were realized.

* County lacked documented revenue management processes, and activities in most area were not documented. Most county officials relied on non-conventional cultural and community practices, based on a trust system for elders and community leaders to manage certain processes such as advocacy and communication to tax payers.
* Resolution of disputes, including tax-related matters, was observed, resulting in a lack of evidence as these interventions were not documented.
* Most of the information provided was verbal rather than documented, the TADAT framework requires for a documented evidence.
* Kirinyaga County targets to raise its OSR from the current revenue collection of Ksh 350M in 2021/22 to Ksh 550M in 2022/23 and further projects the collection to KES 720M in 2023/24. To actualize this, it has developed and integrated a revenue management system dubbed KiriPay RMS, where billing and update of all the revenue streams is done. The system has enabled automation of revenue collection for the core taxes on the following processes within the system: Real-time auto-receipting through an interface with the partnering banking systems i.e. Equity bank, KCB Bank, Co-operative bank and Safaricom (Mpesa), application approvals on various levels, taxpayer’s notification of transactions with the county and sending out advance notifications to taxpayers through the bulk SMSs service.

## 1.5. Way forward

The counties which have already gone through training and assessments are required to develop Revenue Mobilization Strategy focusing on the priority areas that need improvement (based on the TADAT performance assessment reports), the interventions to be implemented to achieve set revenue targets for different revenue streams, impact on revenue levels for each of the identified intervention, resources required to support the implementation of identified revenue improvement actions, responsibilities of different actors and officers, agreed timelines for different interventions, technical assistance. To achieve this objective, partnership is required between the county revenue administrations, the key government stakeholders, and international partners to provide required support in terms of capacity building and financing of the initiatives.

# 2.0. SITUATIONAL ANALYSIS

## 2.1. Rapid Population Growth

According to the KNBS 2019 census report, Kirinyaga county had a population of 610,411 (Male 302,011 Female 308,369 and 31 Intersex) which represents a growth rate of 1.6% from the previous census report (i.e. 2009)

### Table 1 Population Projections (by Sub-County and Sex)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sub-County** | **2019** | **2022** | **2025** | **2027** |
| **M** | **F** | **Intersex** | **Total** | **M** | **F** | **Intersex** | **Total** | **M** | **F** | **Intersex** | **Total** | **M** | **F** | **Intersex** | **Total** |
| Kirinyaga Central | 60,118 | 62,617 | 5 | 122,740 | 62,322 | 64,912 | 5 | 127,239 | 64,606 | 67,292 | 5 | 131,903 | 66,175 | 68926 | 6 | 135,107 |
| Kirinyaga West | 56,154 | 58,502 | 8 | 114,660 | 58,212 | 60,646 | 8 | 118,867 | 60,346 | 62,869 | 9 | 123,224 | 61,812 | 64397 | 9 | 126,217 |
| Kirinyaga East | 67,037 | 68,514 | 4 | 135,559 | 69,494 | 71,025 | 4 | 140,524 | 72,042 | 73,629 | 4 | 145,675 | 73,792 | 75417 | 4 | 149,213 |
| Mwea East | 66,432 | 66,114 | 8 | 132,554 | 68,867 | 68,537 | 8 | 137,413 | 71,392 | 71,050 | 9 | 142,450 | 73,126 | 72776 | 9 | 145,910 |
| Mwea West | 52,228 | 52,594 | 6 | 104,828 | 54,142 | 54,522 | 6 | 108,671 | 56,127 | 56,520 | 6 | 112,654 | 57,490 | 57893 | 7 | 115,390 |
| **Total** | **302,011** | **308,369** | **31** | **610,411** | **313,038** | **319,644** | **32** | **632,714** | **324,513** | **331,360** | **33** | **655,906** | **332,395** | **339,409** | **34** | **671,838** |

By the year i.e. 2027, the County population is projected to be at 671,838 male and female being 332,395 and 339,409 respectively, while intersex number will increase from 31 to 34. Kirinyaga East Sub County will have the highest projected population of 149,213 followed by Mwea East 145,910. Kirinyaga Central, Kirinyaga West and Mwea West by end of plan period will be having 135,107,126,217 and 115,390 respectively.

## 2.2 SWOT Analysis of the County Finance Directorate

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| KCRD has an integrated revenue management system called KIRIPAY | The Registration module of KIRIPAY does not interface with the National Identification Registration system |
| * KIRIPAY has various revenue payment options which include direct bank deposits to Equity bank, KCB bank and Co-operative bank, Mobile money payment platform (M-Pesa).
* KIRIPAY system has a module that generates invoices electronically

All taxpayers’ payments are paid electronically and the ledgers are timely and automatically updated. | * Lack of Structured Risk management framework to manage compliance, operational and human capital risks.
* The internal and staff integrity assurance mechanisms are limited.

The term of audit committee members expired and not been renewed for the last two years |
| * The External Oversight is strong, external audits are conducted annually by OAG
* KCRD has in place PWD programs of exemptions on SBP. PWD are given certificates of exemptions
 | * KCRD delays to publish its future directions and plans covered by ADP and CIDP
* System and procedure of recording and monitoring the stock and flow of tax arrears is unreliable.
 |

## 2.3 Organizational Structure of Revenue Directorate

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### **Table 2. Kirinyaga County Revenue Directorate: Summary of TADAT Performance Assessment**

# Explanation of Assessment

| **Indicator** | **Scores****2023** | **Summary Explanation of Assessment** |
| --- | --- | --- |
| **POA 1: Integrity of the Registered Taxpayer Base** |
| P1-1. Accurate and reliable taxpayer information. | **D** | The Information held in the centralized taxpayer registration database is inadequate to support effective interactions with taxpayers and tax intermediaries. The date of birth and date of incorporation are not provided for in the registration form and system. Further, there are no procedures to update information in the database or remove inactive taxpayers, and consequently, the number of active and inactive taxpayers in the registration database is unknown. |
| P1-2. Knowledge of the potential taxpayer base. | **D** | KCRD does not have documented initiatives to detect unregistered businesses and individuals. There is no evidence of actions and results in relation to detecting unregistered businesses or individuals during the past year |
| **POA 2: Effective Risk Management** |
| P2-3. Identification, assessment, ranking, and quantification of compliance risks. | **D** | The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations is limited. KCRD does not have processes to manage (identify, assess, rank, or quantify) compliance risks. There is no risk management framework in place**.** |
| P2-4. Mitigation of risks through a compliance improvement plan. | **D** | KCRD has no multiyear and/or annual compliance improvement plan to guide in mitigating the identified compliance risk. |
| P2-5. Monitoring and evaluation of compliance risk mitigation activities. | **D** | KCRD does not monitor and evaluate the impact of compliance risk mitigating strategies. |
| P2-6. Management of operational risks. | **D** | A structured process is not applied to identify, assess, prioritize and document operational risks in a risk register. A business continuity plan is not in place, thus the effectiveness cannot be tested, monitored and evaluated. In addition KCRD does not conduct business impact analysis. |
| P2-7. Management of human capital risks. | **D** | The extent to which KCRD has in place the capacity and structures to manage human capital risks is limited. The degree to which KCRD evaluates the status of human capital risk is limited, and related mitigation interventions are not measured. |
| **POA 3: Supporting Voluntary Compliance** |
| P3-8. Scope, currency, and accessibility of information. | **B** | KCRD provides a wide range of information to the main taxpayers about their obligations and entitlements using a wide range of media. The information is tailored to the needs of key taxpayer’s segments, industry groups and the disadvantaged groups. The information related to changes in law and administrative policy is current. There is a procedure in place and dedicated technical staff in the department of information assigned to ensure information is current. |
| P3-9. Time taken to respond to information requests. | **D** | KCRD does not monitor time taken to respond to taxpayers and tax intermediaries’ requests. There is no dedicated call centre to record time taken to respond to the requests of taxpayers. |
| P3-10. Scope of initiatives to reduce taxpayer compliance costs. | **D** | The initiatives to reduce taxpayers’ compliance costs are limited. KCRD does not have a record of frequently asked questions and taxpayer portal, in addition KCRD does not have a process of reviewing taxpayers' declarations. |
| P3-11. Obtaining taxpayer feedback on products and services**.** | **D** | KCRD has limited ways of obtaining taxpayers feedback on products and services. On the use and frequency of methods to obtain performance feedback, KCRD regularly obtains feedback from taxpayers through meetings, face to face with revenue staff and also through the KCRD service Centre. It does not use taxpayers’ input in the designing of administrative processes and products. |
| **POA 4: Timely Filing of Tax Declarations** |
| P4-12. On-time filing rate. | **D+** | Filing ratios for Single Business Permits, Property taxes and liquor licenses were low for the FY 2021/2022. . |
| P4-13. Management of non-filers. | **D** | KCRD does not have procedures for identifying and following up on non-fliers. |
| P4-14. Use of electronic filing facilities. | **A** | KCRD has an integrated revenue management system called KIRIPAY which also provides an electronic platform for filing tax declarations. Taxpayers of the core taxes present the tax declarations at the service centers and revenue offices where an electronic invoice is generated, and thereafter are issued with an electronic tax bill sent to taxpayers electronically |
| **POA 5: Timely Payment of Taxes** |
| P5-15. Use of electronic payment methods. | **A** | Electronic payment methods are available for all tax revenue stream. No cash payments are received by the by KCRD. The payments are made through direct banking in the commercial banks and use of M-Pesa platform (mobile telephony money transfer). |
| P5-16. Use of efficient collection systems. | **D** | The withholding and advance payment systems are not available at KCRD, since they are not provided for by law. |
| P5-17. Timeliness of payments. | **A** | KCRD uses KIRIPAY to record and account for the revenue collections. The system allows KCRD to monitor the number of and value of payments due that are not made on time. |
| P5-18. Stock and flow of tax arrears. | **D** | KCRD has determined the stock of core tax arrears due at fiscal year-end. However, there is no established system and procedures to monitor the flow of the core tax arrears. |
| **POA 6: Accurate Reporting in Declarations** |
| P6-19. Scope of verification actions taken to detect and deter inaccurate reporting. | **D** | KCRD has an informal inspection program to deter inaccurate reporting. However, there is no documented procedure for inspecting large and high risk taxpayers. The informal inspection program is not systematized around uniform practices. KCRD has no audit annual inspection manuals and does not have a process to monitor the quality of the inspection done. KCRD does not have a unit or committee to monitor the quality of the Inspection and does not have a taxpayer audit function and therefore could not measure and monitor its effectiveness. |
| P6-20. Use of large-scale data-matching systems to detect inaccurate reporting. | **D** | The mechanism of large-scale automated cross checking to verify information reported for KCRD is limited. |
| P6-21. Initiatives undertaken to encourage accurate reporting. | **D** | KCRD has no proactive initiatives undertaken to encourage accurate reporting. There are no private or public rulings in place, however, there are informal cooperative compliance arrangements in the county, which are not documented. |
| P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels. | **C** | KCRD monitors the extent of tax reporting through using tax gap analysis methodologies reports done by academia and government led institutions like Adam smith report commissioned by world bank for national treasury and commission on revenue allocation reports. |
| **POA 7: Effective Tax Dispute Resolution** |
| P7-23. Existence of an independent, workable, and graduated dispute resolution process. | **D** | KCRD does not have any graduated dispute resolution process. Most disputes are handled by revenue officers if there are raised by the taxpayers. However, there is no evidence to demonstrate that disputes are resolved by the revenue officers. There is no published information on the dispute process. |
| P7-24. Time taken to resolve disputes. | **D** | KCRD does not monitor time taken to complete administrative reviews. |
| P7-25. Degree to which dispute outcomes are acted upon. | **D** | KCRD does not monitor or analyze dispute outcomes to inform policy, legislation or administrative procedures. |
| **POA 8: Efficient Revenue Management** |
| P8-26. Contribution to government tax revenue forecasting process. | **D** | KCRD forecasts and estimates tax revenue to provide input into the budgeting process. However, periodic reporting on revenue performance is not done monthly. |
| P8-27. Adequacy of the tax revenue accounting system. | **C** | KCRD operates an automated revenue accounting system which is designed to interface with the National Government system (IFMIS). KIRIPAY is the revenue accounting system that is used by the KCRD to record and account for the core taxes, that is, the Single Business Permit, Property taxes and the Liquor licenses. |
| P8-28. Adequacy of tax refund processing. | **D** | KCRD does not maintain adequate information to monitor tax refunds and time taken to pay the refunds to taxpayers. |
| **POA 9: Accountability and Transparency** |
| P9-29. Internal assurance mechanisms. | **D+** | KCRD has a limited internal and staff integrity assurance mechanism. There is an internal audit department headed by a director and limited number of staff but does not report directly to the tax administration head, but the CEC Finance. There is no evidence that KCRD has a staff code of ethics and professional conduct and doesn't have an internal affairs unit. |
| P9-30. External oversight of the tax administration. | **C** | The External oversight of KCRD is adequate. The OAG conducts financial, operational and performance audits of the KCRD and publishes annual external audit reports on its website. The Commission for Administration of Justice has the national mandate to receive and investigate complaints raised by the general public from all counties. |
| P9-31. Public perception of integrity. | **D** | KCRD doesn't have a mechanism for monitoring public confidence. There is no evidence of an independent third party that conducts a survey based on a statistically valid sample of taxpayers segments. |
| P9-32. Publication of activities, results and plans. | **B+** | KCRD has in place a mechanism of publishing the financial and operational performance reports within six months after the end of the fiscal year. The financial and operational performance reports are published on the County and OAG websites, and copies submitted to COB, CRA and the National Treasury. KCRD strategic and operational plans are made public within 3 months of the period covered by the plan. |

# KIRINYAGA COUNTY STRATEGY MATRIX MODEL

| **Weak Area/Gap Identified** | **Root Cause** | **Proposed Strategies** | **Expected Output** | **Revenue Impact** | **Responsible Office** | **Resources Required** | **Timelines** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority/ quick wins** | **Collaboration** | **ST** | **MT** | **LT** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| P1-1. Accurate and reliable taxpayer information. | The Information held in the centralized taxpayer registration database is inadequate to support effective interactions with taxpayers and tax intermediaries. The date of birth and date of incorporation are not provided for in the registration form and system. Further, there are no documented procedures to update information in the database or remove inactive taxpayers, and consequently, the number of active and inactive taxpayers in the registration database is unknown. | 1. Lack of policies, procedures and framework on tax payer management.2. Lack of adequate capacity i.e. | 1. Data updating to include missing details about tax payers, cleaning and validation initiative (Data cleansing unit).2. Build capacity (structure, numbers and training) to manage and operate the solutions/registration/data management. 3. Develop, implementing and enforcing policies, procedures and SOPs to govern revenue management, address data sharing and knowledge/mentoring. 4. Conduct surveys to identify taxpayer locations 5. Use GPS Technology to capture co-ordinates of tax payers6. Public dissemination of information through taxpayers’ forums at towns/shopping centers, wards etc. Sending regular updates to tax payers through sms, emails, notices, newspapers etc. 7. Develop corroboration tools with other institutions such as KRA/CRA etc. | The number of well documented taxpayers to increase by;FY1-50%FY2-30%FY3-20%FY4-10%FY5-5% | Annual Revenue increase as a % of CP;FY1-10%, FY2-20%FY3-30%FY4-10%FY5-5% | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET, ECONOMIC PLANNING, LEGAL,HR,ENFORCEMENT,HEALTH, AGRICULTURE, PHYSICAL PLANNING & TRADE | Resources required as a percentage of OSR;FY1-10% FY2-10%FY3-5%FY4-5%FY5-3% | 1 | IASB/OAG/CRA/OCOB/KRA/UNCDF/UNHABITAT/NT/KIPPRA/KNBS/NRB |  |  |  |
| P1-2. Knowledge of the potential taxpayer base. | KCRD does not have documented initiatives to detect unregistered businesses and individuals. There is no documented evidence of actions and results in relation to detecting unregistered businesses or individuals during the past year | 1. Lack of policy to guide on revenue management, unstructured taxpayer identification plan2. Lack of appropriate capacity-technical3. Poor staff motivation leading to lethargy in revenue management | 1. Develop policies and procedures that guide proactively anticipation, identification and registration of taxpayers.2. Improve employee productivity through structured motivation avenues such as career growth, improved terms of service, reward scheme, facilitation etc. | Tax base to improve by 30% annually |  |  |  | 1 |  |  |  |  |
| P2-3. Identification, assessment, ranking, and quantification of compliance risks. | The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations is limited. KCRD does not have documented processes to manage (identify, assess, rank, or quantify) compliance risks. There is no risk management framework in place**.** | 1. Lack of risk management regulations, procedures, strategy and awareness2. Lack of appropriate capacity-technical, human capital, | 1. Develop policies and procedures to proactively monitor, identify and put mechanisms to mitigate against risks associated with revenue management.2. Train all senior leadership on risk management.3. Train about 10% of workforce to act as risk management champions. 4. Develop/implement risk management framework in line with NT guidelines.5. Develop dashboards that act as catalysts to signal situations that fall outside the acceptable parameters.6. Offer incentives to encourage compliance such as short term tax holidays for new business for large scale compliant tax payers. | Reduce compliance risk by;FY1-30%FY2-30%FY3-20%FY4-10%FY5-5% |  | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET, ECONOMIC PLANNING, LEGAL,HR,ENFORCEMENT,HEALTH, AGRICULTURE, PHYSICAL PLANNING & TRADE |  | 1 | IASB/OAG/CRA/OCOB/KRA/UNCDF/UNHABITAT/NT/KIPPRA/KNBS |  |  |  |
| P2-4. Mitigation of risks through a compliance improvement plan. | KCRD has no documented multiyear and/or annual compliance improvement plan to guide in mitigating the identified compliance risk. | 1. Lack of risk management regulations, procedures and plans2. Lack of appropriate capacity-technical | Develop policies and procedures to proactively, monitor, identify and put mechanisms to mitigate against risks associated with revenue management. | As above in P2-3 |  |  |  | 1 |  |  |  |  |
| P2-5. Monitoring and evaluation of compliance risk mitigation activities. | KCRD does not monitor and evaluate the impact of compliance risk mitigating strategies. | 1. Lack of risk management regulations and procedures 2. Lack of appropriate capacity-technical | Develop policies and procedures to proactively anticipate, identify and put mechanisms to mitigate against risks associated with revenue management. | As above in P2-3 |  |  |  | 1 |  |  |  |  |
| P2-6. Management of operational risks. | A structured process is not applied to identify, assess, prioritize, and document operational risks in a risk register. A business continuity plan is not in place, thus the effectiveness cannot be tested, monitored, and evaluated. In addition, KCRD does not conduct business impact analysis. | 1. Lack of succession planning2. Poor/weak internal controls to clearly identify and document risks and their potential impact on business | 1. Policies and procedures to guide on structure and operations of Revenue Department. 2. Formal, regular and conscious application of strong internal controls such JDs, job rotation, and surprise checks by non-revenue staff on taxpayers etc. 3. Ensure job security and enhance lengthen of employment contracts with provisions for renewal. | Reduce management of operational risk by;FY1-10%FY2-20%FY3-30%FY4-20%FY5-10% |  |  |  | 1 |  |  |  |  |
| P2-7. Management of human capital risks. | The extent to which KCRD has in place the capacity and structures to manage human capital risks is limited. The degree to which KCRD evaluates the status of human capital risk is limited, and related mitigation interventions are not measured. | 1. Inadequate evaluation framework to determine the status of human risks in management of revenue.2. Inadequate capacity and structures to manage human capital risks. | 1. Training on evaluation of human capital risks on operations.2. Develop policies and procedures to guide on human capital risks management.3. Develop policies and procedures on ethics and conduct of staff | As above in P2-6 |  |  |  | 1 | EACC/NT/CPSB/EACC |  |  |  |
| P3-9. Time taken to respond to information requests. | KCRD does not monitor time taken to respond to taxpayers and tax intermediaries’ requests. There is no dedicated call Centre to record time taken to respond to the requests of taxpayers. | 1. Lack of capacity - technical and personnel2. Lack procedures and policies to provide a well-structured system that can capture information on time taken to respond to information requests. | 1. Develop policies and procedures 2. Train staff on the management of taxpayers’ queries and correspondences.3. Establish call centers including installation latest systems to monitor calls and generate reports.4. Publish and publicize important information such as budget, rates/finance bill etc. 5. Launch public ecitizen portal to allow for real-time interaction with the taxpayer. | Improve average response time on information requests;FY1-3 hoursFY2-1 hourFY3-0.5 hours |  | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET, ECONOMIC PLANNING, HR, COMMUNICATION |  | 1 | KRA/GOVERNMENT PRESS/NT |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| P3-10. Scope of initiatives to reduce taxpayer compliance costs. | The initiatives to reduce taxpayer’s compliance costs are limited. KCRD does not have a record of frequently asked questions and taxpayer portal, in addition KCRD does not have a process of reviewing taxpayers' declarations. | 1. Lack of monitoring systems on taxpayers questions, and declarations. | 1. Establish an ecitizen portal to capture and process taxpayer bills, payments, questions and responses.2. Establish systems to monitor responses and declarations by the taxpayers.3. Provide a detailed FAQ on the website/portal4. Establish auto responses on routine activities like cut-off dates, start of the year, grace period, penalties etc. | Reduce taxpayer compliance cost by;FY1-40%FY2-20%FY3-10%FY4-5%FY5-5% |  |  |  | 1 |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| P3-11. Obtaining taxpayer feedback on products and services**.** | KCRD has limited ways of obtaining taxpayers feedback on products and services. On the use and frequency of methods to obtain performance feedback, KCRD regularly obtains feedback from taxpayers through meetings, face to face with revenue staff and also through the KCRD service Centre. It does not use taxpayers’ input in the designing of administrative processes and products. | 1. Inadequate systems and platforms that can be used to engage taxpayers regularly. | 1. Develop system platform that prompts taxpayers to leave feedback or participate in a survey on a regular basis. | Obtain feedback daily/monthly/quarterly |  |  |  | 1 |  |  |  |  |
| P4-12. On-time filing rate. | Filing ratios for Single Business Permits, Property taxes and liquor licenses were low. | 1. Inadequate tools to facilitate on time filing of returns.2. Limited capacity (technical and personnel).3. Lack policies and procedures. | 1. Establish policies and procedures governing on time filing of returns.2. Build capacity of staff to handle filing of returns.3. Develop tools to facilitate smooth and accurate filing of returns.4. Carry out regular and mass sensitization of taxpayers on timely filing of returns.5. Develop a self-service portal that allows taxpayers to file their details in the system. | Real time/On time filing |  | CECM FINANCE & ECONOMIC PLANNING, CFO, REVENUE, ICT, BUDGET,HR |  | 1 |  |  |  |  |
| P4-13. Management of non-filers. | KCRD does not have procedures for identifying and following up on non-filers. | 1. Lack of documented policies and procedures to guide on steps to take to follow up on non-filers2. Lack of capacity to monitor and follow up and ensure non-filers actually file returns. | 1. Establish policies and procedures governing on time filing of returns.2. Establish a unit that regularly monitors and follow up and ensures non-filers actually file returns. | 1. Real time identification of non-filers2. Reduce non-filers by;FY1-40%FY2-20%FY3-10%FY4-5%FY5-5% |  |  |  | 1 |  |  |  |  |
| P5-16. Use of efficient collection systems. | The withholding and advance payment systems are not available at KCRD, since they are not provided for by law. | 1. Lack of proper laws to guide on payments relating to with-holding and advances. | 1. Enact laws to facilitate smooth payment of taxes such as withholding, advance etc. | A system to receive and record withholding and advance payments is implemented. |  | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET, ECONOMIC PLANNING, HR, LEGAL |  | 2 | KRA/UNCDF/NT/CRA/OCOB/CA/IIA |  |  |  |
| P5-18. Stock and flow of tax arrears. | KCRD has determined the stock of core tax arrears due at fiscal year-end. However, there is no established system and procedures to monitor the flow of the core tax arrears. | 1. Lack of policies and procedures to monitor the flow of tax arrears | 1. Develop and enforce policies and procedures to monitor the flow of tax arrears.2. Develop and generate exceptional reports that can be used to follow up on tax arrears. | 1, A system to receive and record core tax arrears is implemented.2. Reduce core tax arears as follows;FY1-10%FY2-20%FY3-25%FY4-20%FY5-10% |  |  |  | 1 |  |  |  |  |
| P6-19. Scope of verification actions taken to detect and deter inaccurate reporting. | KCRD has an informal inspection program to deter inaccurate reporting. However, there is no documented procedure for inspecting large and high-risk taxpayers. The informal inspection program is not systematized around uniform practices. KCRD has no audit annual inspection manuals and does not have a process to monitor the quality of the inspection done. KCRD does not have a unit or committee to monitor the quality of the Inspection and does not have a taxpayer audit function and therefore could not measure and monitor its effectiveness. | 1. Lack of policies and procedures to guide inspection and detection of inaccurate reporting, audit of taxpayer inspection etc. 2. Lack of Audit framework/programme3. Lack of Unit/Committee to monitor quality of inspection and reporting. | 1. Develop policies and procedures to guide the taxpayer inspection to detect inaccurate reporting 2. Establish SOPs guiding taxpayer inspection and reporting.3. Establish Unit/Committee to monitor quality of inspection on taxpayer reporting.4. Create an audit unit to audit and establish strong ICS.5. Establish audit framework and develop an audit programme that works to improve on ICS | Inaccurate reporting cases reduce by;FY1-20%FY2-20%FY3-10%FY4-10%FY5-10% |  | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET, ECONOMIC PLANNING, HR |  | 1 | KRA/UNCDF/NT/CRA/OCOB/CA/IIA |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| P6-20. Use of large-scale data matching systems to detect inaccurate reporting. | The mechanism of large-scale automated cross checking to verify information reported for KCRD is limited. | 1. Lack of capacity - technical and personnel2. Lack procedures and policies on cross checking to verify accuracy of reported information by large taxpayers | 1. Establish collaborative agreement with other government agencies such KRA, NTSA etc. to cross match information declared by large taxpayers.2. Liaison with professional bodies (ICPAK, LSK etc.) to cross match information 3. Develop procedures and policies to guide on cross-matching of declared information. | As p6-19 |  |  |  | 1 |  |  |  |  |
| P6-21. Initiatives undertaken to encourage accurate reporting. | KCRD has no proactive initiatives undertaken to encourage accurate reporting. There are no private or public rulings in place, however, there are informal cooperative compliance arrangements in the county, which are not documented. | 1. Lack of capacity - technical and personnel2. Lack of legal framework to guide on both private and public rulings | 1. Training staff on how to proactively engage taxpayers, use of private and public rulings and importance of compliance.2. Develop policies and procedures on reporting.3. Establish laws to govern and guide both private and public rulings.4. Establish incentives for accurate reporting and penalties for inaccurate reporting. | As p6-19 |  |  |  | 2 |  |  |  |  |
| P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels. | KCRD monitors the extent of tax reporting through using tax gap analysis methodologies reports done by academia and government led institutions like Adam smith report commissioned by world bank for national treasury and commission on revenue allocation reports. |  |  |  |  |  |  | 1 |  |  |  |  |
| P7-23. Existence of an independent, workable, and graduated dispute resolution process. | KCRD does not have any graduated dispute resolution process. Most disputes are handled by revenue officers if there are raised by the taxpayers. However, there is no evidence to demonstrate that disputes are resolved by the revenue officers. There is no published information on the dispute process. | 1. Lack of legal framework to guide on dispute resolutions2. Lack of capacity - technical and personnel3. Lack procedures and policies. | 1. Training staff on how to engage the taxpayers in dispute resolutions.2. Develop policies and procedures on reporting and dispute resolution.3. Establish laws to govern the dispute resolution mechanisms including alternative to courts, setting penalties and fines etc. 4. Establish an independent Board/Committee that provides an initial forum for dispute resolution | Number of non-resolved cases reduced by;FY1-40%FY2-20%FY3-10% |  | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET, HR, LEGAL,COMMUNICATION, LAND | 1 |  | CA/NT/OMBDUSMAN/KRA/JUDICIARY |  |  |  |
| P7-24. Time taken to resolve disputes. | KCRD does not monitor time taken to complete administrative reviews. | 1. Lack of a monitoring tool on time taken to complete administrative review.2. Lack of capacity-Technical and personnel | 1. Training staff on proper use of monitoring tools2. Design and establish tools and systems for logging in times covering an administrative review.3. Generate regular monitoring of reports including action plans for delayed reviews. | 1. 50% of dispute cases resolved within one day.2. 20% of dispute cases resolved within a week.3. 15% of dispute cases resolved within a month4. 5% of dispute cases resolved within a year4. 10% of dispute cases resolved within three months |  |  |  | 1 |  |  |  |  |
| P7-25. Degree to which dispute outcomes are acted upon. | KCRD does not monitor or analyze dispute outcomes to inform regulations, legislation or administrative procedures. | 1. Lack of capacity and policies to monitor and analyze dispute outcomes.2. Lack of legislation and administrative procedures. | 1. Develop policies and procedures to analyses and monitor dispute outcomes.2. Establish a legislative and administrative unit. | Improve the degree to which dispute outcomes are acted upon by; FY1-50%FY2-30%FY3-20% |  |  |  | 1 |  |  |  |  |
| P8-26. Contribution to government tax revenue forecasting process. |  |  |  |  |  |  |  |  |  |  |  |  |
| KCRD has an accounting system for the core taxes.KIRIPAY which is used to account for Single Business Permit, property taxes, and Liquor Licenses revenue. KCRD operates other revenue management system for the hospital and car parking streams of revenue. | Lack of data management office that works with national bodies such as CRA, NT and OCOB to exchange information on revenue forecasting. | Establish a data management unit with Data Analyst, | Data Management Unit |  | CECM FINANCE & ECONOMIC PLANNING, CFO, REVENUE, ICT, BUDGET, ECONOMIC PLANNING, HR, |  | 1 | CA/NT/KRA/CRA/OCOB |  |  |  |
| P8-27. Adequacy of the tax revenue accounting system. | KCRD forecasts and estimates tax revenue to provide input into the budgeting process. However, periodic reporting on revenue performance is not done monthly. | 1. Lack of capacity -technical and personnel. | 1. Training of staff and establishing procedures on periodic reporting on revenue performance.2. Establish routine reporting on the performance of revenue generation and collection. | A revenue accounting system that can forecast revenue and process tax refund. |  |  |  | 1 |  |  |  |  |
| P8-28. Adequacy of tax refund processing. | KCRD does not maintain adequate information to monitor tax refunds and time taken to pay the refunds to taxpayers. | 1. Lack of procedures and mechanism to monitor and effect tax refund. | 1. Establish procedures and mechanisms to guide and record tax refund and pay genuine ones.2. Develop a template for reporting on the same. | As p8-27 above. |  |  |  | 2 |  |  |  |  |
| P9-29. Internal assurance mechanisms. | KCRD has a limited internal and staff integrity assurance mechanism. There is an internal audit department headed by a director and limited number of staff but does not report directly to the tax administration head, but the CEC Finance. There is no evidence that KCRD has a staff code of ethics and professional conduct and doesn't have an internal affairs unit. | 1. Lack of staff integrity and assurance framework at county level.2. Lack of adequate staff in the audit department.3. Lack of staff code of Ethics and professional conduct at county level. | 1. Develop integrity and assurance framework for staff.2. Training and hire additional staff in the audit department.3. Develop county staff code of Ethics and profession conduct that is embedded in line with chapter 6 of the constitution of Kenya. | improve public perception by;FY1-50%FY2-20%FY3-10% |  |  |  | 1 | CA/NT/EACC |  |  |  |
| P9-31. Public perception of integrity. | KCRD doesn't have a mechanism for monitoring public confidence. There is no evidence of an independent third party that conducts a survey based on a statistically valid sample of taxpayer’s segments. | 1. Lack of framework to measure public perception on integrity. | 1. Establish a framework to regularly measure public perception on integrity on county operations including issuing reports.2. Commission taxpayers survey on public perception on integrity | Taxpayers Survey reports. |  | CECM FINANCE & ECONOMIC PLANNING, CFO, INTERNAL AUDIT, REVENUE, ICT, BUDGET,ENFORCEMENT,COMMUNICATION |  | 1 |  |  |  |  |

# 3.0 MONITORING AND EVALUATION

For efficient M&E of the post TADAT assessment, the following measures will be put in place;

1. Formation of County Monitoring and Evaluation Unit that will be headed by CECM Finance and Economic Planning. This unit will be responsible for providing strategic guidance, vision and management for the successful M& E of the tax administration process. Management review reports will be prepared by well-trained officers and submitted to the CM&EU for decisions making and monthly management strategy implementation review reports be shared amongst stakeholders
2. Implementation and monitoring will involve tracking and evaluating of the implementation tasks and measures contributing to the target output.
3. KCRD team will undertake periodic reviews and continuous assessment of the strategy action plan implementation to monitor progress and provide solutions to problems that may arise during the implementation process. A monthly report will be prepared and shared with the CM&EU.
4. At the end of each financial year, a team of TADAT assessors will undertake the key monitoring exercise in collaboration with the county TADAT trained officers, and inform on the progress made in the implementation of the KC post TADAT reforms and recommend changes where necessary.
5. Other assessment may follow after one year, to highlight the lessons learnt and measure the strategy achieved against the set targets. This will inform whether KC is ready for a repeat of TADAT assessment.

**NB:** Other independent oversight stakeholders such as Office of the Auditor General (OAG) office of the Controller of Budget (CoB) and the Commission of Revenue Allocation (CRA) will be engaged to regularly monitor progress on the implementation of the strategy plan either semi-annually, or annually. Lessons will also be drawn from the implementation of the first-year action plan to inform the subsequent revisions to the KC post TADAT reform strategy implementation.