



# COUNTY GOVERNMENT OF NAKURU

## REVENUE ENHANCEMENT ACTION PLAN (2023-2027)



20<sup>th</sup> JULY 2023

## TABLE OF CONTENT

<b>FOREWORD.....</b>	<b>3</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>4</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>5</b>
<b>ABBREVIATION AND ACRONYMS.....</b>	<b>6</b>
<b>1.0 Introduction.....</b>	<b>7</b>
<b>1.1 Social Profile.....</b>	<b>7</b>
<b>1.2 Economic Profile .....</b>	<b>8</b>
<b>1.3 Political Profile.....</b>	<b>10</b>
<b>Key Policies and Strategies by the County Government.....</b>	<b>11</b>
<b>1.4 Statement of the problem .....</b>	<b>11</b>
<b>1.5 Objectives of TADAT training and assessment framework .....</b>	<b>12</b>
<b>1.6 Some of the key findings emanating from the County TADAT training and assessment.....</b>	<b>12</b>
<b>1.7 Way forward .....</b>	<b>13</b>
<b>Figure 1. Nakuru County Government: Distribution of Performance Scores.....</b>	<b>14</b>
<b>Table 1. Nakuru County Government: Summary of TADAT Performance Assessment .....</b>	<b>17</b>

## **FOREWORD**

The devolution system of governance came into existence after the proclamation of the Constitution of Kenya 2010 (CoK 2010). This brought in a new system of governance that requires effective and efficient service delivery to the citizens. Some powers and functions that were initially controlled by the national government were centralized to the counties hence bringing services nearer to the common mwananchi. The revenue raising measures of the County Government of Nakuru is a significant element in financing the county government budget. The introduction of the public participation in the governance in the affairs of the county governments has brought in new fresh air in the revenue raising measures of the county governments. The TADAT Assessment carried out in March 2023 by the International Monetary Fund's TADAT Secretariat. The TADAT assessment strategy points out the direction to structured process to identify and mitigate the gaps identified during the Nakuru County TADAT assessment. A consultative and participatory process has been utilized in formulating the strategy by deliberately involving strategic stakeholders such as TADAT experts, Nakuru county specific departments, agencies, development partners and other international Tax Administrations. By implementing the TADAT international good practice as stressed by TADAT secretariat will create an enabling environment for enhanced fiscal space, reliable mobilization of OSR, budgetary discipline and improved service delivery. The estimated cost of achieving the specific deliverables as outlined in the strategy for the period 2022 to 2027 would be Kes 6,510,675,500. NCC working jointly with the other stakeholders, including the development partners, is committed to the mobilization of resources to implement the strategy, and this strategy outlines the critical steps in enhancing OSR. I urge all the stakeholders to support the implementation of this strategy for enhanced mobilisation of revenue and improved service delivery.

## **ACKNOWLEDGEMENT**

This Revenue Enhancement Action Plan (REAP) Strategy was made successful through contributions from several officers of the County Government of Nakuru (CGN) partly during the United Nation Capital Development Fund (UNCDF) workshop held in Naivasha from 3<sup>rd</sup> to 7<sup>th</sup> July 2023 and the CGN officers went on to finalize the REAP while undertaking other duties in the County after the workshop.

I would like to express my sincere gratitude to the CGN Revenue Team Led by CECM Finance and Economic Planning Mr Iribe S. Njogu, Deputy County Receiver of Revenue Ms. Salome Ng'ang'a, Principal Revenue Officer Mr. Philip Mbalwa and other CGN officers for their unwavering support through the entire process.

I take this opportunity to thank TADAT Assessors Mrs. Elizabeth Meyo, Mr. Collins Omondi, Mr. Charles Lugemwa and Patience Rubagumya of the Uganda Revenue Authority, and also Dr. Folasade Coker Director of Informal Sector and Special Duties, Lagos State Nigeria, all for their objective assessment that culminated to the Performance Appraisal Report (PAR) and subsequently this REAP strategy.

Finally, special thanks to Justine Zake Head of the TADAT Secretariat, Prof. Dmitry Pozhidaev Global Advisor, Local Transformative Finance UNCDF, Dr. Margaret Nyakango Controller of Budget (COB) Kenya, CPA Stephen Masha, Deputy COB Kenya, Des Shilabuka UNCDF and TADAT Assessor, Damacrine Nyandikisi KESRA and TADAT Assessor.

I hope this REAP strategy will be implemented to improve Own Source Revenue (OSR) and service delivery for the Nakuru County residents.



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**NAKURU COUNTY.**

## **EXECUTIVE SUMMARY**

Nakuru County is Kenya's third most populated county after Nairobi and Kiambu respectively. However, Nakuru County is the most populated county in Kenya's Rift Valley. The county hosts Nakuru city, with a population of 2,162,202 people spread over 11 constituencies. Women are the majority in Nakuru County at 1,084,835, Men at 1,077,272 and intersex at 95. The county is working to continue improving its Own Source Revenue collection.

The county is among of the Counties that received TADAT training and was assessed after.

## **ABBREVIATION AND ACRONYMS**

- CECM County Executive Committee Member
- CGN County Government of Nakuru
- CIDP County Integrated Development Plan
- CO Chief Officer
- COB Controller of Budget
- CPA Certified Public Accountant
- DCRoR Deputy County Receiver of Revenue
- FOSA Front Office Service Activities
- KCB Kenya Commercial Bank
- KESRA Kenya School of Revenue Administration
- OSR Own Source Revenue
- PAR Performance Appraisal Report
- POA Performance Outcome Assessment
- REAP Revenue Enhancement Action Plan
- SMEP Small and Micro Enterprise Programme
- SWOT Strength Weaknesses Opportunity and Threats
- TADAT Tax Administration Diagnostic Assessment Tool
- UNCDF United Nations Capital Development Fund
- URA Uganda Revenue Authority

## **1.0 Introduction**

The Constitution of Kenya 2010 created a two-tier system of governance, national and devolved county governments that are distinct and interdependent. Nakuru County is one of the 47 devolved counties of the Republic of Kenya as provided for in article 176 of the Constitution of Kenya 2010. The word "Nakuru" is derived from Native Maasai Language and means "A dusty Place." The County covers an area of approximately 7,498.8 Km. Nakuru is one of the few cosmopolitan regions in Kenya with a rich diversity in social, economic and cultural aspects as discussed below. The discussion also highlights the key political structures of the county.

### **1.1 Social Profile**

The population of Nakuru County according to the 2019 census was 2.3 Million people. Population increase by migration as a major contributor to the increase as compared to increase by natural births/deaths in the County. The dominant communities include; Kikuyu and Kalenjin making up over half the county's population. Other communities present in the County include; Luo, Luhya, Maasai, Kamba, Meru among others. Nakuru County is a cosmopolitan comprising of a populace of diverse ethnicities and nationalities. The population density is 285.33 people per square kilometre. Settlement patterns are influenced by the availability of natural resources, soil fertility and rainfall, pasture, infrastructure, economic opportunities, proximity to urban areas and security. Although a large population is in the rural areas, the urban centres have the highest population density due to rural-urban migration as a result of well-developed infrastructure and availability of employment opportunities.

According to the 2019 Census, the average household size is made of 3.5 persons per households. In terms of education, 28.3 percent of the residents in Nakuru county have reached secondary school and above (22 percent secondary, 4 percent colleges, and 2 percent universities). This is approximately 25 percent higher than the average literacy rate in Kenya. The poverty rate for the county was 19.6 percent. This is owing to high unemployment rate of 36 percent in 2020 for working population aged 15-64 years compared to 10 percent in 1999. According to a 2014 survey by KNBS, the Contraceptive prevalence rate in the county was 56.7 percent with Pills and injections being the highest preferred methods by women between 15 and 49 years at 47 and 19 percent respectively. The health and demographic survey also revealed that 72 percent of children between 12 and 23 months were fully vaccinated with 75 percent having received the basic vaccinations recommended by MOH. The average immunization coverage for the county Additionally Data from the Kenya police service (2015) showed that the average number of crimes in the county

was 4,384 with a 273-point crime index per 100,000 people. Theft and breakings accounted for 59 percent of all crimes in the county. Use of drugs, offences against morality, economic crimes, and homicides accounted for 8 percent 10 percent, 7 percent and 3 percent of all crimes. Access to clean water is a strong measure of quality human living. The County department of Water estimates 63 percent of the population in Nakuru County have access to improved treated water which is either piped, rain water, borehole, protected well and protected spring. The 49.5 percent of HH access piped water although the highest percentage is among the urban dwellers.

## **1.2 Economic Profile**

The major economic activities include agriculture, financial services and tourism. Agriculture is the backbone of the county's economy. The county's weather is conducive for large- and small-scale farming, livestock rearing, Bee keeping, and fishing activities. Horticulture and floriculture practiced mainly in Naivasha sub county are major revenue earners for the county, other crops grown in the county include, wheat, maize, beans, pyrethrum, vegetables, fruits, potatoes, wheat, coffee, tea, and tomatoes. The major livestock products from the county includes dairy and meat cows, goats, sheep, as well as poultry and apiculture. Lake Naivasha is the major site for fishing in the county Lake Naivasha fishing activities supports about 704 fishermen (holding about 176 boats, 1,760 fishing nets of 4 inches mesh size), and more than 3000 people indirectly. The main species of fish caught in the County is Common Carp and Tilapia although there are other species caught but on small scale like the Cray fish. Agroforestry is largely practiced as a way to increase forest cover as well as to control soil erosion and enhance diversity.

Financial services include a broad range of activities including banking, investing, and insurance. Financial services in the County are offered by; banks, Micro finance institutions, mobile money agents, insurance subsidiaries and SACCOs. The County is served by major financial institutions. A total of 60 bank branches are spread across the county, majority of them being in Nakuru town. The banks include; Kenya Commercial Bank (KCB), Co-operative Bank of Kenya, Standard chartered Bank, Equity Bank, Barclays Bank, Family Bank, Diamond Trust Bank, Commercial Bank of Africa, National Bank, ECO Bank, NIC Bank, Sidian Bank and Transitional Bank. In addition, the County is served by 17 micro finance institutions namely; Faulu Kenya, Kenya Women Finance Trust, Musoni, Small and Micro Enterprise Programme (SMEP), Rafiki Micro finance among others. The County has a number of SACCOs that

provide Front Office Service Activities (FOSA). They are; Harambee SACCO, Stima SACCO, Metropolitan SACCO, Cosmopolitan SACCO, Mwalimu SACCO, Egerton University SACCO, among others. The major insurance companies in Nakuru include Jubilee Insurance, Kenindia Insurance, Alliance Insurance, Madison Insurance, CIC group, Pacis Insurance, Direct Line Assurance, and BRITAM among others.

Nakuru County is one of the foremost tourist destinations in Kenya. Nakuru county Trade, Industrialization, Cooperatives and Tourism Sector raised revenues of Ksh 559,153,676 a bulk of which came from the tourism directorate. The major tourist destination includes Lake Nakuru national park, hells gate national park, and Soysambu conservancy. Other tourist destinations include Lake Solai, lord Egerton castle, Mt Longonot, Menengai crater, hyrax hill, equator points, and the rift valley escarpment. These tourism activities have bolstered the restaurants and accommodation businesses in Nakuru County that provide complementary services to tourists. Other major economic activities include trade and retail, geothermal energy generation, quarrying and mining, as well as, transport and travel.

### 1.3 Political Profile

Nakuru County covers an area of 7,496.5 square kilometres and is home to 2,162, 202 people (male – 50.2% and female – 49.8%), according to the 2019 National Population Census. The number of registered voters in the county as per the IEBC in 2017 was 949,618 against a possible 1,214,746 in the same year. The County Governor is HE Hon. Susan Kihika while the County Senator is Hon Tabitha Karanja. Nakuru has 11 sub counties and 55 electoral wards. The County has 11 Constituencies

The table below summarizes the wards sub-counties.

Sub-County Constituency	No. of wards	Name of wards	Area in KM <sup>2</sup>
Molo	4	Marioshoni, Elburgon, Turi, Molo	478.79
Njoro	6	Mau Narok, Mauche, Kihingo, Nessuit, Lare, Njoro	713.3
Naivasha	8	Biashara, Hells Gate, Lake View, Maiella, Mai Mahiu, Olkaria, Naivasha East, Viwandani	1685.8
Gilgil	5	Gilgil, Elementaita, Eburu-Mbaruk, Malewa West, Murindati	1348.4
Kuresoi South	4	Amalo, Keringet, Kiptagich, Tinet	559.7
Kuresoi North	4	Kiptororo, Nyota, Sirikwa, Kamara	572.3
Subukia	3	Waseges, Kabazi, Subukia	390.71
Rongai	5	Menengai West, Soin, Visoi, Mosop, Solai	1049.1
Bahati	5	Dundori, Kabatini, Kiamaina, Lanet/Umoja, Bahati	375.4
Nakuru Town West	6	Barut, London, Kaptembwo, Kapkures, Rhoda, Shaabab	251
Nakuru Town East	5	Biashara, Kivumbini, Flamingo, Menengai, Nakuru East	74.3

Administratively there are 11 constituencies, 31 Divisions, 121 Locations, 265 sub-locations.

### **Key Policies and Strategies by the County Government**

The overall County policy framework borrows heavily from the national fiscal policy priorities. Thus, the five fiscal strategy initiatives that the County has adopted over the second generation CIDP period are;

- I. Promotion of accessible and affordable healthcare for all county residents where The County Government continues to prioritize performance of the health sector in order to improve access to quality, and affordable health services.
- II. Achieving food nutrition, food security and promotion of agri-business noting that the agriculture sub-sector is the biggest contributor to the Gross County Product, and provides employment to thousands of county residents which consequently means the sector can address both food insecurity and general poverty in the County.
- III. Expansion of physical Infrastructure and operationalization of social infrastructure noting that Infrastructural development is a key enabler in achieving the goals and objectives of Kenya's Vision 2030 and that Efficient infrastructure will significantly improves service delivery and further contributes towards reduction of the costs of doing business
- IV. Creating an enabling environment for business for growth and private sector participation by promoting the productive participation of the private sector through deliberate multi-sectoral initiatives that focus on the ease of doing business
- V. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service. In Nakuru County, This will be achieved through employee performance management; training and development; recruitment, induction and deployment; and strengthening of internal control systems.

### **1.4 Statement of the problem**

The Office of the Controller of Budget report on Counties revenue collection for the FY 2022/2023 showed that the CGN had collected Kshs 1,611,062,681.86 ( One Billion Six Hundred And Eleven Million Sixty Two Thousand Six Hundred And Eighty One) against its annual target of Kshs 2, 280,000,000.00 ( Two Billion Two Hundred and Eighty Million). This translated to 73.23%.The CGN also receives its annual equitable share of revenue from the National Government. However, CGN is committed to improving its revenue collection in each revenue stream. The TADAT PAR identified that CGN Revenue Administration does not meet international good practices. CGN is therefore working on the gaps in its revenue collection system. The gaps identified were;

- Integrity of the Registered Taxpayer base could not be ascertained.
- There is no strategy for effective risk management
- manuals for Supporting Voluntary Compliance do not exist
- There is no evidence showing the Timely Filing of tax Declarations
- There is no data to support assessing the Timeliness of Payment of Taxes by taxpayers
- Accurate Reporting in Declarations of the taxpayers is not documented
- The regulations for Effective Tax Dispute Resolution are not in place
- Lack of strategy for Efficient Revenue Management
- Accountability and Transparency of the tax administration is not documented.

### **1.5 Objectives of TADAT training and assessment framework**

The objectives of the TADAT training and assessment framework for the County were as follows

- Develop a strategy to ascertain the Integrity of the Registered Taxpayer base.
- Develop a strategy for effective risk management
- Come up with a mechanism for Supporting Voluntary Compliance
- Documentation of evidence showing Timely Filing of tax Declarations
- To have manuals that support the Timely Payment of Taxes
- To make sure there is Accurate Reporting in Declarations
- Develop a strategy for Effective Tax Dispute Resolution
- Develop a strategy for improving the system used in Efficient Revenue Management.
- To come up with regulations that support Accountability and Transparency.

### **1.6 Some of the key findings emanating from the County TADAT training and assessment.**

After the TADAT assessment for the County Government of Nakuru, the assessors came up with the following observation;

- There exists no centralized registration database that includes adequate taxpayer details, each core tax has a separate database with a different TIN with no linkage to other taxes. The taxpayer information held in each of the different core taxes databases is not validated with any trusted sources thus largely affecting the reliability and accuracy of the information.
- There are no documented procedures or routinely scheduled activities undertaken to identify redundant and remove inactive taxpayers from the register. No reports existed to ascertain the accuracy of the registration database for any of the core taxes.

- The CGN does not build knowledge of compliance levels and current and emerging risks from analysis of environmental scans, gathering and interpretation of externally generated data and internally generated data.
- There are no formal governance arrangements that exist at senior management level to approve compliance risk mitigation strategies, monitor progress with implementation and evaluate the effectiveness of each adopted strategy.
- NFEPD does not have any current information available for taxpayers on any of their obligations and entitlements. There are no proactive taxpayer programs and service delivery channels through which information can be availed to the taxpayers.
- The CGN does not monitor the time taken to respond to any taxpayer's requests. Additionally, the administration does not have a call center.
- The CGN does not have data to support assessing timeliness of payments
- The Administration does not have any audit program and there are no legal mandates for any taxpayers to declare. There was therefore no data available to conduct any assessment
- The CGN does not have dedicated expert staff to routinely gather data on tax revenue collection and economic conditions to provide input to government budgeting processes of tax revenue
- The CGN does not have an automated accounting system that meets government standards. Further, it does not interface with the department of finance and economic planning.
- There is no evidence of the existence of any risk-based verification mechanism nor budgeted funds allocated to meet all legitimate refund claims
- There are no surveys conducted by the CGN based on any statistically valid sample of key taxpayers
- The CGN does not make public annual reports despite preparing and sharing them with the management covering financial and operational aspects. Further, there were no strategic and operational plans in place.

### **1.7 Way forward**

Based on the TADAT Performance Assessment Report, The County Government of Nakuru developed a Revenue Enhancement Action Plan focusing on the Revenue gaps that need improvement. This REAP is meant to offer support and address the weaknesses in the revenue streams so as to achieve the revenue target. The REAP highlights the resources required and the interventions to support the implementation of identified revenue improved actions, responsible office and officers, and agreed on timelines for the revenue expected after the interventions. The county revenue administration will partner with the Office of Controller of Budget, the Commission on Revenue Allocation and international partners to provide required support such as capacity building and financing the initiative. The CGN is determined to improve its revenue collection in each revenue stream by ensuring revenue services are done in accordance with International Good Practice.

## **2.0 SWOT Analysis of the County Finance Directorate**

### **STRENGTH**

- Large taxpayer base
- Revenue has been cascaded to departments
- Independent internal and external audits that Provide oversight of financial operations.

### **WEAKNESSES**

1. Lack of staff training
2. Use of manual processes and systems with decentralized databases to manage taxpayer Information.
3. Inadequate risk management framework

### **THREATS**

- Aging workers/staff
- Organizational culture
- Insufficient resources
- Multiple systems – RMS
- Lack of internet connectivity in some areas.

### **OPPORTUNITIES**

1. Donors partners support
2. Implementation of taxpayers' self-service portal
3. Optimize current electronic payment platforms and upgrade of system

## 2.1 Past Performance of Nakuru County Revenue figures since the Inception of devolved governance

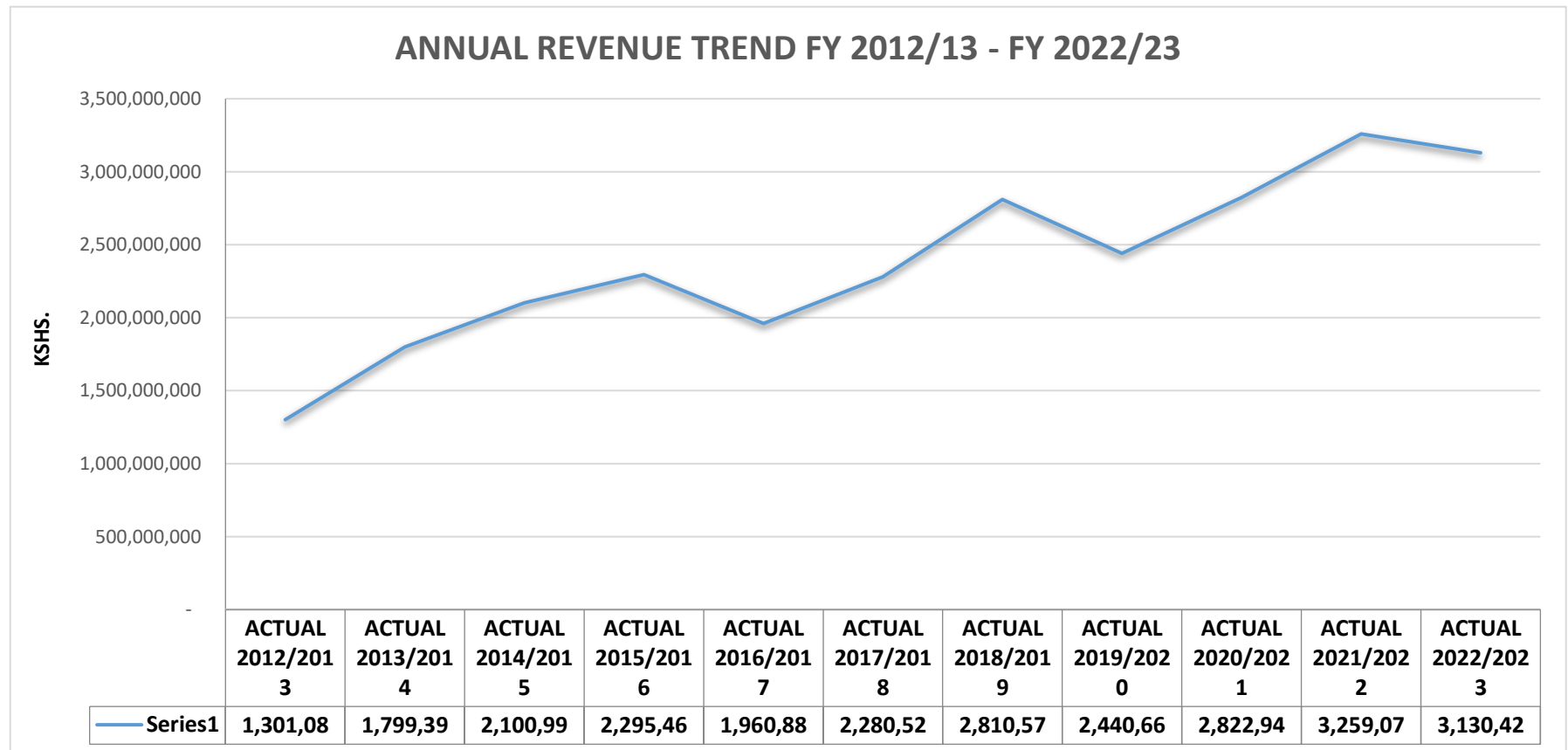
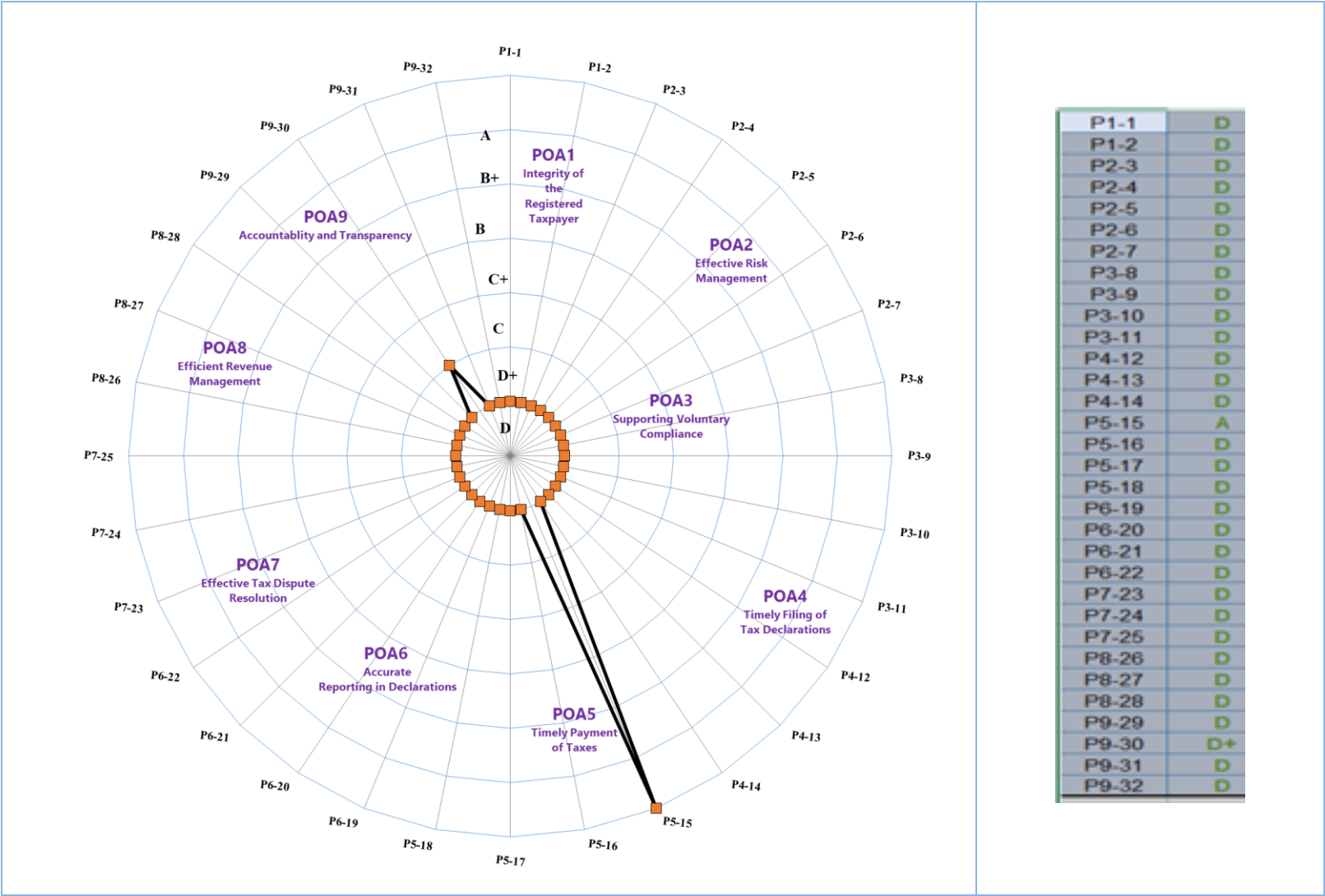


Figure 1. Nakuru County Government: Distribution of Performance Scores



**Table 1. Nakuru County Government: Summary of TADAT Performance Assessment**

Indicator	Scores 2023	Summary Explanation of Assessment
<b>POA 1: Integrity of the Registered Taxpayer Base</b>		
P1-1. Accurate and reliable taxpayer information.	D	There exists no centralized registration database that includes adequate taxpayer details, each core tax has a separate database with a different TIN with no linkage to other taxes. The taxpayer information held in each of the different core taxes' databases is not validated with any trusted sources thus largely affects the reliability and accurateness of the information
P1-2. Knowledge of the potential taxpayer base.	D	There are no documented procedures or routinely scheduled activities undertaken to identify redundant and remove inactive taxpayers from the register. No reports existed to ascertain the accuracy of the registration database for any of the core taxes.
<b>POA 2: Effective Risk Management</b>		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	D	NFEPD does not build knowledge of compliance levels and current and emerging risks from analysis of environmental scans, gathering and interpretation of externally generated data and the internally generated data.
P2-4. Mitigation of risks through a compliance	D	NFEPD does not have any compliance improvement plans.

Indicator	Scores 2023	Summary Explanation of Assessment
improvement plan.		
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	D	There are no formal governance arrangements that exist at senior management level to approve compliance risk mitigation strategies, monitor progress with implementation and evaluate the effectiveness of each adopted strategy.
P2-6. Management of operational risks.	D	NFEPD does not have a formal risk management process or dedicated Risk Management Unit. There is no structured process in place to identify, assess, prioritize, prevent and mitigate operational risks.
P2-7. Management of human capital risks.	D	NFEPD does not have any formal processes to identify or manage human capital risks.
<b>POA 3: Supporting Voluntary Compliance</b>		
P3-8. Scope, currency, and accessibility of information.	D	NFEPD does not have any current information available for taxpayers on any of their obligations and entitlements. There are no proactive taxpayer programs and service delivery channels through which information can be availed to the taxpayers.
P3-9. Time taken to respond to information requests.	D	NFEPD does not monitor the time taken to respond to any taxpayer's requests. Additionally, the administration does not have a call center.
P3-10. Scope of initiatives to reduce	D	NFEPD does not have Initiatives to reduce taxpayer

Indicator	Scores 2023	Summary Explanation of Assessment
taxpayer compliance costs.		compliance costs.
P3-11. Obtaining taxpayer feedback on products and services.	D	NFEPD does not obtain feedback regularly from the taxpayers on products and services
<b>POA 4: Timely Filing of Tax Declarations</b>		
P4-12. On-time filing rate.	D	NFEPD does not monitor filing of tax declarations
P4-13. Management of non-filers.	D	There is no data on filed tax declarations to support the assessment.
P4-14. Use of electronic filing facilities.	D	NFEPD has not implemented an electronic platform for filing tax declarations.
<b>POA 5: Timely Payment of Taxes</b>		
P5-15. Use of electronic payment methods.	A	NFEPD is cashless and all payments are made electronically
P5-16. Use of efficient collection systems.	D	There is no law supporting Withholding and advance payment systems.
P5-17. Timeliness of payments.	D	NFEPD does not have data to support assessing timeliness of payments.
P5-18. Stock and flow of tax arrears.	D	No data was obtained on tax arrears.
<b>POA 6: Accurate Reporting in Declarations</b>		
P6-19. Scope of verification actions taken to detect and deter inaccurate reporting.	D	The Administration does not have any audit program and there are no legal mandates for any taxpayers to declare. There was therefore no data available to conduct any assessment.
P6-20. Use of large-scale data-matching systems	D	Taxpayers are not required to make any declarations and therefore there was no

Indicator	Scores 2023	Summary Explanation of Assessment
to detect inaccurate reporting.		evidence available to conduct any assessment
P6-21. Initiatives undertaken to encourage accurate reporting.	D	Since there are no declarations done, there was no evidence available to conduct the assessment
P6-22. Monitoring the tax gap to assess inaccuracy of reporting levels.	D	This is not applicable since there are no declarations by taxpayers. There was therefore no evidence available to assess the dimension
<b>POA 7: Effective Tax Dispute Resolution</b>		
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	D	NFEPD does not have any appropriately graduated administrative dispute resolution review mechanism in place. Furthermore, there is no independent external specialist Tax Tribunal or review Board.
P7-24. Time taken to resolve disputes.	D	Time taken to resolve disputes is not monitored by NFEPD.
P7-25. Degree to which dispute outcomes are acted upon.	D	There is no documented evidence of the extent to which NFEPD responds to dispute outcomes.
<b>POA 8: Efficient Revenue Management</b>		
P8-26. Contribution to government tax revenue forecasting process.	D	NFEPD does not have dedicated expert staff to routinely gather data on tax revenue collection and economic conditions to provide input to government budgeting processes of tax revenue forecasting and tax revenue estimation.
P8-27. Adequacy of the tax revenue	D	NFEPD does not have an automated accounting

Indicator	Scores 2023	Summary Explanation of Assessment
accounting system.		system that meets government standards. Further, it does not interface with the department of finance and economic planning.
P8-28. Adequacy of tax refund processing.	D	There is no evidence of the existence of any risk based verification mechanism nor budgeted funds allocated to meet all legitimate refund claims.
<b>POA 9: Accountability and Transparency</b>		
P9-29. Internal assurance mechanisms.	D	Independent IA does not report to the audit committee nor does it have an annual plan. Furthermore, there was no evidence to support the existence of training methodologies, independent reviews, central repository, IT systems control as well as code of ethics.
P9-30. External oversight of the tax administration.	D+	Despite being reviewed externally, NFEPD does not have evidence of an annual program of operational performance audit as well as making external review findings responses public. Further ombudsman and anti-corruption agencies do not monitor and report findings to senior management.
P9-31. Public perception of integrity.	D	There are no surveys conducted by NFEPD based on any statistical valid sample

Indicator	Scores 2023	Summary Explanation of Assessment
		of key taxpayers
P9-32. Publication of activities, results and plans.	D	NFEP does not make public annual reports despite preparing and sharing them with the management covering financial and operational aspects. Further there were no strategic and operational plans in place.

Nakuru County strategy matrix model							
Weak Area/Gap identified		Root cause	Proposed Strategies	Revenue Impact	Responsible Office	Resources Required	Collaboration
P1-1. Accurate and reliable taxpayer information.	There exists no centralized registration database that includes adequate taxpayer details, each core tax has a separate database with a different TIN with no linkage to other taxes. The taxpayer information held in each of the different core taxes' databases is not validated with any trusted sources thus largely affects the reliability and accurateness of the information	<ol style="list-style-type: none"> <li>1. Lack of revenue Laws</li> <li>2. Lack of a manual on taxpayers' registration</li> <li>3. Lack of revenue/taxpayers mapping</li> <li>4. Lack of integration of the county databases or systems (silos).</li> <li>5. Lack of an interface with third parties for verification of information provided by the taxpayers.</li> <li>6. Lack of self-service portal where taxpayers can conduct self-registration.</li> <li>7. The current revenue system (CIFOMS) is not able to assign a UPI number to taxpayers</li> </ol>	<ol style="list-style-type: none"> <li>1. Enactment of Tax laws</li> <li>1. Develop a strategy for taxpayers' registration.</li> <li>2. Conduct taxpayers/revenue mapping exercises.</li> <li>3. Integration of the existing taxpayer databases with CIFOMS.</li> <li>4. Interface with third parties for verification of taxpayers' information</li> <li>5. The CIFOMS system to be configured in such a way that it is able to assign taxpayers UPI's</li> </ol>	<ol style="list-style-type: none"> <li>1. FY1 - 10%</li> <li>2. FY2 - 20%</li> <li>3. FY3 - 35%</li> <li>4. FY4 - 45%</li> </ol>	<ol style="list-style-type: none"> <li>1. C.O. - Economic Planning &amp; Revenue Administration</li> <li>2. C.R.O.R</li> </ol>	<ol style="list-style-type: none"> <li>1. Funds</li> <li>2. Office Equipment</li> <li>3. Personnel</li> <li>4. Vehicles</li> </ol>	<ol style="list-style-type: none"> <li>1. National Police Service</li> <li>2. County Enforcement</li> <li>3. System Provider/vendor</li> <li>4. KRA</li> <li>5. Registrar of persons</li> <li>6. Registrar of Companies</li> <li>7. Director Internal Audit</li> </ol>

P1-2. Knowledge of the potential taxpayer base.	There are no documented procedures or routinely scheduled activities undertaken to identify redundant and remove inactive taxpayers from the register. No reports existed to ascertain the accuracy of the registration database for any of the core taxes	1. Lack of documented procedures to improve the accuracy of taxpayers' database 2. Conduct a continuous exercise of taxpayers' registration.	1. Development of Standard Operating Procedures for improvement of the accuracy of taxpayer's database 2. Regularly updating the existing database.	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. National Police Service 2. County Enforcement 3. KRA 4. Registrar of Persons 5. Registrar of Companies
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	NFEPD does not build knowledge of compliance levels and current and emerging risks from analysis of environmental scans, gathering and interpretation of externally generated data and internally generated	1. Lack of open risk culture and risk awareness 2. Lack of proper alignment between organization priorities and risk management	1. Developing a risk culture and risk awareness 2. Training of senior leadership on risk management 3. Training of 10% of the county staff to act as champions of risk management 4. Aligning the top 5 priorities for the county with risk management	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. Director Internal Audit

	data.						
P2-4. Mitigation of risks through a compliance improvement plan.	NFEPD does not have any compliance improvement plans.	Lack of a strategy for compliance improvement plans.	Formulation and implementation of compliance improvement plans. -this will help a) identify and b) rate compliance risks c) how to treat/mitigate the risks	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. Director Internal Audit

P2-5. Monitoring and evaluation of compliance risk mitigation activities.	There are no formal governance arrangements that exist at senior management level to approve compliance risk mitigation strategies, monitor progress with implementation and evaluate the effectiveness of each adopted strategy.	1. Lack of a manual for monitoring and evaluating compliance risks mitigation activities.  2. Lack of a risk register	1. Formulation of a policy to monitor and evaluate compliance risks 2. Put in place a risk Register. 3. Mitigation of risks identified	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. Director Internal Audit
P2-6. Management of operational risks.	NFEPD does not have a formal risk management process or dedicated Risk Management Unit. There is no structured process in place to identify, assess, prioritize, prevent and	Lack of regulations on Operational risks.	1. Formulation of an Operational Risk management policy. 2. Constitution of a Risk Management Unit. 3. Come up with a structured process of identifying, assessing, prioritizing,	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. Director Internal Audit

	mitigate operational risks.		preventing, and mitigating Operational Risks including vulnerability risks 4. Conduct Business Impact Analysis (BIA) of the identified risks				
P2-7. Management of human capital risks.	NFEPD does not have any formal processes to identify or manage human capital risks.	Lack of a manual on the Management of Human Capital Risks.	1. Formulation of a Policy on Identification and Management of Human Capital Risks 2. Availing a performance management system to all staff and signed by them	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	1. Director Internal Audit
P3-8. Scope, currency, and accessibility of information.	NFEPD does not have any current information available for taxpayers on any of their obligations and entitlements. There are no proactive taxpayer programs and service delivery channels	Lack of a legal framework on the availability of current information to taxpayers	1. Formulation of a County policy on the availability of current information to taxpayers detailing their obligations and entitlements 2. Formulation of a policy for proactive taxpayers programs through which information	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	C.O PSTD

	through which information can be availed to taxpayers.		can be availed to taxpayers. 3. Sensitization of the taxpayers on their obligations and entitlements during public participation in the budget-making process every year.				
P3-9. Time taken to respond to information requests.	NFEPD does not monitor the time taken to respond to any taxpayer's requests. Additionally, the administration does not have a call center.	Lack of Taxpayers Service Delivery Charters	1. Develop Service Delivery Charters for the various County Departments 2. Establishment of a dedicated automated Call Center with a Toll Free number	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	
P3-10. Scope of initiatives to reduce taxpayer compliance costs.	NFEPD does not have Initiatives to reduce taxpayer compliance costs.	Lack of regulations for the reduction of Taxpayers' compliance costs	1. Formulation of a Policy for the reduction of taxpayers' compliance costs. 2. Sensitization of the taxpayers on the compliance costs reduction Policy via the county website, printing brochures, social media, public	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	

			barazas, etc 3. Provision of self-service portals where taxpayers can register or get the information required by them 4. Documented procedures for reviewing and addressing frequently asked questions. 5. Management reports on action taken on frequently asked questions.				
P3-11. Obtaining taxpayer feedback on products and services.	NFEPD does not obtain feedback regularly from the taxpayers on products and services	lack of a structured taxpayers' Feedback mechanism for all revenue streams.	1. Carry out surveys to get feedback from taxpayers on a regular basis 2. Establishment of Toll-Free call centers to get taxpayers' feedback 3. Installation of regularly opened Suggestion Boxes in the 11 Sub Counties to get feedback from taxpayers	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	

P4-12. On-time filing rate.	NFEPD does not monitor filing of tax declarations	Lack of a manual for On-time filling rate	1. Having a Self-service portal in place to enable taxpayers to make On-time payments in CIFOMS. 2. Sensitization of the taxpayers on the need for On-time Payments. 3. Rewarding Taxpayers who pay on time with Tax rebates	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	Director ICT
P4-13. Management of non-filers.	There is no data on filed tax declarations to support the assessment.	1. Lack of accurate and reliable taxpayers information 2. The existing database is not regularly updated to highlight the defaulters. 3. Issuance of manual invoices for some revenue streams	1. Develop a strategy on taxpayers' registration. 2. Conduct taxpayer mapping exercise to identify the defaulters 3. Integration of taxpayer databases/account systems 4. Interface with third parties for verification of taxpayers' information 5. A dedicated team of staff to identify the non-filers or defaulters 6. Adoption of	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. KRA 2. Director Enforcement

			CIFOMS-generated invoices ONLY for all revenue streams for easier tracking				
P4-14. Use of electronic filing facilities.	NFEPD has not implemented an electronic platform for filing tax declarations.	Lack of a Customer Self-service Portal.	Develop a Customer Self-service Portal in the revenue management system for taxpayers to be making declarations or payments online.	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	
P5-15. Use of electronic payment methods.							
P5-16. Use of efficient collection systems.	There is no law supporting Withholding and advance payment systems.	Lack of a manual for an advanced payment system	Develop a policy that supports advance payment system	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	County enforcement
P5-17. Timeliness of payments.	NFEPD does not have data to support assessing timeliness of payments.	1. Lack of regulations for timely payments and their due dates for all revenue streams 2. Lack of revenue laws	1. Develop a policy that addresses the timeliness of payments. 2. Sensitization of the taxpayers on the need for timely payments	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	Director ICT County Enforcement officers

			through the County's website, brochures, print media, social media 3. Development of Standard Operating Procedures to be followed by the revenue staff 4. Enactment of revenue laws				
P5-18. Stock and flow of tax arrears.	No data was obtained on tax arrears.	1. Lack of accurate and reliable taxpayers information 2. Lack of a legal framework on tax arrears	1. Establishment of a Debt collection unit to reduce stock of arrears 2. Procure the services of private debt collectors	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles.	1. CRB 2. Private debt collectors
P6-19. Scope of verification actions taken to detect and deter inaccurate	The Administration does not have any audit program and there are no legal mandates for	1. There are no audit programs that help in detecting inaccurate reporting. 2. Lack of accurate and	1. Formulation of a policy to detect and deter inaccurate reporting 2. Develop Standard Operating	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	

reporting.	any taxpayers to declare. There was therefore no data available to conduct any assessment.	reliable taxpayers information 3. Lack of a Taxpayers self-service public portal where the taxpayers can register or update the status of their businesses or information	Procedures to Identify collectible/uncollectible tax arrears from all revenue streams 3. Configuration of CIFOMS to enable taxpayers to update their information on the proposed Online public portal 4. To introduce an audit program to deter inaccurate reporting.				
P6-20. Use of large-scale data matching systems to detect inaccurate reporting.	Taxpayers are not required to make any declarations and therefore there was no evidence available to conduct any assessment	Lack of a strategy for Large-scale data-matching systems to detect inaccurate reporting	Interface with third parties for verification of taxpayers' information from KRA, KNBS, and Registrar of Companies.	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	KRA KNBS
P6-21. Initiatives undertaken to encourage accurate reporting.	Since there are no declarations done, there was no evidence available to conduct the assessment	Lack of a strategy to support accurate reporting	1. Conduct taxpayers' registration 2. Impose hefty fines on the already registered taxpayers to deter inaccurate	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	DIRECTOR ICT

			reporting. 3. Undertaking proactive initiatives to encourage accurate reporting.				
P6-22. Monitoring the tax gap to assess the inaccuracy of reporting levels.	This is not applicable since there are no declarations by taxpayers. There was therefore no evidence available to assess the dimension	1. Lack of a manual for monitoring the tax gap 2. Unreliable taxpayers' information.	1. Continuous update of the taxpayers' information. 2. Conducting tax gap analysis to assess and monitor inaccurate reporting	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	1. Ministry of Lands 2. KRA 3. Registrar of Companies
P7-23. Existence of an independent, workable, and graduated dispute resolution process.	NFEPD does not have any appropriately graduated administrative dispute resolution review mechanism in place. Furthermore, there is no independent external specialist Tax Tribunal or review Board.	Lack of regulations on graduated dispute resolution	1. Develop a legal framework for dispute resolutions 2. Establishment of a unit to be handling disputes 3. Establishment of an Ombudsman office to handle disputes	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	1. County Attorney 2. Ombudsman

P7-24. Time taken to resolve disputes.	Time taken to resolve disputes is not monitored by NFEPD	1. Lack of taxpayers' service delivery charters 2. Lack of a strategy for dispute resolution 3. Lack of dispute registers	1. Formulation of a strategy for dispute resolution 2. Coming up with taxpayers' service delivery charters.	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	County Attorney
P7-25. Degree to which dispute outcomes are acted upon.	There is no documented evidence of the extent to which NFEPD responds to dispute outcomes.	Lack of a legal framework on dispute resolution	1. Formulation of policy on dispute resolution 2. Formulation of administrative procedures for dispute resolution 3. Constitution of Sub County dispute resolution committees 4. Dispute registers in place 5. Regular monitoring & analysis of all dispute outcomes	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	County Attorney
P8-26. Contribution to government tax revenue forecasting process.	NFEPD does not have dedicated expert staff to routinely gather data on tax revenue collection and	1. Lack of a structured procedure for forecasting revenue 2. The Revenue target is used as a balancing	1. Constitution of a dedicated team for revenue forecasting 2. Comparison of the actual revenues vis-a-vis the actual	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	Director Economic Planning

	economic conditions to provide input to government budgeting processes of tax revenue forecasting and tax revenue estimation.	figure in the annual budget	revenue collection				
P8-27. Adequacy of the tax revenue accounting system.	NFEPD does not have an automated accounting system that meets government standards. Further, it does not interface with the Department of Finance and economic planning.	The revenue management system (CIFOMS) is not integrated with IFMIS, IPPD and the Building plans approval system	1. Integration of the Revenue management system (CIFOMS), with IFMIS, IPPD, and the Building plans approval system in place. 2. To have in place External and Internal audit reports on the operations of the revenue management system (CIFOMS)	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	Director ICT
P8-28. Adequacy of tax refund processing.	There is no evidence of the existence of any risk based verification mechanism nor budgeted funds allocated to	1. Lack of a manual on tax refund processing	1. Formulation of a policy for processing tax refund 2. Constitution of a committee to look into tax refund requests	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	C.O. FINANCE

	meet all legitimate refund claims.						
P9-29. Internal assurance mechanisms.	Independent IA does not report to the audit committee nor does it have an annual plan. Furthermore, there was no evidence to support the existence of training methodologies, independent reviews, central repository, IT systems control as well as code of ethics.	1. Lack of a Code of Ethics and Professional Code of Conduct. 2. Lack of an annual internal audit plan 3. Lack of training for revenue staff and internal auditors	1. To have in place the Code of Ethics and Code of Conduct 2. Document the annual internal audit plan 3. Have in place an internal audit that reports to the audit committee 4. Training of internal auditors on audit methodologies.	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	Director Internal Audit
P9-30. External oversight of the tax administration.	Despite being reviewed externally, NFEPS does not have evidence of an annual program of operational performance audit as well as	Lack of a manual on making external review findings public	1. Formulation of a policy for implementation of the Ombudsman and anti-corruption agencies' findings	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	OAG Ombudsman

	making external review findings responses public. Further ombudsman and anti-corruption agencies do not monitor and report findings to senior management.						
P9-31. Public perception of integrity.	There are no surveys conducted by NFEPD based on any statistical valid sample of key taxpayers	Lack of strategies for carrying out surveys to collect taxpayers' perception of integrity	1. Identification of a statistically valid sample of key taxpayers in all 11 Sub counties. 2. Carry out integrity surveys 3. Documentation of public announcement survey results.	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	Director Communication
P9-32. Publication of activities, results and plans.	NFEP does not make public annual reports despite preparing and sharing them with the management covering financial and operational aspects.	Lack of regulations to support the publication of annual reports and strategic and operational plans	1. Formulation of a policy to publicize annual reports, activities, and strategic and operational plans prior to implementation. 2. Publication of county activities, plans, and results on the County	1. FY1 - 1.8B 2. FY2 - 1.9B 3. FY3 - 2.0B 4. FY4 - 2.1B	1. C.O. - Economic Planning & Revenue Administration 2. C.R.O.R	1. Funds 2. Office Equipment 3. Personnel 4. Vehicles	C.O Finance

	Further there were no strategic and operational plans in place.		Website, print media, brochures etc				