



# Lamu County Own Sources Revenue Administration and Enforcement Framework Assessment Report 2021



## KESRA BRIEF

Kenya School of Revenue Administration (KESRA) is Kenya's specialized National Customs and Tax Training, Research and Consulting Institution. It is fully owned by Kenya Revenue Authority (KRA). KESRA is the only institution in Kenya mandated to train in Revenue and Customs Administration. It is also one of the four accredited World Customs Organization (WCO) Regional Training Centers (RTC) in East and Southern Africa.

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The school specializes in Training, Research and Consultancy in the areas of Tax, Customs, Fiscal Policy and Management. KESRA has two Campuses with the main Campus located in Mombasa and a satellite Campus in Nairobi. It has collaborations with several universities including Munster University in Germany, Moi and Jomo Kenyatta Universities in Kenya, among others.

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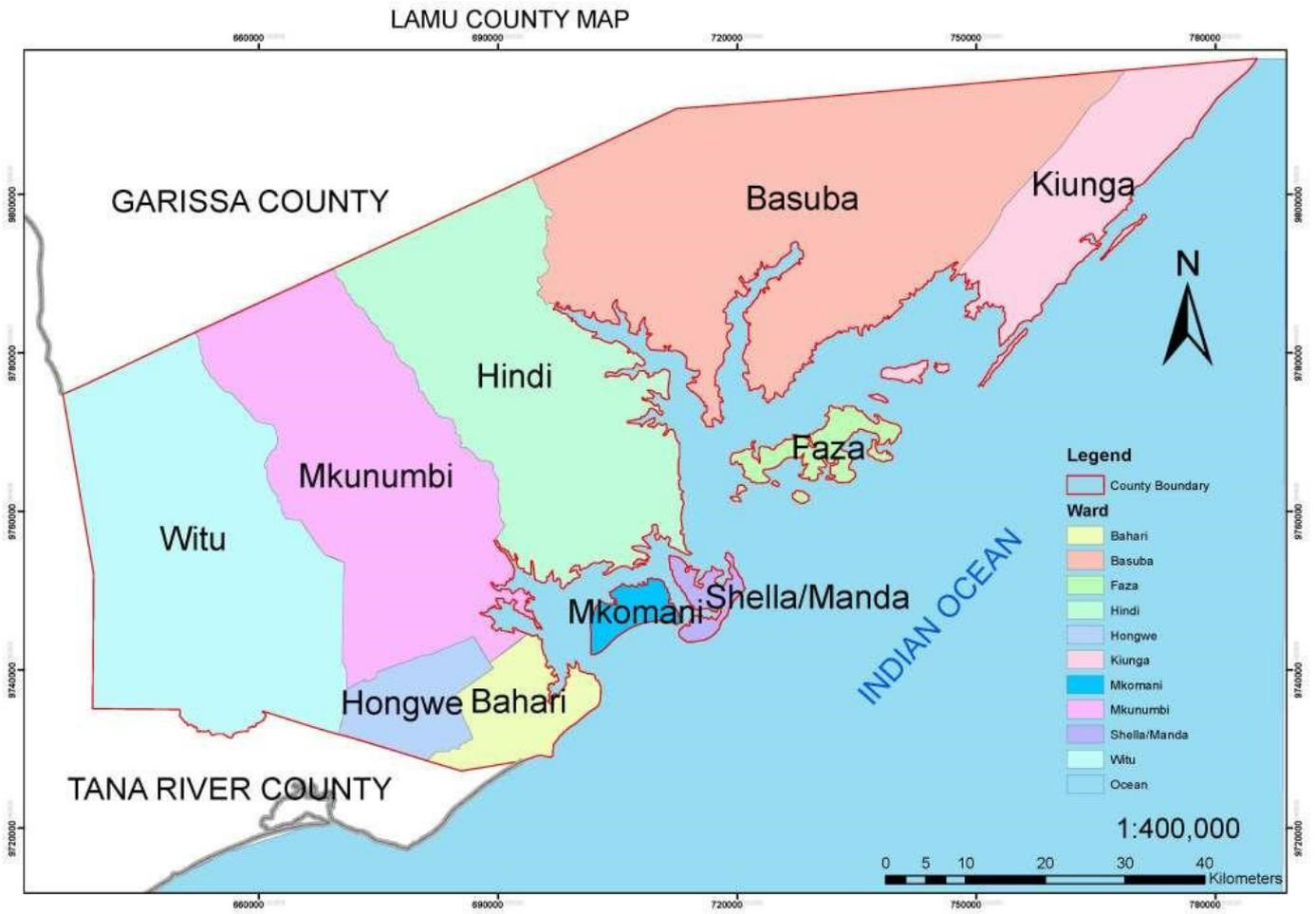
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## Abbreviations and Acronyms

AMS	Agriculture Mechanization Services
COK	Constitution of Kenya
CBEF	County Budget Economic Forum
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
GOK	Government of Kenya
OSR	Own Sources Revenue
PFMA	Public Finance Management Act
SBP	Single Business Permit
UNDP	United Nations Development Programme
UNWomen	United Nations Women



## EXECUTIVE SUMMARY

The Constitution of Kenya 2010 established devolved units of governance and envisaged the ability of County governments to manage their affairs and to further their development (CoK 2010, Art.174 d). Additionally, Article 209 of the Constitution gives County governments powers to impose property rates, entertainment taxes and any other charges for the services they provide.

Own Sources Revenue mobilisation by the County government is a way of strengthening their financial independence. If properly governed, then the County government of Lamu has the potential of realising their financial independence. Proper governance includes ensuring the revenue legislations are in place, and proper tools and resources for revenue administration and enforcement are positioned.

Assessment of own sources revenue (OSR) administration and enforcement framework for Lamu County was conducted from 12th to 16th October 2020. The assessment aimed at providing recommendations for improving OSR administration and enforcement practices to enhance revenue collection.

This assessment focused on twelve (12) thematic areas namely: General OSR streams assessment; Revenue legislations; Revenue reporting structures; Operational procedures manual; Stakeholders engagement; Revenue performance analysis and forecasting; Revenue enforcement; Revenue accounts records management; Revenue automation and systems integration; Internal controls and audit mechanisms; Human capital and gender mainstreaming.

The recommendation based on the findings of this assessment are:

1. Fast-track enactment of the primary revenue legislations and develop a practice of annual legislation of Finance Act
2. Develop and implement revenue reporting structures
3. Develop and implement procedure manuals for revenue administration and enforcement
4. Promote stakeholder engagement
5. Carry out revenue performance analysis, reporting and forecasting
6. Streamline revenue enforcement practice
7. Update and maintain revenue accounts and records
8. Automate the revenue management function
9. Develop and implement a framework for internal audit recommendations follow-up
10. Strengthen human capital in revenue administration and enforcement
11. Mainstream gender issues in revenue administration and enforcement

The report concludes that the leadership of the County government of Lamu should fast-track the approval and operationalization of the valuation roll 2015 to enhance revenue from property rates that has a higher potential. Besides, the County should facilitate enactment and approval of primary legislation for specific revenue streams such as County valuation and rating Act, trade licencing Act, County revenue administration Act, agricultural services Act and mining Act. Capacity building for staff in revenue administration and enforcement should be enhanced while at the same time provide the necessary infrastructure to facilitate efficient revenue collection.

From a gender perspective, the assessment found that the revenue related Acts such as the Finance Act 2016 does not distinguish taxes/fees/charges for males and females. Further, in the relevant departments charged with gender issues, limited awareness of the linkage between revenue administration, enforcement and gender issues were observed. Cultural norms play a significant role in determining women's participation in the labour market. More women residing in Lamu West participate in the Labour market compared to those in Lamu East. Encouraging women to participate in the labour market as entrepreneurs or employees requires sensitization and capacity building even before discussions commencing discussions on gender mainstreaming in revenue administration.

The above findings were presented to Lamu County Executive in a validation workshop which was conducted on 24th November 2020, followed by county assembly validation workshop on 25th November 2020. The findings were acknowledged by both the County Executive and Assembly of Lamu. After that, through collaboration, the action plan of revenue administration and enforcement reform was developed. The County government, with support from the Commission, UNwomen and KESRA developed a revenue administration and enforcement reform action plan which is part of this report.

## CHAPTER 1: INTRODUCTION

### 1.1 Preamble

The Constitution of Kenya 2010 established devolved units of governance and envisaged the ability of County governments to manage their affairs effectively and to further their development (CoK 2010, Art.174 d). Additionally, Article 209 of the Constitution give County governments powers to impose property rates, entertainment taxes and any other charges for the services they provide.

County Own Sources Revenue is governed by the National Policy to support the enhancement of County governments own sources revenue and national legislation. Specifically, the County Government Act 2012 and the Public Finance Management Act 2012. According to CRA OSR report (2020), County own sources revenue accounts for about 11% of total County revenue in FY 2018/19. This contribution is relatively small and leads to County government over-reliance on equitable share.

The Commission with the financial support of the UNDP and technical assistance from Kenya School of Revenue Administration (KESRA) and UN Women consultants visited the County of Lamu between 12th and 16th of October 2020. The assessment was aimed at providing recommendations for improving OSR administration and enforcement practices to enhance revenue collection.

Own Sources Revenue mobilisation by the County government is a way of strengthening the financial independence of the County governments. If properly managed, then the County government of Lamu has the potential of funding a substantial percentage of its budget up from the current rate of two (2) per cent. Proper OSR management includes ensuring the revenue legislation is in place, and proper tools and resources for revenue administration and enforcement are available.

### 1.2 Background

Lamu County consists of both mainland and islands situated on Kenya's Northern Coastline. The County borders the Indian Ocean to the East, the Tana River County to the South-West, the Garissa County to the North and the Republic of Somali to the North-East. Mokowe town is the head-quarter of Lamu County.

Administratively, Lamu County is divided into two Constituencies: Lamu East and Lamu West. The County has ten (10) County wards which are: Hindi, Mkunumbi, Hongwe, Bahari, Faza, Basuba, Witu, Kiunga, Shella and Mkomani. Lamu County is rich in both ecological and cultural diversity, which has led to Lamu town being recognized as a UNESCO World Heritage Site.

The main economic activities for Lamu County are fishing and tourism. Others are Mangrove export, businesses, agriculture, traditional maritime activities, and traditional woodcarving, among many others. All these economic activities have provided a stable base for the economic growth of the County.

### 1.3 Objectives

The specific objectives for the assessment were;

- i. To assess and develop revenue administration and enforcement framework for Lamu County.
- ii. To disseminate the report and support Lamu County with the development of an implementation action plan.
- iii. To assess the revenue administration framework of Lamu County from a gender perspective, identify challenges and opportunities for engendering revenue administration and provide actionable policy recommendations.

### 1.4 Methodology

The assessment began with a literature review related to sub-national OSR management and gender. There was also a review of various Lamu County reports. Additionally, the development of an assessment tool was done to guide focus group discussions. Focus group discussions (FGDs) and in-depth interviews were conducted with: County Executive Committee Member for Finance, Chief Officer Finance, Head of Revenue, Head of Enforcement Unit, Head of Budget, Social Development Officer, County Public Service Board as well as Revenue and enforcement officers. Field visits to revenue collection points including Huduma centre, businesses within Amu island, Mokowe Jetty, Hindi and Mpeketoni were conducted. Data collected was analysed based on 12 thematic areas, as discussed in this report.



## CHAPTER 2 : SITUATIONAL ANALYSIS

### 2.1 Thematic areas for assessment

The assessment focused on eleven (12) thematic areas that are essential for effective revenue administration and enforcement. These areas are:

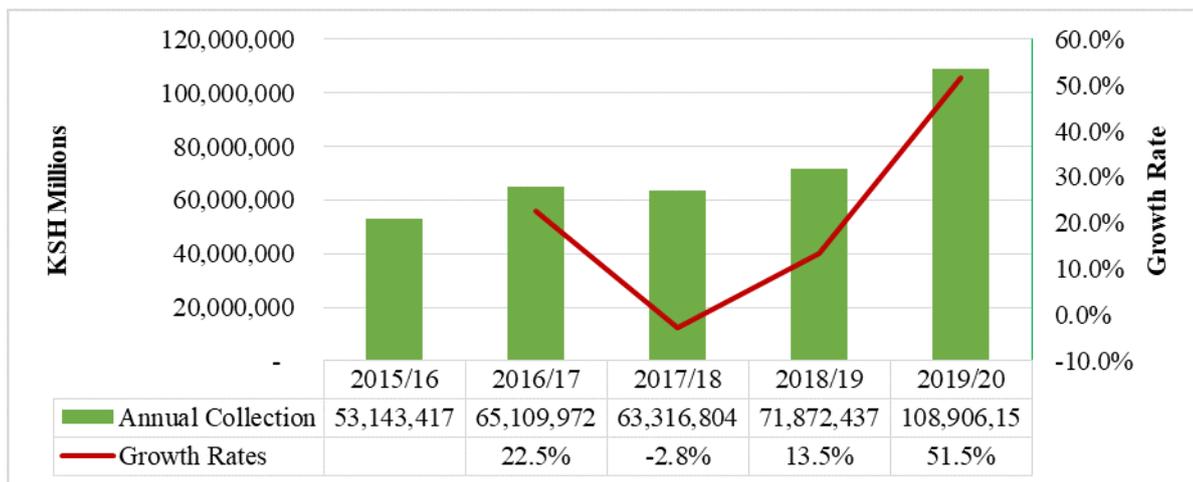
1. General OSR streams assessment
2. Revenue legislations
3. Revenue reporting structures
4. Operational procedures manual
5. Stakeholders engagement
6. Revenue performance analysis, reporting and forecasting
7. Revenue enforcement
8. Revenue accounts and records management
9. Revenue automation and systems integration
10. Internal controls and audit mechanisms
11. Human capital
12. 1Gender mainstreaming in OSR administration and enforcement

### 2.2 General OSR streams assessment

#### 2.2.1 Revenue performance for the last five Financial Years

According to the County Budget Review Outlook Paper of Lamu County 2020, Lamu county reports on 20 own source revenue streams which are listed in the annexes. The assessment revealed that Lamu County OSR had grown at an average rate of 21.2% per year from FY 2015/16 to FY 2019/20. The total collection grew in Financial Year (FY) 2016/17 before slightly dipping in FY 2017/18 and then grew in FY 2018/19 and 2019/20 as illustrated in Figure 1 below. However, for this study, the assessment considered five (5) primary OSR stream contributing to 61% of total revenue collection. They are: Land related revenues, Single Business Permits, Agricultural Mechanization Services (AMS), Parking Fees and Open-Air Market Fees<sup>1</sup>

Figure 1: Lamu Revenue Trend 2015/16-2019/20

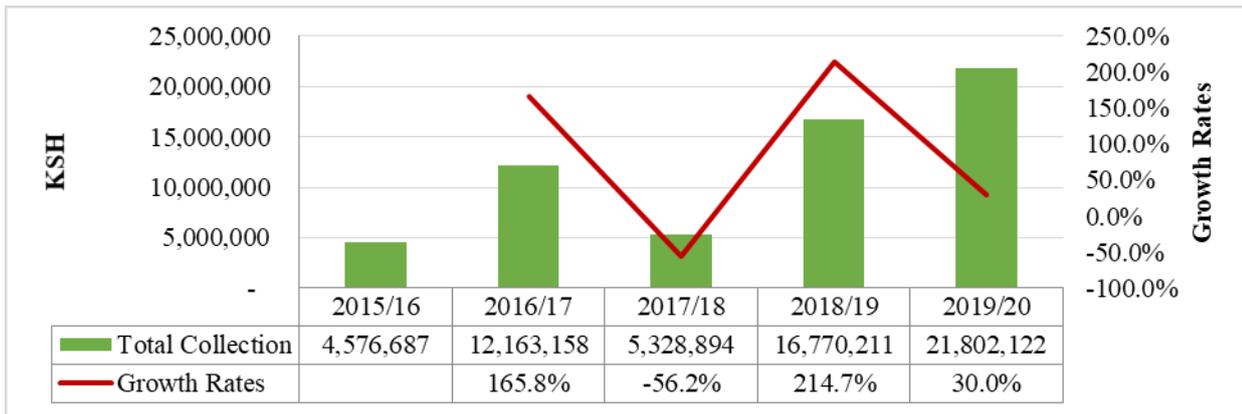


#### 2.2.2 Property rates revenue

Property rates revenue includes land rent and rates. In FY 2016/17, revenue grew by 165.8% before dipping to a decline of 56.2% in FY 2017/18. The sharp growth of 214.7% followed the decline in FY 2018/19. In FY 2019/20 the collection grew by 30% from the previous year as illustrated in figure 2 below.

1. Land related revenue are the Property rates; Single Business Permits are also referred to as Trade licenses; Agricultural Mechanization Services (AMS) is mainly classified under others but it's a major revenue stream for the County Government of Lamu; and Open-Air Markets is referred to as Market Trade Centre Fees.

Figure 2: Property rates OSR Revenue Trend for Lamu

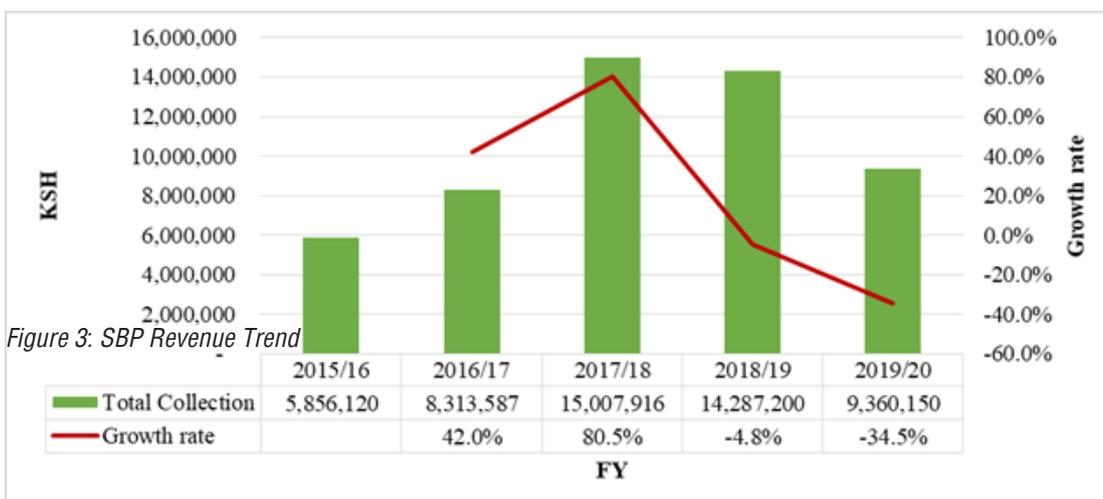


A situational analysis of Lamu's property rates revenue administration and enforcement framework reveals three significant gaps. First, is the use of an outdated valuation roll of 2006 and the existence of an incomplete valuation roll of 2015 that is not approved by the County Assembly. Land rates payments process are manual and centralised at the revenue department. Specifically, land rates are not invoiced because a system for invoicing does not exist; instead, the database of ratepayers exist from the revenue management system that was suspended. Hence land rates payments are first confirmed in a revenue management database, and a physical receipt is issued. Overlap exists between functions of the county government and that of the national government in the land survey section. Head of the survey section is a staff of the national government while those working below the Head are county staff. Revenue collected from this section is remitted to the national government. Revenue structure and dependencies between revenue and land departments are not clearly defined. Specifically, the revenue clerk in lands office reports to the head of revenue.

The assessment has three recommendations addressing the gaps in property rates administration framework. Specifically, the assessment recommends a complete valuation of the county land for equity in the taxation of landowners. Further, a collaboration between the county executive and Assembly is advised on the legislation of rating Act and valuation for rating Act to support the implementation and use of the valuation roll. Automation of the revenue invoicing and collection of land rates is recommended to provide a database on land rates arrears, improve efficiency and service delivery to the public. The county executive is advised to explore the existing inter-governmental mechanism to address the overlap between the two levels of government. For seamless interdepartmental collaboration in revenue management, the assessment recommends the development of an elaborate reporting structure that describes the roles of officers that are seconded and those that perform duties of revenue collection in the land department.

**2.2.3 Single Business Permits**

Single Business Permits (SBPs) is one of the top revenue earners of Lamu County. The average growth in revenue collection from this stream is 20.8% per year between FY 2015/16 and FY 2019/20. It was observed that there was a consistent decline between FY 2017/18 and FY 2019/20.



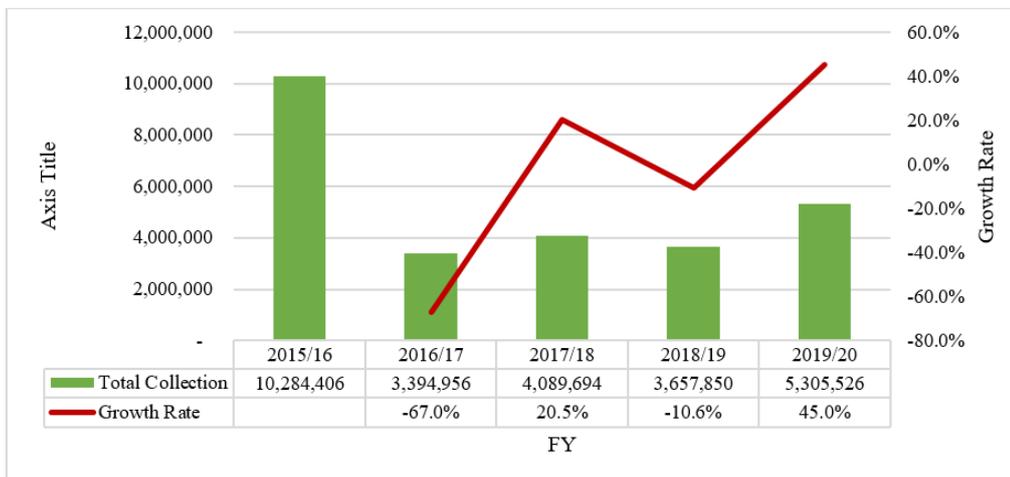
A situational analysis of single business permit administration and enforcement framework of Lamu reveals two primary gaps. Existence of competing interests during the preparation and enactment of revenue-raising legislation results in the reduction of rates and delays in legislation enactment. Lack of revenue-raising legislation makes the SBP revenue collection lack the legal basis for the collection and the framework for administrating and enforcing collection of the stream. Although the trade licensing Act exists, the County operates on the finance Act of 2016. Revenue department does not have designated enforcement officers to this revenue stream. Instead, when inspection exercises are carried out, the department request for the support of the county enforcement unit staff. Designation of enforcement officer in a revenue stream provides the revenue department with room to train the staff on enforcement in revenue which differs from enforcement in other departments. Similarly, the change of officer in every inspection requires the enforcement officer to learn on revenue enforcement, reducing the effectiveness of the inspection exercises. Adequate inspections are crucial to compliance in payment of a revenue stream.

The assessment has two recommendations addressing the gaps identified in single business permit administration and enforcement framework. Specifically, build consensus during the revenue-raising legislation process between stakeholders and county leadership to mitigate against competing interests and enhance compliance in payment of single business permit. Designate enforcement officers to single business permit stream and train then on revenue enforcement best practices.

**2.2.4 Agricultural Mechanization Service (AMS)**

Lamu County continues to leverage on AMS as a stream of OSR. The services are offered across the County, where agricultural activities take place. The assessment team managed to visit the Agricultural training Centre in Mpeketoni, where AMS were offered. Farmers requiring tractors for ploughing visit the centre where they pay via County pay bill depending on the size to be ploughed and book for ploughing services of their land. Before covid-19 pandemic, the cost was Ksh 2,500 per acre and was reduced to Ksh 1,000 to cushioning farmers. Reconciliation of revenue is undertaken at the end of the month. In addition to farming activities, the County also offers Hall for hire to the community under this stream. Figure 4 below illustrates the revenue trends for Lamu County from AMS Services since FY 2015/16 to FY 2019/20 that has been fluctuating over the years with an average growth of -3.0%.

Figure 4:AMS/Tractor Hire revenue trend



A situational analysis of Agricultural Mechanisation services reveals three gaps in its revenue administration framework. First, the County is unable to meet the demand of tractor hire for ploughing services. Secondly, data management is manual, cumbersome and time-consuming. Some customers pay to the County pay bill but miss to include the AMS as the stream of revenue and the station. Reconciliation of such items is time-consuming. All payments are recorded in a register manually. Monthly, a spreadsheet with information of all payment to the county pay bill described as AMS is sent to the officer in charge of revenue collection. The officer in charge of revenue collection at the ATC manually reconciles the county records with those of the ATC. Reconciliation takes approximately 6 days every month to complete. Thirdly, land for tractor ploughing is measured by manual methods which are at risk of inaccurate revenue assessment.

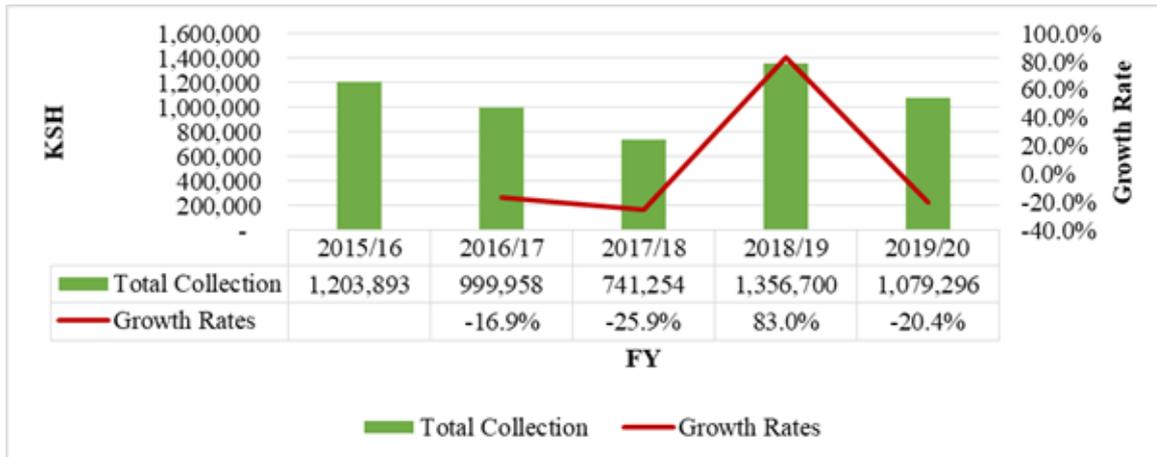
One of the assessment’s recommendations to address the gaps identified in Agricultural mechanisation services is to provide adequate tractors to meet the county demand. Adequate tractors serve both the county goal of

providing services widely to its people and increase revenue for the County from Agricultural Mechanisation services. Automation of the revenue collection, recording, accounting and reconciliation is also recommended for the AMS to increase efficiency, provide time for the provision of services saved from reconciliation and manual record keeping. Acquisition of modern gadget for measuring the land size is recommended to increase accuracy in the assessment of revenue from this stream.

### 2.2.5 Market Fees

The trend of revenue collection reveals that total collections have been declining for all the years except FY 2018/19 when it recorded revenue growth of 83.0% as illustrated in the figure 5 below:

Figure 5: Market Fees Trend



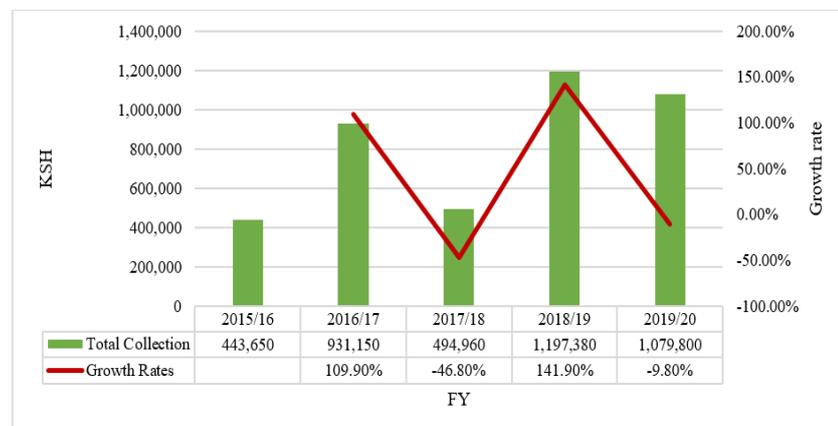
Three gaps were identified in the situational analysis of Market fee revenue administration and enforcement framework. Revenue officer in the market lack enforcement skills required for compliance of market fees payment. Database of market stall owners and traders is unavailable. Revenue officer in the market lack transport equipment required for movement in the collection of market fees.

The assessment recommends training of revenue officers on enforcement best practices to address the gaps identified in market fees revenue administration. Additionally, the assessment recommended conducting of the regular census for business entities and market stalls and maintenance of a database of the same. Deploy more resources to ensure revenue collectors have means of transport to ease revenue collection.

### 2.2.6 Street Parking Fees

The trend reveals the fluctuating trend with an average growth of 48.8% from FY 2016/17 to FY 2019/20, as illustrated in figure 6 below.

Figure 6: Street Parking Fees Trend



Street parking had two identified gaps in its revenue administration and enforcement framework from the situational analysis. One of the gaps is unmarked and undesignated parking areas at Mpeketoni and Mokowe, where parking fees is collected from vehicles. Enforcement of compliance to parking fees payment was weak.

The assessment recommends designation of parking areas which are correctly fenced and marked with security and entrance gates. The provision of secured parking services increases the compliance of parking fees payment as service accompanying the fees is visible, and enforcement, where the entrance gate exists, is more manageable. The assessment also recommends the recruitment of enforcement officers specifically to enforce parking fees payment.

### **2.3 Revenue legislation**

Primary revenue laws provide the basis for effective revenue administration and enforcement, while the County Finance Act amends the primary legislation annually.

In addition to the Finance Act, there is need for primary OSR laws such as the County valuation and rating Act, trade licencing Act, County revenue administration Act, Agricultural services Act and mining Act that focuses mainly on specific revenues streams. These laws provide information on how the various rates, fees and charges for services and other revenue-raising measures can be administered and enforced to sustain the County government budget. Lamu County has three (3) primary laws: Lamu County Revenue Administration Act 2015, Lamu County Trade Licencing Act 2015 and Lamu County Valuation and Rating Act 2015 in addition to the Finance Act 2016.

Gaps identified were:

- i. The Finance Act of 2019 was unavailable.
- ii. Lack of some primary legislation to facilitate the collection of revenue
- iii. Lack of awareness of existing revenue legislation among revenue staff

### **2.4 Revenue reporting structures**

The revenue reporting structure is how revenue employees communicate on revenue matters internally as well as distributes duties and responsibility for employees. It defines the scope of acceptable behaviour within which employees' lines of power and revenue accountability, and to some extent, their relationship with the public. It also provides each employee with a job description and standard of performance. These structures are presented in the form of organograms.

The Head of Audit currently acts as the Head of Revenue. The acting Head of Revenue has a team of Revenue officers working at Lamu office and others in the field. The revenue supervisors' report on revenue collected monthly.

Gaps identified were:

- i. Lack of substantive Head of Revenue
- ii. Temporary staff assigned revenue collection roles
- iii. Existing county organogram lacks clear reporting relationship between departments

### **2.5 Procedures manual**

Well-developed procedures manual provides an authoritative source for internal controls and decision making. Properly documented procedures manuals speed up the process of decision making for employees and help them follow regulations concerning laid down code of conduct. The procedures manual is the tool that is used to assess the internal controls in place.

The Gap identified was:

- i. No revenue administration procedure manuals in place
- ii.

### **2.6 Stakeholders engagement**

A stakeholder is any group or individual who can affect or be affected by the achievement of the organisation's objectives. In context to revenue administration, stakeholders refer to the County Executives, County Assembly, County Revenue employees and the public. The decision of the stakeholders to comply with the revenue laws depends on their knowledge of the laws. If the Revenue officers cannot understand the revenue laws, then they are not able to administer nor enforce effectively.

On the other hand, if the County Assembly does not understand the importance of passing the revenue laws, the revenue administration and enforcement law are not legislated. Thus the need for the County to undertake continuous stakeholder engagements based on building knowledge on revenue laws for effective revenue administration and enforcement.

Lamu County only engages stakeholders during the budgeting process. They use the sector approach to engagement with stakeholders.

Gaps identified were:

- i. Insufficient internal stakeholder engagement: Engagement is limited to Chief Officers.
- ii. Limited stakeholders' sensitization on revenue administration and enforcements laws

## 2.7 Revenue performance analysis, reporting and forecasting

Undertaking revenue analysis and forecasting is an essential practice for effective revenue administration and enforcement. Monitoring revenue collection daily, monthly, and quarterly assists the Head of Finance in knowing which OSR streams are not performing and he/she can develop strategies to mitigate the non-performance. Revenue forecasting using revenue forecasting models or revenue performance criteria assists the Head of Finance in setting achievable and realistic targets.

Lamu County revenue reporting is done on a monthly, quarterly and annual basis. The County surpassed its revenue target for FY 2019/20. The County government attributed this performance to proper management which included; Rotation of staff, reduction of revenue collection costs, reduction of cash collection process by introducing mpesa pay bill number and banking processes.

Gaps identified are:

- i. Lack of daily revenue reporting mechanism
- ii. Manual revenue recording and reporting by field revenue officers and supervisors
- iii. Use of receipt books for revenue collection- cash collection
- iv. No evidence of revenue forecasting model in place
- v. No analytical review was undertaken to explain areas of OSR stream non-performance

## 2.8 Revenue enforcement

Revenue enforcement ordinarily refers to an act of ensuring that the public complies with Revenue laws. Enforcement in revenue administration takes two forms, namely; enforcement of laws and enforcement of the judgment. The enforcement of laws is the application of all those relevant laws that assist the County Finance team in carrying out their duties. Enforcement of judgment, on the other hand, represents already decided revenue cases against defaulted revenue payment. Revenue administration cannot be efficient if it lacks the enforcement of laws.

Lamu County has an enforcement unit that supports revenue collection. It was observed that the Lamu County enforcement unit had undergone training in Mombasa. However, the revenue department needs for enforcement services are not meet due to inadequate revenue officers in the enforcement unit and demand from other departments. CEC Finance issues waivers with approval from County assembly in line with PFM Act.

Gaps identified were:

- i. There is no County Court to deal with revenue issues.
- ii. Inadequate OSR enforcement laws
- iii. Lack of patrol boats for enforcement
- iv. Inadequate road barriers to enforce cess collection
- v. No alternative dispute resolution (ADR) mechanism in place
- vi. Political interference negatively affects the enforcement process
- vii. Poor coordination between enforcement officers and revenue officers affect the outcome of the enforcement process

## 2.9 Accounts and records management

The record compilation function, which comprises of identification and registration of the different revenue-payers, is an essential task for revenue administrations. Management of the revenue-payers' records consists of three primary functions: Creation, Updating and Deletion. Therefore, the public should be provided with clear and comprehensive descriptions of the requirements that lead to registration and revenue administrators should facilitate revenue-payers to make the procedural requirements as easy as possible.

Records are available for various single business permit (SBP) licence payers. The updating of these records is done during inspection time. There is no register for market stall owners. Inspection is undertaken randomly. The register for market store owners is not updated, and the land rate payers database is maintained in a suspended revenue management system owned by a vendor.

Gaps identified were:

- i. The cash receipts are not properly filed.
- ii. Lack of single- integrated registry to enhance efficient filing of revenue records.

## 2.10 Automation and integrations of systems

Automation is a set of technologies that results in the operation of machines and systems without significant human intervention and achieves performance superior to manual operation. The use of automation as a means of revenue collection has been globally recognised as the most efficient, effective, economic and transparent means of revenues collection.

During the assessment period, there was no automated revenue management system in place. However, there were two systems previously: Nia Moja and Digital Divide Data in place. The systems had the integrity of data challenges that lead to the suspension of using them.

Gaps identified were:

- i. Lack of an automated operational system but they use Ms-Excel for reporting.

## 2.11 Internal control and audit mechanisms

Internal auditors in revenue administration are administrators whose role is to evaluate the operational activities, strength and weaknesses of the processes and report to the management for corrective measure. Internal control is an integral process of actions and activities undertaken continuously by the leadership and all employees to provide reasonable assurance on the achievement of organisational goals through effective and efficient activities, reliability of financial reporting, and compliance to laws and regulations. Internal Control or Auditor considers and understands the risk of activities at all levels and how they impact on each other.

The Head of Audit at Lamu County doubles up as acting Head of Revenue. The audit is done quarterly and reports shared with CEC Finance.

Gaps identified were:

- i. Audit reports are not fully implemented
- ii. No feedback provided on follow up for audit recommendations
- iii. Audit reports do not have an impact on revenue operations

## 2.12 Human capital

Human capital is defined as the knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals, acquired during their life and used to produce goods, services or ideas in organisations. It is measured by assessing individual's skills, education, capacity and attributes of labour which influence their productive capacity and earning potential.

The revenue staff is lean, and capacity building of staff was for a few staff three years ago in Mombasa. Some of the revenue staff are on temporary terms.

Gaps identified were:

- i. Inadequate number of staff in the revenue department
- ii. Staff lack requisite revenue administration and enforcement skills
- iii. Continuous refresher training for revenue staff is lacking
- iv. Inadequate infrastructures such as computer, office space, desks, storage lockable cabinets thus affecting revenue administration
- v. Inadequate transport for the field revenue staff
- vi. Insufficient reward system for the revenue staff
- vii. Satisfaction surveys are inadequate in the revenue department
- viii. No benchmarking undertaken to improve on revenue administration and enforcement skills
- ix. Lack of basic analytical skills among revenue staff members

## 2.13 Gender mainstreaming in revenue administration

Gender can be defined as the social, behavioural and cultural attributes, expectations, and norms of being female or male. The biologically associated differences between males and females tend to be translated into socially construed differences, which affect every sphere of life, for example, laws and regulations, economic sectors and social sectors. Revenue administration and enforcement span various spheres, key among them is laws and regulations, social sectors as well as the economy. On review of the legislation, the assessment found that the Finance Act was not gender-responsive and did not factor in the different needs of males and females. The detailed findings on the gender perspective on revenue administration are presented in chapter 3.

## CHAPTER 3: MAINSTREAMING IN REVENUE ADMINISTRATION

### 3.1 Introduction

Gender can be defined as the social, behavioural and cultural attributes, expectations, and norms of being female or male. Gender tends to structure societies around the world since it is socially constructed and context-specific. The biologically associated differences between males and females tend to be translated into socially construed differences, which affect every sphere of life, for example, laws and regulations, the economy and social sectors. Revenue administration and enforcement straddle various spheres, key among them are laws and regulations, social sectors as well as the economy. The promulgation of the Constitution of Kenya 2010 (GOK 2010) ushered in the revenue-raising responsibility of County Governments while ensuring the national value of gender equality is upheld.

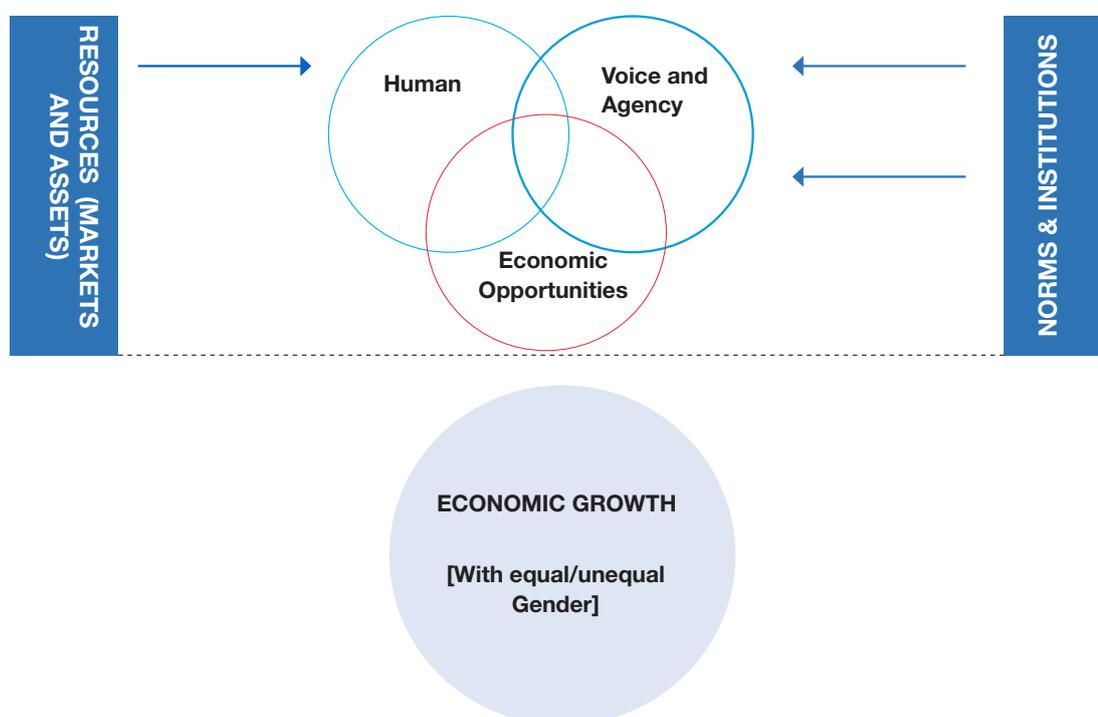
In most cases, the link between revenue administration and gender equality is either absent, weak and not well understood. This gender equality gap in revenue administration therefore requires a robust conceptual framework to provide the linkages and guidance for policy action. This assessment sought to bridge the gap by providing a framework for assessing the existence of gender-responsive revenue administration framework in Lamu County.

### 3.2 Gender Equality Framework in the Context of County Revenue Administration

Three critical interlinked dimensions can be used to advance gender equality: human endowments, economic opportunities, voice and agency (World Bank 2012). These dimensions overlap and interact with each other, with impacts on and implications for gender equality outcomes.

- Human endowments: are health, education and physical assets, with intrinsic values that enable individuals to use those endowments to benefit from economic opportunities and be able to generate income.
- Economic opportunities: can be distinguished to include: labour market participation, entrepreneurship and access to and control over both financial and non-financial assets. These are opportunities for increased income and return to labour.
- Voice and agency: is the ability to make decisions about one's own life and transform the decisions into actions that enable one to achieve the desired outcomes.

Figure 7: Gender Equality Framework



Source: Adapted from World Bank 2012.

The three dimensions of gender equality interact within the context of household decisions, formal laws, regulations and the unwritten social norms, which influence gender equality outcomes. (World Bank, 2012) provides a detailed explanation of how choices affect gender outcomes.

“...The households make these choices based on the preferences, incentives, and constraints of different family members, and concerning their relative voice and bargaining power. Gender roles, social norms shape preferences. Markets for labour, credit, land, and goods, which determine the returns to household decisions and investments, largely influence incentives. Constraints arise from the interplay of formal institutions (comprising all that pertain to the functioning of the state) and markets but also reflect the influence of informal institutions (societal norms). Voice and agency of household members are defined by a range of factors, including their ownership of and control over resources, their ability to leave the household (exit options), and social norms. In this way, household decision-making, markets, formal institutions, and informal institutions combine and interact to determine gender-related outcomes...” (Figure 7)

The benefits of development resulting from the interaction of institutions, households and markets, may result in economic growth with greater or less gender equality.

The institutional norms, mainly affect the roles defined for both men and women, so that women tend to take up roles related to child and family care, while men are assumed to be providers for the family and are more active in the market place, they also take up more leadership roles. In the labour market, women tend to take up caregiving roles, while men take up more leadership related roles. In terms of access to resources (financial and non-financial), more men have access and control over financial and non-financial assets due to societal norms of women not being allowed to own assets.

In the context of revenue administration and enforcement, several institutions have been created under the Constitution of Kenya 2010. Article. 209(3) of the Constitution of Kenya 2010 stipulates that the County Governments are assigned the power to impose property rates and entertainment taxes, furthermore, other taxes can be imposed with parliament's approval (GOK 2010). The Public Finance Management (PFM) Act 2012 has operationalised all sections related to public Finance under the Constitution of Kenya 2010 that would ensure public service delivery.

The County revenue administration is guided by article 157 of the Public Finance Management Act, 2012 that requires each County, through its County Executive Committee (CEC) member for Finance to designate receivers and collectors of county government revenue. Each County Government is expected to put in place a County Revenue Administration Act, which seeks to provide for the general administration of revenue-raising laws and other taxation laws. Some of the revenue laws to be administered include:

- i. The county revenue administration Act
- ii. The Act providing for the annual county finances.
- iii. Act imposing entertainment tax and any other tax payable to the county government.

The specific revenue Act gives the county revenue administration framework, which includes the establishment of the Office of the County receiver of revenue and county collector of revenue and defines their roles and responsibilities. These include administration and enforcement of revenue laws, advising the County Government on revenue laws, assessment and collection of revenue, provision of periodic statements of accounts.

The county revenue administration and enforcement framework put in place affect the economic opportunities for both men and women in different ways. For example, the decision for a county government to generate own-sources revenue by levying market fees results in more women being affected if they constitute the majority of market traders. The decision to levy a standard charge for agricultural cess affects farmers taking their produce to the markets. If most of the subsistence farmers are men, then increasing agricultural cess reduces their incomes. At the same time, the increase in health fees on reproductive health services may reduce women's access to health care hence reducing the physical endowment opportunities.

Table 1 provides a summary of the criteria to be used in the gender revenue assessment. The first step is to establish the laws and institutions that govern revenue administration and enforcement, and whether the laws in place cater to the population in gender and specific needs of males and females. Voice and agency mainly focus on the ability to make decisions or take part in the decision-making process of setting up taxes, charges and user fees.

Public-participation is the consultative process through which men and women can present their needs, opportunities and challenges that affect revenue administration. During such processes, do both men and women participate in the revenue administration public participation process? Is there collaboration with County Budget Economic Forum (CBEF) in articulating gender-responsive revenue administration issues?

Under economic/employment /entrepreneurial opportunities, some of the questions asked included:

- is there gender balance in the recruitment of men and women, e.g. in the Finance or the revenue administration department?
- Are their changes either increasing or subsiding in agricultural cess
- Who are these changes in agricultural cess likely to affect more?
- Are their changes either increase or subsidies in single business permit

The effect of revenue-raising measures on human capital has been assessed from the health and education sector perspective. In the health sector, increasing health care charges affect more women compared to men: they (women) tend to access more reproductive health care services. In the educational sector, increasing charges on early childhood education for revenue-raising purposes is likely to affect the enrollment rate for young children and may lock out children from poor families. A similar effect can be experienced with the youth when fees for vocational training centres are increased.

Table 1: Criteria for Gender Revenue Administration Assessment

Criteria for Assessment	Description	General	Male	Female
Institutions	Laws and regulations governing revenue administration and enforcement			
Voice and Agency	Public participation in setting up fees and charges			
Economic Opportunities	How does user fee/charges differentiate and/or promote entrepreneurship and labour market participation?			
Human Endowments	How does user fee differentiate and promote access to education and health service?			

### 3.3 Situational Analysis

Based on field interviews with revenue officials from Lamu County Government, the Revenue Enforcement bill was prepared in 2015 and tabled in the County Assembly in 2016, to date, the law has not been passed; hence revenue collection is based on the goodwill of the entrepreneurs. The lack of revenue enforcement legislation implies that from a gender perspective, no effort has been made to address any gender issues dealing with revenue enforcement. There are 20 own source revenue streams from Lamu County Budget Review and Outlook Paper 2020; however, there are no proper laws to implement the PFMA 2012. The top own source revenues by source are Land rent; Single Business Permit; Agriculture Mechanisation Services (AMS); Market fees and Parking fees. For example, contractors tend to refuse to pay for minerals such as sand that they extract from the County since there is no cess related law for mineral extraction. Consequently, revenue from mineral cess is lost.

From a gender perspective, the first step towards engendering revenue administration is to ensure all taxpayers database, whether entrepreneur owners or individuals are distinguished as male or female. Both the Single Business Permit (SBP) database and the valuation rolls available at the county level do not distinguish businesses or individual owners as either male or female. In the health sector, while there are specific treatments such as malaria and maternal health care that are subsidised or zero-rated, the health management information system does not adequately capture the gender of users to distinguish fees by gender.

The revenue department has been undergoing several internal challenges resulting in the suspension of revenue officers; hence there is inadequate staffing in the revenue department. The head of revenue occupies the position in an acting capacity; this is likely to limit the incumbent from fully performing his/her functions. The department of revenue has attempted to employ both men and women as revenue officers; however, most of the enforcement officers are men. Furthermore, when enforcement officers are dealing with revenue defaulters, there is no framework for dealing with men or female defaulters. It was noted that even though women do not resist arrest, compared to the men, they tend to use their political connection to be released when arrested.

In Lamu County, due to cultural socialisation, there are very few women in business; however, this has not excluded the women of Lamu from doing business primarily in culinary art and cooking of Swahili dishes. Most hotels order for local dishes from the local women who cook from their houses and are not captured as entrepreneurs or business individuals.

Table 2 presents a summary of the gender revenue assessment checklist for Lamu county and whether issues affecting both men and women (general) or issues specific to men or women are addressed. From the table, the Finance Act is the primary law used to collect revenue; however, there is no framework for enforcement, and this worsens the ability to ensure the revenue administration law is gender-responsive.

Table 2: Gender Revenue Administration Assessment for Lamu County Checklist

Criteria for Assessment	Description	General	Male	Female
Institutions	Laws and regulations governing revenue administration and enforcement			
	Revenue Enforcement Act	⊗	⊗	⊗
	Lamu County Valuation and Rating Act, 2015	√	⊗	⊗
	Lamu County Revenue Administration Act, 2015	√	⊗	⊗
	Finance Act of 2016	√	⊗	⊗
Voice and Agency	Public participation in setting up fees and charges	√	⊗	⊗
	Lamu County Public Participation Bill 2016- the framework for consultation	√	⊗	⊗
Economic Opportunities	How does user fee/charges differentiate and/or promote entrepreneurship and labour market participation?	√	⊗	⊗
	Single Business Permit fees in the Finance Act, 2016	√	⊗	⊗
	Lamu County Valuation and Rating Act, 2015- for property rates	√	⊗	⊗
	Finance Act of 2016	√	⊗	⊗
Human Endowments	How does user fee differentiate and promote access to education and health service?	√	⊗	⊗
	Education fees for devolved functions - Finance Act 2016	√	⊗	⊗
	Health Sector fees in the Finance Act, 2016	√	⊗	⊗

### 3.4 Challenges and Opportunities

The main challenge for Lamu County in terms of gender revenue administration is the County does not have laws for administering the respective revenue stream. Secondly, the County Revenue Department is not adequately staffed and has faced transition with the changes made to the former revenue staff. Linkage of gender and revenue administration is not evidence in the revenue section and overall finance department. Third, men as compared to women predominantly attend the public participation process; this implies that gender issues are not adequately considered when presenting citizen's view on the budget, which includes revenue administration, especially which fees/charges/taxes when included affect women business entrepreneurs or individuals.

Lastly, the revenue administration framework comes within a strong cultural background where women do not work but tend to their families. In Lamu East, most men are reluctant to their women working. However, Lamu West is more metropolitan, and there are more women entrepreneurs. In cases where women work, they are either operating their spouse's business or are employed as business or shop attendants. The women in business are primarily in the informal sector, supporting the hotel industry where they supply the big hotels and tourist resorts with the traditional Swahili dishes. Bringing these women to the formal sector require sensitisation programs. The assessment recommends that the County Government provides incentives that promote the formalisation of this sector to enhance revenue performance. Revenue records are primarily maintained in a cashbook which is at risk of manipulation and is not ratepayers are not disaggregated by gender.

There are several opportunities for Lamu County:

- i. The recruitment of a full revenue department presents the opportunity of providing technical assistance to the County on the linkage between gender and revenue administration and enforcement.
- ii. With several revenue stream administration laws required, there is an opportunity to provide clauses that deal with the specific needs of both men and women entrepreneurs or individuals.
- iii. A strong gender sensitisation component that can be included under the public participation process that ensures the County Government Stakeholders have a common understanding of gender issues and how they relate to revenue administration and enforcement.
- iv. Establishment and maintenance of records of taxpayers, either individual or enterprise owners by gender for each of the revenue streams as the respective revenue administration and enforcement laws are prepared.
- v. The automation of revenue administration systems presents the opportunity to ensure that tax/fee/charges payers are identified in the automated system by gender. The automation would ensure that revenue streams can be analysed by gender and to establish the likely impact of any incentives provided by the government.

## CHAPTER 4: CONCLUSION

The County government of Lamu leadership and the County assembly should fast-track the approval and operationalization of the valuation roll 2015 to enhance revenue from property rates that has a higher potential. Additionally, the County should facilitate enactment and approval of primary legislation for specific revenue streams such as County valuation and rating Act, trade licencing Act, County revenue administration Act, agricultural services Act and mining Act. Capacity building for staff in revenue administration and enforcement should be enhanced while at the same time provide the necessary infrastructure to facilitate efficient revenue collection.

There is evidence that the County has made positive strides in collection and enforcement of revenue since devolution. The County's OSR collections grew at an average of 21.4% per year in the financial period between 2015/2016 to 2019/2020. The Land related OSR stream which is among the highest and with great potential.

For the County government of Lamu to increase its OSR revenues, a robust legislative framework governing administration and enforcement for specific OSR streams needs to be in place. The County of Lamu should embrace modern approaches to revenue administration by automating their systems and creating more awareness about revenue legislation through stakeholder engagement to encourage voluntary compliance. A revenue structure with clearly defined roles for staff needs to be in place to ensure efficiency and effectiveness of the revenue function. Capacity building for staff in revenue administration skills and provision of the working tools is necessary. The County leadership should strive to work closely with the County Assembly to ensure quick and timely enactment of the relevant revenue legislations.

## CHAPTER 5: RECOMMENDATIONS

### 5.1 Fast-track enactment of the relevant revenue legislation

The County needs to be current on the enactment of Financial Bills and specific OSR Acts that guide on revenue collection and administration, to avoid engaging in illegal enforcement action—updated valuation roll. Completing of the valuation roll of 2015 and approval by county assembly needs to be fast-tracked to tap into unregistered landowners.

### 5.2 Develop and implement revenue reporting structures

The revenue department should adopt a clear reporting structure for revenue officers with their duties and responsibilities well defined. Precise coordination between departments is required to ensure efficient revenue collection.

### 5.3 Develop and implement procedure manuals for revenue administration and enforcement

There is a need for the County to prepare revenue administration and enforcement procedures manual to guide the revenue procedures.

### 5.4 Promote stakeholder's engagement

There is a need for the County to undertake stakeholder engagements frequently by creating awareness on revenue laws for effective revenue administration and enforcement.

### 5.5 Carry out revenue performance analysis, reporting and forecasting

Develop revenue forecasting models that assist in setting objective and realistic revenue targets. Maintaining databases for monitoring revenue performance on a daily, weekly, monthly and annual basis is also recommended. Compare revenue performance across years, months and quarterly as a measure of performance is also advised and preparation reports on revenue performance and share with departments.

### 5.6 Streamline revenue enforcement practice

The County is advised to train revenue staff on enforcement skills to enhance compliance. There is also a need to put in place alternative dispute resolution (ADR) mechanism that addresses issues on non-compliance away from the courts.

### 5.7 Update and maintain revenue accounts and records

The County should keep records of all revenue-payers' for each OSR stream. These records need to be updated periodically.

### 5.8 Automate the revenue management function

The County should consider using the current revenue payment systems (Nia Moja and Digital Divide Data) as they await the National County Integrated Revenue Collection System.

### 5.9 Develop and implement a framework for internal Audit recommendations follow-up

The County should strengthen the internal audit unit and facilitate the County audit committee to ensure follow-ups of audit findings. The County needs to appoint an officer in every department to be assigned the role of monitoring and reporting on implementation audit recommendations.

### 5.10 Strengthen human capital in revenue administration and enforcement

The County needs to undertake the following to improve on human capital:

- i. Equip revenue staff with adequate knowledge and skills for revenue administration and enforcement. Training them on how to undertake revenue analysis and reporting, assessing compliance, and enforcing the laws is recommended.
- ii. The revenue staff need to be provided with adequate tools for work such as computers, transport to revenue collection points among others
- iii. Undertake staff satisfaction survey to know the satisfaction levels of your revenue staff. The survey assists the management to address the teething problems that may harm revenue administration and enforcement.

### 5.11 Gender mainstreaming in revenue administration

There are several recommendations for action by the CRA in collaboration with UN Women that are proposed based on the findings of this study:

- i. The County Executive and the County Assembly require sensitisation of on gender issues and gender mainstreaming in the public finance management process.

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- ii. The sensitisation entails developing a comprehensive programme on gender mainstreaming in the public finance management process in Kenya.
  - iii. The gender department of the County should spearhead the sensitization and training programme in collaboration with the revenue department.
  - iv. The public and all other stakeholders need sensitisation of on gender mainstreaming in in the public finance management process. The training programme developed should be integrated into the public participation process and interactions with the Lamu County Budget and Economic Forum.
  - v. Provide technical assistance to Lamu County Government in developing the required revenue administration and enforcement law, and ensure gender mainstreaming is done during that process.
  - vi. Incorporate the gender component in the county tax /fees/charges payers database and ensure this component is included in any automation process.

**CHAPTER 6: LAMU COUNTY GOVERNMENT OSR ASSESSMENT ACTIONS PLAN**

<b>No.</b>	<b>RECOMMENDATION</b>	<b>ACTIVITIES TO BE UNDERTAKEN</b>	<b>RESOURCES REQUIRED (INPUTS)</b>	<b>RESPONSIBILITY (ACTION TO)</b>
1.	<p><b>Maximize revenue collection by ensuring accountability and expanding to other potential OSR streams</b></p> <ul style="list-style-type: none"> <li>The County needs to ensure accountability of revenue collected</li> <li>Heads of various revenue streams need to closely monitor and account for revenue collected from their OSR streams.</li> <li>Expand the existing list of OSR to include the uncollected revenue such as revenue on minerals ( e.g corals)mining etc</li> </ul>	<ul style="list-style-type: none"> <li>Formal internal communication to revenue staff on need to create awareness on the use of paybill number</li> <li>Sensitize and communicate to the public on the use of paybill to reduce the handling of cash</li> <li>Target setting for revenue collector on reducing cash collection</li> <li>Inspection quarterly to tap the uncollected revenue</li> <li>Inspection findings to be included in the Finance Bill</li> <li>Develop legislation on new revenue streams ( minerals)</li> </ul>	<ul style="list-style-type: none"> <li>Budget</li> <li>Technical Assistance</li> </ul>	<ul style="list-style-type: none"> <li>CO Finance</li> <li>Director Revenue</li> <li>Revenue officers</li> <li>County Assembly</li> </ul>
2.	<p><b>Fast-track enactment of the relevant revenue legislations</b></p> <ul style="list-style-type: none"> <li>The County needs to be current on the enactment of Financial Bills and specific OSR Acts that guide on revenue collection.</li> </ul>	<ul style="list-style-type: none"> <li>Process them through the cabinet</li> <li>Lobby for approval</li> <li>Continuous training/ sensitization for the County Assembly, CECs, COs on Legislations and policies of OSR</li> <li>Sensitization on gender mainstreaming in revenue administration and enforcement</li> </ul>	<ul style="list-style-type: none"> <li>Budget</li> <li>Technical Assistance</li> </ul>	<ul style="list-style-type: none"> <li>CECs</li> <li>COs</li> <li>County Attorney</li> <li>County Assembly</li> </ul>
	<p><b>Complete and approve valuation roll 2016</b></p>	<ul style="list-style-type: none"> <li>Lobby for its approval by Assembly</li> </ul>		<ul style="list-style-type: none"> <li>CEC Finance</li> <li>County Assembly</li> </ul>
3.	<p><b>Develop and implement revenue reporting structures</b></p> <ul style="list-style-type: none"> <li>Revenue officers need clear reporting lines with their duties and responsibilities well defined, especially revenue staff attached to other departments.</li> <li>Sensitive positions such as Head of revenue should be filled immediately.</li> <li>Avoid assigning temporary staff role of revenue collection for accountability reasons</li> </ul>	<ul style="list-style-type: none"> <li>Training on development of procedures manual</li> <li>Develop the procedures manual</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>CEC Finance</li> <li>CO Finance</li> <li>Head of Sections</li> </ul>

No.	RECOMMENDATION	ACTIVITIES TO BE UNDERTAKEN	RESOURCES REQUIRED (INPUTS)	RESPONSIBILITY (ACTION TO)
4.	<p><b>Develop and implement procedures manual for revenue administration and enforcement</b></p> <ul style="list-style-type: none"> <li>Need for the County to prepare revenue administration and enforcement procedures manual to guide the revenue administration and enforcement.</li> </ul>	<ul style="list-style-type: none"> <li>Training on development of procedures manual</li> <li>Develop the procedures manual</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>CEC Finance</li> <li>CO Finance</li> </ul>
5.	<p><b>Promote stakeholder engagement</b></p> <ul style="list-style-type: none"> <li>Need for the County to undertake continuous stakeholder engagements by creating awareness on revenue laws.</li> <li>Management of competing interests is necessary for effective enforcement.</li> </ul>	<ul style="list-style-type: none"> <li>Develop stakeholders engagement programme on revenue laws ( framework showing how continuous engagements will be undertaken).</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>CEC Finance</li> <li>CO Finance</li> <li>County Assembly</li> </ul>
6.	<p><b>Undertake Revenue performance analysis and forecasting</b></p> <ul style="list-style-type: none"> <li>Develop revenue forecasting models that assist in setting objective and realistic revenue targets.</li> <li>Maintain databases for monitoring revenue performance on a daily, weekly, monthly and annual basis.</li> <li>Compare revenue performance across years, months and quarterly as a measure of performance.</li> <li>Prepare reports on revenue performance and share with departments</li> <li>Investigate non-performing OSR streams</li> </ul>	<ul style="list-style-type: none"> <li>Use the available forecasting model developed by CRA</li> <li>Monitoring of revenue performance is done daily(ongoing) using the Ms.Excel</li> <li>Monthly, quarterly and annual revenue performance meeting to assess the end performance of OSR</li> <li>Capture the revenue database by disaggregating it by gender (this will be done when the automation system will be in place)</li> </ul>	<ul style="list-style-type: none"> <li>Budget</li> </ul>	<ul style="list-style-type: none"> <li>Head of Revenue</li> </ul>

No.	RECOMMENDATION	ACTIVITIES TO BE UNDERTAKEN	RESOURCES REQUIRED (INPUTS)	RESPONSIBILITY (ACTION TO)
7.	<p><b>Streamline revenue enforcement practice</b></p> <ul style="list-style-type: none"> <li>The County needs to train revenue staff on enforcement skill to enhance compliance.</li> <li>There is also a need to put in place an alternative dispute resolution (ADR) mechanism that addresses issues of revenue non-compliance away from the courts.</li> <li>The County Assembly to enforce the enforcement Act</li> </ul>	<ul style="list-style-type: none"> <li>Train revenue officers on revenue administration and enforcement skills</li> <li>Engagement with stakeholders in areas of debt management/payment</li> <li>Sensitize revenue officers on enforcement Act</li> </ul>	<ul style="list-style-type: none"> <li>Financial Assistance</li> <li>Technical Assistance</li> </ul>	<ul style="list-style-type: none"> <li>CEC Finance</li> <li>County Assembly</li> </ul>
8.	<p><b>Update and maintain revenue accounts records</b></p> <ul style="list-style-type: none"> <li>The County should keep a database of all revenue-payers' and a resource map</li> <li>The records to be updated periodically.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a gender-disaggregated database for all OSR streams</li> <li>Update the database periodically</li> <li>Link the databases (when automation will be in place)</li> <li>Develop a resource mapping database</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> </ul>	<p>Head of Revenue County Assembly</p>
9.	<p><b>Automate the revenue management function</b></p> <ul style="list-style-type: none"> <li>The County needs to automate the revenue collection function by either procuring a revenue management software or train the staff on the use of the existing system.</li> </ul>	<ul style="list-style-type: none"> <li>Appoint and train internal audit follow-up champions from revenue officers to handle the audit queries</li> <li>Develop a risk matrix for follow up of audit queries</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>CEC Finance</li> <li>Director Revenue</li> <li>CO Finance</li> </ul>
10.	<p><b>Develop and implement a framework for follow-up of internal audit recommendations on OSR</b></p> <ul style="list-style-type: none"> <li>The County needs to support the internal audit function by ensuring reporting of all audit queries sent to departments. Additionally, they should also implement the recommendations from the internal auditors</li> </ul>	<ul style="list-style-type: none"> <li>Appoint and train internal audit follow-up champions from revenue officers to handle the audit queries</li> <li>Develop a risk matrix for follow up of audit queries</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>CEC Finance</li> <li>Director Revenue</li> <li>CO Finance</li> </ul>

No.	RECOMMENDATION	ACTIVITIES TO BE UNDERTAKEN	RESOURCES REQUIRED (INPUTS)	RESPONSIBILITY (ACTION TO)
11.	<p><b>Strengthen human capital in revenue administration and enforcement</b></p> <ul style="list-style-type: none"> <li>The County needs to undertake the following to improve on human capital:</li> <li>Equip revenue staff with adequate knowledge and skills for revenue administration and enforcement.</li> <li>The revenue staff need to be provided with adequate working tools such as computers, transport to revenue collection points</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate the existing structure and equipping of the revenue department</li> <li>Capacity building including provision of working tools</li> </ul>	<ul style="list-style-type: none"> <li>Budget</li> </ul>	<ul style="list-style-type: none"> <li>CO Finance</li> </ul>
	<ul style="list-style-type: none"> <li>Undertake staff satisfaction survey to know the satisfaction levels of your revenue staff. The survey assists the management to address the teething problems that may harm revenue administration and enforcement.</li> </ul>	<ul style="list-style-type: none"> <li>Undertake Staff performance programme</li> <li>Undertake a satisfaction survey</li> </ul>		<ul style="list-style-type: none"> <li>County Public service Board</li> <li>Head of Revenue</li> </ul>

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## ANNEX 1: GENDER RESPONSIVE QUESTIONNAIRE GUIDE

### ASSESSMENT OF LAMU OWN SOURCE REVENUE STREAMS

Introduction: Facilitator used this guideline during FGD's or in-depth interviews with the respondents

#### PART I: FGD with Head Revenue, CECs.

##### A. General assessment

How many own source revenue (OSR) streams for the County? **Ask for the major five(5)**

##### B. Enactment of Legislations

- i. Is there an enacted Finance Act to guide on revenue administration at the County? **Get a copy if any.**
- ii. Are there enacted Acts for each OSR? **Identify and get copies if any.**
  - a. If yes, are the enacted OSR Acts gender-responsive, i.e. do the Acts provide clauses that cater to the needs of:
    - i. Male taxpayer/ male- owned entities?
    - ii. Female taxpayers or female-owned entities?
    - iii. Any challenges affecting the enactment of the Acts? **Probe details**

##### C. Structure for Revenue management

- i. How is the structure for revenue management in the County for each OSR?
- ii. How are the reporting lines?
- iii. Is the structure well documented with the roles and responsibilities for the revenue officers?

##### D. Operational Procedures manual

- i. Do the revenue staff have clear procedures manual defining procedures of undertaking compliance and enforcement? **Probe for details**
- ii. Are there different procedures for compliance and enforcement for male taxpayers/ male owned entities? Female taxpayers/ female-owned entities?

##### E. Stakeholder Engagement

- i. What support is available from management to enhance voluntary compliance by the community? **For example, an awareness programme to the community, taking services closer to enhance compliance, giving back to the community through infrastructures (schools and roads)**
- ii. How do you draw the county budget? Is there involvement of the community?
  - a. Does the involvement of the community include both men and women?
  - b. Do you have records of male and female attendance during the community initiatives?

##### F. Revenue performance management

- i. Do you undertake revenue analysis? **Collect data on revenue performance for last 3-5 years**
- ii. Do you monitor and report on revenue performance? How is the reporting done? **For example weekly, monthly, quarterly and annually.**
- iii. Do you undertake revenue forecasting (setting revenue targets)? How do you distribute the target to the main revenue streams?
- iv. Do you take any form of research/investigations to explain areas of revenue non-performance to help draw mitigation factors?

##### G. Enforcement

- i. Do you have a team that undertakes enforcement of the Act or Laws in place?
- ii. How is enforcement undertaken? Periodically all the time?
- iii. Do you have courts to support the enforcement?
- iv. Do you have a revenue disputing mechanisms away from court? **i.e. Alternative dispute mechanisms in place?**
- v. Do you issue waivers? How is it done?

##### H. Accounts record management

- i. Do you have records of your taxpayers in each revenue stream? Who maintains the records for updates, accuracy and quality records?
  - a. Do you have records of male taxpayers/ male owned entities? Female taxpayers/ female-owned entities? For each revenue stream?
- ii. How do you keep your revenue records? **Books, registers, computer software?**
- iii. Is the OSR revenue paid in cash or paid to banks or mpesa pay bill number?

- iv. Who is responsible for reporting or accounting for revenue collected for each OSR stream mentioned?
- v. How is the expenditure system? Is it through the procurement process or accountable cash imprest?
- vi. For land-related OSR- assess the availability of a valuation roll? When was it last updated?
  - a. Does the valuation roll distinguish male/female /joint male and female owners of the property?

**I. Automation and integration of systems**

- i. Have you automated your revenue accounts records?
- ii. Do you have one system or many systems? If many, are they integrated?
- iii. Any challenges associated with automation?

**J. Availability of internal controls & audit mechanisms**

- i. Do you have an internal auditor?
- ii. Which expenditure control measures are in place?
- iii. Are there reports done from internal audits?

**K. Human capacity and skills**

- i. How do you recruit your employees in each dept?
- ii. Do you ensure gender balance in the recruitment of employees?
- iii. How many men and women are employed in the department?
- iv. Are the staffs skilled for the specialised tasks? *For example, basic computerised skill, bookkeeping, enforcement skills?*
- v. Is there any refresher training done to staff?
- vi. Is there any benchmarking done for learning purposes?
- vii. Do you do staff satisfaction surveys to ascertain satisfaction level and address non-satisfaction issue? Do staff satisfaction surveys cover issues that affect men and women separately? Any motivation awards for excellent performance? Etc
- viii. Assess availability of tools, equipment, computers, furniture, secure cabinets in case of use of receipts or filing, telephone, for effectual work output.

**L. What challenges faced in ensuring compliance and enforcement revenue administration?**

**M. What are the proposed solutions?**

**PART II- For OSR Accounts management's staff**

In-depth understanding of each OSR stream

- i. Undertake an in-depth understanding of each OSR? Probe on:
  - a. Who pays? (This should also be established by gender (male/ female))
  - b. How is it paid?
- c. When is it paid?
- d. Where is it paid?
- e. How much is paid?
- i. What measures are in place for compliance with each OSR?
- ii. What measure is in place for enforcement with each OSR?
- iii. What compliance and enforcement gaps identified in each revenue stream?
- iv. Are there compliance and enforcement gaps that are specific to male taxpayers? Female taxpayers?
- v. What proposed solutions to address the gaps?

**ANNEX II: PICTURES FROM LAMU ASSESSMENTS**

*Figure 8: Picture of Lamu Economic Activities*



*Figure 9: Agricultural machineries for hire at Lamu County*



*Figure 10: Boats parked along the sea shores*

**ANNEX III: LAMU COUNTY LIST OF INTERVIEWEES**

S/NO	NAME	DEPARTMENT	CELL PHONE NUMBER	DATE
1.	Mohammed Ali	Ag. Head of Audit		12/10/2020
2.	Ali Ghalib	Assistant Revenue Administrator		12/10/2020
3.	Wilson Kenga	Revenue Administrator		12/10/2020
4.	Fatma Basba	Chief Officer-Finance		12/10/2020
5.	Khadija Ali	Accountant		12/10/2020
6.	Ali Shariff	Ag. Head of Enforcement		13/10/2020
7.	Andrew Waweru	Head of County Budgeting	0717-508865	13/10/2020
8.	Husna Abdalla	Budget Officer		13/10/2020
9.	Austine Gona	Revenue Officer SBP-Huduma Centre	0741-420728/0798-509182	13/10/2020
10.	Hanif Said	Revenue Officer SBP-Huduma Centre	0716-122375	13/10/2020
11.	Abdallah Islam Nassir	Revenue Officer Cess-Mukoe Jet	0714-159010	14/10/2020
12.	Mohammed Ibrahim	Enforcement Officer Cess-Mukoe Jet	0705-912215	14/10/2020
13.	Rashid Aboud	Revenue Officer Cess-Ndeu barrier	0708-572786	14/10/2020
14.	Salim Mohammed	Enforcement Officer Cess-Ndeu barrier	0711-526758	14/10/2020
15.	Cyrus Mburu	Member-County Public Service Board	0723-255926	14/10/2020
16.	Rehana Gobu	Member-County Public Service Board	0713-154814	14/10/2020
17.	Fadar M. Ali	CEO-County Public Service Board	0720-799752	14/10/2020
18.	Naima Ahmed	Secretary-County Public Service Board	0728-965686	14/10/2020
19.	Salma Omar	Ag. Head of Accounting & Services	0708-569707	14/10/2020

S/NO	NAME	DEPARTMENT	CELL PHONE NUMBER	DATE
20.	Mohammed Avvas	Head of Financial Reporting Unit	0725-628437	14/10/2020
21.	Margaret W. Kimani	Office Administrator-Mpeketoni AMS	0713-112719	15/10/2020
22.	Alex Mungai	Revenue Supervisor-Mpeketoni	0722-494479	15/10/2020
23.	Stephen K.Kimani	Manager, AMS Mpeketoni	0727-656930/0764-686930	15/10/2020
24.	Benjamin Njuguna	Revenue officer Cess-Mpeketoni	0710-939913	15/10/2020
25.	Francis Mwanzia	Revenue Officer Cess-Mpeketoni	0706-536009	15/10/2020

#### ANNEX IV: THE REVENUE STREAMS REPORTED BY LAMU COUNTY GOVERNMENT

S/NO	Revenue Stream
1.	Revenue From Hospitals
2.	Open Air Market
3.	Revenue from Public Health
4.	Fisheries Revenue
5.	Parking Fees
6.	Revenue From Agriculture
7.	Single Business Permit
8.	Stall Revenue
9.	Cess
10.	Miscellaneous
11.	Land Rent/Property rates
12.	Revenue from veterinary services
13.	Meter Rent
14.	Advertisement
15.	Training/Learning centres
16.	Sewer connection deposit
17.	sand, gravel and ballast extraction
18.	Land revenue
19.	Water desolation plan
20.	council vehicles hire(AMS training)

**ANNEX V: LAMU COUNTY EXECUTIVE VALIDATION WORKSHOP PARTICIPANTS**

S/NO	Name	Designation	Gender
1.	HE Fahim Yasin Twaha	Governor	M
2.	H.E.Abdul Hakim Bwana	Deputy Governor	M
3.	Hemed Ahmed	CECM-Finance	M
4.	Fatma Said Abdalla	Chief Officer Finance	F
5.	Salim M.Ali	Economist	M
6.	Mohamed Ali Shee	Head of Internal Audit	M
7.	Salma Omar	Head of Accounting Services	F
8.	Ali Ghalib	Revenue Administrator	M
9.	Omar Famau	Manager-Lamu Municipality	M
10.	Wilson Kenga	Revenue Administrator	M
11.	Fatma Shosy	Assistant Accountant	F

**ANNEX VI: LAMU COUNTY ASSEMBLY VALIDATION WORKSHOP PARTICIPANTS**

S/NO	Name	Designation	Gender
1.	Francis Njenga	Budget Officer	M
2.	Ali Sayyid	Director Administration	M
3.	Kale Ahmed Ali	Director Finance	M
4.	Omar Ahmed Ali	Senior Deputy Clerk	M
5.	Ishaq Buya	Director Legislative Services	M

**ANNEX VII: LIST OF TECHNICAL STAFF THAT PARTICIPATED IN THE VALIDATION WORKSHOP**

S/NO	Name	Designation	Gender
1.	Dr Irene Asienga	CRA	Commissioner
2.	Dr.Fred Mugambi	KESRA-KRA	Commissioner
3.	Dr.Miriam Omollo	UN-Women	Consultant
4.	Dr Eric Lewa	KESRA-KRA	KESRA -Mombasa
5.	James Katule	CRA	Director of Fiscal Affairs
6.	Selly Yagan	CRA	Deputy Director of Fiscal Affairs
7.	Alice Kiama	KESRA-KRA	Consultant
8.	Ainea Makanga	KESRA-KRA	Consultant
9.	Meimuna Mohamed	CRA	Senior Analyst-Revenue Enhancement
10.	Duncan Gathege	KESRA-KRA	Consultant
11.	Sanawa Zablon	CRA	Research Analyst-Revenue Enhancement
12.	Sabina Ngolo	KESRA-KRA	KESRA -Mombasa
13.	Simon Richu	CRA	logistics
14.	Emmanuel Kingori	KESRA-KRA	logistics





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