



# **COUNTY GOVERNMENT OF THARAKA NITHI**

## **THE COUNTY TREASURY**

### **Tharaka Nithi County Revenue Mobilization Strategy (FY 2025/26 – FY 2027/28)**

**MARCH, 2026**

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## LIST OF ACRONYMS

ADP	Annual Development Plan
AMS	Agriculture Mechanization Services
CBEF	County Budget Economic Forum
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
COB	Controller of Budget
CoK	Constitution of Kenya
COG	Council of Governors
CRA	Commission on Revenue Allocation
GoK	Government of Kenya
KESRA	Kenya School of Revenue Administration
KRA	Kenya Revenue Authority
OAG	Office of Auditor General
OSR	Own Source Revenue
PFMA	Public Finance Management Act
SBP	Single Business Permit
TNT	The National Treasury

## **Executive Summary**

The Constitution of Kenya (2010) ushered in a devolved system of governance that established 47 County Governments with the primary objective of promoting democratic and accountable exercise of power, equitable sharing of national and local resources, and the participation of citizens in decision-making. Specifically, Article 174(d) emphasizes the importance of devolved units in “recognizing the right of communities to manage their own affairs and to further their development.”

Under Article 209(3) and (4) of the Constitution, County Governments are granted the authority to impose:

- a) Property rates,
- b) Entertainment taxes, and
- c) Any other charges for services they provide.

This constitutional mandate gives County Governments fiscal powers to raise revenue directly from within their jurisdictions, thereby complementing national transfers and strengthening local service delivery. The Public Finance Management (PFM) Act, 2012 further reinforces this by requiring each County Government to establish sound financial management systems that ensure transparency, accountability, and prudent use of public resources.

## **Fiscal Rationale for Revenue Mobilization**

The success of devolution depends largely on the ability of counties to mobilize sufficient financial resources to fund their functions and deliver quality services. While counties receive equitable share transfers from the national government, these allocations often fall short of the resources required to meet increasing development and recurrent expenditure demands. Therefore, Own Source Revenue (OSR) serves as a critical supplement that enhances fiscal autonomy, strengthens accountability, and promotes innovation in service delivery.

For Tharaka Nithi County, OSR mobilization is particularly vital due to its vast geographical coverage, diverse economic potential, and unique development needs. The County’s revenue base spans a range of opportunities including property rates, market fees, single business permits, livestock and agricultural levies, natural resource exploitation, and

tourism-related charges. The county government is implementing the Wealth Creation Strategy which requires adequate resources.

However, the County continues to face challenges such as:

- a) Weak legislative and institutional frameworks governing revenue administration,
- b) Inadequate automation and use of technology in collection systems,
- c) Limited taxpayer awareness and compliance,
- d) Leakage of potential revenues due to inefficiencies and corruption, and
- e) Insufficient capacity for monitoring and enforcement.
- f) Governance and Institutional Imperatives

Achieving Tharaka Nithi County's financial independence requires strong governance structures and adherence to the principles of public finance as outlined in Article 201 of the Constitution—openness, accountability, public participation, and equitable sharing of burdens and benefits. Effective revenue governance calls for:

- a) Robust revenue legislation – including regularly updated Finance Acts, valuation rolls, and supporting by-laws.
- b) Efficient administrative structures – staffed with trained revenue officers and supported by functional ICT systems.
- c) Transparent collection systems – leveraging digital payment platforms and automated reconciliation processes.
- d) Effective enforcement mechanisms – to ensure compliance and curb leakages.
- e) Stakeholder engagement – through participatory consultations, taxpayer education, and feedback mechanisms.

### **Purpose of the Revenue Mobilization Strategy**

This Revenue Mobilization Strategy provides a structured and coordinated roadmap for enhancing Tharaka Nithi County's capacity to raise, manage, and account for its own revenues over the next three fiscal years (FY 2025/2026 – FY 2027/2028). The Strategy seeks to:

- a) Strengthen the legal and institutional frameworks for OSR administration;
- b) Modernize collection systems through full digitization;
- c) Map and maximize all existing and potential revenue sources;
- d) Foster voluntary compliance through public engagement and taxpayer services; and
- e) Promote fiscal discipline and transparency in the management of public funds.

The implementation of this Strategy is expected to significantly increase Tharaka Nithi County's locally generated revenues, reduce overreliance on intergovernmental transfers, and ensure sustainable funding for development priorities identified in the County Integrated Development Plan (CIDP) and Annual Development Plans (ADPs). It also aligns with the objectives of the National Medium-Term Revenue Strategy and the Commission on Revenue Allocation (CRA) Framework on Own Source Revenue Enhancement.



County Executive Committee Member – Revenue and Resources Mobilization, Cooperative Development, Trade and Investment Promotion, Energy and Industry

## CHAPTER ONE:

### INTRODUCTION AND BACKGROUND TO REVENUE AND RESOURCE MOBILIZATION

#### 1.1 Introduction

The Constitution of Kenya 2010 established devolved units of governance and envisaged the ability of County governments to manage their own affairs effectively 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.

County Own Sources Revenue is governed by the National Policy to support the enhancement of County government's own sources revenue developed by the National Treasury and national legislation. Specifically, the County Government Act 2012 and the Public Finance Management Act 2012. According to the Commission on Revenue Allocation's (CRA) June 2022 report on comprehensive own-source revenue (OSR) potential, county governments are heavily reliant on national funding due to a small contribution from their own revenues. The study, which aimed to evaluate OSR performance, found that counties currently generate only about 40 percent of their maximum potential and could substantially increase collections by revising current policies and strengthening collection systems.

This contribution to the total budget of the County governments is relatively small, making the Counties over-reliant on funding from the national government. Key findings of the report suggested that County Governments currently generate around 40 percent of the maximum revenues that they can raise if they operate in line with best practice. Further, Counties appear to have the potential to substantially improve their collection of revenues through revising their current policies and collection systems.

Own Source Revenue (OSR) forms a critical component of the County's financing framework, supplementing equitable share and conditional grants from the national government. Since the onset of devolution, the County has made deliberate efforts to strengthen revenue mobilization to fund its development agenda and reduce dependence on transfers. Over the last three years, OSR has grown gradually from Ksh 286,737,651 in FY 2022/23 to Ksh 481,725,211 in FY 2024/25 though it still falls short of its full potential. The County has invested in automation systems to streamline revenue collection and reduce leakages, ensuring accountability and efficiency in revenue management.

Own Sources Revenue mobilization by the County government is a way of strengthening the financial independence of the County governments. If properly managed, then the County

Government of Tharaka Nithi has the potential of funding a substantial percentage of its budget up from the current rate of 8.6 per cent. Proper OSR management includes ensuring the revenue legislation are in place, and proper tools and resources for revenue administration and enforcement are available.

## 1.2 Background

The constitution 2010 created a two-tier system on government: the national and the 47 county governments. Tharaka Nithi county is one among the 47 counties that has six sub-counties and 15 wards. The county is located in the eastern region of Kenya between approximately **latitude 0°07' South and 0°26' South**, and **longitude 37°19' East and 37°46' East**. The county borders Meru County (North & East) Kitui County (South) and Embu County (West) The Population is approximately 393,000 people (2019 Kenya census). The Main communities are Tharaka, Chuka, Muthambi and Mwimbi. The county's economy mainly depends on agriculture: It covers a total area of approximately 2,662.1 square kilometers and consists of both highland and lowland regions.

The county government has Nine departments namely:

1. Finance and Economic Planning
2. Public Administration, Intergovernmental Coordination and Devolution Affairs
3. Agriculture, Crop production, Livestock, Veterinary services, Fisheries and Ecosystem Development, Water and Irrigation, Lands and Physical Planning, Environment, Climate Change, Mining and Natural Resources
4. Education, Vocational Training and Culture
5. Youth, Sports and Tourism
6. Roads, Transport, Infrastructure, Public Works, Housing, Urban Development and ICT
7. Revenue and Resource Mobilization, Cooperative Development, Trade and Investment Promotion, Energy and Industry
8. Public Health and Medical Services
9. Gender, Children and Social Services

Other spending units in the county include Executive office of the Governor and the Deputy Governor, Office of the County Secretary and the County Attorney and the County Public Service Board. There is also one county water cooperation-The Tharaka Nithi Water and Sanitation Company (THANIWASCO)

The county currently has 19 revenue streams (Namely: Single Business Permit, Livestock sales, Barter Market Trade, Natural Resource Cess, Bus Park, Parking, House rent/stalls, Advertisement, Plan Approvals, Liquor, Veterinary Services, Administrative Fee, Plot Rent, Property fee, Agricultural Cess, Hospital, Public Health, Penalties, Miscellaneous fee). However, two more revenue streams

(Weights and Measures and Cooperatives service fee are to be onboarded in the list of potential revenue streams. The various fees are collected through multiple payment channels, including USSD, pay bill, direct banking, and STK, which enhances convenience and accessibility for users. However, several risks and challenges are associated with these methods. These include intermittent system downtime, limited network coverage in certain areas, an inadequate number of POS machines, and exclusion of customers who do not own mobile phones. Additionally, the use of pay bill platforms presents a potential risk of weak audit trails and delayed transaction verification, which may affect accountability and reconciliation processes. The management has a good working relationship with the service providers in solving system issues and providing timely system reports.

The OSR Strategy is designed to enable the county to achieve its goal of generating Own Source Revenue (OSR) to finance at least 10% of the County Budget in the next 3 years. Anchored in the County Integrated Development Plan III (2023–2027), it provides a clear framework for enhancing revenue collection through strengthening legal and institutional frameworks to support own-source revenue and external resource mobilization. The strategy strengthens the social contract between its residents and County Government through equitable taxation and responsive service delivery, fostering trust and accountability. It also places revenue growth on a consistent and predictable trajectory, ensuring sustainable financing of county priorities.

#### County Performance on Own Source Revenue

According to Article 209 (3) of the Constitution of Kenya 2010, county governments are empowered to raise own sources of revenue through the imposition of property rates, entertainment taxes; and any other tax that it is authorized to impose by an Act of Parliament and other fees and charges through county legislations. This is in a bid to supplement national government revenues and support an effective county budget implementation. Over the past six years, the county’s own source revenues indicates a gradual growth as shown in table below.

**Table 1: Own Source Revenue Performance FY 2019/20 – 2024/25 per Quarter**

FY	Q1 ACTUAL	Q2 ACTUAL	Q3 ACTUAL	Q4 ACTUAL	TOTAL ACTUAL
2019/20	53,399,871.00	49,225,474.00	88,230,144.00	80,748,922.00	271,604,411.00
2020/21	52,439,055.00	50,787,919.00	58,274,313.00	93,088,218.00	254,589,505.00
2021/22	46,308,025.00	41,233,295.00	79,419,200.00	67,331,410.00	234,291,930.00
2022/23	38,102,408.00	40,404,694.00	89,107,564.00	119,122,985.00	286,737,651.00
2023/24	92,139,088.00	63,721,702.00	117,575,225.00	143,910,117.00	417,346,132.00
2024/25	78,651,551.00	103,632,793.00	133,095,734.00	166,345,133	481,725,211

Revenue performance against set targets has also improved over the past three years. In the FY 2022/23, the approved OSR targets was 380,000,000 and the actuals for the same period was 286,737,651, with KShs 125,046,463 and KShs 161,691,188 being actual collections from the hospital fees and ordinary revenues respectively. This actual revenue collection represented 75 percent of the approved annual target

for the financial year.

For the FY 2023/24, the actual revenues collected were KShs 162,305,020 from Hospital fees and KShs 255,041,112.80 for ordinary revenues, totalling to KShs 417,346,132. This was against approved revenues appropriated in the same financial year of KShs 450,670,000. This achievement represented a 92.6 percent of the set target for the year.

In the FY 2024/25, the approved County own sources of revenue target were KShs. 485,000,000 comprising of KShs 285,000,000 from ordinary revenue and KShs 200,000,000 from Hospital and Public health fees. The county managed to collect KShs 481,725,211 comprising of KShs 238,216,842 from ordinary Revenue and KShs 243,508,369 from Hospital and Public Health Fees representing 99.3% of the target. This is represented below.

**Table 2: Summary of revenue performance for FY 2024/25**

Description	Approved Budget	Actual Revenue Collected	Variance	% performance
OSR Ordinary	285,000,000	238,216,842	(46,783,158)	(16.4%)
Hospital fees and Charges	200,000,000	243,508,369	43,508,369	21.8%
Total	485,000,000	481,725,211	(3,274,789)	(0.7%)

### 1.3 Methodology

The development of the Strategy was conducted in a participatory process. A Technical Committee was established to facilitate the drafting and validation process. The process involved extensive review and analysis of relevant policy and legislative documents and technical reports. A situational analysis was used to identify key issues, that might compromise achievement of revenue goals and objectives, as well as to identify opportunities that can be exploited to maximize revenue growth.

Further, consultations were conducted with key stakeholders to build consensus on the key issues and strategies to be implemented to address the revenue mobilization challenges. County departments involved in revenue collection within their respective mandates contributed to strategic interventions. Revenue officers in collaboration with the administrators spearheaded taxpayer engagement at the ward level while sector groups such as market committees and bar owner's association played a critical role in policy development. The draft strategic plan was subjected to sector working groups for validation and later submitted to the County Executive Committee for final input and approval.

## CHAPTER TWO:

### SITUATIONAL ANALYSIS

#### 2.1 Introduction

This chapter reviews the internal and external environment, past performance of Own Source Revenue, key challenges, lessons learnt, emerging issues, and the role of stakeholders in revenue collection. The internal environment of the Directorate of Revenue is assessed across legal and policy framework, governance and administrative structures, and internal business processes, resources and capabilities. This analysis highlights both the strengths that drive performance and the weaknesses that hinder optimal revenue mobilization.

#### 2.2 Constitutional and Legal Provisions

Under the Constitution of Kenya (2010), the financial resourcing of County Governments is derived from several key sources:

- a) Fiscal transfers from the National Government's equitable share of revenue,
- b) Conditional and unconditional grants from the National Government and development partners,
- c) Equalization Fund allocations for marginalized counties,
- d) Loans and grants approved under national and county borrowing frameworks, and
- e) Locally raised revenues (Own Source Revenue) comprising of taxes, fees, charges, and service-based collections.

Article 209 of the Constitution empowers County Governments to impose:

- i. Property rates,
- ii. Entertainment taxes, and
- iii. Charges for services they provide, often referred to as user fees, which are intended as compensation approximating the cost of benefits or services rendered by the County.

In addition, Article 202(2) and Article 203 of the Constitution outlines equitable sharing of national revenue and establishes the basis for counties to access resources commensurate with their functions and service delivery obligations.

The Public Finance Management (PFM) Act, 2012, particularly Sections 109, 157, and 160, provides the regulatory framework for revenue collection, accounting, and reporting. It designates the County Receiver of Revenue as the official responsible for receiving, collecting, and accounting for all County revenues.

#### 2.3 National Policy on Enhancement of County Own Source Revenue (2019)

The National Policy on Enhancement of County Own Source Revenue (2019) underscores the need for standardization and coordination in revenue mobilization across all counties. It

recommends that counties:

- a) Identify and classify all revenue sources,
- b) Develop and apply standardized templates for revenue registers,
- c) Segment revenue sources to facilitate targeted management, and
- d) Optimize collection through policy, technology, and administrative reforms.

Tharaka Nithi County aligns its Revenue Mobilization Strategy with this national policy by implementing structured reforms to strengthen legal frameworks, revenue mapping, and the automation of collection processes. The County Treasury is committed to adopting the best national practices while contextualizing them to the county's unique economic and social realities

### **2.3 County Legislative Framework**

Tharaka Nithi County has enacted several pieces of legislation and regulations to facilitate effective revenue collection, including:

- a) Annual County Finance Acts, which prescribe rates, fees, and charges;
- b) Alcoholic Drinks Control Act 2024
- c) Tharaka Nithi County Trade Licensing and Markets Act, governing business operations and market fees;
- d) Tharaka Nithi County Facilities Improvement Finance Act 2026

Within this period, the county government has proposed enactment of the following primary revenue legislations;

- a) Revenue Administration Act
- b) Trade Licensing and Markets Act
- c) The Agricultural Produce Cess Act
- d) County Outdoor Advertisement Act
- e) Valuation Roll Act
- f) Tariffs and Pricing Policy
- g) Tax Waiver Act
- h) Cooperatives

Moving forward, Tharaka Nithi County intends to review, harmonize, and consolidate its revenue related laws to remove overlaps, clarify administrative mandates, and strengthen compliance mechanisms.

### **2.4 Institutional and Administrative Arrangements**

The Directorate of Revenue and resource mobilization operates under the Department of

revenue and resource mobilization, Cooperatives Development, Trade and Investment Promotion, Energy and Industry in line with Executive Order No. 4 of 2025 dated 22nd September 2025. Its leadership structure comprises the Executive Committee Member for revenue and resource mobilization, Cooperatives Development, Trade and Investment Promotion, Energy and Industry, the Chief Officer for Revenue and Resource Mobilization. The Directorate is headed by the Director of Revenue, who serves as the designated County Receiver of Revenue pursuant to Section 157 of the PFM Act (2012). The Directorate is responsible for policy formulation and implementation, coordination of revenue administration functions, oversees daily revenue operations, including supervision, monitoring, and reconciliation of collections across departments, and ensuring compliance with statutory and regulatory frameworks.

For efficiency, the revenue administration system in Tharaka Nithi County is devolved up to the revenue collection station level, with each Sub-County Revenue Officer coordinating revenue collection within their area of jurisdiction. These officers manage multiple ward-level collection points, ensuring that cashless payment systems, record-keeping, and reporting standards are maintained consistently. For the Hospital fees a Director- Medical services coordinates revenue administration in the hospitals. This decentralized structure has brought services closer to taxpayers, thereby enhancing accessibility. Additionally, political goodwill from the county leadership has supported revenue reforms, particularly in the automation of revenue processes.

The Directorate works in close collaboration with:

- e) County Treasury Accounting Services, for consolidation and reporting;
- f) Internal Audit, for oversight and compliance verification;
- g) ICT Directorate, for system automation and data management; and
- h) Departmental revenue units (Trade, Lands, Agriculture, etc.), for sector specific revenue streams.

## **2.5 Coordination and Oversight Mechanisms**

Revenue performance is monitored through regular reporting and evaluation mechanisms, including:

- i) Monthly revenue performance reviews, led by the County Treasury;
- j) Quarterly performance reports submitted to the County Executive Committee and County Assembly; and
- k) Annual financial statements, which include detailed Own Source Revenue data in compliance with the Public Finance Management (County Regulations 2015).

These institutional arrangements collectively ensure that Tharaka Nithi County's revenue system is governed by clear lines of accountability, transparent processes, and enhanced efficiency, key prerequisites for achieving sustainable fiscal independence and improved service delivery.

## **2.6 Revenue Performance Analysis, Reporting and Forecasting**

Undertaking revenue analysis and forecasting is a critical practice for effective revenue administration, enforcement, and planning. It ensures that the County Treasury and the Directorate of Revenue can make data-driven decisions, identify underperforming revenue streams, and implement timely corrective measures.

### **(a) Revenue Performance Analysis**

Revenue performance analysis involves continuous monitoring, comparison, and evaluation of actual revenue collected against set targets and historical trends. This enables the revenue directorate to:

- Identify high-performing and underperforming revenue streams;
- Assess seasonality patterns that affect collection trends (e.g livestock markets, tourism activities, or land transactions);
- Evaluate the impact of enforcement efforts or policy changes on overall revenue performance; and
- Strengthen accountability by ensuring that revenue officers report collections accurately and promptly.

Performance analysis should be undertaken daily, monthly, and quarterly, using automated revenue dashboards and integrated financial management systems. The findings should be reviewed by the County Executive Committee Member (CECM) for Revenue and shared with the County Executive Committee and County Assembly to enhance transparency and fiscal discipline.

### **(b) Revenue Reporting**

Accurate and timely reporting is essential for transparency and accountability in revenue management. The Directorate of Revenue shall prepare monthly, quarterly, and annual revenue reports in line with the Public Finance Management Act (PFMA), 2012 and the County Governments (Revenue Raising Process) Regulations.

These reports should include:

- Revenue collected per source and sub-county;

- Variance analysis between targets and actual collections;
- Reasons for deviations;
- Proposed corrective measures; and
- A summary of enforcement and compliance activities.

These reports should inform the Quarterly County Budget Implementation Review Reports (Q-CBIRR) submitted to the Controller of Budget and shared with the County Assembly.

### **(c) Revenue Forecasting**

Revenue forecasting is the process of projecting future revenues based on historical trends, economic indicators, and expected policy changes. It enables the County Treasury to:

- Set realistic and achievable annual revenue targets;
- Plan for fiscal sustainability; and
- Inform the budget-making process under the PFMA framework.

To enhance accuracy, the County government of Tharaka Nithi shall adopt evidence-based forecasting models, including:

- Trend analysis (using 3–5 years of historical data);
- Elasticity models (linking growth in revenue to growth in the local economy);
- Scenario analysis (pessimistic, realistic, and optimistic revenue projections); and
- Regression models (for key sources such as property tax, market fees, and cess).

The forecasting process should be conducted annually during the preparation of the County Fiscal Strategy Paper (CFSP) and updated mid-year through the Budget Review.

### **d) Cashless Collection of revenue**

The county's own source revenue collection is conducted through both **cashless transactions** through the integrated revenue management system with various channels being implemented including the USSD Code \*404#, M-Pesa and bank deposits.

Reconciliation of M-Pesa and bank records is performed periodically to verify the accuracy of collections and ensure accountability for all payments received. The County maintains designated officers responsible for managing and reconciling stored cash receipts and related accounting records.

### **(e) Challenges**

Key challenges affecting effective revenue accounts and records management include:

- Fragmented data storage systems (manual and digital);

- Limited integration between ICRMS, M-Pesa, and bank reconciliation systems;
- Delays in updating tax payer records and generating accurate reports; and
- Weak internal controls around record verification and audit trails.

## 2.7 Automation and Integration of Systems

Automation refers to the application of technologies and digital platforms that enable machines and systems to perform tasks with minimal human intervention. It enhances operational efficiency, reduces errors, strengthens accountability, and ensures transparency in service delivery. Globally, automation in public financial management and revenue administration has been recognized as a **best practice** for achieving efficient, effective, economic, and transparent revenue collection.

### (a) Importance of Automation

Automation plays a critical role in modernizing revenue collection by:

- **Reducing human error** and minimizing opportunities for fraud or leakage;
- **Enhancing real-time monitoring** of collections and performance;
- **Improving taxpayer experience** through convenient digital payment options;
- **Strengthening audit trails** and accountability mechanisms; and
- **Enhancing efficiency** by integrating collection, reconciliation, and reporting functions.

Through automation, revenue officers can track collections by source, location, or payer, while management can generate instant performance reports for evidence-based decision-making.

## 2.8 Current Status in Tharaka Nithi County

The County government of Tharaka Nithi has adopted several automated platforms to enhance Own

Source Revenue (OSR) collection. The current trends in revenue are shown below;

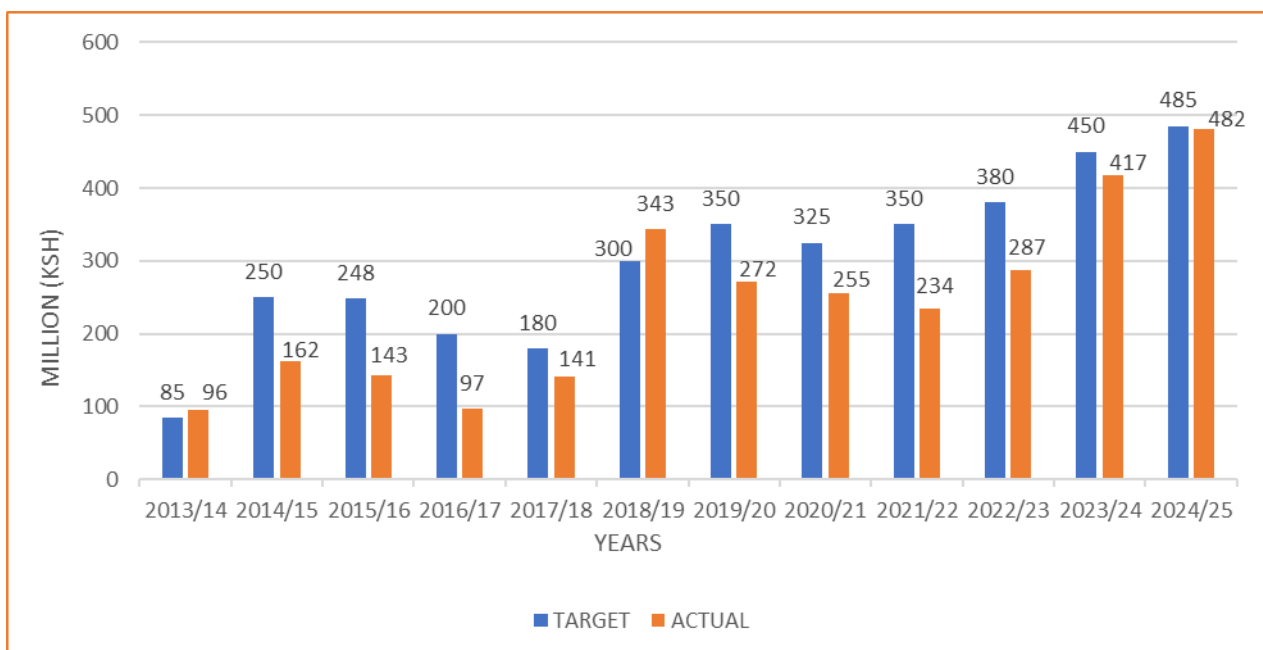


Figure 1: Revenue performance various years

The county has made various interventions including use of mobile money platforms, especially M-Pesa Pay Bill services for various revenue streams such as parking fees, Land rates and rent, and market entry charges. Despite these initiatives, system integration across departments and between the County Treasury, banks, and field revenue units remains limited. Manual processes are still used for reconciliation, reporting, and updating records, which increases the risk of errors and delays.

## **2.9 Internal Control and Audit Mechanisms**

Effective internal control and audit mechanisms are essential components of a sound revenue management framework. They ensure that revenue collection, recording, and reporting processes are transparent, compliant with laws and regulations, and free from irregularities.

### **(a) Role of Internal Audit in Revenue Administration**

Internal auditors play a critical oversight role in the revenue administration process. Their primary responsibility is to evaluate operational activities, assess risks, identify weaknesses, and recommend corrective measures to management. Internal audits promote accountability, transparency, and efficiency in the collection and utilization of public resources.

The internal audit function is guided by the Public Finance Management Act (PFMA), 2012, and the Public Sector Internal Audit Standards (2017). These require the internal audit unit to provide independent, objective assurance and advisory services aimed at improving operations and ensuring value for money in revenue collection and management.

### **(b) Internal Control Framework**

Internal control is an integrated process of policies, procedures, and actions continuously undertaken by the County leadership and staff to ensure:

- Achievement of revenue and service delivery objectives;
- Reliability and accuracy of financial reporting;
- Compliance with relevant laws, regulations, and county policies; and
- Safeguarding of public resources from misuse, fraud, or loss.

Internal control mechanisms in Tharaka Nithi County’s revenue administration include:

1. Segregation of duties among officers involved in collection, recording, and reporting;
2. Daily reconciliation of M-Pesa, Cash, and bank deposits;
3. Authorization and approval procedures for key financial transactions;
4. System access controls within the Jambo Pay revenue collection system, Afya KE and other automated platforms; and
5. Periodic audits and spot checks by the internal audit unit.

### **(c) Risk Assessment and Audit Focus**

The Internal Audit Unit uses a risk matrix as part of its audit planning tool. This risk assessment identifies areas of potential vulnerability in revenue administration and prioritizes them for review. Based on recent assessments, the following revenue streams have been identified as high-risk areas due to their volume, frequency, and susceptibility to leakages:

- Land Rates and Plot Rent;
- Single Business Permits (SBP);
- Cess from Natural resources and Produce; and
- Liquor Licensing Fees.

These areas are subject to enhanced internal audit scrutiny to ensure that all collections are accurately recorded, reconciled, and banked, and that proper controls exist to prevent loss of revenue.

### **(d) Audit Reporting and Follow-up**

The internal audit unit prepares quarterly and annual audit reports on revenue administration. These reports highlight findings, control weaknesses, and recommendations for corrective action.

Copies of these reports are submitted to:

- The County Executive Committee Member (CECM) for Finance;
- The Chief Officer, Finance;
- The County Public Service Board, for human resource-related actions; and
- The County Assembly Public Accounts and Investments Committee (CPAIC), for oversight.

Follow-up audits are conducted to confirm implementation of recommendations, and unresolved issues are escalated to the County Audit Committee for policy direction.

## **CHAPTER THREE:**

### **STRATEGY RATIONALE AND OBJECTIVES**

#### **3.1 Rationale**

The formulation of the Tharaka Nithi County Revenue Mobilization Strategy is guided by the need to provide a comprehensive framework that will guide its efforts to increase revenue to support its development goal as set out in the county's medium term development agenda. It seeks to strengthen the County's fiscal capacity, enhance service delivery, and reduce overreliance on transfers from the National Government. There is significant demand for expenditure on infrastructure, education, healthcare, energy, agriculture and other priorities for the county. In recent years, Tharaka Nithi County has experienced revenue shortfalls arising from weak enforcement mechanisms, limited automation, inadequate valuation and mapping of revenue sources, low compliance levels, and leakages in the collection process. This therefore creates the need to raise an optimal revenue amount to sustain a level of economic growth to uplift people out of poverty and improve the well-being of the residents of Tharaka Nithi as we heed to our clarion call of *leaving no one behind*. Therefore, this strategy provides a comprehensive framework for addressing these challenges by introducing modern, transparent, and efficient revenue administration systems. It seeks to optimize the potential of existing revenue streams while exploring new sources to expand the county's fiscal space.

The strategy is anchored on key policy documents and legal frameworks, including the County Integrated Development Plan (CIDP) 2022/23–2027/28, the Annual Development Plan (ADP) 2025/26, the County Fiscal Strategy Paper (CFSP) 2025, and the Public Finance Management (PFM) Act, 2012. It also aligns with the National Treasury's Medium-Term Revenue Strategy (MTRS) and the Kenya Revenue Authority's Digital Revenue Mobilization Framework, ensuring consistency with national fiscal policies.

Ultimately, this strategy aims to create a sustainable revenue ecosystem that promotes accountability, efficiency, and equity in revenue collection and utilization within Tharaka Nithi County.

#### **3.2 Objectives**

Objectives of the strategy

The overall objective of the strategy is to provide a comprehensive framework that will guide reforms in the revenue administration geared towards enhancing the County's capacity to generate adequate, reliable, and sustainable own-source revenue to support effective service delivery and development priorities identified in the

Kenya Vision 2030, The Bottom-Up Economic Transformative Agenda and the third County Integrated Development Plan (CIDP III) 2023/27. This strategy will also help to enhance fairness and transparency in the revenue administration framework as well as reduce tax compliance costs and improve the investment environment. In setting the objectives of this revenue strategy, the county government is cognizant of the need to achieve a better balance between competing challenges.

The specific objectives are to:

1. Enhance efficiency in revenue collection through full automation, integration of systems, and improved data management.
2. Expand and diversify the revenue base by identifying, valuing, and tapping into new and underutilized revenue sources.
3. Strengthen compliance and enforcement mechanisms to minimize leakages and improve revenue realization.
4. Improve governance, transparency, and accountability in revenue administration through effective internal controls and regular audits.
5. Build institutional and human capacity of revenue staff through continuous training, performance management, and resource support.
6. Review and harmonize the legal and policy framework governing revenue administration to ensure fairness and alignment with national laws.
7. Promote stakeholder participation and taxpayer education to foster voluntary compliance and public trust in the county's revenue system.
8. Collaborate with the regulatory and oversight bodies in enhancement and compliance.

### **3.3 Strategic Focus Areas and Interventions**

To achieve the objectives of this strategy, the Tharaka Nithi County Government will implement targeted interventions across key strategic areas aimed at enhancing efficiency, compliance, and sustainability in revenue mobilization. These focus areas are aligned with the County Integrated Development Plan (CIDP), the Annual Development Plan (ADP) 2025/26, and national fiscal reforms.

#### **3.3.1 Revenue Automation and Digitization**

**Objective:** To enhance efficiency, transparency, and accountability in revenue collection.

**Key Interventions:**

- Upgrade and integrate the County Revenue Management System (CRMS) with payment platforms such as banks and mobile money.

- Implement real-time monitoring dashboards for revenue reporting and analytics.
- Develop and maintain a comprehensive database of all revenue sources, clients, and payments.
- Establish electronic receipting and reconciliation processes.
- Secure data governance

### **3.3.2 Revenue Base Expansion and Diversification**

**Objective:** To identify and exploit new and underutilized revenue sources to enhance the County’s fiscal space.

#### **Key Interventions:**

- Conduct detailed revenue mapping and valuation exercise for all sub-counties.
- Introduce new revenue streams such as property fees and solid waste management levies,
- Review fees and charges schedules to reflect current market values and inflation trends.
- Promote public-private partnerships (PPPs) to enhance revenue-generating infrastructure such as markets, slaughterhouses, and parking spaces.
- Integration of the revenue system with other systems for better management of revenue

### **3.3.3 Compliance, Enforcement, and Policy Reforms**

**Objective:** To strengthen revenue administration through effective enforcement and supportive legal frameworks.

#### **Key Interventions:**

- Review and harmonize revenue-related by-laws and policies to align with national laws and best practices.
- Enhance a Revenue Enforcement Unit to enhance compliance monitoring and recovery of arrears.
- Introduce taxpayer identification systems and compliance tracking mechanisms.
- Institute penalties and incentives to encourage voluntary compliance.
- Issue staff with identification documents (staff card and uniform)

### **3.3.4 Governance, Transparency, and Accountability**

**Objective:** To promote integrity and trust in revenue administration.

#### **Key Interventions:**

- Implement internal controls and audit trails within all revenue systems.
- Conduct regular internal and external audits of revenue operations.
- Adopt transparent reporting mechanisms for all revenue collections.
- Strengthen oversight roles of the County Assembly and Audit Committees in monitoring revenue performance.
- Strengthen oversight roles of the Audit Committees in monitoring revenue performance.
- Appoint an internal revenue implementation committee to coordinate and monitor performance.

### **3.3.5 Capacity Development and Institutional Strengthening**

**Objective:** To enhance the competence, motivation, and productivity of revenue staff.

#### **Key Interventions:**

- Conduct continuous professional training on revenue administration, ICT, and customer service.
- Provide adequate logistical support and working tools to field officers.
- Introduce performance-based management systems and incentives.
- Strengthening coordination between the Department of Revenue and other departments involved in revenue collection.

### **3.3.6 Stakeholder Engagement and Public Awareness**

**Objective:** To promote a culture of tax compliance and partnership in revenue mobilization.

#### **Key Interventions:**

- Conduct county wide taxpayer education and awareness campaigns.
- Conduct taxpayer education and awareness campaigns.
- Establish regular consultative forums with business associations, community leaders, and national agencies.
- Create feedback and grievance redress mechanisms for taxpayers.
- Enhance communication and visibility of the county's revenue initiatives through media and community outreach.

### **3.3.7 Data Management and Performance Monitoring**

**Objective:** To ensure evidence-based planning, decision-making, and performance tracking.

**Key Interventions:**

- Establish a centralized revenue database and data analytics system.
- Develop and implement key performance indicators (KPIs) for revenue units.
- Develop and implement key performance indicators (KPIs) for revenue streams
- Conduct periodic revenue performance reviews and publish quarterly reports.
- Use data analytics to identify high-potential areas and monitor collection trends.
- Use data analytics to identify both high and low potential areas and monitor collection trends

## **CHAPTER FOUR: IMPLEMENTATION FRAMEWORK**

### **4.1 Overview**

The successful implementation of the Tharaka Nithi County Revenue Mobilization Strategy will depend on effective coordination, clear roles and responsibilities, adequate resourcing, and continuous monitoring. The implementation framework provides the institutional and operational arrangements necessary to ensure that the proposed interventions are executed efficiently and within the planned timeframe.

The Department of Revenue and Resource Mobilization will take the lead in coordinating the implementation process, supported by other departments, sub-county revenue offices, and relevant stakeholders. Implementation will be phased over the FY 2025/2026 to FY 2027/2028 period in alignment with the County Annual Development Plan and the budget cycles.

### **4.2 Institutional Arrangements**

The implementation framework will involve the following key stakeholders.

#### **a) Department of Revenue and Resource Mobilization shall —**

- Lead in implementing all revenue mobilization activities and reforms.
- Coordinate automation, enforcement, and data management initiatives.
- Prepare revenue performance reports and submit them to the County Treasury and County Executive Committee.
- Supervise sub-county and ward-level revenue collection teams.
- Coordinate all other county departments that generate revenue.
- Spearhead development of policies relating to revenue collection and management.

#### **b) County Treasury shall —**

- Provide overall policy direction and budgetary support for implementation.
- Integrate revenue targets and priorities into the County Fiscal Strategy Paper (CFSP) and the Annual Budget Estimates.
- Monitor revenue performance and ensure compliance with the PFM Act, 2012.

#### **c) County Executive Committee (CEC) shall —**

- Consider and approve key policy decisions, reforms, and resource allocations related to revenue mobilization.
- Facilitate inter-departmental collaboration in implementing revenue enhancement programs.

#### **d) County Assembly**

- Consider and approve legal and policy instruments related to revenue.
- Exercise oversight on revenue performance, accountability, and expenditure.

#### **e) Internal Audit and Controller of Budget**

- Conduct periodic audits and reviews of revenue systems, enforcement, and utilization.
- Provide assurance on compliance, risk management, and internal control effectiveness.

#### **f) Stakeholders and Development Partners**

- Support the County in capacity building, technical assistance, and financing of revenue-related projects and programmes.
- Support consultative forums and partnership initiatives for revenue enhancement mechanisms.

### **4.3 Resource Mobilization**

Implementation of the strategy will require adequate financing, human resources, and logistical support. The Department of Revenue will work closely with the County Treasury to allocate sufficient resources in the annual budget. Additional resources may be mobilized through:

- Partnerships with development agencies and national institutions (e.g. TNT, COB, OAG, KRA, CRA, COG).
- Public-Private Partnerships (PPPs) for revenue infrastructure and automation.
- Capacity-building programs supported by development partners and the National Treasury.

### **4.4 Implementation Timeline**

The strategy will be implemented in phases within FY 2025/26 to 2027/28 as follows:

<b>Phase</b>	<b>Key Activities</b>	<b>Timeline</b>
Phase I – Foundation	System audit, data collection, revenue mapping, and baseline review.	July 2025–June 2026)
Phase II – Automation & Reforms	Upgrade CRMS, legal reviews, and staff training.	July 2026 to September 2026
Phase III – Expansion & Compliance	Enforcement operations, public sensitization, and rollout of new revenue streams.	(October to December 2026)

Phase IV – Evaluation & Reporting	Mid-term year and end term annual performance review, reporting, and policy adjustments.	July 2027 (Mid-term Review) and July 2028 (End Term Review)
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*Table 1: Implementation Timeline*

#### 4.5 Risk Management and Mitigation

The implementation process may face several challenges some key risks and proposed mitigation measures include:

S/No	Risk	Mitigation Measure
i.	Resistance to change	Conduct sensitization and capacity-building for all stakeholders.
ii.	Inadequate funding	Identify and integrate key performance indicators and priorities into the annual budget and seek partner support.
iii.	Weak enforcement and compliance	Establish and train a dedicated enforcement unit and provide resources for enhanced monitoring.
iv.	System downtime and data loss	Strengthening ICT infrastructure and maintain data backups.
v.	Political interference	Ensure policy and legal frameworks are institutionalized.

*Table 2: Risk management and mitigation*

#### 4.7 Coordination and Reporting Mechanism

- The Chief Officer responsible for matters Revenue will chair the Revenue Implementation Committee (RIC) responsible for coordination and progress review.
- The Committee will meet quarterly to review performance, address bottlenecks, and provide progress reports to the County Executive Committee
- The County Treasury will prepare quarterly and annual reports on revenue performance for submission to the County Assembly and the Controller of Budget.

## **CHAPTER FIVE: MONITORING, EVALUATION, AND REPORTING FRAMEWORK**

### **5.1 Overview**

Effective monitoring and evaluation (M&E) is critical in ensuring that the objectives of the Tharaka Nithi County Revenue Mobilization Strategy are achieved. The M&E framework provides mechanisms for continuous performance tracking, assessment of progress against set targets and timely reporting to support decision-making, accountability and learning.

This framework aligns with the Public Finance Management (PFM) Act, 2012, and the County Monitoring and Evaluation Policy, ensuring that revenue performance is consistently reviewed and integrated into county planning and budgeting processes.

### **5.2 Objectives of Monitoring and Evaluation**

The following are the objectives of the M&E framework:

1. Track implementation progress of revenue mobilization activities and outputs.
2. Measure the efficiency and effectiveness of interventions across departments and sub counties.
3. Provide evidence for decision-making, planning, and policy adjustment.
4. Enhance accountability and transparency in revenue collection and management.
5. Facilitate continuous learning and improvement in revenue administration practices.

### **5.3 Performance Indicators**

Performance indicators will be used to measure progress towards achieving strategic objectives. These indicators will focus on both quantitative and qualitative aspects of performance.

<b>Strategic Focus Area</b>	<b>Key Performance Indicators (KPIs)</b>	<b>Measurement Frequency</b>
Revenue Automation & Digitization	Percentage of revenue streams automated; system uptime	Quarterly
Revenue Base Expansion	Number of new sources of revenue operationalized; percentage growth in own-source revenue	Quarterly
Compliance & Enforcement	Number of compliance checks conducted; value of arrears recovered; compliance rate (%)	Quarterly

Governance & Accountability	Frequency of internal audits; number of audit recommendations implemented	Quarterly
Capacity Development	Number of staff trained; improvement in staff productivity and customer service ratings	Annually
Stakeholder Engagement	Number of public awareness campaigns conducted, taxpayer satisfaction rate Percentage of complaints recorded and resolved	Annually
Data Management & Performance	Availability of revenue reports; timeliness of data updates; accuracy of records	Quarterly

*Table 3: Performance Indicators*

## **5.4 Monitoring Mechanism**

Monitoring will be conducted at three levels to ensure comprehensive oversight:

### **1. Regional Revenue Coordinator (RRC)**

- a) Regional revenue coordinators will monitor daily collection activities, system usage, compliance trends and report to the county Director Revenue.
- b) Coordinating other county departments that generate revenue

### **2. Operational Level (Sub-County):**

- a) Revenue officers and sub-county administrators will monitor daily collection activities, system usage, and compliance trends and report to RRCs
- b) Data will be transmitted electronically to the central system for aggregation and reporting.

### **3. Departmental Level:**

- 1) The Department of Revenue will review performance against targets, prepare monthly, quarterly and annual reports, and convene progress meetings.
- 2) Department heads will identify challenges and recommend corrective measures.

### **4. County-Level Oversight:**

- a. The revenue directorate will consolidate reports from departments and prepare quarterly and annual revenue performance reviews for the County Executive Committee and County Assembly.
- b. The County Monitoring and Evaluation Committee (CMEC) will assess the impact of interventions on overall fiscal performance.

## 5.5 Evaluation Approach

Evaluation will focus on assessing the effectiveness, efficiency, and sustainability of the strategy.

- **Mid-Term Evaluation:** Conducted in July 2027 to review progress, identify bottlenecks, and recommend corrective actions.
- **End-Term Evaluation:** Conducted in July 2028 to assess overall achievements, lessons learned, and impact on revenue performance.
- **Independent Review:** The County Treasury may commission an independent assessment to validate the results and provide recommendations for the next planning period.

## 5.6 Reporting Framework

- **Monthly Reports:** Prepared by sub-county revenue offices and submitted to the Department of Revenue.
- **Quarterly Reports:** Consolidated by the Directorate and submitted to the County Treasury for review.
- **Annual Reports:** Prepared by the County Treasury and shared with the County Executive Committee, County Assembly, and the Controller of Budget.
- **Public Disclosure:** Key performance outcomes will be published on the county's official website and newsletters to promote transparency and accountability.

## 5.7 Feedback and Learning Mechanism

Feedback from evaluations and stakeholder consultations will be used to improve policies, systems, and practices. Regular review management meetings will be held to discuss findings and adjust implementation plans where necessary. Lessons learned will inform the preparation of future Revenue Mobilization Strategies and enhance institutional capacity for performance-based management.

## CHAPTER SIX:

### CONCLUSION AND WAY FORWARD

The Tharaka Nithi County Revenue Mobilization Strategy (FY 2025/26 – FY 2027/2028) provides a comprehensive roadmap for enhancing the County’s fiscal sustainability through improved revenue generation, efficient systems, and accountable administration. The strategy emphasizes the need for automation, diversification of revenue sources, strengthened compliance mechanisms, and capacity building to achieve the County’s development priorities and reduce dependency on external transfers.

The successful implementation of this strategy will require strong leadership commitment, collaboration among departments, and active participation of all stakeholders, including citizens, businesses, and development partners. Continuous monitoring, evaluation, and learning will be critical to ensure that interventions remain relevant and impactful.

Moving forward, the County Government will:

- **Institutionalize revenue reforms** within the Directorate of Revenue and ensure adequate resource allocation for sustainability.
- **Enhance policy and legal frameworks** to create a conducive environment for efficient revenue administration.
- **Strengthen coordination and partnerships** with the National Treasury, Commission on Revenue Allocation (CRA) and development partners to support technical and financial capacity.
- **Promote transparency and public trust** through regular disclosure of revenue performance by uploading monthly, quarterly and annual revenue reports on the county official website and stakeholder engagement.
- **Integrate revenue performance outcomes** into the County’s annual planning and budgeting processes to ensure alignment with fiscal and development objectives.

Through consistent implementation of this strategy, Tharaka Nithi County Government will build a robust and sustainable revenue system capable of supporting quality service delivery, economic growth, and improved livelihoods for its residents.

The Department of Revenue and Resource Mobilization is committed to driving this agenda forward with integrity, Innovation, and accountability.

Strategic Objective	Key Activities	Responsible Entities	Timeline	Resources Required	Performance Indicators
Strengthen Legal & Policy Framework	- Review existing revenue laws - Draft and enact legislation for each revenue stream - Align with CRA advisories	Revenue Directorate, Legal Dept., County Assembly	Short- term (Year 1)	Legal experts, Policy briefs	Number of Revenue laws Enacted and operational
Enhance Revenue Administration Systems	- Automate revenue collection systems - Integrate with mobile money and banking platforms - Establish e- invoicing and e-receipting	Finance Dept, Revenue Directorate, Devolution.	Year 1–2	ICT infrastructure, Vendor support	% of revenues collected electronically, Reduced leakages
Improve Revenue Collection Efficiency	- Conduct staff training on revenue collection and customer service - Deploy revenue collectors strategically - Establish revenue performance contracts and appraisals	Revenue Directorate, HR Dept. Devolution	Continuous	Training materials, HR budget	Increase in monthly collection rates; % staff trained
Expand Revenue Base	- Map and register all revenue sources - Create and update a comprehensive revenue database - Introducing new revenue streams in line with legislation	Revenue Dir, Health dept, Planning Dir, Lands Dept. & Devolution Dept	Year 1–3	GIS tools, Field survey teams	Updated revenue register; % Increase in registered taxpayers & % increase in no of patients
Enhance Compliance & Enforcement	- Taxpayer sensitization and education campaigns - Establish compliance monitoring unit - Strengthen enforcement mechanisms	Revenue Dept., Enforcement Unit, Civic Education. & Devolution	Continuous	Awareness campaign funds, Enforcement officers	Reduction in arrears; Increase in compliance rate