

REPUBLIC OF KENYA

NYANDARUA COUNTY ASSEMBLY

1ST ASSEMBLY- 5TH SESSION

OFFICIAL REPORT

Wednesday, 24th May, 2017

The Assembly met at the Assembly Chamber at 2:30 p.m.

[The Speaker (Hon. Ndegwa Wahome) in the Chair]

PRAYER

QUORUM CALL AT THE COMMENCEMENT OF THE SITTING

Speaker: Hon. Members, the House having no quorum, I invoke the provision of the Standing Order number 34, and direct that the quorum bell be rung for the initial ten minutes or until such time that quorum will have been achieved.

*(The bell rings for 3 minutes and quorum is achieved
as confirmed by the clerk-at-the-table)*

Speaker: Well, Hon. Members, quorum having been achieved, we can now proceed with the business for the sitting.
First order.

PAPERS

1. AUDITED REPORTS OF NYANDARUA, WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDING 30TH JUNE, 2015.

Member for Githioro and Chairman of the PIC/PAC, Hon. Silvester Mwangi Kagiri.

Hon. Silvester Kagiri: Thank you Mr Speaker, I would like to table the report on the Audited Reports of Nyandarua Water and Sanitation Company Limited for the year ending 30th June, 2015.

Speaker: Very well, the report has been properly presented to the House and therefore the House Business Committee shall do the necessary to ensure the same is processed appropriately.
Next item on that order.

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2. STATUS OF REVENUE AUTOMATION IN NYANDARUA COUNTY.

Speaker: Hon. Kieru Wambui, the Member for Gatimu, and the Chairperson of the committee on ICT, Intergovernmental relations and Communication.

Hon. Kieru Wambui: Thank you Mr Speaker. As the order provides, I wish to lay on the table a report on the progress on ICT, Intergovernmental Relations and Communication on the status of revenue Automation in Nyandarua County.

Thank you Mr Speaker.

Speaker: Member for Gatimu, this must be a progress report, and therefore you are supposed to give highlights on the report.

Hon. Kieru Wambui: Mr Speaker, Sir, allow me to give highlights on the said report on the status of Revenue Automation in Nyandarua County. I would like to explain a few things so that it may be understood where we are coming from as a committee, concerning automation. We have started in Nyandarua, the process of automating revenue collection as provided for in the budget. We provided money for this purpose in the budget and the process kicked off.

Mr Speaker, we all know the mandate of the committee, and therefore I will not go to that part of the report. In today's modest business landscape, getting the most out of the available resources is not an option, but rather a prerequisite. Organizations are taking a highly proactive approach towards systems modernization in an effort to increase efficiency and effectiveness in their operations. There is an increasing need by the government to collect more revenue by way of taxes to face the increasing financial expenditure budgeted by the country.

Automation of revenue collection system involves investing in modern technologies in order to upgrade the revenue systems to achieve integration and information sharing so as to increase effectiveness and fairness in all systems. All sectors of the county should put in place effective and efficient revenue collection in monitoring framework that ensures adequate supervision of the budgeted programs and projects activities to enhance absorption of resources.

Automation of revenue collection systems and structures is instrumental in simplifying administration of taxation through utilizing modern technology. This is exactly what Nyandarua County Government has done in the hope that revenue collection will increase. We wanted the House to understand why it is relevant to automate revenue collection using past practices because we are not starting from zero, because we have various entities in the National Government collecting revenue. There are mechanisms to collect revenue that they have put in place and now that the National government has been in existence before us, we have seen what is happening with KRA, which has tried as much as possible to automate their systems. When the counties came around, there are those that started even ahead of us, but the key issue here that we wanted to understand is the result and outcome of the automation they had started. So that we can put stop gap measures to avoid adopting what did not work for other counties, but we found out that going the automated way was relevant, important and that it had actually increased revenue collection in those counties that had it in place.

As a county, most of our funding, actually almost 100% is what we receive from the exchequer transfer from the National Government, but Nyandarua as County, we are expected to collect revenue as well. How now do we collect more, yet we need to spend more? We need to spend more, to collect more. We need good hospitals, roads, adequate human resource, and so, how do we ensure that? We must ensure that we collect revenue. We don't want to use every money that we collect even to pay salaries.

According to the Commission on Revenue Allocation (CRA), automation is a proven method of avoiding pilferage and therefore must be embraced by every county and actually, the commission's policies and guidelines actually provided for that, in order to put up systems to enhance accountability, of the collected revenue. It is evident that counties inherited by-functional financial management systems from the defunct Local Authorities and thus we need to invest in modern systems of revenue collection. This will make tracking of revenue collection easier. When we came around we found some government systems that we were failing, some had completely crushed, some were not effective and so, it was important that we move with technology as it goes.

The improvement in Nyandarua Revenue collection and administration will be informed by the need to reduce the cost of revenue collection Mr Speaker, Sir, Nyandarua County has great potential to maximize on revenue collection through offering more innovative and efficient procedures. The focus of the County Government will be to sustain the ongoing reforms in running collection and administration, by improving efficiency in collection and enforcement of revenue collection guidelines and employing new methods to enhance revenue collection. The improvement in Nyandarua revenue collection and administration will be informed by the need to reduce the cost of revenue collection through offering more innovative procedures. The focus of the county government will be sustain the ongoing reforms in revenue collection and administration. The county's plan to computerize and automate all the activities related to revenue administration, this involves the following;

- i. Improvement of the management information systems to be capable of performing certain accounting activities automatically, which includes things like billing and bank reconciliations.
- ii. Establishment of a database of all tax payers
- iii. Revision of remote payment options, maybe through Mpesa, debit cards and other online options. The use of mobile automated devices
- iv. Provision of avenues for customer service that may include printing of online statements and receipts.

It is the hope of the committee that automation of this services will be achieved in the shortest time possible because this is very vital Mr Speaker. When bench marking was done, and we went through various document Mr Speaker, not forgetting that sometimes back the committee on ICT had tried to identify most of these things from other counties, we committee has met severally with the need to know the status of automation in the county. However, from the interactions, it is evident that the county's expectations have not been met. The committee has advised the department to carry out bench marking exercise from the best performing counties. This will be enable getting of information that will be useful in filling the gaps in order to achieve a competitive advantage.

We realized that after interacting with other counties, and after contacting research through our research office, that we are not yet there. This is because when automation started, Nyandarua County did a pilot project. The pilot project the County did was conducted in conjunction with the department of ICT, Finance and the Office of the County Secretary because enforcement.

Mr Speaker, it was piloted, the assumption was that it was going to be very effective but after the piloting period lapsed Mr Speaker, it was realized that there was a decline in the expected achievement. We realised that the department mandated with this responsibility needed to improve a lot and make sure that they achieve the expected outcome as detailed by in the feasibility study

before the project rolled out Mr Speaker. There was a lot of hopes when the automation process was rolled out and the paper work provides that and aimed at making sure that a minimum of Kshs.500,000,000. One financial year down the lane, we may have increased revenue collection but the projected figure that would have been occasioned by revenue automation did not reflect whatever that was reflected in the feasibility report Mr Speaker.

This committee found out that there has been laxity, and the committee is also aware that some revenue enforcement officers, and I want this to go on record, are not employees of the county government because they were not employed by the County Public Service Board. That matter needs to be followed up by your office because we need to know this people who are revenue collectors yet they are not under the establishment of the public service of Nyandarua. The failure might have been occasioned by these people under instructions of those they work for, because if they are not under CPSB, then who do they work for? The CPSB employed 68 officers but we have 150 officers, where did the extra officers come from? From the experience of Machakos, Kericho and Kiambu counties experience, that is what we realized.

The benchmarking activity will help the committee and the executive in coming up with ways of overseeing and implementing the revenue automation systems. The committee also learned of the likely challenges facing those systems and came up with way of overcoming the same. So the committee recommends that:

- i. The committees on Finance and that on Economic Planning be incorporated in this matter due to the financial aspect of the issue under scrutiny.

Mr Speaker, automation is our part as a committee but the income collected does not translate or reflect the expected collection. During the piloting, more revenue was collected, when it ended, there was a decline in the revenue collected. We need to understand why.

In conclusion, there is need to for the government to collect more taxes by way of taxation to face the increasing the financial expenditure by the County as the automated system has been proven to be capable of introducing massive effectiveness to business processes that result in increasing revenue collection. Application of technology solutions towards government's strategic goals is a key step towards transforming government into an entity that can keep abreast with the requirements and expectations of modern world. It is imperative that we understand why automation was important. On a light note, they ICT department appeared to be wanting to micro-manage the whole process and it is like there was some conflict of interest. Remember that revenue collection is a prerogative of the Finance Department. What the ICT department has provided are the gadgets and the technology itself. When the department of ICT wants to take the whole responsibility of collecting revenue, it became a problem. There were also issues with automation in various centres within the county, and some of the gadgets that were provided, the issues of power banks, and issues of charging the gadgets as sometimes they would be out of power. We recommend that there be a back-up plan to avert this problem. There are also issues with the ICT department mainly occasioned by shortage of staff and we therefore recommend that the positions that were advertised be filled immediately.

I beg to report, Mr Speaker.

Speaker: I don't know what the deputy Leader of the Majority wants to say because this being a progressive report and the committee has reported that they need more time to do bench marking and to incorporate another committee, I don't know what input you need to add.

Hon. Michael Kirumba: Mr Speaker I just want to draw your attention to the issue raised that there is a group of people collecting revenue yet they are not in the pay roll. This being a progress report, that information is very critical, and the secretariat should note.

Speaker: That issue very pertinent. We have been talking about that issue because it has been confirmed by none other than the County Public Service Board that 150 people are collecting revenue yet we employed only 68. We don't know how this people who are not in the pay roll are paid and where they take the money they collect. We should give a deadline of next week to the committee on Legal and Justice to bring a report to this House. It is very easy as they just need to go the CPSB and confirm what the information, because I suspect that these people are paid from the office of the County Secretary. That is why maybe they are not employing the ECD teachers so as to get money to pay these people who are illegally in office. The Chair and the Vice Chair of the committee are both absent and therefore I don't how we will go about it. Today is Wednesday and maybe we can direct that the committee should give a report on the people engaged as revenue collectors in Nyandarua, their names, where the officers are stationed and how much they are paid by Thursday next week so that in two weeks' time we shall be able to deal with the matter conclusively.

The committee on ICT asking to be allowed time to go for a benchmarking exercise to those three counties and also to incorporate the committee on Finance and Economic Planning because the matter is about revenue. The ICT committee is purely facilitative. The committee that has the mandate on this particular area is the Committee on Finance and Economic Planning.
Next order.

NOTICES OF MOTION

REPORT OF THE NYANDARUA WATER AND SANITATION COMPANY LIMITED, FOR THE YEAR ENDING ON 30TH JUNE, 2015.

Hon. Silvester Kagiri: Mr Speaker, Sir, I beg to give notice of the following motion;

That this House does adopt the report by the PIC/PAC on the Audited Accounts of the Nyandarua Water and Sanitation Company Limited, for the year ending on 30th June, 2015 as a report of this House the recommendations therein as resolutions of the house.

Speaker: The notice of that motion is duly given and the House business committee will give the time for the appropriate processing of the motion on the report. I hope the Clerk has taken note of the issues on the ICT committee so as to communicate appropriately to the committee on Legal and Justice. Thursday will be a public holiday so we can give the committee a deadline of Wednesday, 31st 2017.

ADJOURNMENT

Hon. Members, the business for the sitting having been exhausted, this House stands adjourned until to tomorrow, 25th May, 2017 at 2.30 p.m.

(The house rose at 3: 02 p.m.)