

**REPUBLIC OF KENYA**  
**MACHAKOS COUNTY ASSEMBLY**

**OFFICIAL REPORT**

**Tuesday, 1<sup>st</sup> February, 2022**

The House met at 2.33 p.m.

*[The Temporary Speaker (Hon. Muthoka) in the Chair]*

**PRAYERS**

**STATEMENT**

**Hon. Temporary Speaker:** Hon. Members we had one business by Hon. Katumo but because he is not in the House, Clerk at the Table, make sure you bring it tomorrow in the morning sitting.

**MOTION**

**REPORT ON REVENUE ENHANCEMENT AND MONITORING EXERCISE**

**Hon. Temporary Speaker:** Hon. Members we had one business by Hon. Steve Mwanthi.

**Hon. Mwanthi:** Thank you, Mr. Speaker.

Hon. Speaker, that aware that Article 185(3) of the Constitution of Kenya provides that a County Assembly while respecting the principles of separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organ;

Further aware that Standing Order 190(5) provides functions of a sectoral committee to include among others studying, assessing and analyzing the relative success of the Departments as measured by results obtained as compared with the stated objectives and making reports and recommendations as often as possible including recommendation of proposed legislation;

Noting that the Finance and Revenue Collection Committee undertook a fact-finding mission through site visits to establish the extent of implementation of the Machakos County Finance Act 2020 in an exercise dubbed revenue enhancement and monitoring;

Hon. Speaker, I wish to move the motion that this Hon. House discusses and approves Report of Finance and Revenue Collection Committee on Revenue Enhancement and Monitoring Exercise.

I call upon Hon. Ndeti to second the motion.

**Hon. (Ms.) Ndeti:** I second the motion.

**Hon. Mwanthi:** Thank you, Hon. Speaker. Hon. Speaker, the Finance revenue collection committee---

**Hon. Speaker:** You just do the executive summary, the membership and then---

**Hon. Mwanthi:** Hon. Speaker, the Finance and Revenue Collection committee is one of sectoral committees of the County Assembly of Machakos established pursuant to Standing Order 190 of the Assembly Standing Orders. The functions of the committee stated under Standing Order 190(5) include investigating, enquiring into and reporting on all matters relating to the mandate, management activities, administration, operations and estimates of the department of Finance and Revenue Collection.

The committee is also tasked with studying, assessing and analyzing the relative success of the departments as measured by the results obtained as compared with the stated objectives. Further, the committee may investigate and inquire into all matters relating to the assigned departments as they may deem necessary and as may be referred to them by the Assembly.

The mandate of the committee as defined in the Second Schedule as defined in the County Assembly Standing Orders including all matters relating to the management of County Public Finance and Revenue Collection.

#### *Committee membership*

Hon. Speaker, the Finance and Revenue Collection Committee as currently constituted comprises of the following Hon. Members:

Hon. Stephen Mwanthi	- Chairman
Hon. Josephat Kasyoki	- Vice Chairman
Hon. Betty Nzioki	- Member
Hon. Grace Mutwiwa	“
Hon. Hellen Ndeti	“
Hon. Brian Kisila	“
Hon. Caleb Mule	“
Hon. Fredrick Muthoka	“
Hon. Justus Katumo	“
Hon. Cosmus Masesi	“
Hon. Judas Ndawa	“
Hon. Moffat Maitha	“
Hon. Phoebe Koki	“

Hon. Speaker, pursuant to this mandate, the committee undertook a fact finding mission through site visits to establish the extent of implementation of the Machakos County Finance Act 2020 in an exercise dubbed revenue enhancement and monitoring.

*(Hon. Musyimi spoke off record)*

The committee visited markets, bus parks, and quarries in the County. This report represents analysis of the observations of the committee during the site visits and presents some

recommendations to assist in enhancing revenue collection. Hon. Speaker, the vehicles of the Machakos bus park paid monthly charges as required in the Machakos Finance Act 2020. The payments were being monitored at the County revenue headquarters and not at the bus park. The department of Finance and revenue collection was yet to develop a sticker to fix on the vehicle windscreen for ease of checking by enforcement officers. The operators had been issued with a receipt which some of the operators had laminated. The committee observed that the receipt of the sticker was not foolproof; it lacked unique features like readable bar codes to identify the vehicle.

Hon. Speaker, at Mavoko quarries, the committee observed that most lorries from quarries producing ballast, stone dust were paying revenue using the Mpesa paybill numbers provided to them but the payments were not as per the Finance Act 2019. In addition the committee observed that revenue officers in the quarries operated in deplorable conditions. The area was dusty, infested with flies and bad smell came from the nearby uncontrolled and illegal dumpsites. The areas lacked toilets, they worked from 6 a.m. to 6 p.m. including weekends and there was no overtime.

Hon. Speaker, some lorries were not paying cess at the paypoints and the committee was informed that there was an arrangement from the County Treasury for them to pay later. The lorries were ferrying cement material to Simba Cement factory and Bamburi Cement company. The Committee noted that the revenue officers did not keep a record of these lorries which would be used to make claims at their offices later.

Hon. Speaker, the Committee visited Bamburi Cement and was informed that company paid cess to the County every 15th day of the month against the tonnage recorded at its weighbridge to the County Co-operative Bank Account 0114154905200. The Committee was provided with records of payment of cess to the County and noted that the company had paid Ksh. 7,614,903.40 to the County through Co-operative Bank of Kenya a/c no. 0114154905200.

Hon. Speaker, the Committee also visited Simba Cement company and was informed that the company does not pay cess on pozolanna which was ferried from quarries in Lukenya area. The reason for not paying cess was because the company was exempted from paying cess for 10 years by the County Executive Committee through a Cabinet meeting held on 27th April, 2017.

As per the letter, the County Executive Committee noted the following as basis for exemption:

- a) That it was the policy of the County Government of Machakos to attract, facilitate and retain investors;
- b) That the County Executive may approve incentives to investors in order to make Machakos attractive for investment;
- c) Such investors must commit to utilize local labour force hence provide employment to our people;
- d) That the investors must commit to provide corporate social responsibility (CSR) as well as provide skills training for locals, among other benefits.

Hon. Speaker, on the site visits to sub counties the Committee observed that revenue collection was by use of Mpesa paybills although there were instances where a customer would say they don't have a phone and thus the officers would assist in sending money to the paybill. The officers were warned against the act and this implies that revenue collection was not fully cashless. In addition, the Committee noted that the revenue officers were not adequately facilitated to undertake revenue collection.

For instance, the offices did not have biro pens and officers were using their own finances to travel to the markets that are in the interior of the sub-county and this could lead to pocketing some revenue. Further, inspectorate officers were illegally collecting revenue from wananchi. They were colluding with traders not to pay revenue to the County Government.

Hon. Speaker, the Committee had a meeting with the Chief Officer, Revenue Collection and was informed that the County had gone cashless and all revenue was paid through MPESA paybills or through the bank. On the matter of Simba cement, the company had been exempted from paying cess in 2017 by the County Executive Committee in 2017 after requesting for exemption as there were several benefits accruing to the County including employment.

The exemption had however led to challenges in revenue collection as the other dealers in quarries had been protesting frequently claiming of unfairness thus disrupting revenue collection. Inspectorate officers are not supposed to collect revenue and should always be accompanied by revenue officers when undertaking revenue collection enforcement. The Department also observed that there were fake revenue collectors and fake inspectorate officers especially in Mavoko area.

The imposters have been arrested severally but it has been hard to prosecute them as the public fear becoming witnesses for fear of retaliation. The Chief Officer requested for assistance in nabbing these imposters. There was need for the Hon. Members to advise their residents to inform them once they suspect imposters and work together to capture them.

Hon. Speaker, the Committee recommends:

- i. That the Department of Finance and Revenue Collection should automate revenue collection in the County to increase efficiency in collection, ticketing, monitoring and reduce loss through pocketing.
- ii. The Department of Finance and Revenue Collection should facilitate officers working in remote areas accordingly through provision of transport and social amenities like sheds and toilets.
- iii. The Department of Finance and Revenue Collection should ensure revenue officers use the Finance Act which has been approved by the Assembly. This can be done by issuing circulars to its officers and distributing copies of the Finance Act in use and advising those found deviating to the circular will be disciplined accordingly. The Finance Act, should also propose penalties to officers found charging charges outside the Finance Act.
- iv. Within thirty (30) days of approval of this report, the Department of Finance and Revenue Collection should invoice National Cement Company (Simba Cement) and start collecting revenue and forward a report to the Assembly.
- v. The Department of Finance and Revenue Collection may consider requesting for a machinery to be dedicated to road maintenance at the quarries to increase the amount of revenue collected in the area. The Department may also approach different stakeholders including the national government for assistance or partnership.
- vi. The Department of Finance and Revenue Collection should within 60 days of approval of this report, provide a road map on how it will deal with cartels and imposters in revenue collection and also draw guidelines on how revenue officers and the inspectorate will cooperate in revenue collection.

Hon. Speaker, I therefore table this report of the Finance and Revenue Collection Committee on Revenue Enhancement and Monitoring Exercise in the County for consideration and adoption. Thank you, Hon. Speaker.

**Hon. Temporary Speaker:** Thank you. Hon. Hellen.

**Hon. (Ms.) Ndeti:** Thank you, Mr. Speaker. I wish to compliment Hon. Mwanthi, Chairman of the Committee on---

**Hon. Temporary Speaker:** Hon. Hellen, let me propose so that we own the document. Thank you, Hon. Steve.

*(Question proposed)*

Hon. Hellen.

**Hon. (Ms.) Ndeti:** Thank you, Mr. Speaker. What I was saying is that this is a very important report and I think it is involving a very important component of our county because this is about our revenue collection. I think it is very important that every Member is given a copy so that they can read and understand so that when we all meet we can be able to debate from a point of knowledge. So I am requesting Mr. Speaker, to allow us to go read the report and let it be debated maybe tomorrow.

**Hon. Temporary Speaker:** Thank you, Hon. Hellen. So Members as the Member has proposed let the Clerk ensure every Member gets a copy, you go read and we will continue with the debate tomorrow morning.

### ADJOURNMENT

**Hon. Temporary Speaker:** At this juncture, the House adjourns to Wednesday, 2nd day of February, 2022 at 10.00 a.m. Good evening.

The House rose at 2.53 p.m.