

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF UASIN GISHU

DEPARTMENT OF FINANCE

**IMPLEMENTATION PLAN FOR AUDIT REPORT RECOMMENDATIONS ON
CASHLESS REVENUE MANAGEMENT SYSTEM**

August, 2025

A County of Opportunities for All in Kenya and Beyond

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1. Executive Summary

Internal Audit conducted an in-depth implementation audit of the County's cashless revenue management framework for the Financial Year 2024/2025. The review focused on evaluating how effectively the digital revenue system—comprising CRMS, mobile money platforms, POS devices, and bank integrations—has been operationalized.

The audit confirms that the transition to a cashless system has significantly enhanced transparency, minimized risks associated with cash handling, and improved accountability in revenue collection. However, the assessment also identified notable gaps in system integration, operational controls, data management, and strategic revenue optimization.

Key weaknesses were observed in reconciliation processes, system reliability, user access controls, tariff enforcement, and revenue monitoring mechanisms. Additionally, structural gaps such as the absence of a centralized revenue service centre and incomplete business mapping continue to constrain revenue growth and compliance.

Addressing these issues will require coordinated institutional effort, strengthened controls, and strategic reforms aimed at improving efficiency, data integrity, and revenue expansion.

2. Audit Objectives

The primary objective of this implementation audit was to assess the effectiveness of the rollout and operationalization of the cashless revenue system. Specifically, the audit sought to:

- Evaluate the adequacy and effectiveness of internal controls within the digital revenue ecosystem;
- Assess the completeness, accuracy, and timeliness of recorded revenue transactions;

- Determine the level of compliance with the Finance Act and internal policies
- Identify implementation gaps, risks, and inefficiencies; and
- Recommend practical and strategic interventions to enhance system performance and revenue growth.

3. Scope of Audit

The audit covered all key components of the County's digital revenue system for FY 2024/2025, including:

- All digital revenue streams
- CRMS operations and integrations
- Mobile money, POS, and bank collection channels
- Digital receipting and reporting mechanisms
- User access controls and system security
- Reconciliation processes
- Tariff application and compliance
- Revenue performance monitoring frameworks
- Institutional and operational structures supporting revenue collection

4. Methodology

To ensure a comprehensive and evidence-based assessment, the audit employed the following approaches:

- Detailed review of CRMS reports and transaction logs
- Verification of mobile money and bank statements
- Interviews with revenue officers, ICT personnel, and supervisory staff
- Review of applicable policies, procedures, and the Finance Act
- Physical spot checks at selected revenue collection points
- Assessment of system access controls and user management
- Analytical review of revenue trends, variances, and performance indicators

5. Key Findings

5.1 Weak System-to-Bank Reconciliation Processes

Reconciliation between CRMS records, mobile money statements, and bank deposits was inconsistent and, in some cases, incomplete. Timing differences and system synchronization issues contributed to mismatches.

Implication: Increased risk of revenue leakage, inaccurate financial reporting, and weakened audit trail.

5.2 System Downtime and Delayed Transaction Posting

Intermittent system downtime affecting CRMS and POS devices led to delays in transaction posting and reliance on temporary offline receipting.

Implication: Potential for data omissions, reporting inaccuracies, and reduced service efficiency.

5.3 Inadequate User Access Controls

Instances of shared login credentials and shared POS device usage were observed, undermining accountability.

Implication: Increased vulnerability to fraud, manipulation of records, and compromised audit trails.

5.4 Non-Compliance with Approved Tariff Structures

Some collection points were operating with outdated tariff rates due to delays in system updates.

Implication: Revenue under-collection, exposure to disputes, and non-compliance with statutory requirements.

5.5 Weak Digital Documentation and Archiving Practices

There was inconsistency in the retention and archiving of transaction logs, system reports, and reconciliation records.

Implication: Difficulty in verification processes, weak audit evidence, and reduced institutional memory.

5.6 Absence of Structured Revenue Performance Monitoring

The County lacks a formalized framework for periodic revenue performance analysis against targets.

Implication: Limited ability to identify trends, address underperformance, and improve forecasting accuracy.

5.7 Fragmented Revenue Service Delivery Structure

Revenue-related services are decentralized across multiple departments, resulting in operational inefficiencies.

Implication: Reduced taxpayer compliance, fragmented data management, and suboptimal customer experience.

5.8 Incomplete Business Mapping and Revenue Base Data

The County does not maintain a comprehensive, updated, and georeferenced database of businesses within its jurisdiction.

Implication: Revenue leakages, weak enforcement mechanisms, and inaccurate revenue projections.

6. Recommendations

6.1 Strengthen Reconciliation Framework

- Institutionalize daily, weekly, and monthly reconciliations
- Establish clear procedures for variance identification and resolution
- Introduce standardized reconciliation checklists

6.2 Enhance System Stability and Reliability

- Deploy system uptime monitoring tools
- Maintain detailed logs of system outages
- Ensure timely synchronization of offline transactions

6.3 Enforce Robust Access Control Measures

- Assign unique user credentials to all system users
- Prohibit sharing of POS devices and login details
- Introduce multi-factor authentication for system access

6.4 Ensure Full Compliance with Approved Tariffs

- Regularly update CRMS and all digital platforms with current tariff structures
- Conduct periodic system audits to ensure compliance

6.5 Improve Digital Documentation and Records Management

- Implement automated digital archiving systems
- Standardize documentation procedures across all revenue streams

6.6 Institutionalize Revenue Performance Monitoring

- Develop real-time digital dashboards

- Conduct monthly variance analysis and performance reviews
- Strengthen coordination between planning and revenue units

6.7 Establish a Centralized Revenue Service Centre

The County should operationalize a one-stop centre to streamline revenue services, including:

- Business registration and licensing
- Customer support and inquiries
- Compliance monitoring
- Digital payment support
- Data verification and updating

This will enhance efficiency, improve taxpayer experience, and strengthen data integrity.

6.8 Conduct Comprehensive Business Mapping

- Undertake a county-wide business enumeration exercise
- Identify both formal and informal sector enterprises
- Geotag and categorize all businesses
- Integrate collected data into CRMS
- Update the database regularly (at least annually)

7. Implementation Matrix

Issue	Risk Level	Recommendation	Responsible Officer	Timeline
Reconciliation gaps	High	Enforce structured reconciliations	Director Revenue	14 days
System downtime	High	Implement uptime monitoring	ICT team	Immediate
Shared credentials	High	Assign unique user access	ICT & Revenue Units	7 days

Issue	Risk Level	Recommendation	Responsible Officer	Timeline
Outdated tariffs	Medium	Update system tariffs	Director Revenue	7 days
Weak documentation	Medium	Implement digital archiving	ICT/Records Unit	21 days
Lack of performance reviews	Medium	Introduce dashboards & reviews	Planning & Revenue Units	Monthly
No service centre	High	Establish centralized service centre	Director Revenue / CECM Finance	Done
Poor business mapping	High	Conduct mapping exercise	Revenue / GIS / Enforcement	90 days

8. Conclusion

The implementation of a cashless revenue system marks a significant milestone in strengthening financial accountability and reducing risks associated with manual revenue handling. However, the system has not yet achieved optimal effectiveness due to operational inefficiencies, control weaknesses, and structural limitations.

Addressing the identified gaps particularly in reconciliation, system integrity, access controls, and revenue expansion strategies will be critical in safeguarding revenue and enhancing overall performance. Strategic investments in system improvements, institutional coordination, and data-driven decision-making will position the County to fully realize the benefits of a digital revenue ecosystem.

Internal Audit will undertake a follow-up review within 90 days to assess progress on the implementation of these recommendations and provide further advisory support where necessary.

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