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FACTORS AFFECTING REVENUE COLLECTION OF COUNTY GOVERNMENTS IN KENYA, A CASE OF MARSABIT COUNTY

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Abstract

The promulgation of the new Constitution brought hopes to Kenyans for better service delivery through formation of county governments. However, this has not been the case. The purpose of the study was therefore to examine the factors affecting revenue Collection of County governments. The specific objectives were to examine the effect of automating revenue collection system, effect of staff competence on revenue collection and how an internal control affects revenue collection. The study proposed a descriptive survey design. A population of 182 was used for the study out of which a sample of 69 respondents were extracted using Nassiuma, (2000) formula; The study adopted a Stratified random sampling to stratify the sample respondents into categories, namely; Sub county administrators, Town administrators, ward administrators, Sub county revenue officers and Revenue clerks. The study collected primary data using a structured questionnaire. Primary data was analyzed using the Statistical Package for Social Sciences to obtain descriptive statistics. A regression analysis was then used to obtain the relationship between the dependent and independent variables. The study found that there is need to automate of revenue collection as this will save on revenue collection costs and time spent in revenue collection. Findings also indicated that the county government does not ensure all revenue collection staff has relevant skills in revenue collection. It was also established that the internal audit report address weaknesses in the internal control system and independent reconciliations of revenue collection on regular basis is done. The study concluded that county governments should be aware of the factors that affect revenue collection. The study recommended that more resources should be invested for Information Communication Technology and New Technology Facilities should be acquired to facilitate revenue collection in order to realize long term benefits

Keywords: *Revenue Collection Automation, Staff Competency, Internal control*

Background of the Study

Fiscal decentralization which involves the transfer of taxing and spending powers to lower levels of government has become a key issue of governance in many developing countries in recent years (World Bank, 1999). As an outcome of discontent with the performance of centralized systems, reformers turned to decentralization to split the hold of central government and induce broader participation in democratic governance. Many countries have devolved government for the purpose of enhancing service delivery to their citizens. It is in the same spirit that the Kenyans promulgated a new Constitution of Kenya in August 2010 which brought with it a new system of governance leading to formation of 47 counties, each distinct but interdependent with the national government. This development has brought the need for better service delivery at County level. These basic services include but are not limited to: improved infrastructure, housing, clean water, electricity, health, education, Agriculture, sanitation, refuse collection, roads, and transport.

Revenue Collection of County Governments in Kenya

County Governments are geographical units envisioned by the constitution of Kenya, 2010 as the units of devolved government. There are forty-seven county governments in Kenya established based on 1992 districts of Kenya. Their powers are provided for in Articles 191 and 192, and in the Fourth Schedule of the Constitution of Kenya and the County Governments Act of 2012. These governments are responsible for: county legislation, executive functions, functions transferred from the national government, functions agreed upon with other counties and establishment and staffing of a county public service. Counties in Kenya were created as a result of devolution which is principally meant to take away and re-distribute/share out the power to plan, legislate, budget and make policies for governing from the highly centralized national executive and legislature to forty-seven county executives and assemblies.

The Kenyan Constitution (2010) provided for the sources of Revenues for County Governments. The county government will raise their revenues from the consolidated funds and locally generated funds from levies though this has not been sufficient to meet the huge mandate bestowed to county government. Most county governments were not able to meet half of their revenue targets in the financial year 2014/2015 due to increased loopholes in collection systems, as per Controller of Budget report on county spending for the 2014/2015 financial year, the report further indicated that of the 47 devolved governments, less than half of them collected local revenue of above 50 per cent. The county governments in the financial year 2014/15 raised Ksh. 33.9 billion against a target of Ksh. 50.4 billion which is a performance rate of 64 percent.

Marsabit county is county number ten of the forty-seven counties in Kenya, Located in Eastern Kenya it borders, Ethiopia to the North and North East, Wajir County to the East, Isiolo County to the South East, Samburu County to the South and South West and Lake Turkana to the West and North West. It is the largest county in Kenya with a surface area of 70,961 square kilometers and with a population of 291,166 as per the national census of 2009 by Kenya national bureau of statistics.

Statement of the Problem

The key objective of promulgation of the new Constitution was to devolve services closer to citizens in hope for better service delivery. This was to be achieved through raising optimal revenue by county governments in order to mitigate the allocation from the national government. This is an objective which is yet to be achieved as counties are still grappling with inability to raise the optimal revenue required to meet the demands by county governments. Several studies have been done previously on revenue collections. According to the World Bank report (2014) statutory grants, donor aids and County levies have not been able to generate sufficient revenue for County governments. Among the reasons assigned by such concerns is ineffectiveness in revenue mobilization due to low quality of staff and infrastructure for effective administration leading to vicious circle of poverty especially in the marginalized area. In a baseline survey on devolution released by the Institute of Certified Public Accountants in Kenya (ICPAK, 2014), raised concerns on the capacity of the devolved units in raising own revenue.

From the researchers so far indicated, none has given weight on revenue collection in counties from the fact that counties were recently developed in Kenya. In summary, there is lack of clarity from the existing literature as to how system automation, staff competence, and internal controls affect revenue collection among counties. It is with this regard therefore that this study seeks to examine the factors that affect local revenue collection by County Governments with a view of coming up with findings and recommendation which if and when implemented, the County Governments would be financially stable.

Specific Objectives of the Study

1. To establish the effect of system automation on revenue Collection by Counties in Kenya.
2. To determine the effect of staff competence on Revenue Collection by Counties in Kenya.
3. To establish the effect of internal controls on Revenue Collection by Counties in Kenya.

Literature Review

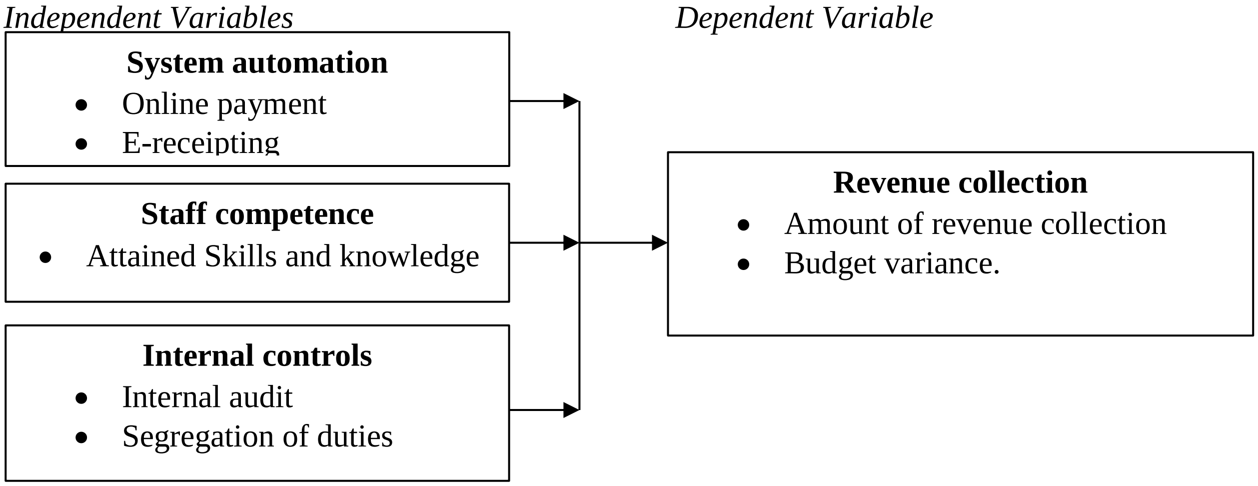
The study was based on the following theories:

The Agency Theory: Agency theory is the supposition that explains the relationship between principals and agents. Developed by Jensen and Meckling in 1976, agency theory is concerned with resolving problems that can exist in agency relationships; that is, between principals (the government) and agents of the principals (revenue officers and collectors). The two problems that agency theory addresses are: 1) the problems that arise when the desires or goals of the principal and agent are in conflict, and the principal is unable to verify (because it difficult and/or expensive to do so) what the agent is actually doing; and 2) the problems that arise when the principal and agent have different attitudes towards risk. Because of different risk tolerances, the principal and agent may each be inclined to take different actions.

The Rational Expectations Theory of Technology Adoption: Ayala and Palacio-Vera (2014) posits that this theory can be viewed as an attempt to provide neoclassical theory of expectations and beliefs formation that is priori consistent with the optimization hypothesis. Its original formulation is owed to Muth (1961) who suggested that expectations should be modelled in a way that allows them to change endogenously when the structure of the system changes. According to Au and Kauffman (2005), the rational expectations theory of technology adoption suggests that under certain conditions we can expect to observe clustered adoption, defined as the adoption of a technology by multiple firms at about the same time

Optimal Theory of Taxation: The standard theory of optimal taxation posits that a tax system should be chosen to maximize a social welfare function subject to a set of constraints. The social welfare function is based on the utilities of individuals in the societies. In its most general analyses; this literature uses a social welfare function that is a nonlinear function of individual utilities. Nonlinearity allows for a social planner who prefers, for example, more equal distributions of utility (Graham, 2000). To reduce the problem facing the revenue collection, it is often assumed that everyone in society has the same preferences over, say, consumption and leisure. Sometimes this homogeneity assumption is taken one step further by assuming the economy is populated by completely identical individuals. It is important to choose the tax system that maximizes the representative consumers welfare, knowing that the consumer will respond to whatever incentives the tax system provides (Hazel 2005).

The conceptual framework



System automation: According to Oduor, Sevilla, Wanyoike and Mutua (2016), many developing countries like Kenya face challenges in their revenue collection. The adoption of automated revenue collection systems by some county governments in Kenya has tremendously transformed revenue collection and improved service delivery. Their study focused on ascertaining the impact of adopting automated revenue collection system and its effects on governance and service delivery in Kiambu County. The results of the study for the period of May-June 2014 showed an upsurge in revenue realization and granular visibility of county revenues and trends. There was an increase of 60% improvement in revenue collection within the first of the implementation of County Pro system. The study also revealed that 74% of respondents were satisfied with the automated revenue collection. Finally the study revealed the need for further training on usage of County Pro system in all areas to improve user acceptance. Political goodwill, appropriate change management and user acceptance are key to successful implementation of automated revenue collection in Counties.

Staff Competence: Brautigam (2004) posits that collecting revenue is an involving process that requires proper preparations before embarking on the exercise. Collection of revenue includes preparing and issuing bills, informing debtors on amounts through sending demand notices in their mail. It can also be done through revenue collectors efforts. Record keeping provides timely information on persons receiving services and follow up on amounts outstanding. It requires staffs that are diligent, well trained and committed to their work affirms.

Internal Controls: Onchwati (2004) notes that controls are necessary as they may explained the reasons why the Eldoret Municipal Council failed to realize its revenue Budget targets in order to be able to meet its obligations. The study therefore evaluated the existing internal controls for purpose of proposing a framework of sound internal controls in revenue collection and accounting. The results of their research showed the existence of weak internal controls in the revenue collection process. The system of revenue collection and surrender by the collectors was found wanting, while the internal checking system was unsatisfactory.

Research Methodology

The study adopted descriptive survey. The target population consisted of Marsabit County employees covering the four sub counties of Moyale, Saku, North horr and Laisamis directly involved in the revenue collection process of the county government who included; Sub county administrators, town administrators, ward administrators, sub county revenue officers. The study used a sample of 69 respondents. Data collection involved distribution of research instruments to the staff in four study areas for the research in Marsabit County. Qualitative data collected was analyzed by descriptive statistics and presented through tables and charts. Multiple linear regression was then applied to analyze Factors Affecting Revenue Collection by County Governments in Kenya.

Results and Discussion

System Automation of Revenue Collection

Revenue collection is an effective way in which governments can develop their economies. However, many developing countries like Kenya face challenges in their revenue collection. One of the major aims of revenue collection for county governments is to generate, stimulate and guide economic and social development of the county. The researcher sought to establish whether automation of revenue collection system would affect revenue collection by the county government as indicated in Table 4.1:

Table 1: Extent which automation of revenue collection would affect revenue collection

	Percent	Cumulative Percent
Moderate extent	30	30
Great extent	40	70
Very great extent	30	100
Total	100	

From the study, 70% (great extent and very great extent) of the respondents agreed that automation of revenue collection would affect revenue collection. This asserted the importance of systems automation in enhancing processes. Therefore, by the county government automating the revenue collection process, this would lead to high productivity in revenue collection. From the results, it was revealed by the respondents that automation of revenue collection system would affect revenue collection by the county government to a very great extend as shown by a mean of 4.0000 and standard deviation of 0.78019. This indicated that with automation of revenue collection system will ease the revenue collection process as it will bring in efficiency and enhance effectiveness of the process. The researcher went ahead to conduct summary statistics for automation of revenue collection system using mean and standard deviation on a five point Likert scale where strongly agree was (5.0000-4.500), agree was (4.499-3.500), neutral was (3.4999-2.500), disagree was (2.499-1.500) and strongly disagree (1.499-1.000) as indicated below:

Table 2: Summary statistics for automation of revenue collection

Statement	Mean	Std. Deviation
Our county government has modern and sufficient infrastructure systems for revenue collection	2.0000	.78019
Our county government has modern and sufficient technology equipment for revenue collection	1.9000	.70505
Automation of revenue Collection will save revenue collection costs	3.9000	.95021
Automation of revenue Collection will save revenue collection time	3.7000	.78666

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Automation of revenue Collection will enhance efficiency and effectiveness in revenue management	3.9000	.70505
The county government values technology in revenue collection	1.9000	.83666
Automation of revenue collection will reduce leakage of revenue collected	3.6000	.66811
Revenue Collection automation will reduce corruption in the process of revenue collected	3.0000	.63702

The researcher established whether Marsabit County has modern and sufficient infrastructure system for revenue collection. The respondents disagreed with a mean of 2.000 and standard deviation of 0.78019 that the county government does not have the infrastructure which is a key pipeline for collecting and channeling revenue collected to the appropriate revenue collection department.

The researcher also enquired whether the county government has modern and sufficient technology equipment for revenue collection. Majority of the respondents disagreed that the county government has modern and sufficient technology equipment for revenue collection. This was an indication that manual system of revenue collection is much relied on which is characterized by inherent manipulations.

However, majority of the respondents agreed that automation of revenue collection will save revenue costs (mean 3.9000, standard deviation 0.95021), automation of revenue collection will save revenue collection time (mean 3.7000, standard deviation 0.78666), and automation of revenue collection will enhance efficiency and effectiveness in revenue management (mean 3.9000, standard deviation 0.70505) respectively. This indicated that if the county government embraces the use of technology in the revenue collection process, it will result in an efficient and smooth process which reduces costs and saves time spent in revenue collection.

On whether the county government values technology in revenue collection, majority of the respondents disagreed with a mean of 1.9000 and standard deviation of 0.83666 indicating that the county government does not value technology in revenue collection. This was majorly attributed to the fact that the county government lacks modern and sufficient infrastructure as well as the technology equipment for revenue collection.

Majority of the respondents agreed with a mean of 3.6000 and standard deviation of 0.66811 that automation of revenue collection will reduce leakage of revenue collected. This agreement asserted the fact that manual revenue collection system which is currently used is characterized by revenue leakage and only automation of revenue collection system has a cure for that. However, respondents were neutral with a mean of 3.0000 and standard deviation of 0.63702 on whether revenue collection automation will reduce corruption in the process of revenue collection. This was an indication that full automation may not necessarily eliminate corruption in the revenue collection process but corruption cases will greatly be reduced.

Staff Competence and Revenue Collection

Employee competencies are those traits, skills or attributes that employees need to perform their jobs most effectively. Clearly, these competencies will vary by job and position, but there are some commonalities that apply to just about any job in just about any organization. Organization can hire employees with basic foundational competencies and then teach more specific competencies directly related to the employees' job descriptions. The researcher sought to establish the extent to which Staff Competence affect Revenue Collection by the county government as indicated in Table 3.

Table 3Extent to which Staff Competence affects Revenue Collection

	Percent	Cumulative Percent
Moderate extent	10	10
Great extent	60	70
Very great extent	30	100
Total	100	

The findings revealed that staff competence affects revenue collection to a great extent as indicated by 90% (great extent and very great extent) of the respondents who agreed. This was an indication that the staff involved in the revenue collection should be of high quality if the county government is to achieve its revenue collection mandate with optimality. The researcher conducted summary statistics for revenue collection personnel capacity using mean and standard deviation on a five point Likert scale where strongly agree was (5.0000-4.500), agree was (4.499-3.500), neutral was (3.4999-2.500), disagree was (2.499-1.500) and strongly disagree (1.499-1.000) as indicated in table 4.

Table 4: Summary Statistics for Staff Competence

Statement	Mean	Std. Deviation
The county hires staffs that are highly qualified in revenue collection	2.7000	.64494
The county government ensures all the revenue collection staff have relevant skills in revenue collection	2.4000	.80578
The county government hires staff for revenue collection sensitive to the needs of Marsabit County residents	3.0000	.63702
The County revenue collection staffs are conversant with sources of county revenue	2.7000	.78666
The county government organizes service training for its staff in relation to revenue collection	1.8000	.75373
The staffs of the county government conduct themselves professionally in the revenue collection process	2.8000	.60433

The researcher went ahead to establish the staff competence of Marsabit county with regards to the revenue collection process. Majority of the respondents were neutral on whether the county government hires staffs that are highly qualified in revenue collection with a mean of 2.7000 and standard deviation 0.64494; indicating that the recruitment process does not adequately cater for competent staffs in the revenue collection process.

Majority of the respondents further disagree that the county government ensures all the revenue collection staff have relevant skills in revenue collection with a mean of 2.4000 and standard deviation of 0.80578. This was an indication that due consideration is not put by the county government on ensuring that revenue collection employees possess revenue collection skills and knowledge to aid in the revenue collection.

The respondents were neutral with a mean of 3.0000 and standard deviation of 0.63702 on whether the county government hires staff for revenue collection sensitive to the needs of Marsabit county residents. This was an indication that the revenue collection goals of the county government have not been clearly defined and institutionalized to be adopted by the revenue collection staff. Furthermore, the respondents were also neutral with a mean of 2.7000 and standard deviation of 0.78666 on whether the county's revenue collection staffs are conversant with sources of county revenue. This was an indication that some revenue sources bases could be easily omitted in the revenue collection process due to lack of knowledge by the revenue collectors that such bases are revenue streams.

On whether the county government organizes service training for its staff in relation to revenue collection, majority of the respondents overwhelmingly disagreed with a mean of 1.8000 and standard deviation of 0.75373. This was an indication that the county government does not conduct trainings to enhance the revenue collection skills of the revenue collectors to enhance their performance in the revenue collection process. The researcher also went ahead to establish whether the staffs of the county government conduct themselves professionally in the revenue collection process. The respondents were neutral with a mean of 2.8000 and standard deviation of 0.604333 indicating that there is a high possibility of lack of professionalism among the revenue collection staff which could jeopardize the revenue collection process of the county.

4.5.3 Internal Controls

Internal controls are policies and procedures put in place to ensure the continued reliability of accounting systems. Accuracy and reliability are paramount in the accounting world. Without accurate accounting records, managers cannot make fully informed financial decisions, and financial reports can contain errors. Internal control procedures in accounting can be broken into seven categories, each designed to prevent fraud and identify errors before they become problems.

The researcher sought to establish the extent to which Staff Competence affect Revenue Collection by the county government as indicated in Table 4.6:

The researcher conducted summary statistics for revenue collection personnel capacity using mean and standard deviation on a five point Likert scale where strongly agree was (5.0000-4.500), agree was (4.499-3.500), neutral was (3.4999-2.500), disagree was (2.499-1.500) and strongly disagree (1.499-1.000) as indicated in Table 5:

Table 5 Summary statistics for internal controls

Statement	Mean	Std. Deviation
Internal audit staff conduct regular audit activities in our organization	3.0000	.78019
The internal audit report address weaknesses in your internal control system	3.9000	.70505
Our revenue collection system has clear segregation of duties	2.6000	.80578
There is appropriate supervision by senior staff on the work of their juniors	2.3000	.64494
Independent reconciliations of revenue collection on regular basis is done	3.9000	.70505
There is a system in place to ensure that employees are rotated periodically	2.4000	.80578
The management closely monitor implementation of internal control systems of revenue collection	2.3000	.78666

The researcher went ahead to establish the strength of internal controls available in Marsabit County. The study sough to find out if the internal audit staffs conducts regular audit activities with regard to revenue collection. Respondents were neutral with a mean of 3.000 and standard deviation of 0.78019 indicating that audit activities are not emphasized regularly to evaluate the collection of revenue being done by the county government.

Majority of the respondents however agreed that the internal audit report produced address weaknesses in the internal control system with a mean of 3.9000 and standard deviation of 0.70505. This was a good practice by the audit staff which if keenly implemented can see the tightening on the weaknesses identified. Respondents were neutral on whether the revenue collection system has clear segregation of duties with a mean of 2.6000 and standard deviation of 0.80578. This was an indication that there is a possibility of collusion of duties among the revenue collection personnel which ends up hampering the revenue collection process. Lack of clear separation of duties also leaves an arbitrage of revenue collection which might also leave uncollected revenue with the thought that another collector has covered the revenue stream base.

The study also revealed that there is no appropriate supervision by senior staff on the work of their juniors in the revenue collection process as indicated by respondents who disagreed with a mean of 2.3000 and standard deviation of 0. 64494.Presence of appropriate supervision of the junior staffs is meant to ensure that they do the right thing expected at all times and that there is no deviation from the same, which the county government clearly lacks.

Independent reconciliations of revenue collection on regular basis were found to be done as indicated by respondents who agreed with a mean of 3.9000 and standard deviation of 0.70505. This was a good practice by the county government as it ensures correct tally and verification of revenue collected from the revenue records making it easy to flag out anomalies. This was a good practice as it ensured transparency and accountability of the revenue collection process. From the research, it was also revealed that there is no system in place to ensure that employees are rotated periodically as indicated by respondents who disagreed with a mean of 2.4000 and standard deviation of 0.80578. This indicated that a lot of employees work in a singular station for so long bringing in the element of familiarity with the revenue payers which enhances the chances of revenue collection collusion among them with an aim of not remitting the funds to the county government, thus eroding the amount of revenue the county government should collect.

Furthermore, majority of the respondents also disagreed with a mean of 2.3000 and standard deviation of 0.78666 that the management closely monitors implementation of internal control systems of revenue collection. This was an indication that most recommendations go unimplemented thus retaining the status quo which hurts the revenue collection process. With no implementation of internal control systems, the inherent inefficiencies of the revenue collection process continue to propagate in the revenue collection system hence no improvement in the revenue collection process.

Table 6: Extent which internal control systems affect revenue collection by the county

	Percent	**Cumulative Percent**
Moderate extent	19	18
Great extent	50	69
Very great extent	31	100
Total	**100**	

From the study, it was revealed that internal controls affect revenue collection to a great extent as indicated by 81% of the respondents (total of great extent and very great extent). This indicated that internal controls play a pivotal role in securing the revenue collected from the various revenue streams. Therefore, internal controls if properly implemented, will lead to tightened revenue collection within the confines of the revenue collection system and provide assurance of non-embezzlement of revenue collected.

Correlation analysis

The researcher conducted a bivariate Pearson correlation coefficient analysis between the factors affecting revenue collection and the revenue collection performance as indicated in table 7

Table 7: Correlation analysis

		Factors affecting revenue collection	**Revenue collection performance**
Factors affecting revenue collection	Pearson Correlation	1	.78**
	Sig. (2-tailed)		.002
	N	70	70
Revenue collection performance	Pearson Correlation	.78**	1
	Sig. (2-tailed)	.002	
	N	70	70

***correlation is significant at the 0.01 level*

From the results in table 7, it was revealed that all the factors under study (revenue collection system automation, staff competence, and internal controls on Revenue Collection) positively affected the revenue collection performance. The results indicated that if all the factors under study are addressed properly, then then the revenue collection performance will increase by 78%. Therefore, the county government should put more emphasis on the revenue collection automation, staff competence and internal controls to improve on their revenue collection performance.

Regression Analysis

Regression analysis was done in order to measure the ability of the independent variables to predict an outcome in the dependent variable where there is a linear relationship between them by using the ANOVA analysis and the model coefficients.

ANOVA Analysis: The researcher conducted ANOVA analysis to tell how well the regression equation fits the data by predicting the dependent variable as indicated in Table 8:

Table 8: ANOVA analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.795	3	2.265	5.435	.002[b]
	Residual	27.505	66	.417		
	Total	34.300	69			

a. Dependent Variable: Revenue collection
b. Predictors: (Constant), Automation of revenue collection, Staff competence, Internal controls

From the ANOVA analysis table, the results indicated that the regression model predicts the dependent variable significantly well. The sig of .002 indicates the statistical significance of the regression model that was run. Here, $p = 0.002$, which is less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variable (it is a good fit for the data). Since the p-value is less than 0.05, this asserts that the factors under study affect revenue collection by county governments in Kenya.

4.9.2 Regression Coefficients

A Multiple regression analysis was conducted to predict the factors affecting revenue collection of county government and determine the extent of the relationship between the study variables. The results of the regression tests are shown in table 4.9:

Table 9: Model Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	8.258	.897		9.202	.004
	Automation of revenue collection	.951	.038	.860	24.731	.000
	Staff competence	.881	.061	1.027	14.513	.000
	Internal controls	.753	0.50	.645	15.147	.000

$Y = 8.258 + .951X_1 + .881X_2 + .753X_3$

X_1 = Automation of revenue collection

X_2 = Staff competence

X_3 = Internal controls

From the regression analysis, a positive relationship was established between automation of revenue collection and revenue collection in Marsabit county government. This was given by the positive sign of the coefficient (ß=.951) with P Value < 0.05 at .004 which was a strong positive, that implied 95.1% of changes in revenue collected is explained by automation of revenue collected holding other factors in the study constant. This result was in consistent with those of Zhou and Madhikeni (2013) findings which emphasized the importance of revenue collection automation that guarantees the validity of the origin and the receipt exchange which cannot be denied by both the sender and receiver; and impeding Mechanisms for Adopting a New Technology the recipient receive a confirmation in case the receipts are delivered successfully or if the delivery fails. They further stated that online receipting ensures the correctness and the unmodified status of the content; and that online payment is legitimate and not an abusive phishing attempt.

The researcher also established a positive relationship between staff competence and revenue collection in Marsabit county government; given by the positive coefficient (ß=.881) with P Value < 0.05 at .000. From this relationship, 88.1% of changes in revenue collection can be explained by staff competence holding other factors constant in the study. This result was in consistent with those of Chambers (2009) which emphasized that Internal controls are essential to an organization' success and survival because they provide reasonable assurance on the achievement of objective in a number of categories including: effectiveness and efficiency of operations; reliability in financial reporting; and compliance with applicable laws and regulations in revenue collection.

The findings further revealed a positive relationship between internal controls and revenue collection in Marsabit county government; given by the positive coefficient (ß=.753) with P Value < 0.05 at .000. This relationship further asserted the importance of internal controls indicating that 75.3% of changes in revenue collection can be explained by internal control systems holding other factors constant in the study. This result was also in consistent with those of Ndunda, Ngahu and Wanyoike (2015) which found a very strong, positive and statistically significant relationship between competence of revenue clerks and optimal revenue collection by Nakuru County Government ($r = 0.823$; $p < 0.01$). This asserted that staff competence is influential in revenue collection.

Therefore, the outcome from the study revealed that the study variables were significant predictors of revenue collection in county government. These further asserted the need and importance of the study variables in revenue collection which need due attention and diligence if county governments are to collect their targeted revenue to meet the financial needs of their county governments.

Summary of the findings

System Automation of Revenue Collection

On the effect of System automation on revenue collection, the study found that automation of revenue collection will save revenue collection costs and time spent in revenue collection as indicated by majority of respondents who agreed with (mean 3.9000, standard deviation .95021 and mean 3.7000, standard deviation.78666 respectively). Respondents further agreed that automation of revenue collection will enhance efficiency and effectiveness in revenue management and reduce leakage of revenue collected. However, it was also found out that the county government does not have modern and sufficient infrastructure systems for revenue collection as well as modern and sufficient technology equipment for revenue collection.

The researcher established whether Marsabit County has modern and sufficient infrastructure system for revenue collection. The respondents disagreed with a mean of 2.000 and standard deviation of 0.78019 that the county government does not have the infrastructure which is a key pipeline for collecting and channeling revenue collected to the appropriate revenue collection department. From the regression analysis, a positive relationship was established between automation of revenue collection and revenue collection in Marsabit county government. This was given by the positive sign of the coefficient (ß=.951) with P Value < 0.05 at .004 which was a strong positive, that implied 95.1% of changes in revenue collected is explained by automation of revenue collected holding other factors in the study constant.

Staff Competence

On the effect of staff competence revenue collection, the study found that the county government does not ensure all revenue collection staff has relevant skills in revenue collection. The county government does also not organize service training for its staff in relation to revenue collection as indicated by majority of the respondents who disagreed (mean 2.4000, standard deviation .80578 and mean 1.8000, standard deviation.75373 respectively).

Staff competency assessments also are helpful to estimating whether your organization can meet its business demands, such as a large order for goods or services that depend on whether your company's employees have the capabilities to produce the work. Accurate assessment of staff competencies is multi-faceted, instead of mere administration of job skills tests to employees. The researcher also established a positive relationship between staff competence and revenue collection in Marsabit county government; given by the positive coefficient (ß=.881) with P Value < 0.05 at .000. From this relationship, 88.1% of changes in revenue collection can be explained by staff competence holding other factors constant in the study.

Internal Controls

On the effect of internal controls on revenue collection, the study found that the internal audit report address weaknesses in the internal control system and independent reconciliations of revenue collection on regular basis is done, as indicated by majority of the respondents who agreed (mean 3.9000, standard deviation). However, there was no appropriate supervision by senior staff on the work of their juniors. There was also no system in place to ensure employees are rotated periodically, and also the management does not closely monitor implementation of internal control systems of revenue collection.

As regards to internal audit report, Majority of the respondents agreed that the internal audit report produced address weaknesses in the internal control system with a mean of 3.9000 and standard deviation of 0.70505. This was a good practice by the audit staff which if keenly implemented can see the tightening on the weaknesses identified. The findings further revealed a positive relationship between internal controls and revenue collection in Marsabit county government; given by the positive coefficient (ß=.753) with P Value < 0.05 at .000. This relationship further asserted the importance of internal controls indicating that 75.3% of changes in revenue collection can be explained by internal control systems holding other factors constant in the study.

Conclusions

From the findings, automation of revenue collection should be considered to adequately capture revenue collection transactions. The study established that technology greatly affected revenue collection. The revenue collectors appreciated the role of information technology in ensuring effective revenue collection. However the study found that the availability and accessibility of technology was a hindrance to effective optimal revenue collection.

Also, the county government should enhance their staff competence through training to impart them with the necessary skills for revenue collection; putting in place tough laws to check evaders, frequent taxpayer education and sensitization, putting in place mechanisms to address public misconceptions or inaccuracies and providing information in a customer-focused way to reduce errors. Competency of County workforce greatly affected optimal revenue collection

Based on the findings of the study, it is concluded that there is a relationship between the level of internal controls and revenue collection. The level of internal controls can be measured by the effectiveness of those controls. Where there is an effective control system in place, revenue collection also goes up as demonstrated by the amounts collected when Marsabit county had not put in place any controls. Therefore, internal controls should be tightened to ensure revenue collected is adequately secured from embezzlement.

Recommendations

Based on the study findings, the researcher recommends the following:

1. More resources should be invested for Information Communication Technology and New Technology Facilities should be acquired to facilitate revenue collection in order to realize long term benefits.
2. The county government should come up with comprehensive staff development policy of training, monitoring and evaluation of their performance to ensure they meet up to the needs of the revenue collection process.

3. There should be an effective and operational internal control system to ensure greater control of the revenue collected by the county government and continual improvement through implementing suggestions and recommendations of the internal audit report.

Areas of further studies

This study proposes the following areas for further study:

1. The findings of this study can be improved if more empirical methods can be used as this study mainly relied on the Likert scale and on the opinions of the respondents. An improvement can be made with the use of historical data about revenue collection in county governments.
2. The study can be repeated in other counties to establish if the situation is the same as in Marsabit. The sample and the population of this study was mainly from Marsabit, thus studies should be conducted to check if other counties face similar problems concerning revenue collection.
3. Further, the study can be repeated some other time later to assess the changes that might have occurred. Due to the dynamic nature of challenges that face revenue collection, the study can be repeated later to determine whether the challenges found in this research and the suggested remedies still hold. This can also be done to capture the other counties which did not participate in this study.

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