ASSESSMENT OF THE EFFECTIVENESS AND EFFICIENCY OF COLLECTION AND MANAGEMENT OF REVENUE AT TABORA DISTRICT COUNCIL
ASSESSMENT OF THE EFFECTIVENESS AND EFFICIENCY OF COLLECTION AND MANAGEMENT OF REVENUE AT TABORA DISTRICT COUNCIL

By

Daniel Kahyolo Mathias

A Dissertation Submitted in Partial Fulfilment of the Requirements for the Award of the Degree of Masters of Business Administration in Corporate Management of Mzumbe University

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled *assessment of the effectiveness and efficiency of collection and management of revenue*: The case of Tabora District Council, in partial fulfillments for award of the degree of Master of Business Administration in Corporate Management of Mzumbe University.

……………………………………..
Major Supervisor

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Internal Examiner

Accepted for the Board of…………………..

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I Daniel Kahyolo Mathias, declare that this dissertation is my own original work and that it has not been presented and will not be presented to other university for a similar or any other university for a similar or any other degree award.

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Date………………………………………………

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ACKNOWLEDGEMENT

Writing a research paper is not a simple task to be accomplished by the researcher alone.
The researcher needed much cooperation from various individuals for the accomplishment of the report. As a matter of fact, wisdsoms, commitment and efforts of these people have really shaped this dissertation in a successful way.

I wish to acknowledge them all in one way or another. They gave to me a valuable and generous assistance both morally and materially in the accomplishment of this report.

In writing this report firstly, I am indebted to the Tabora District Council (TDC) for giving me an opportunity to undertake my research work. Also I would like to convey my sincere thanks to my sponsor Mathias Kahyolo Machibya for his financial support to me on this study. Special thanks are highly extended to the Mzumbe University for giving me chance to undertake my research study.

I would like to extend my sincere thanks to my staff members of Tabora District Council (TDC) who helped me in one way or another to write this report. Likewise from the bottom of my heart, special regards should go to Makawa Newa Laurent for devoting her time for academic support she gave me at all stages of my report writing.

Also, I wish to extend a lot of thanks to my fellow students Salum Maulid, Amina Lidenge, Patrick, Kingu, Eliza, Naima, Tima, Sinyati, Joel and Lameck for helping me to compile various materials that helped me to write my report.

Last but not least my parents and my brothers David and Peter for their invaluable contributions in my education and life upbringing.
DEDICATION

This work is dedicated to the Almighty God, my strength and fortress and also to My beloved grandfather Ng’wana Sataih Nkwabi Ng’wanang’wa of blessed memory and most especially to my beloved father, Mathias Machibya Kahyolo and my siblings who all contributed tirelessly and enormously both financial and in other aspects to make this work a success.
# ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASDP</td>
<td>Agriculture Support Development Projects</td>
</tr>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
</tr>
<tr>
<td>CBG</td>
<td>Capital Building Grants</td>
</tr>
<tr>
<td>CDG</td>
<td>Capital Development Grants</td>
</tr>
<tr>
<td>DED</td>
<td>District Executive Director</td>
</tr>
<tr>
<td>DT</td>
<td>District Treasurer</td>
</tr>
<tr>
<td>LGA’s</td>
<td>Local Government Authorities</td>
</tr>
<tr>
<td>LGCDG</td>
<td>Local Government Capital Development Grant</td>
</tr>
<tr>
<td>LGSP</td>
<td>Local Government support Project</td>
</tr>
<tr>
<td>MBA-CM</td>
<td>Masters of Business Administration in Corporate Management</td>
</tr>
<tr>
<td>MU</td>
<td>Mzumbe University</td>
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<tr>
<td>PAC</td>
<td>Public Account Committee</td>
</tr>
<tr>
<td>PV</td>
<td>Payment Voucher</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
</tr>
<tr>
<td>TDC</td>
<td>Tabora District Council</td>
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ABSTRACT

The objective of this study was to assess the effectiveness and efficiency of revenue collection and management of revenue collection. Therefore, the study intends to suggest to the management on the need to ensure system of internal control complying with organizations policies and ensure that reliable accounting system is used in accordance with financial regulation.

The importance of the organization in revenue collection gained momentum after the collapse of a number of large companies such as the Enron, Tyco and WorldCom in the early 2000s. The reasons for corporate collapse were weakness in government practice in relation to internal control systems, financial collection, financial reporting quality and audit quality.

The findings of the study show that there is poor collection and management of revenue. Despite the fact that, there is poor collection and management of revenue the following have been depicted as specific weakness entailed in the overall system. Training at Tabora District Council is not done often. This problem is especially to the employees who are junior; they are not trained well with their work. Lack of incentives: - which help in the collection of tax e.g. Transport, lack of skills and techniques to the tax collector, Tax avoidance and evasion to the tax payer.

The surveyed management of organization showed that organizations which maintain effective internal audit functions are transparent, honest and ready to be accountable for wrong doing including unethical issues. The result of the research showed that the organization has installed weak internal control systems; and thus the system cannot guarantee effectiveness of revenue collection and a proper record keeping of revenue collected.
TABLE OF CONTENTS

CERTIFICATION .........................................................................................................................i
ACKNOWLEDGEMENT ...............................................................................................................iii
DEDICATION ............................................................................................................................iv
ABBREVIATIONS AND ACRONYMS .......................................................................................v
ABSTRACT ...............................................................................................................................vi
TABLE OF CONTENTS ...............................................................................................................vii
LIST OF TABLES .......................................................................................................................ix
LIST OF FIGURES ...................................................................................................................x

CHAPTER ONE ......................................................................................................................... 1
PROBLEM SETTING ................................................................................................................... 1
  1.1 Background to the Problem ............................................................................................. 1
  1.1.1 Description of the Study Area ................................................................................... 1
  1.2 Statement of the Problem .............................................................................................. 3
  1.3 Research Objectives ...................................................................................................... 4
  1.3.1 General Objective ..................................................................................................... 4
  1.4 Specific Objectives ......................................................................................................... 4
  1.4.1 Main Question ......................................................................................................... 4
  1.4.2 Specific Questions ................................................................................................... 4
  1.5 Significance of the Study .............................................................................................. 5
  1.6 Scope and Delimitation of the Study ............................................................................ 5
  1.7 Limitations of the Study ............................................................................................... 5

CHAPTER TWO ......................................................................................................................... 7
LITERATURE REVIEW .............................................................................................................. 7
  2.1 Conceptual Framework .................................................................................................. 7
  2.1.1 Overview Concept of Revenue ................................................................................. 7
  2.2 Financial Management ................................................................................................ 8
  2.2.1 Overview Concept of Financial Management ......................................................... 8
  2.2.2 Sources of Councils Revenue ................................................................................. 9
  2.2.3 Internal Sources of Finance ................................................................................... 9
  2.2.4 External Sources of Revenue ............................................................................... 11
  2.2.5 Subsidies from the Central Government ................................................................. 11
  2.2.6 Grants and Aids from Donors ................................................................................ 11
  2.2.7 The Local Government Support Project System Comprises Three .................... 13
  2.4 Members under the Department ................................................................................. 13
  2.4.1 District Treasurer ................................................................................................... 13
  2.4.2 Executive Director .................................................................................................. 14
  2.4.3 Roles and Responsibilities of Executive Director (DED) as Accounting ............. 14
  2.5 Financial Management Control ................................................................................. 14
  2.5.1 Receipts and Payments Management ................................................................... 14
  2.5.2 Salaries Payments Management .......................................................................... 15
  2.5.3 Imprest Advance Management ............................................................................. 15
  2.5.4 Accounting system Management ....................................................................... 15
  2.5.5 Internal Audit and External Audit .......................................................................... 15
2.6 Bank Reconciliation ................................................................. 16
2.7 Empirical Literature Review ................................................ 16
2.7.1 Way forward to the problems of effective revenue utilization ... 18
2.8 Strategies for Improving Local Revenue Collection .................. 29
2.8 Conclusion ......................................................................... 32
2.9 Conceptual/theoretical Framework ....................................... 32

RESEARCH METHODOLOGY ......................................................... 35
3.1 Introduction ........................................................................ 35
3.2 Study area ......................................................................... 35
3.3 Research Design .................................................................. 35
3.3 The Study Population ......................................................... 36
3.4 Source of data...................................................................... 36
3.7.1 Primary Source of Data ................................................... 36
3.7.2 Secondary Source of Data ............................................... 37
3.8 Data Collection Techniques ............................................... 37
3.8.1 Observation .................................................................... 37
3.8.3 Questionnaires ............................................................... 38
3.9 Data Analysis Technique .................................................... 38
3.9.1 Qualitative Method ......................................................... 38
3.9.2 Quantitative Method ...................................................... 38
3.6 Sampling Techniques ....................................................... 39
3.6.1 Sampling Frame/Unit ..................................................... 40
3.6.2 Sample Size .................................................................. 40

CHAPTER FOUR ................................................................. 41
PRESENTATION AND DISCUSSION OF FINDINGS ......................... 41
4.1 Data Presentation, Analysis and Discussion ......................... 41

CHAPTER FIVE ................................................................. 58
CONCLUSION AND RECOMMENDATIONS ................................. 58
5.1 Conclusion ......................................................................... 58
5.2 Recommendations ............................................................. 59

REFERENCES ................................................................. 61
APPENDICES ................................................................. 64
Appendix I: Questionnaire to the Employee’s in Accounting and Finance
            Department ................................................................. 64
Appendix II: Questionnaires to the Checklists: Tax Payer / Walipa Kodi ........ 65
Appendix III: Councillors/Madiwani ............................................. 66
Appendix IV: Extension Officers from Other Department ............... 67
| Table 4.1: | Population distribution by Percentage | 41 |
| Table 4.2: | Gender distribution percentage | 42 |
| Table 4.3: | Collection of Revenue in the Council | 42 |
| Table 4.4: | If yes, does the revenue collected are enough to enable the council to meets its expenses | 43 |
| Table 4.5: | If no why | 43 |
| Table 4.6: | Problems Encountered in the Department on the Collection of Revenue | 44 |
| Table 4.7: | Revenue Collected VS Required Objectives | 45 |
| Table 4.8: | Measures taken to control revenue | 46 |
| Table 4.9: | Sources of Revenue | 47 |
| Table 4.10: | Are these Sources Enough to Meet Organizations Expenditure | 48 |
| Table 4.11: | If no What Are Other Sources of Revenue Collection Are You Planning to Start | 48 |
| Table 4.12: | Fees Paid to the Council | 49 |
| Table 4.13: | If Yes Are You Satisfied With the Amount of Tax Chargeable to You | 49 |
| Table 4.14: | Problems do you face During the Payment of tax | 50 |
| Table 4.15: | What are the weakness do you observe from the tax collectors | 51 |
| Table 4.16: | In Your View Do You Think What Are the Better Ways of Collecting Revenue | 52 |
| Table 4.17: | Problems in tax collection | 53 |
| Table 4.18: | Are the Tax Payers Involved in Arranging How the Revenue Collected Will be Used | 54 |
| Table 4.19: | Do you participate in the distribution of revenue collected in the council | 54 |
| Table 4.20: | Short-comings of Revenue Distribution and Management | 55 |
| Table 4.21: | Better ways for Distribution and Management of Revenue | 55 |
| Table 4.22: | Sources of Revenue | 56 |
LIST OF FIGURES

Figure 2.1: Money, Banking, International trade and public finance 7th edition.
Trends in tax revenue and expenditure of centre and state Government in India (Page 837-838) shows the independent and dependent variables ........................................................... 32
CHAPTER ONE

PROBLEM SETTING

1.1. **Background to the Problem**
Tabora District Council (TDC) is among of the newly established council. It had been established in early 2002 by the government with aim of providing standard level of public services and proper administration nearby citizen (Tabora district council financial system manual 2002).

1.1.1. **Description of the Study Area**
Tabora District Council has an area of 13,453 km$^2$ which is equal to 21.7 percent of the whole area of Tabora region. According to census of 2002 the whole region had the total population of 23.9 percent over the whole region. The large area of the council is landslide and several gent hills in the northern part. The area of 26,008 km$^2$ has been covered by the natural resources (forest) such as Miombo, Mninga, mvule and vichaka. Agriculture is one of the main activities done in Tabora District Council

Despite the fact that revenue is the heart of an organization, still the management of many organizations including Local government (district councils) face some problems on how to collect and manage properly the revenue collected (Local government support project 2000).

It is often, to hear through media reporting of some huge losses and significant variance from the budgeted/estimated and actual collection made by many organizations.

The main cause of these loses and variances from revenue budgeted and actual realization and expenditure are not yet clearly ascertained. The ascertainment of the factors leading to this situation could be very useful not only to Tabora District Council but also to the overall public organizations all over the country.
The discovery of these factors and hence improvement will add value to the district and government in realizing the mission and vision of provisions of services to meet the satisfactions and expectation of the people.

The gap currently in existence, needs these districts to establish proper attainment of revenue collection mechanism and controls (financial controls and otherwise) in order to attain the intended objectives.

Various attempts have been made over the last few years on how to maintain the objectives of proper record keeping and financial reporting. Tabora district council pioneered the outsourcing of revenue collection in Tanzania as early as 2007 because of complaints from citizens about the council’s revenue collections and that the money collected did not benefit the people. Therefore the council decided to outsource revenue collection from other sources in 2009 but still Tabora district council received less revenue from the private agents. Similar problems were encountered with the private collection of property taxes from un-surveyed land. In 2010 the outsourcing was therefore temporarily abolished and substantial revisions of the tender evaluation procedures and new measures for monitoring of the agents were put in place. Based on the 2010/11 budget estimates only one third of the district council own revenues were collected. However in many ways outsourcing of revenue collection in Tabora district council as well as in other local government authorities has been learning by doing process, where initial problems have been addressed on trial and error approach.

Limar, (1985) emphasis on the responsibility of the representative of organizations to keep proper records and report to other user groups although no satisfactory resolution to this problem is yet in sight; also the role of financial information in utilization of resources is not properly explained in many of the organizations. The users are supposed to be provided with relevant information that could help them to judge the efficient of utilization of resources and likely future utilization. It is the accountant’s responsibility to ensure that accounts are properly prepared in such a way that all documents are proper and complete and that the records are maintained in an organized and acceptable manner.
According to section 45 (4) of local Government Finance Act 1982 requires the local government Authorities to submit its accounts for audit to the appointed auditor as per sec 45 (1). The Auditor who reports to the director shall complete the audit not later than six months after the close of the financial year.

It is therefore necessary to carry out a study which might come up with the relevant suggestions on how to improve the collection and management of revenue through the use of appropriate relevant and acceptable accounting procedures.

1.2 Statement of the Problem

The relevance of the local government councils as the government at the grass-root level is measured by the quality and quantity services rendered to the rural dwellers. For the council to render meaningful services, in form of provision of basic amenities, construction and maintenance of roads, creation of employment opportunities for the citizens and pay staff salaries as and when due, money is undoubtedly required. Also TDC has a problem of identifying different sources of revenue collection (a problem of creating a tax base); the council does not comply with procedures required in budgeting, accounting and resources management.

The government takes efforts in making sure that local government performance is improving. For example, Auditor General (CAG) on the financial statement of local government on 30th June 2007, The Auditor recommended that, due to the problem of non-compliance with procedures which face many of the councils including Tabora District Council, he emphasized the role of internal audit unit to oversee all of the financial controls, by conducting its function of checking various aspects of activities of the council including its budgeting, accounting and resources management to ensure compliance with the relevant rules, procedures and orders.

Moreover to ensure proper embezzlement of funds and frauds do not occur, proper checks has been arranged and be carried by the Government at all stages of revenue collection such as the council introduced Internal Revenue Service (IRS) advisory board. Staff under the unit undergoing periodical in service training and the internal audit are now equipped with trained personnel.
Despite of all that efforts still there are problems in local government financial administration particularly poor collection and ineffective utilization of revenue available to the local government.

Without the availability of revenue a local government council will not be only incapable of serving the people but will undoubtedly crumble. It therefore, follows that for the local government to discharge its statutory functions effectively; it should be adequately funded and efficiently applied. This study therefore assessed the effectiveness and efficiency of collection and management.

1.3 Research Objectives
1.3.1 General Objective
The main objective of this study is to assess the effectiveness and efficiency of collection and management of revenue at Tabora District council.

1.4 Specific Objectives
The specific objectives of this study are as follows:–.
(i.) To identify the factors that influence collection and management of revenue at Tabora district council (TDC).
(ii.) To examine the factors which affect a proper system of financial control measures of revenue collection and management at Tabora district council (TDC).
(iii.) To describe the internal and external sources of revenue at Tabora District Council (TDC).

1.4.1 Main Question
How effective and efficient in collection and management of revenue at Tabora District Council?

1.4.2 Specific Questions
(i.) What are the factors that influence collection and management of revenue?
(ii.) What are the factors which affect a proper system of financial control measures and management of revenue collection?
(iii.) What are the internal and external sources of revenue in Tabora District Council?
1.5 **Significance of the Study**

(i.) The study will provide an output to a researcher to have a practical training and experience through comparing the theoretical aspects acquired in class and actual practice in the professional field of accountancy and organization management.

(ii.) The study will highlight the area of weakness and factors which could enhance the improvement of collection and management of revenue to Tabora District Council (TDC) in particular and the government in general.

(iii.) The study is very important for the researcher in partial fulfillment of masters of business administration in corporate management (MBA-CM) as per requirement.

1.6 **Scope and Delimitation of the Study**

This study is centered on the problems of poor collection and ineffective utilization of revenue available to local government in Tanzania but due to the wide or vast nature of Tanzania, the researcher now chose Tabora local government as a case study to deal with these particular problems in other local government in Tanzania. The study is also centered on the sources of revenue available to local government both the internal and external sources of revenue.

1.7 **Limitations of the Study**

In the effort of carrying out this research the researcher face with the problems of time and finance constraints.

**Financial constraints**

The cost of conducting the research and purchase of materials required for conducting the study may hinder the success of the study since in additional to this, the research needed sufficient amount of funds to finance planned activities. Since this research was self-sponsored project and therefore there was no readily funds for the project and the researcher had to narrow down the study by reducing the number of respondents of the study.
**Time horizon**

Insufficient time in conducting the research. Time scheduled for research is short, taking into consideration that, a researcher is also an employee and thus assigned with other assignments of the office therefore the researcher had to narrow the scope of the study so as to finish it in the shortest possible time. Also, the distribution and collection of the questionnaire to the staffs of Tabora district council, councilors and tax payers was not be easy for the researcher as the respondents was not always available.
CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Overview Concept of Revenue
Meigs and Meigs, (1985) argued that Revenue is regarded as the value of goods and services. Revenue is the value of goods and service which a business entity transfer to customers.

Hendriksen, (1982) pointed out that the more important traditional definition of revenue is that represents an inflow of assets or a net of assets into the firm as a result of sales of goods or services. However this definition confuses on the measurement and timing of revenue process.

Hendriksen, (1982) further argued that, revenue is the products which must leave the firm (an outflow concept) it may be noted that this definition does not dictate either the amount or the timing of revenue but it is neutral in respect to these aspects.

Donald, (1992) defines revenue as the inflow assets or settlement of liability from delivering or producing goods.

According to Okoli, (2002) the management of revenue constitutes the most crucial and central components in the management process of the local government.

Furthermore, Chime (1998) said for the local government to function effectively in Nigeria, the revenue allocation formula should be changed. Large percentage of the revenues allocation should go to the local government in order to enhance grass root development. The percentage should be changed from 20% to about 30% to allow for the development of rural areas which would prevent rural shift to urban centers.
2.2 Financial Management

2.2.1 Overview Concept of Financial Management.

Ani, (2009) defined financial management as the managerial activity which is concerned with the planning and controlling of the financial resources. Cash management is concerned of cash flows into and out of the firm or organization, cash flows within the organization and cash balances held by the firm at a point in time.

Cook, (1993) further argued that, cash management assumes more importance than other current assets because cash is the most significant and the least productive that a firm/organization holds. Cash management is also important because cash constitutes the smallest portions of the total current assets, yet management considerable time is devoted in managing it.

Megis and Meigs, (1985) said one of the means of controlling revenue is the separation of responsibilities which would not allow one individual to record, process and complete a transaction. Segregation of duties reduces the risk of intentional error and increases the element of checking of work. The cross checks of transaction which results from segregation of duties will facilitate early detection of errors and losses from embezzlements, frauds or carelessness. Function which should be separated includes those of authorization, custody, and recording.

Smith et al, 1986 advocates, that, management and accounting of revenue means the quantitative information prepared by an accountant that manager need to plan and control the activities of an organization in reaching the goal. Mahushi, (1985) enumerates the following steps as necessary in instituting a sound system of management and accounting of revenue.

(i) Proper documentary authority must be limited to a few known individuals.
(ii) There must be independent and accountability for all revenue.
(iii) Any revenue generated must be recorded.
(iv) That cash in hand must be properly secured against theft, misappropriation or embezzlement
(v) There must be good cash management.
2.2.2 Sources of Councils Revenue

Tabora District Council (TDC) has different sources of revenue which assist the council to perform different activities operated within the council. These sources are divided into two categories which are internal sources and external sources (Local Government Act, 2002).

2.2.3 Internal Sources of Finance

The internal sources of revenue includes:

(i.) Produce cess, a cess levied and collected from every producer on every produce specified by law when sold or brought within the area of jurisdiction of the council at a rate specified.

(ii.) Fees from livestock markets, these include any domesticated animal which will be offered for sale at the market, all the purchases, sell or barters of livestock.

(iii.) Fees from slaughter and hide dressing; the first and second schedules of 1985 (slaughter and hide dressing). Fees by law of the Tabora District Council (TDC) is hereby amend by deleting paragraphs 3 and 4 and substituting there on as follows;

First schedule (Paragraph 3)

<table>
<thead>
<tr>
<th></th>
<th>T/shs</th>
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<tbody>
<tr>
<td>Cattle</td>
<td>1,000/=</td>
</tr>
<tr>
<td>Pig</td>
<td>500/=</td>
</tr>
<tr>
<td>Goat</td>
<td>500/=</td>
</tr>
<tr>
<td>Sheep</td>
<td>500/=</td>
</tr>
</tbody>
</table>

Second schedule (Paragraph 4)

- Cattle hide 300/=  
- Goat skin 100/= 
- Sheep skin 100/=
(iv.) Development levy. This is the annual rate designated as development levy made by the Council and payable to it under the provisions of these by-laws in accordance with those of local government finance act.

(v.) Service levy: This Levy is for business entity or enterprise in form of trade, profession or vocation but does not include the employment. ‘Business enterprise’ means any corporate or incorporate entity engaged on the economic activities consisting of industrial or agricultural.

(vi.) Ceremony (celebration fees) which includes:

<table>
<thead>
<tr>
<th>Description</th>
<th>T/shs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disco show</td>
<td>5,000/=</td>
</tr>
<tr>
<td>Dance show</td>
<td>5,000/=</td>
</tr>
<tr>
<td>Cinema show per day</td>
<td>3,000/=</td>
</tr>
<tr>
<td>Luck Dip cards per month</td>
<td>6,000/=</td>
</tr>
<tr>
<td>Rings games per month</td>
<td>10,000/=</td>
</tr>
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</table>

(vi) Forest fees (fees from the product of forest) as it has been amended by the council.

Products obtained from the forest.

<table>
<thead>
<tr>
<th>Item</th>
<th>T/shs</th>
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<tbody>
<tr>
<td>Timber</td>
<td>5,000 per meter</td>
</tr>
<tr>
<td>Wood</td>
<td>100 per meter</td>
</tr>
<tr>
<td>Charcoal</td>
<td>200 per package</td>
</tr>
</tbody>
</table>

(vii) In addition to that TDC has other sources of revenue which are charged by the council, includes:

- Gobore licenses.
- Liquor licenses.
- Hunting licenses.
- Staff houses
- Insurance agency fees.
- Alcoholic licenses
- Auctioneer licenses.
- Guest house licenses
- Fishing licenses
- Bill board licenses.

2.2.4 External Sources of Revenue

The following are the external sources of revenue by district councils:-

2.2.5 Subsidies from the Central Government

In order to fulfill the strategic planning the council as one of the local government is given this subsidies to support the council to meet its objectives and all the plans.

2.2.6 Grants and Aids from Donors

Tabora District Council (TDC) receives some gifts and grants from various donors and other investors. It is given to the council in order to support in a different activities and in other projects.

Tabora district council is one of the councils under Local government authorities (LGA’s) in Tanzania which its performance is evaluated through the established system by the local government. The system in use is that of Local government support project (LGSP) with the following strengthen fiscal decentralization.

(i.) Improve accountability in the use of Local government resources and improve management of intergovernmental transfers system.

(ii.) Increase access to infrastructure and services in unplanned areas of Tabora.

(iii.) Improve revenue performance for sustainable operation and maintenance.

2.2.7 The Local Government Support Project System Comprises Three Components

(i.) Support for the local Government Capital Development Grant (LGCDG) system.

(ii.) Support an overall Local Government Capital Development Grants (LGCDG) system which is also being supported by the government and bilateral development partners.

(iii.) Local government capital Grants system which includes Capital Development Grants (CDG) and Capital Building Grants (CBG).
The Local Government Capital Development Grant (LGCDG) transfer is non-sectoral, distributed on a formula basis to Local Government Agencies (LGAS) which will undertake investment in accordance with local needs, as determined through local participatory planning and building processes.

The CBG provides resource to LGAS to help build their capacity to access and manage the CDG.

The council therefore is now in a position to receive Capital Development Grants (CDG), Capital Building Grants (CBG), agricultural support development projects grants (ASDP) and local Government Development Grants (GDG) for the year 2009/2010.

Local Government Capital Development Grants (LGCDG) is a capital component, which supports an overall development of the local government through the government support and government and bilateral development partners.

(i.) Capital Development Grants (CDG) is a component of capital in a system of local Government

(ii.) Capital Development Grants (LGCDG) which enables the council to manage, finance and develop the projects.

(iii.) Capital Building Grants (CBG) this is capital components in a system of Local Government Capital Development Grant (LGCDG) which provides resources to the council to build their capacity and execute the functions as part of routine activities.

(iv.) Local Government Development Grants (LGDG) - these are grant given to local government aims to support different activities operated within the council. These grants support the implementation, monitoring, evaluation and audit of the projects (Local Government Act 2002).
2.3 **Accounting System as Operated by Local District Council**

All the accounting system is under the department of finance, the financial tasks of the council is done and vested to the department of finance. The head of this department is District Treasure (DT).

2.3.1 **The roles of Finance Department**

(i.) To keep and maintain proper books of account and other allied financial documents relating to finance expenditure.

(ii.) To prepare and produce (final and interim) sound financial statements or records

(iii.) To coordinate plans for both loan and grant financing.

(iv.) To ensure efficiency and effective collection and management of revenue

(v.) To keep proper accounting and financial management.

(vi.) To effect various payment

(vii.) To exercise advisory role on matter relating to public financial act/regulations to head of department and accounting officers.

2.4 **Members under the Department**

2.4.1 **District Treasurer**

The head of finance department

Roles and responsibility of district treasurer as the head of finance department

(i) Management of expenditure

• Management of council payment system

• Monitoring and control of decentralized sub treasurer system.

• Payroll system management

• Advance payment and accounting

(ii) Debt payment

• To ensure the debts are paid and records are maintained for both domestic and external

• Provide debt statistics/record as and when required

• Financial, management

• Financial management of exchequer accounts
• Monitoring of special funds, miscellaneous deposits account and other types of non-vote expenditure or revenue accounts
• To prepare necessary budget adjustments through allocation and supplementary estimates
• To monitor and follow up budget implementation

2.4.2 Executive Director
The director of all activities done in the council

2.4.3 Roles and Responsibilities of Executive Director (DED) as Accounting Officer
(i.) Participating and accountability to issues of public account committee (PAC).
(ii.) To participate in the production of annual development (of different activities) report.
(iii.) Development of government accounting legislation, regulations and instructions.
(iv.) Link between the ministry and civil service department on all administrative matters.
(v.) Directing and supervising the provision and maintenance of efficient office services.

2.5 Financial Management Control

2.5.1 Receipts and Payments Management
All cash or cheques collected should be acknowledged by an official receipt issued by a cashier who also records all receipts in Receipts cash book.
All payments by cheques should be made by crossed cheques except on rare cases where payment voucher (PV) must be made against an authorized expenditure accompanied by an authorized payment voucher (PV). When making payments by cash, petty cash Voucher are used and numbered chronologically on monthly basis and filed in the same order.
2.5.2 Salaries Payments Management
All employees on permanent and contract terms are paid their monthly salaries in arrears.

Midmonth advances and month end net salaries are paid on 10th and 25th of every month respectively. If happens that the date falls on Saturday, Sunday or Public holiday payments will be made a day before.

2.5.3 Imprest Advance Management
This must be accounted for by the officer on or before the retirement date indicated in the form and the retirement form must be accompanied by appropriate supporting documents.

Recovery from the officer’s salaries will be made, if the Imprest is not accounted for after fourteen days from specified period of retirements.

2.5.4 Accounting system Management
Financial statements of the council are normally prepared on the assumptions that there is no intention or necessitating to wind-up or significantly curtail the scale of operation of the organization.

Income and expenditure are recognized and accounted for as they are earned and incurred and not as when cash is received or paid. The liabilities in the balance sheet are reported at cash or cash equivalent necessary for effectively discharging the obligations as at the date of reporting.

2.5.5 Internal Audit and External Audit
The Organization has Internal Auditor who report to Director General and his duties are:-

(i) To verify that proper records are kept and maintained on all money received and or spent by the council.

(ii) To ensure that any errors or irregularities detected during the course of his/her duties on the financial management are promptly attended and dealt with.
Tanzania Audit Cooperation is the external auditor of council (sec 24 (2) of act no 2 of 1979)

2.6 Bank Reconciliation

Mahushi, (1985) defines reconciliation as a listing of two related items or balances. “The cash balance as per bank statement and the organization ledger are reconciled in order to establish the accuracy of the cash receipted and paid.

Revenue collections banked are traced through bank statement to confirm that they were banked and credited by the bank. Cash collections and instantly banked are traced through bank statement to confirm if they were banked and credited by the bank. Cash (revenue) collected and credited by the bank but not traced at all in the organizations leader are reported to the senior officer or accounting officer.

Bank Statements for all accounts operated by the District council are obtained from time to time and reconciliation are done on a monthly basis. Any bank advices are scrutinized before making any adjustments.

2.7 Empirical Literature Review

Researcher aims through this section to review and assess the most previous literature in the field of revenue collection, financial management and organization commitment relevant to the subject and determine whether or not there is a gap to be countered by results of this study, some of the empirical research findings on the topic of ‘the effectiveness and efficiency of collection and management of revenue are explained below.

According to Nwankwo, (2001) the basic rational behind the creation of local government is to meet the peculiar needs of the people at the grassroots, it is however pathetic to note that the local government has demonstrated incompetence in regards to its revenue utilization.

The resulted effect of the problems of revenue utilization is that some of this local government end up in financial crises and are unable to tackle the challenges of
services delivery and mobilization of both human and material resources required for the functioning and meaningful development of the local government areas.

Therefore his findings recommended on underdevelopments continue to wage an as people are either ignorant of or indifferent to the reasons for which local government are created.

Ndukwe, J. (2002) undertakes a study on a critical assessment of the effectiveness and efficiency of collection and management of revenue in Tanzania Local Government Authority. The study focused in Dar es Salaam region’s municipal councils including Temekte, Ilala and Kinondoni. The respondents in this study comprises of internal auditors, accountants, and management team. The study revealed that, culture, governance, transparency and accountability of the management of revenue are the major problems that hinder Tanzania Local Government Authority internal audit system to work efficiently.

Chukwuemeka, (2000) noted his findings that, the problems of effective utilization of revenue available to local government has created negative impact on the indigenes because their priority needs are not met, thereby, making their standard of living low due to the inadequate electrification of the local government areas, the indigenes are left in darkness for days, weeks and months. Tabora local government is not an exemption. This has led to the close down of some of the small scale business and business centers.

Olawale, (2002) Posited and recommended that another problems which accounts for effective revenue utilization is corruption. There exists high level of corruption in the local government system. The internally generated revenue (IGR) of the local government is kept as top secret. The leadership in most of the local governments is corrupt. The revenue is there for them to carry out their functions but because corruption has become something very common to them, hence they do otherwise.

In some cases, the duty of the leadership is to share their monthly allocation and own their staff salary. It is unfortunate to observe that several local governments were
dissolving between 1978 and 1979 in more than half of the then nineteen states of the federation on the grounds of official corruption.

Odofia, (2009) in his report of unsuccessful progress in the local government, he said that the reason for or why most of the local governments today are not successful, is as a result of their leaders as well as sub-ordinates working under them. He clearly stated the impact of bad leadership contaminates the entire body and because the leaders are not portraying good example for the followers, they go astray using the finance, time, resources of the local government to perform their private business at the detriment of the populace.

Tabora district council is among the local government which suffering from poor leadership, leaders who lack what it takes to influence, which lack vision, congruence, stamina, intelligence and the rest. The major problem stems from the instilling of competent and women who have not met the criteria in any way.

Most of the revenue officials, like market managers, valuation officers and host of others lack professional training. The finance Department of most local governments are not adequately staffed with well qualified and experienced financial managers, accountants, auditors and property valuation officers who would apply skills and initiatives to develop plans and strategies which would enable them harness and exploit fully and effectively the revenue.

2.7.1 Way forward to the problems of effective revenue utilization

There is need for accountability of the local government. Accountability as the ineluctable quest for control means that government revenue is often more devoted to avoiding work out comes than to achieve the best one’s Okereke, (2004). As Lucas, (1999) has put it; accountability is a form of quality control of the local government. In avoiding the really bad but forego the really good. It is a price well worth paying to avoid the great evil of mis-management of local government fund and mis-government, but always, there will be some question whenever there are not faltering discretion too much, and insuring too heavily, at the cost of making it possible for the local government to discharge its commission accountability of
auditors both internal, external and auditor general, the council of the local government and various department of the local government will go a long way in solving the problem or revenue utilization in the local governments. It is their individual and join responsibilities to alert the audit alarm committee before irregular and illegal payment are made, failure to do so, will make them liable to appropriate share of punishment as provided under guidelines.

The audit alarm committee is provided to make sure and prevent the chairman of the local government who has the final say in all financial matter making any irregular or illegal payment. The auditor general being the accounting officer, appointed by the state government to check the financial position of the local government, has the power to veto payment after he has been informed by his officers that the payment is illegal. Based on that, audit alarm can be raised by informing the auditor –general of the local government about the illegal payment to be made. Through these measures, local government revenue can be well managed as well as preventing waste of revenue.

However, if the local government in particular, should take accountability measure or control in the entire various departments especially in the treasury department effective utilization of revenue will come in place (Nwankwo, 2002).

Another way forward to the problem of effective revenue utilization is the financial and budgetary control (Eze, 2000). The financial control according to him is based on the old dictum that he who plays the piper dictates the tune. The money used by the local government is supplied by central government and state government. It is also proper for them to know how the money is being used. The case of joint account between the state and local government as enunciated in 1999 constitution is an instrument of financial control of local governments by the state government. This provision has brought to question the whole philosophy of government as a third tier of government in Tanzania.

Budgetary control is a very solid foundation for the control of all financial matters of the local government. This budget contains and consist of all the envisage revenue
and expenditure of local government in a financial year. The treasure, the secretary and the chairman in liaison with the finance and appropriation committee of the council are responsible for control of the budget. The treasure ensures that each payment is covered by a voucher daily signed by the secretary of the local government.

In the words Amecheta, (2001) finance and general purpose committee control is another body that helps in the control of financial management of the local government as was contained in the Anambra state local government Edict No. 9 (1999). In summary, financial and budgetary control is aimed at facilitating routines accountability in the part of local governments and their staff. The objectives are to mains purity, effective utilization in financial administration of the local government in Nigeria.

The principles of checks and balances are another measure by which local government revenue can be utilized as stated by (Axon and Jefferson, 2009). Thus principles of checks and balances mean that power should be used to check power, that no one arm of government should possess absolute power. “This is because power corrupts and absolute power corrupts absolutely” That each of the three tiers of government i.e. the federal, state and local government should acts as a watchdog over the other. In essence, the federal government should watch and control the state vis-a-vis from initiating bad policy or embezzlement of fund. That the budget of the local government which contain the estimate made for the year, must past through the ministry of planning and budget to the legislature, and must be approved by the legislature. The state can control the local government through the appointment of the auditor general of the local government. The state has acted as a check on the local government.

Oladoyin and Olaiya, (2007), the vote controllers of the local government are another body that can help in local government financial prudence. The vote controllers must be responsible for his actions and reactions. By responsibility, we do not means that a vote controller should not stand in the way of development especially in a democratic dispensation that we currently have on
ground, where electorate are always eager to reap dividends as soon as possible. The reasonability of a vote controller must be such that the votes must be spent according to the exact purpose of the budgetary estimates except for some urgent and highly compelling and genuine reasons. Through a vote controller, a great deal of effective revenue utilization can be ensured. Unfortunately, all ages are always on the chairman and other political as well as principal career officer. However it is our considered opinion that closer watch should be beamed on vote controllers for a better clean bill of revenue prudence in local governments.

Revenue refers to the total amount of money received by a company from goods and services sold Parkin, (1995). Local revenue is the income collected by a Local Government from sources within its jurisdiction. Broadly, Local revenues come from taxes, administrative fees, licenses, and property income. Article 191(2) of the constitution of the Republic of Uganda stipulates the fees and taxes to be levied, charged, collected and appropriated to include rent, rates, royalties, stamp duties, fees on registration and licensing and any other fees and taxes that parliament may prescribe.

The type of tax, method of assessment and collection must be simple and understandable by both the taxpayer and the tax collector. Mugume, (2006) asserted that, a good tax should be one which is easy to understand that to say, the tax payer must be able to know the exact amount to pay and when and how much to pay without any difficulty.

Complicated taxes tend to lead to disputes, delays, and high collection costs in terms of time and resources. Organizing assessments basing on the principles ultimately improves on the Local revenue collection hence service delivery and the reverse is true.
The role of the Local Government in an economy is to provide social services, infrastructure such as schools, hospital, roads, clean water among others. Then how does the Local Government raise funds to finance the activities? This is done through collecting taxes, grants, fees, fines, trading licenses and others. Article 191 of the constitution of the Republic of Uganda allows Local Government to charge and collect taxes and fees.

The Local Government Act 1997, section eight (4) provides that Local Governments’ annual budgets shall reflect all revenues to be collected and received by Local Governments and to be appropriated for each financial year.

Furthermore, Section 79 of the same Act states that Local Government’s revenue shall be regulated as provided in the fifth schedule. The Minister of Local Government by statutory instruments made the Local Government Financial and Accounting Regulations (LGFAR) 1998, which prescribes the financial and accountability measures for compliance by all Local Government. Section 31(1) (a), (d) and 31 (6) of the Government act empowers the council to supervise and monitor all activities of the Local Government which among others include monitoring of revenue collection from where the council members are remunerated.

The Local Government finance and accounting regulations, 1998 regulations 25 and 26 empower the Chief Executive Officer to monitor and ensure that revenue collectors carry out their duties properly and that all revenue due to Local Governments is properly collected. The Local Government has been directly involved in collecting Local revenue.

During the time of collection, there has been poor supervision, several shortcomings by collection staff and poor management in revenue sharing. This leads to declining of revenue because of inefficiencies in collection and administration.
The Government in a bid to raise more revenue decided to adopt the privatization policy. It was found necessary to privatize Local Government services including revenue collection. The policy was primarily to develop better and efficient methods of collecting Local revenue generated at the District and the sub counties. This is mainly done through selling out tenders for outsiders to collect the revenue.

According to the statement of chairman of the federal Island revenue service, Mrs. Omoigui, (1991) blamed the high rate of corruption at the local government on the over dependence on revenue. According to her, revenue and its effective utilization are critically important for the survival of the local government councils. She said if only the local government could only look upwards to source of revenue through tourism, and investment initiative, the temptation to wait for funds from the state and federal allocations, only for it to be misappropriated would be minimally reduced.

Local Governments are capable of providing public services, mobilizing community resources, stimulating private investments, expanding rural-urban linkages, adopting national development to Local conditions and investing in Local infrastructure Ssentamu, (2004). They can also be a crucial source of empowerment by offering opportunities for long neglected citizens to participate in the Local decision making processes. They hence act as a voice for Local needs at higher levels and providing adapted support for Local people’s initiatives.

**Fiscal capacity on revenue**

The concept of an individual’s ability (capacity) to pay for public services has a long-established meaning in public sector economics literature. It is often used in analysing the distribution of the burden of taxes and charges levied to fund public services (Musgrave and Musgrave 1989).

The generally accepted view is that a comprehensive measure of the income of a person (or household or business) is the best indicator of their ability to pay taxes and charges. Those with higher incomes have a greater ability to pay than others.
It is a natural extension of this concept to suggest that the aggregate income of a community is an indicator of that community’s ability to pay for local government services, the higher the aggregate income of a community, the higher the ability to pay for local government services, and hence the higher the potential for its local government to raise revenue. It has become common for this indicator of a local government’s potential to raise revenue — aggregate community income — to be referred to as its fiscal capacity, (Musgrave and Musgrave 1989).

The fiscal capacities of local governments depend, to a large extent, on the underlying characteristics affecting the aggregate income of their local community.

Some characteristics include population size and demographic attributes of the population, as well as their natural resource endowments and the nature and scale of their economic activity. For example, a local government area with a higher proportion of its residents not in the labour force (such as those below and above working age, students and retirees) would have a lower aggregate community income compared with other council areas, all else being equal. Aggregate community incomes in some local government areas might be associated with the value of agricultural or mining output, or the concentration of business and industrial properties, within an area.

The fiscal capacity of a local government can be influenced by factors other than the aggregate income of its community. A council encompassing a central business district might have a fiscal capacity that exceeds the income of its local residents and businesses because non-resident workers, shoppers and visitors pay for the use of some of its facilities (for example, car parking and swimming pools). In holiday destinations, rates revenue may be raised from holiday homes owned by non-residents. Moreover, fees and charges for local services might be paid by non-residents (holiday home-owners or renters). However, for present purposes, these complications are set aside.

The measure of fiscal capacity used in this study is assumed to be independent of the level of revenue actually raised by a local government from rates, fees and charges.
This is done in order to distinguish analytically between the capacity of the local government to raise revenue and its choices about how much revenue to generate through its fiscal effort (Barro, 1986, 2002).

**Income is an Appropriate Indicator of Fiscal Capacity**

Income is a more appropriate indicator of the fiscal capacity of a local government than the rateable value of land. This is recognised not only in the economics literature (Collins 1987 and Barro 2002), but also in other studies by the Commonwealth Grants Commission (CGC) (1991) and Morton Consulting Services (1996). Some of the key arguments for using income or land values as the bases for indicators of fiscal capacity.

Although obtaining fully comprehensive measures of income at the local government level is difficult, the arguments in support of using income as an indicator are more compelling than those in support of using property values. This includes the fact that a substantially large proportion of local governments’ own-source revenue, at a national level, is from fees and charges.

Moreover, the reality is that ratepayers pay their rates and charges out of their incomes and probably think in those terms when confronted with their rates notices (Caulfield, 2000). Indeed, local governments, at least implicitly, acknowledge this when they set their rates, fees and charges. Councils are required under State legislation to provide concessions to pensioners, and also voluntarily offer their own concessions to people facing hardship in paying rates. In times of rapidly rising property values, councils often decrease the rate in the dollar, so as to reduce the revenue raised to match the revenue required to fund the budget.

**Propositions for using either income or property values as bases for indicators of fiscal capacity**

In its Report on the Interstate Distribution of General Purpose Grants for Local Government (1991), the Commonwealth Grants Commission presented the views of parties relating to the use of income or the value of rateable land as bases for indicators of revenue-raising capacity. The context of the discussion was to assess
standardised revenue for the purpose of distributing grants to local governments. The arguments that supported income as an appropriate indicator were that:

Local government rates are set in accordance with expenditure requirements, determined through the local government budget process, and not in reference to property values.

Households and businesses pay local government rates from their income. Ability to pay does not increase proportionally with increases in property values.

The increasing use of fixed charges for services, such as garbage collection, and the use of a raft of other fees and charges is weakening the relationship between land and property values and the revenue raising of a local government. This is largely because the costs of providing such services generally do not vary in line with changes in property values.

The locational decisions of businesses are less likely to be distorted when income is used to assess revenue-raising capacity. The propositions that supported property values as an appropriate indicator were that: property values reflect both the wealth and income of residents and are therefore a better indicator of ability to pay.

Economic theory suggests that, in an efficient property market, at least in the long run, property values should be correlated with the expected return on holding the asset. Therefore, higher property values would imply higher returns and ability to pay using property values to assess ability to pay overcomes some of the practical difficulties in obtaining suitable measures of income. Source: Based on CGC (1991).

Although there is likely to be a link between property values and incomes, property values are an imperfect and incomplete indicator of the incomes of residents and hence of their ability to pay rates.

A number of participants to this study support the view that the principal determinant of a council’s revenue-raising capacity is the income of its community.
The Local Government Association of Queensland (sub. 11, p. 3) stated: It is important that the Productivity Commission recognises that growth in the overall value of property does not determine revenue-raising capacity. It is the recurrent resources available to each sector of the economy to meet the rate impost that has a significant bearing on revenue capacity.

Similarly, the Launceston Municipal Ratepayers and Residents Association (sub. 10, p. 6) commented: This association submits that in examining the capacity of different types of councils to raise revenue, the income of the community should be a central indicator of such capacity. All things considered, the Commission considers that the appropriate indicator of fiscal capacity for each council in the context of this study is the aggregate income of its local community. Ultimately, it is the incomes of individuals in local communities that constrain the choices they face between consuming public or private sector goods and services.

The most appropriate indicator is based on a comprehensive measure of income. This includes income from all sources, such as wages, salaries, interest, dividends, imputed income from housing ownership, and capital gains on assets (whether realized or not). It also includes all business income (such as retained earnings) that has not been paid to residents in the form of dividends (Musgrave and Musgrave 1989).

People and businesses in local government areas pay taxes and charges to other spheres of government and receive income from outside the local area (including welfare and other transfer payments from the Australian and State Governments). In principle, the indicator of a community’s ability to pay for local government services should be based on disposable income, net of other taxes and charges. However, a complete quantification of a broad measure of income disaggregated down to the level of local government areas is not available in existing data collections. In practice, it is necessary to use incomplete measures of disposable income.
Comparison with State Grants Commission’s Approaches

The approach to defining and measuring fiscal capacity in this study is different from that used by State grants commissions (SGCs) to estimate relative revenue-raising capacity, local governments estimated by SGCs is based on a State’s average level of rates (and fees and charges in some cases). This definition of revenue-raising capacity is applied in order to distribute grants without discriminating against councils in relation to their actual revenue-raising effort.

In contrast, for the purpose of this study, revenue raising is examined in the context of the policy choices available to local governments.

Concept of relative revenue-raising capacity applied by the State grants commissions

The concept of fiscal capacity adopted in this study differs from the concept of relative revenue-raising capacity applied by the State grants commissions. Although the precise methodology applied by each of the Commissions differs across jurisdictions, the relative capacity to raise revenue is assessed for each council relative to a State average for all councils. This approach is employed because the policy for distributing Australian Government General Purpose Grants explicitly requires that grants be allocated on an effort neutral basis and should not discriminate between local governments on the basis of their policy choices, which affect both revenue raising and expenditure.

In New South Wales, for example, the NSW Local Government Grants Commission determines each council’s relative revenue-raising capacity by multiplying the difference between the state average value per property and the council’s actual value per property by the state average rate-in-the-dollar and the number of properties.

Councils with low values per property relative to the State’s average are assessed as having lower revenue-raising capacity.
In the case of Victoria, standardized revenue for each council is determined as Standardized rates revenue plus standardized fees and charges revenue, reflecting the fact that councils also raise own-source revenue from fees and charges. Standardized rates revenue is calculated for each council by multiplying its valuation base (on a capital improved value basis) by the average rate across all Victorian councils, and, where applicable, adding payments received by the council in lieu of rates. In the calculation of standardised fees and charges revenue for each council, for each of nine functional areas, the relevant driver (such as population) is multiplied by the state median revenue from user fees and charges. For some functions, this is then modified by a series of revenue adjustors to take account of differences between councils based on characteristics which affect their capacity to generate revenue from fees and charges. The revenue-raising capacity from fees and charges is assessed on an effort neutral basis, using the State’s average fee level per unit (usually per person).

2.8 Strategies for Improving Local Revenue Collection
A classical economist Smith (1776) put forward the canons or general principles of taxation which he said should be observed when imposing a tax, and these are; equity, certainty, convenience, productivity, buoyancy and economy. These canons if followed in tax assessment, collection and administration, improve on the Local revenue collection and administration.

Convenience
Under the principle of convenience, Smith (1776) stated that every tax ought to be levied at the time that it is most likely to be convenient for the taxpayer to pay. He further said that, both the time and mode of payment should be convenient. For instance, farmers should be taxed when they sell their crops, office workers to be taxed when they receive their salaries, traders taxed when they make profits.
**Canon of Equity**
Under the equity principle, Smith (1776) stated that the amount of tax burden on taxpayers should be equal or proportional to their incomes such that the higher the income earners pay more taxes (tax liability) than the low-income earners. Adam Smith’s principle of equity is based on humanitarian grounds. Equity takes two forms, horizontal equity, and vertical equity. Horizontal equity means that people in the same income bracket should be taxed equally while vertical equity means that people in different income brackets should be taxed differently.

**Productivity**
Tax productivity is the ability of a given tax to generate as more revenue as possible to the Local Government. Therefore, a tax should be more effective and productive as possible. The tax system should yield enough revenue to the treasury, so that the Local council does not resort to deficit financing.

**Certainty**
The canon of certainty has to be put into consideration in order to improve on the Local revenue. The taxpayer must be protected from unnecessary harassment by revenue officials by advocating for the certainty and non-arbitrariness of the taxes, fees, and charges that each individual is bound to pay. This is because unpredictable taxes discourage investment and reduce effort of work.

**Economy**
Local revenue collection can also be improved by the principle of economy. The principle stresses that the cost of collecting and administering taxes, fees and charges must be much lower than the tax proceeds. The collection costs should not exceed 5% of the tax. It is meaningless to impose taxes, which are widespread and difficult to administer as they impose an unnecessary burden upon the society in the form of additional administrative expenses.
Flexibility/ Buoyancy
The tax should change directly with the change in tax base. A tax should be able to change directly with the changes in the economic situations or incomes or tax bases with the Local administration, for instance if the taxpayers’ incomes rise, even the taxes on them should be able to adjust directly and taxes should reduce as incomes reduce. The fees/tax structure should be adjustable to the changing requirements of the Local Governments with ease; and the Local revenue system should not be complicated.

Diversity
It is risky for the Local Government to depend upon very few sources of Local revenue such as a system is bound to breed a lot of uncertainty for the treasury. If Local revenues come from diversified sources, then any reduction in a particular revenue item is bound to be very small, hence the principle of diversity. However too much multiplicity of taxes should be avoided as it may lead to unnecessary cost of collection and hence violate the economy principle.

Fiscal authorities should be in position to predict and accurately forecast the revenue a particular tax will generate and at what rate it will flow in, for this is because inelastic tax is usually unproductive.

However, the various canons of taxation as put forward by Adam smith such as equity, convenience, flexibility, certainty, may not fully help in tax assessment, collection, and administration because of the nature or make up of the Local Governments. For example, it is difficult to estimate the convenient period of paying taxes by some people who are in informal sectors. With equity, it might be quite difficult to determine people who are in the same income brackets because of the tendency of the tax people to be very secretive when it comes to disclosing their wealth. Indeed Adam smith’s principle of diversity may not be appropriate in less developed economies where by the tax base is low with agriculture as the main economic activity. It can be asserted that Adam smith’s principles of taxable can be more appropriate in developed countries with a variety of tax bases and with a well-developed database about individuals and their incomes.
2.8 Conclusion
The literature analyzed shows the various revenues collected, principles of taxation, challenges involved in revenue collection and depicts the relationship revenue collection and service delivery. It explains various relevant rules and regulations as regards revenue collection and service delivery in Local Governments. However, it also highlights the strengths and the weaknesses of the literature reviewed.

2.9 Conceptual/theoretical Framework
A conceptual framework is a systematic representation between the relationship of variables and congregative map. The conceptual framework theory describes the effectiveness of revenue collection and service delivery in Local authorities. It consists of the independent and dependent variables as well as the control variables. The independent variable is revenue collection and dependent variable is service delivery, whereas the control variables consist of the various regulations that significantly influence both the independent and dependent variables.

Figure 2.1: Money, Banking, International trade and public finance 7th edition. (Page 837-838) shows the independent and dependent variables.

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent Variables</th>
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<tbody>
<tr>
<td><strong>Revenue collection</strong></td>
<td><strong>Service Delivery</strong></td>
</tr>
<tr>
<td>Sources of revenue</td>
<td>• Budgeted versus Actual collections</td>
</tr>
<tr>
<td>Sensitization of the people</td>
<td>• Reports and Records</td>
</tr>
<tr>
<td>Assessment/ enumeration</td>
<td></td>
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<tr>
<td>Revenue Enhancement Plan</td>
<td></td>
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<tr>
<td>Collection of the revenue</td>
<td></td>
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<tr>
<td><strong>Control Variables</strong></td>
<td></td>
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<tr>
<td>• Local Government finance and accounting regulations</td>
<td></td>
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<tr>
<td>• The constitution of the republic of Tanzania.</td>
<td></td>
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<tr>
<td>• The Local Government Act 1997</td>
<td></td>
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</tbody>
</table>

Source: Adapted from ML JHINGAN, (1972).
Identification of Revenue Sources
The revenue collection process begins with identification of the various sources of revenue such as licenses, permits, fees and others from the community.

Sensitization of the People
The masses are sensitized about the benefits of paying taxes. For example, they should be enlightened that their contribution in form of taxes leads to effective service delivery.

Assessment/enumeration
There is need for tax assessment. This enabled the taxpayers to know the amount of revenue they are supposed to contribute. This may involve analyzing the various tax bases within the Local Government.

Revenue Enhancement Plan
After all this, a revenue enhancement plan is made. This aims at improving on the efficiency in the collection of revenues from the various sources.

Collection of the Revenue
Finally, the Local authorities collect the revenue that contributes to the delivery of the various services to the people within the Local Government.

The Local Government Finance and Accounting Regulation (LGFAR)
In 1998 the Local Government Finance and Accounting Regulation (LGFAR) gave authority to the Local authorities through approved estimates to mobilize and collect revenue in form of taxes, market dues, fees, trade licenses and all other revenues specified in the fifth schedule of the Local Government Act part III and IV. The revenue collected can be utilized to deliver of services to the public.

The constitution of the Republic of Tanzania
The constitution of the republic of Tanzania gives Local Governments authority to assess, collect, and utilize the revenue to provide the various services to the people.
**The Local Government Act 1997**
The Local Government Act 1997, Section 8 (4) provides that Local Governments’ annual budgets shall reflect all revenues to be collected and received by Local Governments and to be appropriated for each financial year in order to provide various services to the community.

**Budgeted versus Actual Collections**
The budgeted revenue collection is quite different from the actual collections. In most cases, there is a revenue deficit where by the budgeted revenue collection is less than the actual revenue collections, which hinders the effective delivery of services to the people.

**Reports and Records**
Reports on the revenue collected in the District Local Government such as the Revenue Enhancement Plan Reports generated, at the same time records reflecting the revenue proceeds generated as this enables the Local Governments to offer effectively the services to the people.

**Research gap**
Several Researchers have attempted to find the causes on inefficient on revenue collections and management of finance over the last few years. The main cause of these loses and variances from revenue budgeted and actual realization and expenditure are not yet clearly ascertained. The ascertainment of the factors leading to this situation could be very useful not only to Tabora District Council but also to the overall public organizations in all over the country. The discovery of these factors and hence improvement will add value to the district and government in realizing the mission and vision of provisions of services to meet the satisfactions and expectation of the people.

The gap currently in existence, needs these districts to establish proper attainment of revenue collection mechanism and controls (financial controls and otherwise) in order to attain the intended objectives.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
Research design and methodology according to Cohen and Marion, 1980 is simply a plan that specifies how data should be collected and analyzed.

3.2 Study area
The study was conducted at the offices of Tabora District Council and was focused on the assessment of the effectiveness and efficiency of collection and management of revenue at the council.

3.2 Research Design
Designs in research describe the data collection method or research approach that is used in a study. It defines the various ways by which information is gathered for evaluation or assessment Gilani, (2011). Kothari, (1997) defines research design as a plan of action through which a researcher organizes his/ her work from data collection, organization to analysis.

Kothari (2004) defined the research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data.

This design usually provides rich detailed data about a case, of a predominantly qualitative nature. A case study generally aims to provide insight into a particular situation and often stresses the experiences and interpretations of those involved. It may generate new understandings, explanations or hypotheses (RJC, 2002).
This part consists of the research design, description of the study, data collection, sampling and data analysis techniques. The population of the study comprised the employee of the organization from each department, the tax payers and the district councilors.

In this sense, data is not just mere information, it is information gathered by investigations with the aid of their instruments, techniques and the means. They are clearly identifiable information collected under conditions that are precisely specified and they have meaning only in relation to the particular problems being investigated.

Research design is descriptive study which focuses on studying a situation or a problem in order to explain the relationship between variables, and used scientific method which involves observation and describing the situation. Descriptive study is also useful when it is not possible to test and measure the large number of sample needed for more quantitative of experimentation.

3.2 The study population
The target population for this research involved all staff from different department at the LGA from the level of officers that is the researcher excluded indirect workers such as office attendant, for convenience purpose. While the concentration was at Tabora District Council which were the case study and the reasons for putting all the effort at Tabora District Council was due to financial constraints which limited the researcher to go over many types of council. Also it is due to the fact that Tabora District Council is among of many types of council with similar situation. And finally it is because of its proximity to the researcher

3.7 Source of data
Data collected from two main sources
(i.) Primary source of data
(ii.) Secondary source of data

3.7.1 Primary Source of Data
Spiegel, (1972) defined it as those collected first-hand information from original sources from the user’s express purpose. Such data are usually obtained from the
field through interviews, questionnaires, surveys, planned experimental, observations or recording of official transaction

3.7.2 Secondary Source of Data
These are data obtained second hand from published or recorded sources and used for a purpose different from that of the agency that initially collected from the field. It could be gotten quickly and cheap compared with data collected specially for the problem at hand. They include article, journals, newspapers, note books etc

3.8 Data Collection Techniques
The researcher used different procedures or techniques in selecting a suitable sample or part of representative of the study. The selected sample represented the characteristics found in the entire group (Orodho and Kombo 2002).

This part involved types of different techniques which used for obtaining the required data as explained below:

3.8.1 Observation
The researcher observed the collection of revenue and the management of cash collection.

The researcher participated full in making reconciliation of bank statement during the study. Also the researcher made an observation on how the payments made; receipts collected and records made by the accountants or cashier in the relevant books of accounts.

3.8.2 Interview
Self-personal expression for individual employee to research used in order to obtain the data need.

This is also another primary source of data. Thus involved conversation between the interviewers and the respondents, that is, face to face interpersonal role, situation in which the interviewer asks the persons being interview some questions. The researcher decided to use this instrument because it is flexible in the sense that doubt
can be cleared and crosses – checking is allowed. The researcher adopted a structured interview to help give qualitative information that was not obtained from questionnaire. A few local government staff was interviewed. Besides it being flexible, there was always better responses since the respondents gave information more willingly when approached personally, it equally allowed for reliable information to be collected due to its personal contact.

3.8.3 Questionnaires

This is a primary source of data collected and this formed the main instrument of the research questions which were drawn bearing in mind the level of education of majority of the workers or staff. Questions were designed in a simple language as possible. Under this study the primary method used was the questionnaire-based-survey; by means of using this method a good number of junior and senior staffs will be in touch with me by providing pertinent answers to questionnaire.

The sampling structure for selected was designed to send questionnaires to whomever staff that can easily be accessed; including junior staff, senior staff and chief executive officer.

3.9 Data Analysis Technique

The researcher analyzed the collected data by using both qualitative and quantitative methods.

3.9.1 Qualitative Method

The researcher used description to interprete the information that was the basis to form a reasonable condition.

3.9.2 Quantitative Method

The numerical data collected used to interprete the performance of the organization activities, thus assisting the researcher to gain more information and knowledge about the organization. Under this method tabular, analysis and graphs were used. Data from the respondents also verified, compiled, coded and summarized by using the statistical package for social science (SPSS).
In analysis; - the researcher underwent the following steps:-

Processing: The researcher examined the collected raw data in order to detect errors and omission as well as to correct all the mistakes where possible. It also involved the review of completed questionnaires.

Coding: The whole process done by assigning numbers or other symbols so that the response can be put into limited number of categories or classes. Such classes related to the study under classification. This reduces larger volume of raw data in order to get meaningful relationships.

Tabulation: This is the process of assembling mass data into some kind of concise and logical order to the summarizing of raw data and displaying the same in a compact form. This is in form of statistical data or columns or rows.

Descriptive analysis: Descriptive analysis helped the researcher to study the distribution of work groups, organization, person and other subjects on any of a multiple characteristic such as family size, compositions, efficiency, preferences etc. This sort can be in respect of one variable, two or more than two. It helped the researcher to look on various measures that show the size and shape of distribution along with the study of assuring relationship between two or more variables.

Correlation analysis: This helped the researcher to excavate for joint and variation of two or more variable i.e. Determine the amount of correlation between two or more variable.

3.6 Sampling Techniques
The researcher used both non probability and probability sampling as a technique of selecting a suitable sample or a representative part of a population for the purpose of determining parameters of the whole population.

In a non-probability sampling the researcher used purposive sampling. Purposely for the targets groups which comprised 12 employees from the department of accounts
and finance. The researcher preferred to use the judgmental or common sense method in order to get the suitable and clear sample or a representative part of a population.

In a probability sampling the researcher used simple random sampling method for the remaining sample size. Through probability sampling the researcher grouped the population to be studied into two or three strata depending on the number of population under the study area. The researcher used probability sampling method in order to involve at least some representative at each stratum is selected, and then the sub-samples joined to form the total sample of respondents.

### 3.6.1 Sampling Frame/Unit

The sampling frame of the population mainly comprised the employees of the Tabora District Council (TDC) from the department of accounts and Finance, and other departments such as department of logistics, marketing, engineering and aviation. It was also include the tax payers and other people who were willing to give the information to the researcher.

### 3.6.2 Sample Size

The sample size was 42 respondents. The intention was to have equal gender balance of representative (men and women). The distribution of this sample is 12 employees from the department of accounts and finance, 10 workers from the department of logistics, marketing, engineering and aviation, 10 people who are tax payers and 10 people who were willing to give the information to the researcher. The criterion used for selecting this sample was to have equal gender balance between men and women.
CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1. Data Presentation, Analysis and Discussion

These are presentation, analysis and discussion of relevant information discovered by the researcher during the course of the study, the collected evidence in accordance with the structured themes of the phenomenon being studied.

The recorded interviews in form of notes were first examined and then sorted out so as to put together information from each questionnaire according to the theme categories.

The categorized data were interpreted so as to provide explanations for the themes identified in the questionnaire guide. The explanations were helpful in understanding the assessment of revenue collection and management in Tabora District Council (TDC).

Table 4.1: Population distribution by Percentage

<table>
<thead>
<tr>
<th>No</th>
<th>Respondents</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accounts and finance department</td>
<td>12</td>
<td>28.57</td>
</tr>
<tr>
<td>2</td>
<td>Tax payer/walipa kodi</td>
<td>10</td>
<td>23.8</td>
</tr>
<tr>
<td>3</td>
<td>Councilors/madiwani</td>
<td>10</td>
<td>23.8</td>
</tr>
<tr>
<td>4</td>
<td>Extension officers</td>
<td>10</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>42</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research findings, 2013

The distribution of the sampling population of this study was 12 employees from the department of accounting and finance which was 28.57% of the respondents. Tax payers, councilors and extension officers were 23.8% respectively. The higher the percentage shows the mainly target group to be researched which is Accounting and Finance department.
Table 4.2: Gender distribution percentage

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Men</td>
<td>30</td>
<td>71.43</td>
</tr>
<tr>
<td>2</td>
<td>Women</td>
<td>12</td>
<td>28.57</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>42</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research findings, 2013

The researcher faced some difficulties to have equal gender balance of representative (men and women) during the study. The researcher observed that in Tabora District Council (TDC) there are more men employed than women. The women were found and intervened were 28.57% of the respondents of the whole population interviewed.

Table 4.3: Collection of Revenue in the Council

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>12</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>12</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research findings, 2013

The researcher observed that, the department of accounting and finance collects revenue and deposits the revenue collected into the Bank through the general fund accounts before distributing to other council accounts.
Table 4.4: If yes, are the revenue collected enough to enable the council meet its expenses

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>12</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: research findings, 2013

The money collected by the council are not enough to enable the council meet its operating expenses according respondents response as shown to the table 4.4 above.

Table 4.5: If no why

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Expenses are many than income obtained</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Funds are not enough to finance all activities</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>3</td>
<td>Loan contributed from donors are not enough</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>4</td>
<td>Money given to the council (grant) are not enough</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>5</td>
<td>Other charges grant and loan from the government and donors are not enough</td>
<td>2</td>
<td>16.6</td>
</tr>
</tbody>
</table>

Source: Research findings, 2013

The researcher observed that, the money collected is not enough to enable the council to meets its expenses because of the following:-
25% of the respondents said that; the expense was higher than the revenue collected.
(i). The budget planned by the council was too large than the money collected.
(ii). Also 25% of the respondents said that; the funds were not enough to finance all the activities undertaken by the council.
(iii). In addition to that 16.6% of the respondents said that; the loan contributed by donor's, grants from central government and other charges (OC) respectively are not enough to enable the council to meet its operating expenses.

Table 4.6: Problems Encountered in the Department of Finance

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wrong interpretation of some of the policies concerning revenue collection</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>2</td>
<td>Problems of complying with procedures</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>3</td>
<td>Problems of identifying different sources of revenue</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>4</td>
<td>Tax avoidance and evasion</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>5</td>
<td>Lack of experts</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>6</td>
<td>Lack of incentives</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>7</td>
<td>Lack of skills and techniques</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>8</td>
<td>Political interference</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: research findings, 2013*

The study findings revealed that the finance and accounting department has a problem of interpreting the policies which concerning with the collection of revenue for example; the wrong interpretation of the policies announced by the former minister for finance Mr. Basil Mramba. The policies were aiming at canceling some of the taxes but people thought that all taxes have been cancelled.

**Research Question 1 (RQ1)**

Research question one sought to identify the factors that lead to poor collection and management of revenue. 12 employees responded to this question. Among them,
16.6% of those who responded said, there is wrong interpretation of some of the policies concerning revenue collection, problem of identifying different sources of revenue, tax avoidance (evasion) and also lack of incentives. 8.3% of the employees responded by saying that, there is a problem of complying with procedures, lack of experts, skills (techniques) and problem of political interference.

**Table 4.7: Revenue Collected VS Required Objectives**

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Used in daily transactions of the council</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>2</td>
<td>Meetings expenses</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>3</td>
<td>Used to pay allowances</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>4</td>
<td>Buying fuel and lubricants</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>5</td>
<td>Pay casual labour</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>6</td>
<td>Office running expenses</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>7</td>
<td>Priority to provide services to the council</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: research findings, 2013*

The money collected by the council used in a daily transaction of the council, for example;- in payment of allowances, buying fuels, office running expenses and also used in meeting expenses and payments of casual labour.
<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Banking of revenue collected</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Reconciliation of bank statement with cash</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>3</td>
<td>Proper record keeping and financial reporting</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>4</td>
<td>Auditing of revenue both internal and external</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Proper management of accounting system</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>6</td>
<td>Management of receipt and payment</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: research findings, 2013

Money collected should be banked and then traced through bank statement to confirm if they were banked and credited by the bank. Also, there should be a system of audit control.

Research Question 2 (RQ2)

Research question two tries to examine the factors that lead to a proper system of financial control measures of revenue collection and management of revenue. 12 employees responded to this question. Among them, 25 percent of those who responded said that; the revenue collected are supposed to be banked and there should be the internal and external audit checks, 16.6 percent of the respondents said that; there should be reconciliation of bank statement with cash and management of receipt and payment control and lastly, about 8.3 percent of the respondents said that; there should be a proper record keeping or a sound financial reporting and a proper management of accounting system.
### Table 4.9: Sources of Revenue

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Development levy</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>2</td>
<td>Fees from livestock market</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>3</td>
<td>Produce cess</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>4</td>
<td>Forest fees</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>5</td>
<td>Grants and aids from donors</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>6</td>
<td>Subsidies from central government</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>7</td>
<td>Fees from slaughter and hide dressing</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: research findings, 2013

The council has its own sources of revenue which are collected by the accountants and also depends on out-sources of revenue in order to meet its objectives.

**Research Question 3 (RQ3)**

Research question three sought to determine and identify the internal and external sources of revenue 12 employees responded to this question. Among them, 16.6% of those who responded said that; the council has its internal sources such as development levy, fees from livestock market, forest fees, fees from slaughter and hide dressing and also the council has its external sources such as grants and aids from donors. 8.3% of the respondents said that, the council depends on internal and external sources in food production and subsidies from the central government respectively.
Table 4.10: Are these Sources Enough to Meet Organizations Expenditure

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td>10</td>
<td>83.8</td>
</tr>
<tr>
<td>2</td>
<td>Yes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>to some extent</td>
<td>2</td>
<td>16.7</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>12</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research findings 2013.

The sources which the council depends on the collection are not enough to meet the council expenses. The table above shows that; 83.8% of the respondents said that; the sources are not enough to enable the council to meets its expenses. None of the respondents said the revenue was enough. Also 16.7% of the respondents said that; to some extent the sources are enough. Therefore the higher the percentage shows that; sources are not enough to meet the council expenses.

Table 4.11: If no, what are the other sources of revenue

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hotel levy</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>2</td>
<td>Telephone tower along the road</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>3</td>
<td>Advertisement fees (bill board)</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>4</td>
<td>Meat inspection fees (veterinary officers)</td>
<td>2</td>
<td>16.6</td>
</tr>
<tr>
<td>5</td>
<td>Plying fees</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>6</td>
<td>Produce cess (maize)</td>
<td>3</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>12</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research findings, 2013
The study observed that; the council is in the process of starting new sources of revenue soon after amendment of the laws.

**Research Question 3 (RQ3)**

Research question three sought to determine and identify the internal and external sources of revenue 12 employees responded to this question. Among them, 25% of those who responded said that; the council will start soon the collection of cess produce (maize). 16.6% of the respondents said that; the council will start to collect tax on hotel levy, telephone towel, advertisement fees and meat inspections fees. Also 8.3% of the respondents said that the council is expecting to collect plying fees.

**Table 4.12: Fees Paid to the Council**

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source: research findings, 2013**

Almost all of the respondents said that; they were paying fees to the council in order to meet the objectives of the council in provision of; social services to the citizen's e.g. hospitals, schools and water.

**Table 4.13: If Yes Are You Satisfied With the Amount of Tax Chargeable to You**

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>7</td>
<td>70</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source research findings, 2013**
The study observed that most of the people intervened were not satisfied with the amount of tax levied to them. 70% of the respondents said that; the amount chargeable to them was too high to afford in payment. Also 30% of the respondents were satisfied with the amount chargeable to them.

**Table 4.14: What problems are you facing in payment of tax**

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amount of tax chargeable is large</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>The system of paying tax is not good</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>We don’t benefit in paying tax</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Research findings, 2013*

The study observed that; many people in the council are not willing to pay taxes and others are not paying taxes at all.

**Research Question 1 (RQ1)**

Research question one tries to identify the factors that lead to poor collection and management of revenue. 10 respondents who were the tax payers responded to this question. Among them, 40% who responded said that; people are unwilling to pay tax because the amount taxable to them is too high and also bad system used by the council in collecting taxes e.g. the use of the police force. Also 20% of the respondents said that; they don’t see any benefit in paying taxes.
Table 4.15: What are the weakness do you observe from the tax collectors

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of season timing</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Lack of cooperation with the tax payer</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>The language used by them are not good</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>They are not expert</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>They are corrupt</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>Lack of commitment/seriousness</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: research findings 2013

The tax payers, who responded to this question, helped the researcher to observe some weakness in revenue collection from the tax collectors as shown in table 15.

Research Question 1 (RQ1)

Research question one sought to identify the factors that lead to poor collection and management of revenue. 10 respondents, who were the tax payers, responded to this question. Among them, 20% of those who responded said that; the tax collector are not timing the season where people have money. The languages used by the tax collector are not good e.g. insulting language, lack of experts to the tax collectors and the tax collector are corruptive. Also 10% of the respondents said that; the tax collectors are lacking commitment and they are not cooperating with the tax payer.
Table 4.16: In Your View, What Are the Better Ways of Collecting Revenue

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There should be a good system in tax payment</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>The report should be provided on time</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Identification of clear amount of tax supposed to be paid</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>Before introducing new tax there should be enough information to the tax payer</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>There should be a long ranging of plan</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Education should be provided on important of paying tax to the council</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: research findings 2013

The tax payer who responded to this question suggested the ways (method) which will be used by the council in effective and efficiency collection of revenue.

**Research Question 2 (RQ2)**

Research question one tries to examine the factors that lead to a proper system of financial control measures of collection and management of revenue. 10 respondents, who were the tax payer, responded to this question. Among them, 20% of those who responded give their views on better ways of collecting revenue as follows: there should be a good system in payment of tax, the report should be provided on time, identification of clear amount of tax to be paid and before introducing new tax there should be enough information to the tax payer on what amount they are supposed to pay. Moreover 10% of the respondents suggested that, there should be a long term plan on how the tax will be collected and also education should be provided basing on benefit obtained from tax payment.
Table 4.17: Problems in tax collection

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Management of the collection of revenue is difficulty</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>The money are not paid and collected on time</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>We are not much involved in participation in order to know the different sources of revenue</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>No clear information on income collected and expenditure incurred</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>Not willing to pay tax (the tax payer)</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>Revenue are not enough to finance all activities</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source research findings 2013

The council has the problem in collecting revenue. 10 respondents, who were the councilors, pointed out some problems which arise during the collection of revenue as shown in Table 17.

Research Question 1 (RQ1)

Research question one sought to identify the factors that lead to poor collection and management of revenue. 10 respondents, who were the councilors, responded to this question. Among them, 20% of those who responded said that; it is difficult to manage the collection of revenue, money are not paid and collected on time. The information provided to the councilors is not relevant on the income obtained and expenditure incurred and also people are not willing to pay tax. Also 10% of the respondents said that, they are not participating full in making decision on how to
collect and identifying sources of revenue and how the money should be used. Lastly 10% of the respondents showed that, the revenue collected by the council are not enough to finance all activities.

**Table 4.18: Are the Tax Payers Involved in Arranging How the Revenue Collected will be used**

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>For some extent</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: research findings, 2013*

Table 4.18 shows that, most of the tax payers are participating in arranging how the revenue collected will be used. And about 40% of the respondents said that for some extent and not in every meeting the tax payers are involved in arranging how the revenue collected will be used.

**Table 4.19: Do you participate in the distribution of revenue collected in the council**

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: research findings, 2013*

Table 4.19 shows that, the extension officers from other department are participating in the distribution of revenue collected. All respondents agreed that they were participating in the distribution of revenue.
Table 4.20: Short-comings of Revenue Distribution and Management

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Other department are getting more money than the other</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>2</td>
<td>It is difficult to calculate the ratio analysis of the budget</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>Difficult to manage the distribution of revenue</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research findings, 2013.

The study observed that, the distribution and management of revenue in Table 4. 20 is as follows: other departments are getting more money compared to what they have been contributed to the budget (50%). 30% of the respondents said that; the management of revenue distribution according to ratio analysis is difficult, 20% of the respondents argued that it is difficult to manage the distribution because some of the departments are likely to face some difficulties in meeting their expenses.

Table 4.21: Better ways for Distribution and Management of Revenue

<table>
<thead>
<tr>
<th>No</th>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Work plan should be shown before distribution</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Every departments should bring its budget</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Distribution according to ratio</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>Ratio should be provided according to the distribution of each department</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research findings, 2013
Table 4.21 above shows that, the better way of distribution and management of revenue is through the ratio analysis method. As shown on the table above about 40% of the respondents suggested the use of the ratio analysis method, 20% of the respondents suggested that: the work plan should be shown before distribution and every department is required to bring its budget while 20% responded that the ratio analysis should be provided according to the contribution of each department.

Table 4.22: Sources of Revenue

<table>
<thead>
<tr>
<th>No</th>
<th>Departments</th>
<th>Sources of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Health department</td>
<td>Community health fund, Health basket funds, Central government and donors</td>
</tr>
<tr>
<td>2</td>
<td>Education department</td>
<td>Central government and Donors</td>
</tr>
<tr>
<td>3</td>
<td>Administration department</td>
<td>Central government on sources</td>
</tr>
<tr>
<td>4</td>
<td>Infrastructure department</td>
<td>Central government, Donors funds</td>
</tr>
<tr>
<td>5</td>
<td>Agriculture, livestock and cooperative department</td>
<td>Central government, Donors funds, ADP (agriculture development project)</td>
</tr>
<tr>
<td>6</td>
<td>Natural resource department</td>
<td>On sources, Grants from central government</td>
</tr>
<tr>
<td>7</td>
<td>Water department</td>
<td>Central government, Donors funds, National water rural self and sanitation programe (NWRSSP)</td>
</tr>
<tr>
<td>8</td>
<td>Financial department</td>
<td>On source, Grants from central government</td>
</tr>
<tr>
<td>9</td>
<td>Internal auditor department</td>
<td>On source</td>
</tr>
<tr>
<td>10</td>
<td>Community development department</td>
<td>Grants from central government, Donors funds (global funds)</td>
</tr>
</tbody>
</table>

Source: research findings, 2013
The extension officers from different departments in the council responded to this question by analyzing different sources of revenue in each department.

**Research Question 3 (RQ3)**

Research question three tries to determine and identify the internal and external sources of revenue. 10 respondents, who were the extension officers from different departments, responded to this question as shown in Table 22. The council depends much of its fund sources from the central government and from donor’s funds.
CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion
As a result of the above mentioned findings and observations on assessment of revenue collection and management in Tabora District Council (TDC) the researcher observed that, there is a poor collection and management of revenue accompanied by ineffective accounting procedures.

The system of internal control over cash by TDC is not effective due to some weaknesses pointed out.

The useful way of strengthening internal control over cash is for the management of TDC to ensure that internal audit unit is strong to direct all major problems by making regular tests and investigations to the areas of the system which indicates discrepancy. The good internal control system should be established for the purpose of ensuring that all financial and non-financial controls are in place. Furthermore, a strategic overview is required at Tabora District council (TDC) in order to assist the council to determine the key strength and weakness to the issues that are critical like (competent staff) which will ensure the proper provisions of service to communities in order to realize its objectives.

Despite of the fact that; the accounting system of the Tabora District Council (TDC) is poor to the extent that there is no efficiency and effective in revenue collection and management, still the management of Tabora District Council (TDC) is playing a great role in ensuring that the services are provided to the extent that the citizens attain better life.

When someone speaks about success or failure in any organizations it implies top management of such organizations have succeeded or failed in executing its activities including the generation and management of revenue.
Also it is also noted that there is a need for the management of TDC to recruit new employees basing on academic qualifications and experiences. This would uplift qualification standard of accounting staff members.

There is also a need for the management to strengthen the use of computer so as to increase speed, accuracy and reliability of information. In addition to that, there are some weakness discovered which contribute to substantial discrepancies. Therefore, in order to improve and sustain the performance the following measures are recommended.

5.2 Recommendations

Training
As profession goes with time and there are changes taking place every now and then, training is of vital importance. This will enable staff members to be up to date and conversant with developing changes taking place.

In this regards, Tabora District Council TDC should ensure that short and long term training is conducted to accounting staff members. Various ways such as seminars, workshops, short and long courses from time to time could be adopted by the council to facilitate the issue of training its staff to equip them with appropriate and relevant knowledge and skills which will add value to the performance capability and then results to a positive contribution to the overall activities of the council.

Job Rotation
For the purpose of control, job rotation as one of the devices of internal control system, is of great importance. Job rotations is necessary to be done so as to enhance the ability of the staffs in all sectors and ensure proper control is maintained towards the activities of the council.

Internal Control System
The current internal control system in place needs improvement, so as to increase the control over the expenditure accounted. The internal auditor must check clearly if the
statement of a bank has been reconciled with the collection of cheque and cash deposit. On top of that, the council should comply with the procedures in ensuring that there is a proper record keeping of the revenue received and paid.

**Management Control System**

The management should take a serious action for those who avoids and evade in paying tax. There should be proper information given to the tax payers and the tax collectors regarding the whole issue of tax collection and management. The proper tax collection and management will benefit both the citizens of Tabora District Council, the TDC and all the government in general. Also the political parties should not interfere the relevant issue introduced by the government which aims on increasing the capacity building of the councils in collection of revenue. Moreover the government should provide enough money to the local government in order to enable the councils to have adequate incentives which will help during the collection of tax e.g. car for transport to those remote areas such as Kanyenye, Isikizya and Lolangulu.
REFERENCES


Ezema, M. 92000, July4). Local Government Fame in Niger. Weekend Concord P.17


APPENDICES

Appendix I: Questionnaire to the Employee’s in Accounting and Finance Department

Personal descriptions

Name …………………………………………………………………………………………………………………
Status …………………………………………………………………………………………………………………
Education (no of years spent in schools)…………………………………………………………………………………..
Age ……………………………………………………………………………………………………………………..
Sex……………………………………………………………………………………………………………………………

1. Do you collect revenue in your council?
   (i.) Yes
   (ii.) No

2. If yes! Is the revenue collected from various sources of funds enough to enable the Council to meet its operating expenses properly?
   ………………………………………………………………………………………………………………………………..
   ………………………………………………………………………………………………………………………………..
   If, no why?

3. What problems uncounted in your department in the collection of revenue?
   ………………………………………………………………………………………………………………………………..

4. When the revenue has been collected, how does it be used to meet the required Objectives?
   ………………………………………………………………………………………………………………………………..
   ………………………………………………………………………………………………………………………………..

5. What measures have been taken to control Revenue?
   ………………………………………………………………………………………………………………………………..
   ………………………………………………………………………………………………………………………………..
6. What are the internal and external sources of revenue?

………………………………………………………………………………
………………………………………………………………………………
………………………………………………………………………………

7. Are these sources enough to meet organization expenditure?
If no; what are other sources of revenue collection are you planning to start?
………………………………………………………………………………
………………………………………………………………………………
………………………………………………………………………………

Appendix II: Questionnaires to the Checklists: Tax Payer / Walipa Kodi

Maelezo binafsi

Jina ……………………………………………………………………………
Wadhifa ……………………………………………………………………….
Mwaka wa kumaliza shule…………………………………………………………
Umri ……………………………………………………………………………
Jinsia ………………………………………………………………………….

1. Je mnalipa kodi katika halmashauri yenu?
   (i) Ndiyo  
   (ii) Hapana 

Kama ndiyo
Je mnaridhika na viwango vya kodi mnazotozwa?
………………………………………………………………………………
………………………………………………………………………………

2. Ni matatizo gani unayoyapata wakati wa kulipa kodi?
………………………………………………………………………………
………………………………………………………………………………
3. Ni mapungufu gani unayoyaona kutoka kwa wakusanyaji wa kodi?
   …………………………………………………………………………………………………
   …………………………………………………………………………………………………

4. Kwa mtazamo wako unafikiri ni njia zipi zinazofaa kwa ajili ya kuboresha ukusanyaji wa kodi katika halmashauri yako?
   …………………………………………………………………………………………………
   …………………………………………………………………………………………………

Appendix III: Councillors/Madiwani

Maelezo binafsi

Jina ………………………………………………………………………………………………
Wadhifa ………………………………………………………………………………………
Mwaka wa kumaliza shule………………………………………………………………
Umri ……………………………………………………………………………………………
Jinsia ……………………………………………………………………………………………

1. Ninyi kama wasimizi wa karibu wa shughuli zote za halmashauri .Mnafikiri ni matatizo gani mnayoyapata katika ukusanyaji wa kodi kwa upande wa:-
   (i.) Usimamiaji, ukusanyaji na Utumiaji wa kodi?
   (ii.) Usimamiaji………………………………………………………………………………
   (iii.) Ukusanyaji………………………………………………………………………………
   (iv.) Utumiaji………………………………………………………………………………

2. Je ukusanyaji wa kodi katika halmashauri yenu unafikia malengo mliojiwekea?
   …………………………………………………………………………………………………

3. Je unafikiri kuna usimamiaji mzuri wa mapato yaliyokusanywa?
   …………………………………………………………………………………………………
4. Je katika matumizi ya mapato unawashirikisha walipa kodi wa halimashauri yenu?
…………………………………………………………………………………………

5. Je ni vyanzo vipi vya mapato katika halimashauri yenu?
…………………………………………………………………………………………

Appendix IV: Extension Officers from Other Department

Personal descriptions
Name …………………………………………………………………………………
Status …………………………………………………………………………………
Education (no of years spent in schools)………………………………………………
Age ………………………………………………………………………………………
Sex ………………………………………………………………………………………

1. Do you participate in the distribution of revenue collected in the council?
   Yes or No

2. If yes, what are shortcomings of the distribution and management of the Revenue?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

3. What do you think are the better ways for distribution and management of revenue collected?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

4. What are the sources of revenue in your department?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………