ISSN (Print Version) 0975-3931
ISSN (On-Line Version) 2278-1277

Nexus between Internal Audits, Internal Control System and Revenue Collection Efficiency in Tanzania

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Abstract

An organisation's efficacy and efficiency are related to revenue collection performance. The study examines how revenue collection performance is affected by internal audits and internal control procedures. The study used a quantitative research methodology and a positivist mindset, which made it easier to gather and statistically analyse numerical data. To collect data at a particular moment in time, a descriptive study approach was employed. TRA employees engaged in revenue collection, auditing, and monitoring procedures were the focus of the study. To get thorough answers, data were gathered using structured questionnaires with 5-point Likert scale questions. The data was analysed using both descriptive and multiple linear regression analysis. Internal audits had favourable and statistically significant effects on revenue collection performance, according to the regression results. Internal audits had a greater impact ($B = 0.432$, $p < 0.001$). The study comes to the conclusion that the efficient implementation of an internal control system significantly improves TRA's revenue collection performance. To improve transparency, efficiency, and compliance in revenue collection procedures, it suggests bolstering monitoring systems and expanding the scope and frequency of internal audits.

1.0 Introduction

Public revenue is rapidly being boosted by internal control systems. According to the African Tax Administration Forum (202), the use of electronic fiscal devices (EFDs) raised revenue by 22% in a number of nations. E-payment methods increased tax compliance by 35% in 2022, according to Rwanda's Revenue Authority. Kenya implemented iTax, which decreased human errors and helped identify non-compliance, resulting in a 20% increase in revenue. Regular internal audits in Ghana's state revenue departments prevented losses of GHS 500 million in 2023. Through automated payments, audit improvements, and training, Nigeria's Federal Inland Revenue Service increased performance. Up to 30% of wasted tax revenue might be attributed to inadequate monitoring and auditing, according to the African Development Bank (2022). According to reports, the leading causes of revenue loss include corruption and

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ineffective processes. Therefore, strengthened internal controls are still essential to the economic viability of the continent. The Tanzania Tax Authority has implemented significant internal control measures to enhance tax collection. The Daily News (2024) reports that TRA exceeded its monthly goal in July 2024 by collecting TZS 2.34 trillion. The usage of e-payment systems, enhanced monitoring, and training were given credit for this achievement. The goal of TRA's 6th Corporate Plan (2022–2026) is to increase revenue from TZS 22.6 trillion in 2022–2023 to TZS 32.3 trillion by 2025–2026. Urban areas have seen a decrease in leakages due to computerised fiscal devices and internal audits. But in rural areas like Dodoma, where system adoption is still low, problems still exist. According to reports, the Central Zone, which includes Dodoma, barely met 74.9% of its revenue goal for 2023–2024. This deficiency shows that more robust control methods are required. Regions that are falling behind in the government's quest for digital reform must be examined in order to enhance policies.

The effectiveness and efficiency of an organisation, in this example, the Tanzania Revenue Authority (TRA) in the Dodoma Region, in collecting taxes and other legally required payments owed to the government, is known as revenue collection performance (Chindengwike, 2023). The total amount of revenue collected, the pace of revenue increase, the cost-effectiveness of collection activities, taxpayer compliance rates, and the decrease in tax evasion and avoidance are some of the metrics that can be used to gauge it (Rahman et al., 2024). This study is highly pertinent to Sustainable Development Goal (SDG) 16: Peace, Justice, and Strong Institutions. The specific goal of target 16.6 is to "Develop effective, accountable and transparent institutions at all levels." Effective and responsible institutions are built on efficient revenue collection, which is supported by effective internal control procedures (Naud, 2022).

By putting in place robust internal control mechanisms, nations are enhancing their tax collection performance. The IMF (2023) reports that tax compliance increased by 20% in countries that implemented internal audits and digital monitoring systems. According to the World Bank (2022), the adoption of electronic payment systems resulted in a 15% decrease in tax avoidance worldwide. For instance, Brazil increased its VAT collection by 23% between 2020 and 2023 by using digital audits and e-tax filing. According to a PwC analysis from 2023, corruption and lax internal controls cause an estimated $3.1 trillion in lost worldwide revenue every year. In more than half of developing nations, strengthening internal audits has been shown to increase public trust and fiscal sustainability. These patterns attest to the significance of strong internal control systems on a global scale. Internal controls are therefore essential to improving public revenue collection systems across the globe.

Regional offices such TRA Dodoma continue to underperform despite this impressive national performance; according to reports, the Dodoma office missed its income target by about 12% during the 2022–2023 fiscal year, leaving an estimated TZS 45 billion uncollected (Controller and Auditor General, 2024). Low levels of taxpayer compliance, insufficient monitoring systems, and flaws in internal controls are also contributing

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ISSN (On-Line Version) 2278-1277

issues (National Audit Office, 2025). The study was an essential resource for investigating the efficiency of internal control systems and the difficulties they pose in guaranteeing the best possible revenue collection. The study offered a platform for further empirical research by using a structured quantitative method. It encouraged deeper exploration of various factors influencing revenue performance, including monitoring procedures, audit mechanisms, and digital payment systems.

2 LITERATURE REVIEW

The relationship between principals, those who assign authority and agents, those entrusted to act on their behalf, is examined by Agency Theory, which was developed by Jensen and Meckling in 1976. According to the idea, agents may not always behave in the best interests of principals since they are self-interested, which can result in conflicts known as agency difficulties (Eisenhardt, 1989). The idea places emphasis on methods that match the interests of agents with those of the principals, including as monitoring, incentives, and reporting systems, in order to reduce these problems. Agency Theory offers a crucial framework for comprehending how internal control procedures support accountability and transparency in revenue collection in public institutions such as the Tanzania Revenue Authority (TRA), where government officials (agents) manage resources on behalf of citizens and the state (principals) (Wagana & Nzulwa, 2021).

By describing how internal control mechanisms, such as monitoring, internal audits, and e-payment systems, help to prevent mismanagement, lessen information asymmetry, and guarantee that TRA officers act in the organisation's and the public's best interests, this theory supports the goals of the study (Mwanaumo *et al.,* 2023). Internal audits offer independent confirmation of compliance and financial integrity; monitoring guarantees adherence to established protocols and minimises potential for misbehaviour; and e-payment systems decrease human intervention and produce transparent and traceable financial records. When combined, these strategies lower agency expenses and boost revenue collection effectiveness, supporting TRA's overarching objective of improving performance (Ndung'u, 2022). Agency Theory's primary strength is its emphasis on information asymmetry, incentive systems, and accountability, all of which are crucial to public financial management. By acknowledging the possibility of self-interest among agents and suggesting control mechanisms to align individual and institutional aims, it provides a behavioural perspective. This makes it especially helpful for analysing how internal control procedures guarantee that TRA officials carry out their duties ethically and effectively, encouraging openness and performance enhancement (Olaoye *et al.,* 2020).

Agency Theory is not without flaws, though. It ignores inherent motivations like professional ethics and public service principles in favour of assuming that all agents are driven only by self-interest and financial incentives (Ndung'u, 2022). Additionally, by failing to sufficiently address elements like organisational culture, trust, and social

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ISSN (On-Line Version) 2278-1277

dynamics that affect behaviour and compliance, it oversimplifies the intricate connections between principals and agents in bureaucratic institutions. Additionally, the idea prioritises control and surveillance, which may not always promote a collaborative or trust-based workplace. Postula and associates (2020). carried out studies on internal auditing as a means of enhancing public service effectiveness. The goal of the study was to evaluate how internal audit efficiency criteria affected public entity performance and public spending efficiency in a member state of the European Union. It specifically examined how internal audits relate to the accomplishment of both strategic and operational tasks in public administration. The researchers discovered that internal audit efficiency had a positive impact on the completion of operational-level tasks but had no discernible effect on strategic-level goals, such as those set by the Council of Ministers, using a mixed methodology approach that combined qualitative descriptive analysis with quantitative statistical data analysis. The study came to the conclusion that although internal audits are essential for improving operational performance, their strategic impact is still quite limited. In order to enhance the general performance and accountability of public institutions, it was suggested that internal audit results be linked to performance budgeting, that the audit focus be expanded to include strategic effectiveness, and that auditors be trained to assess long-term effects.

Turetken et al. (2020). Conducted research on Internal audit effectiveness: operationalisation and influencing factors. The purpose of the study was to develop a framework for understanding how internal audit effectiveness can be operationalised and to identify the factors that influence its effectiveness. Using a systematic literature review methodology, the researchers analysed a wide range of academic and professional publications to extract key indicators and influencing factors related to internal audit performance. The findings revealed a comprehensive list of indicators, such as audit quality, compliance, and stakeholder satisfaction, alongside key influencing factors including auditor competence, independence, top management support, resource availability, and the use of technology. The study concluded that internal audit effectiveness is multidimensional and can be significantly improved when these factors are strategically managed. It recommended that organisations adopt the developed framework to assess and strengthen their internal audit functions and called for further empirical research to test and refine the framework in different organisational contexts.

Handoyo & Bayunitri (2021). Conducted research on the influence of internal audit and internal control on fraud prevention. This study aimed to examine the impact of internal audit and internal control on fraud prevention at PT Pos Indonesia (Persero) Bandung, with specific objectives of evaluating how internal audit practices and internal control systems contribute to fraud prevention. Using a verification method and a saturated sampling technique, the study analysed data from 91 employees using SPSS Version 25.00. The findings revealed that internal audit and internal control collectively accounted for 68.8% of the variation in fraud prevention, indicating a significant positive impact. The study concluded that strengthening internal audit and control

ISSN (Print Version) 0975-3931
ISSN (On-Line Version) 2278-1277

systems is essential for minimising fraud risks, recommending improvements in both areas, along with regular employee training and the implementation of fraud reporting mechanisms. Future research should explore the applicability of these findings in other branches or organisations to enhance the generalizability of the results.

3.0 RESEARCH METHODOLOGY

The study adopted a positivist philosophy and employed a quantitative research approach, which facilitated the systematic collection and statistical analysis of numerical data. A descriptive research design was used to capture data at a specific point in time. The study targeted TRA staff involved in revenue collection, audit, and monitoring processes. Data were collected through structured questionnaires containing 5-point Likert scale questions to obtain comprehensive responses. Both descriptive and multiple linear regression analyses were employed to analyse the data.

3.1 Model Specification

Multiple Linear Regression Model: Regression analysis was employed to examine the relationships between the independent variables. The analysis was conducted using SPSS version 26, which facilitated precise estimation of coefficients, significance testing, and model fit. Regression was selected because it provides a rigorous, quantifiable method to understand the contribution of each internal control practice to revenue performance, thereby supporting evidence-based conclusions on financial governance and collection efficiency

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 2X3 + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots.(i)$$

Y = Revenue collection performance
β0 = Constant
β1, β2 Coefficients for independent variables
X1 = frequency of internal audits
X2 = scope of audit coverage
ϵ = Error term

4 RESULTS AND DISCUSSIONS

4.1 Presentation of Findings

This section presents the analysis, interpretation, and discussion of the data collected. The findings are organised according to the study objectives, focusing on the key variables: monitoring, internal audits, and e-payment systems. Data were presented using tables, charts, descriptive statistics, and inferential statistics, including regression analysis, to clearly illustrate the influence of internal control practices on revenue collection performance.

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4.2.1 Response Rate

Table 1: Response Rate

Category	**Frequency**	**Percent (%)**
Questionnaires distributed and returned	141	91.56
No responses	13	8.44
Total	**154**	**100.0**

Source: Field data (2025)

Table 1 shows that out of 154 questionnaires distributed to TRA Dodoma staff and stakeholders, 141 were completed and returned, representing a response rate of 91.56%. Only 13 questionnaires, or 8.44%, were not returned, indicating minimal non-response. The high response rate demonstrated strong participant engagement and cooperation, which enhanced the reliability and validity of the collected data. This level of participation ensured that the study findings accurately reflected the perspectives of the targeted population.

4.3 Demographic Characteristics

This section presents the demographic characteristics of respondents, including sex, age, educational qualifications, and occupational roles, to provide insights into their background.

TaGender diversity helped the study capture potential differences in experiences and attitudes toward internal control practices. It also ensured that recommendations were relevant to all staff, regardless of gender. Overall, this balance enhanced the credibility and generalizability of the findings. Including age was important because it allowed the study to consider the influence of experience and generational perspectives on the understanding and implementation of internal control practices. Different age groups may have varied familiarity with technology, auditing procedures, and monitoring systems. This diversity ensured that the analysis captured a broad range of insights. Consequently, age data enhanced the interpretation of how internal control practices were perceived across career stages.

Including educational background was important because it helped assess whether the level of education influenced respondents' understanding of internal control practices. Higher qualifications were expected to correlate with better knowledge of monitoring, auditing, and e-payment systems. This information supported the analysis of how education affected compliance, decision-making, and revenue collection efficiency. Thus, academic qualifications provided insights into staff competence levels relevant to the study objectives.

Including work experience was important because experience levels influenced familiarity with internal control systems, problem-solving, and revenue collection

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procedures. Staff with more experience were likely to identify better challenges and opportunities in monitoring, auditing, and e-payment usage. Experience data enhanced the reliability of responses regarding the effectiveness of internal control practices. Therefore, it helped contextualise findings based on practical exposure.

ble 2: Demographic characteristics

Categories		**Frequency**	**Percent**
Gender of respondents	Male	70	49.6
	Female	71	50.4
	Total	**141**	**100.0**
Respondent Age	21 – 25 years	29	20.6
	26 – 35 years	31	22.0
	36-45 years	60	42.6
	46 – 55 years	19	13.5
	Above 55 years	2	1.4
	Total	**141**	**100.0**
Academic Qualifications	Certificate	25	17.7
	Diploma	37	26.2
	Bachelor degree	50	35.5
	Master's Degree &PhD	29	20.6
	Total	**141**	**100.0**
Experience in Revenue Collection	Less than 1 year	27	19.1
	1–3 years	55	39.0
	4–6 years	45	31.9
	More than 6 years	14	9.9
	Total	**141**	**100.0**
Respondent Category	Finance Analyst	14	9.9
	Internal Auditor	23	16.3
	IT Personnel	8	5.7
	Revenue Officer	96	68.1
	Total	**141**	**100.0**

Source: Field Data: (2025)

Including this variable was important to capture perspectives from all key stakeholders involved in internal control practices. Each category played a unique role in monitoring, auditing, and e-payment system operations, which directly affected revenue collection

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performance. By analysing responses from different roles, the study ensured a comprehensive understanding of operational strengths and weaknesses. This approach helped generate actionable recommendations tailored to specific staff responsibilities.

4.5 Descriptive Statistics

This section presents descriptive statistics summarising the characteristics of respondents involved in internal control practices at the Tanzania Revenue Authority in Dodoma Region. It covers key measures such as mean, standard deviation, and frequency distributions for the main variables of interest: monitoring, internal audits, and e-payment systems, and their influence on revenue collection performance.

Standard deviation
The standard deviation measures the amount of variation or dispersion in a set of values. It tells us how much the values differ from the mean.

$$S.D. = \frac{\sqrt{\sum (fi \times (xi - \bar{x})2)}}{N}$$

Where by
fi = frequency of each response
xi = Likert scale value (1 = strongly disagree (SD) 2 = Disagree (D) 3 = Neutral (N) 4 = Agree, (A) 5 = Strongly Agree)
$\bar{x}$ = Mean
N = Total number of responses

Mean formula
To calculate the mean (average) of a Likert scale or any set of numbers:

$$Mean = \frac{\sum(fi \times xi)}{N}$$

Whereby
fi = frequency of each response
xi = Likert scale value (1 = strongly disagree (SD) 2 = Disagree (D) 3 = Neutral (N) 4 = Agree, (A) 5 = Strongly Agree)
N = Total number of responses

4.6 Nexus between Internal audits, Internal Control system and Revenue Collection performance.

Table 3 presents the Internal audits, Internal Control system and Revenue Collection performance.

Table 3: Descriptive statistics of Internal audits

Statements for a 5-point Likert Scale		**Frequency**	**Percent**	**Mean**	**SD**
Regular internal audits ensure transparency	Strong Disagree	4	2.8	3.98	1.059
	Disagree	10	7.1		

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and accuracy in revenue collection.	Neutral	26	18.4		
	Agree	46	32.6		
	Strong Agree	55	39.0		
	Total	**141**	**100.0**		
Internal audits are rarely conducted, leading to persistent errors in financial reporting.	Strong Disagree	6	4.3	4.05	0.995
	Disagree	4	2.8		
	Neutral	18	12.8		
	Agree	62	44.0		
	Strong Agree	51	36.2		
	Total	**141**	**100.0**		
Audit exercises are irregular and often incomplete.	Strong Disagree	7	5.0	3.99	1.095
	Disagree	7	5.0		
	Neutral	22	15.6		
	Agree	50	35.5		
	Strong Agree	55	39.0		
	Total	**141**	**100.0**		
Internal audits cover all key areas of revenue collection, ensuring strong internal control.	Strong Disagree	4	2.8	4.21	.960
	Disagree	7	5.0		
	Neutral	8	5.7		
	Agree	59	41.8		
	Strong Agree	63	44.7		
	Total	**141**	**100.0**		
Limited audit coverage results in undetected weaknesses in the revenue system.	Strong Disagree	3	2.1	4.34	.869
	Disagree	5	3.5		
	Neutral	4	2.8		
	Agree	58	41.1		
	Strong Agree	71	50.4		
	Total	**141**	**100.0**		
Auditors often focus on minor issues and overlook critical control weaknesses.	Strong Disagree	2	1.4	4.35	.803
	Disagree	3	2.1		
	Neutral	8	5.7		
	Agree	58	41.1		
	Strong Agree	70	49.6		
	Total	**141**	**100.0**		
Recommendations from audit reports are	Strongly Disagree	6	4.3	3.84	1.173

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implemented effectively to enhance collection performance.	Disagree	20	14.2		
	Neutral	13	9.2		
	Agree	53	37.6		
	Strongly agree	49	34.8		
	Total	**141**	**100.0**		
Lack of comprehensive audits reduces accountability in revenue management.	Strongly Disagree	2	1.4	4.23	.875
	Disagree	5	3.5		
	Neutral	14	9.9		
	Agree	57	40.4		
	Strongly agree	63	44.7		
	Total	**141**	**100.0**		
Average Mean and SD				**4.12**	**0.979**

Source: Field Data (2025).

Regular internal audits ensure transparency and accuracy in revenue collection; the findings show that most respondents agreed or strongly agreed, with a mean of 3.98 and SD of 1.059, indicating that regular internal audits are perceived as vital for maintaining accurate and transparent revenue processes; some respondents disagreed, reflecting minor skepticism; neutral responses indicate moderate uncertainty; overall, this suggests that internal audits play a key role in reinforcing accountability; the standard deviation shows responses were fairly consistent around the mean.

Internal audits are rarely conducted, leading to persistent errors in financial reporting; the results reveal that most respondents agreed or strongly agreed, with a mean of 4.05 and SD of 0.995, suggesting that infrequent audits contribute to ongoing errors in reporting; a small proportion disagreed, reflecting some perception that audits are conducted adequately; neutral responses indicate limited uncertainty; this highlights the importance of conducting audits regularly; the low SD indicates general agreement among respondents.

4.5.1 Linearity Assumption

The scatterplot of standardised predicted values against standardised residuals shows that the data points are randomly scattered above and below the horizontal line without forming a visible curve or systematic pattern. This indicates that the assumption of linearity between the dependent variable (Revenue Collection Performance) and the independent variables (Monitoring, Internal Audits, and E-payment Systems) has been satisfied. According to Field (2018), the linearity assumption is met when residuals are randomly distributed around zero, showing

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no distinct trend. Similarly, Hair et al. (2019) emphasise that a random scatter pattern confirms that the relationship between variables is linear and appropriately modelled by regression analysis. Therefore, the linear regression model applied in this study is suitable for explaining variations in revenue collection performance.

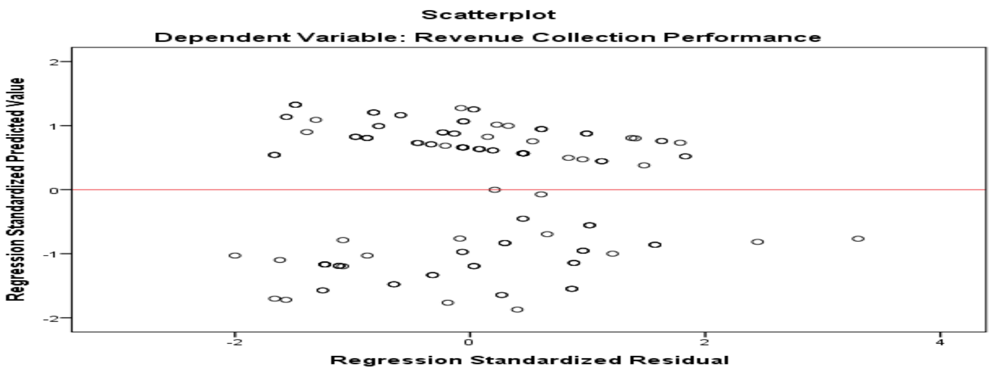

***Figure** Error! No text of specified style in document..**1:** Linearity Assumption*
Source: *Field data (2025)*

4.5.2 Independence of errors test

The Durbin–Watson (DW) statistic value of 2.196, as shown in Table 4.4, lies within the acceptable range of 1.5 to 2.5, which indicates that there is no significant autocorrelation among the residuals in the regression model. This suggests that the errors are independent of each other, fulfilling one of the key assumptions of the classical linear regression model. According to Field (2018), DW values close to 2 imply that the residuals are not correlated, while values substantially below 2 indicate positive autocorrelation. Therefore, the obtained DW value confirms that the regression model used in this study is statistically sound and suitable for analysis.

Table* Error! No text of specified style in document.*: Durbin-Watson d-statistic for Autocorrelation Test

Model Information	**Value**
Number of Observations (n)	141
Durbin-Watson d-statistic	2.196

Source: Field data (2025)

4.5.3 Normality of Errors (Residual)

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The results in Table 5 present the normality test for the residuals using skewness and kurtosis statistics. The skewness values for all variables, Monitoring (-0.415), Internal Audits (-0.464), E-payment Systems (-0.401), and Revenue Collection Performance (-0.501) are close to zero, indicating that the data are approximately symmetrically distributed. Similarly, the kurtosis values range between -1.162 and -1.414, which fall within the acceptable range of ±2 as suggested by George and Mallery (2019). These results imply that the residuals are approximately normally distributed, meeting the assumption of normality required for regression analysis. Therefore, the data are suitable for inferential statistical testing.

Table 5 Normality of Errors (Residual)

	N	**Skewness**		**Kurtosis**	
	Statistic	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Monitoring	141	-0.415	0.204	-1.332	0.406
Internal Audits	141	-0.464	0.204	-1.162	0.406
E-payment Systems	141	-0.401	0.204	-1.414	0.406
Revenue Collection Performance	141	-0.501	p.204	-1.368	0.406
Valid N (listwise)	141				

Source: Field data (2025)

4.4.4 No Multicollinearity

The results in Table 6 show the multicollinearity test using Tolerance and Variance Inflation Factor (VIF) values. All tolerance values are above 0.1 and VIF values are below the critical threshold of 10, indicating that multicollinearity is not a serious concern in this model. Specifically, Monitoring (VIF = 4.535), Internal Audits (VIF = 5.773), and E-payment Systems (VIF = 3.504) fall within acceptable limits, suggesting that the independent variables are not highly correlated with each other. According to Hair et al. (2019), VIF values less than 10 and tolerance values greater than 0.1 confirm the absence of multicollinearity. Therefore, the predictors in this regression model are statistically reliable and provide stable parameter estimates.

Table 6 Multicollinearity Test

Model	**Collinearity Statistics**	
	Tolerance	**VIF**

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1	Monitoring	0.417	4.535
	Internal Audits	0.173	5.773
	E-payment Systems	0.180	3.504
a. Dependent Variable: Revenue Collection Performance			

Source: Field Data, (2025)

4.6 Regression Analysis

This section presents the results of the regression analysis conducted to examine the relationship between monitoring, internal audits, and e-payment systems on revenue collection performance in the Tanzania Revenue Authority, Dodoma Region. The analysis is divided into three subsections: Regression Coefficients, which indicate the strength and direction of the relationship between the independent variables (monitoring, internal audits, and e-payment systems) and the dependent variable (revenue collection performance); ANOVA, which tests the overall significance of the regression model; and Model Summary, which provides key statistics such as R, R^2, and Adjusted R^2 to assess the explanatory power of the model.

4.6.1 Regression Coefficients

Table 7 presents the regression coefficients, showing how monitoring, internal audits, and e-payment systems contributed to explaining variations in revenue collection performance in TRA Dodoma.

Table 7 The regression coefficients,

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.208	0.055		3.785	0.000
	Internal Audits	0.340	0.056	0.371	6.026	0.000
a. Dependent Variable: Revenue Collection Performance						

Source: Field Data, (2025)

The coefficient for internal audits (B = 0.340) suggested that a one-unit increase in audit effectiveness was associated with a 0.340 increase in revenue collection performance. The standardised Beta value of 0.371 indicated a strong positive impact of audits on performance relative to monitoring. The t-value of 6.026 with significance of 0.000 confirmed that internal audits significantly contributed to revenue performance. This finding highlighted the role of

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systematic audits in detecting errors, preventing fraud, and enhancing accountability. It emphasised that improving audit processes directly improved revenue collection outcomes.

4.6.2 ANOVA

Table 8 presents the ANOVA results used to assess the overall significance of the regression model predicting revenue collection performance in TRA Dodoma.

Table 8 The ANOVA results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	93.452	3	31.151	1418.719	0.000[b]
	Residual	3.008	137	.022		
	Total	**96.460**	**140**			
a. Dependent Variable: Revenue Collection Performance						
b. Predictors: (Constant), E-payment Systems, Monitoring, Internal Audits						

Source: Field Data, (2025)

The residual sum of squares (3.008) represented the variation in revenue collection performance not explained by the independent variables. This showed that most of the variance in revenue performance was captured by monitoring, internal audits, and e-payment systems. The small mean square of 0.022 indicated minimal unexplained variation, reflecting a good fit of the model. This validated the reliability of the model in predicting revenue collection performance.

The total sum of squares (96.460) represented the overall variation in revenue collection performance among respondents. By comparing regression and residual sums of squares, it was clear that the independent variables explained the majority of the variation in revenue outcomes. The ANOVA results demonstrated that internal control practices were collectively significant in enhancing compliance, efficiency, and accountability. This interpretation confirmed the appropriateness of using the regression model to understand the influence of internal controls on revenue collection performance.

4.6.3 Model Summary

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This section presents the Model Summary, highlighting the overall fit of the regression model in explaining the relationship between monitoring, internal audits, e-payment systems, and revenue collection performance in TRA Dodoma. Key indicators such as R, R^2, and Adjusted R^2 were used to measure how well the independent variables accounted for variations in the dependent variable.

Table 9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.984[a]	0.969	0.968	0.1481787
a. Predictors: (Constant), E-payment Systems, Monitoring, Internal Audits				
b. Dependent Variable: Revenue Collection Performance				

Source: Field Data, (2025)

The Model Summary Table 9 showed a strong correlation between the independent variables (monitoring, internal audits, and e-payment systems) and revenue collection performance, with an R-value of 0.984, indicating a robust positive relationship. The R^2 value of 0.969 indicated that the combined effect of the independent variables explained 96.9% of the variation in revenue collection performance. The Adjusted R^2 of 0.968 accounted for the number of predictors, confirming the model’s robustness. The standard error of 0.148 suggested minimal deviation between the observed and predicted values, reflecting high accuracy. Overall, the model demonstrated an excellent fit and reliable predictive power for assessing the influence of internal control practices on revenue collection.

These findings aligned with Chambega et al. (2024), who found that the control number system significantly improved revenue collection, financial reporting, and transparency at Kilimanjaro Christian Medical Centre. Similarly, Listiawan and Salman (2024) reported that electronic tax monitoring systems in Sidoarjo District increased operational efficiency and public trust, positively influencing local tax performance. Both studies support the conclusion that structured monitoring mechanisms enhance revenue performance through better oversight and reduced leakage. The Beta value in this study reflects the moderate strength of monitoring’s impact, consistent with previous empirical evidence emphasising its critical role. The findings confirm that monitoring practices are essential for maintaining integrity and efficiency in public revenue systems.

The study's findings also supported Agency Theory, which highlights the need for mechanisms to align the interests of agents (tax officers) with those of principals (government and taxpayers) to reduce information asymmetry and moral hazard. Monitoring and internal audits acted as oversight tools, while e-payment systems increased transparency and minimised opportunities for revenue leakage. The statistically significant influence of internal control components on revenue performance ($p = 0.000$) indicates that these mechanisms effectively aligned the behaviour of agents with organisational goals, reducing risks of fraud and mismanagement. This confirms that applying agency-based controls in TRA Dodoma strengthened accountability and improved compliance, consistent with the principles of Agency Theory.

5.0 CONCLUSION AND RECOMMENDATIONS

The study concludes that effective implementation of an internal control system substantially enhances revenue collection performance at TRA. It recommends strengthening monitoring mechanisms, improving the scope and frequency of internal audits to increase transparency, efficiency, and compliance in revenue collection processes.

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ISSN (Print Version) 0975-3931
ISSN (On-Line Version) 2278-1277

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