



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



**PERFORMANCE AUDIT REPORT ON THE MANAGEMENT OF
NON-TAX REVENUE COLLECTION**





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**CONTROLLER AND AUDITOR GENERAL
MARCH 2026**

About the National Audit Office

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The statutory mandate and responsibilities of the Controller and Auditor General are provided under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and under Section 10(1) of the Public Audit Act, CAP. 418.

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PREFACE



Section 28 of the Public Audit Act, CAP. 418 gives the mandate to the Controller and Auditor General to carry out Performance Audit (Value-for-Money Audit) to establish the economy, efficiency and effectiveness of any expenditure or use of resources in the Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs) and Public Authorities and Other Bodies which involves enquiring, examining, investigating, and reporting, as deemed necessary under the circumstances.

I have the honour to submit to Her Excellency, the President of the United Republic of Tanzania, Hon. Dr. Samia Suluhu Hassan, and through her to the National Assembly of the United Republic of Tanzania, the Performance Audit Report on the Management of Non-tax Revenue Collection.

The report contains findings, conclusions, and recommendations directed to the Ministry of Finance. The Ministry of Finance was given the opportunity to review the report and provide comments. I sincerely acknowledge that the inputs provided were constructive and valuable.

My Office will conduct a follow-up at an appropriate time to assess the actions taken in implementing the recommendations outlined in this report.

I would like to thank my staff for their commitment to preparing this report. I also acknowledge the audited entities for their cooperation with my Office, which facilitated the timely completion of the audit.

A handwritten signature in green ink, appearing to read 'Charles E. Kichere', with a long horizontal line extending to the right.

Charles E. Kichere
Controller and Auditor General
United Republic of Tanzania
March 2026

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LIST OF ABBREVIATIONS AND ACRONYMS

CC	- City Council
CP5	- Fifth Corporate Plan
CP6	- Sixth Corporate Plan
DC	- District Council
FYDPIII	- Third Five-Year Development Plan
GDP	- Gross Domestic Product
GePG	- Government e-Payment Gateway
GoT	- Government of Tanzania
LGAs	- Local Government Authorities
MDAs	- Ministries, Departments and Agencies
MC	- Municipal Council
MICAS	- Ministry of Information, Culture, Arts and Sports
MLHSD	- Ministry of Lands, Housing and Human Settlements Development
MoF	- Ministry of Finance
MoW	- Ministry of Water
MTRS	- Medium Term Revenue Strategy
NHC	- National Housing Corporation
NIRC	- National Irrigation Commission
PMO-RALG	- Prime Minister's Office - Regional Administration and Local Government
NTR	- Non-Tax Revenue
TFRA	- Tanzania Fertilizer Regulatory Authority
TFS	- Tanzania Forest Services Agency
TPDC	- Tanzania Petroleum Development Corporation
TR	- Treasury Registrar
TRA	- Tanzania Revenue Authority
VAT	- Value Added Tax

EXECUTIVE SUMMARY

Background of the Audit

Non-tax revenue is a vital component of Tanzania's public finance system, supporting the sustainability of government operations and the delivery of essential services, including education, health, and infrastructure. It includes income from fees, licenses, levies, penalties, service charges, rents, and returns from government-owned assets. These revenues are collected by Ministries, Departments, and Agencies (MDAs), Local Government Authorities (LGAs), and Public Authorities under the coordination of the Ministry of Finance.

After the introduction of GePG, the collection of non-tax revenue remained below potential. For instance, based on a review of Budget Execution Reports for the Financial Year 2023/24, non-tax revenue collections totalled TZS 3.9 trillion, equivalent to only 77.8% of the projected TZS 5 trillion. This reflects weaknesses in collection performance and unrealistic estimation.

The main objective of the audit was to assess whether the Ministry of Finance has effectively managed the collection of non-tax revenue to ensure adequate mobilisation of domestic funds. The Scope of the Audit was four Financial Years, from 2021/22 to 2024/25.

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Main Audit Findings

Inadequate Contribution of Non-Tax Revenue to the National Budget and GDP

The audit noted an improvement in the percentage of non-tax revenue to GDP across the years audited, with the percentage above the FYDP III target of 2 per cent by 2025/26. But the contribution remained below the regional average of 6.2% among African countries, indicating the need for further improvements to strengthen non-tax revenue performance and contribution to GDP. Furthermore, the audit noted that the contribution of Non-Tax Revenue to the National Budget has ranged from 6% to 6.9%, from 2021/22 to 2024/25. Non-tax revenue has been the least source of revenue in the national budget, with the least contribution observed in the financial year 2021/22.

The underperformance in non-tax revenue contribution was mainly due to an inadequate institutional structure for managing non-tax revenue, limited identification of new revenue sources, weak systems for realistic estimation, inefficient collection mechanisms, and insufficient follow-up and reporting.

Inadequate Institutional Setup and Capacity for the Management of Non-Tax Revenue

The audit noted the absence of a clearly defined structure for managing non-tax revenue. The existing framework did not specify the personnel or units responsible for regulating and collecting non-tax revenue, leading to low accountability. The Fiscal Policy Section is responsible for managing, developing, monitoring and evaluating non-tax revenue and fiscal policy and strategies. However, its focus has historically been heavily tax-related.

The Fiscal Policy Section consists of 22 employees. However, only 3 were responsible for managing non-tax revenue collection for all 74 Ministries and Departments, and the 70 entities under the Treasury Registrar. This staff shortage was compounded by unclear task allocation and responsibilities, resulting in inadequate follow-up with the respective Ministries.

In addition, the existing legal and regulatory frameworks, mainly the Public Finance Act and its Regulations, provided only general provisions without detailed operational guidance specific to non-tax revenue. The Ministry also lacked a comprehensive strategy for non-tax revenue mobilisation during the audit period. Although the Medium-Term Revenue Strategy (MTRS), launched in 2025, introduced some measures, it focused mainly on a few sectors, leaving many potential sources untapped. These weaknesses collectively limited the government's capacity to effectively coordinate, monitor, and expand non-tax revenue collection.

Inadequate Identification of New Revenue Sources

The audit revealed an inadequate process for identifying new non-tax revenue sources across all visited MDAs, Public Authorities, and LGAs. Despite requirements in the Plan and Budget Guidelines to expand the revenue base by identifying new sources, the sampled entities lacked

internal guidelines or defined procedures to guide this process. Furthermore, the Ministry of Finance did not establish or enforce clear mechanisms to ensure compliance with the mandate to identify new revenue resources. Consequently, efforts to identify and operationalise additional revenue streams remained limited.

Analysis of revenue data showed that the sampled Ministries did not identify any new revenue source. For the sampled Public Authorities, only the Tanzania Forest Services (TFS) Agency expanded its sources by introducing eco-tourism revenues. A similar pattern was observed in LGAs, where few councils, such as Momba and Musoma District Councils, actively identified and operationalised new sources, such as property tax, billboard fees, and entertainment charges, while others made minimal progress.

Furthermore, the Ministry of Finance lacked a comprehensive, centralised database of non-tax revenue sources. Information was scattered across multiple unintegrated systems, including the Centralised Budget Management System, PlanRep, and Treasury Registrar records, without Ministry-wide full access.

Inadequate Systems and Processes to Ensure Realistic Estimates for Non-Tax Revenue

The audit found that the Ministry of Finance and other sampled Government Entities had no defined systems and processes for producing realistic non-tax revenue estimates. Ministries, Departments, Agencies (MDAs), Public Authorities, and Local Government Authorities (LGAs) relied on historical data when preparing forecasts, without applying scientific or evidence-based estimation methods. The Ministry of Finance lacked an effective forecasting system and a comprehensive database to support accurate projections. As a result, revenue estimates were either overstated or understated.

The Audit noted that at the National Irrigation Commission (NIRC), the number of revenue sources was reduced from 11 to 8 between 2021/22 and 2024/25. Despite this, revenue estimates increased from TZS 30 billion in 2021/22 to TZS 126.1 billion in 2022/23 before dropping to TZS 3.6 billion in 2024/25. Actual collections remained far below

estimates, achieving only 2.4%, 0.7%, and 21.4% in consecutive years (2021/22, 2022/23, and 2023/24).

Inefficient Collection System and Processes

The audit found that Government Entities had inefficient systems and processes for collecting non-tax revenue. Visited Ministries and Departments did not have functional standard operating procedures (SOPs) for this function. This lack of formal procedures was due to weak internal controls.

Furthermore, the use of digital platforms for non-tax revenue collection remained inadequate. During the field visit, the audit noted that Momba, Musoma, Mtwara, and Tanga LGAs had limited numbers of functional Point of Sale (POS) devices, with gaps between the units required and those in operation. Specific shortfalls included a deficit of 114 POS devices at Tanga City Council and 44 defective units in Musoma. This shortage reduced collection efficiency and transparency.

However, MDAs have adopted enforcement mechanisms via the Government Electronic Payment Gateway (GePG), enabling electronic billing and regular payment reconciliation. Despite this progress, the continued absence of standardised procedures and incomplete digital integration across entities undermines effective revenue control and increases the risk of leakage.

Also, the Audit noted inefficient billing systems and ineffective information dissemination as evidenced at the MLHHS, where customers were required to visit the premises in person to obtain billing information. The MLHHS has not effectively implemented a digital billing platform to enhance the collection of non-tax revenue.

Inadequate Follow-up and Reporting of the Collection of Non-Tax Revenue

The audit revealed that the Ministry of Finance had not established clear procedures or structured plans for the follow-up and reporting of non-tax revenue collection. Although Accounting Officers were directed to appoint focal officers and submit monthly revenue reports, there was no comprehensive follow-up framework, schedule, or

standardised reporting format to guide follow-up actions. This was mainly due to the Ministry of Finance's lack of clear operational guidelines for systematically monitoring and reporting non-tax revenue performance.

Moreover, the Ministry had not developed a centralised or data-driven system to track non-tax revenue performance across Ministries, Departments, and Agencies. Reporting was largely manual, with MDAs submitting Excel-based or hard-copy reports that were not integrated with digital platforms such as the Government Electronic Payment Gateway (GePG) or the Integrated Financial Management System (IFMIS). This prevented the Ministry from accessing real-time data, conducting performance analysis, or issuing evidence-based follow-ups.

Audit Conclusion

The audit acknowledges the Government's initiatives through the Ministry of Finance to strengthen domestic revenue mobilisation through the introduction of the Medium-Term Revenue Strategy in September 2025 and the deployment of digital systems such as the Government Electronic Payment Gateway (GePG) and TAUSI for LGAs.

However, despite these efforts, the audit concludes that the Ministry of Finance has ineffectively managed the collection of non-tax revenue, thereby failing to ensure adequate mobilisation of domestic funds. In addition, the Ministry of Finance has not sufficiently established a robust institutional framework, legal instruments, or operational mechanisms to ensure effective planning, collection, and monitoring of non-tax revenue across Government Entities.

Main Audit Recommendations

Recommendations to the Ministry of Finance

The Ministry of Finance (MoF) is urged to:

- a) Establish a dedicated non-tax revenue unit with clear roles, staffing, and accountability, and implement a national coordination and regulatory framework to strengthen oversight and management across responsible entities; and
- b) Establish procedures for identifying new revenue sources and develop a comprehensive database to map potential non-tax revenue sources at both national and sub-national levels.

CHAPTER ONE

INTRODUCTION

1.1 Background

Non-tax revenue mobilisation is a vital component of Tanzania's public finance system, supporting the sustainability of government operations and the financing of essential services, including education, health, infrastructure, and social protection. Non-tax revenue refers to government income derived from fees, licenses, levies, penalties, service charges, rents, and returns from government-owned assets. Unlike tax revenues, which are primarily collected by the Tanzania Revenue Authority (TRA), non-tax revenue is collected by Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), and Public Authorities, under the coordination and oversight of the Ministry of Finance.

In recent years, the Government of Tanzania has implemented reforms to strengthen non-tax revenue management, including the rollout of the Government Electronic Payment Gateway (GePG) to enhance efficiency, transparency, and accountability. Despite these measures, significant challenges persist. According to the Budget Execution Report for Financial Year 2023/24, non-tax revenue collections stood at TZS 3.9 trillion, representing only 77.8% of the projected TZS 5.0 trillion. The persistent shortfalls have been attributed to factors such as delays in remittances by collecting entities, under-pricing and undervaluation of public services and assets, weak enforcement of laws and by-laws, and limited integration of informal revenue sources.

Non-tax revenues constitute an important share of the national budget, complementing tax revenues in financing government priorities. Strengthening their collection is therefore crucial for reducing fiscal deficits, lessening reliance on external borrowing, and ensuring sustainable financing of Tanzania's development agenda.

1.2 Motivation for the Audit

The Audit was motivated by the following indication of NTR performance problems.

Underperformance in Non-Tax Revenue Collection: MoF Budget Execution Reports from 2021/22-2024/25 show shortfalls in non-tax

revenue, with overall collections repeatedly falling short of targets despite modest improvement in some years. MDAs were the main contributors to underperformance, consistently failing to meet their revenue goals, with collection rates declining from 84.4% to 74.3% over three years.

Untapped Revenue Potential: The informal sector in Tanzania contributes significantly to GDP and employment but remains largely outside formal revenue collection, limiting non-tax revenue from fees¹, licenses, charges, and fines. Weak enforcement, fragmented laws, unregistered businesses and properties, and limited digital systems hinder effective mobilisation. Formalising just 25% of informal enterprises could yield over USD 200 million annually². Inefficiencies, such as under-pricing of services and delayed remittances, further reduce collections. Strengthening non-tax revenue management is essential to broaden the fiscal base, reduce dependence on taxes and external financing, and support the FYDP III goals of rationalising revenue sources and modernising collection systems.

Increased Government Revenue Loss: The 2021/22 CAG report revealed major weaknesses in public revenue management (both tax and non-tax). TANESCO lost TZS 105.49 billion from unapproved tariff changes and stolen meter seals. Several entities, including WCF and NSI, failed to collect TZS 2.14 billion through GePG. Public entities held TZS 3.71 trillion in trade receivables, mostly owed by government bodies, reflecting weak debt collection. Only 63% of own-source revenues were collected, and government grants were delayed. TRA did not tax online transactions, failed to comply with EFD requirements, and failed to assess thousands of taxpayers. KADCO also failed to remit collected taxes, and imported vehicles overstayed without the required re-export.

Non-Achievement of the Non-Tax Revenue Target Set by the Ministry of Finance: The Ministry of Finance sets annual non-tax revenue targets, but continues to face collection gaps. Between 2021/22 and 2024/25, shortfalls ranged from TZS 0.5 to 1.1 trillion (equivalent to 10% to 24%), indicating persistent underperformance.

¹ Call for tax system harmonisation, formalisation of businesses - Daily News

² Revamping Corporate Tax: Global Insights, Local Goals - Tanzania Digest

These recurring gaps highlight weaknesses in resource mobilisation and the inability to meet ministerial non-tax revenue targets.

1.3 Audit Design

1.3.1 Audit Objective

The main objective of the audit was to assess whether the Ministry of Finance has effectively managed the collection of non-tax revenue to ensure adequate mobilisation of domestic funds.

1.3.2 Specific Audit Objectives

To address the main audit objective, five specific audit objectives were used. The specific objectives of the audit assessed whether the Ministry of Finance has ensured:

- (i) Institutional set-up and organisational structure for the management of non-tax revenue;
- (ii) Identification of new revenue sources that align with principles of revenue collection;
- (iii) Effective systems and processes are in place to ensure estimates for non-tax revenue are realistic;
- (iv) Efficient collection system and processes in place; and
- (v) Adequate follow-up and reporting on the collection of non-tax revenue.

To address these specific audit objectives, audit questions and sub-audit questions were developed, as presented in **Appendix 2**.

1.3.3 Scope of the Audit

The main audited entity was the Ministry of Finance. The Ministry of Finance is responsible for formulating policies, overseeing financial control and revenue management, and overseeing the implementation of non-tax revenue collection across the country. Through the Policy and Analysis Division, the MoF coordinates government finances, including financial regulations and monitoring revenue collection

performance. The Ministry also sets ceilings for revenue projections. The Audit also covered the National Irrigation Commission, the Ministry of Lands, Housing and Human Settlements Development, the Ministry of Information, Culture, Arts and Sports and the Ministry of Water among the MDAs with sources of non-tax revenue.

The Audit also covered the Treasury Registrar, a sole government entity that manages the performance of all Public Authorities in the country. In addition, four Public Authorities were covered: the Tanzania Forest Services Agency and the Tanzania Fertiliser Regulatory Authority for the non-commercial entities. The National Housing Corporation and the Tanzania Petroleum Development Corporation are the commercial entities. Furthermore, the Audit covered four LGAs: Musoma DC, Momba DC, Tanga CC, and Mtwara MC. The Regional Secretariats for Mara RS, Songwe RS, Tanga RS, and Mtwara RS were visited, as the LGAs remit their non-tax revenue to the Regional Secretariats.

The focus of the audit was on assessing the institutional setup and organisational structure; identifying new revenue sources aligned with the principles of revenue collection; effective systems and processes to ensure realistic estimates of non-tax revenue; and efficient collection systems and processes, with adequate follow-up and reporting of non-tax revenue collection.

Regarding the institutional set up and organisation structure for the management of non-tax revenue, the Audit assessed the existence of organization structure and capacity that includes skilled human resource with technical capacity; defined institutional roles and responsibilities in place for the management of non-tax revenue; inter agency coordination mechanism in place between Treasury Registrar with the Public Authorities, Ministries and Departments and PMO-RALG with LGAs. The audit also assessed the existence of a legal and regulatory framework for governing non-tax revenue and a medium- or long-term strategy that aligns with the National Revenue Mobilisation Strategy and enhances Non-tax Revenue Sustainability.

As regards the identification of new revenue sources that align with principles of revenue collection, the Audit assessed the presence of defined procedures in place for the identification of new revenue sources in the respective Government Entities; identification of new revenue sources for widening the revenue base and the presence of a

comprehensive database of all potential and actual sources of Non-Tax Revenue. Regarding effective systems and processes to ensure realistic estimates for non-tax revenue, the audit assessed the presence of a clearly defined processes to guide the estimation of non-tax revenue; a system for ensuring effective estimation for non-tax revenue projection; presence of effective estimates in place and periodic review of the rates for non-tax revenue (service charges, fines and penalties, rental charges and fees) to align with market rates or public service costs.

Regarding efficient collection systems and processes for non-tax revenue, the Audit assessed the existence and functionality of standard operating procedures for non-tax revenue collection; the use of a digital platform for efficient collection; and an enforcement mechanism to minimise revenue loss.

With regard to adequate follow-up and reporting on the collection of non-tax revenue, the Audit assessed the defined procedures and plans for follow-up and reporting on the collection efficiency of non-tax revenue, and the availability of a data-driven system for tracking and follow-up on the Performance of non-tax revenue collection. The audit also looked into the availability of Key Performance Indicators for follow-up on non-tax revenue collection and reporting mechanisms on the available and potential revenue sources.

The audit covered four (4) Financial Years from 2021/22 to 2024/25. This period was chosen as it allows the auditors to establish performance trends in the collection of non-tax revenue in the country.

1.3.4 Audit Criteria

To assess the management of non-tax revenue collection, assessment criteria were drawn from legislation, standards, good practices, and Strategic Plans from the Ministry of Finance. The following are the assessment criteria for each of the specific audit objectives as provided below.

Efficient Collection of Non-Tax Revenue

According to para 6.3 of the National Five-Year Development Plan 2021/22-2025/26, the Sources of financing FYDP III include non-tax revenue.

Institutional Set Up and Capacity for the Management of Non-Tax Revenue

According to Section 5 of the Public Finance Act [CAP. 348 R.E. 2020], the Minister of Finance is responsible for developing and implementing an effective macroeconomic and fiscal policy framework to ensure efficient management of public finances. This includes: Ensuring that systems, structures and capacities are in place across government institutions for planning, allocation, collection, and management of public resources; and maintaining transparent and accountable mechanisms for managing and reporting public revenue. Approved Functions and Organisation Structure of the Ministry of Finance, 2023, indicates the structure that defines the roles for the revenue matters that include both tax and non-tax revenue.

Additionally, according to Para 5.2.5 of the Third National Five-Year Development Plan (FYDP III, 2021/22 - 2025/26), the Government is required to rationalise non-tax revenue sources and payment procedures. This intervention aims to enhance coordination and integration among key institutions.

Identification of New Sources of Revenue that align with the Principles of Revenue Collection

Para 2.3.2 of the Plan and Budget Guidelines for 2024/25 indicates that the strategies for domestic revenue collection include widening the revenue base by identifying new sources and ensuring these sources align with the principles of revenue collection. It also requires the Ministry of Finance to continuously assess the performance of government institutions and public corporations to enhance their efficiency and increase government revenue. Also, Para 4.2.2 (ii) of the Plan and Budget Guideline 2024/25 states that Accounting Officers are instructed to have strategies in place for increasing efficiency in the collection of government revenue by the identification of new revenue sources.

Moreover, Para 4.2.2 (v) of the Plan and Budget Guideline 2024/25 instructs Accounting Officers to have strategies in place for increasing efficiency in the collection of government revenue by repairing and updating the database and statistics of all revenue sources at the lower-level government (ward and village) to strengthen collection and control the loss of revenue.

Additionally, Para 5.2.5 (vii) of the Five-Year National Development Plan 2021/22 - 2025/26 addresses key interventions, including the rationalisation of non-tax revenue sources and payment procedures.

Systems and Processes to Ensure Realistic Estimates for Non-Tax Revenue

Section 23(1) of the Public Finance Act [CAP. 348 R.E. 2020] obliges the Minister to present to the National Assembly, before each financial year begins, detailed estimates of government revenue, expenditure, and financing needs. For each vote of expenditure, the Minister must also provide expected outputs and performance criteria to ensure transparency and accountability in financial planning and performance assessment. Additionally, Section 12(2)(a) of the Budget Act [CAP. 439 R.E. 2020] requires the Permanent Secretary and Paymaster-General to ensure that there is timely and effective preparation of annual estimates of expenditure for consideration and approval by the Minister, subject to approval by Cabinet before submission to the National Assembly.

Moreover, Section 12(2)(b) of the Budget Act [CAP. 439 R.E. 2020] obliges the Permanent Secretary and Paymaster-General to ensure that the annual estimates of expenditure are prepared in conjunction with any general or specific direction of the Minister and reflect, as can best be ascertained at the time, good value for money and the effective use of the Government's resources.

Also, Regulation 38(1), (2), and (3) of the Public Finance Regulations, 2001, as amended in 2022, directs the Permanent Secretary to ensure that every Accounting Officer has a draft financial estimate that is realistic, accurate, and complete, holding them responsible for overlooking any foreseeable opportunity for revenue or expenditure. Additionally, Para 4.2.2 (x) of the Plan and Budget Guideline 2024/25 states that the Permanent Secretary will ensure that Accounting Officers have strategies in place to increase the efficiency of government revenue collection. They are required to do so by submitting proposals for changes in tax rates, fees, levies, and charges to the Ministry of Finance immediately after the issuance of a public notice inviting stakeholders to submit tax reform proposals.

Efficient Collection System and Processes in Place

Regulation 57 of the Public Finance Regulations, 2001 (as amended in 2022), requires accounting Officers to be personally responsible for ensuring that adequate safeguards are in place and applied for the prompt collection and proper accounting for all Government revenue and other public moneys relating to their departments or offices. Additionally, Para 4.2.2 of the Plan and Budget Guidelines for year 2024/25 indicates that the strategy to increase revenue includes ensuring proper use of government electronic systems for revenue collection by regularly reviewing and auditing the systems to avoid revenue losses.

Follow-Up and Reporting of the Collection of Non-Tax Revenue

Para 4.6.1 (i) and (ix) of the Plan and Budget Guideline 2024/25 on strengthening monitoring and evaluation of the implementation of plan and budget, directs Accounting Officers to evaluate non-tax revenue sources, outline strategies to enhance efficiency, and identify performance indicators to assess achievement of MDAs and LGAs objectives. Para 8.4.4 of the Five-Year National Development Plan 2021/22 - 2025/26 addresses regular follow-up and inspection of the implemented interventions. An inspection report will be generated and included in the monitoring and evaluation process. The Ministry of Finance will undertake inspections of strategic and flagship projects to track expenditure, monitor implementation, and monitor poverty and SDG indices, under the coordination of the National Planning Division (NPD).

1.4 Sampling, Methods for Data Collection and Analysis

Methods for sampling, data collection, and analysis used by the audit team are presented below.

1.4.1 Sampling Techniques

Non-tax revenue is collected through MDAs, including the Treasury Registrar, a sole government entity that oversees the performance of all Public Authorities in the country. A purposive sampling method was used to select Government Entities to be audited regarding the management of non-tax revenue collection, with two groups of MDAs: Ministries and Departments and the Treasury Registrar.

a) Selection of Ministries and Departments

Of the 74 MDAs that submit their collections to the Ministry of Finance, the Ministry works closely with 26 MDAs that make significant contributions to non-tax revenue. Two entities were chosen as the least performers for the Financial Year 2023/24: the National Irrigation Commission and the Ministry of Lands, Housing and Human Settlements Development. One chosen mid-performer was the Ministry of Information, Culture, Arts and Sports, and the best performer was the Ministry of Water as detailed in **Appendix 5**.

b) Selection of Public Authorities

A total of four Public Authorities were selected: two non-commercial entities, which contribute 15% of the total non-tax revenue, and two commercial entities, which pay dividends to the government. Selections were based on their level of performance in collecting non-tax revenue. This means that one best and one least performer on the collection of non-tax revenue in each of the two categories of Public Authorities was selected.

The Tanzania Forest Services Agency was selected as the best-performing non-commercial entity, while the Tanzania Fertiliser Regulatory Authority was selected as the least-performing non-commercial entity. The National Housing Corporation was selected as the best-performing entity, and the Tanzania Petroleum Development Corporation was selected as the least-performing entity among the commercial entities as detailed in **Appendices 6 and 7**.

c) Selection of LGAs

Four LGAs were selected based on their performance in non-tax revenue collection for the Financial Years 2022/23 to 2023/24. Tanga CC was selected as the mid performer among the city councils, with a performance of 81%, and Mtwara MC was selected as the least performer among the Municipal councils, with a performance of 56%.

Also, two District councils were selected: Musoma District Council, the lowest Performer, and Momba District Council, the best performer among district councils as detailed in **Appendices 8,9 and 10**.

The overall list of the entities to be visited is detailed in **Table 1.1**.

Table 1.1: Selected Entities Visited

Levels of the Government	Entity	
Ministries and Departments	1. National Irrigation Commission	
	2. Ministry of Lands, Housing and Human Settlements Development	
	3. Ministry of Information, Culture, Arts and Sports	
	4. Ministry of Water	
Treasury Registrar and Public Authorities	1. Treasury Registrar	
	2. Tanzania Forest Services Agency	
	3. Tanzania Fertilizer Regulatory Authority	
	4. Tanzania Petroleum Development Corporation	
	5. National Housing Corporation	
Local Government Authorities	Regional Secretariats (RS)	LGAs
	Mara RS	Musoma DC
	Songwe RS	Momba DC
	Tanga RS	Tanga CC
	Mtwara RS	Mtwara MC

Source: Auditors' Analysis of the Selected Entities to be Visited, 2025

1.4.2 Methods for Data Collection

Both qualitative and quantitative data were collected to provide strong evidence for assessing the management of non-tax revenue. The Audit Team used different methods to gather information from the audited entities. These methods included interviews and document reviews as detailed below:

(a) Documents Review

The Audit team reviewed documents from MoF, the selected MDAs, the Treasury Registrar, Selected Public Authorities, PMO-RALG, and LGAs to obtain comprehensive, relevant, and reliable information on the management of non-tax revenue. All relevant documents from the audited entities for the period under audit, i.e., from July 2021 to June 2025, were reviewed. These documents included planning, performance, and progress reports. A list of the documents reviewed and the reasons for their review is shown in **Appendix 3**.

(b) Interviews

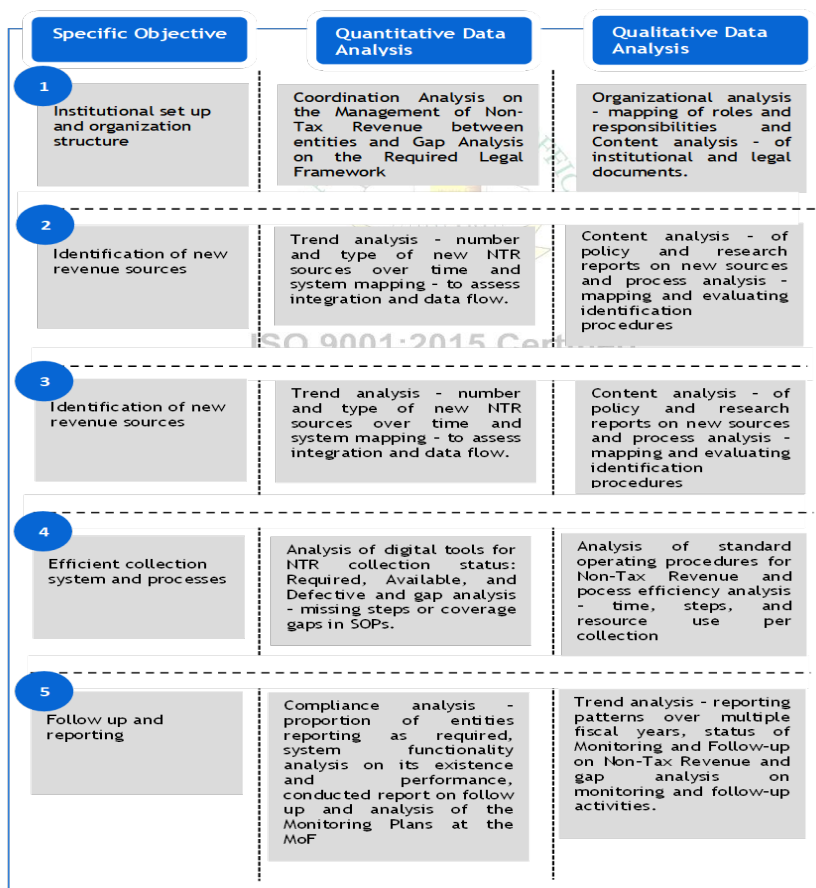
Top- and middle-level officials at the MoF, selected MDAs, the Treasury Registrar, Selected Public Authorities, the PMO-RALG, and LGAs were

interviewed. The selected officials were those responsible for the management of non-tax revenue in the respective audited entities, including officials from Planning sections and Finance and Operations. The interviews validated information from the reviewed documents. The list of officials interviewed is presented in the attached **Appendix 4**.

1.4.3 Methods of Data Analysis

The collected information was analysed using both qualitative and quantitative methods to obtain facts and sufficient information on the collection of non-tax revenue, as detailed in **Figure 1.1**.

Figure 1.1: Methods of Data Analysis



Source: Auditors' Analysis of the Methods for Data Analysis, 2025

1.5 Validation of the Data and Findings

The MoF was given the opportunity to review the draft audit report and comment on the facts and figures presented. The Ministry confirmed the accuracy of the information and figures presented in this report. The comments and responses are presented in **Appendix 1**. Furthermore, the sampled Public Authorities, Ministries and LGAs were given the opportunity to comment on their respective parts in the draft report.

In addition, experts in the field of Management of Non-Tax Revenue cross-checked the presented information and provided comments that improved the audit report.

1.6 Standards Used for the Audit

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and the performance auditing standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI). The standards require the audit to be planned and performed to obtain sufficient and appropriate evidence that provides a reasonable basis for findings and conclusions based on the audit objective(s).

1.7 Structure of the Report

This report is structured into five main parts that cover the aspects presented in **Figure 1.2**.

Figure 1.2: Structure of the Report



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CHAPTER TWO

SYSTEM FOR THE MANAGEMENT OF NON-TAX REVENUE COLLECTION

2.1 Introduction

This chapter outlines the system for managing non-tax revenue collection in the country. It provides details of the governing legal framework and the government's goals and strategies for managing non-tax revenue collection in the country. Additionally, it describes the key actors, their legal mandates, and their responsibilities for overseeing non-tax revenue collection.

This chapter explains how systems, processes, and activities are intended to operate to ensure adequate management of non-tax revenue collection in the country.

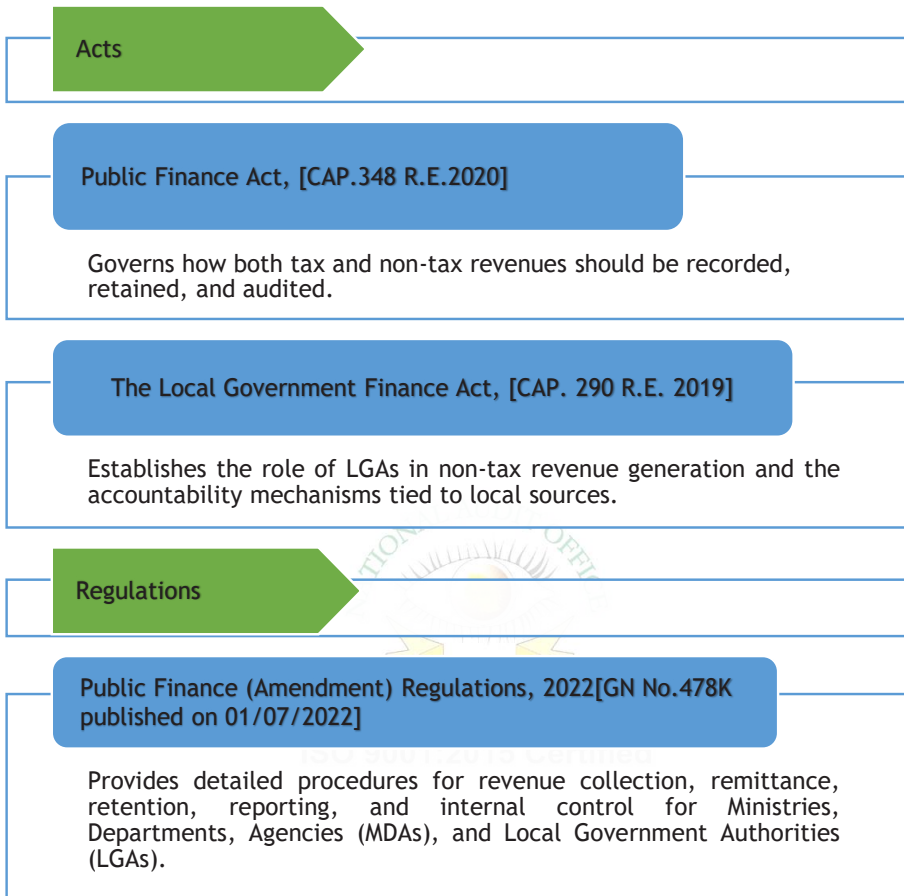
2.2 Legal and Regulatory Framework Governing the Management of Non-tax Revenue Collection in the Country

2.2.1 Governing Legislation

The management of non-tax revenue collection in the country is guided by the following laws and regulations, as presented in **Figure 2.1**.

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Figure 2.1: Legal and Regulatory Framework for the Management of Non-tax Revenue Collection

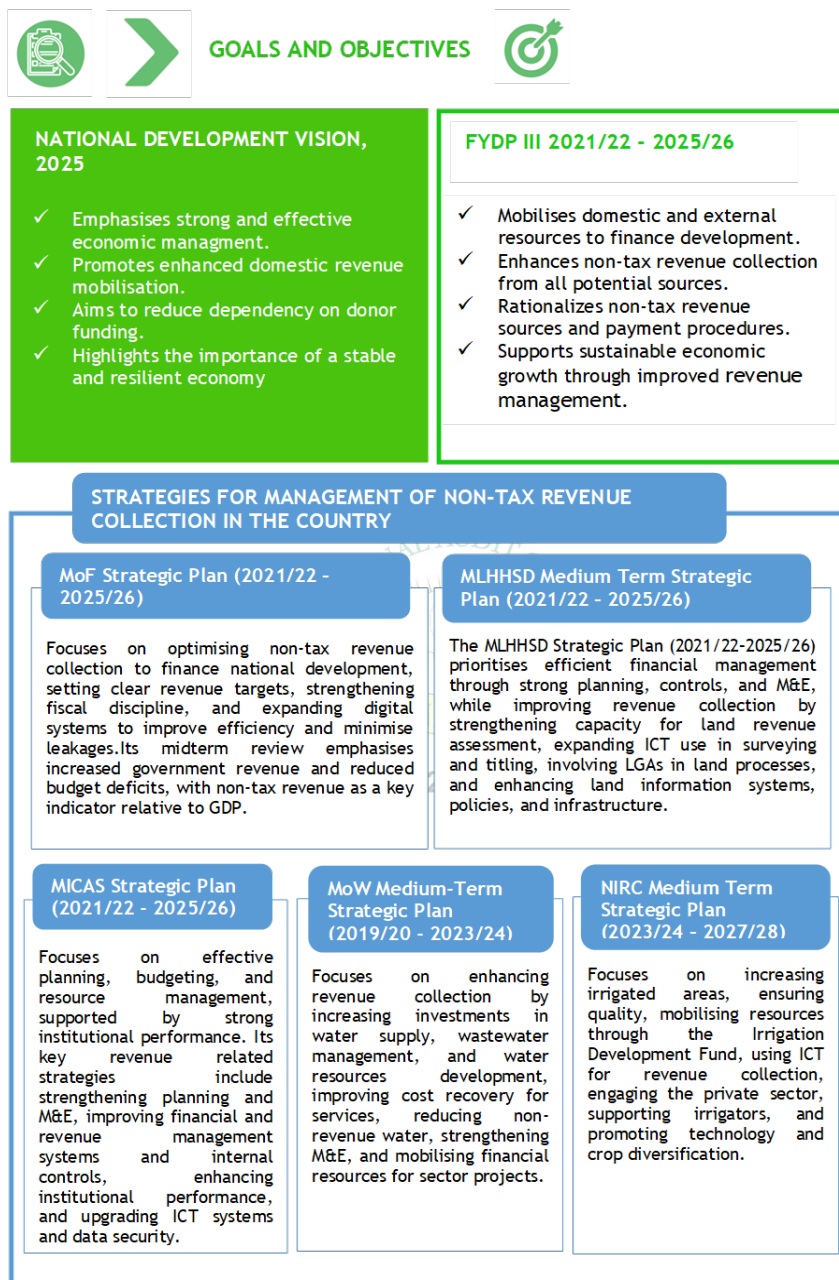


Source: Auditors' Analysis of the Legal and Regulatory Framework for the Management of Non-tax Revenue Collection, 2025

2.2.2 Strategies, Goals and Objectives for Management of Non-tax Revenue Collection in the Country

The provision for the management of non-tax revenue collection is guided by the National Development Vision 2025, FYDP III, and institutions' strategic plans, as detailed below.

Figure 2.2: Analysis of the FYDP and Strategic Plans

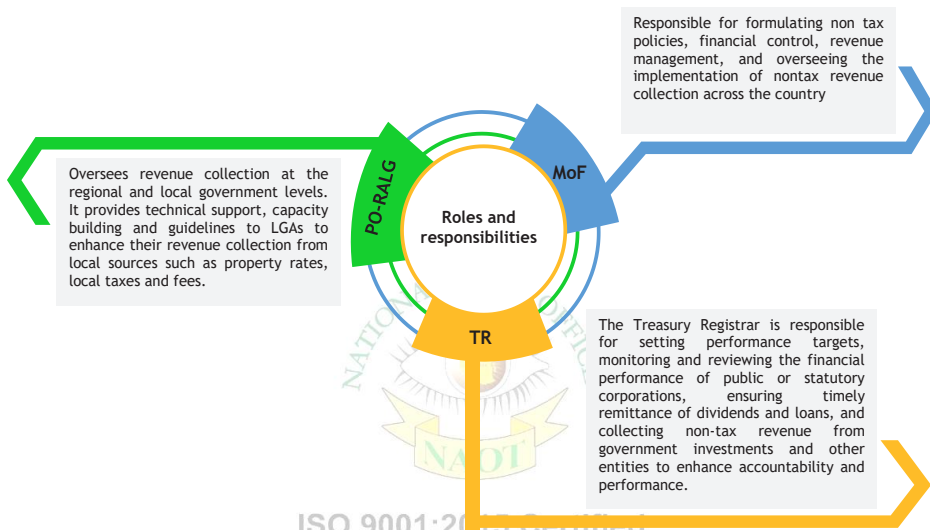


Source: Auditors' Analysis on the Reviewed NVD, FYDP III, Strategic Plans of the Sampled Ministries, 2025

2.3 Roles and Responsibilities of Key Actors

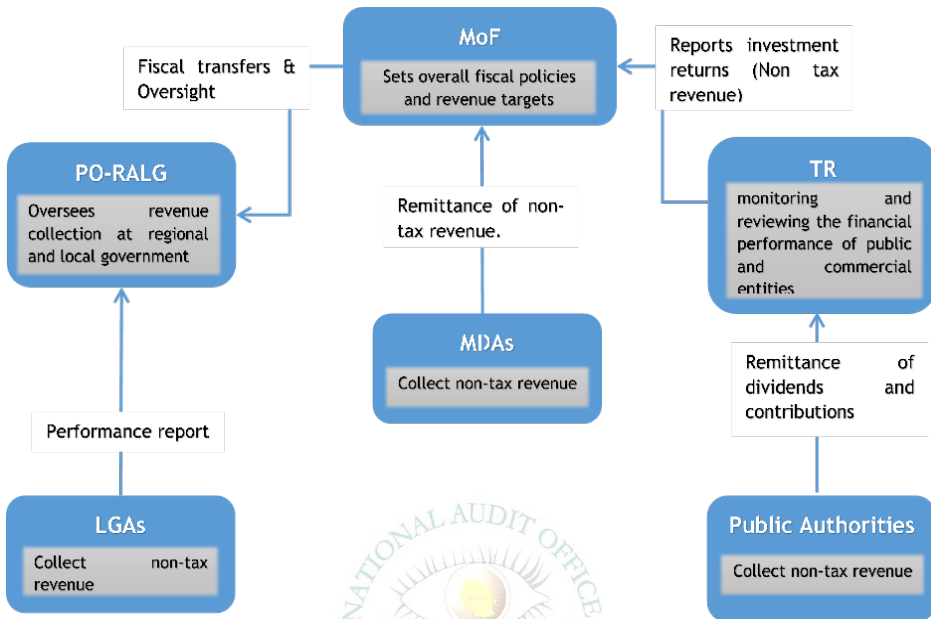
This part provides details on the players involved in the management of non-tax revenue collection in the country, including their roles and responsibilities. Summarised information on the relationships between the key stakeholders is detailed in Figure 2.3.

Figure 2.3: Roles and Responsibilities of Key Stakeholders



Source: Auditors' Analysis of the Strategic Plans of Key Stakeholders, 2025

Figure 2.4: Relationship Between Key Stakeholders in the Management of Non-Tax Revenue



Source: Auditors' Analysis of MoF, and PMO-RALG Organisation Structure, 2025

2.4 Processes for Management of Non-Tax Revenue Collection

Efficient management of non-tax revenue is critical for Tanzania's financial sustainability. The processes involved are designed to ensure that all revenue sources are identified, legally supported, properly assessed, collected, accounted for, and reported. The Ministry of Finance (MoF), Local Government Authorities (LGAs), and other revenue-generating institutions play key roles across different stages as detailed in **Figure 2.5**.

Figure 2.5: Process for the Management of Sources for Non-Tax Revenue



Source: Auditors' Analysis on the Review of the Process for the Management of Non-Tax Revenue, 2025

2.5 Financial and Human Resources Arrangement for the Management of Non-Tax Revenue

2.5.1 Financial Resources Allocation for the Management of Non-Tax Revenue

At the Ministry of Finance (MoF), the Policy and Analysis Division is responsible for managing non-tax revenue. **Table 2.1** presents the planned and actual expenditures for this function from the Financial Years 2021/22 to 2023/24.

Table 2.1: Budget Analysis for the Policy and Analysis Division, which Includes Non-Tax Revenue

Financial Year	Budgeted (TZS billion)	Actual Expenditure (TZS billion)	Expenditure (%)
2021/22	19.61	19.30	98.5
2022/23	24.24	23.60	97.4
2023/24	35.53	34.47	97.0

Source: Auditors' Analysis of MoF MTEF and Annual Performance Report for Financial Year 2021/22 - 2023/24, 2025

Table 2.1 shows that the Policy and Analysis Division was disbursed with an adequate budget, not less than 97%, which covered its planned expenditures.

2.5.2 Human Resources

Ensuring effective management of non-tax revenue in the country requires adequate human resources. **Table 2.2** presents the needed against available staff numbers in the Policy and Analysis Division at the Ministry of Finance (MoF).

Table 2.2: Analysis of Needed Human Resources at Policy and Analysis Division in MoF

Human Resources	Required Number	Available Number	Shortage
Senior Economist I	3	2	1
Economist I	22	27	-5
Economist II	3	2	1
Finance Management Officer I	10	10	0
Finance Management Officer II	2	0	2

Human Resources	Required Number	Available Number	Shortage
Principal Accounts Officer I	1	2	-1
Principal Computer Systems Analyst I	1	1	0
Principal Economist I	6	7	-1
Principal Economist II	6	3	3
Principal Finance Management Officer I	2	2	0
Principal Finance Management Officer II	5	2	3
Senior Finance Management Officer I	3	1	2
Senior Statistician I	1	0	1
Statistician I	1	1	0
Total	71	64	7

Source: Auditors' Analysis of MoF Employee Status Information, 2025

Table 2.2 shows that the Policy and Analysis Division has 64 staff out of the required 71, indicating a shortage of 7 personnel. However, Table 2.3 details the staff needed at the Fiscal Policy Section, showing that the department has more staff than required.

Table 2.3: Analysis of Needed Human Resources at the Fiscal Policy Section in MoF

Human Resources	Required No	Available	Shortage
Principal Accounts Officer I	1	2	-1
Principal Economist I	3	4	-1
Principal Economist II	2	0	2
Senior Economist I	1	1	0
Economist I	6	7	-1
Principal Finance Management Officer I	1	2	-1
Principal Finance Management Officer II	2	2	0
Senior Finance Management Officer I	1	0	1
Finance Management Officer I	6	8	-2
Total	24	27	-3

Source: Auditors' Analysis of MoF Employee Status Information, 2025

Despite an overall staffing surplus, only three officers in the Policy and Analysis Division are directly assigned to manage non-tax revenue. The capacity gap in

staffing and in understanding the management of non-tax revenue undermines effective oversight and coordination.



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CHAPTER THREE

AUDIT FINDINGS

3.1 Introduction

This chapter presents the audit findings on the Management of Non-tax Revenue Collection. The findings focus on the institutional set-up and organisation structure for the management of non-tax revenue; identification of new revenue sources that align with principles of revenue collection; effective systems and processes in place to ensure estimates are realistic; efficient collection system and processes in place; and adequate follow-up and reporting of the collection of non-tax revenue.

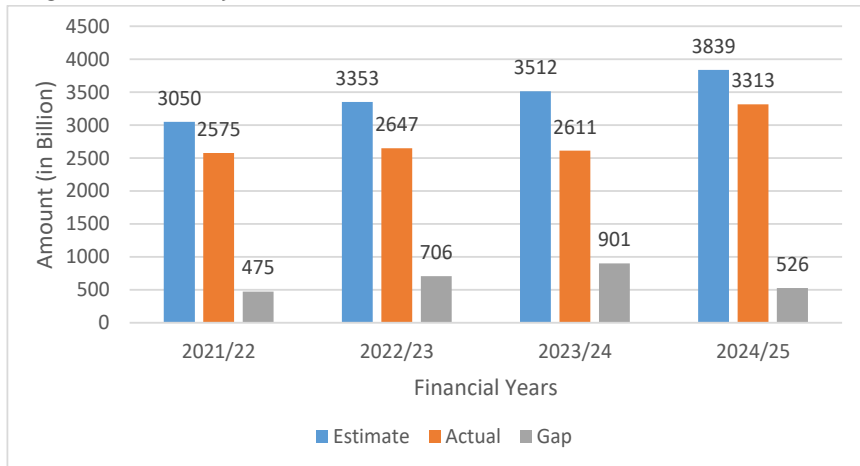
3.2 Ineffective Collection of Non-Tax Revenue

The audit noted that non-tax revenue was not effectively collected. This was evidenced by the non-achievement of non-tax collection targets and their low contribution to the respective entities' revenue, as detailed below.

3.2.1 Inadequate Attainment of the Set Non-Tax Revenue Collection Targets

The Audit noted that the set target for non-tax revenue has not been achieved at 100% in the sampled financial years, as detailed in **Figure 3.1**.

Figure 3.1: Analysis of the Estimate versus Actual Collection of NTR

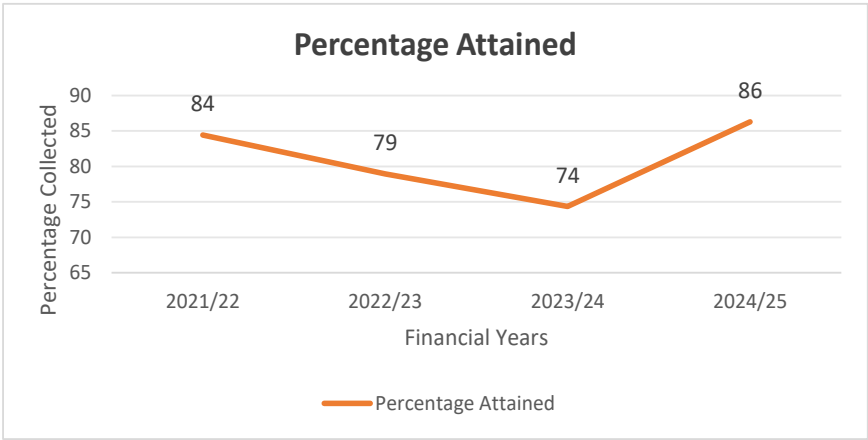


Source: Auditors' Analysis of the MoF Volume I Revenue Estimates, 2025

Figure 3.1 shows that, despite estimates of non-tax revenue increasing over the sampled financial years, the gap in NTR collection widened between 2021/22 and 2023/24 before narrowing in 2024/25, reflecting a partial recovery in collection performance.

Further analysis to establish the performance trend was conducted by comparing the percentage of NTR collected with the estimated NTR for the particular year. **Figure 3.2** shows the trend in NTR's performance over the past four financial years.

Figure 3.2: Analysis of the Estimates Versus Actual Collection of NTR

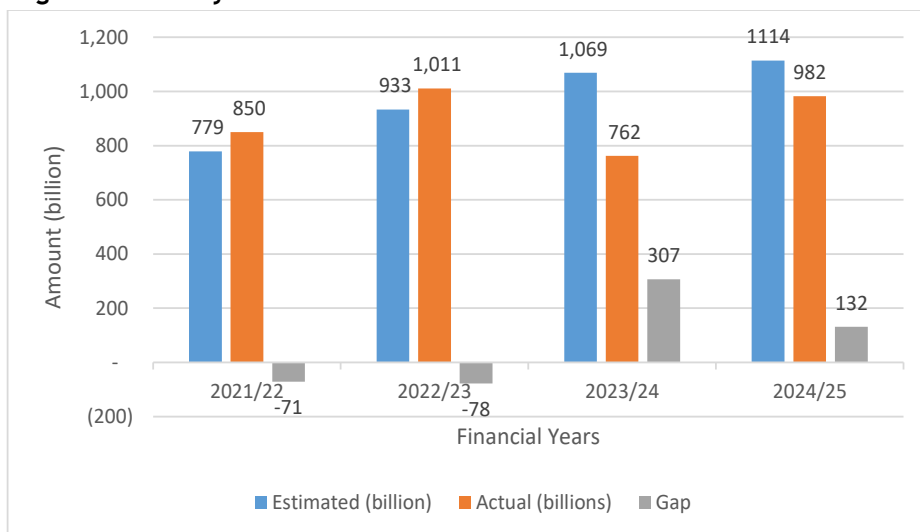


Source: Auditors' Analysis of the Collected Non-Tax Revenue at the MoF, 2025

Figure 3.2 shows that the NTR declined in the Financial Years 2022/23 and 2023/24, reaching 79% and 74%, respectively. The NTR decreased due to non-performance by Public Authorities, attributed to the introduction of a fertiliser subsidy at TFRA and to inadequate enforcement of dividend remittance at TPDC. Furthermore, the Audit noted that the MoF did not track the highest and lowest contributing sources of non-tax revenue due to the absence of detailed information on these sources, as the Ministry of Finance lacked a Non-Tax Revenue Management Information System. This led to inadequate monitoring of performance trends by source and non-identification of underperforming/dormant revenue streams.

Furthermore, the Audit noted that at the Treasury Registrar and the Ministries, there was a fluctuation in the attainment of non-tax revenues, as detailed in **Figure 3.3**.

Figure 3.3: Analysis of the Estimate Versus Actual Collection of NTR at TR



Source: Auditors' Analysis of the Collected Non-Tax Revenue at the TR, 2025

From the analysis presented in **Figure 3.3**, the audit noted that for the two Financial Years 2021/22 and 2022/23, the Treasury Registrar collected more than the estimated amount. There was a gap of TZS 307 billion in the Financial Year 2023/24, resulting from the non-attainment of collection targets. More details are in **Table 3.1**.

Table 3. 1: Performance of Non-Tax Revenue Streams by Source and Percentage of Target Achieved (2021/22-2024/25)

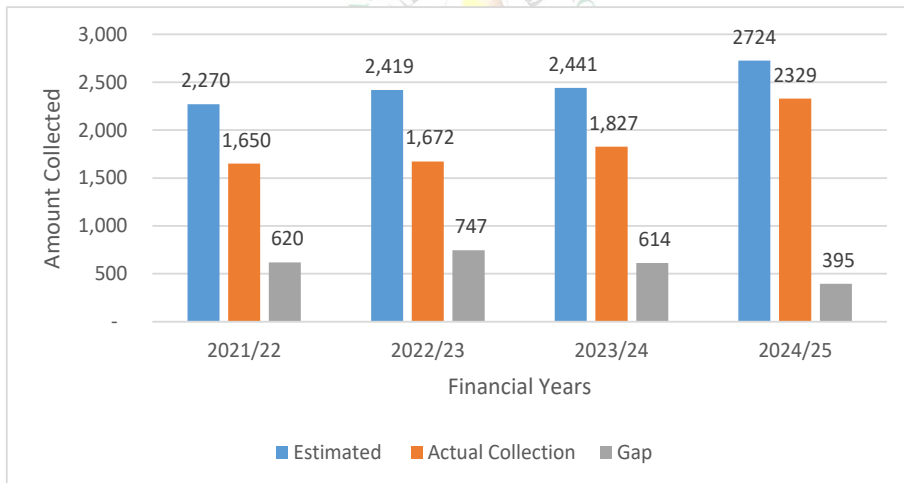
Source of Revenue	2021/22	2022/23	2023/24	2024/25
Contributions (15%)	108	116	71	80
Dividends	96	70	73	107
Interest and Loan Repayment	3454	106	162	56
Surplus and Other Remittance	112	240	48	42
TTMS Remittances	86	101	59	37

Source: Auditors' Analysis of the Collected Non-Tax Revenue at the TR, 2025

Table 3.1 shows an exceptional performance of 3,454% of the target for the Financial Year 2021/22, attributed to interest and loan repayments from TPA and TADB, which were not previously estimated. Further, there was strengthened supervision and monitoring, as well as the revival of economic activity across various sectors. This is attributed to the 100% Performance of the NTR collection.

However, performance fell in subsequent years. For the Financial Years 2023/24 and 2024/25, a general downward trend was observed across several revenue sources. Contributions from non-commercial entities and surplus and other remittances declined due to the lack of legal enforcement mechanisms; the Treasury Registrar has not yet addressed the systemic issue of ensuring that all non-commercial entities pay their contributions on time. Further analysis was conducted on the Ministries, Departments, and Agencies that contribute to the consolidated fund, as detailed in **Figure 3.4**.

Figure 3.4: Analysis of the Estimate Versus Actual Collection of NTR at MDAs

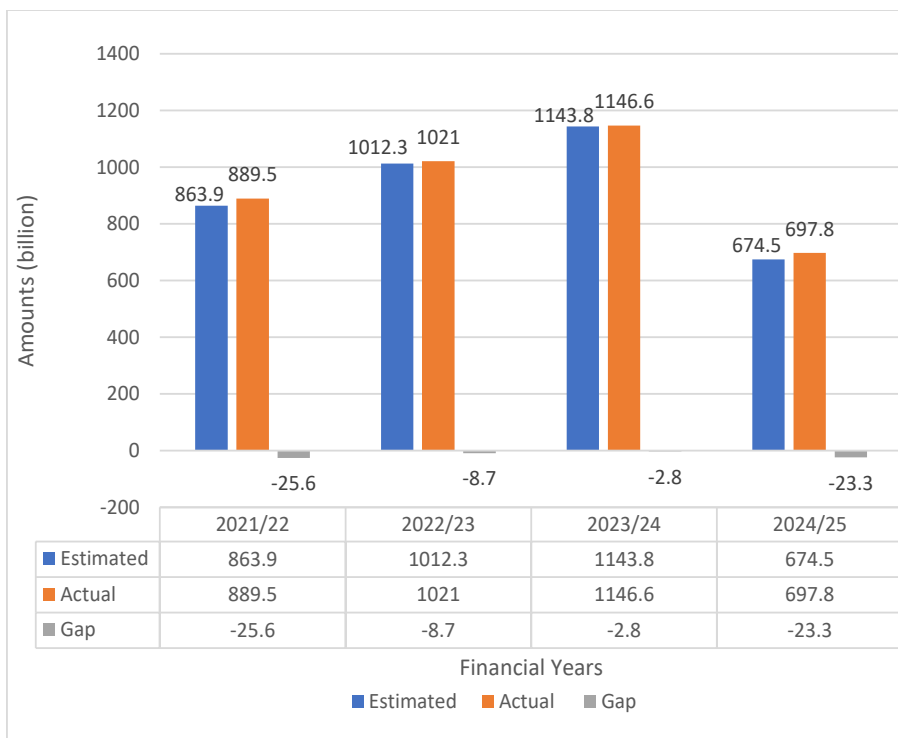


Source: Auditors' Analysis of the Collected Non-Tax Revenue at the MoF for MDAs, 2025

Figure 3.4 shows that the noted gaps in the estimated collection are due to the non-attainment of the set targets by Ministries and Departments, with gaps ranging from TZS 395 billion in 2024/25 to TZS 747 billion in 2022/23. Underperformance in non-tax revenue leaves the government unable to finance

public projects and increases its dependence on external grants. **Figure 3.5** shows the Performance of the Local Government Authorities.

Figure 3.5: Analysis of the Estimate Versus Actual Collection of NTR at LGAs

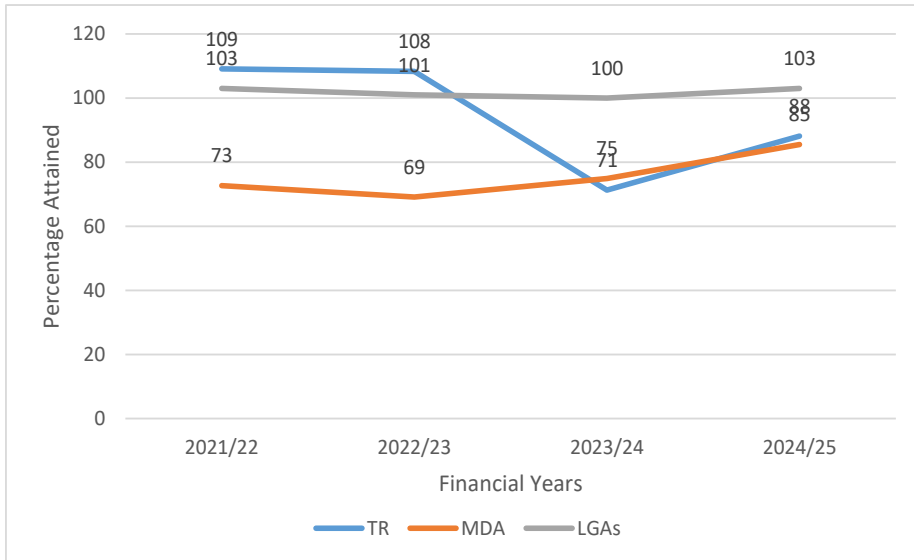


Source: Auditors’ Analysis of the Collected Non-Tax Revenue at the LGAs, 2025

Figure 3.5 shows that LGAs were exceeding the estimated amount, indicating a commitment to meeting the set targets. In 2021/22, the target was exceeded by TZS 25.6 billion. However, the Audit noted underestimation, as the estimated amount did not reflect the actual revenue sources on the ground.

Further analysis to establish the performance trend was conducted by comparing the percentages of NTR collected by TR, MDAs, and LGAs relative to their respective estimated NTR in specific years. **Figure 3.6** presents the trend in NTR performance for the TR, MDAs, and LGAs over the four financial years.

Figure 3.6: Analysis of the Attained Percentage of Collection at TR, MDAs and LGAs

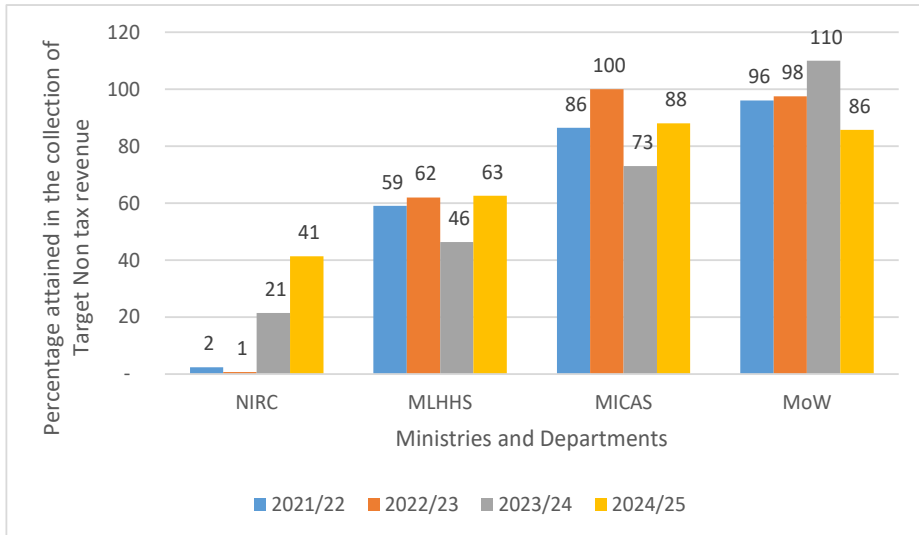


Source: Auditors’ Analysis of the Collected Non-Tax Revenue at the MoF for TR, MDAs, and LGAs, 2025

Figure 3.6 shows that the LGAs have been performing well in meeting the targets set, and the Ministries have improved their Performance over the two financial years; however, there was a noted fluctuation at the entities under the supervision of the Treasury Registrar, which led to a decline in actual collections.

Furthermore, two out of the four sampled Ministries and Departments have not attained the set targets for the three financial years. The least performer was the National Irrigation Commission, followed by MLHHS. Two of the four ministries, namely MICAS and MoW, had attained the set targets for the Financial Years 2022/23 and 2023/24, respectively, as detailed in **Figure 3.7**.

Figure 3.7: Performance of Ministries and Departments in the Collection of Non-Tax Revenue

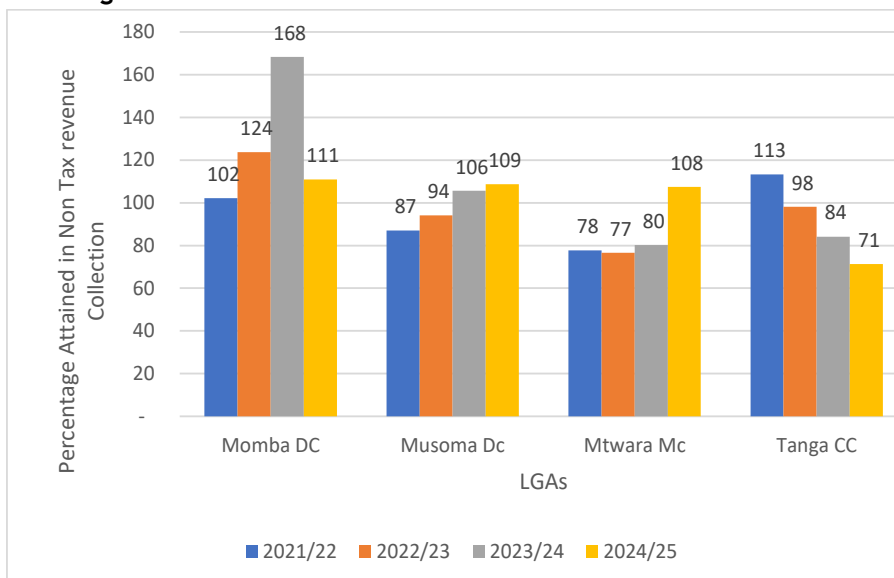


Source: Auditors' Analysis on the Ministry of Finance Revenue Estimate for the Financial Year 2021/22 to 2024/25, 2025

Figure 3.7 indicates that the NIRC, MLHHS, and MICAS have not achieved the targeted level of non-tax revenue collection. This was primarily due to inefficiencies in the revenue systems used by the MLHHS, which led to bureaucratic delays in the billing process and discouraged customers from following up. For example, the billing process required customers to visit the premises in person to process the bill, but they did not voluntarily comply due to long queues. Interviews with NIRC officials revealed low compliance with bill payments, mainly due to the lack of sanctions against defaulters, leading farmers to be uninterested in paying their bills. NIRC did not establish an enforcement mechanism for defaulters due to policies in place that prioritise maintaining water supply over penalising late payments, since water availability is critical for agriculture.

In addition, the analysis of LGAs' performance showed that only Momba DC attained an average performance of 126%. The detailed analysis of the four LGAs is presented in **Figure 3.8**.

Figure 3.8: Performance of LGAs in Non-Tax Revenue Collection

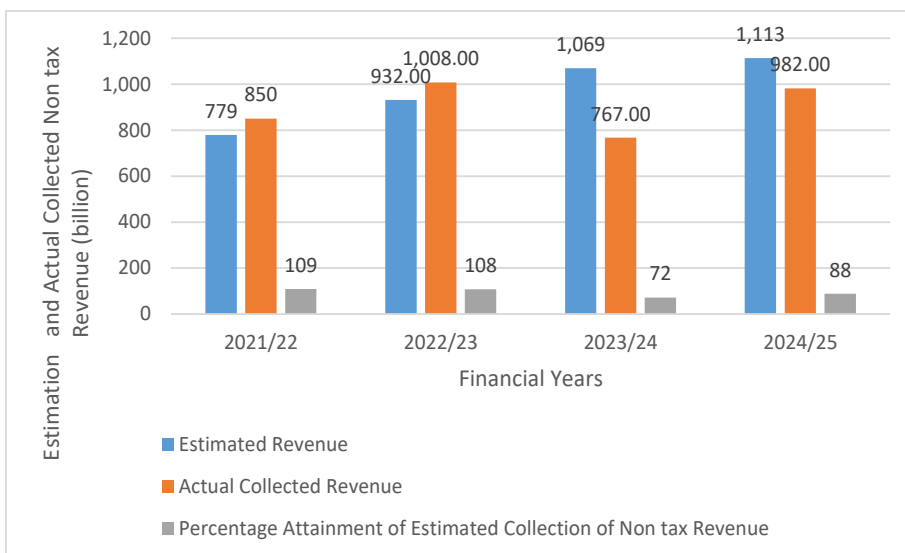


Source: Auditors' Analysis on LGAs Non-Tax Revenue Collection, 2025

Figure 3.8 shows that the least performed LGA was Tanga CC, with an average performance of 86% across the Financial Years 2021/22 to 2024/25. This revealed that Tanga CC did not ensure improvements in the collection of non-tax revenue, as collections had been dropping consecutively, ranging from 113% in 2021/22 to 71% in 2024/25. The non-attainment of the estimates was mainly attributed to inefficiencies in the revenue systems, particularly the ineffective use of Point of Sale (PoS) machines, as shown in section 3.6.2 of this report. Also noted was low compliance with payments due to weak enforcement mechanisms.

In addition, the analysis of the Treasury Registrar's (TR) performance showed that TR did not meet the set targets for the two consecutive Financial Years 2023/24 and 2024/25, as detailed in **Figure 3.9**.

Figure 3.9: Performance of Treasury Registrar in the Collection of Non-Tax Revenue



Source: Auditors' Analysis on the Collected Revenue versus Targets, 2025

Figure 3.9 shows a decline in non-tax revenue collection from 109% in 2021/22 to 72% in 2023/24, followed by a partial recovery to 88% in 2024/25. Interviews with officials from the Treasury Registrar's office attributed these variations to delays in remitting dividends and contributions, as well as changes to revenue estimates that did not reflect the actual capacity of the sources. Also, the misalignment between the Treasury Registrar and the Government's budgeting period exacerbated the issue. This misalignment led to revised collection targets being reflected only in specific Public Authorities that contributed a significant share of revenue, rather than in all entities.

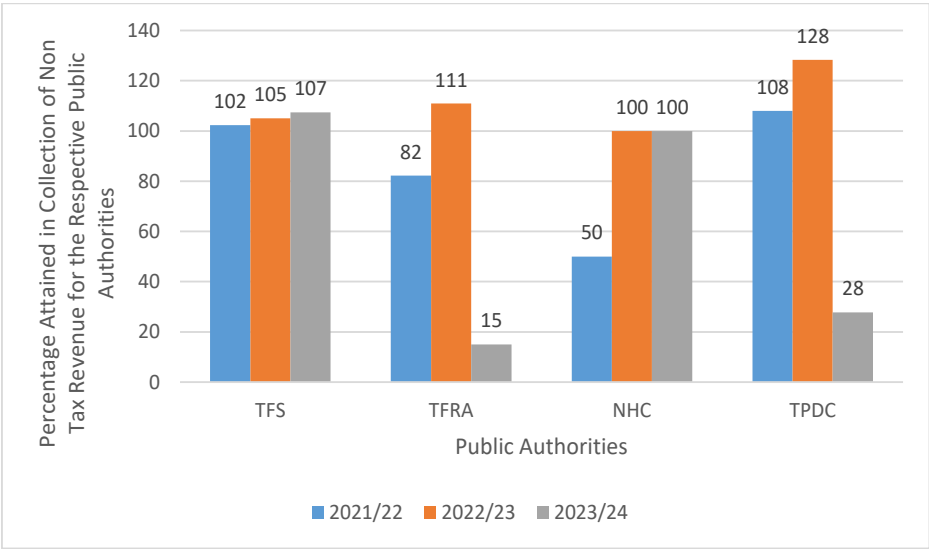
The budget estimates for Public Authorities are approved by the Treasury Registrar in March each year. However, the final estimates for the Treasury Registrar are only obtained between May and June, after individual Public Authorities' budgets have already been set and approved. This misalignment creates discrepancies between the two sets of budget figures.

As a result, differences in the estimates add to the Public Authorities with high non-tax revenue, which end up contributing less. The non-harmonisation of the budgeting period timeline stems from inadequate institutional arrangements

for the management of non-tax revenue estimates across the Ministry of Finance, the Treasury Registrar, and the respective Public Authorities. This misalignment during the budgeting period reflects inadequate coordination for managing non-tax revenue estimates among the Ministry of Finance, the Treasury Registrar, and the respective Public Authorities.

Based on the Analysis of the Non-tax revenue Statistics 2021/22-2024/25 collected from the Treasury Registrar, only TFS met the target for all financial years. The performance of all four entities is detailed in **Figure 3.10**.

Figure 3.10: Performance of the Selected Public Authorities in the Collection of Non-Tax Revenue



Source: Auditors’ Analysis on the Statistics Collected from the Treasury Registrar’s Office, 2025

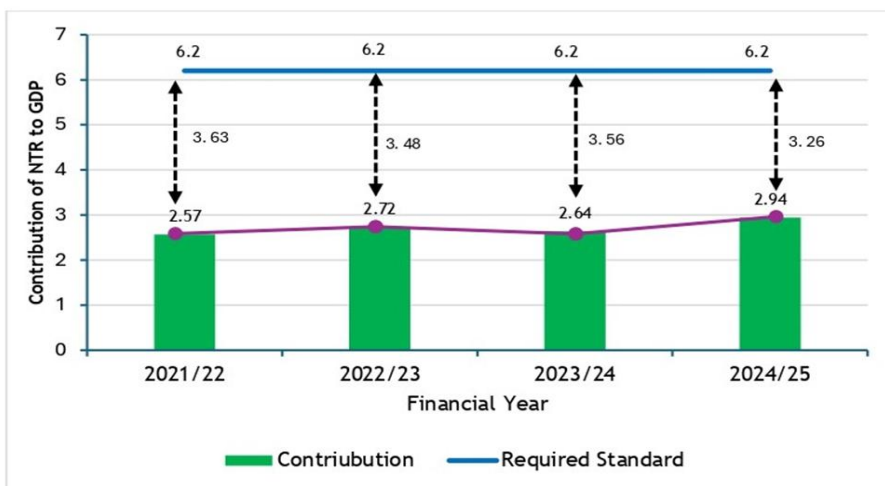
Figure 3.10 shows that 2 of the 4 selected Public Authorities, namely TFRA and TPDC, recorded below 50% in the Financial Year 2023/24. This was due to inadequate enforcement of non-tax revenue collection. The Audit noted that underperformance at TFRA was attributed to the introduction of the fertilizer subsidy program, which was funded with TFRA’s revenue.

3.2.2 Inadequate Contribution of Non-Tax Revenue Collection to the National Budget in the Respective Entities

(a) Contribution of Non-tax Revenue to Real GDP

The audit noted that there was an improvement in the percentage of non-tax revenue to GDP across the years audited, by attaining the FYDP III target of 2% contribution by 2025/26. However, the performance remains below the regional average of 6.2% among African countries. According to the Organisation for Economic Co-operation and Development (OECD) Revenue Statistics in Africa 2024, the average non-tax revenue-to-GDP ratio among 35 African countries was 6.2% in 2022. Tanzania's target of 2.0% (FYDP III) by 2025/26 is low in comparison. Contribution of non-tax revenue to the Real Gross Domestic Product from the Visited MDAs is shown in Figure 3.11.

Figure 3.11: Contribution of Non-Tax Revenue to the Real Gross Domestic Product



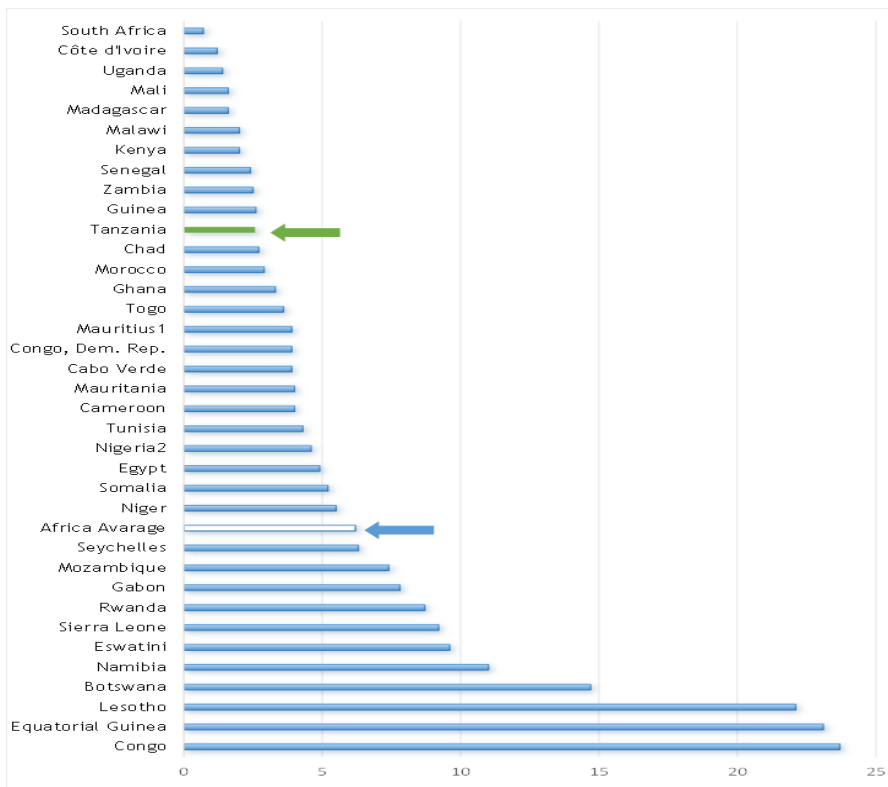
Source: Auditors' Analysis on the Ministry of Finance Revenue Estimate for the Financial Year (2021/22 to 2024/25), 2025

Figure 3.6 shows that the contribution of non-tax revenue has improved, rising from 2.57% to 2.94%. This exceeded the FYDP III target of 2% set for 2025/26. However, the contribution remains low when compared to the African average of 6.2%, indicating the need for further improvements to strengthen non-tax revenue performance and its contribution to GDP.

Further review of the MoF Budget Execution Report for the Financial Year 2023/24 identified specific reasons for the decline in that year. These included delays in higher education loan repayments from beneficiaries, as estimated, low revenue from the sale of National ICT Broadband (NICTBB) services, challenges in patrol monitoring across the country, internet outages that slow service delivery in remote areas, and untimely remittance of the 15% contribution.

Also, the Audit analysed the performance of other African countries as detailed in **Figure 3.12**.

Figure 3. 12: Analysis of the Contribution to GDP of Non-Tax Revenue in Africa



Source: OECD Revenue Statistics in Africa, 2024

Key

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Figure 3.12 shows the contribution of Non-Tax Revenue of African countries, 24 of which are not attaining the threshold. Tanzania has not submitted the status of its efforts to collect non-tax revenue.

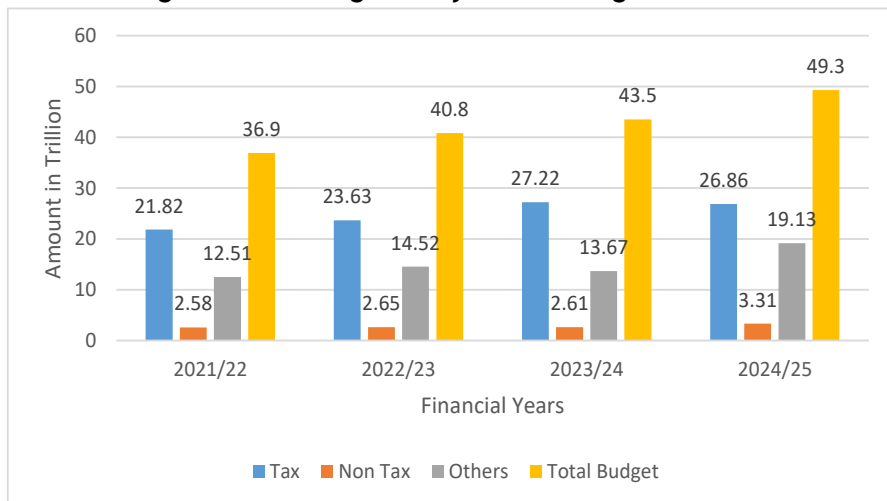
The Audit noted that Tanzania, through the MoF, was still far from achieving the average NTR-to-GDP ratio of 6.2%. This is due to inefficiencies in collection processes, as indicated in section 3.6 of this report, a lack of transparency, and dependence on specific sectors, such as mining and tourism, which can be volatile.

The underperformance in non-tax revenue contribution was mainly caused by: inadequate institutional setup and organisational structure for managing non-tax revenue; limited identification of new revenue sources aligned with revenue collection principles; weak systems and processes for producing realistic revenue estimates; inefficient revenue collection mechanisms; and inadequate follow-up and reporting on non-tax revenue collection. This is discussed further in Sections 3.3-3.7.

(b) Contribution of Non-Tax Revenue to the National Budget

The Audit further assessed the contribution of non-tax revenue to the National Budget as detailed in **Figure 3.13**.

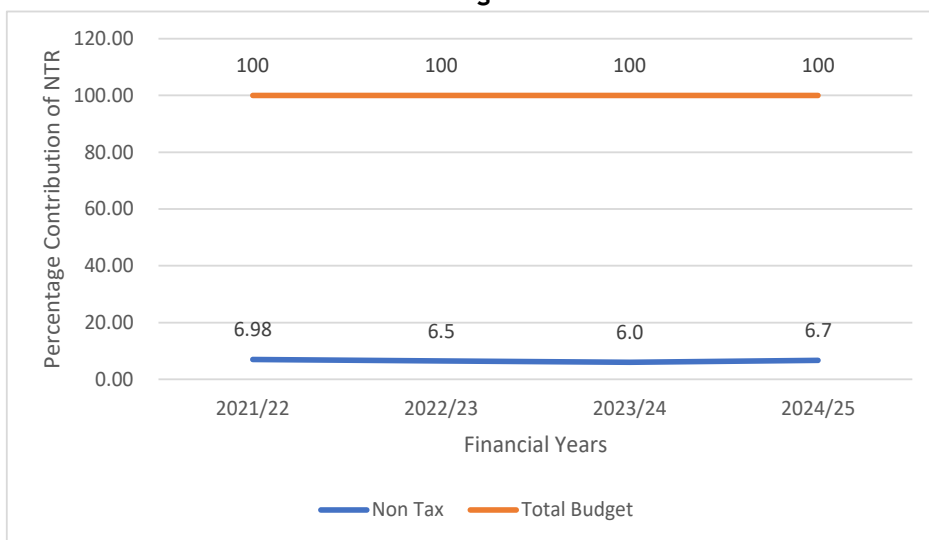
Figure 3. 13: Budget Analysis According to the Sources



Source: Auditors’ Analysis on the Budget Execution Reports, 2025

Figure 3.13 shows that non-tax revenue has been the least significant source of revenue in the country, with the lowest contribution observed in the Financial Year 2021/22. This resulted from the underutilisation of potential revenue sources, insufficient performance of the collection systems, and non-attainment of the estimated NTR projected to be collected from the TR and MDAs. Further analysis was conducted to assess the NTR's percentage contribution, as detailed in Figure 3.14.

Figure 3.14: Percentage Contribution of Non-Tax Revenue to the National Budget



Source: Auditors' Analysis on the MoF Budget Execution Reports, 2025

Figure 3.14 shows that the contribution of non-tax revenue to the National Budget has ranged from 6% to 6.98%, indicating that the country relied heavily on tax collection.

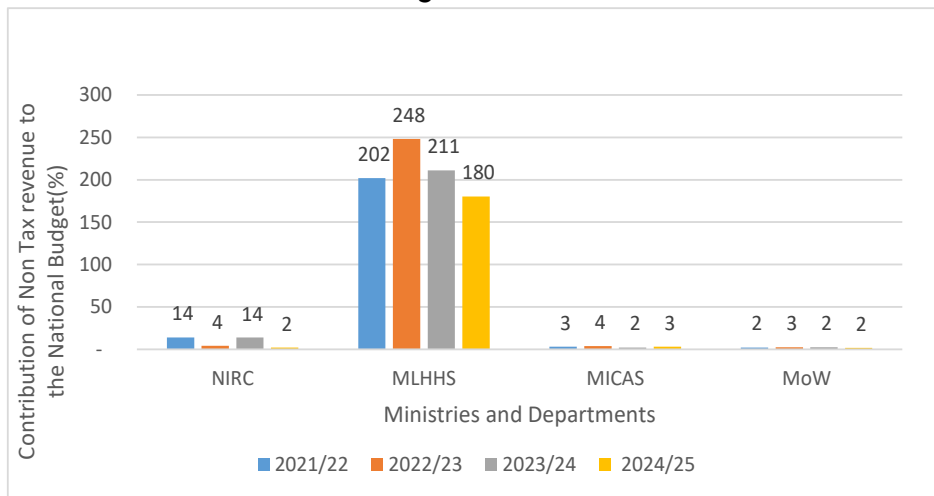
(c) Contribution of Non-Tax Revenue to the Entities' Budget among Visited MDAs, Public Authorities and LGAs

Based on the analysis of data obtained from the Ministry of Finance for the Financial Year 2021/22 to 2024/25, all entities collected amounts less than 5% of their total budgets, with the exception of the Ministry of Lands, Housing and Human Settlements Development (MLHHS), which exceeded its targets with

contributions ranging from 202% to 248%. The remaining Ministries had underestimated the potential in their respective sectors.

Para 6.3 of the National Five-Year Development Plan 2021/22-2025/26 indicates that Sources of financing FYDP III include non-tax revenue. However, despite consistent or increased budget allocations to these MDAs, their overall contribution to the national budget remained very low across the reviewed financial years. **Figure 3.15** shows the percentage of contribution among the MDAs visited.

Figure 3.15: Contribution of Non-Tax Revenue to the Entities' Budget among Visited MDAs



Source: Auditors' Analysis of the Ministry of Finance Volume II Estimates of Public Expenditure Consolidated Fund Services and Supply Votes (Ministerial) for Financial Year 2021/22 to 2024/25, 2025

Figure 3.15 shows the contribution of non-tax revenues from sampled MDAs. The National Irrigation Commission (NIRC) contributed between 2% and 14% across the years, while the Ministry of Information, Culture, Arts and Sports (MICAS) maintained a contribution below 5%. Similarly, the Ministry of Water (MoW) consistently recorded contributions below 3%. The Ministry of Lands, Housing and Human Settlements Development (MLHHS) was an exception, with its collections significantly exceeding its budgeted figures, contributing over 180% in each of the reviewed years. This indicates a stronger revenue potential from land-related sources than other MDAs.

The low contribution of non-tax revenue to the entity's budget in most MDAs was mainly attributed to inadequate identification and expansion of potential non-tax revenue sources, as discussed in section 3.4.2 of this report. Other contributing factors included incorrect revenue forecasting and inadequate collection, as presented in Section 3.5 of this report.

The limited contribution of non-tax revenue from MDAs reduces the government's ability to mobilise domestic resources to finance the national budget. This situation increases dependence on tax revenues and external financing, thus undermining fiscal sustainability.

(d) Contribution of Public Authorities to the Entity's Budget

The Audit noted that, among the sampled public entities, two were commercial and paid dividends. The other two were non-commercial and contributed 15% of their Gross revenue. Further analysis on the percentage contribution to their budgets is detailed in **Table 3.2**.

Table 3.2: Analysis of the Percentage Contribution of the PA's Budgets

PA's	2021/22	2022/23	2023/24	2024/25
TFS	13.2	12.6	13	21.3
TFRA	13.4	0.4	0.2	0
TPDC	0.2	0.1	0.4	0.4
NHC	0.3	0.1	0.1	1

Source: Auditors' Analysis of the Percentage Contribution of PA's Budgets, 2025

Table 3.2 shows that the percentage contribution from non-commercial entities was higher than that from commercial entities. This is despite the fact that TFRA had reduced its contribution from the Financial Year 2022/23 to 2024/25 as a result of being tasked with managing and financing the introduction of the program to subsidise fertilisers.

(e) The Contribution of Non-Tax Revenue Collection to LGAs' Budgets

The audit reviewed the Local Government Authorities' (LGAs) total budgets for the Financial Years 2021/22 to 2024/25, presented the non-tax revenue collected during those years, and established the contribution of non-tax revenue to the LGAs' budgets, as shown in **Table 3.3**.

Table 3.3: The Contribution of Non-Tax Revenue Collection to LGAs' Budgets

Financial Year	Budget for LGAs (TZS).	Non-tax Revenue Collected by LGAs (TZS).	Non-tax Revenue Contribution to LGAs' Budgets (%)
2021/22	6,735,020,473,000	888,716,071,403	13.2
2022/23	7,561,564,495,000	1,021,039,265,078	13.5
2023/24	7,770,394,930,000	1,157,784,206,373	14.9
2024/25	8,696,728,956,000	1,263,082,346,209	14.2

Source: Auditors' Analysis of Budget Report for PMO-RALG and Revenue Collection from 184 LGAs for Financial Year 2021/22 to 2024/25, 2025

Table 3.3 presents financial data for the Local Government Authorities (LGAs) over four Financial Years (2021/22 to 2024/25), including non-tax revenue collected by the 184 LGAs. The total budget for LGAs increased each year, indicating growing financial support. Non-tax revenue collected by LGAs also rose, supporting the trend of increasing budgets. The percentage contribution of non-tax revenue to LGAs' budgets fluctuated slightly, ranging from 13.2% to 14.9%. This indicated a modest increase in reliance on non-tax revenue over the years.

The relatively constant share of non-tax revenue indicates that LGAs are increasingly generating revenue. However, they still rely heavily on other funding sources, reflecting the need for improvements in fiscal policies.

A review of the expenditure budgets of the four visited LGAs indicates that the collected non-tax revenue was insufficient to cover the LGAs' expenditure budgets. Data for Financial Years 2021/22 to 2024/25 show that for these LGAs, such revenue constituted between 5% and 26% of their total budgets, as shown in **Table 3.4**.

Table 3.4: Contribution of Non-Tax Revenue in LGAs' Budgets

LGAs	Financial Year 2021/22			Financial Year 2022/23			Financial Year 2023/24			Financial Year 2024/25		
	Budget (TZ S. billion)	Non-tax (TZ S. billion)	Non-tax contribution (%)	Budget (TZ S. billion)	Non-tax (TZ S. billion)	Non-tax contribution (%)	Budget (TZ S. billion)	Non-tax (TZ S. billion)	Non-tax contribution (%)	Budget (TZ S. billion)	Non-tax (TZ S. billion)	Non-tax contribution (%)
Momba DC	23.7	1.52	6	26.6	2.3	9	27	3.13	12	27	3.4	12
Musoma DC	28.3	1.52	5	29.8	1.8	6	31	2.30	7	33	2.6	8
Mtwara MC	23.4	3.8	16	28.9	3.9	13	29	4.8	16	33	7.8	23
Tanga CC	78.6	16.4	21	69.7	17.9	26	75	18.8	25	75	17	23

Source: Auditors' Analysis of the Revenue Report for 2021/22 through 2024/25, 2025

Table 3.4 presents the budgets and non-tax revenue collected by four Local Government Authorities (LGAs) from Financial Years 2021/22 to 2024/25. The data revealed significant variation in performance across LGAs, driven by differences in local revenue sources. Momba DC shows a gradual increase in both non-tax revenue and its share of total revenue over the years. Musoma DC maintains contributions below 10%, with only a slight upward trend, while Mtwara MC generates significant non-tax revenues, consistently contributing between 13% to 23% of its budget. Tanga CC has the highest budget and non-tax revenue collection, with percentages fluctuating between 21% and 26%.

The analysis shows that LGAs cannot rely on non-tax revenue for their budgets due to weak fiscal policy alignment between non-tax revenue generation and budget planning, leading LGAs to continue relying on other sources.

Furthermore, the Audit analysed the budget contribution percentages of the sampled entities, as detailed in Table 3.5.

Table 3. 5: Analysis of the Gap Estimated Versus Actual Percentage Budget Contribution

Entity		Percentage Budget Contribution Gap (Estimated-Actual)			
		2021/22	2022/23	2023/24	2024/25
MDAs	NIRC	585.8	561.4	51.0	2.9
	MLHHS	139.7	152.5	244.8	107.7
	MICAS	0.5	0.0	0.9	0.5
	MoW	0.1	0.1	-0.2	0.3
Non-Commercial Entity (15%)	TFS	-0.29	-0.60	-0.90	-2.23
	TFRA	2.36	-0.25	1.17	0.00
Commercial Entity (Dividends)	TPDC	-0.02	-0.03	0.96	-0.33
	NHC	0.25	0.00	0.00	-0.74
LGAs	Momba DC	0.3	-2.0	-4.8	-1.3
	Musoma DC	0.8	0.4	-0.4	-0.7
	Mtwara MC	4.7	5.5	2.5	-5.3
	Tanga CC	-0.2	0.5	0.4	5.4

Source: Auditors' Analysis on the Percentage Budget Contribution of the Estimated versus Actual Contribution, 2025

Table 3.5 shows that, for the MDAs, NIRC and MLHHS contributed less than the estimated budget in all sampled years, followed by TFRA for the Public Entities. However, the LGAs' percentage gap contribution was less than 5.5.

3.3 Inadequate Institutional Setup and Capacity for the Management of Non-Tax Revenue

The Audit noted that the current institutional set-up and organisational structure present limitations that affect efficiency, coordination, and the overall performance of the collection of non-tax revenue, as detailed below.

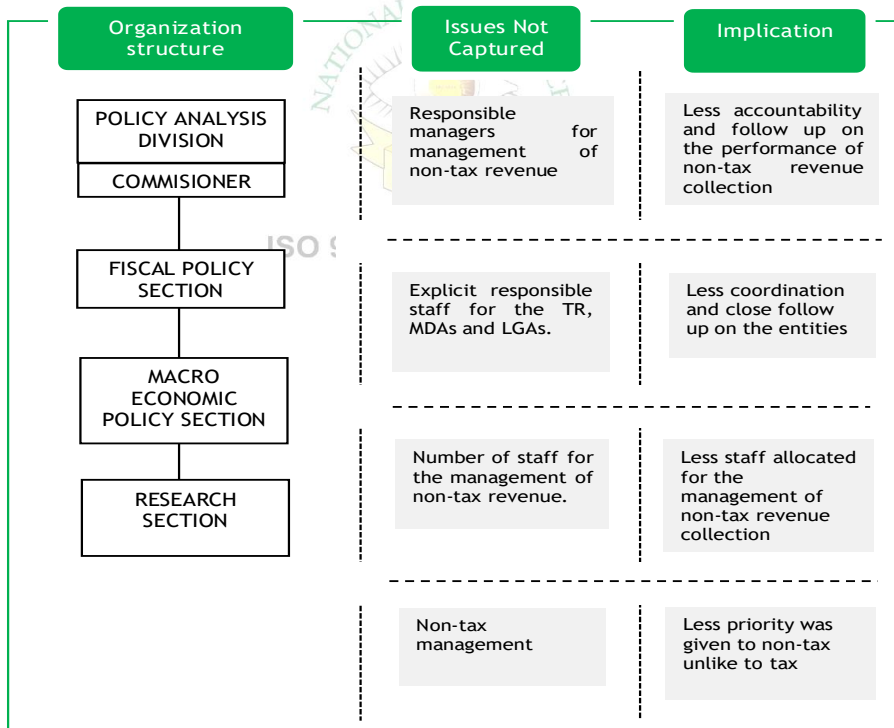
3.3.1 Insufficient Capacity for the Management of Non-Tax Revenue Collection

The Audit noted insufficient administrative capacity for the management of non-tax revenue within the Fiscal Policy Section. Of the section's 22 employees,

only three were responsible for this function of managing non-tax revenue collection. They were tasked with managing data for all 74 Ministries and Departments, plus the 70 entities under the Treasury Registrar, without a clear allocation of tasks and responsibilities. Consequently, adequate follow-up on the respective Ministries was not possible.

This absence of adequate staff to oversee the management of non-tax revenue stemmed from an insufficient organisational structure. The structure provided limited identification of responsibilities for non-tax revenue, as detailed in **Figure 3.16**. The lack of role definitions meant the staffing gap was not assessed, and the required staff positions were not updated in the Ministry of Finance's Staff List. This was contrary to Section 5 of the Public Finance Act [CAP.348 R.E. 2020], which requires the Minister of Finance to ensure effective systems, structures, and capacities for managing and collecting public revenue.

Figure 3. 16:Analysis of the Gap and Implication on the Missing Roles



Source: Auditors' Analysis on the Roles and Responsibilities at MoF, 2025

A review of the Approved Functions and Organisation Structure of the Ministry of Finance, 2023, revealed that there was no defined structure for the management of non-tax revenue collection. Instead, responsibility falls under the Fiscal Policy Section, which is tasked with developing, monitoring and evaluating revenue and fiscal policy and strategies under the leadership of the Assistant Commissioner.

The Audit noted the structure provided for low accountability for the regulation and management of Non-Tax Revenue, as it did not stipulate the accountable personnel for the management of non-tax revenue collection.

Further, the Audit noted the absence of the Non-tax Management Information System, which would enhance monitoring of the non-tax revenue source at the Ministry Level. This gap was due to inadequate management of non-tax revenue, leaving the Ministry of Finance without a database on its sources. As a result, planning, collection, monitoring, and accountability of non-tax revenue across Government Entities were weakened.

The absence of explicit role allocation has created gaps in management accountability and coordination. This has led to an inadequate organisational framework and limited institutional capacity for the effective management and oversight of non-tax revenue.

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3.3.2 Undefined Institutional Roles and Responsibilities in Place for the Management of Non-tax Revenue

Review of the Approved Functions and Organisation Structure of the Ministry of Finance, 2023, revealed that the roles and responsibilities for the management of non-tax revenue collection have not been explicitly defined by the Ministry of Finance. The structure has defined general roles for revenue matters, including both tax and non-tax revenue. Some of the roles are summarised in **Table 3.6**.

Table 3.6: Institutional Roles and Responsibilities at the MoF

Roles	Remarks
Undertake fiscal policy analysis and coordinate the preparation of the medium-term fiscal framework.	Tax and non-tax related
Develop, monitor and evaluate the implementation of revenue and fiscal policies and strategies.	Tax related
Prepare and advise on fiscal policy reforms.	Tax related
Undertake tax analysis and revenue forecasting.	Tax and non-tax related
Review and advise on the implementation of various tax laws and revenue collection strategies.	Tax related
Provide secretariat services on the task force on tax reforms.	Tax related
Develop, monitor, and evaluate strategies to mitigate fiscal risks.	Tax and non-tax related
Undertake tax expenditure analysis.	Tax related
Undertake fiscal policy analysis and coordinate the preparation of the medium-term fiscal framework.	Tax and non-tax related
Develop, monitor and evaluate the implementation of revenue and fiscal policies.	Tax and non-tax related

Source: The Approved Organisation Structure for the Ministry of Finance, 2023

Table 3.6 shows that 5 out of 10 roles outlined in the Ministry of Finance Organisational Structure, 2024, were tax-related. While the remaining five roles covered both tax and non-tax aspects, no role is explicitly assigned to managing non-tax revenue.

Further review of the Approved Functions and Organisation Structure of the Ministry of Finance (2023) compared with best practices for Financing Sustainable Development in Africa, as outlined by the United Nations Economic Commission for Africa (ECA, 2018), revealed a key shortfall. The Ministry of Finance has not explicitly defined the roles and responsibilities for managing non-tax revenue collection. This lack of clear definition created a gap in the management of non-tax revenue in Tanzania compared with best practices recommended by the ECA (2018), as detailed in **Table 3.7**.

Table 3. 7: Analysis of the Best Practices on the Management of Non-Tax Revenue

Requirements according to best practices for financing sustainable development in Africa, as outlined by the United Nations Economic Commission for Africa (ECA, 2018).	Roles currently defined for non-tax revenue (NTR) in Tanzania.	Gaps found in the management of non-tax revenue in Tanzania
Policy reviews and changes that allow public authorities to retain 66 per cent of non-tax revenue collected to finance agency operations and require them to transfer the remaining 34 per cent to a common account.	Develop, monitor and evaluate the implementation of revenue and fiscal policies.	Absence of explicitly defined roles for policy reviews and retention amount
Ghana ensured flexible payment arrangements for fees, fines and charges (ECA, 2018j).	Review and advise on the implementation of various tax laws and revenue collection strategies;	Absence of an explicit definition of roles to ensure flexibility in the payments
Setting predictable and realistic non-tax revenue targets and monitoring collections to improve revenue performance,	Undertake tax analysis and revenue forecasting;	Absence of explicit roles in setting predictable and realistic non-tax revenue targets
Setting a regular schedule of rate reviews, as was done for taxes, to rationalise and streamline complex non-tax revenue systems (ECA, 2018a)	Provide secretariat services on the task force on tax reforms	Absence of roles for non-tax rate reviews that rationalise the complex non-tax revenue systems
Defined roles of key stakeholders at the National and sub-national levels	Roles and responsibilities at the Ministry of Finance only	Absence of clarification of roles and responsibilities of key actors at both the National and subnational levels for the management of non-tax revenue, which would ensure accountability

Source: Auditors' Analysis on the Non-Tax Revenues for Financing Sustainable Development and the Approved Organisation Structure for the Ministry of Finance, 2025

Table 3.7 shows that the Ministry of Finance did not clarify the roles and responsibilities of key actors at both the National and subnational levels for the management of non-tax revenue, thereby undermining accountability for non-performance at both levels.

It was observed that the Ministry of Finance was not fully accountable for the underperformance in non-tax revenue collection, due to undefined roles and responsibilities in its management. Further, the Audit noted that no non-tax analysis was conducted to inform close follow-up with underperforming Ministries and Agencies, as discussed in Section 3.7 of this report. This was mainly due to the absence of clearly defined responsibilities for officers in charge of non-tax revenue management.

3.3.3 Insufficient Inter-agency Coordination Mechanism between the Entities

The Audit noted that there was insufficient inter-agency coordination mechanism in place for the management of non-tax revenue collection. This lack of a defined mechanism was contrary to Para 5.2.5 of the Third National Five-Year Development Plan (FYDP III, 2021/22 - 2025/26), which requires the Government to rationalise non-tax revenue sources and payment procedures. This intervention aims to enhance coordination and integration among key institutions.

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A review of the Ministry and Department coordination mechanism revealed that the Ministry of Finance had not defined a coordination mechanism linking itself with other Ministries and Departments, the PMO-RALG and LGAs, and the Treasury Registrar with Public Authorities, for the management of non-tax revenue collection.

The Audit noted that the Ministry of Finance took a step by directing MDAs (via a letter with Ref. CAB.481/558/01 dated 14 July 2023) to appoint focal people for the non-tax revenue to enhance coordination. This was done. However, there was no defined coordination structure specifying meeting frequencies and information-sharing protocols among the focal people and the Ministry of Finance. These gaps are detailed in **Table 3.8**.

Table 3.8: Analysis of the Coordination Mechanism on the Management of Non-Tax Revenue

Items Analysed	Ministries	Treasury Registrar	Local Government Authorities
Frequency of the Reports	v	v	x
Sources of Revenue	x	x	x
Site Visit	v	x	x
Focal Personnel Meetings	x	v	x
General Meeting	v	v	x

Source: Auditors' Analysis on the Coordination between MoF, PMO-RALG and TR, 2025

Key:

V - Incorporated

X - Not incorporated

Table 3.8 shows that there were defined gaps in the coordination of management of non-tax revenue, despite the focal personnel at TR and the respective Ministries submitting monthly reports; the process has not been documented. Further, the reports did not provide details on revenue sources, and there were no defined timelines for meetings with focal personnel and stakeholders regarding the management of non-tax collection.

At the Treasury Registrar, it was observed that Relationship Managers were assigned to work closely with Public Authorities, each overseeing about 10 to 15 entities. This arrangement has strengthened coordination between the Office of the Treasury Registrar and the Public Authorities.

In the Local Government Authorities, the Audit noted that the Ministry of Finance has not defined a coordination mechanism for the PMO-RALG, RS, and LGAs, specifying the information to be shared and the frequency of meetings among them. The Audit noted that inadequate coordination resulted from the absence of a formal coordination framework and the presence of institutional silos in the management of non-tax revenue collection.

3.3.4 Inadequate Legal and Regulatory Framework for Governing Non-Tax Revenue

The Audit noted that the Public Finance Act, Cap. 348 (R.E. 2020) and its subsidiary Public Finance Regulations (2001, amended 2022) provide the general legal framework for revenue collection, including non-tax revenue, lodging, and remittance of revenue to the consolidated fund. However, they have not detailed the operational rules for every sector.

The review of the Medium-Term Revenue Strategy (MTRS) launched by the Ministry of Finance found that there was no defined legal framework for managing non-tax revenue, as detailed in **Table 3.9**. The MoF prioritised legal reform measures in tax-related matters rather than non-tax revenue measures. The MDAs and LGAs relied on the sector laws and bylaws.

Table 3. 9: Analysis of the Gap on the Required Legal and Regulatory Framework

Required Legal Framework	Status	Gap
Primary Legal Basis	Public Finance Act (Cap 348)	<ul style="list-style-type: none"> No clear definition of non-tax revenue No detailed assignment of laws Not all deposits go to the Consolidated Fund (with consideration of the operations of commercial entities) No empowerment of the regulations
Detailed Operational Regulations	Public Finance Regulations (GN 132/2001) and subsidiary instruments, but some operational areas have been updated later.	Detailed regulations under the Act that set collection procedures, reconciliation, receipt issuance, banking and reporting.
Published/gazetted fee schedules	Finance Acts and sector laws are used to amend fees.	Absence of a National NTR Schedule (published on the Ministry website)

Source: Auditors' Analysis on the Status of the Legal Framework for the Management of Non-Tax Revenue, 2025

Table 3.9 shows that the absence of detailed regulations under the Act that set collection procedures, reconciliation, receipt issuance, banking, and reporting has contributed to insufficient performance in the collection of non-tax revenue.

Further, the Audit noted that the absence of a legal and regulatory framework for the management of non-tax revenue has contributed to insufficient management of non-tax revenue. This gap has not been complemented by Public Finance Regulations, sectoral laws, by-laws, and policy guidelines (DRMS, FYDP III, Plan and Budget Guideline). The Audit also noted that the absence of a dedicated framework or policy for Non-Tax Revenue (NTR) has limited the capacity to address current challenges, such as digitisation, enforcement of compliance with payments for defined fees and charges, low informal-sector integration, and harmonisation of overlapping fees.

3.3.5 Inadequate Strategic Focus on Non-Tax Revenue

The Audit noted that for the period under the Audit (2021/22 to 2024/25), there was neither a short-term nor a long-term strategy for the management and mobilisation of non-tax revenue. However, the Ministry of Finance launched the Medium-Term Revenue Strategy (MTRS) in September 2025, which provided a comprehensive framework to guide short- and mid-term revenue mobilisation efforts. The strategy was designed to foster stability and transparency in the revenue policy-making process and aims to gradually diminish the government's dependence on external and domestic loans.

Review of the non-tax policy measures highlighted in the Ministry of Finance's Medium-Term Revenue Strategy (MTRS) revealed that the Ministry of Finance intends to develop guidelines on the imposition and management of revenue sources; review fees and levies charged by MDAs and LGAs; and develop an effective framework, policy, and law for domestic interagency cooperation and information sharing. The measures will encompass land rent, property tax, billboard fees, tourism levies and fees, royalties and inspections, service levies, produce cess, business licenses, dividends and contributions from parastatals and other sources.

Furthermore, the Audit noted that the Medium-Term Revenue Strategy (MTRS) placed emphasis on the following sectors: Mining Sector - Royalty and

Inspection Fees; PMO-RALG - Land Rent; Tourism Sector - Tourism Charges, Fees and Levies; and from State Owned Enterprises - Dividends and Contributions. The MTRS also considered Service Levy, Produce Cess, Property Rate, Billboard and Business Licence Fees. The Audit noted that the MTRS considered a few sources of non-tax revenue for mobilisation and had a few strategies for overall mobilisation of non-tax revenue. This limited the potential revenue base and created over-reliance on a narrow range of sources.

Inadequate consideration of all non-tax revenue sources resulted from carrying out insufficient research into the preparation of a strategy for non-tax revenue mobilisation that would encompass all sources. This has limited the MoF's ability to fully exploit all possible revenue streams. Further, the participation of MDAs and LGAs in the research would be useful for generating sector-specific knowledge and insights.

3.4 Inadequate Identification of New Revenue Sources that Align with the Principles of Revenue Collection

Through analysis of the selected Ministries and Departments Revenue Reports for the Financial Years 2021/22 to 2024/25, the audit noted that sampled MDAs and Public Authorities have not defined procedures for identifying new revenue resources. It was also noted that the inclusion of the informal sector remained low, despite the requirement in Para 2.3.2 of the Plan and Budget Guidelines for 2024/25. This Para indicates that the strategies for domestic revenue collection include widening the revenue base by identifying new sources and ensuring they align with the principles of revenue collection. This was due to the absence of an enforcement mechanism from the Ministry of Finance to ensure that all Ministries and Departments define new sources within the specified timeline, as detailed below.

3.4.1 Absence of Formalised Procedures in Place for the Identification of New Revenue Sources

The Audit noted that, for the Financial Years 2021/22 to 2024/25, all the sampled Public Authorities, Ministries and Departments did not have defined procedures for identifying new revenue resources. This is despite Para 2.3.2 of the Plan and Budget Guidelines, 2024/25, indicating that the strategies for domestic revenue collection include widening the revenue base, identifying new sources, and ensuring these sources align with the principles of revenue

collection. Also, across all the visited LGAs, the Audit noted that no procedures were in place for identifying new revenue sources.

One of the four sampled Public Authorities (i.e., TFS) was using the research mechanism to identify new revenue sources and review the rates charged. However, this was not documented.

This was caused by the Ministry of Finance's lack of defined procedures for identifying new revenue sources. Likewise, there was no enforcement mechanism from the Ministry of Finance to ensure that all Ministries, Departments, Public Authorities, and LGAs have defined procedures for identifying new revenue sources.

Further, the Audit noted that, among sampled MDAs, only TFS had identified new revenue sources for the Financial Years 2023/24 and 2024/25 within the covered audit period of 2021/22-2024/25.

Further analysis of the inadequate identification of new revenue sources in MDAs is as indicated in section 3.4.2 of this report.

3.4.2 Identification of the New Revenue Sources at the Respective MDAs and LGAs

Based on the review of MoF Volume I Revenue Estimates 2021/22 to 2024/25, the audit noted that 2 out of the 4 visited MDAs, MLHHS and MoW, maintained their respective sets of non-tax revenue sources during the period under review. MLHHS consistently reported eleven sources, while MoW reported three revenue streams across 2021/22 to 2024/25. Other MDAs showed a decline in the number of their revenue sources, as presented in Table 3.10.

Table 3. 10: Sources of Revenue among MDAs

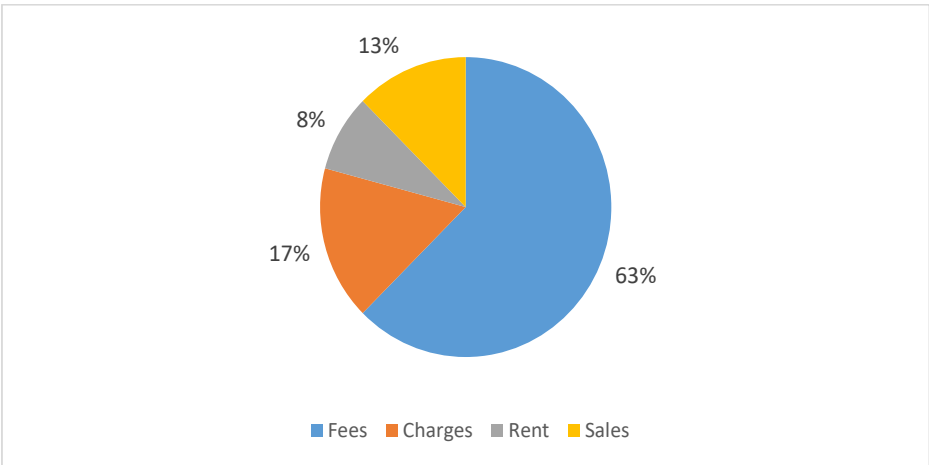
Entity	Financial Year			
	2021/22	2022/23	2023/24	2024/25
NIRC	11	9	9	8
MICAS	9	4	4	2
MLHHS	11	11	11	11
MoW	3	3	3	3

Source: Auditors' Analysis from MoF Volume I Revenue Estimates 2021/22 to 2024/25, 2025

Table 3.10 shows that the number of revenue sources at NIRC decreased from 11 in 2021/22 to 8 in 2024/25, due to the discontinuation of streams such as Investment Cost Recovery Fees and Rice Milling Charges. MICAS recorded the greatest decline, from nine sources in 2021/22 to only two in 2024/25, after discontinuing multiple streams, including Printing and Publications, Press Card Fees, Newspaper Registration, and Conference Facility Receipts. It was also noted that, MoW and MLHHS maintained three and eleven sources, respectively, throughout the entire review period.

Furthermore, the Audit noted that Fees accounted for 63 per cent of total revenue at the sampled Ministries, as detailed in **Figure 3.17**.

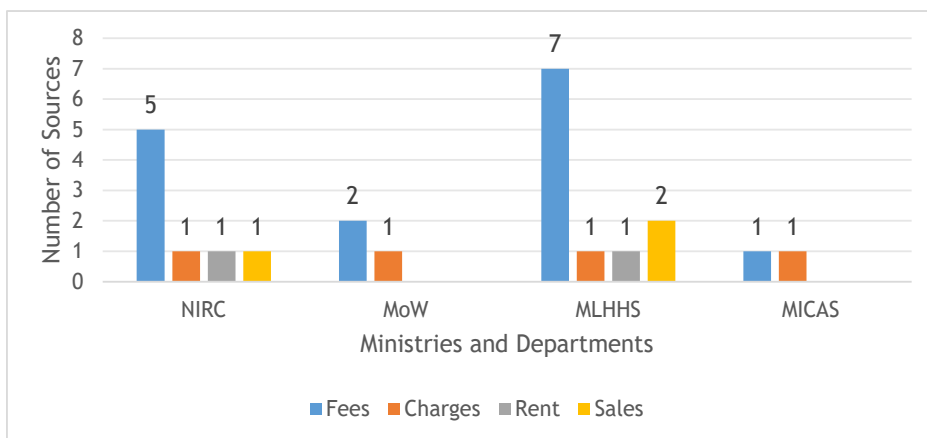
Figure 3. 17: Distribution of MDA Sources of Non-tax revenue



Source: Auditors' Analysis on the Revenue Estimate Volume I, 2025

Figure 3.17 shows that the least source was rent, which accounted for 8 per cent of the total sources. Furthermore, the sampled sources were distributed as detailed in **Figure 3.18**.

Figure 3. 18: Distribution of Sources of Non-Tax Revenue at the Sampled Entities



Source: Auditors' Analysis on the Revenue Estimate Volume I, 2025

Figure 3.18 shows that MoW and MICAS had only two sources of non-tax revenue, indicating limited reliance on them.

Interviews with officials from the visited MDAs revealed that the decline and stagnation of revenue sources were mainly attributed to the absence of defined procedures for identifying new non-tax revenue streams. In addition, the Ministry of Finance failed to enforce requirements for MDAs to rationalise and expand their non-tax revenue base.

Moreover, the stagnation and decline in the number of sources at some MDAs, such as MICAS, MLHHS, MoW, and NIRC, represent missed opportunities to broaden the revenue base. Such uncollected revenue could support priority sectors like infrastructure, water supply, and cultural development.

For the Public Authorities, the Audit noted that 1 out of the 4 sampled Public Authorities, i.e., TFS, had identified new revenue sources in the period under the Audit, as detailed in **Table 3.11**.

Table 3.11: Sources of Revenue in the Respective Entities

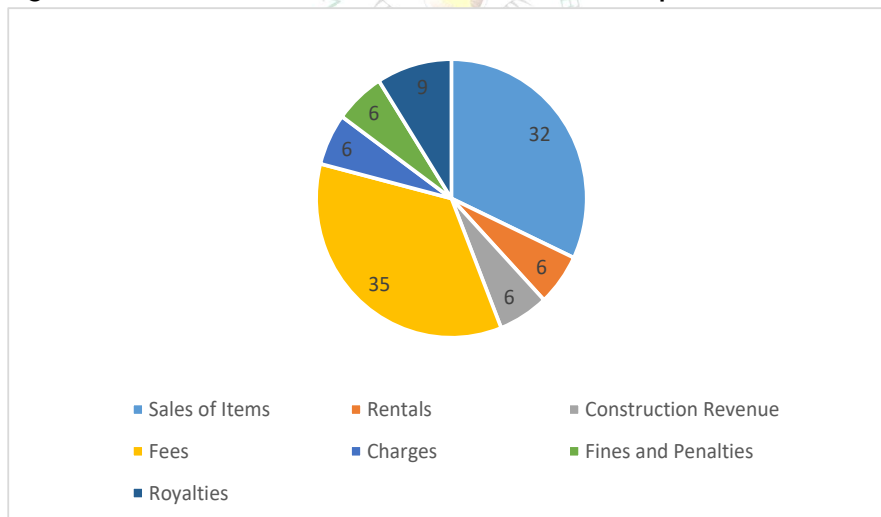
Public Authorities	2021/22	2022/23	2023/24	2024/25
TFS	18	13	20	23
TPDC	6	6	6	6
TFRA	6	6	6	6
NHC	4	4	4	4

Source: Auditors' Analysis on Respective Entities' Financial Reports (2021/22 to 2024/25), 2025

Table 3.11 shows that TFS had identified new revenue sources for the financial year 2023/24 and 2024/25. In this regard, the operational department conducted research on eco-tourism and submitted proposals for new revenue sources from eco-tourism, which were gazetted through GN No. 255, published on 31/3/2023, and GN 721, published on 6/10/2023, respectively.

Furthermore, the Audit noted that, at the sampled Public Entities, sales of items constitute the largest source of non-tax revenue, as detailed in **Figure 3.19**.

Figure 3.19: Sources of Non-Tax Revenue at the Sampled Public Entities

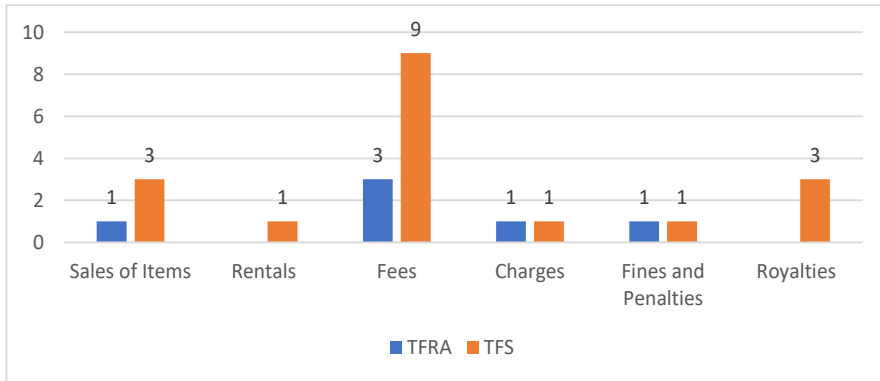


Source: Auditors' Analysis on Financial Reports from the Sampled Entities, 2025

Figure 3.19 shows that the fewest sources were found among the sampled entities: fines and penalties, rentals, construction revenue, and charges. Furthermore, **Figure 3.20** provides details on the sampled entities and their respective sources.

For the sampled Non-commercial entities, the Audit noted that TFS had more non-tax sources than the TFRA, as detailed in **Figure 3.20**.

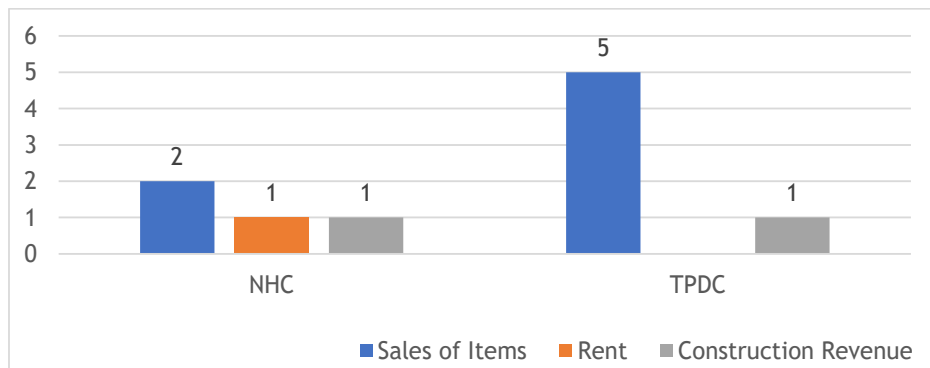
Figure 3. 20: Sources of Non-Tax Revenue at the Sampled Non-Commercial Entities



Source: Auditors’ Analysis on Financial Reports from the Sampled Entities, 2025

Figure 3.20 shows that Rentals and Royalties were only found at the TFS. Furthermore, **Figure 3.21** details the source of NTR for the commercial entities.

Figure 3. 21: Sources of Non-Tax Revenue at the Sampled Non-Commercial Entities



Source: Auditors’ Analysis of the Financial Reports from the Sampled Entities, 2025

Figure 3.21 shows that TPDC had only two sources of revenue, indicating a heavy reliance on two sources and limited research and diversification to enhance the dividends provided to the Government.

On the other side of the LGAs, the Audit noted, through Physical verification and review of LGAs' revenue collection by their respective sources, that 2 out of 4 LGAs have significantly utilised their opportunities to enhance revenue collection from identified potential sources, as shown in **Table 3.12**.

Table 3.12: Analysis of Number of Sources for Non-Tax Revenue

LGAs	2021/22	2022/23	2023/24	2023/24
Momba DC	33	56	78	83
Musoma DC	17	20	29	36
Mtwara MC	29	29	31	32
Tanga CC	76	81	176	118

Source: Auditors' Analysis of Revenue Collection by Source from the financial year 2021/22 to 2024/25, 2025

Table 3.12 shows that the number of sources for revenue collection in Momba and Musoma District Councils has been increasing each year, and revenue collection has also been rising. The increase in sources of revenue was due to the expansion of the scope of product types and services, previously not identified or collected as non-tax revenue.

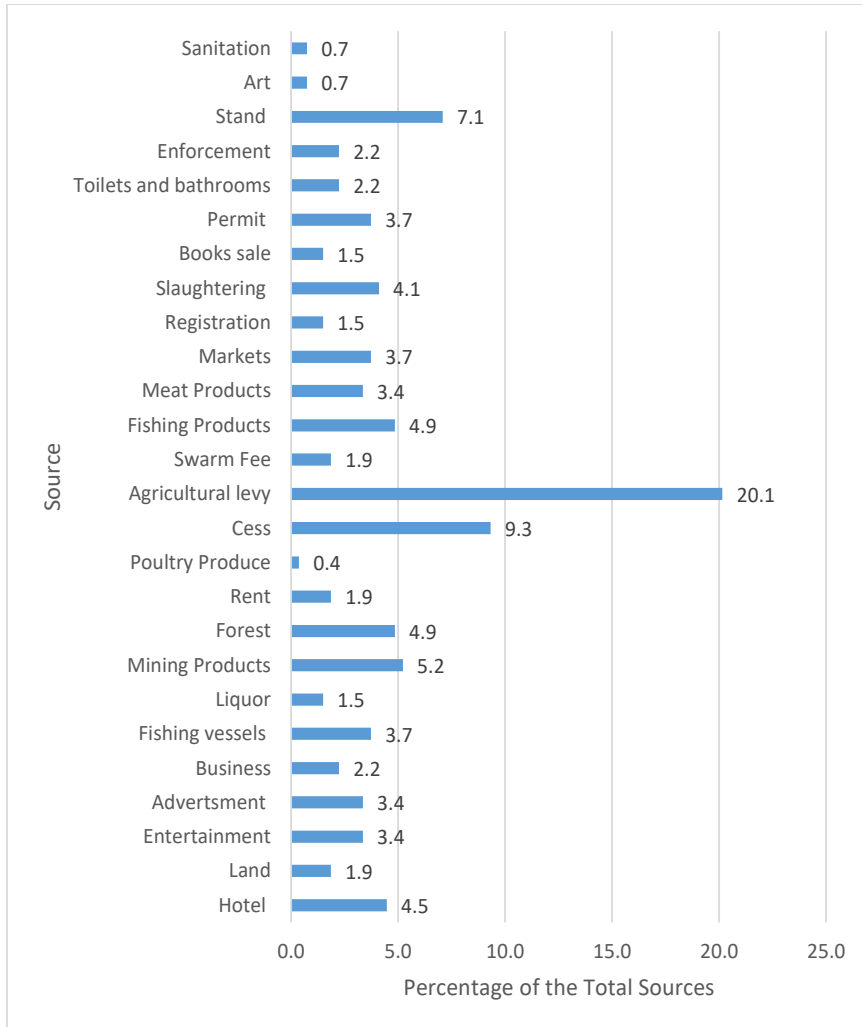
The new sources identified by Momba District Council, which were previously not charged as non-tax, include Property Tax, Entertainment, low-value materials such as aggregate, sand, and bricks, Rental of Commercial Sites, Food Crop Cess, Meat Inspection Charges (such as for pigs, sheep, goats, and cattle), Animal Skins, Authorization for Genuine Medical Activities, Animal Slaughtering Fees (for goats, pigs, sheep, chickens, and cattle), Hire of Transport, Vehicles and Crafts, and Scrap Metal.

For Musoma District Council, the new sources of revenue identified were Meat Inspection Charges, Parking Charges, Billboard Fees, Mining License Fees, Land Sales, Fines, Levy on Turnover, and Charges for Entertainment.

Similarly, for the Mtwara Municipal Council, revenue sources increased at a slow pace. For instance, from the Financial Year 2021/22 to 2022/23, the number of revenue sources remained constant, increasing slightly from 29% to 31%. From the Financial Year 2022/23 to 2023/24, the number of sources increased from 31 to 32. The slight increase in new revenue sources was caused by a lack of in- depth investigation into new products or services to be charged as non-tax revenue.

Further analysis of the sources found in the sampled LGAs is detailed in **Figure 3.22**.

Figure 3. 22: Sources of Non-Tax Revenue at the Sampled Non-Commercial Entities



Source: Auditors' Analysis of the Revenue Sources at the Sampled LGAs, 2025

Figure 3.22 shows that the Agricultural Levy has the largest share of non-tax revenues at the LGAs, followed by Cess. However, the Audit noted that there were different revenue sources in the sampled LGAs and that not all LGAs had

fully identified and utilised them. Inadequate identification of revenue sources has been contributed to by differences in awareness of these opportunities among LGAs, particularly in expanding the revenue collection basket through new products or services, which vary from one LGA to another. As a result, there is a slow increase in non-tax revenue collected from the respective LGAs. Likewise, identification of new revenue sources remained limited.

Further, the Audit noted that reliance on traditional non-tax revenue and the absence of research within MoF, TR, PMO-RALG, and MDAs have contributed to inadequate identification of new revenue sources.

3.4.3 Insufficient Comprehensive Database for Sources of Non-Tax Revenue

The Audit noted that the Ministry of Finance did not maintain a comprehensive database of revenue sources. This is a centralised, consolidated register that captures all non-tax revenue sources across all government entities, including both actual and potential sources. The MoF used the Centralised Budgeting Management System to record the actual sources of the Ministries and Departments with votes. Through the CBMS System, the Ministry of Finance had access to revenue sources from Ministries and Departments. The Ministry of Finance did not have a comprehensive database of revenue sources from the Public Authorities and the Local Government Authority. The Treasury Registrar and the PMO-RALG kept records of revenue sources from the Public Authorities and the LGA, respectively, through the Plan Rep System, which the Ministry of Finance does not have access to.

The lack of a comprehensive system was due to the absence of directives mandating database integration. Data ownership for non-tax revenues was fragmented across institutions. Also, inadequate follow-up (See section 3.7) by the Ministry of Finance and the absence of roles and responsibilities for each actor in the overall management of non-tax revenue have contributed to the absence of a comprehensive database for non-tax revenue sources. As a result, the Ministry of Finance lacked centralised, accurate, and reliable information to manage and improve revenue collection.

The Audit noted that there was incomplete visibility into revenue streams, which would have ensured that all sources of revenue were captured, tracked, and monitored, and that underutilised or uncollected revenue was identified.

Further, according to interviews with MoF officials, the Audit noted that there was no comprehensive database of all potential revenue sources to assist in prioritising their operationalisation. The Ministry of Finance kept records of stakeholders' proposals on tax and non-tax rates that were discussed and analysed by the Ministry. However, the Ministry of Finance did not maintain records of potential non-tax revenue sources, which led to inadequate planning for revenue mobilisation.

3.4.4 Absence of Studies for Identification of New Sources of Revenue

The Audit noted that the Ministry of Finance did not ensure that the study to identify new revenue sources was conducted during the audit period (2021/22 to 2024/25). There was no formal baseline study, feasibility analysis, market assessment, or sector-specific review to expand the current non-tax revenue portfolio. This was confirmed through review of MoF records and interviews with MoF officials, who also stated that no such studies were conducted. As a result, the non-tax revenue continued to rely on the same traditional revenue stream as shown in Section 3.4.2. **Table 3.13** provides detailed potential aspects to be explained in the study for the identification of new revenue sources.

Table 3.13: Aspect to be Explained in the Study for Potential Sources of Non-Tax Revenue

Aspect	Details
Alignment with Policy Objectives	Support for Government goals
Resilience of the Source	Stable income
Sustainability	Environmental and social responsibility
Equity	Fair contribution and accessibility
Efficiency	Effective collection process and low administrative costs
Flexibility	Adaptability to change and dynamic responses

Source: Auditors' Analysis on the Best Practices for the Study on the Potential Sources of Revenue, 2025

Table 3.13 shows that important details on potential sources of revenue are absent due to the limited study of these sources. The observed gap was due to the absence of a structured research function within the Ministries, Public Entities, and PMO-RALG responsible for managing non-tax revenue, and to undefined institutional responsibilities for developing non-tax revenue.

Inability to conduct studies to identify new non-tax revenue sources reduced the ability to diversify and grow domestic revenue, leading to dependence on

a narrow set of existing traditional revenue streams. Furthermore, the lack of a detailed study on identifying revenue sources has led to a lack of case studies demonstrating the successful implementation of proposed non-tax revenue strategies. It also impacted the identification of opportunities, stakeholders, and economic impact analysis.

3.4.5 Untapped Potential Sources of Revenue

The Audit noted that the Ministry of Finance did not ensure that all the potential sources of revenue had been tapped. This is because MoF relied only on existing revenue streams recorded in CBMS for MDAs, while no mechanism existed to capture or track potential sources across MDAs, Public Authorities, and LGAs. At the Ministry level, the Audit noted untapped revenue potential that the Ministries had not identified or conducted thorough studies. Details are provided in **Table 3.14**.

Table 3. 14:Some of the Untapped Revenue Sources

Entity	Untapped Revenue Sources
MLHHS	Land Information Sales (GIS Spatial Data -Digital Maps)
	Fines and Penalties for Late Land Repayments
MICAS	Commercial Naming Rights for Stadiums
MoW	Waste Water Discharge Permit
NIRC	Irrigation Training and Certification
	Fines and Penalties for Late Repayments

Source: Auditors' Analysis on the Potential Sources of Revenue at the Sampled Ministries, 2025

Table 3.14 shows a few untapped revenue potentials that were selected based on existing assets or regulatory functions within the respective Ministries. It shows sampled Ministries have various clear revenue potentials at their disposal. However, the Audit noted the absence of creative Government Policies for implementing new revenue sources. A clear example was evident at NIRC, where the proposed revenue potentials conflicted with the instruments that formulated the National Irrigation Commission, since it did not provide a way to effectively implement the opportunities defined in the strategic framework.

Table 3.15: Some of the Untapped Revenue Sources at the Public Authorities

Type	Entity	Untapped Revenue Sources
Non-Commercial	TFS	Carbon Credit from Forest Conservation
	TFRA	Registration Fees
		License Fees
Commercial	NHC	Fines and Penalties for delayed payments
		Vertical Development Rights
		Solar Roof Top Leasing on Public Building
	TPDC	Gas Transportation Tariffs
		Carbon Credit for Gas Flaring Reduction

Source: Auditors' Analysis on the Potential Sources of Revenue at the Sampled Public Authorities, 2025

Table 3.15 shows some of the untapped revenue sources at the sampled Public Authorities, which reveal low effort in identifying untapped non-tax revenue sources. As a result, low gross percentages were obtained from Non-commercial entities and dividends.

Furthermore, the Audit analysed the sources of revenue in the respective sampled LGAs as detailed in Table 3.16.

Table 3.16: Some of the Untapped Revenue Sources at the Sampled LGAs

LGAs	Revenue Potentials Untapped
Momba DC	Disco/sport levy, Parking charges, Fertilizer House rent, Meat inspection fee (chicken), Betting Rent - shop space, Magulio fee
Musoma DC	Disco/sport levy, Penalty fee, Fertilizer, House rent, Licences for natural medicine, Permit for Traditional Medicines, Group Registration, By-law fines and Rent-shop space
Mtwara MC	Aggregates, Soil, Bricks, Sand, Hire of transport, vehicles and craft, Meat inspection fee (chicken), Betting, Rent - shop space, Sale of books and Magulio fee
Tanga CC	Hotel licence fee, Advertisement, Bricks, Penalty fee, Fertiliser, Meat Inspection Fee Betting, Group Registration, Sale of books, Shrimp (uduvi) and Magulio fee

Source: Auditors' Analysis on the Revenue Collections by Sources of the Sampled LGAs, 2025

Table 3.16 shows that none of the sampled LGAs has identified or utilised the sources of revenue that other LGAs utilise. This was due to inadequate coordination between the LGAs and a lack of sharing best practices that could be implemented in the respective LGAs to expand non-tax revenue sources.

3.5 Inadequate Systems and Processes to Ensure Realistic Estimates for Non-Tax Revenue

3.5.1 Undefined Processes to Guide Estimation of Non-tax Revenue

The Audit noted that the Ministry of Finance and the Government Entities had not defined processes to guide the estimation of non-tax revenue. The Government Entities used historical data to forecast estimates. According to interviews with officials from the four visited Ministries and Departments, there are no defined processes to guide the estimation procedure; instead, estimates were based on historical data.

The Audit noted the absence of a uniform process guiding estimation procedures. As a result, the interviewed officials were unable to provide detailed information on how they arrived at the estimated figures for non-tax revenue. Further, the Audit noted the absence of a defined data validation and approval process, due to missing procedures that were critical for guiding the formulation of accurate estimates.

Interviews with officials from the visited public authorities indicated that there were no defined processes at the sampled Public Authorities, i.e., NHC, TPDC, TFRA, and TFS, to guide the estimation process. It was noted that the estimate was prepared during the budgeting process, based on historical data.

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3.5.2 Absence of a Defined System for Effective Forecasting of Estimates at the Ministry of Finance

A review of the MDAs' Non-Tax Revenue revealed the absence of a system for forecasting revenue from sources at both the Ministry of Finance and across the respective Ministries, Departments, and Agencies. Instead of employing robust analytical models, the Ministry of Finance relied on a basic historical forecasting method. This approach distributed estimates across all Government Entities based solely on past data. The Audit noted that this method was flawed, as the Ministry did not ensure the use of the correct mix of forecasting models was applied to individual MDAs. Hence, the ' non-tax revenue estimates' did not incorporate the potential revenue capacity of different sources, thus relying on past trends rather than capacity.

This problem was compounded by an absence of comprehensive data. The Ministry lacked detailed information on revenue sources and the actual bases of the rates, which has limited its ability to create accurate estimates for individual Ministries and Departments.

The Ministry of Finance's reliance on historical data created a cycle of inaccuracy. By assuming past trends would continue, the Ministry overestimated or underestimated non-tax revenue sources. This led to attributing the loss of non-tax revenue to the underperformance of the revenue source itself, rather than to a flawed forecasting methodology.

3.5.3 Absence of the Effective Estimates at the Government Entities

(a) Absence of the Effective Estimates at MDAs

Through the review of MoF Volume I Revenue Estimates, 2021/22-2024/25, it was observed that MDAs did not ensure effective estimates of non-tax revenue, as estimates fluctuated while the number of revenue sources either remained constant or decreased. In some cases, revenue estimates rose sharply despite a reduction in revenue sources, while in others, estimates remained high even when actual performance was consistently low. This is contrary to Regulation 39(3) of the Public Finance Regulations, 2001 (as amended in 2022), which requires that all revenue estimates be comprehensive, realistic, and based on reliable information. **Table 3.17** shows the trend in sources, estimates, and collections of non-tax revenue among MDAs.

Table 3.17: Sources, Estimates and Collections of Non-Tax Revenue among MDAs (TZS billion)

Ministries and Departments	2021/22			2022/23			2023/24			2024/25		
	Sources (No)	Estimates	Collected	Sources (No)	Estimates	Collected	Sources (No)	Estimates	Collected	Sources (No)	Estimates	Collected
NIRC	11	30	0.7	9	126	0.9	9	10	2.1	8	3.6	1.5
MICAS	9	1	0.8	4	0.9	0.9	4	1.0	0.7	4	1.0	0.9
MLHHS	11	221	131	11	250	155	11	300	139	11	250	157
MoW	3	1	1	3	1	1.2	3	1.2	1.3	3	1.4	1.2

Source: Auditors' Analysis from MoF Volume I Revenue Estimates 2021/22-2024/25, 2025

Table 3.17 shows that NIRC reduced its sources from 11 in 2021/22 to 8 in 2024/25, yet its revenue estimates increased from TZS 30 billion in 2021/22 to TZS 126.1 billion in 2022/23 before dropping to TZS 3.6 billion in 2024/25. Actual collections remained far below estimates, achieving only 2.4% in 2021/22, 0.7% in 2022/23, and 21.4% in 2023/24.

Similarly, MICAS declined from 9 sources in 2021/22 to 4 in 2024/25. Its estimates stagnated at about TZS 1.0 billion annually, but actual collections fell short in most years, such as TZS 0.73 billion against an estimate of TZS 1.0 billion in 2023/24, resulting in a 73% shortfall. MLHHS consistently reported 11 sources, yet its estimates rose from TZS 221.0 billion in 2021/22 to TZS 300.0 billion in 2023/24 before dropping to TZS 250.0 billion in 2024/25. Actual total collections, however, remained significantly lower, at TZS 130.6 billion in 2021/22 (59%), TZS 154.9 billion in 2022/23 (62%), and TZS 138.9 billion in 2023/24 (46%).

MoW, which maintained three sources throughout, presented relatively stable estimates and collections. For instance, in 2021/22 it collected TZS 0.96 billion against an estimate of TZS 1.0 billion (96%), and in 2023/24 it collected TZS 1.32 billion against an estimate of TZS 1.2 billion (110%). The analysis shows that estimates among MDAs did not consistently reflect either the number of available revenue sources or the entities' actual performance. Instead, the estimates fluctuated, with entities such as NIRC and MLHHS consistently overestimating, while MICAS underperformed relative to the estimates.

The causes of these shortcomings were the absence of defined processes to guide the estimation of non-tax revenue. Government Entities use historical data to forecast, but no processes have been defined to guide the estimation process and ensure effective estimates are in place.

As a result, the Government faced persistent overestimation or underestimation of non-tax revenue, undermining budget credibility and execution. This limited the potential for domestic resource mobilisation, reduced predictability of revenue flows, and created financing gaps that increased reliance on external borrowing or donor funding.

(b) Absence of the Effective Estimates at Public Authorities

The Audit noted that the Public Authorities used historical forecasting methods to estimate the revenue collected in the respective financial year. The Audit noted that the Public Authorities did not consider the number of sources in place or the proposed collection rate; they considered only historical data and the trend that has been in place, as detailed in **Table 3.18**.

Table 3.18: Estimate for the Sampled Public Authorities (Amount in TZS billion)

Financial Years	TFS		TFRA		NHC		TPDC	
	Estimate of Non-Tax Revenue	Percentage Increase / Decrease	Estimate of Non-Tax Revenue	Percentage Increase / Decrease	Estimate of Non-Tax Revenue	Percentage Increase / Decrease	Estimate of Non-Tax Revenue	Percentage Increase / Decrease
2021/22	21,824	N/A	8,190	N/A	1,500	N/A	2,500	N/A
2022/23	20,000	-8	14,658	-79	1,000	-33	2,000	-20
2023/24	24,268	21	2,334	-84	1,200	20	20,000	900
2024/25	26,150	8	24,268	940	1,200	0	20,000	0

Source: Auditors' Analysis on the Estimates of Non-Tax Revenue, 2025

Table 3.18 shows that the Public Authorities have not been adhering to the Treasury Registrar's requirement, which would have ensured that estimates increase by 10 per cent each year. TFS had the lowest decrease in its estimate for the Financial Year 2022/23, while TFRA had the highest decrease for the Financial Year 2023/24.

(c) Inadequate Involvement of Local Government Authorities in the Preparation of Budget Estimates

The review of the budget estimates for Local Government Authorities revealed that no scientific analysis was conducted to establish the budget estimates for individual LGAs. Instead, the previous financial year's revenue collection data was used to estimate the current financial year's revenue.

Using the previous financial year's revenue data to establish LGAs' budget estimates is contrary to Section 46(1) of the Local Government Finance Act,

[CAP.290 R.E. 2019], which states that every local government authority shall, not less than two months before the beginning of each financial year, pass a detailed budget referred to as the “annual budget”, that includes estimates of the amounts expected to be received and disbursed during the financial year. The Act also allows the passage of a supplementary budget whenever circumstances require it.

Due to the inadequate use of LGAs' detailed data to prepare the annual budget estimate, there is a discrepancy between the ceiling of the estimate provided to the LGA and the actual revenue collected by the specific LGA, as shown in **Table 3.19**.

Table 3.19: Estimate and Revenue Collected

LGAs	Financial Year 2021/22		Financial Year 2022/23		Financial Year 2023/24		Financial Year 2024/25	
	Estimate (TZS. billion)	Revenue Collected (TZS. billion)	Estimate (TZS. billion)	Revenue Collected (TZS. billion)	Estimate (TZS. billion)	Revenue Collected (TZS. billion)	Estimate (TZS. billion)	Revenue Collected (TZS. billion)
Mombasa DC	1.586	1.740	1.800	2.337	1.867	3.138	3.000	3.350
Musoma DC	1.750	1.523	1.924	1.811	2.178	2.302	2.396	2.623
Mtwara MC	4.950	3.850	5.445	3.865	5.490	4.755	5.999	7.761
Tanga CC	16.276	16.435	18.234	17.897	19.146	18.814	21.060	17.040

Source: Auditors' Analysis of Revenue Collection by Source from 2021/22 to 2024/25, 2025

Table 3.19 shows that the estimate provided for the Mombasa District Council (DC) was underestimated. This indicated that Mombasa was underestimating their annual budget relative to actuals, as they collected more than they had estimated. Moreover, for Musoma District Council, the estimates for the Financial Years 2021/22 and 2022/23 were overestimated, whereas for the Financial Years 2023/24 and 2024/25, revenue collection was underestimated.

Furthermore, for Mtwara Municipal (MC), the budget estimates were overestimated for the Financial Years 2021/22 to 2023/24, while for 2024/25 the budget was underestimated. The overestimation and underestimation of the budget estimates observed in Momba DC, Musoma DC, and Mtwara MC were due to a lack of scientific analysis of revenue sources. Estimates were based solely on historical data, which affected the accuracy of the LGAs' budget projections. For Tanga CC, there are high estimates, but a noticeable drop in revenue collected in 2024/25 compared to the previous year indicates potential challenges in revenue realisation, despite high expectations.

Moreover, a review of 184 LGAs' estimates of non-tax revenue collection for the Financial Years 2021/22 through 2024/25 shows performance in non-tax revenue collection, as shown in **Table 3.20**; however, there was no established system for providing those estimates to justify that performance.

Table 3.20: Non-tax Revenue Collection Nationwide

Financial Year	Estimate of Non-Tax Collection (TZS)	Non-Tax Collected (TZS)	Non-tax Collection (%)
2021/22	863,858,000,000	888,716,071,403	103
2022/23	1,012,286,089,094	1,021,039,265,078	101
2023/24	1,143,883,281,000	1,157,784,206,373	101
2024/25	1,393,937,133,000	1,263,082,346,209	91

Source: Revenue Collection from 184 LGAs, 2025

Table 3.20 shows that from 2021/22 to 2023/24, actual non-tax revenue exceeded estimates; in 2024/25, actuals underperformed against the estimate. The lack of scientific analysis on how to estimate realistic revenue for LGAs, with reference to their revenue sources, affected LGAs' expenditure, as budget estimates guide expenditure planning.

3.5.4 Inadequate Review of the Rates for Non-Tax Revenue to Align with Market Price and Public Service Costs

The Audit noted that the Ministry of Finance collected comments from stakeholders on different rates of the Government and scrutinised them to determine whether they could be incorporated. The analysis was not specific to the non-tax proposal but to both tax and non-tax, and it largely covered the tax-related issues. Further, the Audit noted that the Ministry of Finance did not ensure that Government Entities had reviewed their non-tax revenue rates to

reflect market prices. Also, there was an absence of clear procedures for the review of the non-tax rates.

The reviewed stakeholder comments matrix revealed that no detailed analysis of the proposal for non-tax rates was conducted. Most of the comments were about deleting the respective charges or fees due to a burden on businesspeople or a double payment. This was contrary to Para 4.2.2 (x) of the Plan and Budget Guideline, 2024/25 which states that accounting Officers were instructed to have strategies in place for increasing efficiency in the collection of government revenue by submitting proposals for changes in rates of taxes, fees, levies, and charges to the Ministry of Finance immediately after the issuance of public notice of invitation to stakeholders to submit tax reforms proposals.

Interviews with officials from the visited MDAs revealed that only TFS conducted regular, systematic reviews of non-tax revenue rates in 2023/24 and 2024/25. Likewise, NHC conducted a review in 2023/24. No reviews of non-tax revenue rates were conducted among the visited MDAs in the period covered by the audit. Charges remained unchanged for several years despite changes in market values and service-delivery costs, as detailed in **Table 3.21**. MICAS maintained stadium ancillary charges at the same levels throughout 2021/22-2024/25, while NIRC continued charging Irrigation service, registration and annual fees without revision. Similarly, MLHHS retained cadastral and land registration fees at the same levels despite rising costs of survey, valuation, and administration.

Table 3.21: Status of the Review of Rates Among Public Authorities

Public Authorities	2021/22	2022/23	2023/24	2024/25
NHC	x	x	v	X
TPDC	x	x	x	X
TFRA	x	x	x	X
TFS	x	x	v	V

Source: Auditors' Analysis on the State of Review of Rates among Public Authorities, 2025

Key

V-Review conducted

X-Review non conducted

Table 3.21 shows that charges remain unchanged due to the absence of a clear

framework or a legal requirement from the Ministry of Finance to enforce periodic rate reviews among the Government Entities.

Further, the Audit noted that inadequate periodic review and adjustment of non-tax revenue rates result in under-pricing of government services and under-collection of potential revenue. This reduces the government's capacity to mobilise adequate domestic resources, widens the financing gap for development projects, and increases dependence on external financing. Additionally, stagnant and outdated rates create inequities, undervaluing public resources and services and discouraging efficiency and accountability in service delivery.

3.6 Inefficient Collection System and Processes

The Audit noted inefficient collection systems and processes, as evidenced by the absence of standard operating procedures for non-tax revenue and by inadequate use of a digital platform for its efficient collection. This situation contravenes Regulation 57 of the Public Finance Regulations, 2001 (as amended in 2022). The regulation requires Accounting Officers to be personally responsible for ensuring adequate safeguards are in place. They are also required to ensure that safeguards are applied to ensure the prompt collection and proper accounting of all Government revenue and other public moneys relating to their departments or offices.

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3.6.1 Existence and Functionality of Standard Operating Procedure for Non-Tax Revenue

The Audit noted that there were no functional standard operating procedures for non-tax revenue collection. In the visited Ministries and Departments, this absence led to operational inconsistencies and financial issues. For example, the absence of SOPs has contributed to the accumulation of debt at NIRC, as farmers were unable to pay their debts due to inconsistent practices. The MLHHS has different payment systems across the regions. While these have now been harmonised into 5 regions (Mwanza, Tanga, Dodoma, Arusha, and Mbeya), Dar Es Salaam continues to use a separate system due to the absence of standard operating procedures for collection.

The Audit also noted weak internal controls due to the absence of standard operating procedures at NIRC and MLHHS. Without formal procedures, these

entities did not ensure effective payment of charges. This has led to a lack of accountability in revenue collection.

The Review of the MoF Report on Government Revenue and Expenditure Systems revealed an absence of a specific law that sets out rules and procedures for MDAs and LGAs for the administration and collection of non-tax revenue. This has generated complaints from non-tax payers, as various Government institutions act independently and in isolation in the collection and administration of revenue sources. As a result, there was a decline in the business environment, compliance rates, and non-tax revenue collection.

3.6.2 Inadequate Use of a Digital Platform for the Efficient Collection of Non-Tax Revenue

The Ministry of Finance and Planning, in its May 2022 review of Government Revenue and Expenditure Systems, reports that the administration of the GePG system faces budgetary constraints for the procurement and maintenance of ICT infrastructure. The absence of an alternative operating system in the event of an emergency is a significant risk to the system's sustainability.

During the physical verification, the audit noted challenges in revenue collection. This was due to inefficiencies in the collection system and a lack of internet access in some areas, especially in Momba DC and Musoma DC. This situation hinders the implementation of the Tanzania Digital Economy Strategic Framework 2024-2034. The framework expects government institutions to promote and integrate digital financial services (DFS) for public payments, including revenue collection. The digital integration aims to enhance transparency, reduce collection costs, and widen financial inclusion.

Furthermore, the Audit noted inefficient billing systems and ineffective information, as evidenced at the MLHSD, where customers needed to visit the premises to obtain billing information. The MLHSD has not effectively implemented a digital billing platform, thereby hindering the collection of non-tax revenue. Also, the Review of MoF Report on Government Revenue and Expenditure Systems revealed that the inadequate use of digital platforms was attributed to a lack of internet access in some areas, inadequate skills in revenue collection among collectors, and a lack of a non-taxpayers'

information-sharing framework among institutions mandated to administer non-tax revenue.

Moreover, physical verification conducted in the LGAs of Momba District Council, Mtwara Municipal Council, Musoma District Council, and Tanga City Council found that non-tax revenue was not being collected adequately through POS. The audit observed that insufficient collection of non-tax revenue via POS was caused by a limited number of POS devices relative to requirements and by defects in the procured devices, as shown in **Table 3.22**.

Table 3.22: Status of POS found at Visited LGAs

Name of LGAs	Required POS	Available POS	POS in Use	Defective POS	Gap of POS
Momba DC	72	56	45	11	27
Musoma DC	63	87	43	44	20
Mtwara MC	90	72	37	15	53
Tanga CC	200	134	86	48	114

Source: Auditors' Analysis from LGA's Assessment of Revenue Sources, 2025

Table 3.22 illustrates the insufficient number of POS devices required by each LGA by comparing the number of POS devices in use with the points where POS devices should be used for non-tax collection. Momba DC has a gap of 27 POS: 56 are available, but only 45 are in use, indicating underutilization. Musoma DC met the required POS count of 87, but has 44 defective POS, resulting in an effective gap of 20 POS when considering functioning systems. Mtwara MC faces a significant gap: 53 POS are available, while 37 are in use, suggesting a lack of operational POS. While Tanga CC has the largest gap: 114 POS, with only 134 POS available out of the required 200 POS, and 48 POS are defective. All these indicate serious challenges in revenue collection capabilities.

Due to the inadequate availability of POS devices, LGAs miss out on revenue, contrary to Section 17A (1) of the Local Government Finance Act, [CAP.290 R.E. 2019]. To better control revenue, a local government authority may, among other means, use electronic revenue collection, payment, and management systems.

3.6.3 Enforcement Mechanism for Minimising Revenue Loss

The audit noted that there was no specific provision in the Treasury Registrar (Powers and Duties) Act, [CAP. 370 R.E,2023] prescribing penalties for non-

compliance with the submission of contributions, dividends, and surpluses requirements. The Office of the Registrar of Treasury explained that the provision was under review. The proposed amendments to the Act included specific provisions to enforce compliance with the submission of contributions, dividends, and surpluses.

Nevertheless, the audit found that the visited MDAs and Public Authorities have implemented enforcement mechanisms in line with the above responsibilities. These include using the Government Electronic Payment Gateway (GePG) to issue electronic bills and conduct regular reconciliations. MDAs and Public Authorities demonstrated consistent application of these mechanisms across all major non-tax revenue streams. Effective enforcement has been attributed to the provision of digital systems (GePG) for tracking revenue, as required by the Public Finance Act and budget guidelines.

Furthermore, in the visited LGAs, the audit noted that all non-tax collections were conducted through the Government Electronic Payment Gateway (GePG) and the point-of-sale (POS) systems. These systems allowed tracking of the non-tax revenue collected. The LGAs have enforced the collection of non-tax revenue through their by-laws.

3.7 Inadequate Follow-up and Reporting of the Collection of Non-tax Revenue

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The Ministry of Finance did not ensure adequate follow-up and reporting on the collection of non-tax revenue, as evidenced by the following:

3.7.1 Absence of Defined Procedures and Plans for Follow-up and Reporting on the Performance of the Collection of Non-tax Revenue

The audit noted that the Ministry of Finance had no formally defined procedures and plans for follow-up and reporting on the performance of non-tax revenue collection. This lack of a structured framework contravened Para 4.6.1(vii) of the Plan and Budget Guideline, 2024/25. The guideline requires Accounting Officers to strengthen the monitoring and evaluation of plans by establishing robust systems and ensuring that plans and budgets reflect FYDP III goals. Accounting Officers are also instructed to evaluate non-tax revenue sources, outline strategies to enhance efficiency, and identify performance indicators to assess the achievement of MDAs' and LGAs' objectives.

A review of official correspondence between the Ministry of Finance and MDAs revealed that follow-up activities were conducted primarily through directives. Specifically, letter Ref. CAB.481/558/01 dated 14 July 2023 from the Ministry of Finance to MDAs instructing Accounting Officers to appoint two desk officers (“Maafisa Dawati”) to coordinate non-tax revenue data and submit monthly revenue cashflow reports.

The designated desk officers were to oversee the collection, preparation, and submission of monthly non-tax revenue reports by the 5th of each following month. In response, MDAs submitted the names of appointed officers and cash flow projections. However, there was no evidence of a comprehensive follow-up plan, including a schedule specifying which MDAs would be visited, how performance would be evaluated, and the frequency and content of feedback reports from MoF.

Furthermore, the audit found that MoF has not issued standardised templates for assessing non-tax revenue performance, resulting in inconsistent information submitted by MDAs. While MDAs prepared internal revenue collection strategies or submitted monthly cash flow projections, there was no evidence that they produced consolidated performance reports on non-tax revenue. The follow-up process, therefore, remained reactive and dependent on correspondence rather than being guided by an established performance monitoring framework.

The Audit also noted that MoF planned to monitor the implementation of the Performance Agreement signed by non-tax collectors; however, the plan did not define the number of entities to be covered, except for the Financial Year 2022/23, as detailed in **Table 3.23**.

Table 3.23: Analysis of the Monitoring Plans at the MoF (Amount in TZS)

Code	ACTIVITY	2021/22	2022/23	2023/24	2024/25
E2S01	To monitor the implementation of performance agreements signed by non-tax collectors	50,000,000	80,700,000	111,800,000	-
E2S02	To conduct a physical inspection of the One-Stop Border Posts stations	91,000,000	109,750,000	148,200,000	143,100,000

Source: Auditors' Analysis on the Activities Related to Non-Tax Monitoring and Follow Up on the MoF's Medium Term Expenditure Analysis, 2025

Table 3.23 shows that the MoF planned for monitoring and evaluation. In the Financial Year 2022/23, the ministry planned to monitor 10 Performance Agreements and conduct physical inspections of six one-stop border posts. However, there was no evidence of any ToR used for the follow-up on the signed Performance Agreement and Physical visits.

The absence of a structured follow-up and reporting framework was mainly due to the Ministry of Finance's lack of clear operational guidelines for systematically monitoring and reporting non-tax revenue performance. As a result, follow-up relied on ad hoc communication through letters.

The lack of defined procedures and structured follow-up mechanisms for monitoring non-tax revenue performance limits the Government's ability to track progress, identify underperforming sources, and take timely corrective actions. This contributes to inefficiencies in revenue mobilisation, delays in addressing MDAs' challenges in collection processes, and potential losses of government revenue.

3.7.2 Inadequate Data-driven System for Tracking and Follow-up on the Performance of Non-tax Revenue Collection

The audit noted that the Ministry of Finance had not established a centralised, data-driven system (digital or manual) for tracking and following up on the performance of non-tax revenue collection across MDAs. Also, there was no integration of the tracking system with MoF, TR, and PMO-RALG. Despite that,

Para 4.6.1 (ix) of the Plan and Budget Guideline, 2024/25 requires strengthening the monitoring and evaluation of the implementation of the plan and budget, establishing robust monitoring and evaluation systems, and ensuring the plans reflect the FYDP III goals. However, there was still no system in place to generate follow-up reports. Monitoring and follow-ups were conducted mainly through manual processes, including the submission of Monthly Revenue Cashflow reports via email or hard copies, as directed by letters from MoF.

Also, interviews with officials from the visited MDAs confirmed the requirement to submit monthly non-tax revenue reports by the 5th of the following month, either via email or hard copies. MDAs prepared and submitted their monthly estimates and reports using Excel templates or written correspondence. However, the process lacked integration with existing digital financial systems such as the Government Electronic Payment Gateway (GePG) or the Integrated Financial Management System (IFMIS). As a result, MoF has no automated dashboard or analytical tool to consolidate, compare, or visualise non-tax revenue performance data across MDAs in real time.

Furthermore, no evidence was found of data-driven analysis or performance alerts generated from these reports to guide decision-making or follow-up actions. The Ministry mainly relied on periodic meetings and letters to obtain updates, making the process reactive rather than analytical and evidence-based.

This situation arose primarily due to the absence of a dedicated non-tax revenue management information system within the Ministry of Finance; hence, MoF continued to rely on manual reporting.

The absence of a data-driven tracking system limits the Ministry's ability to monitor performance in real time, detect collection shortfalls promptly, and provide timely support to underperforming MDAs. It also undermines the accuracy and reliability of consolidated national non-tax revenue performance data, increasing the risk of revenue leakage and inconsistencies between the amounts collected, reported, and remitted. Additionally, manual data handling increases administrative workload and delays decision-making.

3.7.3 Absence of Key Performance Indicators for Follow-up on the Performance of Non-tax Revenue Collection

The audit noted that the Ministry of Finance and the visited MDAs had not established or used Key Performance Indicators (KPIs) to measure or evaluate the performance of non-tax revenue collection. While MDAs regularly submitted their Monthly Revenue Cashflow reports to the Ministry of Finance, these reports mainly focused on absolute figures for estimates and collections, without assessing performance against standardised indicators.

Despite that, Para 4.6.1 (ix) of the Plan and Budget Guideline, 2024/25, requires the identification of performance indicators to assess the achievement of MDAs and LGAs' objectives. However, the review of the submitted reports and correspondence between the Ministry of Finance and MDAs showed no evidence of Key Performance Indicators. Similarly, there was no structured framework for evaluating the performance of revenue-collection entities or for identifying underperforming revenue streams.

As a result, follow-up remained limited to comparing reported figures against targets, without deeper analysis of efficiency, compliance, or the sustainability of non-tax revenue sources. The absence of KPIs was mainly due to the lack of formal guidelines and a performance management framework for non-tax revenue at the Ministry of Finance.

Without key performance indicators such as collection efficiency, remittance timeliness, digital coverage, compliance, and pricing reviews against cost recovery, the Ministry of Finance and MDAs lack an objective basis for assessing revenue collection performance and identifying gaps or best practices. This situation reduces accountability, limits management's ability to take corrective action, and weakens oversight of underperforming revenue sources.

3.7.4 PMO-RALG and MoF did not Conduct a Follow-up of Non-tax Revenue Collection for LGAs

The audit noted that the Ministry of Finance has not established an effective framework for follow-up and reporting on the performance and potential of non-tax revenue sources across MDAs, contrary to Para 4.6.1 (i) and (ix) of the Plan and Budget Guideline 2024/25. This guideline required Accounting Officers, during the preparation of the plan and budget for 2024/25, to

evaluate non-tax revenue sources, outline strategies to enhance efficiency, and identify performance indicators to assess the achievement of MDAs' and LGAs' objectives.

The audit noted that, although the Ministry of Finance instructed MDAs (through a letter Ref. CAB.481/558/01, dated 14 July 2023) to appoint focal desk officers and submit Monthly Non-Tax Revenue Cashflow reports, these submissions were limited to reporting the estimated and collected amounts for existing revenue sources. There was no evidence of periodic analytical reports or follow-up missions to identify and assess new or underutilised sources of non-tax revenue.

Furthermore, no standardised reporting templates or schedules were found that require LGAs to report on the development or exploration of potential sources. The Ministry of Finance's follow-up mainly relied on ad hoc communication and meetings, as evidenced by letters inviting MDAs to progress review sessions, without formal documentation or reports summarising findings, challenges, or recommendations regarding the performance of available and potential sources.

This shortfall was mainly due to the absence of a formal framework and defined procedures at the Ministry of Finance to guide follow-up and reporting on non-tax revenue sources.

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Inadequate, structured follow-up and reporting have limited the government's ability to identify, develop, and maximise potential non-tax revenue sources. Consequently, opportunities to expand the domestic revenue base remain underexploited, constraining the government's fiscal space and increasing its reliance on external financing.

The audit noted further that PMO-RALG and MoF did not conduct a follow-up on non-tax revenue collection by Local Government Authorities. Instead, there were training sessions on how to use the TAUSI system to collect non-tax revenue and update it. However, monitoring and follow-up on what LGAs are collecting in non-tax revenue were not carried out, contrary to Section 5.1.3 of the Government Monitoring and Evaluation Framework. This section states that ministries and public institutions are responsible for preparing work plans for monitoring and evaluation. The action plan should outline the mechanisms

for allocating resources to M&E activities and specify the availability of financial resources to support their implementation.

Additionally, all Monitoring and Evaluation activities should involve all relevant stakeholders. The government's Monitoring and Evaluation Framework requires that, whenever M&E is planned, Key Performance Indicators (KPIs) should be established. This component includes both outcome and output indicators. Moreover, the audit noted that the monitoring and follow-up of Non-Tax Revenue collection by LGAs should be conducted by PMO-RALG and MoF. However, as shown in Table 3.24, no such monitoring was conducted.

Table 3. 24: Status of Monitoring and Follow-up on Non-Tax Revenue Collection Conducted by PMO-RALG and MoF

Name of LGAs Visited	Financial Years			
	2021/22	2022/23	2023/24	2024/25
Momba DC	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection
Musoma DC	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection
Mtwara MC	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection
Tanga CC	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection	No Monitoring and follow-up on non-tax revenue collection

Source: Auditors' Analysis from Revenue Report of Visited LGAs, 2025

Table 3.24 shows that follow-up with LGAs was not conducted by either PMO-RALG or MoF. The main reason given by PMO-RALG for not conducting follow-up and monitoring with LGAs is that, it is concentrating on establishing systems

for non-tax collection and providing training on these systems. Monitoring and follow-up on non-tax revenue collection will follow after systems have been established.

The impact of not conducting monitoring and evaluation on non-tax revenue collection is that PMO-RALG and MoF lack strategies to enhance efficiency, identify performance indicators to assess LGAs' achievement in non-tax revenue collection, and set realistic estimates for LGAs.



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CHAPTER FOUR

AUDIT CONCLUSION

4.1 Introduction

This chapter draws the audit conclusion based on the findings presented in the previous chapter. The conclusion aligns with the audit's overall objective and specific objectives, as presented in Chapter One of this report.

4.2 General Conclusion

The audit acknowledges the Government's initiatives through the Ministry of Finance to strengthen domestic revenue mobilisation, including the introduction of the Medium-Term Revenue Strategy in September 2025 and the deployment of digital systems such as the Government Electronic Payment Gateway (GePG) and TAUSI for LGAs. These efforts reflect a growing commitment to enhance transparency, accountability, and efficiency in non-tax revenue management.

However, despite these efforts, the audit concludes that the Ministry of Finance has ineffectively managed the collection of non-tax revenue to ensure adequate mobilisation of domestic funds. The Ministry of Finance has not sufficiently established a robust institutional framework, legal instruments, or operational mechanisms to ensure effective planning, collection, and monitoring of non-tax revenue across Government Entities.

The lack of a defined institutional structure, insufficient coordination mechanisms among stakeholders, weak enforcement of legal and regulatory policy frameworks, and reliance on outdated procedures have contributed to low performance and inadequate collection of potential revenue. Moreover, the absence of a centralised database, a comprehensive follow-up framework, and data-driven systems undermines the accuracy and completeness of non-tax revenue reporting.

4.3 Specific Audit Conclusions

The following are specific conclusions:

4.3.1 Inadequate Institutional Set-Up and Organisation Structure for the Management of Non-Tax Revenue

The Audit concluded that the Ministry of Finance did not ensure the availability of an institutional framework and an organisational structure for the management of non-tax revenue. The Ministry lacked a defined structure to oversee non-tax revenue management, resulting in inadequate follow-up, oversight, and coordination among the responsible entities.

Roles and responsibilities related to non-tax revenue have not been explicitly defined in the approved organisational structure, resulting in overlaps, accountability gaps, and unclear reporting lines. Furthermore, the coordination mechanism between the Ministry of Finance, the Treasury Registrar, PMO-RALG, and other MDAs was inadequate. While focal persons have been appointed, there is no defined framework outlining how coordination, information sharing, and periodic performance reviews should be conducted.

The audit also concludes that there was no comprehensive legal and regulatory framework specifically governing the management of non-tax revenue. The existing Public Finance Act and its Regulations provide general provisions for revenue management but lack detailed operational rules, enforcement mechanisms, and clear sectoral procedures for MDAs and LGAs.

Moreover, the Ministry of Finance had no long-term or short-term strategic plan for mobilising non-tax revenue. Although the Medium-Term Revenue Strategy (MTRS) was launched in September 2025 and introduced key policy measures, it focused primarily on a few selected sectors, mining and land and did not adequately cover all potential non-tax revenue sources.

4.3.2 Inadequate Identification of New Revenue Sources that Align with Principles of Revenue Collection

The Audit concluded that the Ministry of Finance and other government entities have not effectively identified and developed new non-tax revenue sources. Most Ministries, Departments, Public Authorities, and LGAs lacked defined procedures and enforcement mechanisms for identifying and operationalising new sources, contrary to the requirements of the Planning and Budgeting Guidelines.

The absence of a structured framework and weak follow-up by the Ministry of Finance resulted in a decline in the number of active non-tax revenue sources among MDAs and Public Authorities. Only a few entities from the visited entities, such as TFS and selected LGAs like Momba and Musoma District Councils, demonstrated efforts to explore new sources. Furthermore, there was no comprehensive, centralised database of potential non-tax revenue sources.

4.3.3 Inadequate Systems and Processes to Ensure Realistic Estimates for Non-Tax Revenue

The Audit concluded that the Ministry of Finance and other Government Entities have not established adequate systems and processes to ensure a realistic estimation of non-tax revenue. Ministries, Departments, Public Authorities, and Local Government Authorities (LGAs) relied on historical data without defined procedures or scientific analysis to guide the estimation process. This lack of an established system contravened the requirements of the Public Finance Regulations, 2001 (as amended in 2022), and the Plan and Budget Guidelines for 2024/25.

The absence of structured estimation processes and effective forecasting systems at both the Ministry of Finance and Government Entities resulted in inconsistent and often unrealistic revenue estimates. The audit noted that both NIRC and MLHHS significantly overestimated revenue despite declining sources, while MICAS consistently underperformed its estimates. Similarly, LGAs such as Momba DC, Musoma DC, and Mtwara MC experienced both overestimation and underestimation due to reliance on historical trends rather than rigorous analysis of revenue sources.

Furthermore, Public Authorities, including NHC, TPDC, TFRA, and TFS, did not implement comprehensive forecasting methods that account for each source's actual revenue potential. Non-tax revenue rates were also not systematically reviewed or adjusted to reflect market values and service delivery costs, resulting in persistent under-pricing and under-collection of revenue. Only limited exceptions were noted, such as TFS, which implemented minor adjustments in 2023/24-2024/25, while other entities maintained outdated charges.

4.3.5 Inefficient Collection System and Processes for Collection of Non-tax Revenue

The Audit concluded that the Ministry of Finance and related entities have significant governance and payment controls gaps for non-tax revenue. A key finding was the absence of functional standard operating procedures (SOPs) at key agencies, including NIRC, MICAS, MoW, and MLHHS. This lack of formal procedure resulted in insufficient internal controls, ineffective payment processing, and a general lack of accountability.

Furthermore, the Audit concluded that digital platforms were underutilised for efficient non-tax revenue collection, evidenced by 100 POS devices missing and 70 POS devices defective.

Conversely, some progress was noted as MDAs have adopted GePG for issuing electronic bills and conducting regular reconciliations. However, this positive step in digital payment integration was ultimately undermined by broader SOP and control deficiencies.

4.3.6 Inadequate Follow-up and Reporting of the Collection of Non-tax Revenue

The Audit concluded that the Ministry of Finance did not ensure adequate follow-up and reporting on the collection of non-tax revenue across entities, including PMO-RALG, LGAs, Public Authorities, and the visited MDAs. This was evidenced by the absence of formal procedures or strategic plans dedicated to follow-up and reporting on non-tax revenue collection. No centralised, data-driven system was in place to track performance across MDAs. Monitoring and follow-up relied primarily on manual methods, such as submitting Monthly Revenue Cashflow reports via email or hard copy. This approach compromised timeliness and accuracy.

Furthermore, Key Performance Indicators (KPIs) were not established or used by the MoF, PMO-RALG, LGAs, Public Authorities, or the sampled MDAs to measure and evaluate non-tax revenue performance. As a result, MoF and PMO-RALG have not conducted systematic follow-up on non-tax revenue collection for LGAs, leading to inadequate oversight, potential inefficiencies, revenue leakage, and inconsistent performance across government entities. Overall, the absence of formalised follow-up

processes, a centralised data system, and KPI-based performance management significantly undermines the effectiveness and accountability of non-tax revenue collection.



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CHAPTER FIVE

AUDIT RECOMMENDATIONS

5.1 Introduction

This chapter presents recommendations derived from the audit findings outlined in Chapter Three of this report. These recommendations are directed towards the Ministry of Finance (MoF). Their implementation is expected to significantly enhance the performance of the MoF on the Management of Non-Tax Revenue.

The National Audit Office believes that if fully implemented, these recommendations will improve the performance of the MoF in managing non-tax revenue collection.

5.2 Recommendations

Recommendations to the Ministry of Finance

5.2.1 Recommendations on Improving Institutional Setup and Capacity for the Management of Non-Tax Revenue

- a) Establish a dedicated non-tax revenue unit with clear roles, staffing, and accountability; and
- b) Develop a National Coordination and Regulatory Framework for Non-Tax Revenue.

5.2.2 Recommendations on Improving the Identification of New Revenue Sources

- a) Establish procedures for the identification of new revenue sources; and
- b) Develop a comprehensive database to map all potential non-tax revenue sources at national and sub-national levels.

5.2.3 Recommendations on Improving Systems and Processes in Ensuring Realistic Estimates for Non-Tax Revenue

- a) Ensure the development of effective systems and processes to produce estimates that reflect actual NTR potential, not only on historical data, but also on baseline data for the sources; and

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- b) Strengthen validation and review mechanisms for the revenue estimates.

5.2.4 Recommendations on Improving Collection Systems and Processes

- a) Ensure standardised collection procedures across all entities to ensure uniformity and transparency, and strengthen internal controls, monitoring and enforcement mechanisms.

5.2.5 Recommendations on Improving Follow-Up and Reporting of the Collection of Non-Tax Revenue

- (a) Develop a centralised follow-up and reporting framework based on a Data-driven system designed to track performance across MDAs, LGAs and Public Authorities; and
- (b) Develop key Performance Indicators (KPIs) to be used by the MoF, PMO-RALG, LGAs, and Public Authorities to measure and evaluate non-tax revenue performance.



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APPENDICES

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Appendix 1: Responses from the Audited Entities

This section presents the details of the overall comment from the Audited Entity, the responses to the comments, the actions to be taken, and the Ministry of Finance's Implementation timelines for each of the issued recommendations.

Comments from the Ministry of Finance

S/N	Recommendation	Comments from MoF	Planned Action(s)	Implementation Timeline(s)
1	Establish a dedicated non-tax revenue unit with clear roles, staffing, and accountability.	The Ministry recognises the importance of establishing a Non-Tax Unit to oversee non-tax collection activities. Therefore, it will begin by defining the specific roles and responsibilities within the Ministry structure.	<ul style="list-style-type: none"> i. To prepare specific roles and responsibilities for the management of non-tax revenue. ii. To prepare a specific concept note for the establishment of the unit, including benchmarking and learning from the best practices of other countries. iii. To improve the Ministry structure by incorporating the non-tax unit. 	<ul style="list-style-type: none"> By December 2026 By June 2027 By June 2028

S/N	Recommendation	Comments from MoF	Planned Action(s)	Implementation Timeline(s)
2	Develop a National Coordination and Regulatory Framework for Non-Tax Revenue.	The National Coordination and Regulatory Framework will be developed in collaboration with MDAs.	<ul style="list-style-type: none"> i. Prepare a concept note that will provide guidance for the development of a National Coordination and Regulatory Framework. ii. To conduct a review of revenue collection roles/business processes for all MDAs. iii. To prepare the respective Framework document 	<ul style="list-style-type: none"> By December 2026 By June 2027 By December 2027
3	Establish procedures for the identification of new revenue sources.	Ministry will prepare procedures to be followed by MDAs in the identification of new revenue sources.	<ul style="list-style-type: none"> i. To prepare a concept paper that will provide guidance in the preparation of procedures for the identification of new revenue sources. 	<ul style="list-style-type: none"> By December 2026

S/N	Recommendation	Comments from MoF	Planned Action(s)	Implementation Timeline(s)
			ii. Preparation of procedure documents to be followed by MDAs in identifying and submitting new sources of revenue.	By June 2027
4	Develop a comprehensive database to map all potential non-tax revenue sources at national and sub-national levels.	The Ministry will prepare a database of all potential non-tax revenue sources at the National and Sub-national levels in collaboration with MDAs.	<p>i. Preparation of a concept paper that will guide the development of the document.</p> <p>ii. To conduct a working session in collaboration with MDAs to develop a database of non-tax revenue sources.</p>	<p>By August 2026</p> <p>By December 2026</p>
5	Ensure the development of effective systems and processes to produce realistic estimates that reflect actual NTR potential and are not	The Ministry has received the recommendation. However, a further study will be conducted to determine how to implement it effectively.	To conduct a further study that will provide a way to develop effective systems and processes to produce realistic non-tax estimates.	By June 2028

S/N	Recommendation	Comments from MoF	Planned Action(s)	Implementation Timeline(s)
	based solely on historical data, but also on baseline data for the sources.			
6	Strengthen validation and review mechanisms for the revenue estimates.	The Ministry has received the recommendation. However, a further study will be conducted to determine how to implement it effectively.	To conduct a further study that will determine how to implement the recommendation effectively	By June 2028
7	Ensure standardised collection procedures across all entities to ensure uniformity and transparency, and strengthen internal controls, monitoring and enforcement mechanisms.	The Ministry will conduct a study to determine the most effective way to implement this matter, considering that collections are made under the respective votes.	<p>i. A further study will be conducted to determine the most effective way of implementation and to produce an implementable document.</p> <p>ii. To prepare a standardised collection procedure document in collaboration with MDAs</p>	<p>By June 2028</p> <p>By December 2028</p>
8	Develop a centralised follow-up and reporting framework based on a	The Ministry of Finance can access data relating to revenue sources from Public Authorities and	Further study will be conducted to identify best practices in countries that collect non-tax	By June 2029

S/N	Recommendation	Comments from MoF	Planned Action(s)	Implementation Timeline(s)
	data-driven system designed to track performance across MDAs, LGAs and Public Authorities.	Local Government Authorities through the Data Warehouse system. This system integrates data from the Government Electronic Payment Gateway (GePG) to capture and monitor non-tax revenue collections. Through such a database, the Ministry can monitor daily revenue collection. However, GePG provides real-time collection status with a caution about transaction reconciliation.	revenue similar to our country.	
9	Develop key Performance Indicators (KPIs) to be used by the MoF, PMO-RALG, LGAs, and Public Authorities to measure and evaluate non-tax revenue performance.	The Ministry will undertake the development of KPIs, in collaboration with MDAs, for measuring performance efficiency.	<p>i. Preparation of a concept note on the development of KPIs to measure and evaluate non-tax revenue performance.</p> <p>ii. Preparation of KPIs that will guide and support the measurement</p>	<p>By June 2027</p> <p>By December 2027</p>

S/ N	Recommendation	Comments from MoF	Planned Action(s)	Implementation Timeline(s)
			of revenue performance efficiency.	



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Appendix 2: Detailed Main Audit Questions with Sub-audit Questions

This section provides the detailed main audit questions and their corresponding sub-audit questions used in this report.

Audit Question 1	<i>To what extent has the Ministry of Finance ensured the effective collection of non-tax revenue?</i>
<i>Sub-question 1.1</i>	To what extent are the targets set for the collection of non-tax revenue achieved?
<i>Sub-question 1.2</i>	To what extent do non-tax revenues collected contribute to the National Budget of the country?
Audit Question 2	<i>Has the Ministry of Finance ensured the institutional setup and capacity for managing non-tax revenue?</i>
<i>Sub-question 2.1</i>	Has the Ministry of Finance ensured adequate capacity (organisation structure, skilled human resources with technical capacity) to manage non-tax revenue collection?
<i>Sub-question 2.2</i>	Has the Ministry of Finance ensured that defined institutional roles and responsibilities are in place for the management of non-tax revenue?
<i>Sub-question 2.3</i>	Has the Ministry of Finance ensured that an inter-agency coordination mechanism is in place between the Treasury Registrar and the Public Authorities, Ministries and Departments, and PMO-RALG and LGAs?
<i>Sub-question 2.4</i>	Has the Ministry of Finance ensured that a legal and regulatory framework for governing non-tax revenue is in place?
<i>Sub-question 2.5</i>	Has the Ministry of Finance ensured the existence of a medium- or long-term strategy that aligns with the National Revenue Mobilisation Strategy and enhances Non-tax Revenue Sustainability?
Audit Question 3	<i>Has the Ministry of Finance ensured that Government Entities identify new revenue sources that align with the principles of revenue collection?</i>
<i>Sub-question 3.1</i>	Have the Government Entities ensured that defined procedures are in place for identifying new revenue sources?
<i>Sub-question 3.2</i>	To what extent have the Government Entities identified new revenue sources for widening the revenue base?
<i>Sub-question 3.3</i>	Has the Ministry of Finance ensured a Comprehensive database of all potential and actual sources of Non-Tax Revenue?

Audit Question 4	<i>Has the Ministry of Finance put in place effective systems and processes to ensure realistic estimates for non-tax revenue?</i>
<i>Sub-question 4.1</i>	Has the Ministry of Finance clearly defined processes to guide the estimation of non-tax revenue?
<i>Sub-question 4.2</i>	Is there a defined system at the Ministry of Finance for ensuring effective estimates of non-tax revenue?
<i>Sub-question 4.3</i>	Are government entities ensuring that effective estimates are in place?
<i>Sub-question 4.4</i>	Has the Ministry of Finance and Government entities ensured periodic review of the rates for non-tax revenue (service charges, fines and penalties, rental charges and fees) to align with market rates or public service costs?
Audit Question 5	<i>Has the Ministry of Finance ensured an efficient collection system, and are the necessary processes in place?</i>
<i>Sub-question 5.1</i>	Has the Ministry of Finance ensured the existence and functionality of standard operating procedures for collection?
<i>Sub-question 5.2</i>	Has the Ministry of Finance ensured that Government Entities use a digital platform for the efficient collection of non-tax revenue?
<i>Sub-question 5.3</i>	Have the Government Entities ensured that an enforcement mechanism is in place to minimise revenue loss?
Audit Question 6	<i>Has the Ministry of Finance ensured adequate follow-up and reporting of the collection of non-tax revenue?</i>
<i>Sub-question 6.1</i>	Are there defined procedures and plans for follow-up and reporting on the Performance of the collection of non-tax revenue?
<i>Sub-question 6.2</i>	Has the Ministry of Finance ensured a data-driven system for tracking and follow-up on the Performance of non-tax revenue collection?
<i>Sub-question 6.3</i>	Are there Key Performance Indicators for follow-up on the Performance of non-tax revenue collection?
<i>Sub-question 6.4</i>	Has the Ministry of Finance ensured follow-up and reporting on the available and potential revenue sources?

Appendix 3: Different Reviewed Documents and Reasons for the Review

This section provides the documents reviewed by the Audit Team to obtain the information needed to develop audit findings supported by sufficient evidence.

Institution	Name of the Document	Reasons for Review
MoF	Volume 1 Revenue Estimates (2021/22-2024/25)	To assess the performance of the non-tax revenue estimated by the MDAs.
	Budget Execution Report (2021/22-2024/25)	To assess the contribution of the non-tax revenue to the GDP.
	MDAs Scrutinisation Reports	To assess the estimation procedures used by the MDAs.
	Strategic Plans <ul style="list-style-type: none"> The Third Strategic Plan 2021/22 - 2025/26 	To obtain information on the strategic plans regarding the non-tax revenue.
	Annual Plans <ul style="list-style-type: none"> Annual plans for years (2021/22 -2024/25) 	To obtain information on the annual plans regarding the non-tax revenue.
	Reports <ul style="list-style-type: none"> Annual Implementation Reports (2021/22 - 2024/25) Tax Expenditure Reports (2021/22-2024/25) Financial Programming Excel 	To assess the performance trend of the non-tax revenue.
	Annual budgets and budget implementation reports	To assess the budget allocated for the management of non-tax revenue.
	Organization Structure	To assess the detailed structure of managing the non-tax revenue.
	IKAMA (Staffing Level) , Personnel Emoluments and Staff Need Assessment (2021/22 - 2024/25)	To assess the staffing level allocated for managing non-tax revenue.
	Monitoring and Evaluation Reports	To assess the extent of the implementation of Monitoring and evaluation by the Ministry of Finance.
Remittance of the Non-Tax revenue	To assess the delay in the remittance of the non-tax from the MDAs.	

Institution	Name of the Document	Reasons for Review
	<ul style="list-style-type: none"> • Strategy for revenue collection (2021/22 - 2024/25) • Revenue Collection Reports • Register of the Revenue Sources • List of Sanctions for the Delayed Payments 	To assess the strategies for collecting revenue sources, the performance of the revenue collection sources, and the imposition of sanctions for delayed payments.
NIRC	<ul style="list-style-type: none"> • Strategy for revenue collection (2021/22 - 2024/25) • Revenue Collection Reports • Register of the Revenue Sources • List of Sanctions for the Delayed Payments 	To assess the strategies for collecting revenue sources, the performance of the revenue collection sources, and the imposition of sanctions for delayed payments.
MLHSD	<ul style="list-style-type: none"> • Strategy for revenue collection (2021/22 - 2024/25) • Revenue Collection Reports • List of Sanctions for the Delayed Payments • Register of the Revenue Sources 	To assess the strategies for collecting revenue sources, the performance of the revenue collection sources, and the imposition of sanctions for delayed payments.

Appendix 4: List of Interviewed Officials

This section presents the list of interviewed officials from the selected and visited entities.

Institution	Official Interviewed	Reasons for Interviewing them
MoF	Commissioner Policy Analysis	To assess the legal framework for the management of non-tax revenue, the extent of the Performance of non-tax revenue collection and compliance.
	Assistant Commissioner, Fiscal Policy Section	To assess the estimation procedures, the performance of collection, remittance compliance, and the monitoring and evaluation of non-tax revenue performance.
	In charge of non-tax revenue	To assess the estimation procedures, the performance of the collection, and remittance compliance.
	Senior Officials - Non-tax revenue	To assess the estimation procedures, the performance of the collection, and remittance compliance.
	Principal Accountant Treasury	To assess the revenue collected and the performance of the sources against the targets.
	Director of Government Asset Management	To assess the target-setting process and the system's performance in collecting revenue from the sources.
NIRC	Chief Accountant	To assess the estimation procedure in place, revenue collected and the performance of the sources against the targets.
	Director of Operations	To assess the estimation procedure in place, revenue collected and the performance of the collecting sources against the targets.
MLHSD	Chief Accountant	To assess the estimation procedure in place, revenue collected and the performance of the sources against the targets.

Institution	Official Interviewed	Reasons for Interviewing them
	Officials from the Land Revenue Collection and Investment Section	To assess the estimation procedure in place, revenue collected and the performance of the sources against the targets.
Ministry of Information, Culture, Arts and Sports (MICAS)	Chief Accountant	To assess the estimation procedure in place, revenue collected and the performance of the sources against the targets.
	Director of Policy and Planning.	To assess how non-tax revenue collection is integrated into ministry policies, strategies, and plans; ensure that revenue targets and sources are aligned with national frameworks; and understand challenges in institutional coordination and resource planning.
Ministry of Water	Chief Accountant	To assess the estimation procedure in place, revenue collected and the performance of the sources against the targets.
	Director of Policy and Planning.	To assess how non-tax revenue collection is integrated into ministry policies, strategies, and plans; ensure that revenue targets and sources are aligned with national frameworks; and understand challenges in institutional coordination and resource planning.
TR	<ul style="list-style-type: none"> • Director of Planning, Analysis, Advisory, Research, and Development • Research and Development Officer • Planning and budgeting officer • Relation Managers of the sampled Public Authorities 	To assess and oversee how non-tax revenue collection is integrated into strategies and plans; assess the performance of non-tax revenue targets and sources, ensuring alignment with national frameworks; and understand challenges in institutional coordination and resource planning. Assess the efficiency of the system for collecting non-tax revenue, and examine the

Institution	Official Interviewed	Reasons for Interviewing them
		estimation procedures and challenges.
TPDC	<ul style="list-style-type: none"> • Chief Accountant • Planning officer • Monitoring and Evaluation Officer 	To assess and oversee how non-tax revenue collection is integrated into strategies and plans; assess the performance of non-tax revenue targets and sources, ensuring alignment with national frameworks; and understand challenges in institutional coordination and resource planning. Assess the efficiency of the system for collecting non-tax revenue, and examine the estimation procedures and challenges.
TFS	<ul style="list-style-type: none"> • Chief Accountant • Planning officer • Monitoring and Evaluation Officer 	To assess and oversee how non-tax revenue collection is integrated into strategies and plans; assess the performance of non-tax revenue targets and sources, ensuring alignment with national frameworks; and understand challenges in institutional coordination and resource planning. Assess the efficiency of the system for collecting non-tax revenue, and examine the estimation procedures and challenges.
TFRA	<ul style="list-style-type: none"> • Chief Accountant • Planning officer • Monitoring and Evaluation Officer 	To assess and oversee how non-tax revenue collection is integrated into strategies and plans; assess the performance of non-tax revenue targets and sources, ensuring alignment with national frameworks; and understand challenges in institutional coordination and resource planning. Assess the efficiency of the system for collecting non-tax revenue, and examine the estimation procedures and challenges.

Institution	Official Interviewed	Reasons for Interviewing them
NHC	<ul style="list-style-type: none"> • Chief Accountant • Planning officer • Monitoring and Evaluation Officer 	To assess and oversee how non-tax revenue collection is integrated into strategies and plans; assess the performance of non-tax revenue targets and sources, ensuring alignment with national frameworks; and understand challenges in institutional coordination and resource planning. Assess the efficiency of the system for collecting non-tax revenue, and examine the estimation procedures and challenges.



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Appendix 5: List of MDAs

This section provides a list of MDAs, showing their Percentage of Revenue against the Estimate for the years 2022-2023 and 2023-2024, and their average performance. The information was used to determine the district council selected for the audit sample.

SN	Name of Entity	Percentage of Revenue Vs Estimate (2022-2023)	Percentage of Revenue Vs Estimate 2023-2024	Average Performance for the two Financial Years	Selected
1	National Irrigation Commission	1	21	11	v
2	Ministry of Communication and Information Technology	23	11	17	
3	Prime Minister's Office	22	20	21	
4	PO-RALG		43	21.5	
5	Accountant General Department	35	41	38	
6	The Treasury Registrar	10	71	40.5	
7	Ministry of Home Affairs- Prisons Services	34	69	51.5	
8	Ministry of Community Development, Gender, Women and Special Groups	51	53	52	
9	Ministry of Lands, Housing and Human Settlements Development	62	46	54	v
10	Ministry Of Foreign Affairs and East Africa Cooperation	41	91	66	
11	Ministry of Livestock Development and Fisheries	61	72	66.5	
12	Ministry of Livestock Development and Fisheries-Fisheries	55	79	67	
13	National Audit Office of Tanzania	44	94	69	
14	Ministry of Education, Science and Technology	74	72	73	

SN	Name of Entity	Percentage of Revenue Vs Estimate (2022-2023)	Percentage of Revenue Vs Estimate 2023-2024	Average Performance for the two Financial Years	Selected
15	The Judiciary Fund	71	79	75	
16	Ministry of Health	65	92	78.5	
17	Ministry of Minerals	82	86	84	
18	Ministry of Information, Culture, Arts and Sports	100	73	86.5	v
19	Immigration Services Department	80	96	88	
20	Ministry of Home Affairs- Police Force	93	90	91.5	
21	Ministry of Agriculture	93	98	95.5	
22	Ministry of Home Affairs	117	74	95.5	
23	Ministry of Natural Resources and Tourism	88	114	101	
24	Fire and Rescue Force	98	110	104	
25	Ministry of Water	98	110	104	v
26	PMO-Labour, Youth, Employment and Persons with Disability	155	100	127.5	
27	Ministry of Finance	102	383	242.5	

Source: Auditors' Analysis on the Percentage Increase of the Estimates, 2025

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Appendix 6: Selection of Visited the Visited Commercial Entity

This section provides a list of Commercial Entities and their average performance. The information was used to determine the commercial entity selected for the audit sample.

Commercial Entities	Average Performance 2023/24	Selected Entities
AMTL	Undefined ³	
AICC	Undefined	
ICSL	Undefined	
MCCL	Undefined	
SELF MF	Undefined	
TAZAMA	Undefined	
TRC	500	
TIPER	356	
SINOTASHIP	293	
TANELEC	275	
TADB	250	
DSE	247	
UTT AMIS	233	
PUMA	216	
SUMA JKT	178	
NMB	ISO 9001:2015 Certified	
TOL	119	
NBC	119	
TANESCO	100	
NHC	100	v
TCC	93	
NIC	91	
KADCO	90	
AIRTEL	78	
TWIGA	76	
TPC	72	
STAMICO	68	
BOT	43	

³ These entities were under intervention; hence they were not making profit for sometimes that is why they had submitted collection while they had no estimate in place

Commercial Entities	Average Performance 2023/24	Selected Entities
MBINGA CCC	39	
TPDC	28	v
AFRICA RE	0 ⁴	
ALAF	0	
IPS	0	
MSCL	0	
MBOZI CCC	0	
NARCO	0	
SHIMA	0	
POSTA	0	
TSN	0	
TLLPPL	0	

Source: Auditors' Analysis on the Average Performance of Commercial Entities, 2025



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⁴ These entities are still under major interventions since they were not making profit and some were closed for sometimes

Appendix 7: Selection of the Visited Non-commercial Entity

This section provides a list of non-commercial Entities, showing their average performance. The information was used to determine the non-commercial entity selected for the audit sample.

Non-commercial Entities	Average Performance 2023/24 ⁵	Selected Entity
Capital Markets and Securities Authority	505	
Gaming Board of Tanzania	168	
Sugar Board of Tanzania	159	
Tanzania Shipping Agencies Corporation	145	
Tanzania Investment Centre	141	
Occupational Safety and Health Authority	137	
National Identification Authority	129	
Business Registration and Licensing Agency	117	
Tanzania Forest Services Agency	107	v
Energy and Water Utilities Regulatory Authority	101	
Weights and Measures Agency	100	
Government Procurement Services Agency	93	
Land Transport Regulatory Authority	89	
Tanzania Insurance Regulatory Authority	86	
Tanzania Communication Regulatory Authority	85	
Tanzania Medicine and Medical Devices Authority	75	
Tanzania Ports Authority	57	
Tanzania Building Agency	50	
Dar es Salaam Water Supply and Sanitation Authority	50	
Tanzania Bureau of Standards	49	
Tanzania Trade Development Authority	36	
Tanzania Electrical, Mechanical and Electronics Services Agency	29	
Tanzania Civil Aviation Authority	22	

⁵ Based on the estimation that were set compared to the actual collection of the Non tax revenue

Non-commercial Entities	Average Performance 2023/24 ⁵	Selected Entity
National Environment Management Council	21	
Tanzania Fertiliser Regulatory Authority	15	v
Ngorongoro Conservation Area Authority	0	
Social Security Regulatory Authority	0	
Tanzania National Parks	0	
Tanzania Wildlife Management Authority	0	
Tanzania Plant Health and Pesticides Authority	0	

Source: Auditors' Analysis on the Average Performance of Non-Commercial, 2025



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Appendix 8: Selected District Councils

This section provides the list of the District Councils, showing their budgeted revenues, actual collections, and average performance. The information was used to determine the district council selected for the audit sample.

S/ N o.	District Councils	2022/23			2023/24			Averag e Perfor mance	Select ed
		Budget (billio n)	Collec tion (billio n)	Coll ecti on (%)	Budge t (billio n)	Colle ction (billio n)	Coll ecti on (%)		
1	Musoma	1.92	1.81	94	2.18	0.96	44	69	V
2	Siha	1.89	1.83	97	2.04	1.01	50	73	
3	Mtama	1.46	1.44	99	1.84	0.97	53	76	
4	Karagwe	4.01	4.19	104	4.86	2.44	50	77	
5	Itigi	1.96	1.45	74	2.10	1.70	81	77	
6	Mvomero	3.47	3.57	103	3.94	2.06	52	78	
7	Ngorongoro	3.03	1.98	65	3.10	2.81	91	78	
8	Sumbawanga	3.03	3.36	111	3.41	1.51	44	78	
9	Nzega	2.82	2.00	71	3.68	3.23	88	79	
10	Gairo	1.36	1.43	105	1.69	0.88	52	79	
11	Buchosa	2.61	2.35	90	3.51	2.42	69	80	
12	Bariadi	2.12	2.10	99	2.27	1.40	62	80	
13	Mufindi	6.88	5.66	82	8.34	6.75	81	82	
14	Nkasi	3.01	2.51	83	3.13	2.56	82	83	
15	Malinyi	2.53	2.48	98	3.10	2.10	68	83	
16	Maswa	4.11	3.61	88	4.25	3.45	81	84	
17	Sengerema	2.75	2.16	78	3.01	2.70	90	84	

S/ N o.	District Councils	2022/23			2023/24			Average Performance	Selected
		Budget (billion)	Collection (billion)	Collection (%)	Budget (billion)	Collection (billion)	Collection (%)		
18	Kalambo	2.03	1.75	86	2.09	1.84	88	87	
19	Ruangwa	5.46	4.44	81	5.65	5.32	94	88	
20	Simanjiro	3.00	2.62	87	3.75	3.30	88	88	
21	Iramba	3.07	2.66	87	3.18	2.86	90	88	
22	Korogwe	2.06	1.59	77	2.20	2.16	98	88	
23	Njombe	3.13	3.07	98	5.21	4.13	79	89	
24	Ukerewe	3.91	3.44	88	3.95	3.53	89	89	
25	Mbogwe	3.02	2.53	84	3.05	2.89	95	89	
26	Meru	6.40	6.06	95	5.84	5.01	86	90	
27	Kishapu	4.09	3.73	91	4.25	3.79	89	90	
28	Shinyanga	3.49	2.69	77	3.26	3.33	102	90	
29	Longido	2.95	2.66	90	3.03	2.74	90	90	
30	Pangani	1.95	1.67	86	1.95	1.86	95	90	
31	Karatu	4.36	4.22	97	4.58	3.86	84	91	
32	Chato	3.34	2.83	85	3.82	3.70	97	91	
33	Kibiti	2.51	2.48	99	3.55	2.95	83	91	
34	Bunda	1.85	1.51	82	1.96	1.96	100	91	
35	Bumbuli	1.08	0.88	81	1.08	1.09	101	91	
36	Tandahimba	5.56	3.83	69	5.69	6.61	116	92	
37	Lushoto	2.79	2.38	85	2.82	2.77	98	92	
38	Busega	2.27	2.00	88	2.35	2.27	97	92	
39	Kilolo	4.75	4.18	88	4.68	4.56	98	93	

S/ N o.	District Councils	2022/23			2023/24			Average Performance	Selected
		Budget (billion)	Collection (billion)	Collection (%)	Budget (billion)	Collection (billion)	Collection (%)		
40	Msalala	6.16	6.48	105	7.65	6.28	82	94	
41	Wanging'ombe	4.39	4.37	100	4.78	4.20	88	94	
42	Kisarawe	3.76	3.15	84	4.76	4.96	104	94	
43	Kilosa	5.76	5.70	99	6.63	5.97	90	95	
44	Ushetu	2.64	2.13	81	4.13	4.53	110	95	
45	Sikonge	2.80	2.57	92	4.08	3.97	97	95	
46	Moshi	4.43	3.95	89	4.16	4.16	100	95	
47	Chamwino	3.00	3.24	108	3.11	2.53	81	95	
48	Ulanga	2.71	2.33	86	3.04	3.19	105	95	
49	Ludewa	2.46	2.19	89	3.62	3.67	101	95	
50	Kondoa	1.64	1.53	93	1.76	1.71	97	95	
51	Newala	1.80	1.20	67	1.86	2.30	124	95	
52	Madaba	1.13	1.08	96	1.28	1.20	94	95	
53	Kigoma	0.88	0.72	82	1.23	1.33	108	95	
54	Iringa	3.98	3.94	99	4.35	4.01	92	96	
55	Igunga	3.69	3.34	90	4.41	4.51	102	96	
56	Mkinga	2.36	2.18	92	2.41	2.38	99	96	
57	Masasi	4.42	3.98	90	4.58	4.80	105	97	
58	Misungwi	3.10	3.00	97	4.43	4.36	98	97	
59	Singida	1.49	1.52	102	2.04	1.86	91	97	
60	Mpwapwa	2.66	2.23	84	2.84	3.19	112	98	
61	Kwimba	3.54	3.43	97	3.95	3.97	100	99	

S/ N o.	District Councils	2022/23			2023/24			Average Performance	Selected
		Budget (billion)	Collection (billion)	Collection (%)	Budget (billion)	Collection (billion)	Collection (%)		
62	Liwale	4.24	3.40	80	4.60	5.50	120	100	
63	Magu	3.52	3.64	103	4.38	4.28	98	100	
64	Manyoni	3.19	3.14	99	3.19	3.26	102	100	
65	Namtumbo	1.98	1.89	95	2.75	2.85	104	100	
66	Mkuranga	10.51	10.50	100	13.45	13.80	103	101	
67	Kilwa	6.66	6.07	91	6.89	7.58	110	101	
68	Kongwa	4.32	4.25	98	4.77	4.99	105	101	
69	Hanang'	4.45	4.49	101	6.71	6.91	103	102	
70	Nachingwea	4.99	4.64	93	5.32	5.93	111	102	
71	Hai	3.39	3.29	97	4.27	4.53	106	102	
72	Mwanga	2.57	2.87	112	3.48	3.24	93	102	
73	Kasulu	2.95	2.75	93	3.30	3.63	110	102	
74	Biharamulo	2.64	2.75	104	3.04	3.02	99	102	
75	Rungwe	6.13	6.35	104	7.18	7.37	103	103	
76	Bahi	1.87	1.81	97	2.53	2.76	109	103	
77	Uvinza	2.17	1.86	86	2.69	3.25	121	103	
78	Kakonko	1.14	1.19	104	1.45	1.48	102	103	
79	Chalinze	13.02	13.79	106	15.67	16.05	102	104	
80	Tunduru	5.10	4.57	89	5.47	6.44	118	104	
81	Urambo	2.79	2.67	96	3.49	3.95	113	104	
82	Songwe	3.47	3.75	108	4.20	4.30	102	105	
83	Kibondo	2.97	2.84	96	2.98	3.43	115	105	

S/ N o.	District Councils	2022/23			2023/24			Average Performance	Selected
		Budget (billion)	Collection (billion)	Collection (%)	Budget (billion)	Collection (billion)	Collection (%)		
84	Muheza	2.70	2.70	100	2.74	3.02	110	105	
85	Monduli	2.58	2.44	95	2.68	3.08	115	105	
86	Ngara	4.10	4.29	105	4.32	4.61	107	106	
87	Meatu	2.60	2.78	107	3.12	3.25	104	106	
88	Handeni	2.50	2.17	87	3.01	3.76	125	106	
89	Chemba	1.91	1.78	93	2.27	2.70	119	106	
90	Songea	2.13	2.22	104	2.47	2.69	109	106	
91	Rufiji	4.75	5.33	112	5.13	5.26	103	107	
92	Ikungi	2.41	2.42	100	3.00	3.42	114	107	
93	Same	2.89	3.04	105	3.03	3.30	109	107	
94	Nanyumbu	2.59	2.84	110	3.41	3.65	107	108	
95	Mkalama	1.60	1.75	109	1.74	1.86	107	108	
96	Kaliua	4.89	4.89	100	6.25	7.32	117	109	
97	Nyang'hwale	3.04	3.22	106	3.21	3.61	112	109	
98	Mlele	1.57	1.76	112	2.18	2.28	105	109	
99	Butiama	1.70	1.85	109	1.99	2.20	110	109	
100	Rorya	1.52	1.52	100	1.52	1.77	117	109	
101	Itilima	1.63	1.80	110	1.69	1.83	108	109	
102	Mbeya	4.81	5.16	107	4.98	5.57	112	110	
103	Ileje	2.06	2.47	120	2.20	2.19	100	110	
104	Nyasa	1.36	1.33	98	1.74	2.17	124	111	
105	Bagamoyo	4.60	5.29	115	5.89	6.37	108	112	

S/ N o.	District Councils	2022/23			2023/24			Average Performance	Selected
		Budget (billion)	Collection (billion)	Collection (%)	Budget (billion)	Collection (billion)	Collection (%)		
106	Makete	3.00	3.31	110	3.55	4.06	114	112	
107	Bukombe	2.38	2.75	116	2.99	3.24	108	112	
108	Mbarali	6.39	6.68	104	8.24	10.09	122	113	
109	Kiteto	2.50	2.49	100	2.66	3.38	127	113	
110	Tarime	8.18	9.04	110	9.57	11.17	117	114	
111	Babati	3.23	3.32	103	3.36	4.19	125	114	
112	Kilindi	2.69	2.70	100	2.73	3.49	128	114	
113	Geita	5.14	6.27	122	6.77	7.31	108	115	
114	Serengeti	3.91	4.40	112	3.91	4.60	118	115	
115	Mafia	1.85	2.15	116	2.26	2.56	114	115	
116	Tanganyika	6.27	6.99	111	6.53	7.83	120	116	
117	Mbinga	6.05	6.67	110	6.30	7.67	122	116	
118	Busokelo	1.86	1.86	100	2.00	2.63	132	116	
119	Kibaha	2.92	3.33	114	3.49	4.26	122	118	
120	Buhigwe	0.66	0.70	106	0.79	1.03	131	118	
121	Arusha	3.44	5.12	149	5.49	4.90	89	119	
122	Muleba	6.14	7.09	116	6.91	8.54	124	120	
123	Kyela	4.68	5.01	107	4.85	6.43	133	120	
124	Rombo	3.40	4.17	123	4.65	5.47	117	120	
125	Mtwara	3.11	3.88	125	3.26	3.77	116	120	
126	Mbozi	3.90	5.06	130	5.03	5.84	116	123	
127	Mlimba	3.70	4.62	125	4.86	5.92	122	123	

S/ N o.	District Councils	2022/23			2023/24			Average Performance	Selected
		Budget (billion)	Collection (billion)	Collection (%)	Budget (billion)	Collection (billion)	Collection (%)		
128	Mpimbwe	1.77	2.28	129	2.48	2.96	119	124	
129	Mbulu	1.75	2.37	135	2.51	2.96	118	126	
130	Bukoba	2.08	2.37	114	2.15	3.16	147	130	
131	Kyerwa	2.92	4.37	150	4.31	4.94	114	132	
132	Chunya	5.20	6.02	116	6.54	9.85	151	133	
133	Nsimbo	1.33	1.53	116	1.39	2.09	151	133	
134	Tabora/Uyui	2.46	4.08	166	4.26	4.97	117	141	
135	Missenyi	4.78	6.16	129	5.35	8.25	154	142	
136	Morogoro	3.33	6.27	188	5.97	5.85	98	143	
137	Momba	1.80	2.34	130	1.87	3.13	168	149	V



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Appendix 9: Selection of the City Council

This section provides a list of city councils, showing their budgeted revenues, actual collections, and average performance. The information was used to determine the city council selected for the audit sample.

City Council (CC)	2022/23			2023/24			Average performance (%)	Selected
	Budget (TZS billion)	Collection (TZS billion)	Collected (%)	Budget (TZS billion)	Collection (TZS billion)	Collected (%)		
Arusha	30.5	29.0	95	49.0	39.7	81	88	
Dar es Salaam	81.0	82.0	101	89.1	110.7	124	113	
Dodoma	55.1	41.6	76	58.6	51.2	87	81	
Mbeya	18.3	18.7	102	19.5	20.2	104	103	
Mwanza	22.5	21.9	97	28.5	21.7	76	87	
Tanga	18.3	18.0	98	19.1	19.2	100	99	V
Total	225.8	211.1	94	263.82	262.83	99		

Source: Auditors' Analysis of LGAs Estimates and Revenue Collection for the Financial Years 2021/22 up to 2023/24, 2025



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Appendix 10: Selection of Municipal Council

This section provides a list of municipal councils, showing their budgeted revenues, actual collections, and average performance. The information was used to determine the municipal councils selected for the audit sample.

Municipal Council (MC)	2022/23			2023/24			Average Performance (%)	Selected
	Budget (TZS billion)	Collection (TZS billion)	Collected (%)	Budget (TZS billion)	Collection up to Dec 2023	Collected (%)		
Mtwara	5.4	3.9	70.9	6.0	2.5	41.6	56	v
Musoma	4.2	3.1	73.6	4.0	2.2	55.0	64	
Ilemela	15.0	12.4	82.6	15.0	7.1	47.5	65	
Kigoma	3.3	2.8	85.3	3.2	1.5	46.8	66	
Moshi	7.3	6.8	93.8	8.8	3.5	39.6	67	
Bukoba	3.5	3.3	92.9	3.9	1.7	44.6	69	
Songea	5.5	5.5	100.1	6.3	2.5	39.5	70	
Kinondoni	57.7	54.4	94.3	62.9	31.8	50.5	72	
Iringa	5.3	5.3	100.4	6.7	3.0	44.0	72	
Lindi	3.1	3.0	94.5	3.5	1.7	48.6	72	
Morogoro	12.7	13.0	102.8	13.2	5.5	42.0	72	
Sumbawanga	2.5	2.3	90.4	2.7	1.5	52.8	72	
Ubungo	32.0	31.3	97.6	35.2	17.6	50.0	74	
Kahama	10.2	10.2	99.5	10.4	5.3	51.3	75	
Temeke	43.4	44.0	101.4	47.7	24.5	51.3	76	
Tabora	5.6	5.8	102.9	6.2	3.0	48.7	76	
Shinyanga	5.7	6.1	107.7	6.0	2.7	45.5	77	
Singida	5.1	5.2	102.6	5.6	3.2	56.8	80	
Mpanda	3.6	4.1	114.4	3.9	2.3	58.5	86	
Kigamboni	10.5	12.6	120.8	11.5	8.5	73.9	97	
Total	241.6	235.0	97.3	262.7	131.6	50.		

Source: Auditors' Analysis of LGAs Estimates and Revenue Collection for the Financial Years 2021/22 up to 2023/24



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