

UNIVERSITY OF BOTSWANA

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DEPARTMENT OF LIBRARY AND INFORMATION STUDIES

**THE ROLE OF RECORDS MANAGEMENT IN TAX ADMINISTRATION IN
BOTSWANA: THE CASE OF BURS**

BY

LESOTO SEBOGODI

STUDENT ID NO: 9604292

SUPERVISOR: MR. S. ZULU

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DECLARATION

I, Lesoto Sebogodi, do hereby declare that the work contained in this dissertation is my original work, and has never been submitted to any other university or for any award. All sources used in this dissertation have been acknowledged.

Signature:

Date.....

Supervisor.....

Date.....

DEDICATION

This dissertation is dedicated to my wife, Mrs Keiponye Sebogodi and my sons Ernest Boitshepo Sebogodi and Raymond Leago Sebogodi for their patience and support during my studies. It was not easy but they were always by my side. May God abundantly bless them.

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List of Abbreviations and Acronyms used

BURS:	Botswana Unified Revenue Service
GABS:	Government Accounting Based System
IRMT:	International Records Management Trust
ISO:	International Standards Organisation
IT:	Information Technology
PAYE:	Pay- As –You- Earn
RMDU:	Records Management and Documentation Unit
SPSS:	Statistical Package for Social Sciences
USA:	United States of America
VAT:	Value Added Tax

Abstract

This study investigated the role of records management practices in tax administration in Botswana with reference to the Botswana Unified Revenue Service (BURS). The objectives of the study were to: establish the relationship between tax administration and records management; assess whether the Botswana Unified Revenue Service has set standards for records keeping practices for all tax payers; find out the difficulties faced by the BURS' Audit Unit in auditing tax payers who do not keep records properly; and to establish how far BURS adheres to ISO 15489 in its records management practices. The theoretical framework for the study was informed by the Planned Behaviour Theory (PBT). In addition, the BURS records management practices were benchmarked against the ISO 15489 using the records lifecycle framework. The study used a survey study design as a guide. Both qualitative and quantitative data collection approaches were used. Data collection tools of interviews, observations, documents reviews and questionnaires were employed. Quantitative data was analysed using the Statistical Package for Social Sciences (SPSS) while qualitative data was processed using thematic analysis.

The most significant finding of the study is that records play a very important role in tax administration. Some respondents from the audit unit indicated that there cannot be any tax audit or investigation in the absence of records. Another finding was that the records management function at BURS is understaffed both at the Headquarters and outstations and this hampers its effectiveness in supporting tax administration activities. It was further found out that BURS has records management tools such as policies, retention and disposal schedules, records procedures manual and classification system.

The study found out that the RMDU at BURS faces challenges which need to be addressed. Some of the notable challenges are: disposal of records inherited from the Ministry of Finance and Development Planning, shortage of human resource to deal with the volume of records created and shortage of storage facilities. Even though not mentioned by respondents as a challenge, the fact that the IT Unit saves on Compact Discs (CDs) all e-mails and attachments irrespective of whether they are official or personal will in the long run be problematic as it will require personnel to sieve what is useful for the organisation from what is not useful.

This study therefore, recommends that BURS should: increase the number of staff qualified in records management; carry out an evaluation of records that it inherited from the Ministry of Finance and Development Planning before disposal; consider increasing its storage facilities in order to avoid keeping its records with commercial storage facilities; benchmarking with other revenue authorities; and lastly, offer training in records management to all its employees as a matter of urgency as it is important that they know the value of this resource that they use daily. It is also recommended that taxpayer education be

intensified in-order to reduce problems faced by the Audit Unit in auditing taxpayers. Hopefully, this study will help BURS in strengthening some of its processes in order to make tax administration in Botswana a success.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Tax revenue collection in the economy of any country is very important. The African Tax Administration Forum (2010) observed that; ‘customs and excise is the third largest revenue source for Botswana contributing an average of 18.9% towards development budget.’ The importance of revenue generated from tax is also summed up by the former President of Botswana Sir Ketumile Masire (2006), when he stated that the success of any business venture in Botswana is very crucial to the development of the country as that successful enterprise pays taxes and would employ people in the business. Furthermore, Botswana’s Minister of Finance and Development Planning, Kenneth Matambo proclaimed in his 2010/2011 budget speech that customs and excise contributed P7.750 billion towards the P12.18 billion for development budget. A substantial amount of this money was accrued through tax collection and as such the whole process of tax administration is of paramount importance.

The ISO 15489-1 (2001) defines records management as an area of general administration that aims at achieving economy and efficiency in the creation, maintenance, use and disposal of records. According to ISO 15489, records management plays a major role in the successful operation of any organisation as it is concerned with the consistent and cost effective management of records throughout their life cycle.

In this study a record should be understood to be referring to any recorded information regardless of form or medium, created, received and maintained by an agency, institution, organisation or individual in pursuance of its legal obligations or business transaction. In that regard, records serve as evidence of activities and are kept for administrative purposes. One importance of records is that they have a fiscal value: this is a value found in financial records which serves as proof of how money has been allocated and used. This may include tax returns and financial statements. Records also have a legal value that is very helpful when dealing with issues of compliance in regulated areas such as tax administration. Chachage & Ngulube (2006), have also posited that ‘Every business is involved in the production of records in its processes. Therefore records management is one of the by- products of business processes. Together with the commonly known administrative, historical and archival

reasons, businesses keep records to fulfil legal requirements for their operations and protect the rights of stakeholders.’ Stakeholders in this case may refer to other organisations such as tax collecting bodies.

Tax refers to ‘duties, fees, or other charges payable in terms of the revenue laws.’ (Botswana Unified Revenue Service Act, Chapter 53:03). The auditing company KPMG (2012) defined tax administration as a ‘process consisting of legal and intentional actions taken by individuals or organisations to abide with the tax legislation and satisfying their legal tax obligations.’ If one is not complying with tax legislation then such an individual or company will be said to be evading tax.

From the above definition of a record, one is tempted to say that as tax payers carry out their daily activities they maintain records which later help them in complying with the tax legislation. On a regular basis tax payers have to report to the tax authority their incomes, sales, wealth, deductions, exemptions or credits. All these involve records and it is the proper maintenance of these records that will enable Botswana Unified Revenue Service (BURS) to succeed in carrying out its mandate of tax collection and the tax payers will also comply with the tax legislation.

Alm, et al (2004) asserts that tax evasion ‘consists of illegal and intentional actions taken by individuals to reduce their legally due tax obligations. Alm further indicates that: ‘individuals and firms can evade taxes by underreporting incomes, sales, or wealth; by overstating deductions, exemptions, or credits; or by failing to file appropriate tax returns.’ In line with this, in his presentation of the budget speech to the Parliament of Botswana, the then Minister of Finance and Development Planning (Mr Baledzi Gaolathe) proclaimed that;

‘As regards declaration of income, audits have revealed that incomes are being understated and expenses are overstated by some taxpayers. Similarly, some taxpayers are failing to pay taxes on due dates. In the interests of fairness to those taxpayers who comply with the law, BURS will intensify its income tax audit programme and where necessary impose penalties in accordance with the provisions of the Law, with a view to improving tax compliance significantly in 2005 and thereafter.’

The above statement tells us that taxpayers tamper with their records in order to avoid tax, hence the link between tax administration and records management.

In Botswana a company which makes taxable supplies of P500, 000 or more per annum is required to register for tax purposes. The expectation is that these companies will declare that income to BURS and then pay appropriate tax calculated based on the profits they made in a particular year. For individuals, every resident of Botswana who has an annual income of P36,000 or more is expected to register for tax and pay appropriate tax. It is these tax registered companies and individuals that are often visited by the Audit Unit of BURS to inspect their records in order to verify whether what they declared as profits matches with what is in the records. The inspections or audits might be viewed as a motivating factor towards having the records in order.

The main purpose of this study was to find out whether records keeping by both the tax payer and the revenue authority play any role in tax administration. It also looked at what role is played by records in tax administration in Botswana.

1.2 Botswana Unified Revenue Service (BURS)

The law firm Minchin & Kelly (1997) states that before Botswana became under British colonial rule, there was no clear form of "taxation" in the country. However, the firm asserts that around 1899 when the British took over the administration of Bechuanaland, they introduced modern taxation in Botswana. This taxation was in the form of a "hut tax" which was levied against huts occupied by "natives". As the economy was mainly rural and agricultural in nature, the tax was payable either in grain or livestock and it was the responsibility of Chiefs to collect this tax on behalf of the colonial administration. However, even though not documented, taxation existed in Bechuanaland even before the arrival of the British because tribes (merafe) used to pay tax to their respective Chiefs through provision of labour at the Chief's ploughing fields amongst other forms of taxation.

Minchin & Kelly (1997) further states that 'the first attempt to enact more equitable and adequate taxation legislation came about by way of Proclamation No. 70 of 1922. For the first time, tax was income based and taxpayers were obliged to file tax returns.' This has been described as the "genesis" of tax law in Botswana. Over the subsequent years, the proclamation was amended on numerous occasions to keep it in line with the continuously changing economy and social structure of the then Bechuanaland Protectorate.

According to Masire (2006), after Bechuanaland gained independence from the British in

1966 to become "The Republic of Botswana", in light of the various past amendments to existing tax legislation, a consolidating enactment was required. The year 1973 saw the enactment of the "Income Tax Act of Botswana", which was at that time the primary tax law of the country. This Act was aimed towards improving the tax structure and collection in Botswana and, being a newly born but extremely poor nation, to move the country away from dependency on foreign aid and customs duties and excise realised from the Customs Union Agreement of 1969 between Botswana's more prosperous neighbour; South Africa.

According to Minchin & Kelly (1997), over the years Botswana's rapidly changing economic climate resulted in various tax regimes being put in place. In an effort to encourage investment and move away from a diamond based economy, the Government introduced taxation in various forms. Moreover, with increase in government development programmes and the increase of the population, the ever increasing government expenditure on social services such as education, health and old age welfare, has resulted in the Government moving to other forms of taxation. Various tax legislations have been enacted in order to enforce tax revenue collection. These legislations include:

- Customs and Excise Duty Act, Cap. 50:01 of 1970,- for the imposing of customs and excise duties and a supplement; the omission and control of the introduction, export or manufacture of certain goods; and for matters related thereto.
- Income Tax Act Cap. 52:01 of 1995, - for the amalgamation and improving the law relating to the imposition, valuation and collection of tax on incomes.
- Capital Transfer Act Cap. 53:02 of 1985, - for the levying of capital transfer tax on gratuitous disposal of certain properties and on inherited properties and other matters concerned therewith.
- Value Added Tax Act Cap.50:03 of 2002- providing for the imposition of a value added tax, its administration and matters incidental thereto.

All tax registered companies and individuals should abide by these pieces of legislation when paying tax to the revenue collector who in this case is BURS. Company taxation currently stands at 25% while taxation on companies involved in manufacturing stands at 15%.

In Botswana, tax administration is the responsibility of the Botswana Unified Revenue Service (BURS) which was established by an Act of parliament in August 2004. Before BURS was set up, tax administration and enforcement was overseen by the Department of Customs and Excise and the Department of Taxes which were housed at the Ministry of Finance and Development Planning. The two departments were merged to come up with BURS which assumed the status of a parastatal body established by an Act of Parliament named Botswana Unified Revenue Service Act of 2004. This Act provides BURS with the authority to administer and enforce revenue laws and other related matters in addition to collection of taxes. The Act states that; ‘the Revenue Service shall be responsible for the assessment and collection of tax on behalf of the government’ (Botswana Unified Revenue Service Act, 2004).

1.3 Tax administration process in Botswana

The African Tax Administration Forum (2010) indicates that Botswana has three main types of taxes: Income Tax, Value Added Tax (VAT) and Pay-As-You-Earn (PAYE). For VAT, tax returns have to be filed every two months; those paying PAYE submissions are made on the 15th of every month while income tax or profit tax submissions are done annually. Various yearly BURS reports show that taxpayers view these submissions as cumbersome as there is a strong belief that the current tax process is unnecessarily complex. This assertion is also alluded to in a 2010 report on Botswana’s strategy for economic diversification and sustainable growth, when it states that ‘From an administrative and compliance point of view, the current tax structure may be too complex, and it should therefore be possible to improve tax compliance by simplifying the tax system and improving tax administration.’

For the purpose of this study, our taxpayers were any enterprise making P500, 000 or more per annum and individuals earning P36, 000 or more annually. The expectation is that all companies and individuals making the stipulated amount in a year should register and pay tax. The duty of BURS is to register such taxpayers and collect tax from them. Furthermore, under the functions of the Revenue Service, the Botswana Unified Revenue Service Act (2004) directs that the Revenue Service shall ‘administer and enforce the revenue laws, promote compliance with the revenue laws, take such measures as may be required to improve service given to taxpayers with a view to improving efficiency and maximizing revenue collection and to take such measures as may be required to counteract tax fraud and

other forms of tax evasion.’ This last function of taking measures as may be required to counteract tax fraud and other forms of tax evasion is very crucial to this study.

1.4 Records Management and Tax Administration

Chachage & Ngulube (2006) acknowledge that there is a problem of tax administration the world over and they attribute this to deficiencies in the management of records by both the taxpayer and tax authorities. The Internal Revenue Service of the United States of America in its 2005 report states that ‘Questions about tax fraud have been around as long as taxes themselves and will remain an area of discovery as long as falsification of records exists.’ On the same note, ESABMO NETWORK (2010), in their Tax administration case study on Botswana pointed out that ‘despite low tax rates, non-compliance is a problem in Botswana relative to other middle income economies due to non-existence or inadequate records keeping practices. Improving worker skills and education, improving tax administration, could help resolve Botswana’s problems regarding evasion and informality.’ Allingham & Sandmo (1972), influenced by Becket’s 1968 Economics of Crime Approach also shared the same sentiments as they stated that ‘there are various ways of engaging in tax fraud, such as falsifying the records through claiming false deductions, knowingly changing income, concealing or transferring assets or income and recording personal expenses as business expenses.’

There were two main players in this study: the taxpayers and the revenue collector (BURS). Taxpayers ought to put their records in order and pay the correct amount of tax while BURS should collect tax from taxpayers and regularly audit taxpayers’ records. The International Standards Organisation on records management – ISO 15489-1 (2001) states that:

‘Records contain information that is a valuable resource and an important business asset. A systematic approach to the management of records is essential for organisations and society to protect and preserve records as evidence of actions. A records management system results in a source of information about business activities that can support subsequent activities and business decisions, as well as ensuring accountability to present and future stakeholders. Records enable organisations to conduct business in an orderly, efficient and accountable manner, meet legislative and regulatory requirements including archival, audit and oversight activities, provide protection and support in litigation including the management of risks associated with the existence of or lack of, evidence of organisational activity

and protecting the interests of the organisation and the rights of employees, clients and present and future stakeholders.’

The ISO 15489 (2001) further indicates that in addition to having a records management system in place, taxpayers need to comply with the regulatory environment and provide necessary accountability. Taxpayers should create and maintain authentic, reliable and useable records, and protect the integrity of those records for as long as required. To do this, taxpayers should institute and carry out a comprehensive records management programme which includes determining what records should be created in each business process, and what information needs to be included in the records.

1.5 Statement of the Problem

Revenue accrued from tax collections is very important in funding developments of any country and as such it is very crucial for all the parties involved in collection of this revenue to comply with the statutes governing revenue collection. Local newspapers are awash with stories of some companies and individuals avoiding to pay tax. *Mmegi* (20 March, 2012 vol 29.no.42:2) carries a story entitled: ‘**BURS nabs DIS agent**’ and it reads thus: ‘A showdown between the Botswana Unified Revenue Service (BURS) and the Directorate of Intelligence Services (DIS) seems inevitable following reports that an operative of the latter was arrested trying to hide his financial records.’ Another local newspaper, *Botswana Guardian* (Friday 27 January 2012:5) carries a story entitled: ‘**BURS accuses Fengyue of tax fraud.**’ Another local newspaper *The Voice* (Friday 14 June 2013:4B) carries a story that reads in part: ‘Inadequate or lack of record keeping amongst Citizen Entrepreneurial Development Agency (CEDA)-funded Small-to-Medium Enterprises (SMEs) has been identified as a major stumbling block towards their growth.’ This is a cause for concern as it is not only the defaulting tax payers who suffer but the whole nation as the revenue accrued from tax is used for developmental purposes.

Records provide evidence of transactions in organisations. The International Records Management Trust (IRMT) (2000) clearly states that many developed countries governments’ have realised the benefits of good records management practices and have since included records management in their strategic planning. However, the same cannot be said about developing countries, Botswana included. Revenue collection has been a serious problem for the government of Botswana even before the establishment of BURS. It was hoped that this new entity would improve tax administration hence increased revenue from tax collections.

Even though no study has been carried out in Botswana showing a link between good records management practices and successful tax administration, insights from BURS' annual reports indicate that records management practices have an impact on tax administration. In the BURS 2006 annual report, the then BURS Commissioner General (Freddy Modise) stated that some tax payers 'are failing to comply with their tax obligations fully by not reporting their true income or transactions.' In the same (2006) report, BURS further indicated that tax audits conducted revealed that, 'record keeping is still a major problem with many taxpayers, especially small to medium enterprises.'

The government of Botswana needs to bring development to the people. One of the ways of bringing money for development is taxation. The sections above show that there have been challenges in collecting money for taxation. In order to deal with these challenges the government has come up with a number of tax legislation. In addition, the government has established BURS whose mandate is to collect tax but even with these measures that government has put in place, revenue collection through taxation remains a challenge. One of the major challenges is the issue of lack of compliance with relevant tax legislation where issues of tax evasion have been cited as the major contributing factors. One of the tools for ensuring compliance is the existence of a good records management system that will make it easier for both the tax collector and the taxpayer to comply with the relevant tax requirements. In addition, enforcement of tax compliance can only be effectively undertaken when there is a good records management system in place. The purpose of this study therefore was to establish the extent to which records management systems may leverage the tax process at BURS in particular with respect to tax audit processes.

1.6 Objectives of the Study

This study aimed at finding out the role played by records management in tax administration in Botswana. The main objective was to establish the relationship between tax administration and records management. The study was premised on the following specific objectives:

1. To establish the relationship between tax administration and records management in Botswana;
2. To assess whether Botswana Unified Revenue Service has set standards for records keeping practices for all tax payers;

3. To find out the difficulties faced by BURS Audit Unit in auditing tax payers who do not keep proper records; and
4. To establish how far BURS adheres to ISO 15489 in its records management practices.

1.7 Research Questions

To address the above objectives the study was guided by the following questions:

1. Is there any relationship between tax administration and records management?;
2. Has BURS issued guidelines on records management procedures to be followed by tax payers?;
3. What are the access limitations to records during the BURS Audit Unit's routine visits to tax payers?; and
4. Are BURS records management practices benchmarked on any standards e.g. ISO 15489?

1.8 Study Hypothesis

The hypothesis of this study was that proper records keeping systems by taxpayers facilitates the administration of tax while on the other hand poor records keeping systems impede tax administration. This study sought to test this hypothesis.

1.9 Theoretical Framework

Since complying with requirements to keep records is a human behaviour, this study used the Planned Behaviour Theory (PBT) to establish its applicability to records management practices at BURS. According to Francis et al. (2004), the Planned Behaviour Theory is based on three aspects which are: whether the person is in favour of doing it (**'attitude'**), how much the person feels social pressure to do it (**'subjective norm'**) and whether the person feels is in control of the action in question (**'perceived behavioural control'**). In addition to the PBT, the records life cycle theory was also used and it was benchmarked on BURS against the International Standards Organisation on records management to see how records are managed throughout their lifecycle. The life cycle of a record is a long time principle of records management that was developed around the 1950s by two archival scholars named

Theodore Schellenberg and Sir Hillary Jenkinson. These two believed that records have a life span like that of biological organisms which are born (creation), live (maintenance and use), and ultimately die (disposal). These theoretical frameworks are presented in detail in Chapter 2.

1.10 Significance of the Study

Successful tax administration by BURS finances development projects and as such finding the ingredients for successful tax administration is very crucial. The findings of this study will benefit taxpayers, BURS and the nation at large. If records management is an issue in tax administration, then BURS and the taxpayers will use the findings of the study to correct those processes which have been making tax administration difficult. Taxpayers will also benefit as they will avoid unnecessary litigation by BURS.

1.11 Limitations of the Study

The literature so far surveyed shows that there has not been any study of this nature in Botswana and so the study depended on similar studies carried out in other countries. This was a limitation in that the researcher did not have familiar reference points to guide the study. Moreover, the tax landscape in other countries e.g. United States of America (USA) is completely different from that of Botswana which made comparison very remote. The fact that BURS has only four (4) qualified records personnel in the whole country made data collection very difficult. After acquiring a research permit from the Commissioner General of BURS the researcher faced difficulties with the departments which were to be studied as they felt that they were not consulted from the initial stages. Senior members of staff who were targeted for interviewing were also very uncooperative and illusive. Failure to respond to some questions by some respondents was also a serious challenge.

1.12 Definition of Terms

The following terms are consistently used throughout and they should be understood to be meaning the following:

Administration: the activities involved in managing a business, organisation or institution (*Macmillan English Dictionary for Advanced Learners, 2002*).

Commissioner General: Commissioner of the revenue service, appointed under section 22(1) of the Botswana Unified Revenue Service Act of 2004.

Electronic record: record created, housed or transmitted by electronic rather than physical means, and which satisfies the definition of a record. This record may consist of one of the following: web page, file, e-mail, folder or document (Saffady, 2004).

Financial records: records that result from conduct of business and activities relating to accounting and auditing, e.g. cash book, ledger, vote book (Barata et.al. 2001).

Records: documents regardless of form or medium created, received, maintained and used by an institution (public or private) or an individual in pursuance of legal obligations or in the transaction of business of which they themselves form part or provide evidence (ISO 15489 – 1: 2001).

Revenue laws: means Income Tax Act Cap. 52:01, Customs and Excise Duty Act, Cap. 50:01, Capital Transfer Act Cap. 53:02, Value Added Tax Act Cap. 50:03 (Botswana Unified Revenue Service Act, Chapter 53:03, 2004).

Revenue Service: means the Botswana Unified Revenue Service established under section 3 of the Botswana Unified Revenue Service Act of 2004.

Revenue: money that government receives or gets out of tax (Botswana Unified Revenue Service Act, Chapter 53:03, 2004).

Tax: duties, fees or other charges payable in terms of the revenue laws (Botswana Unified Revenue Service Act, Chapter 53:03, 2004).

1.13 Summary

This chapter revealed that taxation has been in existence in Botswana even before she gained independence from British rule. Similarly, there is no doubt that proper records management is a very important aspect of any successful organisation. From the discussions in this chapter, it is evident that revenue accrued from tax is also very important in the development of any country. Since its independence in 1966, Botswana has made a number of tax reforms including the establishment of BURS in 2004, which had as its main aim as increasing tax revenue collection. However, these reforms have not yet achieved the desired results mainly because of the problematic tax administration resulting from poor record keeping practices and therefore, the need to investigate the role played by records management in tax administration.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

According to Bhattacharjee (2012), literature review is an integral part of the research process where the researcher tries to learn more about the problem and locate it in the discipline. Bhattacharjee further states that, it involves locating and reading published works relevant to the research topic and packaging it together in a new way that helps in explaining the research problem better. We use the ideas in the literature to justify the problem we want to research and to guide the decisions regarding the strategies to be used in doing the research. Literature review is normally divided into two parts, which are gathering ideas about what research to do and to further develop ideas into a research project.

In addition to reviewing literature on the four study objectives, the literature review for this study also covers literature on records management, tax administration and theoretical and practical issues pertaining to the management of records throughout their life cycle. The theory of planned behaviour as used in this study is also looked into. The aim of literature review is to find out what other scholars have already said about the topic at hand.

2.2 The Concept of Records Management

Records Management can be referred to as an area of general administration that aims at achieving economy and efficiency in the creation, maintenance, use and disposal of records (ISO 15489, 2001). Other scholars define it as ‘a core function of an organisation in the same way that human resources or financial services are and that as such should not be required to demonstrate a return on investment’ Penn et al (1994). Laserfiche Institute (2008) posited that records management enables more informed decision making by making information readily available.

2.3 Theoretical Frameworks

Bacharach (1989) describe theories as ‘explanations of a natural or social behaviour, event or phenomenon.’ He further states that ‘a theory should present a logical, systematic and coherent explanation of a phenomenon of interest within some assumptions and boundary conditions’. A theory should make research findings meaningful and should also come in handy in explaining the studied phenomenon as it unfolds all over the world. Furthermore, a

theory specifies how and whether concepts are related or not and it also provides reasons for relationships between concepts. When making a decision on a theory to be used in records management we have to firstly consider the relevance of such a theory to the life cycle of a record as discussed by different scholars. This study used the theories of Planned Behaviour and Records Life Cycle as discussed below.

2.3.1 Records Life Cycle

The life cycle of a record is a long time principle of records management that was developed in the 1950s by two archival scholars named Theodore Schellenberg and Sir Hillary Jenkinson. These two believed that records have a life span like that of biological organisms which are born (creation), live (maintenance and use), and ultimately die (disposal). This concept brings to light three stages which records have to go through: Creation, Maintenance and Use and lastly Disposition (Shepherd & Yeo, 2003).

The view of the life of a record as passing through three stages is also shared by Magaya (2010), who pointed out that in stage one, the record is born (creation) for the purpose of fulfilling a particular reason and for compliance purposes. In stage two, the record lives (active stage) and this is when records are made available to carry out an organisation's transactions or business. The value of a record can be assessed at the end of stage two. Those records which no longer have any value to the organisation will be destroyed while those with lasting value will enter stage three. In stage three, the record grows old (semi-active) and it will be relegated to the records centre. The record at this stage still has some value but it is not used in the day to day running of the organisation. When a record reaches the end of stage three, a further evaluation is carried out and the result of this evaluation will be the destruction/ death of the majority of records estimated to be between 93 – 99%. Even though Schellenberg and Jenkinson believed that these are the stages that records go through, more recent scholars believe that due to the evolving nature of records such as electronic records, there are now more than three stages in the life cycle.

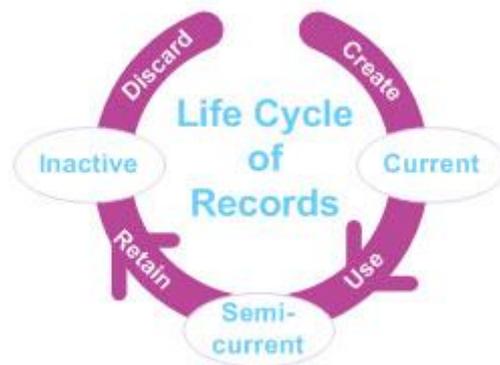
Other scholars such as Atherton (1985) opine that the records life cycle concept brings to light the clear division between the function of records management and archives by demarcating these into eight clear separate stages. His belief is that records management duties includes: creation or receipt of information in the form of records, classification of the records or their information into some logical system, maintenance and use of records, disposition through destruction or transfer of records to an archive. These are then followed

by the duties of the archival stage which includes: selection or acquisition of records by archives, description of the records in inventory, preservation of records, reference and the use of information by the researcher and scholars.

Atherton (1985) stated, from an archiving point of view that records go through the following eight stages of: creation, classification, maintenance, disposition, acquisition by archives, description in inventory, preservation, reference and finally use of such records by researchers. This lifespan of records has some human behaviour aspects in them; it is up to the users or handlers of the records whether the records pass through all the three stages or not. The life span of records is human behaviour dependent hence the use of the Planned Behaviour Theory in this study.

The life of a record as going through three stages is represented in the figure below:

Figure 2.1 The Records Life Cycle Model

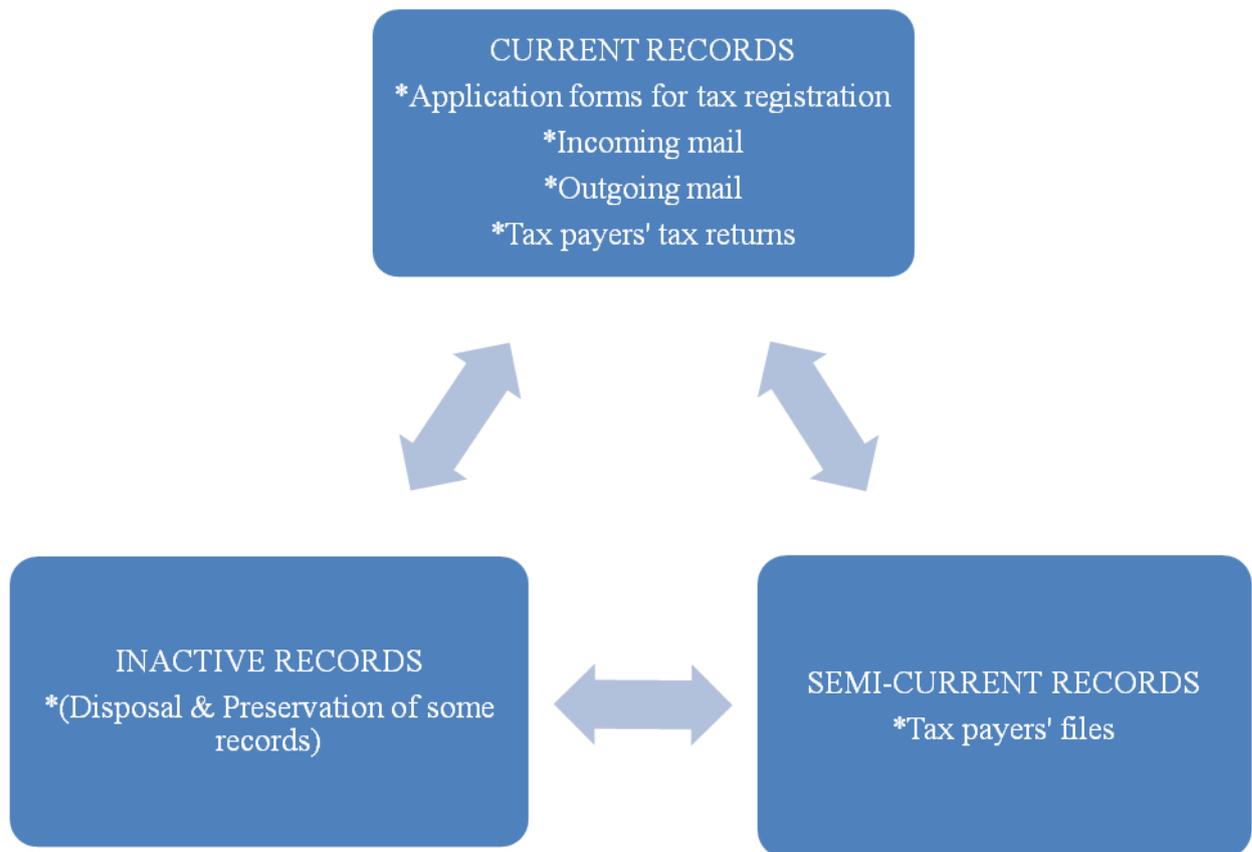


Source: Records Management Bulletin, North West Territories, No 6- October 2012.

(accessed 1 September 2014)

The researcher conceptualised the life cycle model of records at BURS in figure 2.2 below.

Figure 2.2 Records Life Cycle at BURS



Source: Field data (2013)

The records life cycle model as illustrated above captures information for each tax payer from the moment they register for tax up to the last stage when they are no longer eligible for taxation. This enables the revenue service to have information on all tax payers, and to collect correct amounts of tax hence a smooth tax administration process in Botswana.

Even though Atherton's argument has some validity, for the purposes of this study, Schellenberg and Jenkinson's proposition seems more relevant as tax records contain confidential information which might be unethical to avail to third parties. This confidentiality is also covered by Part VII, section 32 of the Botswana Unified Revenue Service Act, Chap. 53:3, which clearly states that 'Every member of the Board, the Commissioner General, or any other person employed by the Revenue Service in the carrying out of the provisions of this Act shall regard, and deal with, as confidential, all documents and information relating to the income, expenditure or other financial dealings or status of

any taxpayer or other person involved in any operations in furtherance of the purposes of this Act, and all confidential instructions in respect of the administration of this Act which may come into his or her possession or to his or her knowledge in the course of his or her duties.’

2.3.2 Planned Behaviour Theory (PBT)

As this study focused on the role of records in tax administration, the researcher used a theory that examines the behaviour of both the tax authority and the tax payer towards records management and records keeping practices throughout the life cycle of a record. The Planned Behaviour Theory as postulated by Ajzen (1987) was used to analyse the relationship between the two variables of records management and tax administration. According to Francis et al. (2004), the Planned Behaviour Theory is based on three aspects which are: whether the person is in favour of doing it (**‘attitude’**), how much the person feels social pressure to do it (**‘subjective norm’**) and whether the person feels is in control of the action in question (**‘perceived behavioural control’**). By changing these three ‘predictors’, we can increase the chance that the person will intend to do a desired action and thus increase the chance of the person actually doing it. In records keeping or management, the records custodian’s decisions and actions are examples of intentional behaviour. On the other hand, Bhattacharjee (2012:32) argues that the Planned Behaviour Theory (PBT) ‘presumes that individual behaviour represents conscious reasoned choice, and is shaped by cognitive thinking and social pressures.’

According to Armitage & Conner (2001), the planned behaviour theory is concerned with variance in behaviour and intention, respectively. They further posit that ‘the perceived behavioural control (PBC) construct accounts for significant amounts of variance in intention and behaviour, independent of theory of reasoned action variables.’ Since Wicker’s (1969) review of research examining the relationship between attitudes and behaviour, and his conclusion that attitudes probably do not predict behaviour, social psychologists have sought to improve the predictive power of attitudes. In recent years, the main approach within this area has been to develop integrated models of behaviour, including additional determinants of behaviour such as social norms or intentions (Olson & Zanna, 1993). Arguably the most widely researched of these models are the Theories of Reasoned Action (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) and Planned Behaviour (Ajzen, 1988, 1991). The Theory of Planned Behaviour (TPB) is essentially an extension of the Theory of Reasoned Action (TRA) that includes measures of control belief and perceived behavioural control.

One can argue that records management, records keeping and tax administration activities are conscious human behaviours. Tax payers choose to have or not to have their records in-order and at the same time they choose to comply or not with the tax legislation. Tax payers in the form of companies with an income of P500 000 or more per annum register for paying tax. On the other hand, individual tax payers with an annual income of P36,000.00 or more also are legally required to register for tax purposes. For these tax payers to fully comply with the tax laws, they are legally required to keep records. Through registering and keeping records, the intention is to pay tax and behaviours are based on intentions as such tax compliance is a planned behaviour.

The study assumed that successful tax administration is dependent on acceptable records management practices. Having a sound records management practice is a planned behaviour. Similarly, complying with the tax legislation is a planned behaviour. Taxpayers plan to comply through registering for tax and keeping the records in order. As a result of this assumption, tax administration was viewed as being dependent on records management.

This study hypothesised that putting in place a proper records keeping system and complying with tax laws are social behaviours which are human oriented hence the relevance of the Planned Behaviour Theory. Examples of records falsification also gave some weight to the relevance of this theory for this study because falsifying records is a conscious, reasoned and planned behaviour. The study looked at behaviours of individual taxpayers towards records management as reported by the BURS Audit Unit. The respondents claimed that Taxpayers make conscious reasoned choices to comply with tax laws or not to comply through their records keeping practices. Respondents further ascertained that Taxpayers know their intentions very well when they comply with the tax laws on records keeping and their attitudes are very clear. The behaviour that was studied here as reported by the BURS Audit Unit was the one of keeping records in-order and complying with tax laws through the assistance of these properly kept records.

The repercussions of non- compliance with the tax laws are very clear and as such complying taxpayers know very well the rewarding results of their behaviour of keeping records as prescribed by the tax laws. Taxpayers also have the subjective norm because their perception of complying with tax laws is based on the fact that they know that BURS expects them to perform their intended behaviour hence the relevance of the Planned Behaviour Theory.

However, the PBT believes that measures can be put in place to modify these behaviours more especially the undesirable kind. The literature on tax compliance shows that incentives such as tax clearance certificates can be issued to those taxpayers adhering with the set standards. These certificates have in most countries been made one of the requirements for tendering for governments jobs hence most taxpayers find themselves without any alternative but to adhere. This can be viewed as a form of a modification for the planned behaviour of falsifying records as taxpayers who falsify their records know that they will not adhere and therefore they will be denied tax clearance certificates. In addition, most revenue laws reviewed prescribe punitive measures for those taxpayers not adhering to revenue laws and these acts as motivating factors for taxpayers to adhere.

2.4 Acceptable Records Management Practices

The ISO 15489:2001 defines records management as ‘the field of management responsible for the maintenance, efficient and systematic control of the creation, receipt, maintenance, use and disposition of records including the processes for capturing and maintaining evidence of and information about the business activities and the transactions in the form of records.’ Records management (RM), also known as Records information management or RIM, is the professional practice or discipline of controlling and governing what are considered to be the most important *records* of an organization throughout their life cycles, which includes from the time such records are conceived through to their eventual disposal. This work includes identifying, classifying, prioritizing, storing, securing, archiving, preserving, retrieving, tracking and destroying of records. Records management is part of an organization's broader activities that are associated with the discipline or field known as Governance, risk, and compliance (or "GRC") and is primarily concerned with the evidence of an organization's activities as well as the reduction or mitigation of risk that may be associated with such evidence. This therefore, means that:

- A good records management system ensures good corporate governance in the administration of tax (including tax audits).
- A good records management system ensures that an organization is protected against any risk (non-payment of tax is a risk to revenue collection).
- A good records management system ensures that an organization complies with the laid down legal and regulatory requirements (Good records keeping ensures that both tax collectors and tax payers complies with the relevance tax legislation)

Therefore, the records management function should affect the whole organisation and not confined to one central department. After investing on records management, organisations will commonly expect to derive benefits from resources invested. Organisations will expect benefits which can be described as the expected returns or improvements gained by an organisation from such an investment. Chris Hurley (2004) classifies the benefits of records management into two types: tangible and intangible.

Hurley (2004) explains that ‘Tangible benefits are those that can be quantified and are generally articulated in terms of measurable improvements or cost savings.’ One of the examples listed under tangible benefits is improved standards of corporate governance or ensuring legal compliance. The benefits of a sound records management practice are also summed up by The World Bank as quoted by The International Records Management Trust (July 2000:2), when it states that ‘The loss of control of financial records creates opportunities for fraud, leads to loss of revenue, and impedes fiscal planning. It makes it difficult, if not impossible, to preserve an audit trail of decisions, actions, and transactions.’

The International Standards Organisation on Information and Documentation on Records Management Part 1 (2001), states the following as acceptable principles for records management environments:

- The management of records, in all formats or media, created or received by any public or private organization in the conduct of its activities, or any individual with a duty to create and maintain records;
- Guidance on determining the responsibilities of organizations for records and records policies, procedures, systems and processes;
- Guidance on records management in support of a quality process framework to comply with ISO 9001 and ISO 14001; and
- Provides guidance on the design and implementation of a records system.

In this study the researcher investigated the role of records management in tax administration at BURS and whether BURS benchmarked its records management practices on the above principles of good records management standards.

2.5 Role of Records in Tax Administration

The auditing company KPMG (2012) defines tax administration as all the steps taken by a legible taxpayer from the initial stage of registering for tax up to the final stage of paying the correct amount of tax to the revenue service and the ability of the revenue service to collect the correct amounts of tax from the taxpayers. KPMG further states that tax administration does not only involve the payment of taxes, but also includes the filing and keeping of records, so that, if any queries arise, they can be speedily resolved.

BURS is required to audit some or all its taxpayers to ensure compliance with the tax laws. According to McGraw-Hill (2012) a tax audit is a detailed exploration into the activities of a taxpayer to determine whether they have been correctly declaring their tax liabilities. Moreover, audit plays the pivotal role in the administration of tax and achieving the revenue objectives, ensuring the fiscal health of a country and ensures a level playing field for an honest taxpayer. Conducting of audits involves costs to BURS as well as to the taxpayer. BURS must therefore use their limited resources very judiciously to achieve smooth tax administration, minimum intrusion and minimum costs. It is not possible to identify the likely tax-evaders by simple queries and reporting tools but a proper records keeping system by the taxpayer and a proper records management system by the revenue service should be in place.

There are several benefits to be derived from successful tax administration. Feld & Tyran (2002) attribute the vast majority of compliance with the tax laws to what they loosely describe as internal motivations or “tax morale.” Nevertheless, the literature clearly indicates that tax morale plays a major role in tax compliance. Part of the tax morale includes keeping financial records up to date and this has influenced the acquisition of modern records management systems in most companies. A research commissioned by Australian Certified Public Accountants (2004) under the Small Business Research Grant Scheme shows that tax administration is affected by social and personal norms such as those regarding procedural justice, trust, belief in the legitimacy of the government, reciprocity, altruism, and identification with the group.

2.6 Management of Financial Records

Financial records are very crucial in the successful performance of any revenue authority. Ferguson (1996) stated that consistent and accurate financial records help revenue services in making administrative decisions. On the other hand, Bennet & Mannix (2002) asserted that

without financial records, revenue authorities cannot administer justice and cannot manage state's resources. The Queensland's Financial Accountability Handbook (2009) describes financial records as including the following: paper invoices, on-line transaction approvals and email and paper records scanned into a digital format. On the other hand, The International Records Management Trust (IRMT) (1999) describes financial records as resulting from the conduct of business and activities relating to financial management.

Furthermore, the Financial Accountability Handbook (2009) goes on to say that each of this type of records needs special considerations as follows: Paper records require adequate and appropriate storage facilities and considerations may include location, accessibility, protection from disaster and prevention of deterioration. Electronic records require sufficient hardware capabilities to securely store the information. In addition, the records must continue to be easily accessible for as long as they are required for business purposes, and the system must be able to ensure that records cannot be altered. Moreover, digital records, being a specific form of electronic data, require similar security, access and retrieval processes. Additionally, the systems must ensure that records remain authentic reproductions of original documents.

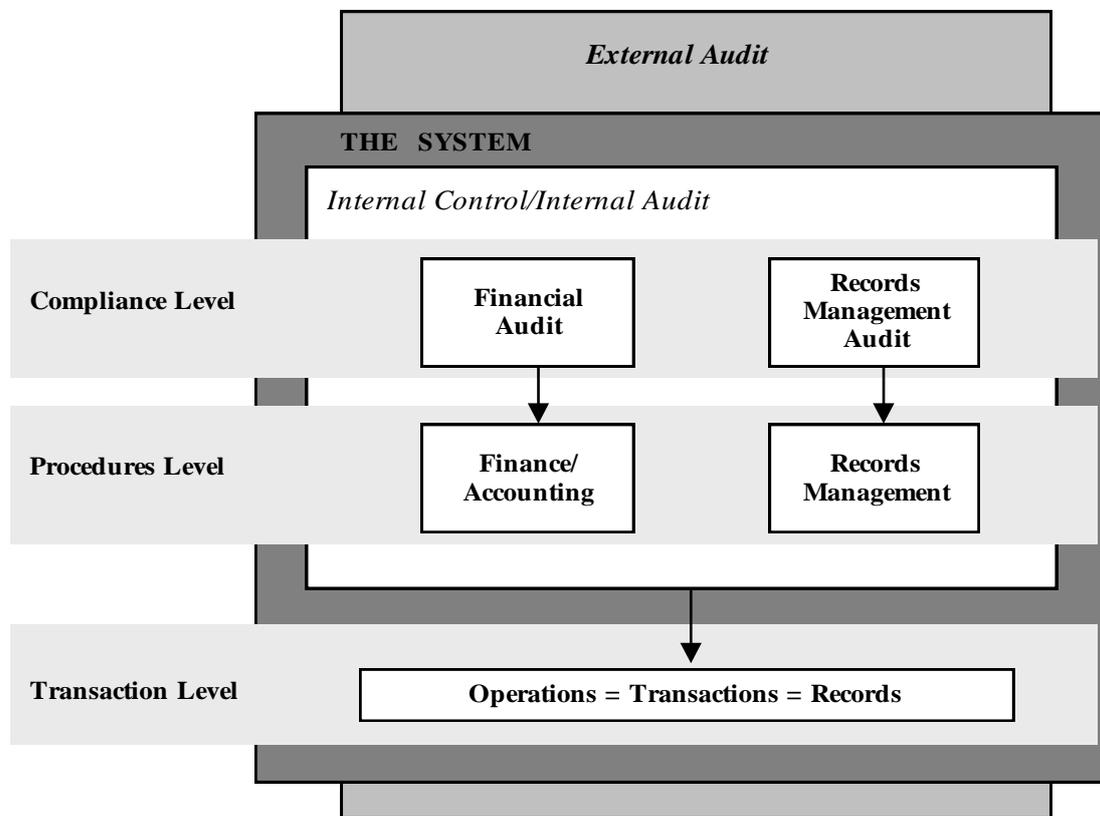
The IRMT (1999) goes on to state that good financial management is critical to the success of any organisation, whatever its size and whether or not it is in the public, private or voluntary sector. Financial records are produced in every area of financial management. If these records are not well managed, the financial management function suffers. Therefore, financial records management and records management are closely intertwined. Similarly, Brigham & Houston (1998:158) say that Records Managers need to stay abreast of changing trends in financial records management. Changes to financial records management processes will inevitably affect the information systems needed to support them.

On destruction of financial records, the Financial Accountability Handbook (2009) says that when destroying records, agencies should assess the sensitivity of the records and, where appropriate, use methods that completely destroy the records, that is, ensuring that reconstruction of the information is not possible. To further illustrate the importance of financial records, the IRMT (1999) notes that a financial records management programme should enable the physical and logical control of records and prevent unauthorised access, tampering, loss or destruction, whether intentional or accidental. Records management

should contribute a layer of security and reassurance that operations are functioning at the level required.

Taken together, records management, accounting and auditing provide the layers of control that are essential to ensuring transparency, probity and integrity in financial management systems. Although in reality records management is integrally connected to accounting and auditing, their interface is simply illustrated below.

Figure 2.3: The Financial Accountability Cycle



Source: International Records Management Trust. (1999). *Managing Financial Records*, London, United Kingdom.

2.7 Summary

This chapter looked at some principles of good records management practices as prescribed by the International Standards on Records Management. Even though it is not a guarantee, indicators are there that following these principles may help tax payers and revenue services in carrying out their legal obligations. The study safely concludes that poor record-keeping is one of the major causes of tax compliance problems for businesses. Additionally, we can say that there is the real possibility that poor record-keeping can cost businesses dearly through non-intentional non-compliance, either through over-payment of tax or because refunds due are missed. Moreover, tax compliance through keeping proper records or non compliance because of poorly kept records are human behaviours which one plans for hence the use of the Planned Behaviour Theory for this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Weigand & Tilburg (2006) define methodology as the way in which we approach problems and seek answers. Methodology may also be described as a way in which a research is conducted. According to Clarke (2005), methodology is an important component of any research as it identifies concepts and describes what reality is like and the conditions by which we can study it. In this chapter the researcher outlines the research design, population of the study, data collection approaches and instruments, data processing and analysis and ethical issues. The study examined records keeping practices of taxpayers and records management practices by BURS through administering questionnaires and conducting interviews with selected BURS employees in Lobatse and Gaborone in-order to establish whether records keeping practices by taxpayers have any role in successful tax administration.

3.2 Design of the Study

Clarke (2005) further indicates that research design can be viewed as the methods that will be used in conducting the research. It is used to describe the overall framework used to look at reality based on a philosophical stance. On the other hand, Bhattacharjee (2012) states that research design is sometimes referred to as research strategy. It clearly states the data requirements, methods for generating data; that is, data instruments and how they will be applied, methods for selecting the sample and the strategies for dealing with none responses.

According to Leedy & Ormrod (2010), some of the types of research strategies are surveys, experiments, case studies, grounded theory study, ethnography and archival research. According to De Leeuw (2005) surveys are the most common designs in information management because they focus on collecting data based on opinions, beliefs, attitude and behaviours of people in relation to the phenomenon of interest. One weakness of the survey is that it is subjective because the responses are what people think or their opinion, attitude or belief.

This study adopted the survey method because the problem that was being investigated was human behaviour towards records management and compliance with tax requirements.

Moreover, the survey method was chosen because data was collected through questionnaires, documentary reviews, observations and conducting interviews. The research topic for this study is also focusing on behaviours of people, as reported by the tax collector, hence the appropriateness of the survey method.

3.3 Population of the Study

According to Polit and Hungler (1999), a study population is ‘the aggregate of all observations of interest to the researcher’. Therefore, the researcher in this study was looking at the role of records management in tax administration. A purposive sampling method was used to choose the 36 respondents. According to Babbie (2001), a purposive sample is also commonly called a judgmental sample and the respondents are selected based on the knowledge of a population and the purpose of the study. As this researcher did not want to study the whole BURS population, and that the study was interested in only those who come into contact with records almost on daily basis, the following were purposely selected:

- a) 25 auditors from the Audit Unit at Headquarters;
- b) 3 records personnel from Headquarters;
- c) 5 auditors from South Regional Office in Lobatse;
- d) 1 Assistant Manager–Records Management and Documentation Unit (RMDU) from Headquarters;
- e) 1 Audit Manager from Headquarters; and
- f) 1 Revenue Manager from South Regional Office in Lobatse.

The respondents were chosen because they were the only qualified personnel in their respective departments at both BURS Headquarters and the Regional Office in Lobatse. The Assistant Manager – RMDU was interviewed because he is responsible for the day to day running of the RMDU. The Manager – RMDU carries out administrative duties and she is not involved in the day to day activities of the RMDU. On the other hand, the Regional Revenue Manager was interviewed because she is responsible for the audit unit in the Lobatse regional office. It is also worth noting that at the time of data collection (May 2013), BURS did not have anyone qualified in records management at the Regional Office. At that time the office

was manned by a temporary employee possessing a Form Five (5) certificate and as such she was not included in the study on the advice of the Assistant Manager - RMDU.

According to Cohen, Manion and Morrison (2000), in purposive sampling, ‘researchers handpick the cases to be included in the sample on the basis of the judgement of their typicality. In this way, they build up a sample that is satisfactory to their specific needs.’

3.4 Response Rate

Of the (36) targeted respondents, (33) were to respond to questionnaires and the questionnaires were distributed amongst (30) audit officers and three (3) records personnel. Three (3) respondents were targeted for interviewing but only two (2) were interviewed as the third respondent made it very difficult for the interview to materialise. Out of the (33) questionnaires distributed, (25) were completed and returned to the researcher which is a 75.8% response rate. Mouton (2001), describes any response rate above 70% as very good. The distribution of respondents per data collection method is indicated in the following table.

Table 3.1: Distribution of respondents and response rate

Respondents	Questionnaires distributed	Questionnaires returned	Questionnaires not returned	Response rate in %
Audit officers-Headquarters	25	18	7	72%
Audit officers-Lobatse	5	4	1	80%
Records Management-Headquarters	3	3	0	100%

Source: Field data (2013).

For interview, the General Manager Audit at Headquarters was scheduled for interviewing but the interview did not materialise as he has a very busy schedule. He was followed for two (2) months and nothing came out of such patience. However, the Regional Revenue Manager at the South Regional Office was interviewed. The Assistant Manager – RMDU at Headquarters (Gaborone) was also interviewed. So out of the targeted three (3), two (2) were

interviewed which gave a response rate of 66.7% and this is satisfactory as it is two thirds of the total respondents.

The interview with the Assistant Manager – RMDU was very helpful as it gave the researcher an insight into the records management practices at BURS headquarters and its branches in the country.

3.5 Data Collection Approaches

In research, the two main methods that are usually used in collecting data are Qualitative and Quantitative. The qualitative method focuses on how to collect descriptive data, people's own words and behaviour and as such we can say that it is humanistic. Silverman (1993) opines that 'Qualitative research can cover a vast range of research styles and can be co-opted back into the positivist tradition.' It also focuses on how to study social phenomenon. For their part, Taylor & Bogdan (1984) describe the qualitative method as: 'the broadest sense to research that produces descriptive data: people's own written or spoken words and observable behaviour.' In qualitative approach data is usually collected through interviews, observations, focus group and document analysis.

On the other hand, Saunders, Lewis and Thornhill (2003) says the quantitative method focuses on meanings derived from numbers. These two methods of analysis are further described by Bhattacharjee (2012) thus: 'Descriptive analysis refers to statistically describing, aggregating, and presenting the constructs of interest or associations between these constructs while inferential analysis refers to the statistical testing of hypotheses.' Questionnaires are usually used in collecting data in quantitative approach.

This study used both qualitative and quantitative methods. This approach is often referred to as the 'mixed method research' or triangulation. The researcher believed that this approach will improve the quality of the study and enhance confidence in the ensuing findings. Furthermore, data was collected through the use of interviews and questionnaires hence the appropriateness of the mixed method research. Fidel (2008) asserts that, this method has been used as a distinct approach in the social and behavioural sciences for more than three decades. These two paradigms were employed on both BURS employees at Headquarters and at the South Regional Office in order to strengthen the findings.

3.6 Data Collection Tools

According to Kumar & Ranjit (2005), data collection is the most important aspect of a research project because anything the researcher says by way of findings or conclusions is based upon the type of information that was collected. Moreover, the data collected is entirely dependent upon the questions that were asked of the respondents. Furthermore, Dawson & Catherine (2002) indicate that the research tool provides the input into a study and therefore the quality and validity of the output (the findings) are solely dependent on it. Records Management and Tax administration are real life problems and data available on the relationship between these variables is inadequate. The researcher used the collected data to examine the truth contained in his hypothesis. The researcher used both quantitative and qualitative data collection approaches and they are individually discussed below.

3.6.1 Qualitative Data Collection

For qualitative data, the researcher used the interview method which helped him understand how the respondents perceived records management.

3.6.1.1 Interviews

Bhattacharjee (2012) states that interviews may be of different types: telephone, personal, intercept and focus group. The researcher used the personal interview method for both respondents. The interview method was appropriate because it allowed the researcher to gather information from company executives who might not be that knowledgeable on records management. Moreover, the interview was used because the success rate in obtaining responses was generally higher than that of questionnaires.

The researcher used the face-to-face interview so as to meet the respondents. An interview guide was developed. For their part, Henerson et al. (1987) say the following about an interview: 'Interview is a face-to-face meeting between two or more people in which the respondent answers questions posed by the interviewer.' On the other hand, Best & Kahn (1993) concluded that 'an interview may involve predetermined questions, but the interviewer is free to pursue interesting responses if he or she feels it is useful. They also said that the interviewer records the respondent's answers in some way, usually by taking notes. The interviewer then develops a more complete summary after the meeting has been concluded.'

Advantages of Interview

On the advantages of interviews, Campion et al. (1994) stated that they are more flexible as the interviewer can explain questions not understood by the respondent. Depending on the respondent's answer the interviewer can skip some questions and probe more on others. Moreover, interviews allow greater sample control and the response rate tends to be higher.

Disadvantages of Interview

Bhattacharjee (2012) noted that as interviews involve face to face discussions this might be a problem as some people may not want to discuss personal questions with the interviewer. Furthermore, the interviewer's manner of speaking may affect the respondent's answers and different interviewers may interpret and record responses in a variety of ways.

3.6.2 Quantitative Data Collection

Quantitative data was collected using the questionnaire method. Respondents were given questionnaires to answer individually at their own time.

3.6.2.1 Questionnaires

The researcher believed this tool was suitable because all the respondents were literate people capable of answering the questionnaires without any assistance. Bhattacharjee (2012) observed that there are three basic types of questionnaires: closed, open and a combination of both. In this research, a combination of both closed and open questionnaire was used.

Advantages of Questionnaires

Questionnaires can be used to collect large amounts of information at a low cost per respondent. Bhattacharjee's (2012) position on questionnaires is that respondents may give more honest answers to personal questions on a mail questionnaire. The interviewer is also not involved to bias the respondent's answers. Lastly, the questionnaire is convenient for respondents who can answer when they have time.

Disadvantages of Questionnaires

Questionnaires take longer to complete than telephone or personal interview. At times the response rate is very low. Worse than anything is that the researcher has no control over who

answers. In a questionnaire, the respondent cannot be prevented from reading ahead or changing answers.

3.7 Data Processing and Analysis

Clarke (2005) defines data analysis as the logical and systematic organisation of collected data into categories. The categories are to be formed considering the themes on which the responses are centred.

In this study the researcher used both the quantitative and the descriptive research methods to process and analyse data. The quantitative analysis made it possible for the researcher to use percentages in tables to derive meaning from the data collected. The quantitative method also enabled the researcher to analyse the data quickly. Churchill (1999) states that descriptive research is typically concerned with determining the frequency with which something occurs or the relationship between two variables.

Quantitative data was processed and analysed using the SPSS software which presented the findings graphically and the graphs were interpreted in a write up. Qualitative data was coded into themes where similar responses were grouped together.

In that regard the descriptive research was seen as appropriate as this study investigated the relationship between records management and tax administration. This approach provided the researcher with clear specifications of the- who, what, when, where, why and how of records management and tax administration. On the other hand, qualitative data asked broad questions and collected word data from respondents.

After analysing the data, the researcher made an informed conclusion on records management practices and tax administration. The findings show that records management practices play a significant role in tax administration. The results are presented in the next chapter objective by objective.

3.8 Ethical Considerations

Tax Administration is a very sensitive issue that needs to be approached with caution as it borders on the survival or otherwise of tax payers. As a precautionary measure, the researcher did not look at tax payers' records. Participation in the study was also voluntary. The purpose

of the study was explained to all the targeted respondents before they were issued with questionnaires or scheduled for interviews. Those not interested in taking part in the study were not forced. A Consent Form was designed and distributed to respondents so that they indicate whether they are interested or not interested in taking part in the study.

3.9 Summary

This chapter presented a detailed account of the methodology which was used in this study. The study was carried out in a survey format where information on the role of records in tax administration was collected. The purposive sampling technique was used as the researcher was only interested in respondents knowledgeable on the studied phenomena. The researcher places the study in both the qualitative and the quantitative camps. The strengths and weaknesses of both interviews and questionnaires were also looked into. Finally, the chapter described the data analysis techniques which were used and quantitative data was analysed using the SPSS software while qualitative data was coded into themes.

CHAPTER FOUR

FINDINGS AND INTERPRETATION

4.1 Introduction

The study investigated the role of records management in tax administration at BURS from an operational point of view. The study was premised on the following objectives:

1. To establish the relationship between tax administration and records management;
2. To assess whether Botswana Unified Revenue Service has set standards for records management practices for all tax payers;
3. To find out the difficulties faced by BURS' audit unit in auditing tax payers who do not keep proper records; and
4. To establish BURS adherence level to ISO 15489 in its records management practices.

4.2 Findings

The findings of the study are presented objective –by –objective below.

4.2.1 Objective 1: Relationship between Tax Administration and Records Management

This objective sought to establish the perceived relationship between tax administration and records management. To this end, the views of respondents from the two units of Records Management and Documentation Unit (RMDU) and Audit Unit were solicited. The views of the Records Management and Documentation Unit respondents are presented first and then followed by the views of the Audit Unit.

4.2.1.1 *Views of the Records Management and Documentation Unit on records and tax administration.*

Respondents in the RMDU were asked to provide information on the following:

1. Functions of the RMDU in pursuance of BURS mandate;
2. Types of records created, received, used and kept by BURS;
3. Who was responsible for the management of these records;

4. Whether the Audit Unit consults the RMDU on the management of records by tax payers;
5. What could be done to improve records management to support tax administration in Botswana;
6. Whether there was a relationship between records management practices and tax administration; and
7. Whether there were any legal or regulatory requirements for BURS to keep records.

4.2.1.1.1 Functions of the Records Management and Documentation Unit (RMDU)

The RMDU has four members of staff who comprise of the Assistant Manager-RMDU and three records assistants. The RMDU falls under the Manager- Finance and Administration who is not involved in the daily running of the RMDU as she performs administrative functions. The Assistant Manager-RMDU is responsible for the daily functions of the Unit and has a Masters degree in Archives and Records Management. One of the records assistants has a Diploma in Archives and Records Management while the other two hold a Certificate in Archives and Records Management. There are other temporary employees in this unit who do not have any qualification in records management and as such they were not included in this study on the advice of the Assistant Manager-RMDU.

The three records assistants were the respondents who provided information on the functions of the RMDU in a questionnaire form. In addition, the Assistant Manager-RMDU responded to interview questions. Of the three respondents, two identified reception of mail, receiving and sending faxes as the major functions of the RMDU. One respondent cited general records management functions that included opening files, indexing and tracking files taken by action officers.

In response to the question during the interview, the Assistant Manager-RMDU said that the RMDU provides records services across the life cycle of records which is creation, use and maintenance and disposition. He also said that the RMDU has information on all the borders of Botswana; information such as; most common goods coming in or going out of Botswana and through which border. He opined that BURS will not be able to succeed in revenue collection in the absence of records.

According to the BURS' Records Management Procedures Manual (2009), the RMDU exists to provide the following services:

- Develop, implement and review policies and procedures which would guide effective management of BURS records;
- Ensure that there is systematic opening and closure of files in line with the BURS classification scheme;
- Ensure that files are well maintained in all BURS record storage areas;
- Provide a record retrieval service for all BURS business units;
- Ensure that records are retained and disposed in line with the prescriptions of the records retention schedule; and
- Provide BURS staff with the necessary training in records management procedures.

Shepherd & Yeo (2003) list receiving mail, accumulating and retrieving records and information in the organisation as some functions of the Records Management Units. The responses show that respondents clearly understand the mandate of their unit.

4.2.1.1.2 Types of Records kept by BURS

Respondents in the RMDU were asked to provide information on records created, received, used and kept by BURS. Two out of three respondents mentioned that BURS creates, receives, uses and keeps records on all taxpayers' issues and policy issues while one respondent said BURS creates, receives, uses and keeps personnel records.

In response to the same question during the interview, the Assistant Manager – RMDU informed the researcher that the RMDU coordinates all records management work in the organisation as such it has records on all tax payers, personnel records under the Human Resource Unit (the RMDU has an officer attached to the HR unit) and BURS policy and operational records.

When asked the same question, respondents in a study conducted by Ndemanyisho (2012) on the management of tax records at the Tanzania Revenue Authority cited the same types of records where 46% of them mentioned taxpayers' records while 26% mentioned personnel records.

This response shows that the respondents at BURS' RMDU know the types of records that they manage.

4.2.1.1.3 Responsibility for Management of Records

As observed in Chapter 3, individuals or organisations create records to support the activities that they carry out. However, if these records are not managed properly, they will not provide the necessary support and information might be lost thus causing problems for the organisation. To provide an efficient and effective administration that ensures that the business runs as smoothly as possible, there should be proper management of records.

The South African National Archives' Records Management Best Practices Guide (1996) states that 'sound records management implies that records are managed in terms of an organisational records management programme governed by an organisation's records management policy.' Furthermore, Dearstyne (1985) posits that the responsibility to manage records entails overseeing the creation and use of forms, correspondence, and other records, setting up filing and indexing systems and other means of ensuring easy, rapid access to information in records.

When asked who is responsible for the management of records, the three respondents answered that it was the responsibility of the RMDU. The Assistant Manager- RMDU also indicated during the interview that his unit manages all BURS records. He further highlighted that in addition to managing BURS' records, the RMDU develops policies on records management and implements such policies together with records tools and systems. Their response shows that they know very well the mandate of the BURS unit in which they work.

4.2.1.1.4 Consultation between the Audit Unit and the RMDU on keeping of Records by Tax Payers

The respondents were asked to state whether the Audit Unit ever consults their unit on records keeping practices by taxpayers. This question was asked because the Audit Unit is one of the main users of BURS records when auditing taxpayers. According to Grant Thornton Acumen (2004), tax audits are carried out to ensure that the taxpayer maintains proper books and records. He goes on to state that 'the primary documents which are required to be maintained and selected for scrutiny are: General ledger, Cash book and bank statements for all bank accounts operated by the company, purchase invoices, purchase register and creditors ledger, sales invoices, sales register and debtors ledger, inventory

ledger, salaries and wages register, fixed assets register and lease agreements on rent paid and lease hires.’

All the three respondents said they did not know whether their department is ever consulted by the Audit Unit on records keeping practices of tax payers. This might be attributed to the lower positions that the respondents hold in the records management unit of the organisation. The Assistant Manager-RMDU’s response to the same question was that his unit has a cordial working relationship with all the units in BURS and those units that use records always consult the RMDU. Furthermore, he indicated that the RMDU has sensitised almost all BURS employees on the value of records to the organisation through internal workshops and the majority of the employees appreciate what his unit is doing, hence they support it.

4.2.1.1.5 What could be done to ensure that Records Management support Tax Administration in Botswana?

Tax administration is a means by which governments raise revenue to finance spending on public goods and services. Having an accurate record keeping system which is up to date will help taxpayers to pay the right amount of tax. It will also help tax authorities to assess and collect the correct amount of tax from the tax payers. As such, both the taxpayer and the revenue authority must have a proper record keeping system in place.

Of the three respondents, one identified taxpayer education or awareness on records management as the only way of improving records management practices which will in turn result in successful tax administration. Another respondent mentioned that the application of punitive measures as outlined in the Income Tax Act (1995) may help in improving records management by tax payers while the third respondent had no opinion on the matter.

The issue of taxpayer education is also corroborated by Kornhauser (2007) when she stated that ‘taxpayer education plays a major role in improving tax administration. Knowledge increases taxpayers’ sense of control of their tax situations and also increases the chances of filing accurate and timely returns. In addition, education is a powerful tool for increasing taxpayer’s adherence to revenue laws by strengthening feelings of identity, reciprocity, fairness and procedural justice.’

This assertion by Kornhauser can be interpreted as implying that education enhances compliance to tax laws. Most obviously, with knowledge, people will make fewer unintentional mistakes. Further, when taxpayers have knowledge on the tax authority’s

expectations, they will be less frustrated when trying to comply with the tax laws. Knowledge gained from education will also decrease a taxpayer's time spent on taxes which should also decrease frustration and increase compliance.

The response by one respondent who mentions that tax payer's education is crucial and the corroborations by Kornhauser, validate the Planned Behaviour Theory as used in the study. As already argued, when taxpayers' do not have knowledge, they are more likely to intentionally not adhere to the tax laws. The decision made by the taxpayer not to adhere because they do not have knowledge will be a conscious and reasoned one and as such this study argues that it is a planned behaviour.

4.2.1.1.6 Relationship between Records Management Practices and Tax Administration

The respondents were further asked to state whether there is any relationship between records management practices and tax administration. This was asked to determine whether the respondents knew that BURS could only achieve its mandate through the successful performance of the RMDU in its records management delivery systems.

Of the three respondents, one said there is a relationship between these two functions as tax administration is entirely dependent on proper records management. Two respondents said there is no relationship between records management and tax administration. For his part, the Assistant Manager-RMDU stated that records play a very important role in the successful administration of tax as they indicate whether the taxpayer is adhering or not adhering to the tax laws. He further put it on record that records also help the Investigations Unit of BURS in following those taxpayers not adhering and meting out the appropriate penalties to defaulters.

Given the above responses, one may say that the response by the two respondents who said there is no relationship between records management and tax administration may be due to their little knowledge on the relationship between the two functions. As already stated earlier, these respondents are found at the lowest levels of the organisational structure.

4.2.1.2 Views of the Audit Unit on Records Management and Tax Administration

Auditing taxpayers has been identified as part and parcel of tax administration. The International Tax Dialogue (2005:24-25) posited that: 'Without effective audits, tax compliance deteriorates and the credibility of tax administration suffers. Strengthening audit is thus a key challenge, particularly in developing countries' The same position paper further

states that advanced administrations have found that a well-designed audit programme is critical in reducing the extent of tax fraud and evasion, simply because potential fraudsters are deterred by the belief that they stand a reasonable chance of detection and punishment.

At the Audit Unit the respondents were picked from the sub – units of Income Tax Audit and Value Added Tax Audit. Thirty (30) respondents were randomly selected for the study. They were all issued with questionnaires and out of these thirty, twenty-two answered and returned the questionnaire. Respondents in the Audit Unit were asked to provide information on the following:

1. The mandate of BURS;
2. Functions carried out by the Audit Unit;
3. What is entailed in their work;
4. Role played by records in the performance of BURS function carried out by the Audit Unit;
5. Types of records created, received, used and kept by the Audit Unit;
6. Who manages the records;
7. Audit Unit's views regarding the management of records at BURS;
8. Relationship between records management practices and tax administration;
9. Nature of relationship between records management practices and tax administration;
10. Impact of the relationship between records management practices and tax administration on Audit Unit's visit to taxpayers; and
11. Suggestions to be given to taxpayers in relation to their records management practices that will help BURS to succeed in tax administration.

4.2.1.2.1 Mandate of BURS

Respondents in Audit Unit were asked to state the mandate of BURS. They were asked this question to determine whether their Unit plays any role in achieving the mandate of BURS. All the 22 respondents cited revenue collection as the major mandate of BURS. A quick browse through BURS website gives the functions of BURS as the following: Administer and

enforce the revenue laws which are; Income Tax Act, Capital Transfer Tax, VAT Act and Customs & Excise Duty Act. An interview with the Regional Revenue Manager in Lobatse confirmed the administration and enforcement of the above revenue laws as the mandate of BURS.

The Botswana Unified Revenue Service Act; Chap 53:03 (2004) states that: ‘the Revenue Service shall be responsible for the assessment and collection of tax on behalf of the Government. The functions of the Revenue Service shall be; to administer and enforce the revenue laws, take such measures as may be required to improve service given to taxpayers with a view to improving efficiency and maximising revenue collection, take such measures as may be required to counteract tax fraud and other forms of tax evasion and advise the Minister on matters relating to the administration and collection of tax.’ This finding means that all the respondents know the mandate of BURS.

For comparison purposes, the researcher browsed through the website for the South Africa Revenue Service (SARS, 2013), and he found the following as SARS’s mandate: ‘collect all due revenue, ensure maximum compliance to all the tax and customs laws that SARS administers, provide a customs service that optimises revenue collection and protection of South African borders and facilitates legitimate trade.

This mandate supports a higher purpose. SARS is driven by the aspiration to contribute directly to the economic and social development of the country by collecting the revenue that government needs to meet its constitutional obligations, policy and delivery priorities in pursuance of prosperity to all in a just social society (SARS, 2013). By encouraging tax and customs compliance, both BURS and SARS aspire to contribute to the building of law abiding civil society in their respective countries with regard to revenue collection.

Browsing through mandates of revenue authorities from the United Kingdom, the Inland Kingdom Revenue lists its mandate as: ‘being responsible, under the overall direction of UK Treasury Ministers, for the efficient administration of income tax, national insurance contributions, capital gains tax, inheritance tax, corporation tax, petroleum revenue tax and stamp duty.’ More recently, the Inland Revenue authority also administered the Tax Credits schemes, whereby monies, such as Working Tax Credit and Child Tax Credit, are paid by the Government into a recipient's bank account or as part of their wages. The Inland Revenue was also responsible for the payment of child benefit (Inland Kingdom Revenue, 2013).

Considering the mandates of SARS and the UK's Inland Kingdom Revenue, we can safely say that the mandate of BURS as described by the respondents is not different from mandates of other revenue authorities. Therefore, the way BURS carries out its mandate is in line with international practice.

4.2.1.2.2 Functions carried out by the Audit Unit

The Institute of Internal Auditors (2013) describes the Audit Unit of a revenue authority as 'a professional entity that performs audits in accordance with specific laws or rules on the financial statements of a company, government entity, other legal entity or organization, and which is independent of the entity being audited.' On the other hand, The Internal and External Audits: Controller's Handbook (2010) states that: 'In auditing tax payers, auditors are generally required to tick and tie numbers to general ledger and make enquiries of management. In compilation auditors are required to take a look at financial statements to make sure they are free of obvious misstatements and errors. An external auditor may perform a full-scope financial statement audit, a balance-sheet-only audit, an attestation of internal controls over financial reporting, or other agreed-upon external audit procedures.'

When asked to state the functions of the Audit Unit, 16 (73%) out of 22 respondents listed auditing and investigating taxpayers as the main functions carried out by the Audit Unit in an endeavour to help BURS achieve its mandate. Three respondents mentioned that assisting taxpayers to register for tax and filing tax returns are some of the functions carried out by the audit unit while the remaining three cited the main functions of the audit unit as being the enforcement of the tax legislation.

This finding shows that the majority of the respondents (73%) know the mandate of their unit. In addition, the rest of the members of staff were able to point out the subsidiary functions of the Audit Unit such as user education for tax registration and filing and enforcement of tax legislation. This is corroborated by the International Monetary Fund report (2010) which states that one of the functions of the audit and investigations departments as being undertaking audits and investigations of tax payers as and when needed.

4.2.1.2.3 Tax Audit Process

The Blue Mountain Quality Resources (BMQR), a Management System Certification organisation which regulates ISO compliant companies describes auditing as a process that 'involves an examination and, therefore, an investigation into the past history, records and

data about a company in order to gauge and discover the legality of the business's operations, transactions, tax reporting and the overall handling of finances within the business.'

As this study is concerned with the usefulness of records in auditing tax payers, we can safely say that in this study's context auditing will be viewed as a process by which a taxpayer is investigated and evaluated to see if they are operating by the approved and accepted standards of regulatory procedures such as revenue laws set forth for the taxpayer and if the taxpayer's finances are all correctly reported.

On the other hand, the Organisation for Economic Co-operation and Development (OECD), (2006) defines a tax audit as 'an examination of whether a taxpayer has correctly assessed and reported their tax liability and fulfilled other obligations. Tax audits are often more detailed and extensive than other types of examination, such as general desk checks, compliance visits/reviews or document matching programmes.' OECD further stated that tax audit conditions and approaches vary from country to country.

So when asked about what is entailed in their work, 19 out of 22 (86%) respondents stated that their work entailed auditing taxpayers' records while the remaining three gave other duties as educating taxpayers about the importance of paying the correct amount of tax. The 19 respondents further mentioned that in auditing, they examine taxpayers' financial records to check whether what the taxpayer declared to BURS corresponds with what is in the records.

Lisse (1997) defines the tax auditing process as an activity that occurs once a year and focuses on the company's performance and compliance. Moreover, she stated that 'Accounting records are commonly examined in a tax audit to make sure no errors exist in the financial statement, which is important for investors and regulatory requirements.'

The respondents were further asked to state what influences them to select a taxpayer for auditing and all the 22 respondents (100%) stated that selecting a return for examination does not always suggest that the taxpayer has either made an error or is being dishonest. In fact, some examinations result in a refund to the taxpayer or acceptance of the return without change. These responses show that the respondents know very well what is expected of them in order to help BURS achieve its mandate.

4.2.1.2.4 Role played by Records in the Auditing Process

The OECD report (2006) stated that tax audit activities are dependent on records kept by taxpayers. The report further stated that even though the keeping of records by taxpayers varies from country to country, it is international practice for tax payers to keep records. The same report also stated that revenue bodies often specify additional record-keeping requirements such as the language to be used in the records. These may be put in place to provide evidence that supports specific parts of the tax calculation and could be vital pieces of evidence within the audit process.

The respondents were asked to state whether records play any role in the auditing process or not. Of the 22 questionnaires returned, 21 (96%) of the respondents indicated that records play a significant role in the performance of their duties. Some went further to mention that there cannot be any audit without records. However, one respondent said they were not sure whether records play any role in helping the Audit Unit to carry out its functions.

The response by the 21 respondents might be interpreted as an answer to study objective number one (1) which sought to establish whether there was any relationship between records management and tax administration. The Audit Unit refer taxpayers to the Investigations Unit after noticing some abnormalities in their records during the audit session. As such one can now boldly proclaim that records play a significant role in tax administration in Botswana.

The view of records playing a role in tax administration is corroborated by the OECD when it stated that; ‘generally, an audit will examine the issues seen as most significant to achieving an accurate assessment of a taxpayer’s tax liability. Typically, these issues will include any indications of significant unreported income or potentially over-claimed deduction items that may be apparent from an examination of a taxpayer’s tax return and other information. As well as income tax returns and other reporting, this includes supporting documents, which the taxpayer should normally have. In the case of business audits, national law often requires a business to obey certain bookkeeping and accounting standards.’

The mentioned documents such as tax return, supporting documents, bookkeeping and accounting books are all records which are necessary for an audit to take place as such records play a significant role in tax administration.

4.2.1.2.5 Types of Records used by the Audit Unit

Respondents were asked to state the types of records that are created, received and used by their unit. This question was asked in order to find out the types of records that are used in the auditing process. From the 22 responses, 17 respondents (77%) said that the Audit Unit is concerned with tax payers' financial records such as ledger books, receipts and invoices. Meanwhile, 5 respondents mentioned that their unit is interested in records containing all information on taxpayers such as nature of business, annual turnover and number of employees if the taxpayer is a business entity.

The usefulness of financial records to the auditing process is also reiterated by Lisse (1997), as she stated that in the USA, tax auditing process commonly looks at financial statements and accounting records. The OECD (2006), also states that; 'Legal provisions should give a tax auditor access to all tax-relevant information during an audit. Tax-relevant information is any piece of information such as books and records, bank statements, trade letters and contracts.'

The general finding shows that various types of financial records are needed in tax administration as they are required in order to assess the amount of tax to be paid by the various taxpayers.

4.2.1.2.6 Management of Records used by the Audit Unit

The respondents were asked to name the personnel that manage the records created, received and used by their unit. This was asked so that the researcher could know whether BURS has assigned specific responsibilities for the management of records. Of the 22 respondents, 13 (59%) said that the Records Management and Documentation Unit is responsible for managing the records. On the one hand, 3 respondents mentioned action officers as the custodians of the records. The remaining 6 (27%) respondents mentioned that they were not sure who among the RMDU and the Audit Unit should manage these records.

The responses given for this question left the researcher with more questions than answers. The Assistant Manager-RMDU indicated during the interview that the RMDU manages all BURS records, while at the same time 3 officers from the Audit Unit said that they manage the records that they use. This might be an explanation why the researcher found piles of files in some auditors' work stations. When the researcher enquired on why files were all over the

work stations, the response was that they are still in use by Auditors that is why they have not yet been returned to the RMDU.

Even though the Assistant Manager-RMDU said his unit manages all BURS records, this does not seem to be the case as it appears there is an unofficial dual records management system within BURS. This might be partly attributed to shortage of trained human personnel on records management which has also lead to understaffing in the RMDU.

The position of ISO 15489-1 on records management within organisations is very clear. It advocates for one central point for managing records as it stated that, ‘any system deployed to manage records should be capable of continuous and regular operation in accordance with responsible procedures.’ The current status of records management at BURS does not support continuity and there is no doubt that even retrieval is also a cumbersome activity.

4.2.1.2.7 Audit Unit’s views regarding the Management of Records by the RMDU

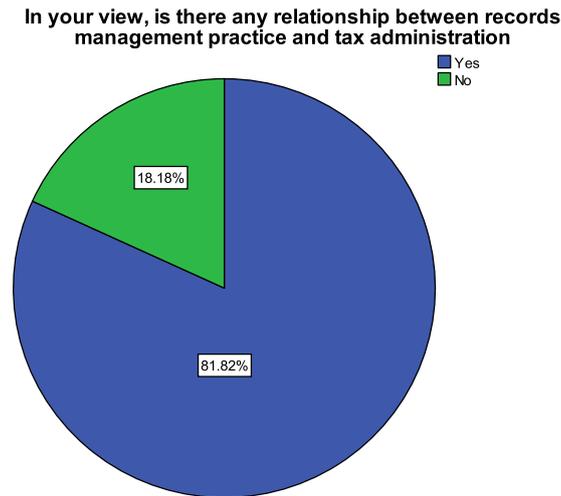
The Audit Unit respondents were asked to state whether they were satisfied with services being rendered to their unit by the RMDU. The responses to this question showed a very interesting scenario as 12 or (54.5%) of the respondents indicated that they were not happy with the way records are managed while 10 (45.5%) said they were content with the way the records are managed by the RMDU.

The responses might be interpreted as an explanation to why some Audit Unit personnel keep records at their work stations after using them as was observed by the researcher. When the 12 respondents were asked why they were not happy with the way the RMDU manages records, they indicated that at times it takes long to receive files that they have requested for from the RMDU. They said this longer retrieval periods affect the performance of their unit as they can not do any auditing without cross checking what the tax payer has declared against the information that BURS has on that tax payer. This has resulted in some Audit Unit personnel not having full confidence in the RMDU ability to provide it with all the necessary documentation when the need arises. The researcher viewed this as confirmation that tax administration cannot happen without records. ISO 15489-1 states that any records keeping system put in place should enable the authority to obtain the maximum benefit from the quick and easy retrieval of information.

4.2.1.2.8 Relationship between Records Management Practice and Tax Administration

Audit Unit personnel were asked to give their views on whether there is any relationship between records management and successful tax administration. The pie chart below in figure 1 shows graphically how the 22 respondents answered the question.

Figure 4.1: Relationship between records and tax administration.



Source: Field data (2013)

The pie chart in Figure 4.1 shows that the majority of the respondents or 82% indicated that there is a relationship between records and tax administration. When pressed further to explain this relationship, they indicated that they rely on information contained in records when auditing tax payers. Moreover, they stated that audits help them to determine whether the correct amount of tax has been paid or not. This response meant that the majority of the respondents felt that records play a very important role in tax administration.

On the other hand, 18% of the respondents said that there was no relationship between records and tax administration. This response might be attributed to lack of knowledge on the value of records to the respondents' duties. This is so because even though the respondents said there is no relationship between records and tax administration, the researcher found piles of files on their work desks. When asked on what they were doing with the files piled on their desks, they said that they were cross checking tax payers' information.

4.2.1.2.9 Nature of relationship between Records Management Practice and Tax Administration

The respondents were further asked to elaborate on the relationship between records management and tax administration. The question was asked so that respondents could further explain how records management practices contribute to successful tax administration. As already mentioned elsewhere in this study, the main mandate of BURS is revenue collection on behalf of Botswana Government. To successfully carry out this mandate BURS needs records. Furthermore, financial management systems create records, and all financial systems depend on records.

From the 22 respondents 16 or 73% indicated that properly kept records by tax payers help BURS in achieving its mandate. Six respondents or 27% did not attempt the question. It can be seen from this finding that as earlier reported, the majority of the respondents mentioned that the main mandate of BURS is revenue collection. This response therefore seems to show that when tax payers put in place proper records keeping practices they are in a way helping BURS to have a successful tax administration.

4.2.1.2.10 Impact of the relationship between Records Management and Tax Administration on Audit Unit's visit to Tax Payers

The respondents were further asked whether the relationship mentioned in 4.2.1.2.8 and 4.2.1.2.9 above has any bearing on whether the Audit Unit's visits to tax payers are successful or not.

The findings show that 17 or 77% of the respondents felt that the relationship between proper records management practices and successful audits make tax administration a smooth running exercise. They said that once a tax payer has properly kept records it becomes easy for them to audit that particular tax payer and at the same time making it possible for such a tax payer to pay the correct amount of tax. On the contrary, 5 or 23% of respondents said the good or bad records management practices had no bearing on the failure or success of their audit of tax payers.

This view by the 5 respondents seems to be misplaced as there cannot be any effective audit without records because auditing involves the actual examination of financial records. This proposition is supported by the Finnish Tax Administration Authority (2002) in its study: 'Tax auditing procedures consist of an investigation of the accounting records of a taxpayer

or a party liable to withhold tax or otherwise responsible for tax payment, and of other sources of information in order to assess whether correct and sufficient information has been provided for the purposes of lawful taxation or fulfilment of a payment obligation.’ Furthermore, a tax audit covers the type and extent of the activity in question, the way it has been entered in the accounts and whether the information in the accounting records has been reported correctly to the tax authorities.

4.2.1.2.11 Measures to improve Tax Payer’s Record keeping Practices

Respondents from the Audit Unit were further asked to make suggestions on measures that BURS needed to take in order to improve taxpayer’s record keeping in a bid to help BURS succeed in its tax administration.

In response to the question, 20 respondents or 91% indicated that they will advise taxpayers to put in place systems that will enable them to have credible records. The remaining 2 respondents or 9% said that they would advise taxpayers to engage tax consultants to handle tax issues on their behalf. Putting in place credible records keeping systems and engaging tax consultants are conscious reasoned human behaviours hence the relevance of the Planned Behaviour Theory to this study.

The responses to the question show that the majority (91%) of Income Tax and Value Added Tax Auditors know how helpful properly kept records are to their daily work hence advocating for proper record keeping systems by the taxpayer. To drive this view home some of them said that, ‘properly kept records make their audits very easy hence helping BURS achieving its mandate of revenue collection.’

4.2.2 Objective 2: Tax payer’s records keeping requirements

The study sought to assess whether there are any set requirements for records management practices for BURS and whether there are also any requirements for taxpayers in Botswana to keep records. To do this, the researcher administered questionnaires on both the RMDU and Audit Unit staff of BURS. This type of information was solicited in-order to find out whether there is anything in place guiding both BURS and tax payers on how they should keep their records.

4.2.2.1 Management of records in BURS

The respondents from the RMDU were asked to provide information on the following:

1. Whether there were any legal or regulatory requirements for BURS to keep records;
2. Classification systems used in arranging BURS records;
3. Level of satisfaction with the used classification system;
4. Availability of file indexes at BURS;
5. Procedures in place for managing semi-current records;
6. Guidelines for transferring non-active records to the storage facility; and
7. Availability of accession lists for non-active records.

4.2.2.1.1 Legal and regulatory requirements for BURS to keep records

The respondents were asked to state whether there are any legal requirements for BURS to keep a record of its operations. Though not sure of the relevant sections, all the three respondents said that they know that BURS is required by the revenue laws of Income Tax Act Cap.52:01 and Value Added Tax Act Cap.50:03 to keep records on all taxpayers. In interrogating these tax laws, the researcher found out that the relevant sections referred to records keeping practices by taxpayers not the tax authority. These sections are; Part VIII, Section 51 of Value Added Tax Act (2002) and Part IV, Section 26 of the Income Tax Act (1995).

A further interrogating of the available literature showed that it is the Botswana Unified Revenue Service Act Chapter 53:3, Part VI, Sections 28 and 29 (2004) which clearly indicate that BURS is required to keep a record of its operations. These two sections state that:

Section 28

(1) The Revenue Service shall keep and maintain proper accounts and other records in respect of every financial year relating to its activities, and shall prepare, in respect of each financial year, a statement of such accounts; and

(2) The Revenue Service shall, within 60 days of the end of each financial year, submit its books of accounts and statement of accounts to an auditor appointed by the Board, who shall audit the accounts no later than three months after the end of the financial year.

Section 29

(1) The Revenue Service shall, within 6 months of the end of each financial year, submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, together with the auditor's report and the audited accounts as provided for under section 28;

(2) A report compiled in terms of subsection (1) shall be in such form as the Minister may determine, and shall include the following information:

(a) an audited balance sheet;

(b) an audited statement of tax revenue collected by, and the income and expenditure of, the Revenue Service;

(c) the total amount of tax remitted or foregone pursuant to section 31(3); and

(d) such other information as the Revenue Service may consider appropriate or as the Minister may direct, which shall be laid before the National Assembly, by the Minister, within 3 months of receiving the report.

4.2.2.1.2 Classification System used in arranging BURS Records

The respondents in the RMDU were asked to name the records classification system that they use at BURS. This was asked so that it could be evaluated whether BURS follows the international standard practice for classifying records. The international Business Machines Corporation (2005) describes a file classification system as a method of arranging information into like groups. It goes further to state that a file classification system should enable the user to manage the files by categories. On the other hand, ISO 15489-1(2001) defines classification as ‘systematic identification and arrangement of business activities and or records into categories according to logically structured conventions, methods, and procedural rules represented in a classification system.’

The ISO 15489-1 (2001) further states that an effective classification system should have the following characteristics:

- a) provide linkages between individual records which accumulate to provide a continuous record of activity;
- b) ensure records are named in a consistent manner over time;
- c) assist in the retrieval of all records relating to a particular function or activity;
- d) determine security protection and access appropriate for sets of records;
- e) allocate user permissions for access to, or action on, particular groups of records;
- f) distribute responsibility for management of particular sets of records;
- g) distribute records for action; and
- h) determine appropriate retention periods and disposition actions for records.

The three respondents gave different responses for the classification system used by BURS. Two respondents said BURS uses the alpha-numeric classification system while one respondents said the organisation uses numerical classification system. The Assistant Manager-RMDU indicated that BURS uses the alpha-numeric classification system supporting what was said by the two respondents.

Janet (2008) defines the alpha-numeric classification system as a system in which ‘information is classified by category in an encyclopaedic system, but using both letters and numbers to denote categories. The use of both letters and numbers allows for a much greater field of categories than does the use of numbers alone.’

Not forgoing the advantages of the numerical classification system, one is tempted to argue that the choice by BURS to use the alphanumeric system is appropriate as it provides for large volumes of records that BURS handles.

4.2.2.1.3 Filing of Records at BURS

The University College Cork of Ireland describes a file as ‘an organised unit of documents accumulated during active use, that is, the period when records are used frequently, and kept together because they deal with the same subject or activity.’ On the other hand, we can say

that a filing system is a rational and predetermined methodology according to which records are classified. According to Megill (2005), 'Filing is the process of so arranging and sorting original records or copies of them, that they can be readily located when required.'

Considering that a single office may create hundreds of files every year and that records should provide evidence of business activity, it is appropriate that related records are kept together. The fundamental requirements of a filing system are that records used together are grouped together, and that they can be found again.

In coming up with a filing system, the main objective should be to sub-divide records into different categories which will enable suitable provisions for the management of diverse groups of records. The categories may be based on organisational functions or subject matters.

When asked about how and where the records are filed at BURS, all the three respondents indicated that the organisation uses a filing system which uses both organisational functions and subject matter. All the three further stated that they have a spacious records management unit where the records are filed.

The ISO 15489-1:2001 indicates that a filing system is termed as good, 'when the wants of the organisation from it are accomplished.' It further states that there is no ideal system of filing. However, ISO 15489-1:2001 further states that a good filing system possesses the characteristics summarised below:

1. Minimum Misfiling

This is an important feature of a good filing system because the chief difficulty is not in filing but in finding. Misfiling causes delays in locating the desired document, hence follow up steps should be taken to prevent misfiling.

2. Compactness

The filing system should be compact as far as practicable and it should make best utilisation of the available floor space because nowadays office space is costly.

3. Simple

The system of filing should be simple so that it can be easily understood. It should not involve elaborate procedures and complicated functions.

4. Economical

The filing system should be economical in time, space, money and operation. Use of special equipment sometimes brings economy in the use of space. Filing and locating letters should take less time.

5. Flexible

The filing system should be elastic such that it can meet future expansion and contraction. There should be sufficient scope for expansion of a filing system. When the records of a business increase the filing system should have the capacity for future expansion.

6. Safety

As a storage function a good filing system should ensure proper safety of the documents. Safety of documents from insects, fire and other threats is of greatest importance to the organisation.

7. Easy location

A good filing system should ensure easy location of records at the time of need. Location of records should not involve much expenditure and delay in finding.

8. Classification

A good filing system should be accompanied by a proper system of classification otherwise the primary purpose of filing will be lost.

9. Cross reference

A good filing system should facilitate cross reference of letters.

10. Retention

A good filing system is one which maintains live records for a particular period of time and dead records destroyed. So a good filing system should have a sound retention policy.

In addition to these 10 characteristics given by ISO 15489 -1:2001, a good filing system should have the following:

11. Indexing

All files committed to storage should be indexed to facilitate location, identification and retrieval.

12. Labelling

All files and their storage media should be clearly labelled to facilitate their location, identification and retrieval.

13. Storage media

Appropriate storage media should be used for each application. This ensures that records are properly housed and stored.

When further asked whether they were satisfied with the filing system used by BURS, all the three respondents indicated that despite the volume of records they were happy because they rarely struggle to locate files. They stated that the filing system helps them to identify missing files and it becomes easy to track such files.

4.2.2.1.4 Availability of File Indexes at BURS

Records creation results directly from the transaction of business. In most cases the way in which people and organisations do business results naturally in the creation of records. In other cases a record must be deliberately created because conducting the transaction by itself does not generate the record. Records that will meet accountability requirements and other needs of an organisation cannot be created or managed without an adequate record keeping system. Records management practices, and in particular records creation, must be systematised through policies, procedures and the application of best practices. Appropriate

controls should be built into filing systems to capture and identify accurate information required by an organisation (International Records Management Trust, 1999).

Filing systems can be organized in a variety of ways, but if an organisation has more than one drawer of files, the key to maintaining an effective filing system is a File Index. According to the Productive Environment Institute (PEI), a File Index 'is to a filing system what a Chart of Accounts is to Accounting.' The PEI goes further to explain that it is impossible to manage one's money without a Chart of Accounts, and it is impossible to effectively manage one's filing system without a File Index.

In this study we shall refer to a file index as a name or reference number that is given to a file. An organisation's ability to accomplish any task or goal is directly related to its ability to find what it needs when it needs it. A properly designed file index will allow the organisation to easily retrieve files as each file will be having its own name or reference number. There are two basic methods that are used for naming files: Alphabetical and Numerical and many filing systems use a combination of two. According to ISO 5963 (1985); a good file index should have the following characteristics:

- a) **Suitability:** The system should meet the individual users/departments' needs;
- b) **Good Maintenance:** In order to maintain a file index system the following are required: a good follow-up system (e.g. tracer cards), adequate security, a definite "weeding" policy, proper control of record creation and indexing additions, secure and adequate storage for archived material;
- c) **Adaptability:** The system should be sufficiently flexible to meet the future needs of the organisation;
- d) **Accessibility:** The system must enable the user to classify records in any desired manner and to retrieve them with certainty and without delay; and
- e) **Accountability:** There should be an in-built audit mechanism whereby failure to adhere to established practices and procedures is identified and rectified. File indexing systems can fail to operate effectively for a number of reasons such as overloading, duplication, lack of cross-referencing, obsolete correspondence, absence of a tracer system, inappropriate equipment, lengthy retrieval times, filing backlogs and an overall ad hoc approach to review and storage.

Other characteristics of a good file index not mentioned by the ISO 5963 (1985) are:

- f) **Terminology:** The indexing language should as much as possible stick to the language or terminology in use in the organisation e.g. if in medical environment, index terms should mirror medical terms;
- g) **Up-to-date:** The index should reflect the current holdings of the filing system and should be updated when new files are created and removed;
- h) **Exhaustivity:** An index should provide as many access points to the records as possible so as to facilitate user access;
- i) **Inclusiveness:** All the records in the filing system should be represented in the index, otherwise it becomes very difficult to retrieve those records which have not been indexed -- as the saying goes: "a file without a record (or index) is as good as a lost one"; and
- j) **Simplicity:** An index is primarily there to serve the user. Its design should therefore be simple so that it is easy to learn and operate by both the users and staff.

When asked whether BURS has a file index system in place, all the three respondents from the RMDU indicated that BURS has a file indexing system in place. Respondents also mentioned that the file index is updated whenever a new file with a new subject is opened. The response by the respondents indicates that BURS has a good file index system in place.

4.2.2.1.5 Procedures for managing semi-current records

According to Megill (2005), semi-current records are records which are referred to only occasionally but still have primary value. Well further indicates that these records are required so infrequently for current business that they should be transferred to a records centre pending their ultimate archiving or destruction.

Brasdher (1991) defines a record centre as a building, usually specially designed and constructed for storage, maintenance and communication of semi-current records pending their ultimate disposition. The Dictionary also indicates that a record centre is sometimes called an intermediate repository or limbo. The main difference between a records centre and a store for departmental records is that it receives records from many agencies and that it is manned by staff trained in the techniques for handling, retrieving and disposing of records in

bulk. They are usually provided and run by either the records management or the archival unit

Mazikana (1990) indicated that some organisations have set up a centralized body responsible for the storage and communication of these records while other organisations use privately owned storage facilities. Moreover, this facilitates the supervision and implementation of approved records conservation schedules. It ensures the transfer of records which have come to the end of their current life as well as the transfer or destruction of those which have fallen out of use.

Mazikana further states that semi-current records are transferred to a records centre in standard containers supplied by the records centre, accompanied by transfer lists, in accordance with procedures laid down by the records management unit. Whilst the records remain in the records centre, the transfer lists are used for the retrieval and disposal of records.

It is further argued by various authors that inactive records which have been transferred to a records centre will be retained for fixed periods, to be agreed upon in consultation with user departments, and then securely disposed off when these periods expire. Brigham & Houston (1998) also pointed out that in rare cases, it is not possible to allocate such fixed periods at the time of transfer and as such records will have to be reviewed at pre-determined intervals in light of their usage whilst in the warehouse.

The International Records Management Trust (1999), states that depositing of records at a records centre facilitates the appraisal process. Furthermore, not only does the records centre ensure that appraisal is done, but the transfer of the records leads to their listing and description which is an essential part of the appraisal process. In addition, records centres enable a number of processes to be carried out on records. The IRMT observes that having a clearly identified and specified destination for a record is one of the most basic and fundamental principles of managing records. It equates the absence of such specification to boarding a bus or train without an identifiable destination. All records must be appraised to determine the duration of their value. The appraisal process examines both their primary and secondary values and takes into consideration a multiplicity of factors ranging from their usefulness to the creating agency, the necessities of fulfilling various requirements of a legal or financial nature to their usefulness to researchers and others.

Cordano (1991) indicated that records appraisal is an absolute necessity and out of it should emerge a clear set of standing instructions for continuing series of records that enable such records to be dealt with in the manner specified. Nevertheless, records appraisal is a complex process with many far reaching implications and there must be a mechanism that ensures that as many factors and requirements as possible are brought into consideration before decisions are reached. The primary instrument for doing this is usually a Records Committee which brings together people from different levels and interested parties and includes representatives of the creating agencies and of the archival institution.

Security of the records preserved in the Records Centre is important. Records must be protected against unauthorized access, fire, water, dust and pests. Suitable filing equipment will also need to be put in place. This will include modern mobile bulk filing units, trolleys and furniture.

When asked on the existence of procedures for managing semi-current records, two of the three respondents indicated that BURS has laid down procedures on managing semi-current records while one said they were not sure whether such procedures existed or not. This might also be attributed to the disparity in the education level of the respondents.

As an international standard practice one will expect BURS to have clear procedures on managing semi-current records considering the value of the records that they handle to the nation. An organisation's ability to function effectively and give account of its actions will be undermined if sound records management principles are not applied. On the issue of managing semi-current records the United States' Public Procurement Oversight Authority concluded that 'Unorganized or otherwise poorly managed semi-current records mean that an organisation does not have ready access to authoritative information, to support sound decision making or delivery of programmes and services.'

4.2.2.1.6 Storage of semi-current and non-current records

As argued by Mazikana (1990), semi-current records can be stored at a records centre as it is a low cost storage for these records. This is done to move semi-current records out of the current system. A records centre can be onsite or offsite. An onsite records centre is based within the organisation while an offsite one is either owned by the organisation but at a different location or it can be a commercial entity.

The International Records Management Trust (1999) concurs that organisations operate in a complicated environment and as compliance becomes increasingly important, formal and authentic proof that decisions and actions have been taken, in turn, become more important. The IRMT further asserts that ‘gone are the days when staff who had worked in an institution for their whole career could be relied on as remembering all decisions that had been taken in the past: these days, a more professional and objective approach must be taken.’ Also, in these days of increased public sector transparency and accountability, organisations must be able to demonstrate with confidence the actions that they have taken. As a result of all these expectations organisations are duty bound to safely store their records including both semi-active and inactive. Having own facility for storing such records can be very expensive hence some organisations resort to storing their semi-current and inactive records at privately owned storage facilities. Nevertheless, some organisations have their own storage facilities.

Respondents were asked to indicate where BURS’ semi-current and non-current records are stored. Two of the three respondents indicated that BURS’ semi-current and non-current records are stored at commercial storage facilities. One respondent said they did not know where these records are stored. In response to the question, the Assistant Manager-RMDU confirmed what was mentioned by his juniors that old records are stored with commercial storages. However, he also indicated that BURS has established its own offsite records storage facilities and they are in the process of moving most of their semi-active and non-current records to these facilities. He added that the RMDU has an accession list of all these records held by commercial storages and the accession list is used to retrieve them whenever the need arises.

These responses were found to be consistent with international practice where organisations at times outsource the storage of their semi-active and inactive records with commercial storage facilities and where possible organisations use their own storage facilities.

4.2.2.1.7 Guidelines for transferring non-active records to the storage facility

Inactive records are those that are no longer needed to conduct the organisation’s business. Events in this phase of the lifecycle include closing records, optionally retiring them to off-site storage, and destroying or transferring them to the National Archives. Ham (1993) indicates that there are procedures to be followed before any record can be transferred from one location to another. These procedures include among others, obtaining authorization for such a transfer and a full description in sufficient detail to allow retrieval and access by the

transferring office or the office that has custody and control of the records. The Records Management Standards and Procedures further states that the specific procedures to be followed, and subsequently what documentation is required, will depend on: what is to be done with the records (according to the records schedule), where the records are currently stored and whether or not the transferring office is registered to apply the schedules.

The University of Glasgow's Archive Services (2008) lists the procedures to be followed when transferring records below.

Step 1: Obtain Standard Boxes

Standard sized boxes are required to store your records.

Step 2: Obtain an Accession Number

An accession number is a unique reference number for your deposit and is used to manage your records.

Describe to the Duty Archivist:

- the series of records you are proposing to transfer;
- the approximate date range and number of boxes;
- your full name, office and contact number; and
- confirm that your department has an agreed records retention schedule.

This information is necessary in order to confirm that the material that you wish to transfer is on the retention schedule. To prevent unnecessary delay, this information should be provided at the point of first contact.

Step 3: Pack Records in Standard Boxes

Pack the boxes safely for lifting and write the accession number and individual box number on each side of each box. Due to the Data Protection Act, organisations are required to not mark any information about their records except the accession number and box number on the exterior of the boxes.

Boxes should not be overfilled. The receiving authority reserves the right to return boxes that are overfilled or broken. Records to be destroyed at the same time should ideally be grouped together.

Step 4: Complete the Transfer of Records Form

The records transfer form describes the box contents of the records being transferred. It assists records centre staff in quick and efficient retrieval of records. Data Protection or Freedom of Information requests timely destruction of confidential files and accurate archival appraisal. All files have to be listed on one document. Organisations are encouraged not to make a separate list for each box.

The Records Transfer Form includes:

- **Accession number:** A unique reference number for the deposit, provided by the Duty Archivist;
- **Box number:** Box number of the file;
- **File number:** File number in the box;
- **Previous reference (optional):** The file number used by the organisation (i.e. the organisation's current filing system). Providing this information may assist the organisation with later retrieval from the records centre;
- **Description:**
 - A description of the file contents. Organisations are urged to use the terminology as defined in their retention schedule to describe the file.
- Individual files have to be listed on each line. If the files have been listed by a person's name, list each person's name per line;
- **Start date:** The date the file was opened (usually) or the date of the earliest document in the file;
- **End date:** Date of the oldest document in the file; and
- **Action code:**
 - There are two action codes: D=Destroy records, A=Archival.
 - Place 'D' on the line for which you believe a record can be destroyed sometime in the future. If the record is archival, place 'A' on the line.

Step 5: E-mail the transfer of records form to the Duty Archivist

When the Records Transfer Form is complete, save it in Excel, and send it in an e-mail attachment to the Duty Archivists. The form will be checked to ensure that all of the data is correct, and the organisation will then receive confirmation that the transfer of its boxes has been authorised.

Step 6: Request transfer by Estates and Buildings

Once the organisation has received confirmation, submit a works request to Estates and Buildings to pick up the boxes. Once they have been retrieved from your office please telephone the Duty Archivist to let them know that the boxes are being delivered. Once the Duty Archivist has received and processed the boxes they will send an up-to-date list of all the records the organisation has deposited.

All the three respondents said BURS has guidelines on transferring non-active records to commercial storage facilities. Even though these responses are contradictory to what was earlier said by one of the respondents, the responses are accurate as these procedures are clearly outlined in the BURS Records Management Procedures Manual of 2009.

Even though the respondents were not asked to state the procedure, the fact that BURS has procedures in place was found to be in line with international best practice on the transfer of records.

4.2.2.1.8 Availability of an accession list for non-active records

Hurley (2004) defines an accession list as a list of records or volumes added to an archival collection. In addition, this collection should show the chronological order of the addition and including accession number and bibliographic information. Hurley further asserts that proper accessioning or cataloguing of records ensures that they can be retrieved quickly and easily.

According to the International Records Management Trust (IRMT), (1999), when Accessioning Records into the Archives the following must be taken into considering: what body or person has transferred the material to the archival institution, exactly what has been transferred and precisely what has been done to the material by the archival institution during the process of receiving and accessioning the material. IRMT further states that: 'This information is needed so that the archival repository can account for its actions and can preserve

information about the provenance of the material. Repository staff will be responsible for the safe custody of the records during their transfer and accessioning and for ensuring that all paperwork is accurate and up-to-date.’

The IRMT (1999) further posits that in accordance with international records centre procedures, the following should be done when transferring records to a records centre: ‘appraisal and selection for transfer according to the disposal schedule, cleaning and tidying, removal of ferrous metal pins, clips, staples, and so on (these will rust and damage the records and, if possible, should be replaced by plastic or a non-ferrous metal such as brass), labeling items with necessary identifying information, boxing (if boxes are not available, material should be tied in orderly bundles with paper protection), listing, giving the name of the series, the original agency file numbers and titles and the covering dates (in cases of transfer within the organisation, the records centre transfer list will normally be used for this and can be annotated to show the series and pieces transferred) and finally completing an accessions form.’

The three respondents who answered the question indicated that BURS has an accession list on all non-active records which are stored at commercial storage facilities. Even though the researcher did not ask to inspect the accession list, this was viewed as being in line with international practice where records owners have an accession list of all their non-active records irrespective of where they are stored. This view is supported by the IRMT (1999) when it states that all archived materials should have an accession list which should be kept by the repository and the records owners.

4.2.2.2 Views of the Audit unit on records keeping practices by taxpayers

Employees from both Income Tax Audit and Value Added Tax Audit were asked to provide information on the following:

1. Awareness on any legal or regulatory requirements for taxpayers to keep records;
2. What these legal or regulatory requirements are;
3. Tax payers’ awareness about these legal or regulatory requirements;
4. Any set standards for records keeping laid down by Audit Unit for taxpayers;
5. What these set standards are;

6. Extent of adherence by taxpayers to these standards; and
7. Classification of taxpayers according to their cooperation during audits.

4.2.2.2.1 Awareness about legal and regulatory requirements for tax payers to keep records

Respondents from the Audit Unit were asked to state whether they are aware of any legal requirements for taxpayers to keep records. This question was asked because the literature reviewed indicated that most revenue laws expect taxpayers to keep proper tax records which include sales receipts, ledger books, bank statements and any other document which has to do with the taxpayer's finances. The USA's Internal Revenue Service (IRS) also states that during a tax audit 'the IRS has expansive authority in requesting electronic files and software from the taxpayer. These electronic files can include the original backup files of electronic accounting software, such as Quick books.' This indicates that if a tax payer does not keep proper records a tax audit will be practically impossible.

The researcher also asked respondents to state whether taxpayers are or not aware of these legal requirements as there is no way that tax payers can comply with something that they are not aware of. These legal requirements for Botswana taxpayers to keep records will be addressed in 4.2.2.2.2 below. The requirement for taxpayers to keep records is an international practice as evidenced by the revenue laws from selected countries.

The United Kingdom Revenue Services (2008) requires taxpayers to keep records as follows: 'If you have to fill in and send us a tax return, the law says that you should keep all the records and documents you need to enter the right figures. If we need to check your return, we may ask to see the records you used to complete it. If you do not keep adequate records or you do not keep your records for the required period of time, you may have to pay a penalty.'

The UK Revenue Service further states that 'every organisation needs records in the conduct of its business, to enable decisions to be made and action taken.' Shepherd & Yeo (2003) also state that without the creation of sound records the organisation cannot be able to fulfil its mission and vision. Therefore, this study sought to determine the level of awareness by the audit staff on whether taxpayers are aware that they should to keep records.

Out of the 22 respondents, 20 (91%) said that taxpayers are legally required to keep records while two said they were not aware of any legal requirements for taxpayers to keep records.

The response by 91% of the respondents was found to be in line with international practice as the literature shows that the Public Records Act 2002, Section 15 (g) and the Financial and Performance Management Standard 2009, both of the USA require agencies to establish a financial information management system. They further state that ‘an effective system is one of the essential functions supporting the preparation of an agency’s financial statements and management reports through: verification of the completeness and accuracy of data, assistance in the completion of the audit process and reduction in the opportunity for fraud.’

4.2.2.2.2 Legal and regulatory requirements for taxpayers to keep records

As a follow up question of 4.2.2.2.1, the respondents were asked to name these legal or regulatory requirements for taxpayers to keep records. This was asked in order to find out whether the revenue service employees themselves are aware of these legal requirements.

Of the 22 responses, 20 or (91%) named the Income Tax Act and Value Added Tax Act as the revenue laws requiring tax payers to keep records.

These sections clearly indicate that the majority (91%) of respondents are well informed on the laws governing their mandate.

4.2.2.2.3 Taxpayers’ awareness about legal or regulatory requirements for them to keep records.

The Value Added Tax Audit and Income Tax Audit units of BURS employees earlier on mentioned that when they go out to audit taxpayers, they rely on taxpayers’ records in order to carry out successful audits. Therefore, the researcher asked them to share their experiences from these audits by stating whether the taxpayers are aware of these legal requirements for them to keep records. The researcher found this necessary because it would not be appropriate for BURS to expect taxpayers to comply with something that they are not aware of.

Out of 22 respondents, 18 (82%) said that taxpayers are aware of these legal or regulatory requirements mentioned in 4.2.2.2.2 above. However, 3 or (14%) of the respondents mentioned that taxpayers are not aware of these requirements. They indicated that this ignorance becomes evident when the relevant sections of the legislation are read out to the

tax payers. 1 or (5%) of the respondents said they did not know whether taxpayers are aware of these requirements or not.

The fact that 82% of the respondents indicated taxpayer's awareness of what is required of them, means that they are more likely to comply unlike when they are not aware. When clarity was sought on what has been done to accommodate those taxpayers who are not aware of the legal requirements to keep records, the respondents explained that the taxpayers claim ignorance of these requirements only when they had failed to comply with them. The Regional Revenue Manager (Lobatse) also indicated during the interview that at times taxpayers ignore these requirements deliberately as they keep their records in other languages apart from English or Setswana. The response by the Regional Revenue Manager was viewed as a validation of the use of the Planned Behaviour Theory for this study as the taxpayers' actions of deliberately keeping their records in other languages apart from English and Setswana is a behaviour that is planned by the tax payers in order to avoid inspection of their records.

4.2.2.2.4 Record keeping requirements for tax payers laid down by the Audit Unit

Respondents were asked to state whether the Audit Unit has its own requirements on record keeping practices by taxpayers. This was asked so that it could be determined whether these requirements were in line with requirements outlined by the Value Added Tax Act (2002) and the Income Tax Act (1995) and other international practices on keeping tax records. The requirements by these two Botswana revenue laws are discussed in 4.2.2.2.2 above.

According to Mthonjeni (2010), the South Africa Revenue Service (SARS) requires taxpayers to keep the following records for tax purposes: staff records for three years; Record for Capital Gains Tax for four years after date of tax return; bank statements, invoices, sales and purchases, salary and wage registers, VAT records, tax returns and assessments, year-end working papers and other general documents for 5 years; Cheques and bills of exchange, and stock sheets for six years; all financial statements, fixed asset registers, accounting records, and company statutory records for 15 years; and finally all close corporation statutory records and records of trust monies should be kept indefinitely.

When asked on whether the Audit Unit has set requirements on record keeping for taxpayers, 13 respondents or 64% said that their department has set requirements on records management that they expect taxpayers to adhere to. On the contrary, seven respondents or

32% said there are no such requirements while two respondents said they did not know whether such requirements existed or not.

The researcher asked a follow up question in order to find out whether the people tasked with the responsibility of enforcing the revenue laws have an idea of how they should carry out their mandate. Therefore, the respondents were asked to mention the set requirements by the Audit unit on taxpayers' records keeping practices.

10 respondents or 45% referred back to Part VIII, Section 51 of Value Added Tax Act of 2002 and Part IV, Section 26 of the Income Tax Act of 1995 which require taxpayers to keep their records in Botswana in English or Setswana for a period of seven (7) years.

7 respondents or 32% did not give any response for this question while 5 respondents said they did not know these set requirements.

These findings mean that, though mandated with enforcing the revenue laws that require taxpayers to keep records, some BURS employees or (32%) of the respondents are not aware of the requirements for taxpayers to keep records. This scenario might make the process of tax administration very difficult for BURS. Similarly, tax payers have the duty to comply with the requirements to keep records as this does not only protect them against litigation but also preserves their corporate memory and fosters accountability and good governance. Millar (2003), notes that records in organisations should be viewed as a precious resource and a winning strategy in this competitive world of business.

The responses to the follow up question means that the Audit unit employees know which statutes to rely on when auditing taxpayers as the majority of those who responded to the question pointed out to the relevant sections of the revenue laws that they have to enforce. Therefore, if the taxpayers can be well informed on the need to comply by these revenue laws they will keep their records in order hence successful tax administration by BURS.

4.2.2.2.5 Taxpayers' adherence to the legal and regulatory requirements to keep records

Respondents were further asked to rank taxpayers' adherence to these requirements and the table below shows how they responded.

Table 4.1 showing taxpayers' adherence to revenue laws

Do all taxpayers abide by these requirements?		
Yes	No	Total
1	21	22

Source: Field data (2013)

As indicated in Table 4.1, 21 respondents or 95% indicated that tax payers do not always adhere to the set requirements for records management. This might be attributed to tax payers' ignorance of the stated legislations or their reluctance to pay tax. This also gives weight to the Planne Behaviour Theory as ignoring legislations and reluctance to pay tax shows someone's attitude towards an activity. The taxpayers choose to behave in this particular manner and therefore, they deliberately plan to behave so.

According to Alm (1995), tax payers do not like paying taxes, and they take a variety of actions to reduce their tax liabilities. As a result of this dislike tax payers can evade taxes by underreporting incomes, sales, or wealth; by overstating deductions, exemptions, or credits; or by failing to file appropriate tax returns. Failing to file appropriate tax returns amounts to failure to keep proper records hence the set requirements on taxpayers to keep proper records very appropriate.

The United States of America's (USA) Ethical Standards for Tax Professionals (2005) also states that: 'while most people who prepare tax returns and represent taxpayers before the IRS are professional, honest and provide excellent service to their clients, unfortunately there are some who do not maintain ethical standards and follow the law.' This shows that the problem of failure to adhere to set requirements on keeping records for tax purposes is not only peculiar to Botswana but even to developed countries such as the USA.

4.2.2.2.6 Classification of tax payers according to their cooperation during audits

Respondents from the Audit Unit were further asked to rank tax payers according to how they adhere to the set records keeping requirements. This was asked to get an idea of the status of records keeping practices by different taxpayers. In addition, it would assist to gauge whether records keeping practices play any role in adherence to revenue laws. The findings are captured in Table 4.2.

Table 4.2 Classification of taxpayers according to their cooperation during audits

Among the registered taxpayers, which ones make your regular audits easy			
Those abiding by the set records keeping standards	Those not abiding by the set records keeping standards	All the taxpayers	Total
20 (91%)	2 (9%)	0 (0%)	22 (100%)

Source: Field data (2013)

Table 4.2 shows that 20 respondents or 91% indicated that taxpayers who abide by the set records management requirements make the Audit Unit’s regular audits easy hence successful tax administration while 2 respondents or 9% said their regular audits are made easy by taxpayers who do not abide by the set records management requirements. These findings mean that by and large audit officers would like taxpayers to have their records in order as it makes their work easy.

Audits are a critical component of the compliance activities of revenue authorities. The issue of tax payers who do not adhere to set requirements for records keeping is summed up by the Organisation for Economic Co-operation and Development (2004), as follows: ‘the actions of taxpayers, whether due to ignorance, carelessness, recklessness, or deliberate evasion, or weaknesses in administration, mean that instances of failure to comply with the law are inevitable.’ As a result of these failures, governments and communities are denied the tax revenues that they need to provide services to citizens.

4.2.3 Objective 3: Difficulties faced by BURS Audit Unit in auditing taxpayers who do not keep proper records

One of the objectives of this study was to investigate the challenges or difficulties faced by the Audit Unit in auditing taxpayers who do not keep records according to the prescriptions of the tax legislations. Respondents were drawn from the Income Tax and Value Added Tax audit and were asked to provide information on the following:

1. Types of records that their unit usually audits when inspecting taxpayers;
2. Whether they are always given full access to records by taxpayers;
3. Reasons for denial of access if any; and

4. Action taken against those found not to be conforming to set requirements for records keeping.

4.2.3.1 Types of records required during audit visits

According to the Organisation for Economic Co-operation and Development – OECD (2006), in auditing taxpayers, auditors examine whether correct assessment and reporting of tax liability has been fulfilled by tax payers. OECD further explains that all audit activities rely on the books and records kept by taxpayers. Throughout the world, the legal requirements for record keeping only vary according to the level of detail required. This may also depend on the type or size of the taxpayer being audited.

Out of the 22 respondents to the question, 20 (91%) indicated that their audits are usually premised around inspecting financial records. Some respondents were even more specific that they look at bank statements, receipt books, ledger books and government purchase orders. They indicated that these records are the ones that will inform them whether the taxpayer is paying the right amount of tax or not. Two respondents mentioned that audit entails inspecting all the information kept by the taxpayer in order to check whether the taxpayer is concealing some information or not.

These responses indicate that the Audit Unit carries out its activities in line with international practice. Barata et al. (2001) sums up international practice as they opines that tax auditors should be given access to all tax-relevant information such as books and records, bank statements, trade letters and contracts which are essential to determine the correct amounts of tax due.

4.2.3.2 Level of access to tax payer records

Respondents were asked whether they are always given full access to the required records or not. ISO 15489-1: 2001 clause 9.7 states that organisations should have formal guidelines regulating access to records and in what circumstances. In addition, this clause states the regulatory environment in which the organisations operate must establish principles on access and restrictions as some of these records contain personal, commercial or operational sensitive information. Of the 22 respondents, 10 or 45% indicated that access to records is always granted while 12 respondents or 55% said that it was not easy to access taxpayers' records.

This response by the 12 respondents might be a hint to the reality that not all taxpayers are conforming to the expected requirements of record keeping.

4.2.3.3 Reasons for denial of access

As a follow up question, respondents were asked to give reasons why they are denied access to records. This was asked so that the researcher could be in a position to determine whether denial of access is as a result of poorly kept records or intentionally avoiding paying tax.

From the 22 respondents, 9 or (41%) said that taxpayers deny them access to records because such taxpayers have incomplete records or poor system of record keeping. They mentioned that some taxpayers' records are poorly kept. A closer assessment of this response indicates that, in this case, taxpayers are not denying access but they do not have proper records keeping practices as such it cannot be termed denial of access.

The same number of respondents (9) indicated that taxpayers deny them access to records because they do not declare the correct amounts of profits to BURS. On the other hand, four (4) respondents said that they think that they are denied access because taxpayers feel that BURS is always out to punish them. They view BURS as an organisation that is always after their profits. In addition to thinking that BURS wants to take their profits, respondents indicated that at times tax payers give issues of confidentiality as reasons for denial of access.

4.2.3.4 Remedial measures taken to ensure taxpayers avail records for tax purposes

The respondents were asked to state measures that are taken to ensure that taxpayers avail their records for tax examination. This was asked in order to find out whether BURS has any legal instrument that it can enforce when taxpayers do not adhere to requirements for records keeping. The responses also helped the researcher to assess whether this legal instrument is in line with international practice or not and whether the instrument will improve taxpayers' records keeping practices or not.

From the 22 respondents 13 (59%) of them said that BURS has embarked on educating taxpayers on proper ways of keeping records as this is seen as the answer to problems surrounding tax administration. On a different note, 2 respondents said they did not have any ideas on what is being done to improve tax administration. However, 7 respondents gave suggestions on what can be done. Such suggestions included auctioning tax defaulters' property and putting in place stringent measures in order to improve tax administration.

In its presentation at a workshop organised by the Botswana Institute of Accountants in 2010, BURS reiterated the need to enforce revenue laws in order to facilitate compliance. Another strategy that was viewed as viable was the sending of reminders to taxpayers. The revenue laws singled out at the workshop are: Income Tax Act (1995), Sections 117 and 118 which stipulate penalties to be imposed on defaulters. Income Tax Act, Section 109 and Value Added Tax Act (2002) Section 40 both give BURS' Commissioner General the power to apply for signing of Garnishee orders as a way of recovering whatever could be owed to the tax authority by the taxpayer. Enforcing revenue laws and sending reminders to taxpayers are all aimed at changing taxpayers' behaviour towards records management and tax compliance as such these support the Planned Behaviour Theory as used in this study.

4.2.4 Objective 4: To establish how far BURS adheres to ISO 15489-1 in its records management practices

To meet the demands of this objective, the researcher investigated the current practices of records management throughout the records life cycle by BURS and their role in successful tax administration. To achieve this, the researcher interviewed the Assistant Manager – Records Management and Documentation Unit (RMDU) and the Regional Revenue Manager based in Lobatse. The Assistant Manager – RMDU was interviewed because he is responsible for the day to day running of the RMDU. The Manager – RMDU carries out administrative duties and she is not involved in the day to day activities of the RMDU. On the other hand, the Regional Revenue Manager was interviewed because she is responsible for the audit unit in the Lobatse regional office. Although carrying out different duties, the two were asked questions that helped the researcher to assess whether BURS adheres to ISO 15489-1 section 7.1 which provides 11 basic principles for best practices in records management. Almost all the responses used here were from the Assistant Manager – RMDU. One response from the Regional Revenue Manager was used in addressing item 4.2.4.4.

Both interviewees were asked to provide information on the following.

1. Type of records created by BURS, and information included in the records;
2. Form and structure of records created and captured, and the technologies used;
3. Preservation of records and making them accessible over time, in order to meet business requirements and community expectations;

4. Opportunities for improving BURS' effectiveness, efficiency or quality of its processes, decisions, and actions that could result from better records creation or management;
5. Ensuring that records are retained only for as long as needed or required; and
6. Ensuring that records are maintained in a safe and secure environment.

4.2.4.1 Types of records created by BURS

This question was meant to cater for ISO 15489-1 section 7.1 principle (a) which determines what records should be created in each business process, and what information needs to be included in the records. As BURS deals specifically with tax revenue collection one will expect BURS to be dealing with records carrying information that is tax related.

In his response the Assistant Manager-RMDU indicated that BURS has records on all registered taxpayers. He clarified that the moment a taxpayer registers for tax purposes a record is created for them. This record will reflect; the day on which the taxpayer registered, type of tax being registered for and if the taxpayer is a business entity, nature of business will also be reflected.

According to the ISO 15489-1(2001:7), 'a record should correctly reflect what was communicated or decided or what action was taken. It should be able to support the needs of the business to which it relates and be used for accountability purposes. As well as the content, the record should contain, or be persistently linked to, or associated with, the metadata necessary to document a transaction as follows: the structure of a record, that is, its format and the relationships between the elements comprising the record should remain intact; the business context in which the record was created, received and used should be apparent in the record including the business process of which the transaction is part, the date and time of the transaction and the participants in the transaction, and the links between documents held separately but combining to make up a record, should be present.'

Considering the response given by the respondent and the ISO 15489-1's description of what a record entails, we can safely say that in creating records for taxpayers, BURS conforms to the expected requirements.

4.2.4.2 Form and structure of records created and captured, and the technologies used

The RMDU's Assistant Manager was asked to state the format in which BURS keeps taxpayers' records; whether in paper or electronic formats? He was further asked to elaborate his response. This question covered principle (b) of section 7.1 of ISO 15489-1 which concerns itself with the form and structure of records created, captured, and the technologies used to keep such records.

The respondent informed the researcher that BURS keeps records in both paper and electronic format. He further indicated that there are policies in place guiding BURS on how it should deal with each record format. He further mentioned that in dealing with electronic records they work closely with the IT department which downloads all emails onto compact disks which are later passed to the RMDU. He said this is done on monthly basis.

The ISO 15489-1 states that records systems should be designed so that records will remain authentic, reliable and useable throughout any kind of system change, including format conversion, migration between hardware and operating systems or specific software applications, for the entire period of their retention.

4.2.4.3 Preservation and accessibility of records

According to Shepherd & Yeo (2003), a records retention schedule describes a record series and sets a minimum period of time for which the records must be retained before final disposition of the records can be made. Every record series must have an approved retention schedule in place before records from that series can be destroyed or otherwise disposed off. Retention and disposition requirements stated in records retention schedules are based upon the administrative, legal, fiscal, and historical values of each record series.

The respondent was asked whether BURS has any records retention schedule and to elaborate on his response to the question. This question was meant to cover ISO 15489-1, section 7.1, principle (g) which deals with preservation of records and making them accessible over time, in order to meet business requirements and community expectations. BURS as one of the revenue earners for Botswana, has a duty to preserve records which have a long lasting value as they may be useful in the future.

The response was that BURS has a retention schedule which lists all records held by BURS. He stated that the RMDU uses that schedule for appraising records. He further noted that apart from appraising records the RMDU also regularly inspects the records.

From this response, one may say that BURS's records management system meets the requirements of ISO 15489-1 as these international standards require that; 'Records systems should be capable of facilitating and implementing decisions on the retention or disposition of records. It should be possible for these decisions to be made at any time in the existence of records, including during the design stage of records systems. It should also be possible, where appropriate, for disposition to be activated automatically. Systems should provide audit trails or other methods to track completed disposition actions.' (p.10)

4.2.4.4 Records Management and BURS' operational efficiency

In addressing principle (k) of section 7.1 of ISO 15489-1, which states that organisations should be concerned with identifying and evaluating opportunities for improving the effectiveness, efficiency or quality of its processes, decisions, and actions that could result from better records creation or management, the respondent was asked to state the challenges faced by the RMDU in carrying out its duties?

The RMDU's Assistant Manager confirmed that the RMDU has serious constraints when it comes to resources, human and storage in particular. He stated that there were only four (4) people qualified in records management in the whole organisation. Storage is also a problem as BURS does not have spacious storage facilities within the organisation and they have since outsourced storage to commercial storage facilities. BURS also lack the capacity to carry out efficient and effective records management work. The other constraint that he mentioned is the lack of or low awareness on importance of records on the part of the tax payers.

The Regional Revenue Manager responded by saying that most tax payers are ignorant of the revenue laws thus emphasizing records management. As such in some instances Auditors are confronted by incomplete records which make auditing impossible. In addition, she said some tax payers also do not file their returns. The interviewee emphasized that, for Value Added Tax, tax payers have to submit returns monthly but sometimes some tax payers go for months without filing as such BURS will have an incomplete record on such taxpayers. Another challenge that she said her unit faced was Tax Consultants. She explained that Tax Consultants are a challenge because some tax payers have outsourced calculations for paying

tax to tax consultants and in some instances BURS will find out that a tax payer has been giving money for tax purposes to the tax consultant only for the consultant to keep that money and never pass it to BURS.

Kidd and Crandall (2006) in a working paper for The International Monetary Fund titled *Revenue Authorities: Issues and Problems in Evaluating their Success*, opines that ‘a critical impediment to change for tax administrations is that they were traditionally a part of the general civil service. This, he opines, has led to situations where salaries are low, qualifications of staff poor and hiring subject to political patronage. Revenue administrations, Jenkins states, need to be more like the central banks with good pay, equipment and facilities.’ (p.16)

Based on the above assessment, Jenkins called for a restructuring of revenue administrations to provide independence in the same manner as central banks. They should be able to independently appoint Chief Executive Officers for a specified term; have authority to establish operating policies; clear and transparent objectives; and a measure of financial independence. In this way may be BURS will be able to solve its human resource constraints in the RMDU.

4.2.4.5 Retention of records

Another question asked was for the Assistant Manager to state whether the RMDU ever destroys any records and was asked to elaborate on the response? The question was meant to cater for principle (j) of section 7.1 of ISO 15489-1 which concerns itself with ensuring that records are retained only for as long as needed or required.

The records management position oversees the entire life cycle of records, including determining the retention schedule and when records should be destroyed. The schedule must comply with regulations, policies, business and legal requirements of the organization. The schedule should specify the procedures for placing a legal hold on documents if they are needed for litigation and the appropriate method for disposing off various types of outdated records. The records manager will consider security, confidentiality and environmental issues in determining disposal methods. (ARMA International, 2013)

In response, the Assistant Manager stated that the RMDU destroys records from time to time because BURS has not been destroying worthless records in the past. He mentioned that the

RMDU has a backlog of worthless records and he was optimistic that the situation will stabilise with time because many of these worthless records would have been destroyed.

The retention or disposal of records should be considered in the light of both business and legislative requirements, taking into account the cost of retention and the use to which the records might be put in the future. On this note, we can safely say the RMDU is following international practice in disposing off records that are viewed as worthless for the organisation.

4.2.4.6 Security of records

The respondent was asked to state what happens to old records not destroyed, where they are stored and who manages them? This question covered principle (i) of section 7.1 of ISO 15489-1 which deals with ensuring that records are maintained in a safe and secure environment.

According to The National Archives: Guide 8, Disposal of Records (2011), if an organisation does not have an in-house archives service the first step is to decide which archives service should preserve the records. In the case of public records this decision is made for the organisation because public records with archival value must be transferred to The National Archives. The second step is arranging the transfer of records. If the records are not public records it is a matter of following the transfer procedures of the archives service to which the records will go. Transfer procedures cover such matters as: whether records should be boxed before transfer and, if so, the box requirements (material and dimensions) and how they should be packed, for digital records, the format and medium to be used, what supporting documentation should accompany the records. In addition, original file lists, schedules, databases or other documentation will provide the archives service with invaluable information about the records. For digital records, metadata should be transferred with the records to which it relates. Metadata will include information about the context in which the records were created, their structure and how they have been managed and used over time.

This response gave an idea that BURS follows all the laid down procedures in transferring their inactive records to the commercial storages. The fact that BURS has an accession list on these records means that they are often retrieved when the need arises.

4.3 Summary

The results of the study show that records play a very important role in carrying out of BURS' mandate of tax administration. The responses from the interviews specifically declared that records play a very important role throughout the process of tax administration. A record is created at the initial stage of registration by the taxpayer. From here it is a record throughout the whole process. Furthermore, as Botswana's Income Tax here is self assessed, tax payers pay what they feel is due to BURS and then BURS has to cross check against the records whether what has been paid is what has been declared by the tax payer through tax returns which are kept as records.

The interviews also revealed that sometimes tax payers forget what they have declared and pay more or less than what they ought to pay. Therefore, records come in handy in making sure that what has been declared is what is paid. This manipulation of records by tax payers also gives substance to the Theory of Planned Behaviour for this study. The fact that some respondents indicated that some tax payers deliberately keep their records in other languages apart from Setswana and English or keep them outside Botswana further verifies the planned behavior theory as such tax payers plan this kind of behaviour.

Interestingly, Taxpayers are also required by law to provide BURS with their cash flow statements which forms part of the record and this helps BURS in determining whether one can pay or not. Sometimes tax payers claim that they are not able to meet their tax obligations because they are not making enough money so cash flow statements will show BURS whether what taxpayers are saying is true or not.

Several of the respondents from the Audit unit have also rightly pointed out that there cannot be any audit without records. It is also apparent that without records some taxpayers will do everything possible not to pay what is due to the government. Moreover, the study revealed that BURS management knows very well the value of records to the success of their organization. The RMDU is also doing its best as exemplified by the presence of records management policies despite resource constraints that they are currently facing. However, inadequate number of qualified records management human resource throughout the organizations' different branches in the country negates the good work so far done in records management. The fact that people from other BURS departments know the value of records to their work is very encouraging.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

The study investigated the role of records management in tax administration at BURS and was premised on the following objectives:

1. To establish the relationship between tax administration and records management;
2. To assess whether Botswana Unified Revenue Service has set standards for records management practices for all tax payers;
3. To find out the difficulties faced by BURS' audit unit in auditing tax payers who do not keep proper records; and
4. To establish BURS adherence level to ISO 15489 in its records management practices.

5.2 Findings and Study Objectives

In this chapter the findings are discussed and linked to the theoretical frameworks, hypothesis and literature review. This will be done according to findings per study objective.

5.2.1 Objective 1: Relationship between Tax Administration and Records Management

A total of 27 respondents from both the RMDU and Audit Unit gave their responses to the question whether there is any relationship between tax administration and records management. Of the 27, 25 answered questionnaires while 2 were interviewed. A total of 23 respondents indicated that there is a relationship between tax administration and records management. This represented 85.2% of the total respondents and this indicated that this study objective has been achieved as the study sought to establish whether there is any relationship between tax administration and tax administration.

In his position paper titled 'Surviving a BURS Audit', Dixon-Warren (2012) who is a partner at KPMG, surmised that 'The selection of a taxpayer for an audit is based on a number of different criteria including historical compliance record.'

For the BURS to refer to ‘historical compliance record,’ there must be records in place to be examined, hence the relationship between records management practices and tax administration. Dixon-Warren further states that ‘the key to surviving a BURS audit is to ensure that you have all the necessary documentation filed in such a manner to allow for easy access.’ In addition to the above views, Marobela (2005) stated that business records should be managed for them to comply with regulatory, legal and ethical requirements.

This view of records playing an important part in tax administration is corroborated by Van Der Watt (1999) as he stated that ‘the taxpayer’s duty to disclose information for the purposes of a tax audit is quite extensive as besides actual accounting records, all other material and assets that might have a bearing on taxation must be disclosed.’ He further states that the tax auditor decides what these materials and assets are. In addition, Van Der Watt argues that material stored in electronic form is also subject to disclosure. Moreover, it is further argued that accounting records and other material subject to disclosure must be provided for a tax audit even if they contain confidential information from the taxpayer’s point of view.

The relationship between records management practices and tax administration in Botswana is summed up by The Australian Tax Office (ATO) in its paper titled ‘Tax Evasion and Avoidance’ (2012), as follows: ‘The most common types of avoidance and evasion in Botswana are concealment of tax base through non-filing or underreporting, overstatement of deductions/exemptions and shifting of tax base through transfer pricing and debt financing. The form of evasion by self-employed individuals is commonly non-filing and failure to keep records.’

This study also employed the Planned Behaviour Theory and we can conclude that acts of avoidance and evasion are planned human behaviours and this supports the use of Planned Behaviour Theory in the study. Tax payers who deliberately; falsify their records, underreport their profits and overstate deductions plan these kinds of behaviours hence the relevance of the theory.

The hypothesis of this study was that proper records keeping systems by tax payers facilitate administration of tax while on the other hand lack of records keeping systems impedes tax administration. This hypothesis has been tested and proved correct by the findings of the

study. The majority of the respondents (85.2%) did indicate that properly kept records help BURS in carrying out its mandate of tax administration.

As indicated in the literature review Makhura (2005) highlights the correlation between proper records management and improved performance of an organisation to ensure competitive survival. The author further argues that records constitute the most vital resource and are essential for the operation of organisations. To that end we can conclude by stating that revenue authorities just like any other organisation need records for successful performance of their mandate.

5.2.2 Objective 2: Tax payer's records keeping requirements

The study sought to find out whether there are any set standards for tax payers to keep records. The respondents were asked to state whether there are any set standards in place obliging tax payers to keep records and to name such statutes if there are any. There were 24 responses for this question and of these 22 respondents said there are sections in the Income Tax Act and Value Added Tax Act requiring tax payers to keep records. This represented 91.7% of the total respondents. When the researcher read through the mentioned tax legislations he came across the following sections:

- Part VIII, Section 51 of Value Added Tax Act (2002) on record keeping reads thus: A registered person or any other person liable for tax under this Act, shall maintain in Botswana in the English or Setswana language-;
- Original tax invoices, tax credit notes, and tax debit notes received by the person;
- A copy of all tax invoices, tax credit notes, and tax debit notes issued by the person;
- Customs documentation relating to imports and exports by the person;
- Accounting records; and
- Any other records as may be prescribed by the Commissioner General.
- Records required to be maintained under subsection (1) shall be retained for at least seven years after the end of the tax period to which they relate.
- A person who fails to maintain proper records in accordance with this section commits an offence and is liable on conviction-

- where the failure was made knowingly or recklessly, to a fine not exceeding P10,000 or to imprisonment for a term not exceeding two years, or to both; or
- in any other case, to a fine not exceeding P5,000 or to imprisonment for a term not exceeding one year, or to both.
- A person who fails to maintain proper records in a tax period, in accordance with the requirements of this section, is liable to a penalty of P100 per day for each day or portion thereof that the failure continues.

On the same note, Part IV, Section 26 of the Income Tax Act (1995), states that:

- “ Every person carrying on any business shall keep a proper record in English or in Setswana of his or her business transactions;

In this section "a proper record" means-

- In the case of a business of farming carried on by any person other than a company, such records as the Minister may prescribe; and
- in the case of any business other than a business referred to in paragraph (a), such records or books of account as the Commissioner General considers reasonable to reflect the true and full nature of the transactions of the business, regard being had to the nature of the activities concerned and the scale on which they are carried on;
- In relation to any business to which subsection (2)(b) applies, the Commissioner General may, in the case of any person or class of persons, direct the method of accounting or the manner in which payments should be made or commercial transactions should be recorded.”

As indicated in the literature review, this requirement is in line with the requirement by other revenue authorities such as the Australian Revenue Authority, Tanzania Revenue Authority and the United Kingdom Revenue Services. The Organisation for Economic Co-operation and Development (2006) also states that: ‘Books and records should be recorded in the language of the country where the taxpayer has his head office or in the language of the country where the subsidiary or permanent establishment resides. There are some exceptions from this basic rule. In some cases, it is acceptable to use English or any other nationally spoken language. In general, the auditor can ask for a certified translation and the taxpayer

must cover the costs of the translation.’ OECD also states that countries have a range of requirements regarding how long a taxpayer must retain records, from one year to ten years. For the majority of countries, the retention period starts after the fiscal year has ended.

5.2.3 Objective 3: Difficulties faced by BURS Audit Unit in auditing taxpayers who do not keep proper records

In response to the question on what difficulties are often faced by BURS Audit Unit in auditing tax payers who do not keep proper records, 12 respondents indicated that in most instances such tax payers deny the Audit Unit access to their records. A further 9 respondents said that auditing such tax payers is a mammoth task as the records are incomplete.

The IRMT (1999) states that legal provisions should give an auditor access to all tax-relevant information during an audit. It further states that tax-relevant information is any piece of information such as books and records, bank statements, trade letters or contracts, which is essential to determine the correct amounts of tax due. On the other hand, IRMT describes domestic information as information kept in the home country. This information must be available to the auditor during an audit at his/her request within an acceptable time, whether in paper or electronic form.

Similarly, the OECD (2006) surmises that an auditor’s ability to enter the taxpayer’s premises adds value to an examination. This ability to enter the premises can give an impression of the daily workflow and various assets used by the taxpayer to run the enterprise. Most countries allow auditors access to the business premises. The majority of administrations require that any full audit is carried out at the business premises.

The ability for the Tax Auditor to access records is something that is practised internationally as evidenced in the following examples:

- In the UK, the auditor has the legal right to see the business records, but would require the permission of the taxpayer to take records away from the premises at which they were made available. The auditor does have additional powers to obtain and take away records if not made reasonably available. And in cases of fraud a search warrant issued by the court will grant access to specified records; and
- In New Zealand, the Commissioner of Inland Revenue and any authorised Inland Revenue officer are granted full and free access for the purposes of inspecting any

books and documents together with any property, process or matter. The right of access is granted in relation to all land, buildings and places and all books and documents (as defined in the legislation). Departmental officers or a person accompanying them, wishing to gain entry to a private dwelling must either have the consent of the occupier or a special access warrant.

On gaining access, the Commissioner or an authorised officer may then remove any books or documents for the purpose of making copies. Copies must be made and the originals returned as soon as practicable. Any copy certified by or on behalf of the Commissioner is admissible as evidence in court as if it were the original. The owner of the book or document which the Commissioner has removed has the right to inspect and copy it at the Inland Revenue premises to which the Commissioner has removed it. This right may be exercised when the Commissioner removes the book or document to the premises and at reasonable times subsequently.

Denial of access as indicated by the 12 respondents can be viewed as something that tax payers plan to do. This denial will probably be based on one reason or the other hence it is a reasoned and planned attitude which supports the use of the PBT for this study. In addressing the issue of denial of access to records, the ISO 15489-1: 2001 clause 9.7 states that, ‘All revenue bodies can impose penalties for refusal or failure to furnish an answer or to provide documents or relevant papers to an auditor and without such legal sanction it would be very difficult to conduct any effective audit activity.’

All the reasons given for denial of access being; incomplete records, poor records keeping system, declaring incorrect amounts of profit and feelings that BURS punishes tax payers are all elements of planned human behaviours which support the Planned Behaviour Theory in records management as used in this study.

5.2.4 Objective 4: To establish how far BURS adheres to ISO 15489-1 in its records management practices.

ISO 15489-1 clause 3.16 states that records management is a field responsible for the efficient and systematic control of creation, receipt, maintenance, use and disposition of records including the processes for capturing and maintaining evidence of transactions and information about business activities. On the other hand, tax audit can be viewed as the process of indicating whether or not the client’s financial statements are free of material

misstatement for tax purposes. The Auditor has to consider how transactions are captured and finally processed into financial statements.

ISO 15489-1 section 7.1 provides the following 11 basic principles for best practices in records management:

- a) Determining what records should be created in each business process, and what information needs to be included in the records;
- b) Deciding in what form and structure records should be created and captured, and the technologies to be used;
- c) Determining what metadata should be created with the record and through records processes and how that metadata will be persistently linked and managed;
- d) Determining requirements for retrieving, using and transmitting records between business processes and other users and how long they need to be kept to satisfy those requirements;
- e) Deciding how to organize records so as to support requirements for use;
- f) Assessing the risks that would be entailed by failure to have authoritative records of activity;
- g) Preserving records and making them accessible over time, in order to meet business requirements and community expectations;
- h) Complying with legal and regulatory requirements, applicable standards and organizational policy;
- i) Ensuring that records are maintained in a safe and secure environment;
- j) Ensuring that records are retained only for as long as needed or required; and
- k) Identifying and evaluating opportunities for improving the effectiveness, efficiency or quality of its processes, decisions, and actions that could result from better records creation or management.

The responses given by the interviewees more especially the Assistant Manager – RMDU, show that to a large extent BURS adheres to the records management standards as outlined

by the different sections of ISO 15489-1. There are some issues that need to be attended to, but overall, BURS is doing its best in terms of records management practice.

5.3 Summary

The study investigated the role of records management in tax administration at BURS. The study revealed that records play a very important role in the successful administration of tax. This was evidenced by the fact that both the Audit Unit and Investigations Unit of BURS rely on records in auditing and investigating tax payers. It was also evident that BURS has records management policy, records procedures manual and service standards and the RMDU staff are all aware of these and these help in ensuring the management of records throughout their life cycle.

As reported by some respondents in this study, complying tax payers have a positive feeling about keeping their records up to date and paying tax hence they know the results of their planned positive behaviour. This study used the planned behaviour theory to analyse why tax payers keep records and how this behaviour helps BURS in achieving its mandate of tax administration as was reported by the respondents. It also explained to us whether the records keeping systems of these tax payers have anything to do with their behaviour towards tax administration.

CHAPTER SIX

RECOMMENDATIONS AND CONCLUSION

6.1 Introduction

The main aim of the study was to investigate the role of records management practices in tax administration. Specifically, it sought to find out whether BURS records management practices are benchmarked on any international standards in order for it to deliver an effective records management service to enable the organisation to undertake its revenue collection mandate. The study used a survey format in investigating this role of records in compliance to tax laws.

6.2 Findings and Recommendations

A summary of findings of the study are presented below as per the study objectives.

6.2.1 Relationship between tax administration and records management

The study sought to find out whether there is any relationship between successful tax administration (in this case tax audit and compliance) and proper records management practices. The study found out that there is a strong relationship between these two. Successful tax administration is highly dependent on proper records management practices. Some of the respondents from the Audit unit of BURS pointed out that there cannot be any audit in the absence of records. Furthermore, respondents indicated that where tax records are not properly kept by tax payers, ensuring the correct tax has been paid becomes impossible hence making tax administration very difficult. The findings on this objective also added weight to the study theory of planned behaviour as respondents indicated that some tax payers deliberately plan not to adhere to the requirements of the revenue laws on records keeping. Similarly, those who comply with tax requirements also take a conscious decision to meet their tax obligations.

6.2.2 Requirements for records keeping by all tax payers

Under this objective, the study sought to find out whether BURS has any records keeping requirements that it expects of tax payers. The study established that the requirements exist and are provided for under the revenue laws of Income Tax Act and Value Added Tax Act.

i. Income Tax Act

The Income Tax Act (July, 1995) stipulates the manner in which records should be kept by tax payers. This is stated under Part IV, Section 26 which reads as follows: ‘Every person carrying on any business shall keep a proper record in English or in Setswana of his or her business transactions.’

In the same Act, it is further explained that "a proper record" means-

- (a) In the case of a business of farming carried on by any person other than a company, such records as the Minister may prescribe; and
- (b) in the case of any business other than a business referred to in paragraph (a), such records or books of account as the Commissioner General considers reasonable to reflect the true and full nature of the transactions of the business, regard being had to the nature of the activities concerned and the scale on which they are carried on.

In relation to any business to which subsection (b) above applies, the Commissioner General may, in the case of any person or class of persons, direct the method of accounting or the manner in which payments should be made or commercial transactions should be recorded.

This section of the Income Tax Act (July, 1995) is something that all tax payers are expected to adhere to. The Act further stipulates penalties that can be imposed on those not adhering to this section of the law.

ii. Value Added Tax Act

The Value Added Tax Act (July, 2002) also has some requirements on how business records in Botswana should be maintained. The Act also states penalties that will be imposed on those not adhering. This is captured under Part VIII, Section 51 of the Act which reads: ‘A registered person or any other person liable for tax under this Act, shall maintain in Botswana in the English or Setswana language-

- (a) Original tax invoices, tax credit notes, and tax debit notes received by the person;
- (b) A copy of all tax invoices, tax credit notes, and tax debit notes issued by the person;
- (c) Customs documentation relating to imports and exports by the person;
- (d) Accounting records; and

(e) Any other records as may be prescribed by the Commissioner General.

(2) Records required to be maintained under subsection (1) shall be retained for at least seven years after the end of the tax period to which they relate.

(3) A person who fails to maintain proper records in accordance with this section commits an offence and is liable on conviction-

(a) Where the failure was made knowingly or recklessly, to a fine not exceeding P10,000 (roughly US\$ 3000 when the law was passed) or to imprisonment for a term not exceeding two years, or to both; or

(b) In any other case, to a fine not exceeding P5,000 000 (US\$ 1,500) or to imprisonment for a term not exceeding one year, or to both.

(4) A person who fails to maintain proper records in a tax period, in accordance with the requirements of this section, is liable to a penalty of P100 (US\$30) per day for each day or portion thereof that the failure continues.’

As BURS relies on these revenue laws in carrying out its mandate, we can safely conclude by saying that it has requirements on records keeping that tax payers have to follow in maintaining their records.

6.2.3 Difficulties faced by the BURS Audit Unit in auditing tax payers who do not keep proper records.

In this objective, the study discovered that the Audit Unit faced serious challenges trying to audit tax payers in the absence of records. Some of the challenges cited by the respondents were: poorly kept records by tax payers, deliberately tempered with records by tax payers, records kept in other languages apart from Setswana and English (as required by law) and records kept outside Botswana. One of the difficulties cited during the interview with one of the respondents was that some tax consultants engaged by tax payers are very dishonest. Such tax consultants do calculations for due tax on behalf of tax payers and collect the agreed upon amounts from the tax payers in order to forward those amounts to BURS, but only to keep the amounts for themselves. This was cited as a challenge as such tax payers will all along think they are up to date with their tax payments only to learn from the Auditors that they are in arrears.

The study found out that these challenges do not only make life difficult for BURS but they affect the whole country as failure to collect or enforce tax compliance results in loss of the much needed revenues for the development of the country. The study also found out that BURS has a unit called Investigations which deals with under reporting of tax liabilities. These investigations cannot be effectively undertaken without access to complete records. It should be further added that investigating taxpayers in the absence of records comes at a higher cost. In addition, it was further noted by one of the respondents that at times the investigators are forced to go and investigate tax compliance issues outside the country.

6.2.4 BURS adherence to International Standards on Records

The aim in this objective was to find out whether BURS adheres to any international standards in its records management practices. The Botswana Unified Revenue Services Act, CAP 53 (2004) expects BURS to keep records on its operations. This study used the ISO 15489 – 1, principles on records management as a yard stick to measure the extent to which BURS adheres to these standards in its records management practices. It also looked at whether quality is considered in records management as envisaged by ISO 9001 which specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide a product that meets customer and applicable statutory and regulatory requirements. It also aims at enhancing customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

The relevant principles are:

- a) the management of records, in all formats or media, created or received by any public or private organization in the conduct of its activities, or any individual with a duty to create and maintain records;
- b) guidance on determining the responsibilities of organizations for records and records policies, procedures, systems and processes; and
- c) guidance on records management in support of a quality process framework to comply with ISO 9001 (Quality Management).

From the data collected, BURS abides by these principles to a certain extent. Principle (a) is adhered to as BURS has a records management policy that deals with records in all formats: paper or electronic. Principle (b) is also adhered to as BURS always refers tax payers to revenue laws stating how they should keep their records. It was also mentioned by some respondents from the Audit unit that they at times educate tax payers on how they should keep their records. The study found out that it is doubtful whether BURS adheres to principle (c) as all the respondents did not know about ISO 9001 on quality management.

6.3 Recommendations

This study has revealed a number of challenges that impede the records management function from providing effective records services to enable the BURS to carry out its mandate of ensuring tax revenue collection and compliance. These challenges, which BURS has to find ways of addressing, include the following:

- inadequate staffing for records management;
- access to tax records that were created and accumulated prior to the establishment of BURS;
- storage of records;
- benchmarking BURS records management systems; and
- training of BURS staff on importance of records.

Below are some of the measures that need to be taken by BURS to address these challenges.

i. Staffing

The study found out that at the time of data collection there were only four qualified records personnel at BURS headquarters. Amongst these staff members it is only the Assistant Manager-RMDU who has the highest qualification of a Masters degree. One of the employees has a Diploma while the remaining two possesses certificates. This is not good for the organisation as there are no prospects of progression to the level of Assistant Manager for these other employees. If the Assistant Manager decides to leave the organisation, his replacement will have to be sourced from outside the organisation hence hindering continuity. The researcher also found out that the records for the South Regional Office in Lobatse were managed by a high school leaver (Form 5) with no training in records

management and was also employed on temporary basis. Considering the magnitude of the records handled by BURS and their importance to the nation of Botswana, the study recommends that:

- a) BURS should consciously make an effort to recruit people at least at Diploma level while high school leavers can be recruited as merely assistants who are due for further training;
- b) Those who are currently managing the organisation's records but not qualified should be trained to at least Diploma level; and
- c) The gap between the highest qualified personnel and the one coming after him/her should be bridged. That is, the organisation should have at least one employee at Bachelors degree level. This will solve the problem of having to find a replacement for the Assistant Manager from outside the organisation in case he decides to leave. It will also create progression opportunities within the RMDU.

ii Records created prior to formation of BURS

The Assistant Manager-RMDU mentioned during the interview that BURS is currently in the process of destroying records that were created before it was established in 2004. The study recommends that those records be evaluated as some of them might be worth millions of Pula for the nation. It has been indicated in BURS' annual reports that some tax payers are always behind in their tax payments and that is proof enough that records which were inherited by BURS in 2004 from the Departments of Customs and Excise, Taxes and Value Added Tax might be having information on tax payers who still have tax arrears as such these records have to be evaluated and should only be disposed off after approval by the Audit and Investigations Units. Furthermore, in his presentation of the Budget speech in Parliament in February 2005, the then (Minister of Finance and Development Planning Mr Baledzi Gaolathe) made the following revelation; 'Mr. Speaker, with regard to collection of old income tax arrears, BURS was able to significantly reduce the arrears that accumulated over a number of years from P430 million as at 31 March 2002 to P180 million as at 31 December 2004. The clearance of the old income tax arrears takes time because of the need to investigate and trace the taxpayers.' It is also very important that before disposal, it should firstly be established how these records were integrated from the Departments of Customs and Excise, Taxes and Value Added Tax.

iii Storage

It was discovered that BURS does not have enough storage for its semi and non active records and it has outsourced their storage to commercial storage facilities. As BURS has no control over these commercial storage facilities, it is recommended that BURS works towards increasing the capacity of its storage facility considering the level of confidentiality of the information contained in such records. With its own storage facility, BURS will be able to manage such records in the most desirable manner. Furthermore, as the records might be containing information that may incriminate some individuals, it is not safe to keep them elsewhere rather than within BURS.

iv Benchmarking

The surveyed literature shows that a lot has been done in other countries in terms of management of records for tax administration purposes. So it is recommended that BURS should benchmark against developed countries such as United States of America, United Kingdom and or Australia. This benchmarking may be in the form of attachment of some of its staff in these developed countries, tours or site visits of the records management units of these advanced revenue authorities. This will help BURS to put in place the best practices in managing records which will result in smooth tax audit and investigations in tax administration.

v Training

Some responses from the audit unit personnel indicated that some of them are ignorant on the value of records to their work and to the general administration of tax. Therefore, the researcher recommends that BURS should organise basic training in records management for audit personnel.

6.4 Conclusion

The study investigated the role of records in the conduct of tax audit and investigations in tax administration in Botswana and the extent to which BURS adheres to ISO 15489 – 1 in its records management practices. The results of the study show that records are part and parcel of tax administration because they play a significant role as tax audits and investigations will be completely impossible without proper records keeping by tax payers and records

management by BURS. This validated the hypotheses as stated in Chapter 1. The findings also indicated that some tax payers plan to comply with the tax laws through registering for tax, paying the correct amount of tax and filling tax returns at the stipulated times.

The findings also substantiate the Planned Behaviour Theory as all the 22 respondents from the audit unit indicated that some tax payers either intentionally plans to adhere or not to adhere to the tax laws. Thus, tax payers make conscious and reasoned choices to do so. Similarly, it was also revealed that some tax payers plan to defraud the tax system through under reporting their tax liabilities, falsifying their records, keeping their records in languages not allowed by the tax laws and sometimes keeping these records outside Botswana. Consequently, the researcher can safely conclude that the Planned Behaviour Theory can be applied to records management as evidenced by the findings of this study.

Even though BURS tries to adhere to the principles of best records management practices, a lot still needs to be done in terms of staffing. This is one of the serious challenges discovered by the study. Other challenges such as lack of proper storage and ignorance of the tax laws by the tax payers also need to be addressed. More also still needs to be done in adherence to ISO 15489 – 1 principles in order to make tax administration in Botswana a smooth exercise.

6.5 Suggestions for Further Research

This study investigated the role of records management practices in tax administration at the Botswana Unified Revenue Service. It also looked at the management of such records throughout their life (records life cycle model). It focused on the role of records in the conduct of tax audit and investigations in tax administration and whether BURS has benchmarked its records management practices on any international standards such as the ISO 15489 – 2001. The study was conducted at the BURS headquarters in Gaborone and the South Regional Office in Lobatse. The study did not single out any particular type of records for investigation so it will be ideal to have a study investigating specialised records at BURS, (e.g., financial records or policy records). Furthermore, what was discovered at these two study locations might not be applicable to the whole country, so more research needs to be carried out in the whole country. BURS also have records that it inherited from the departments of Customs and Excise and Taxes and it is advisable to have a study focusing on the management of such records. Lastly, as Botswana has also caught up with technological

developments in terms of Information Technology, it would be ideal to have a study looking at how this has influenced records management at BURS.

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APPENDICES

APPENDIX 1: Introduction letter from the University of Botswana



UNIVERSITY OF
BOTSWANA
FACULTY OF HUMANITIES

Corner of Notwane
and Mobuto Road,
Gaborone, Botswana

Pvt Bag UB 00703
Gaborone,
Botswana

Tel: [267J 355 2617J
Fax: [267J 318 5098J

15 February 2013

Commissioner General
Botswana Unified Revenue
Service
Private Bag 0013
Gaborone

Dear Sir,

Re: THE ROLE OF RECORDS MANAGEMENT IN TAX ADMINISTRATION
IN BOTSWANA: THE CASE OF BURS - MR LESOTO SEBOGODI

As part of the requirements for the award of the Masters Degree in Archives
and

Records Management (MARM) graduate students are required to conduct
research

and write a dissertation on a topic of their choice within their areas of
specializations. The purpose of this letter is to introduce Mr. Lesoto Sebogodi
(9604292), a registered Masters degree student in the Department of Library
and

Information Studies. He is researching on the following topic:

- The Role of Records Management in Tax Administration in Botswana:
The Case of the Botswana Unified Revenue Service (BURS)

We are therefore seeking your permission to allow Mr. Sebogodi to conduct his
study in selected units of the BURS. We should be grateful for any assistance
you
render him in his research endeavours, which will go a long way in enhancing
the
tax collection processes through easy access to records by tax administrators.

Sincerely yours,

Saul Zulu

Lecture, Library and Information Studies

APPENDIX 2: Self introductory letter

University of Botswana
Private Bag 0022
Gaborone

10 February 2013

Commissioner General
Botswana Unified Revenue Service
Private Bag 0013
Gaborone

Att: Mr Obakeng Okgethile

Dear Sir/Madam

RE: Request for permission to conduct a study in your organisation.

My name is Lesoto Sebogodi. I am a student at the University of Botswana reading for a Masters degree in Archives and Records Management. I am conducting a study on the role of records management in tax administration in Botswana. This study is part of the requirements for the award of the Masters degree. The study seeks to find out whether or not records management practices facilitate tax administration processes including revenue collection and tax legislation compliances.

I am therefore seeking your permission to allow me to talk to the Audit, Compliance and Records Management units of your organisation as they are the people who deal directly with tax payer's records. I am intending to conduct the study at the BURS Headquarters in Gaborone and the Regional Office in Lobatse. The study will be conducted through face-to-face interviews and administering of questionnaires.

Find attached tentative questionnaires and interview questions to be used.

I look forward to your favourable consideration of the request.

Yours Sincerely

Lesoto Sebogodi

Cell NO: 71708871

APPENDIX 3: Research permit to conduct research at BURS

burs

*botswana unified revenue service
head office*

*private bag 0013, plot 53976, kudumatse road, gaborone, botswana
tel: (+267) 3638000, fax: (+267) 3639999*

BURS/ADM 1151 I

08 March, 2013

University of
Botswana
Private Bag 0022
GABORONE

Attention: Lesoto Sebogodi

Dear Sir/Madam

RE: REQUEST FOR PERMISSION TO CONDUCT A STUDY IN YOUR ORGANISATION

Reference is made to your letter dated 10th February, 2013 seeking permission to make consultative exercise with BURS in your endeavour to carry out a research assignment entitled "**The Role of Records Management in Tax Administration in Botswana: The Case of BURS**"

We are pleased to inform you that your request has been granted, on the condition that information obtained from this organisation shall not in anyway, be used for any other purposes other than the intended use (i.e. educational purposes), as stipulated in your letter.

Your corporation, in this regard will be highly appreciated. We wish you all the best in carrying out your study.

Thank you.

Yours faithfully

.....
Z. Mokgethi
For/ **COMMISSIONER GENERAL**

cc: **General Manager Administration**

General Manager Compliance

APPENDIX 4: Questionnaire for records management personnel (BURS)

My name is Lesoto Sebogodi. I am a student at the University of Botswana reading for a Masters degree in Archives and Records Management. I am conducting a study entitled ‘**The role of records management in tax administration in Botswana: A case of BURS**’, as part of the requirement for the award of the Masters degree. Kindly fill out the questionnaire as honestly as possible. All responses will be used only for the purpose of this study which is academic.

Thank you.

Mobile No: 71708871

email: sebogodilesh@yahoo.co.uk

Gender Male Female

1. How many years have you worked in the records management department?

Less than 2 2-5 6-10 11-15 16-20 More than 20

2. What qualification do you have in records management?

Certificate Diploma Bachelors Degree Masters Degree

Other qualifications (specify): -----

3. What is the mandate of BURS?

4. What functions are undertaken by your Department in order to meet BURS’ mandate?

5. What types of records are created, received, used and kept by BURS?

6. Who manages these records? -----

7. Does your department play any role in the supervision of records management practices of tax payers?

1. YES 2. NO

If the answer is YES, what is the role?

8. Do the Compliance and Audit units ever consult you on records management practices of tax payers?

1. YES 2. NO

9. What do you suggest can be done in terms of records management to improve the administration of tax in Botswana?

10. In your view, is there any relationship between records management practice and successful tax administration? 1. YES 2. NO

If YES, What is the relationship?

11. Are there any legal or regulatory requirements for BURS to keep records?

1. YES 2. NO

If answer is yes, what are these requirements? -----

12. Are BURS records management practices benchmarked against any standards? (e.g. ISO 15489)

1. YES 2. NO

If answer is yes, please explain; -----

13. What kind of classification system is used in arranging records in your registry?

1. Subject 2. Alphabetical 3. Numerical 4. Alpha/Numeric
5. Others (specify) -----

14. Is your department happy with the above mentioned classification system considering the time taken to retrieve records? Is the classification system adequate or not?

15. Does your department have a file index for records created in the organisation (BURS)?

16. Do you have any procedures in place for managing semi-current records?

1. Yes 2. No 3. Not sure

17. Where are your semi-current records and non-current records stored? -----

18. Do you have any guidelines on transferring non-active records to the storage facility?

1. Yes 2. No 3. Not sure

If your answer to question 18 is yes, what procedures do you follow in transferring non-active records to the storage facility?-----

19. Do you have any accession list for non-active records?

1. Yes 2. No 3. Not sure

20. What challenges does your department face in managing BURS records?

21. What is being done to address these challenges?

THANK YOU FOR YOUR SUPPORT RENDERED TO MY STUDY BY FINDING TIME AND FILLING THIS QUESTIONNAIRE.

APPENDIX 5: Questionnaire for Audit unit personnel (BURS)

My name is Lesoto Sebogodi. I am a student at the University of Botswana reading for a Masters degree in Archives and Records Management. I am conducting a study entitled ‘**The role of records management in tax administration in Botswana: A case of BURS**’, as part of the requirement for the award of the Masters degree. Kindly fill out the questionnaire as honestly as possible. All responses will be used only for the purpose of this study which is academic.

Thank you.

Mobile No: 71708871

email: sebogodilesh@yahoo.co.uk

Gender: Male Female

1. What is the mandate of BURS?

2. What functions are undertaken by your Department in order to meet BURS mandate?

3. What does your work entail?

4. What role is played by records in the performance of BURS functions that your department undertakes?

5. What types of records are created, received, used and kept by your Dept/Unit?

6. Who manages these records?

7. Is your unit/department happy with the way the records are managed?

8. Are you aware of any legal or regulatory requirements for tax payers to keep records?

1. YES 2. NO

9. If answer to 8 is Yes, What are they?

10. Are tax payers aware about these legal or regulatory requirements?

1. YES 2. NO

11. Do you have any set standards for records management that you expect registered tax payers to adhere to?

1. YES 2. NO

If the answer is YES, what are the requirements of these standards?

12. Do all tax payers abide by these standards?

1. YES 2. NO

13. Among the registered tax payers, which ones make your regular audits easy?

Those abiding by the set records management standards	Those not abiding by the set records management standards	All the tax payers
---	---	--------------------

14. In your view, is there any relationship between records management practice and tax administration?

1. YES 2. NO

a) If YES, what is the relationship?

b) Does this relationship have any bearing on whether your visits to tax payers (audits) are successful or not?

1. YES 2. NO

15. What suggestions can you give to tax payers in relation to their records management practices that will help BURS to succeed in tax administration?

16. During your visits to tax payers, which records do you usually centre your inspection on?

17. Are you always given full access to all these records? 1. YES 2. NO

If NO, what do you think are the reasons behind this denial of access? -----

18. What actions do you take to ensure compliance in supplying the required information?

THANK YOU FOR YOUR SUPPORT RENDERED TO MY STUDY BY FINDING TIME AND FILLING THIS QUESTIONNAIRE.

APPENDIX 6: Interview schedule for the Assistant Manager – RMDU (BURS)

1. What is the mandate of BURS?
2. What is the role of the RMU in meeting BURS mandate?
3. What qualifications do you have in records management?
4. What are your main duties in this office?
5. What are the challenges that you face in carrying out your duties?
6. Does your department have records on all registered tax payers? Please explain.
7. How do you keep these records; paper or electronic? Please explain.
8. How do you deal with emails and attachments? Please explain.
9. How do the records that you keep help other BURS departments in ensuring smooth tax administration?
10. Does BURS have any retention schedule? Please explain.
11. How do you rate records management practices of the different tax payers?
12. Do you have any set standards of records management that you expect of tax payers?
13. What are these standards mentioned in 12 above?
14. Does your department ever destroy any records? If yes, how often?
15. What type of records do you often destroy?
16. Where does BURS store its old records? Who manages them?

THANK YOU FOR YOUR SUPPORT RENDERED TO MY STUDY BY FINDING TIME AND ANSWERING QUESTIONS DURING THE INTERVIEW.

APPENDIX 7: Interview schedule for Regional Revenue Manager (BURS – Lobatse)

1. What is the mandate of BURS?
2. What role does your department play in meeting BURS mandate?
3. What are your main duties in this department?
4. How often do you audit taxpayers?
5. What are the challenges facing your department in auditing the tax payers?
6. Are there any set standards that you expect of tax payers in terms of records management for tax purposes?
7. Do you think tax payers comply with these set standards for the management of their records for tax purposes? Why?
8. How does their non-compliance to the set standards affect your department in carrying out its mandate?
9. What suggestions would you give on records management to make tax administration easy? In other words, what are the ways in which tax payers can ensure easy tax administration through records management?
10. Does BURS records management unit have records on all tax payers?
11. Are you happy with the services of the RMU to your department?
12. What challenges do you face in accessing records that you need to operate?
13. What suggestions would you give to ensure proper records management and tax administration at all tax registered organisations?

THANK YOU FOR YOUR SUPPORT RENDERED TO MY STUDY BY FINDING TIME AND ANSWERING QUESTIONS DURING THE INTERVIEW.