



THE UNITED REPUBLIC OF TANZANIA NATIONAL AUDIT OFFICE



ANNUAL GENERAL REPORT ON PUBLIC AUTHORITIES AUDITS



FINANCIAL YEAR
2024/25

Controller and Auditor General
March 2026





THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



ISO 9001:2015 Certified

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30 March 2026

H.E. Dr. Samia Suluhu Hassan,
The President of the United Republic of Tanzania,
State House,
P.O. Box 1102,
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40400 DODOMA.

**RE: ANNUAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
AUDIT OF THE PUBLIC AUTHORITIES AND OTHER BODIES FOR THE FINANCIAL
YEAR 2024/25**

I am pleased to submit my Annual General Report on the audit of the public authorities and other bodies for the financial year 2024/25 in accordance with Article 143(4) of the Constitution of the United Republic of Tanzania of 1977, and Sect. 34 of the Public Audit Act, Cap. 418.

This report presents audit findings and the recommended measures of redress that aim to foster accountability in the management and use of public resources.

I humbly submit,

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

NATIONAL AUDIT OFFICE OF TANZANIA



ABOUT THE NATIONAL AUDIT OFFICE



MANDATE

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

Vision, Mission & Motto

Vision 01

OUR VISION

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission 02

OUR MISSION

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto 03

OUR MOTTO

Modernizing External Audit for Stronger Public Confidence.

Core Values

Independence & Objectivity An impartial institution independently offering high-quality audit services in an unbiased manner.	Professional Competence Delivering audit services based on professional knowledge, skills, and best practices.
Integrity Observing high ethical standards and rules of law in the delivery of audit services.	Creativity & Innovation Encouraging value-adding ideas for continuous improvement of audit services.
Results-Oriented Focusing on reliable, timely, accurate, and clear performance targets.	Team Work Spirit Valuing and working together with internal and external stakeholders.

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STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL



I am pleased to present the Annual General Audit Report for the financial year ended 30 June 2025. This report provides an assessment of the financial statements, compliance, and operational efficiency of 225 public authorities and other bodies.

I commend the Government, under the leadership of H.E. Dr. Samia Suluhu Hassan, President of the United Republic of Tanzania, for its continued commitment to strengthening public financial management. As a National Audit Office, we aspire to work constructively with the administration to instil a shift in public sector culture to a state where it is consistently characterised by best performance, accountability, transparency, and institutional integrity. Fostering such a culture is essential, as a relationship built on trust between a country's people and its government is critical to maintaining social cohesion and realising national aspirations.

The country depends on these public authorities and other bodies to provide and maintain essential infrastructure and to deliver on programmes that promote economic opportunities and growth. Therefore, the findings and recommendations in this report aim to enhance governance, accountability, and financial integrity. While improvements were noted in some entities, the audit results indicate that certain areas require strengthened management attention, particularly in aspects of internal controls, budget preparation, implementation and monitoring, revenue management, procurement and contract management, and expenditure management.

It is occasionally prudent to examine events occurring before or after the subject financial year to provide the necessary context for our findings. This practice ensures that my conclusions are based on a complete evidentiary trail, particularly regarding multi-year projects and complex financial obligations.

Entities with significant impact on citizens' welfare should ensure that service delivery is supported by sound financial management, strict compliance with applicable laws and regulations, and operational efficiency on service delivery to the community.

We must focus on actions that address material irregularities to prevent financial losses and correct the misuse of public resources. I urge accounting officers, governing boards, and oversight authorities to implement the audit recommendations provided to strengthen internal controls, operational efficiency, compliance, and mitigate identified risks. Parliament and other key stakeholders are encouraged to leverage the insights of this report to reinforce national accountability and support the accountability ecosystem.

The National Audit Office remains committed to executing its mandate with professionalism, independence, and integrity. Strong, responsive, and accountable institutions are essential for sustaining trust between citizens and the government.

Finally, I wish to pay tribute to the staff of the National Audit Office and the audit firms that work on my behalf. Their diligent efforts and unwavering professionalism form the backbone of this institution. It is their hard work that ensures I fulfil my constitutional mandate.



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

EXECUTIVE SUMMARY

1. This summary presents the result of the audit conducted on 225 public authorities and other bodies for the financial year ended 30 June 2025. It highlights key audit findings and provides recommendations aimed at strengthening internal controls, enhancing the governance framework and promoting accountability.

Audit Opinions

2. For the financial year ended 30 June 2025, a total of 225 audit engagements of public authorities and other bodies were completed, resulting in the issuance of 224 audit opinions, and failed to issue opinion (disclaimer) in one entity. Of these, 221 (98%) were unqualified opinions, three (1%) were qualified opinions, and one (1%) was a disclaimer of opinion. The proportion of unqualified opinions remained at 98%, the same as reported in the previous financial year.

3. Qualified opinions were issued to Cashewnut Board of Tanzania, Keko Pharmaceutical Industries Limited, and Tea Board of Tanzania. A disclaimer of opinion was issued to Kyela-Kasumulu Water Supply and Sanitation Authority.

4. While the overall results indicate a high level of compliance in financial reporting, unqualified audit opinions do not necessarily reflect effective performance of public authorities and other bodies. Weaknesses in governance, procurement, revenue and expenditure management, contract management, internal controls, and service delivery were observed across a number of public authorities and other bodies, affecting the efficient, economical, and effective use of public resources and the achievement of intended outcomes.

Implementation Status of Prior Years' audit Recommendations and PAC Directives

5. Follow-up of prior years' audit recommendations covered a total of 10,391 recommendations issued to 225 public authorities and other bodies. The overall level of implementation reflects moderate progress, with a considerable proportion of recommendations either fully implemented or under implementation; however, a significant number remain unresolved, indicating persistent weaknesses in enforcement and follow-up mechanisms.

A review of the implementation status shows that 35% of recommendations were fully implemented, 47% were under implementation, 16% were not implemented or reiterated, and 2% were overtaken by events. This indicates that approximately 63% of recommendations remain unresolved, reflecting delays in completing corrective actions and weak closure discipline across entities.

6. Some recommendations have remained unresolved for extended periods of up to 17 years, highlighting persistent control deficiencies and weak accountability mechanisms. Notably, these include long-outstanding issues at entities such as the Export Processing Zones Authority (EPZA), Mafia Island Marine Park (MPRU), Cashewnut Board of Tanzania, Tanzania Shipping Company, and the National Examinations Council of Tanzania (NECTA), where matters relating to asset ownership, unpaid obligations, uncollected receivables, and delayed regulatory frameworks have remained unaddressed for over a decade. The continued recurrence of such issues indicates that corrective measures are either not effectively implemented or not sustained over time, thereby exposing entities to ongoing financial and operational risks.

7. Further analysis indicates that implementation performance varies across entity categories, with entities that have stronger governance and oversight frameworks demonstrating relatively higher implementation rates. In contrast, entities with weaker supervisory structures, particularly in service delivery sectors, exhibit higher levels of unresolved and reiterated findings, reflecting systemic challenges in internal control enforcement and accountability.

8. Similarly, out of 146 directives issued by the Parliamentary Accounts Committee (PAC), 32% were implemented, 66% were under implementation, and 2% were not implemented, indicating slow progress in addressing oversight recommendations. Long-standing directives, some outstanding for over a decade, further highlight structural weaknesses in enforcement and follow-up mechanisms, limiting the effectiveness of parliamentary oversight.

Financial Performance

9. The financial performance of public authorities and other bodies for the financial year 2024/25 shows a decline in aggregate losses from TZS 412.31 billion in 2023/24 to TZS 307.10 billion in 2024/25, representing a reduction of TZS 105.21 billion. However, this improvement is largely influenced by recurrent Government grant of TZS 105.22 billion, rather than reflecting a broad-based enhancement in operational efficiency. This indicates that the

improved loss position is largely sustained by Government intervention and that, in the absence of such support, the overall financial performance would have been considerably weaker.

10. Regarding development grants, the Government has continued to invest in various institutions to support the implementation of strategic projects and improve production infrastructure. In institutions that incurred losses, the Government invested a total of TZS 159.60 billion during the 2024/25 financial year. However, these grants should not be regarded as a remedy for operational efficiency challenges, but rather as instruments for long-term investment. Consequently, the existence of development grants does not remove the need for institutions to enhance efficiency, control costs, and strengthen their capacity to generate internal revenue.

11. Despite this, 22 commercial public authorities and other bodies continued to record losses for periods ranging from one to three years, signalling ongoing threats to financial sustainability. These losses are mainly driven by non-performing business operations, rising costs, and weak internal controls.

12. Air Tanzania Company Limited (ATCL) remains the most significant contributor to the loss position, with its net loss increasing from TZS 91.79 billion in 2023/24 to TZS 191.19 billion in 2024/25, despite Government support of TZS 114 billion. The losses are primarily driven by cost escalation outpacing revenue growth, particularly in aircraft maintenance, staff costs, and finance costs associated with fleet expansion and lease obligations. Operational performance also remained below expectations, with passenger and cargo volumes falling short of targets and key efficiency indicators, including load factor, remaining suboptimal.

13. Route-level inefficiencies further contributed to losses, with a significant number of routes operating below break-even, including routes generating negative contribution margins despite moderate load factors. This is compounded by suboptimal deployment of the cargo freighter, which was largely utilised on short- and medium-haul routes instead of higher-yield long-haul operations. Additionally, ATCL faces declining domestic market share, limited international competitiveness due to regulatory restrictions, weak contract management, and system deficiencies, including inadequate controls over agents' refunds amounting to TZS 20.61 billion, exposing the entity to revenue leakage and compliance risks.

14. Similarly, Tanzania Railways Corporation (TRC) continues to face operational inefficiencies, particularly in the Meter Gauge Railway (MGR),

where freight volumes declined from 302,714 tonnes in 2023/24 to 246,824 tonnes in 2024/25, leading to reduced revenue. This is despite improved performance from Standard Gauge Railway (SGR) operations and increased Government subvention from TZS 29.08 billion to TZS 137 billion.

15. Liquidity challenges remain significant, with 49 public authorities and other bodies reporting current ratios between 0.00 and 0.98, indicating an inability to meet short-term obligations. In addition, 16 non-commercial entities continued to operate at a deficit due to limited own-source revenue and reliance on Government support. This dependency is further reflected in non-compliance with statutory requirements, where nine entities undermitted the required 15% contribution to the Consolidated Fund.

16. Overall, the financial performance reflects persistent weaknesses in operational efficiency, financial sustainability, and revenue generation, with continued reliance on Government support masking underlying inefficiencies and increasing fiscal exposure.

Operational Efficiency in Enhancing Business and Investment Environment

17. In my assessment of operational efficiency of business and strategic public authorities and other bodies responsible for fostering a conducive business environment, I noted that during the financial year 2024/25 Tanzania Railways Corporation recorded a high incidence of accidents across its railway operations. However, despite the magnitude of the accidents and its impact, the Corporation has not assessed on whether to secure insurance coverage to mitigate such risks.

18. During the reporting period Tanzania Telecommunications Corporation (TTCL) experienced underperformance in the implementation of NICTBB Extension to Districts and Democratic Republic of Congo connectivity project. My audit noted that out of 40 planned districts, only 14 (35%) were connected, leaving 26 (65%) districts not connected during the year under review, thereby limiting access to reliable broadband services and delaying the expansion of backbone infrastructure.

Revenue Management

19. A review revealed that two public authorities and other bodies incurred revenue losses amounting to TZS 4.15 billion due to undercharging of tariff, rates or bills in the provision of services. Revenue collection outside the GePG system amounted to TZS 176.44 billion, involving eight of the 225 public authorities and other bodies in the financial year 2024/25. This represents an

increase of TZS 86.71 billion, equivalent to 97%, compared to TZS 89.73 billion reported in the prior year, indicating continued non-compliance with established revenue collection systems.

20. Further analysis shows that 83 public authorities and other bodies reported outstanding receivables amounting to TZS 8.75 trillion. This reflects a significant increase of TZS 5.17 trillion (144%) compared to TZS 3.58 trillion reported in the previous year, despite a reduction in the number of affected entities from 106 to 83. The increase in value indicates growing accumulation and concentration of unpaid debts. Notably, this includes Government receivables at Tanzania Electric Supply Company Limited (TANESCO) amounting to TZS 407.35 billion, highlighting significant exposure to non-payment by public institutions and persistent weaknesses in enforcement of settlement of outstanding obligations across Government entities.

Expenditure Management

21. During the reporting period 16 public authorities and other bodies incurred fruitless and wasteful expenditures amounting to TZS 117.62 billion, representing 68% decrease compared to the amount of TZS 371.42 billion recorded by 12 public authorities and other bodies in the previous financial year. In addition, nine public authorities and other bodies incurred ineligible expenditures amounting to TZS 8.56 billion, reflecting a 27% increase compared to the amount of TZS 6.75 billion reported by 10 public authorities and other bodies in the previous year.

22. Furthermore, 85 public authorities and other bodies each with payable balances exceeding one billion reported outstanding payables totalling TZS 5.49 trillion in 2024/25. This compares to 66 public authorities and other bodies in 2023/24, that recorded outstanding payables amounting to TZS 3.70 trillion that had remained outstanding for more than 12 months, being 48% increase in value from previous year 2023/24.

Budget Management

23. A total amount of TZS 1.29 trillion approved in the budget of 87 public authorities was not released by the Government. While public authorities and other bodies (especially commercial public entities) generally do not receive government subventions through the national budget, they may, in specific instances, receive both capital and recurrent grants. In addition, 84 public authorities and other bodies failed to collect TZS 1.32 trillion from their own revenue sources.

24. Furthermore, five public authorities and other public bodies incurred over-expenditure of TZS 19.85 billion without approval of their respective accounting officers or Boards of Directors, while 10 public authorities and other bodies either failed to utilise carry-over funds within the prescribed timeframe or spent such funds without obtaining approval from the Paymaster General.

25. Moreover, 15 public authorities and other bodies had issues related to the use of Planrep, 12 public authorities and other bodies did not adequately engage key stakeholders during the budget formulation process, while three entities failed to align their strategic plans with their approved budgets during the planning process.

Assets Management

26. My review of fixed asset records revealed that 176 plots, including empty land, land with buildings, and farms, valued at TZS 25.20 billion, are owned by 22 public authorities and other bodies without title deeds.

27. My review also found that 14 public authorities and other bodies had abandoned, idle, dilapidated buildings and unused machinery, along with encroached land valued at TZS 137.96 billion, contrary to Regulation 7(1) of the Public Finance (Management of Public Property) Regulations 2024.

28. Furthermore, I noted a delay of more than 12 years in the transfer of assets valued at TZS 22.42 billion from Pangea Minerals Limited to STAMIGOLD Company Limited after signing of the transfer agreement on 15 November 2013. The review also disclosed unresolved ownership and usage disputes between the Cereal and Other Produce Board and Dodoma City Council over the Saba grounds. In addition, I observed National Housing Corporation and the Treasury Registrar's Office exchange properties without formal handover documentation to evidence the transfer of assets, and exchange was effected without the surrender of title deeds.

Procurement and Contract Management

29. My review noted instances of noncompliance in procurement and contract management, thereby exposing public funds to significant risk. Five public authorities and other bodies implemented contracts worth TZS 11.35 billion while the contractors had not submitted insurance cover required to

protect the entities in case the contractor underperform or fail to deliver the works. In addition, payments of TZS 10.41 billion were made without proper measurement of work completed, with authorities relying on visual assessments instead of certified actual quantities as required by Regulation 329(2) of the Public Procurement Regulations, 2024.

30. Furthermore, 53 contracts worth TZS 72.55 billion were awarded to non-responsive bidders, with major deviations in financial statements, experience, and capacity. These deficiencies demonstrate inadequate oversight, non-compliance with procurement legislation, and increased risk of financial loss, thereby necessitating urgent corrective action.

Governance and Risk Management

31. I noted that 34 public authorities and other bodies operated without duly constituted Boards of Directors. I observed significant gap in board composition in nine public authorities and other bodies, including six with the chairperson only and three with members only, but no chairperson. Internal audit performance and understaffed was assessed as inadequate in 17 public authorities and other bodies, while seven public authorities and other bodies failed to comply with National Anti- Corruption Strategy and Action Plan Phase Four (NACSAP IV) requirements.

32. In addition, I noted Monitoring and Evaluation Units had not been operationalised in five public five public authorities and other bodies and asset maintenance weaknesses were noted in more than 11 public authorities and other bodies, which lacked approved maintenance plans and/or comprehensive asset registers. In addition, 10 public authorities and other bodies had no risk management frameworks or updated risk registers and 77 public authorities and other bodies processed financial transactions outside the mandatory MUSE system. These issues jointly indicate pervasive governance, risk management, and internal control deficiencies requiring urgent and comprehensive remedial action.

Human Resource Management

33. I identified persistent and systemic weaknesses in human resource management across public authorities and other bodies, including non-compliance with statutory remittance requirements for Pension, Health and Compensation Funds amounting to TZS 19.32 billion, deficiencies in acting appointments involving 69 staff, and 718 employees receiving net salaries below

the statutory one-third threshold were also observed. Significant deficiencies were also noted in the utilisation of government HR management systems, irregular recruitment and assignment of temporary staff to core functions, nine public authorities operating with inadequate or unapproved HR tools.

34. Furthermore, I found non-alignment with approved schemes of service and salary structure, which highlights inadequate payroll controls and non-compliance with oversight requirements. Lastly, I found ineffective management and accumulation of staff arrears and claims of TZS 13.96 billion compared to TZS 12.64 billion in 2023/24. Collectively, these deficiencies expose entities to significant financial, operational, and legal risks while undermining staff morale, institutional accountability, and the overall effectiveness of public service delivery.

Tax Compliance

35. My assessment of compliance with tax laws found delays in remittance of tax to TRA amounting to TZS 56.21 billion, with delays ranging from one to 331 days. Although there has been an improvement in the duration of delays compared to previous years, the total amount of delayed remittance increased compared with the financial years 2023/24 (TZS 46.93 billion delayed for between one and 485 days) and 2022/23 (TZS 29.09 billion delayed for between one and 1015 days).

36. Moreover, unremitted tax increased from TZS 9.65 billion in financial year 2023/24, involving 17 public authorities and other bodies to TZS 10.64 billion in financial year 2024/25 involving 24 public authorities and other bodies.

37. Besides, I found five public authorities and other bodies made payments totalling TZS 2.21 billion without obtaining Electronic Fiscal Device (EFD) receipts, which indicates improvement in compliance in comparison with the previous year 2023/24 where 12 public authorities and other bodies made payments totalling TZS 4.14 billion without supporting EFD receipts.

Performance of Government Banks and Social Security Schemes and Other Financial Institutions

38. The banking sector plays a critical role in promoting financial stability and supporting economic growth through the provision of credit facilities, while the pension funds provide long-term financial security by providing regular income and health insurance during retirement of the beneficiaries. My review found non-payment of the verified depositor claims relating to FBME Bank

(under liquidation) involving amount of TZS 256.22 billion. In addition, Tanzania Agricultural Development Bank issued loans exceeding the single borrowing limit by TZS 7.17 billion. Also, Tanzania Investment Bank was unable to settle matured obligations amounting to TZS 373.14 billion.

39. Within the pension sector, I noted long outstanding loans issued to Government Institutions amounting to TZS 1.29 trillion, which have remained unpaid for 18 years since disbursement; and uncollected eligible contributions from their members amounting to TZS 3.53 trillion. These noted operational deficiencies pose significant risks to the respective sectors, potentially undermining long-term economic growth and adversely affecting the welfare of society.

Performance of Tourism Sector

40. My review noted that the financial year 2024/25 was among the most remarkable on record, with the revenue collection increasing from TZS 575.84 billion in 2023/24 to TZS 724.69 billion in 2024/25, an increase of TZS 148.85 billion equivalent to 26% increase. Despite this significant achievement, infrastructure in the National Parks and Ngorongoro Conservation Area remained in a deteriorated state. It is imperative that the government takes decisive actions to address the deficit in infrastructures and facilities deficit, ensuring that these areas offer services that meet internationally recognised state-of-the-art excellence.

41. Furthermore, I noted the need for the government interventions to address illegal poaching, human-wildlife conflicts, significant incursion of livestock to national parks, and non-operationalization of Reptile Exhibition and Tembo Exhibition projects at the National Museum of Tanzania.

Performance of Water Authorities

42. I found water projects worth TZS 15.79 billion experienced completion delays of up to 730 days due to inadequate projects funding and unsatisfactory contract management. Further, at Tanga Water Supply and Sanitation Services, I found three Green Bond-funded projects, financed through the issued bond to the tune of TZS 41.15 billion were behind the scheduled timeliness, consequently, could compromise the Authority to meet bond repayment obligations. While at Dar es Salaam Water Supply and Sanitation Authority, projects such as Kimbiji and Mpera valued at TZS 25.05 billion has remained unfinished for over 12 years due to prolonged disputes and inadequate contract management.

43. Further, 22 out of 34 Water Supply and Sanitation Authorities (WSSAs) faced significant water shortages, ranging from 20% to 85% of demand. In addition, persistent loss from Non-Revenue Water increased to TZS 243.74 billion, with NRW levels in certain authorities reaching an alarming height above tolerable rate of 20%. For instance, the Mpanda WSSA recorded an NRW level of 70%, highlighting a severe crisis in infrastructure management. Major cities and towns recorded high NRW rates, including Dar es Salaam (53%), Morogoro (50%), Arusha (47%), Mwanza (45%), largely driven by outdated infrastructure and leakages. These deficiencies reflect inadequate oversight and planning, necessitating paramount government interventions to address the crisis.

Review of Higher Learning, Training and Research Institutions

44. My review identified significant deficiencies in training facilities, including inadequate furniture, classrooms, laboratories and equipment; inadequate research and consultancy activities characterised by low performance in patentable and commercially viable research and the absence of comprehensive guidelines for monitoring and evaluating the quality of consultancy; as well as inadequate students enrolment in higher learning institutions.

45. I also found deficiencies in the management of training functions, including the continued use of expired curricula and technical institutions operating with expired registrations. I also noted operational inefficiencies within academic institutions, such as National Council for Technical and Vocational Education and Training failing to set examinations for non-autonomous institutions in accordance with statutory requirements, inadequate implementation of academic quality assurance measures, and weak monitoring of records in the administration of overseas student loans by Higher Education Students' Loans Board.

Efficiency of Regulatory Bodies in Executing their Mandates

46. I noted several deficiencies in the operational efficiency of regulatory authorities in delivering their mandates. These include overlapping regulatory mandates among regulatory authorities that need harmonization; limited strategic focus and service delivery among regulatory authorities following the Government-mandated mergers; recurring deficiencies in enforcing regulatory measures and sanctions against defaulters; and delays in taking regulatory action and handling complaints.

47. I further noted challenges in the management of cash crops and crop boards, including declining tea production and underutilization of installed capacity of tea processing factories; delayed construction, installation and supply of cash crop support infrastructures; continued dependency on imported fertilizers; and challenges in management and quality control of pesticides.

Efficiency of Public Authorities and Other Bodies in Health Sector

48. I noted inadequate logistics and distribution arrangements led to existence of expired and damaged stocks valued at TZS 18.74 billion and TZS 707.82 million respectively at MSD, comprising vertical, normal and special items. Moreover, I found National Health Insurance Fund (NHIF) registered 553,477 members for the financial year 2024/25 representing 39% of the annual target of registering 1,407,918. NHIF had not yet received TZS 20.15 billion from employers with supplementary beneficiaries, despite the agreement requiring employers to make payments in advance.

Performance of Extractive Industry

49. My review of mining and petroleum sub-sectors found that the petroleum sub-sector is experiencing delays in the implementation of CNG gas distribution projects and oil storage (tank farm) facilities.

50. The mining sub-sector faces operational inefficiencies, particularly the underutilisation of drilling rigs valued at TZS 11.09 billion. It also faces structural challenges related to the slow transformation of artisanal mining into commercially viable medium-scale operations, which limit productivity and revenue contribution. To address these issues, it is important for regulators to strengthen oversight, improve coordination, and fast-track the development of artisanal mining into sustainable medium-scale businesses to support national energy security and economic stability.



CHAPTER ONE

BACKGROUND INFORMATION

1.0 Introduction

51. This report summarises the audit findings and recommendations of the Controller and Auditor General (CAG) for 225 public authorities and other bodies for the financial year ended 30 June 2025. The audit was conducted under Article 143 (2) (c) of the Constitution of the United Republic of Tanzania, 1977 and Section 10(1) of the Public Audit Act, CAP. 418. The report comprises 20 chapters which summarise audit findings and recommendations to enhance operational efficiency, internal controls, transparency, accountability and good governance.

Audit Objectives

52. The audit aimed to gather sufficient appropriate audit evidence to form an opinion on the financial statements, evaluate the operational efficiency, and assess compliance with legal and regulatory requirements, including budgetary, procurement and tax laws.

Audit Scope

53. The audit for the financial year ended 30 June 2025 covered the audit of financial statements and compliance audit on budget implementation and procurement of public authorities and other bodies. It also included assessment of operational efficiency on service delivery, internal controls, governance and risk management, revenue management, expenditure management and human resource management. In addition, the audit covered sectorial performance review of higher learning institutions, health, tourism, water sectors, regulatory bodies, social security funds, financial institutions, and extractive industry.

54. Also, the Office of Treasury Registrar presented in this report. The Office of Treasury Registrar plays a key role in overseeing 167 out of 225 public authorities and other bodies. Its responsibilities include holding government investments under one umbrella, directing them to productive areas, acting as

01 Background Information

the sovereign wealth body, and managing other government properties, including paid-up capital in Public and Statutory Corporations (PSCs) and private investments where the Government holds shares or interests in trust for the President and for the Government of the United Republic of Tanzania. Moreover, the Office of the Treasury Registrar is responsible for closely monitoring public investment activities, including tracking and evaluating performance, setting financial goals, and approving strategic plans and regulations.

Audit Methodology and Approach

55. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organisation of Supreme Audit Institutions (INTOSAI). The methodology included examination of record, interviews, and site visits, focused on identifying and assessing risks that could impact an organisation's objectives, financial statements or compliance with laws and regulations. This approach enhances audit quality by addressing key risks and potential material misstatements while minimising unnecessary audit efforts.

CHAPTER TWO

AUDIT OPINIONS



2.0 Introduction

56. This chapter summaries the audit opinions issued to public authorities and other bodies for the financial year 2024/25 and analyses the trend of opinions on financial statements over the five years from 2020/21 to 2024/25.

57. These opinions are derived from the evaluation of audit evidence obtained throughout the audit engagements, assessing whether the financial statements complied with the respective applicable financial reporting frameworks including the International Public Sector Accounting Standards (IPSASs), the International Financial Reporting Standards (IFRSs), and the Tanzania Financial Reporting Standard No. 1 (TFRS1) in all material respect.

58. This evaluation adhered to the International Standards of Supreme Audit Institutions (ISSAI) 2200. Also, my audit of public authorities and other bodies covered assessment on compliance with public procurement laws, and budget laws to which I have provided conclusions.

2.1 Types of Audit Opinion

59. There are four types of audit opinions: unqualified, qualified, adverse, and disclaimer of opinion.

60. An **unqualified opinion** is issued when the financial statements are prepared in all material respects in accordance with the applicable financial reporting framework.

61. A **qualified opinion** is expressed when the financial statements are presented fairly, except for the effect of one or more matters. This occurs when sufficient appropriate audit evidence is obtained and the auditor concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements.

62. Also, a qualified opinion may be issued when the auditor is unable to obtain sufficient appropriate audit evidence to form an opinion but concludes that the possible effects of undetected misstatements on the financial statements could be material but not pervasive.

63. An **adverse opinion** is expressed when the auditor has obtained sufficient appropriate audit evidence to confirm that a misstatement exists and that the effect of the misstatement, either individually or in aggregate, is both material and pervasive to the financial statements.

64. A **disclaimer of opinion** arises when the auditor cannot obtain sufficient appropriate audit evidence to form an opinion on the financial statements. In such instances, the auditor determines that the possible effects of undetected misstatements on the financial statements, if any, could be both material and pervasive. In exceptionally rare circumstances involving multiple uncertainties, the auditor may disclaim an opinion even if there is adequate appropriate audit evidence concerning each uncertainty. This is due to the potential interaction among these uncertainties, which could have a cumulative impact on the financial statements, thereby precluding the auditor from issuing an opinion.

2.2 Audit Opinions Issued During the Year

65. For the financial year 2024/25, I completed a total of 225 audit engagements for which I issued 224 opinions, and failed to issue opinion (disclaimer) in one entity. Of these, 221 (98%) were unqualified, three (1%) was qualified, and One (1%) was a Disclaimer of opinion, as detailed in **Appendix I**.

66. Compared with 2023/24, the number of reported entities increased from 217 to 225 in 2024/25, this is due to the inclusion of other eight entities in the public authorities and other bodies, including a four newly formed entity, namely MSD MEDIPHARM Manufacturing Company Limited, Cereals and Other Produce Regulatory Authority, Tanzania Port Operations and Investments Limited, and TANRAIL Investments Limited as well as four entities reported for the first time under public authorities and other bodies: Office of Treasury Registrar, Shirika la Usafiri Dar es Salaam (UDA), UDA Rapid Transit Limited (UDART), and Arusha Technical College - Production Consulting Bureau (ATC-PCB).

67. Notwithstanding the high proportion of unqualified opinions, it is important to note that a clean audit opinion does not in itself imply that public authorities and other bodies are performing effectively or achieving value for

money. The audit findings identified weaknesses in governance, procurement, revenue and expenditure management, contract management, internal controls, and service delivery, which continue to affect the efficient, economical, and effective use of public resources and the achievement of intended outcomes.

2.3 Trend of Audit Opinions

68. **Table 1** presents the trend in audit opinions issued to public authorities and other bodies over five consecutive years, from 2020/21 to 2024/25. The trend analysis indicates a fluctuation in the percentage of unqualified opinions issued over the past five years. In 2020/21, unqualified opinions stood at 95%, then increased to 97% in 2021/22, and 98% in 2022/23 to 2024/25.

69. Overall, the percentage of unqualified opinions ranged between 95% and 98%, indicating a consistently high level of compliance by public authorities and other bodies with the applicable financial reporting frameworks (IPSAS and IFRS).

Table 1: Trend of audit opinions for five consecutive years

Opinion Category	2020/21	2021/22	2022/23	2023/24	2024/25
Unqualified	185	196	211	213	221
Qualified	8	5	4	4	3
Adverse	0	0	0	0	0
Disclaimer	2	2	0	0	1
Total Engagements	195	203	215	217	225
Unqualified %	95%	97%	98%	98%	98%

Source: Analysis of the audit reports on financial statements

CHAPTER THREE

IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS AND PAC DIRECTIVES

3.0 Introduction

70. The purpose of this chapter is to report on the progress made by the public authorities and other bodies in implementing the audit recommendations and Public Accounts Committee (PAC) directives from prior financial years. It determines whether corrective actions have effectively addressed identified governance failures and financial mismanagement.

71. Audit oversight is meaningful only if findings translate into sustained corrective action. This chapter therefore evaluates implementation performance as a measure of institutional discipline, governance effectiveness, and the strength of financial control systems within public authorities and other bodies.

72. Sections 10, 28, and 34 of the Public Audit Act, Cap 418; and ISSAIs 300 and 400, which require auditors to perform follow-up procedures to verify management's implementation of prior audit findings and recommendations.

73. In conducting this assessment, I acknowledge the efforts made by the Paymaster General and Accounting Officers in responding to audit recommendations and initiating corrective measures. While progress has been recorded in several areas, sustained implementation discipline remains essential to prevent recurring risks and systemic weaknesses.

74. This chapter moves beyond simple reporting. It identifies systemic failures, highlights high-risk zones and proposes the urgent enforcement reforms necessary to close the accountability cycle.

3.1 Overall Implementation Performance

75. This section presents an overall assessment of the implementation status of audit recommendations issued to public authorities and other bodies

over multiple audit cycles. The analysis evaluates whether corrective actions have been completed, remain in progress, or have failed to materialise.

76. A total of **10,391** recommendations, issued to **225** public authorities and other bodies as at 30 June 2024 as shown in the table below.

Table 2: Prior year implementation status

FULLY IMPLEMENTED	UNDER IMPLEMENTATION	NOT IMPLEMENTED / REITERATED	OVERTAKEN BY EVENTS
35% 3,594 of 10,391 recommendations	47% 4,894 of 10,391 recommendations Largest stalled category	16% 1,644 of 10,391 recommendations Chronic systemic failure	2% 259 of 10,391 recommendations

Source: Management letters 2024/25

77. The implementation rate in the latest cycle stood at 35%. However, nearly half of all recommendations remain in under Implementation; 1,644 recommendations are either completely unresolved or repeatedly reported across audit cycles.

78. The dominance of the Under Implementation category reflects weak closure discipline rather than routine administrative delay. Corrective measures are frequently initiated; however, they are not systematically finalised, documented and verified. Without clearly defined deadlines and enforceable closure mechanisms, the accountability loop weakens.

79. Further, the review noted the persistent non-implementation of long-standing audit recommendations remained unresolved of up to 17years. Of the 426 recommendations issued between 2007/08 and 2018/19, only 95 (22%) have been fully implemented, while 265 (62%) remain under implementation. Additionally, 59 (14%) were either not implemented or reiterated, indicating recurring issues, and 7 (2%) were overtaken by events.

Table 3: Long-outstanding audit recommendations

Year	Implemented	Under implementation	Not implemented /Reiterated	Overtaken by events	Total
2007/08	-	1	-	-	1
2009/10	-	1	-	-	1
2010/11	-	1	-	-	1
2011/12	1	3	-	-	4
2012/13	-	14	-	-	14
2013/14	4	12	1	1	18
2014/15	5	11	3	-	19
2015/16	8	12	3	1	24

Year	Implemented	Under implementation	Not implemented /Reiterated	Overtaken by events	Total
2016/17	11	31	3	-	45
2017/18	17	71	18	3	109
2018/19	49	108	31	2	190
Total	95	265	59	7	426
Percentage	22%	62%	14%	2%	

Source: Management Letters 2024/25

80. Notably, several recommendations dating back to 2007/08, 2008/09, 2010/11, and 2011/12 were still under implementation across various entities.

- i. At EPZA, title deeds for Mara and Bagamoyo SEZs, first reported in 2007/08, had not yet been obtained, although the Authority had engaged companies to prepare master plans for the areas. It was recommended that Management ensure these title deeds were formally obtained without further delay. The recommendation has remained under implementation for about 17 years.
- ii. Long outstanding payable balances totalling TZS 658.73 million owed to Mafia communities located at Mafia district, it was reported in 2009/10 at MPRU and remained unpaid. Management was recommended that management intensify efforts to settle these obligations. Similarly, the lack of proper ownership documents for MPRU assets (buildings and building) amounting to TZS 2.30 billion reported in 2010/11. It was recommended that management obtain proper title documents for all assets. This imply that the recommendation has not resolved for about 15 years.
- iii. At the Cashewnut Board of Tanzania, title deeds for three plots valued at TZS 3.28 billion, reported in 2011/12, has not yet obtained, including controversial ownership of Tundururu houses. It was recommended that management ensure all deeds are obtained and disputes resolved. This recommendation remained under implementation for about 13 years.
- iv. Likewise, at Tanzania Shipping Company, long outstanding trade and other receivables (TZS 1.68 billion and USD 265,891) reported in 2011/12 had not been recovered. It was recommended that management intensify debt collection, including legal action and salary deductions where appropriate. The recommendation has remained under implementation for about 13 years.
- v. Finally, at NEEC, the preparation of regulations for the NEEC Act No. 16 of 2004, first reported in 2011/12, remained delayed. It was recommended that management collaborate with stakeholders to expedite the regulations for effective and efficient implementation of the Act. This recommendation is outstanding for 13 years.

81. These long outstanding issues highlighted persistent delays in implementing agreed corrective actions and the need for stronger follow-up mechanisms.

3.2 Structural Patterns by Entity Type

82. Implementation behaviour varies across entity types, with some entities demonstrating higher rates of findings closure, while others show persistent delays and stagnation.

Table 4: Analysis by entity type

Entity Category	Total Recommendations	Implemented (%)	Under Implementation (%)	Not Implemented / Reiterated (%)	Overtaken By Event (%)
Water Authorities	1,388	24	45	30	1
Health Sector	447	41	33	21	5
Government Business Entities (GBEs)	2,627	31	50	16	3
Crops Board	813	27	55	16	2
Banks & Pension Fund - Subsidiaries	822	40	45	14	1
Regulatory & Other Bodies	1745	41	45	13	1
Higher Learning Institutions	2186	40	47	10	3
Tourism Sector	363	37	54	8	1

Source: 2024/25 Management Letters

83. Regulatory Authorities, Higher Learning Institutions, and Banks and Pension Funds demonstrate the highest implementation rates (above 40%), reflecting clearer command chains and structured compliance systems. In contrast, Water Supply and Sanitation Authorities (WSSAs) record the lowest implementation rate (24%) and the highest unresolved share (30% not implemented or reiterated).

84. The disparity is not coincidental. It demonstrates that governance quality, supervisory enforcement, and institutional capacity materially influence implementation outcomes. Where oversight frameworks are structured and accountability lines are clear, implementation performance improves. In contrast where such structures are weak, audit findings persist across cycles.

3.3 Entities Requiring Enhanced Oversight

85. Effective follow-up of audit recommendations enables the identification of entities where corrective action remains persistently weak. To direct oversight to areas of highest risk, this section highlights Public Authorities that exhibit consistently high levels of non-implementation and have reiterated findings across audit cycles.

86. Chronic underperformance is rarely random. Where recommendations remain unimplemented or are repeatedly reported year after year, this indicates structural control deficiencies rather than isolated management lapses. High recurrence rates signal weaknesses in governance oversight, internal control enforcement and accountability mechanisms.

Table 5: High-Risk Entity Matrix

S/n	Entity	Total Recommendation	Not implemented	Reiterated	Not Implemented/ Reiterated
1	Tanzania Library Services Board	44	0	86	86
2	Tanzania Small Holders’ Tea Development Agency	20	65	5	70
3	Lindi Water Supply and Sanitation Authority	95	40	28	68
4	Tanzania Fisheries Research Institute	54	13	48	61
5	Capital Markets and Securities Authority	5	60	0	60
6	LATRA Consumer Consultative Council	13	50	10	60
7	Makambako Water Supply and Sanitation Authority	63	52	6	58
8	Arusha Water Supply and Sanitation Authority	58	15	43	58
9	Tanzania Civil Aviation Authority	16	6	50	56
10	Tanzania Pyrethrum Board	52	31	25	56
11	Kyela- Kasumulu Water Supply and Sanitation Authority	41	49	2	51

Source: Management Letters 2024/25

87. The most alarming unresolved ratios are found in several WSSAs, where combined Not Implemented and Reiterated findings exceed 75% in multiple cases. This reflects sector-wide weaknesses in governance and enforcement.

88. Furthermore, regulatory boards and crop boards such as the Tanzania Library Services Board and the Smallholder Tea Development Agency of

Tanzania have recorded a high proportion of audit issues that remain unimplemented, exceeding 70%. Considering the importance of these institutions in economic activities, the continued failure to implement audit recommendations may increase operational and financial risks within these entities. The recurrence of similar audit issues across different audit periods indicates that weaknesses in internal control systems have not yet been adequately addressed.

3.4 Analysis by Key Financial Management Areas

89. Systemic risk concentrated in core financial discipline functions, particularly Revenue, Inventory and Liabilities Management. The intersection between entity types and financial management area reveals where implementation resistance is strongest.

90. The lowest implementation rates are recorded in Liability Management (33%), Inventory Management (23%) and Revenue Management (21%). These areas directly affect financial sustainability, revenue collection, arrears recovery, asset control and credit management

91. The persistent deficiencies in these functions indicate that infrastructure investments and system upgrades alone do not resolve governance weaknesses. Effective revenue administration, inventory control and liability management require institutional discipline, enforcement mechanisms, and consistent oversight.

3.5 PAC Directives Implementation

92. Compliance with PAC Directives demonstrates cyclical behaviour, reflecting reactive enforcement rather than institutionalised follow-through which limits its overall effectiveness. Implementation peaked at 48% in FY 2023/24 but declined to 32% in FY 2024/25, while the Under Implementation category increased to 66%.

Table 6: Implementation of PAC directives

Financial Year	Implemented	Under Implementation	Not Implemented	Total
2024/25	46 (32%)	97 (66%)	3 (2%)	146

03 Implementation of prior year's audit recommendations and pac directives

2023/24	100 (48%)	99 (47%)	10 (5%)	209
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Source: Management Letters 2024/25

93. Nine public authorities and other bodies carry 25 PAC directives outstanding for between five and 14 years, including two Water Supply and Sanitation Authorities with directives pending since FY 2010/11 (Table 7).

Table 7: Long outstanding PAC directives

<p>14</p> <p>YEARS OUTSTANDING</p> <p>Shinyanga Water Supply & Sanitation Authority</p> <p>Since 2010/11</p> <p>5 Under Implementation</p>	<p>14</p> <p>YEARS OUTSTANDING</p> <p>Lindi Water & Sanitation Authority</p> <p>Since 2010/11</p> <p>2 Under Implementation</p> <p>1 Not Implemented</p>	<p>13</p> <p>YEARS OUTSTANDING</p> <p>Tanzania Trade Development Authority</p> <p>Since 2011/12</p> <p>2 Under Implementation</p>
<p>9</p> <p>YEARS OUTSTANDING</p> <p>Vocational Education & Training Authority (VETA)</p> <p>Since 2015/16</p> <p>2 Under Implementation</p>	<p>8</p> <p>YEARS OUTSTANDING</p> <p>Mwanza Water Supply & Sanitation Authority</p> <p>Since 2017/18</p> <p>2 Under Implementation</p>	<p>7</p> <p>YEARS OUTSTANDING</p> <p>Muhimbili National Hospital</p> <p>Since 2018/19</p> <p>5 Under Implementation</p>
<p>7</p> <p>YEARS OUTSTANDING</p> <p>Dar es Salaam Water Supply & Sanitation Authority</p> <p>Since 2018/19</p> <p>2 Under Implementation</p>	<p>5</p> <p>YEARS OUTSTANDING</p> <p>Tanzania Investment Centre</p> <p>Since 2019/20</p> <p>2 Under Implementation</p>	<p>5</p> <p>YEARS OUTSTANDING</p> <p>Higher Education Students Loans Board (HESLB)</p> <p>Since 2019/20</p> <p>2 Under Implementation</p>

Source: Management Letters 2024/25

94. Long-standing directives persisting across changes in management and Boards indicate structural enforcement gaps. Without clear timelines and escalation mechanisms, the likelihood of resolving these issues decreases significantly over time.

- i. The Water Supply and Sanitation Authorities (WSSA) of Lindi, Shinyanga, Mwanza, and Dar es Salaam were directed to align operational costs with revenue, reduce non-revenue water, protect catchment areas, expedite new water connections, and strengthen debt collection mechanisms. Implementation has been delayed as the current tariff structure did not fully cover operational costs, increasing dependence on government subsidies, while a significant portion of receivables remained unpaid by government entities. Also, non-revenue water remained higher than tolerable rate of 20%.
- ii. The Tanzania Trade Development Authority was required to clear long-outstanding debts, but progress has been limited, highlighting challenges in debt recovery.
- iii. The Vocational Education and Training Authority (VETA) was directed to settle unpaid imprests and recover outstanding staff loans, yet compliance remains partial.
- iv. Muhimbili National Hospital was directed to ensure timely remittance of PAYE to the Tanzania Revenue Authority (TRA) and address long-standing unpaid creditor debts, with delays continuing to raise concerns about financial discipline.
- v. Higher Education Students Loans Board, management was directed to follow up with the Ministry of Finance to ensure that the loans are settled in a timely manner so as to avoid further accumulation of interest.

3.6 System-Level Implications

95. The analysis reveals that non-implementation is concentrated, predictable and structurally embedded. While progress has been recorded, closure discipline remains weak. The WSSA sector demonstrates systemic fragility. Revenue and Liabilities Management remain chronically resistant. PAC directives lack structured ageing enforcement.

96. Collectively, these factors limit the deterrence value of audit oversight and weaken the effectiveness of the public sector accountability framework. If unresolved findings accumulate faster than they are closed, institutional credibility and financial sustainability risk gradual erosion.

3.7 Recommendations to Government

97. In view of the observed implementation deficiencies, I recommend that:

- a) The Government through the Paymaster General and respective accounting officers establish a structured recommendations and PAC Directives Enforcement Framework to ensure timely implementation of audit recommendations and PAC directives. The framework has to include clear assignment of accountability for each recommendation and directive to a specifically designated responsible officer or authority, with documented ownership at entity level;
- b) Establish action plans, incorporating defined implementation timelines, performance indicators, and measurable milestones to track progress towards closure of recommendations and PAC directives; and
- c) Enforceable consequence management mechanisms, including but not limited to conditional budget approvals, incorporation of implementation performance into accounting officers' performance evaluations, and accountability of boards and senior management for persistent non-compliance.

98. These reforms are necessary to strengthen enforcement discipline, improve closure conversion, and restore the effectiveness of the audit follow-up system.



CHAPTER FOUR

FINANCIAL PERFORMANCE

4.0 Introduction

99. This chapter presents an analysis of the financial performance, service delivery sustainability, and liquidity position of public authorities and other bodies. The assessment covers two categories: Public authorities and other bodies engaged in commercial activities, which are primarily profit-oriented, and public authorities and other bodies without commercial mandates, which are mainly service-oriented and depend on government grants, fees, and contributions.

100. The assessment is based on the financial statements of 216 public authorities and other bodies for the financial year 2024/25 excluding nine entities which are government-owned banks, social security schemes, and institutions regulating capital markets and securities, which are addressed in Chapter 14.

4.1 Trend of Losses for Commercial Public Authorities and Other Bodies for One to three consecutive years



101. An analysis of financial statements from 54 Commercial public authorities and other bodies revealed that in financial year 2024/25, a total of 22 entities (41%) recorded losses for periods ranging from one to three years.

102. This represents an increase of three entities from the previous year 2023/24, where 19 out of 52 entities (37%) reported losses. While, the number of loss-making entities has increased by 4%, the total value of losses decreased from TZS 412.31 billion in the previous year 2023/24 to TZS 307.08 billion in the

current year 2024/25. Despite the decrease in aggregate value of losses, the loss amount of ATCL has more than doubled.

103. In addition, during the period under review 2024/25, I found the Government provided recurrent grants totaling to TZS 105.22 billion to Air Tanzania Company Limited, Tanzania Railways Corporation and Tanzania Standard (Newspapers) Limited which were among of loss-making entities to finance salaries and other staff costs. Excluding the recurrent grants used to fund operating expenses, these entities would have reported higher losses.

104. The primary drivers for these losses remain suboptimal operational performance, inadequate investment returns, and deficient expenditure controls.

105. This may lead to reduced ability to fund essential operations and investments and overdependence on government subsidies to cover for shortfalls. **Table 8** lists commercial public authorities and other bodies with losses over two to three years.

Table 8: Loss-making commercial public authorities and other bodies

S/N	Name of entity	2024/25 TZS '000	2023/24 TZS '000	2022/23 TZS '000
1	Air Tanzania Company Limited	191,190,669	91,797,855	56,640,694
2	Tanzania Railways Corporation	57,701,597	225,795,772	101,663,607
3	UDA Rapid Transit Plc	15,776,886	16,319,351	-
4	Mkulazi Holding Company Limited	8,620,898	19,042,650	17,808,601
5	National Ranching Company Limited	6,349,416	-	-
6	Tanzania Biotech Products Limited	5,521,649	4,315,782	6,118,670
7	Tanzania Geothermal Development Company Limited	4,111,951	3,487,165	1,239,191
8	Tanzania Standard (Newspapers) Limited	2,717,523	3,505,286	407,688
9	Kilimanjaro International Leather Industries Company Limited	2,521,049	5,051,268	4,690,924
10	TTCL PESA Limited	2,126,958	1,302,550	352,737
11	Keko Pharmaceutical Industries (1997) Limited	2,116,071	1,841,907	1,350,649
12	TANAPA Investment Limited	1,996,084	464,372	-
13	Sisalana Tanzania Company Limited	1,793,119	2,442,979	1,502,609
14	TANOIL Investment Limited	1,132,000	-	-
15	MSD Medipharm Manufacturing Company Limited	832,872	-	-
16	MCB Company Limited	807,614	-	-
17	APC Investment Centre	647,154	1,241,976	1,200,302
18	University of Dar Es Salaam Computing Centre	348,209	-	-
19	KMTC Manufacturing Limited	347,498	652,273	-
20	STAMIGOLD Company Limited	227,718	-	-
21	MUST Consultancy Bureau Limited	138,452	-	-
22	Msamvu Properties Company Ltd	56,421	-	-

04 Financial performance

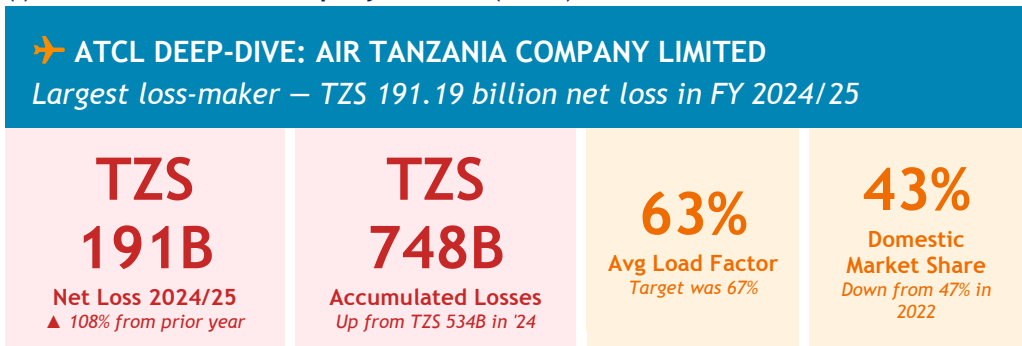
S/N	Name of entity	2024/25 TZS '000	2023/24 TZS '000	2022/23 TZS '000
	Total	307,081,808		

Source: Auditors analysis on data extracted financial statements from 2022/23 to 2024/25

106. The analysis indicates that the reduction in aggregate losses does not reflect a corresponding improvement in operational efficiency across entities. Instead, it is largely influenced by Government support, while key entities continue to record increasing losses. This suggests that the underlying financial sustainability of public authorities remains weak and dependent on continued fiscal support.

107. The summary of performance details for commercial entities that have incurred losses for two to three consecutive years are as follows:

(i) Air Tanzania Company Limited (ATCL)



108. **Continued Financial Losses Despite Government Support:** My audit noted that Air Tanzania Company Limited (ATCL) continued to incur significant losses despite receiving substantial financial support from the Government, indicating persistent operational and financial inefficiencies. During the financial year 2024/25, the Government provided TZS 87 billion to support staff salaries and related costs (2023/24: TZS 70 billion). In addition, TZS 27 billion was recognized as amortized revenue from capital grants for development projects.

109. Despite this support, ATCL recorded a net loss of TZS 191.19 billion, representing an increase of 108% compared to the TZS 91.79 billion loss recorded in financial year 2023/24. Consequently, accumulated losses increased from TZS 534 billion in 2023/24 to TZS 748 billion in 2024/25.

110. Although passenger and cargo revenue increased to TZS 585 billion, representing an increase of TZS 124 billion (27%) compared to TZS 461 billion recorded in 2023/24, the increase in costs outpaced revenue growth. Direct operating costs increased from TZS 541 billion in 2023/24 to TZS 675 billion in

2024/25, resulting in a widening negative contribution margin which increased from TZS 80 billion to TZS 90 billion. My audit noted that the continued losses were mainly driven by several operational and strategic challenges as detailed below:

111. **Operating Costs Driven by Fleet Expansion and Operational Expenses:** ATCL experienced significant increases in key operating cost components during the financial year 2024/25. Aviation fuel costs increased from TZS 188 billion in 2023/24 to TZS 240 billion, representing an increase of TZS 52 billion (28%), largely attributed to higher global fuel prices, expansion of the aircraft fleet and increased flight frequencies.

112. Similarly, aircraft maintenance costs increased from TZS 124 billion to TZS 157 billion, representing an increase of TZS 32 billion (27%). The increase was mainly associated with additional engine fleet management costs, increased maintenance reserve provisions for newly added aircraft, overhaul of Q400 engines, repair of Boeing 787-8 engines and increased material usage. Other operating expenses also increased during the year as summarized below;

Table 9: Other operating expenses of ATCL

COST CATEGORY	FY 2024/25 (TZS - billion)	FY 2023/24 (TZS - billion)	% CHANGE
Aviation Fuel	240	188	▲ 28%
Aircraft Maintenance	157	124	▲ 27%
Staff Costs	87	70	▲ 24%
Administrative Expenses	44	36	▲ 22%
Finance Costs	38	20	▲ 90%
TOTAL	566	438	▲ 29% overall

Source: ATCL audit financial statements of 2024/25

113. The increase in staff costs to TZS 87 billion was mainly attributed to an increase in the number of employees from 747 to 821 staff, salary adjustments following the implementation of a new scheme of service, introduction of incentive schemes and increased crew allowances. Moreover, I found payment made to seven employees amounting to TZS 1.15 billion at remuneration rates

that exceeded those approved under the ATCL Salary Structure and respective Schemes of Service.

114. Furthermore, finance costs increased by 90%, from TZS 20 billion to TZS 38 billion, largely due to increased finance lease obligations associated with the acquisition of additional aircraft.

115. **Underperformance in Passenger and Cargo Operations:** ATCL did not achieve its planned operational targets for passenger and cargo services during the financial year 2024/25. Passenger traffic reached 1,178,025 passengers, representing 84% of the planned target of 1,410,359 passengers. Similarly, cargo uplift totaled 6,918.7 tonnes, which is 16% below the planned target of 8,225 tonnes. Operational efficiency indicators also remained below expectations, with an average load factor of 63%, compared to the planned 67%. Capacity and traffic indicators were similarly below plan, with Available Seat Kilometres and Revenue Passenger Kilometres 21% and 32% lower than planned, respectively. The details are shown in the **Table 10**.

Table 10: Passenger and cargo operation

S/n	Indicator	2024/25 Achievement	Comparison with Previous Year	Comparison with Plan
1	Passenger Uplift	1,178,025 passengers	5% increase	16% below plan
2	Average Load Factor	63%	2% lower	4% below plan
3	ASK	2,573.6 million	26% increase	27% below plan
4	RPK	1,617.7 million	22% increase	32% below plan
5	Cargo Uplift	6,918.7 tonnes	2% decrease	16% below plan
6	Cargo Revenue	TZS 39.49 billion	22% increase	11% below plan

Source: ATCL performance reports of 2024/25

116. Further, route-level analysis showed that many routes operated at a loss, including those with moderate or high passenger load factors. During the week of 24-30 May 2025, 61% of routes with load factor above 50% still generated negative contribution margin, while some routes operated with 0% of load factor but continue to incur direct operating costs. The airline recorded an aggregate negative contribution margin of approximately TZS 3.4 billion during that week, indicating that several routes were operating below break-even levels.

117. **Inefficient Deployment of Boeing 767-300F Cargo Aircraft:** My audit noted that the Boeing 767-300F freighter was not optimally deployed to maximize its long-haul cargo revenue potential. The aircraft is designed for medium-to-long-haul cargo operations, yet operational data shows that most flights were deployed on short- and medium-haul routes.

Table 11: Operation of Boeing 767-300 F for 2024/25

FLIGHT RANGE	HAUL TYPE	NUMBER OF ROUTES	PERCENTAGE
1 - 3 Hours	Short Haul	75	36%
4 - 6 Hours	Medium Haul	120	58%
8 - 13 Hours	Long Haul	12	6%
TOTAL		207	100%

Source: ATCL performance reports of 2024/25

118. Out of 169 international freighter flights, 162 flights carried between 11.3 and 20.4 tones leading to the contribution of operating losses, while only seven flights operated close to the aircraft’s full capacity of 52 tones.

119. Furthermore, ATCL’s cargo expansion strategy has been constrained by the European Union ban on airlines certified by the Tanzania Civil Aviation Authority (TCAA), limiting the airline’s ability to access potentially profitable long-haul cargo markets in Europe.

120. **Decline in Domestic and International Market Share:** Despite expansion of the aircraft fleet and operational resources between 2022 and 2024, ATCL experienced a decline in its domestic passenger market share. domestic market share decreased from 47% in 2022 to 43% in 2024, representing a 4-percentage-point decline, largely captured by emerging and re-entering competitors in the domestic aviation market.

121. Similarly, ATCL’s international market share remained relatively low at 9%-10%, while foreign airlines operating in Tanzania recorded increasing market shares ranging between 10% and 18%. This trend suggests challenges in maintaining competitiveness in both domestic and international markets.

122. **Renewal of Service Provider Contracts Despite Unsatisfactory Performance:** Performance assessments conducted by ATCL on ground handling service indicated unsatisfactory performance by certain service providers at stations including Mwanza, Arusha, Mtwara and Mbeya. The deficiencies were attributed mainly to inadequate ground support equipment, insufficient staffing levels, delayed maintenance of equipment and lack of staff training.

123. Despite these performance shortcomings, the contracts of the service providers were renewed, indicating weaknesses in performance monitoring and contract enforcement mechanisms.

124. **Non-Automation of Business Processes and Lack of Integration of Application Systems:** Key business processes at Air Tanzania Company Limited remain largely manual due to limited integration of the Enterprise Resource Management Suite (ERMS) with operational systems. ERMS is not integrated with systems such as IATA clearing house platforms, aircraft maintenance inventory system (AD), and the Crane Pax ticketing system, resulting in manual exchange rate updates, revenue reconciliations, and maintenance cost tracking. Additionally, processes such as ticket sales reconciliation, computation of agents' commissions, excess baggage charges, and refund processing are not automated, as the company does not have an integrated refund system. Further details are presented in Chapter 5 of my Information Systems Annual Audit Report for the year 2024/25.

125. **Lack of Effective Monitoring Over Agents' Refunds Amounting to TZS 20.61 billion:** My audit of the 2024/25 noted that, ATCL disbursed TZS 20.61 billion in refunds to travel agents without a mechanism to confirm that the funds reached the passengers, contrary to the Financial Regulations (Revised 2022) and the Customer Service Charter (2024). In addition, I noted that 991 passengers were issued refunds totaling TZS 310.57 million without recorded justifications to ascertain whether the transactions met the criteria for involuntary flight irregularities (e.g., technical glitches or delays exceeding 120 minutes) as required by Para 5.46 (a) and the Passenger and Baggage Manual (2024). The situation was caused by the absence of clear procedures and system controls for monitoring and reporting agents' refunds, compounded by weak supervisory oversight. As a result, ATCL is unable to verify whether refunds were legitimately triggered by operational disruptions or represented unauthorized reversals, exposing the Company to revenue leakage, reputational risks, legal liabilities, and possible non-compliance with settlement requirements.

126. I recommend that Air Tanzania Company Limited, in collaboration with relevant Government authorities:

- a) Reassess route profitability and adjust flight frequencies and capacity allocation to improve load factors;
- b) Develop a structured cargo route optimization strategy for the Boeing 767-300F to enhance payload utilisation;
- c) Strengthening engagement with relevant international authorities to address regulatory restrictions affecting access to European cargo markets;

- d) Strengthen contract management by ensuring that service provider contracts are renewed only after satisfactory performance evaluations; and
- e) Prioritise system-to-system integration by using approved Government interoperability frameworks to enable automated data exchange, reduce manual processes, and improve accuracy and efficiency.
- f) Establish and implement clear policies and controls for monitoring agents' refunds, including requiring agents to submit periodic refund reconciliation reports, proof of payment to passengers, and timelines for settlement. Also, implement mandatory system controls to capture reasons for every refund/void and conduct periodic reconciliations of exception reports against allowable grounds to safeguard revenue.

(ii) Tanzania Railways Corporation

127. The Corporation recorded a loss of TZS 57.70 billion (2023/24: 225.79 billion) in the financial year 2024/25, representing a significant decrease from the loss reported in 2023/24 by 74%. The Corporation incurred a loss of TZS 57.70 billion despite receiving a government subvention of TZS 137 billion which included the personal emoluments of TZS 12.92 billion. This subvention rose to TZS 137 billion in 2024/25 from TZS 29.08 billion in 2023/24, representing a 371% increase.

128. I found internally generated revenue increased by TZS 92.95 billion (236%) to TZS 132.29 billion from TZS 39.34 billion in 2023/24. The increase in revenue was mainly driven by revenue from SGR (freight & passengers) amounting to TZS 95.94 billion, after starting its operation on 1 July 2024. While revenue from MGR (freight and passengers) decreased to TZS 36.33 billion compared to the previous year TZS 38.70 billion due to reduced freight transport activity, whereby the corporation transported 246,824 tones (2024: 302,714) which is 47% of its planned freight volume.

129. My further analysis found that SGR routes recorded a contribution margin of 9% in 2024/25, whereas MGR recorded a negative contribution margin of 97%. Despite the negative contribution margin, MGR operations accounted for 72% of total general and administrative expenses amounting to TZS 204.57 billion, while SGR operations accounted for only 28%. The relatively high general and administrative costs attributed to MGR are primarily driven by staff costs and transport and travel expenses.

130. I recommend that Tanzania Railways Corporation focus on improving its operational efficiency to increase revenue collection and implement effective cost-cutting measures.

(iii) Mkulazi Holding Company Limited

131. The Company recorded a loss of TZS 8.62 billion in the financial year 2024/25, reflecting a reduction of 55% compared to the TZS 19.04 billion loss reported in 2023/24 which was before starting the business operation. This improvement was primarily driven by the commencement of commercial sugar production on 1 July 2024, which increased revenue from TZS 4.52 billion in 2023/24 to TZS 34.33 billion in 2024/25, representing an increase of 659%. In addition, operating expenses declined by 44.62%, reflecting the Company's successful transition from the project development phase to full commercial operations.

132. I recommend that Mkulazi Holding Company Limited continue enhancing operational efficiency to increase revenue generation and implement effective cost-cutting measures to ensure that the factory becomes profitable.

(iv) Tanzania Biotech Products Limited (TBPL)

133. TBPL a subsidiary of National Development Corporation (NDC) recorded a loss of TZS 2.75 billion in financial year 2024/25 compared to the loss of TZS 4.31 billion in 2023/24. The main reason contributed to this reduction of loss is an increase in sales by TZS 5.66 billion (700%) from TZS 809.47 million reported in financial year 2023/24 to TZS 6.47 billion in 2024/25.

134. The reported loss was primarily driven by increase in cost of sales which rose by 737%, from TZS 567.73 million in 2023/24 to TZS 4.75 billion in 2024/25. Also, increase in administrative expenses, which increased from TZS 724.83 million to TZS 2.68 billion.

135. I recommend that Tanzania Biotech Products Limited improve operational efficiency to increase revenue collection and implement cost minimization strategy.

(v) Tanzania Standard (Newspapers) Limited

136. The Company continued to incur losses for three consecutive years. In financial year 2024/25 the company reported a loss of TZS 2.69 billion, which

is 23% less than the loss recorded in 2023/24 amounted to TZS 3.50 billion. The company recorded a loss in financial year 2024/25 despite the Government subvention of TZS 5.27 billion. This loss was due to a significant increase of 92% in provisions, accompanied by a 71% increase in the Fuel and Mileage expenses.

137. I recommend that the Tanzania Standard (Newspapers) Limited improve its operational efficiency and revisit the operation model to increase revenue collection and implement effective cost-cutting measures.

(vi) Sisalana Tanzania Company Limited

138. The Company recorded a loss of TZS 1.79 billion in the financial year 2024/25, compared to a loss of TZS 2.44 billion in 2023/24. The loss was largely attributable to high operating expenses amounting to TZS 3.86 billion. The reduction in the level of loss was partly supported by a modest increase in sales by 12% compared to previous year. The improvement in sales performance was mainly driven by increased production and sale of sisal products, including sisal yarns, sisal ropes, sisal carpets, and sisal sacks, in both domestic and external markets.

139. I recommend that Sisalana Tanzania Company Limited improve operational efficiency to increase revenue collection from its core business and implement effective cost-cutting measures.

(vii) APC Investment Centre

140. The Centre recorded losses for three consecutive financial years. During the financial year 2024/25, the Centre incurred a loss of TZS 647 million compared to a loss of TZS 1.24 billion reported in 2023/24. The loss was mainly due to 19% increase in staff expenses and 16% increase in administrative expenses compared to the financial year 2023/24.

141. The reduction in losses by 48% was mainly attributable to a significant decrease in depreciation expenses amounting to TZS 947 million (47%), coupled with a marginal increase in total revenue of 0.22%.

142. I recommend that APC Investment Centre improve operational efficiency to increase revenue collection from core business and implement effective cost-cutting measures.

(viii) TTCL PESA Limited

143. The Company reported a loss of TZS 2.12 billion in the financial year 2024/25, extending a trend of consecutive losses over the past three financial years, from 2022/23 to 2024/25. The loss for 2024/25 increased by TZS 824.40 million (63%) compared to the loss of TZS 1.30 billion recorded in 2023/24. The increase in loss was primarily attributable to a decline in revenue amounting to TZS 199.50 million (19%) compared to the revenue reported in the financial year 2023/24. This was mainly contributed to the technical and regulatory operational challenges in the telecommunications industry.

144. I recommend that TTCL PESA Limited improve operational efficiency to increase revenue collection from its core business and implement effective cost-cutting measures.

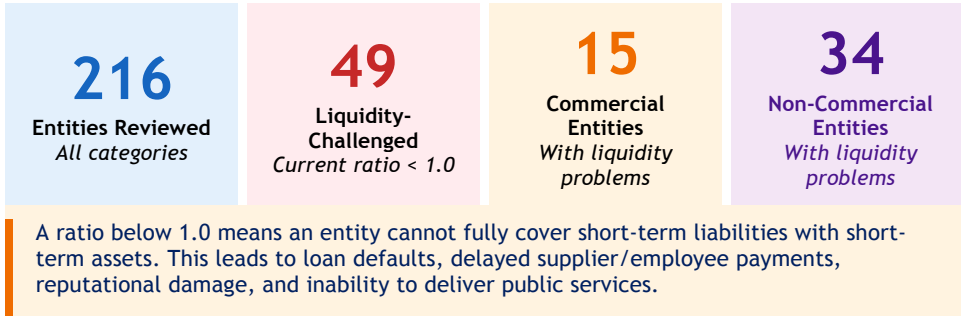
(ix) Kilimanjaro International Leather Industries Company Limited

145. My review found that despite an improvement in financial performance, the Company continued to operate at a loss for three consecutive financial years. The loss has decreased significantly from TZS 5.05 billion reported in 2023/24 to TZS 2.46 billion in 2024/25. The decline in loss by 51% is contributed by a reduction in the cost of sales by 21%. The cost of sales for the financial year 2024/25 was reported at TZS 3.84 billion, compared to TZS 4.87 billion recorded in the financial year 2023/24, indicating a decrease of TZS 1.03 billion.

146. The loss incurred during the year was largely driven by a substantial decrease in revenue by 10% from TZS 4.44 billion reported in 2023/24. Declining in revenue was due to failure of the company to secure anticipated sales deals from major military institutions, including the Police Forces, TPDF, and JKT. This directly impacted our sales performance, falling short of the projected targets.

147. I recommend that Kilimanjaro International Leather Industries Company Limited improve operational efficiency to increase revenue collection from core business and implement effective cost-cutting measures.

4.2 Public Authorities Experiencing Liquidity Problems



148. The financial positions of 216 out of 225 public authorities and other bodies (excluding government-owned banks, social security schemes, and institutions engaged in the trading of marketable securities) reviewed during the audit for the financial year 2024/25 indicated that 49 public authorities and other bodies had more current liabilities than current assets ranging between two and three years, of which 15 were commercial, while 34 were non-commercial. I further found that the current ratio (total current assets/total current liabilities) of these entities ranged from zero (indicating no or few current assets compared to current liabilities) to 0.98 while the benchmark stands at 1:1 (or simply 1) which suggests that an entity has enough current assets to cover its current liabilities. **Table 12** lists public authorities facing liquidity challenges over a period of one to three years.

149. This implies that the 48 public authorities have liquidity challenges, and the ratios indicate inadequate cash flow management or overreliance on short-term borrowing. Failure to meet financial obligations can lead to defaulting on loans, delaying payments to suppliers or employees and impairing the entity's reputation, and limiting its ability to operate effectively. This situation may hinder the entity's capacity to deliver essential services and fulfil its mandate.

Table 12: Public authorities experiencing liquidity problems (Current Ratio)

S/n	Name of public authority	A	B	Current Ratio=A/B		
		Current Assets 2024/25 (TZS '000)	Current Liabilities 2024/25 (TZS '000)	2024/25	2023/24	2022/23
Commercial Public Authorities and other Bodies						
1	UDA Rapid Transit	12,951,451	167,918,027	0.08	0.08	-
2	Keko Pharmaceutical Industries (1997) Limited	2,306,287	19,784,224	0.12	0.09	0.15
3	Shirika la Usafiri Dar Es Salaam (UDA)	4,051,696	18,866,346	0.21	0.34	-

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S/n	Name of public authority	A	B	Current Ratio=A/B		
		Current Assets 2024/25 (TZS '000)	Current Liabilities 2024/25 (TZS '000)	2024/25	2023/24	2022/23
4	Tanzania Biotech Products Limited	1,682,584	9,876,301	0.17	0.14	0.23
5	Tanzania Standard (Newspapers) Limited	5,079,882	28,550,678	0.18	0.23	0.44
6	Air Tanzania Company Limited	215,206,724	855,354,352	0.25	0.29	0.32
7	Tanzania Postal Corporation	28,756,640	97,468,055	0.30	0.29	0.48
8	Kariakoo Market Corporation	1,371,882	4,053,052	0.34	0.1	0.18
9	Tanzania Broadcasting Corporation	5,909,267	15,010,203	0.39	0.22	-
10	National Ranching Company Limited	7,848,172	15,614,580	0.50	0.89	0.76
11	PSSSF/DCC Investment Company Limited	753,795	1,444,210	0.52	0.70	0.76
12	STAMIGOLD Company Limited	44,706,500	58,289,259	0.77	0.76	0.63
13	Dar es Salaam Institute of Technology Company Limited	821,823	1,050,757	0.78	0.75	0.81
14	GAS Company (Tanzania) Limited	31,077,000	39,149,000	0.79	0.78	0.79
15	Tanzania Telecommunication Company Limited	362,049,000	375,838,000	0.96	0.24	0.49
Non-Commercial Public Authorities and other Bodies						
1	Tanzania Pyrethrum Board	329	2,027,835	0.00	0.00	0.00
2	Tanzania Civil Aviation Authority Consumer Consultative Council	368	110,453	0.00	0.00	0.03
3	Export Processing Zones Authority	2,148,413	110,476,487	0.02	0.02	0.02
4	Tanzania Fertilizer Regulatory Authority	7,388,881	270,166,393	0.03	0.00	0.01
5	National Arts Council	17,225	527,030	0.03	0.14	0.28
6	Bariadi Water Supply and Sanitation Authority	360,276	2,353,571	0.15	0.17	0.7
7	Ngara Water Supply and Sanitation Authority	92,829	447,523	0.21	0.09	-
8	Arusha Water Supply and Sanitation Authority	6,213,591	27,874,200	0.22	0.42	0.46
9	Njombe Water Supply and Sanitation Authority	657,742	2,475,494	0.27	0.21	-
10	Tanzania National Parks	19,468,274	68,686,025	0.28	0.34	0.49
11	Muhimbili Orthopaedic Institute	14,257,349	47,376,110	0.30	0.34	0.36
12	Nzega Water Supply and Sanitation Authority	1,178,910	3,706,258	0.32	0.27	0.35
13	Same-Mwanga Water Supply and Sanitation	356,422	1,112,700	0.32	0.33	-
14	Kigoma/Ujiji Water Supply and Sanitation Authority	1,451,928	4,312,376	0.34	0.31	0.38

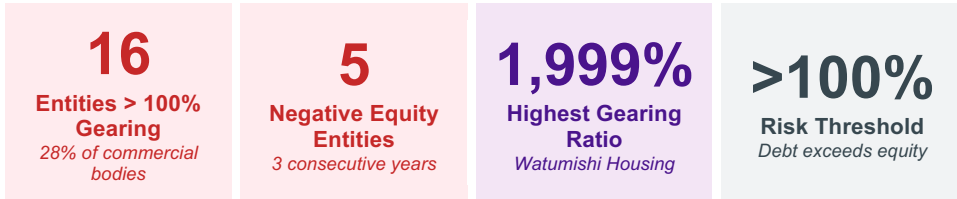
04 Financial performance

S/n	Name of public authority	A	B	Current Ratio=A/B		
		Current Assets 2024/25 (TZS '000)	Current Liabilities 2024/25 (TZS '000)	2024/25	2023/24	2022/23
15	Mwanza Water Supply and Sanitation Authority	5,981,971	17,585,210	0.34	0.62	0.94
16	Musoma Water Supply and Sanitation Authority	962,020	2,776,603	0.35	0.38	0.41
17	Bukoba Water Supply and Sanitation Authority	1,706,328	4,844,374	0.35	0.59	-
18	Tanzania Industrial Research and Development	1,169,651	3,270,781	0.36	0.24	0.37
19	Tanzania Tourist Board	3,699,015	10,232,597	0.36	0.24	0.37
20	Tanzania Dairy Board	76,277	205,052	0.37	0.28	0.24
21	Lindi Water Supply and Sanitation Authority	1,264,006	3,294,621	0.38	0.20	0.84
22	Mtwara Water Supply and Sanitation Authority	2,951,085	7,079,190	0.42	0.81	-
23	Tanzania Library Services Board	1,514,435	3,537,200	0.43	0.56	0.38
24	Cotton Development Trust Fund	113,689,702	241,364,711	0.47	0.57	0.8
25	Tanzania Sisal Board	2,420,254	5,033,912	0.48	0.52	0.44
26	Dar Es Salaam Water Supply and Sanitation Authority	268,072,197	439,413,740	0.61	0.62	0.73
27	Morogoro Water Supply and Sanitation Authority	8,003,792	11,517,188	0.69	0.86	-
28	National Museum of Tanzania	1,353,691	1,773,793	0.76	0.40	0.45
29	Songea Water Supply and Sanitation Authority	1,555,119	1,796,362	0.87	0.93	0.79
30	Vocational Education and Training Authority	9,301,458	10,698,586	0.87	0.54	-
31	University of Dar Es salaam	60,009,788	64,408,730	0.93	0.98	-
32	Muhimbili National Hospital	73,494,312	78,701,378	0.93	0.83	0.81
33	National Bureau of Statistics	15,343,559	15,733,110	0.98	0.99	-
34	Mwalimu Julius K. Nyerere University of Agriculture and Technology	41,117,992	42,114,067	0.98	0.95	0.98

Source: Auditors analysis on data extracted from financial statements of three-year 2022/23 to 2024/25

150. I recommend that the respective public authorities and other bodies develop and implement a comprehensive and structured payment plan to ensure that outstanding debts are serviced in a timely manner. Specifically, the entity should establish clear priorities for the settling payables, align payments with available cash flows, and implement a formalised payment schedule to enhance financial discipline, reduce the accumulation of arrears, and strengthen its overall financial sustainability.

4.3 Public Authorities with gearing ratio of more than 100% for a period of two to three years



151. Debt financing is a common practice among public authorities and other bodies; however, it also heightens their financial exposure. The gearing ratio, which measures the proportion of debt to equity, is a crucial indicator of an entity’s dependence on debt relative to equity financing. A gearing ratio exceeding 100% indicates reliance on debt to finance its operations. This means the entities’ debt exceeds its equity, which could signal higher financial risk. In other words, for every unit of equity, the company has more than one unit of debt. Maintaining a balanced capital structure is essential to mitigating financial risks and ensuring long-term sustainability. The negative gearing ratios signifies that the Government’s original investment has been completely eroded by persistent operational deficits. Consequently, the entity is no longer funding its operations through its own equity but is surviving entirely on borrowed funds and Government subsidies.

152. My review of 54 Commercial public authorities and other bodies for the financial year 2024/25 revealed that 16 entities (30%) had an unfavourable gearing ratio (total debts to total equity) exceeding 100%. Among 16 entities, six had negative ratio for the three consecutive years. This indicates a heavy reliance on debt financing, making these entities more vulnerable to financial risks arising from high debt costs.

153. The adverse ratios were primarily driven by factors such as additional loans, and higher borrowing costs due to delays in the payment of overdue principal amounts and interest. This can impact the profitability and strain cashflow and a large portion of revenue may go toward servicing debt rather than funding operations, growth, or capital investments.

154. The entities with a total debt-to-equity ratio exceeding 100% for one to three years are shown in **Table 13**.

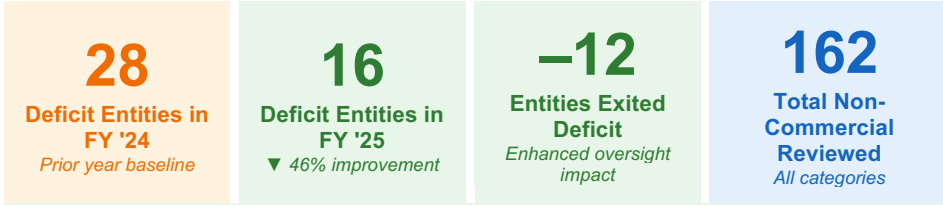
Table 13: Public Authorities with debt-to-equity ratio exceeding 100% for two to three years

S/n	Name of Public Authority	Total Liability (TZS '000)	Total Equity (TZS '000)	Gearing Ratio =Total Liability/Total Equity (%)		
				2024/25	2023/24	2022/23
1	Watumishi Housing Investments Limited	37,310,246	1,866,501	1999	604	-
2	ARU Built Environment Consulting Company Ltd	3,546,076	314,667	1127	1284	1214
3	STAMIGOLD Company Limited	75,560,634	11,990,844	630	576	(1997)
4	Tanzania Mercantile Exchange	10,702,034	3,177,859	337	379	-
5	APC Investment Centre	20,243,087	7,778,589	260	266	257
6	Kilimanjaro International Leather Industries Company Limited	80,976,669	46,491,187	174	152	-
7	Tanzania Standard (Newspapers) Limited	28,550,678	17,897,672	160	212	172
8	TANOIL Investment Company	29,357,000	19,183,000	153	197	169
9	Tanzania Concrete Poles Manufacturing Company Limited	22,587,133	14,761,797	153	139	175
10	UDA Rapid Transit Plc	201,116,086	(162,095,986)	(124)	(130)	-
11	Air Tanzania Company Limited	1,319,721,058	(495,586,926)	(266)	(344)	(247)
12	University Computing Centre	2,369,959	(703,938)	(337)	(458)	(258)
13	Keko Pharmaceutical Industries (1997) Limited	19,784,224	(6,231,078)	(318)	(336)	(696)
14	Dar Es salaam Institute of Technology Company Ltd	1,050,757	(226,263)	(464)	(408)	(522)
15	GAS Company (Tanzania) Limited	39,149,000	(2,490,000)	(1572)	(725)	(783)
16	Tanzania Railways Corporation	16,357,597,834	(74,980,072)	(21816)	(79004)	(5493)

Source: Auditors analysis on data extracted from financial statements of three-year 202/23 to 24/2025

155. I reiterate my recommendation that public authorities and other bodies reassess their capital structures and prioritise debt repayments to address abnormal gearing ratios.

4.4 Non-commercial Public Authorities with Deficits for more than a Year



✓ **Positive Trend – But Action Still Needed**
 The reduction from 28 to 15 deficit entities reflects improved operational efficiency, enhanced oversight and closer Government supervision. However, the remaining 15 entities require urgent structural interventions.

156. The deficits represent a funding gap, where total expenses exceed revenue reported by non-commercial public authorities and other bodies (which are typically for service-oriented rather than profit-driven). Public authorities and other bodies when are in a deficit, mostly priorities for personal emoluments over development projects. This leads to stalled government programs due to liquidity challenges.

157. My review of **162** non-commercial public authorities for the financial year 2024/25 revealed that **16** have consistently operated at a deficit for more than a year. This was attributed to limited own-source revenue collection and overreliance on government subventions.

158. In my report for the financial year 2023/24, I found **28** Non-Commercial Public Authorities recorded a deficit. However, in the current year 2024/25, the number of entities reporting a deficit has decreased to **16**, reflecting a decrease of **12** entities compared to financial year 2023/24. This reflects an improvement in the operational efficiency of Public Authorities, supported by enhanced oversight and close Government supervision. The list of Non-Commercial Public Authorities with deficits for two to three consecutive years is presented in **Table 14**.

Table 14: Non-commercial public authorities with deficit for more than a year

S/n	Name of entity	2024/25 TZS '000	2023/24 TZS '000	2022/23 TZS '000
1	Higher Education Students' Loans Board	33,721,314	12,442,323	-
2	Arusha Water Supply and Sanitation Authority	33,539,590	6,071,565	-
3	Cotton Development Trust Fund	27,616,880	49,243,307	14,252,395
4	National Examination Council of Tanzania	4,986,915	4,564,971	-
5	Tanzania Tourist Board	3,574,549	388,397	6,045,652
6	Lindi Water Supply and Sanitation Authority	3,409,793	2,568,955	
7	Musoma Water Supply and Sanitation Authority	2,708,790	1,272,939	-
8	Kigoma/Ujiji Water Supply and Sanitation Authority	797,869	1,987,643	686,050
9	Tanzania Industrial Research and Development	407,075	39,241	-
10	Small Industries Development Organization	356,108	361,071	-
11	Muhimbili Orthopaedic Institute	165,158	5,815,017	8,250,657
12	National Kiswahili Council	97,770	39,913	-
13	National Museum of Tanzania	63,577	277,661	-
14	Namtumbo Water Supply and Sanitation Authority	63,257	50,741	-
15	Procurement and Supplies Professionals and Technicians Board	58,039	443,663	-
16	Tanzania Pyrethrum Board	22,746	45,201.90	-

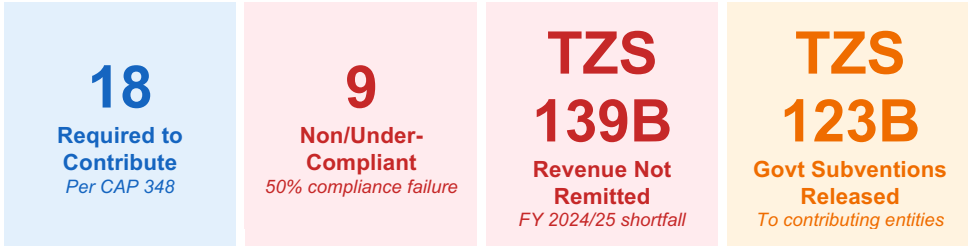
Source: Auditors analysis on data extracted from financial statements of three-years 2022/23 to 24/2025

159. I reiterate my recommendation that respective public authorities and other bodies improve operational efficiency to increase internal revenue collection and implement effective cost-cutting measures.

4.5 Deficiency in Remittance of the Statutory 15% Contribution by Public Authorities to the Consolidated Fund

160. Section 12 (3) of the Public Finance Act, CAP 348 requires that an executive agency, public corporation, public authority or public institution which charges or imposes and collects fees for services rendered shall, at the end of every quarter of a financial year, remit 15% of the gross revenue to the Consolidated Fund. My review found the following:

i. Inadequate Payment of 15% Contribution to Consolidated Fund for Two to three Consecutive Years



161. I found under remittance of the 15% of gross revenue as contribution to the Consolidated Fund by public authorities for two to three consecutive years contrary to Section 12 (3) of the Public Finance Act, CAP 348.

162. Out of 18 public authorities and other bodies that were required to contribute, nine either did not contribute at all or contributed below the required amount. Therefore, during the year 2024/25, a total of TZS 138.87 billion was not contributed by these entities from their gross revenue excluding government subvention as required. **Appendix II** shows entities that partially or did not contribute to the government. Failure to remit these contributions deprives the Government of essential revenue, hindering its ability to fund and deliver crucial public services to its citizens.

ii. Non-commercial public Authorities and other bodies that Receive Recurrent Government Subventions and Subsequently Make Contributions to Consolidated Fund

163. My analysis on 15% contribution identified that seven public authorities and other bodies remitted TZS 12.72 billion to the Government Consolidated Fund from their gross revenue for the financial year 2024/25. However, in the same period, the Government disbursed recurrent grants amounting to TZS 123.08 billion to these entities. This indicates that the amounts contributed to the Government were largely financed from the same public funds previously provided to the Public Authorities in the form of subventions and grants.

164. In my view, when public authorities remit contributions while receiving recurrent Government grants, the transactions do not generate genuine internally generated revenue but instead represent a recycling of public funds. The opportunity to mobilize sustainable own-source revenue is diminished and operational surpluses are largely dependent on Government support rather than on internally generated revenue (**Table 15**).

Table 15: Dependence on Government Subventions to Finance Contributions to the Consolidated Fund

S/n	Name of Public Authority	2024/2025		
		Government Subvention TZS '000	Contribution TZS '000	%
1	Tanzania Bureau of Standards	17,515,425	8,887,401	51
2	Capital Markets and Securities Authority	708,750	211,403	30
3	Tanzania Trade Development Authority	3,452,790	637,072	18
4	National Environment Management Council	5,557,226	830,190	15
5	Tanzania Plant Health and Pesticides Authority	12,022,315	1,654,739	14
6	Tanzania Investment Centre	2,598,871	90,900	3
7	Vocational Educational and Training Authority	81,234,484	414,540	1
Total		123,089,861	12,726,245	

Source: Auditors analysis on data extracted from financial statements of 2024/25

165. I recommend that:

- a) The Office of Treasury Registrar strengthen the framework governing the assessment and remittance of statutory contributions by Public Authorities to ensure that such contributions are financed exclusively from genuine internally generated revenue; and
- b) For entities receiving Government subsidy, no contribution should be made; instead, their subsidy budget should be reduced to the extent of the expected contribution.

iii. Absence of Basis and Contract for Other Contributions Made by Public Authorities and Other Bodies

166. Section 9(1)(f) of the Treasury Registrar (Powers and Functions) Act, Cap. 370 mandates the Treasury Registrar to monitor and oversee the financial management of public and statutory corporations. It may require executive agencies, public corporations, and public institutions to remit 15% of their annual gross revenue to the Consolidated Fund in accordance with the Public Finance Act.

167. My audit noted that the amount of contribution is not 15% as required by the cited requirement, and the percentage of contribution varies from one entity to another. The amounts contributed are determined through negotiations between the Treasury Registrar’s Office and the management of the respective institutions during budget review and approval. As a result, there are neither fixed rates nor liability that will arise for non-remittance since there is no binding contract between the parties.

168. This is attributed to the absence of financial performance evaluation criteria and Standard Operating Procedures guiding remittance of other contributions. There is a risk of under- or over-contribution by entities under the umbrella of unfavorable financial performance and lack of a clear basis for such contributions.

169. I recommend that the Office of Treasury Registrar;
- a) Establish financial performance evaluation criteria that will be aligned with predetermined rates of contribution; and
 - b) Prepare and perform a detailed analysis of the agreed contributions as per the approved budget against actual remittance for public authorities and other bodies.

4.6 Non-declaration and Non-payment of Dividends by Commercial Public Authorities and Other Bodies



170. My review of 26 commercial public authorities and other bodies, including their subsidiaries, found that 12 entities reported profits, while the remaining 14 incurred losses. All loss-making entities were unable to declare or pay dividends.

171. Further review showed that, among the 12 profitable entities, only seven entities:- Tanzania Petroleum Development Corporation, National Housing Corporation, State Mining Corporation, Arusha International Conference Centre, Tanzania Fertilizer Company Limited, UTT Asset Management and Investor Services PLC and Kilimanjaro Airports Development Company Limited declared and paid dividends to the Government. The remaining five entities as shown in **Table 16**, neither declared nor paid dividends for two years despite being profitable for two consecutive years while Ubungu Plaza Limited did not pay dividend after being profitable for a year.

Table 16: Commercial public authorities and other bodies that did not pay dividends

S/n	Name of public entity	2023/24 Profit TZS '000	2022/23 Profit TZS '000
1	Tanzania Shipping Company Limited (formerly Marine Services Company Ltd)	33,670,961	18,993,161
2	National Ranching Company Limited	528,743	1,977,870
3	Ubungo Plaza Limited	816,200	(12,946,481)
4	Watumishi Housing Investment Ltd	131,266	21,062
5	Msamvu Properties Company (T) Limited	97,517	166,058

Source: Audit reports 2024/25

172. For Tanzania Shipping Company Limited, the Board of Directors did not recommend dividends since the company is undergoing a transformation process and major funding is provided by the Government for development projects, salary subsidies, and other charges.

173. For Watumishi Housing Investment Ltd, and Msamvu Properties Company (T) Limited, no justification was provided for the failure to declare or pay dividends despite recording profit for two consecutive years. National Ranching Company Limited, I found it has experienced liquidity challenges for two consecutive years. I am of the view that non-payment of dividends deprives the government of funds for other development activities.

174. I recommend that Treasury Registrar:

- a) Immediately enforce statutory compliance by requiring the respective entities provide formal justification for profit retention or face accountability measures; and
- b) Link dividend declaration to Executive Management performance contracts with clearly defined, measurable targets and strictly monitored timelines, ensuring that any diversion of "paper profits" for reinvestment is backed by a Treasury-approved business case.

4.7 Public Authorities and Other Bodies with Low Returns on Equity

175. Section 8(1)-(2) of the Public Corporation Act, Cap. 257 (R.E. 2023) requires public corporations to operate on sound commercial principles by achieving a real rate of Return on Equity (ROE) of at least 5%, or another rate approved by the Government, and by meeting agreed service standards established between the Government and the corporation. ROE is a key indicator of an entity's ability to generate profits from shareholders' equity, and performance below the prescribed benchmark indicates suboptimal utilization of invested resources.

176. During the financial year 2024/25, my analysis of financial performance identified 27 public authorities and other bodies recorded ROE below the

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minimum threshold of 5%. Of these, five entities achieved positive returns but remained below the prescribed benchmark, as presented in **Table 17**. The remaining 22 as indicated in **Table 8**, were entities reported losses during the year, resulting in negative ROE. The losses reported by these 22 entities are a matter of significant concern, as they contribute to the erosion of invested capital. This trend underscores the urgent need for the affected entities to implement effective cost-containment measures and undertake operational reforms to curb further losses and protect the Government’s investment.

177. The low ROE observed in these entities may reflect persistent operational inefficiencies, weak revenue generation, and inadequate cost management. This deficiency may limit the ability of the entities to create sustainable financial surpluses, increase dependence on Government subventions, and undermine the effective deployment of public funds. Consequently, the Government’s investment in these entities may not yield the expected returns, affect overall fiscal performance and reduce the capacity for reinvestment into strategic development priorities.

Table 17: Public authorities and other bodies with Low Returns on Equity

S/n	Name of public authority	Profit after tax TZS 000'	Total equity TZS 000'	ROE %
1	National Development Corporation	871,030	195,845,171	0.4
2	Tanzania Petroleum Development Corporation	72,240	4,204,720	2
3	Kariakoo Market Corporation	763,441	40,410,477	2
4	Tanzania Telecommunications Corporation	17,135,000	702,811,000	2
5	Arusha International Conference Centre	10,236,103	402,343,156	3

Source: Auditors analysis on data extracted from financial statements of three-year 2024/25

178. I recommend that Government direct respective public authorities and other bodies to develop and implement strategies aimed at improving operational efficiency, enhancing revenue generation, and optimizing cost management to ensure that ROE meets or exceeds the established threshold.



CHAPTER FIVE

OPERATIONAL EFFICIENCY IN ENHANCING BUSINESS AND INVESTMENT ENVIRONMENT

5.0 Introduction

179. This chapter assesses the operational efficiency of public authorities and other bodies in facilitating business operations and promoting investment growth and flourishing through the implementation of policies, regulatory frameworks, and institutional strategies. Furthermore, it identifies operational and institutional challenges that hinder effective service delivery and limit the ability of public authorities to attract, retain, and sustain business and investment, thereby affecting long-term economic growth and competitiveness. The challenges include non-achievement of project milestones, non-performance of operational units, and deficiencies in the implementation of strategic plan.

180. The findings and their corresponding recommendations for improvement are presented below:

5.1 Tanzania Railways Corporation

5.1.1 Incidents of Rail Accidents and Absence of Insurance Coverage

181. Regulation 10(2) and (3) of the Public Finance (Management of Public Property) Regulations, 2024 provides that an accounting officer shall conduct public property risk assessment and maintain a risk register. Where a public property is to be insured, the insurance shall be obtained from a reputable insurance company taking into consideration the type, nature, value and risks involved.

182. During the financial year 2024/25, the Corporation recorded several accidents across its railway operations. A total of 263 major accidents were reported on the Meter Gauge Railway (MGR) network and 65 incidents were reported in the Standard Gauge Railway (SGR) network. The accidents mainly involve derailments, washaways, trespassing incidents, and other hazards for MGR, and transformer faults, power outages, derailments during shunting, and

staff injuries for SGR. These incidents were caused by inadequacy of structured, routine inspection and maintenance schedules across both MGR and SGR.

183. As a result of these incidents, the Corporation incurred direct accident recovery costs including civil works, traffic disruptions, and mechanical repair amounting to TZS 1.08 billion and train detention totalling 1,745.53 hours which led to an estimated revenue loss of TZS 1.98 billion due to service interruptions.

184. Despite the magnitude of these operational and financial impacts, the Corporation has not assessed whether to secure insurance coverage to mitigate losses related to infrastructure damage, rolling stock and third-party liabilities. The rail accidents coupled with exposure to natural calamities and delays in major infrastructure rehabilitation, heightens the risk of loss of life and substantial financial liabilities to the Corporation.

185. **I recommend that Tanzania Railways Corporation:**

(a) Assess the need for implementing a comprehensive insurance coverage for key operational risks, including infrastructure damage, rolling stock, third-party liabilities, and business interruption;

(b) Expedite permanent flood control and infrastructure rehabilitation projects in high-risk areas and strengthen inspection and maintenance protocols across both MGR and SGR networks; and

(c) Enhance staff training on safety procedures, emergency response, and technical troubleshooting and conduct sustained public awareness campaigns to reduce human-related incidents.

5.2 Tanzania Telecommunications Corporation Limited

5.2.1 Underperformance in the Implementation of NICTBB Extension to Districts and Democratic Republic of Congo Connectivity project

186. Paragraph 4 of the Tanzania Telecommunications Corporation (TTCL) Strategic Plan 2024/25 required the Corporation to connect 40 districts with fibre under the National ICT Broadband Backbone (NICTBB) and to establish cross-border fibre connectivity to eastern Democratic Republic of the Congo (DRC) through Lake Tanganyika by June 2025.

187. My audit noted out of 40 planned districts, only 14 (35%) were connected, leaving 26 (65%) districts without being connected during the year

under review, thereby limiting access to reliable broadband services and delaying the expansion of backbone infrastructure.

188. Furthermore, although a contract had been signed for the Democratic Republic of Congo connectivity project, implementation had not commenced as of October 2025 due to delays in the release of funds from Ministry of Communications and Information Technology. The delays in executing this strategic cross-border infrastructure initiative have hindered regional broadband integration and denied the Corporation potential revenue from selling international bandwidth capacity, particularly considering the DRC’s strategic position as a large and interconnected market within the region.

189. I recommend that Tanzania Telecommunications Corporation in collaboration with Ministry of Communications and Information Technology as parent ministry develop a detailed cash flow forecast for all major projects to ensure funds are available when required and avoid disruptions in project execution.

5.3 Tanzania Electric Supply Company (TANESCO)

5.3.1 Existence of Hydroelectric Power Plants over 50 Years Old Requiring Rehabilitation or Replacement

190. My audit noted that the TANESCO Hydro Generation System (excluding JNHPP) consists of eight plants with a total installed capacity of 1,501.8 MW, which require rehabilitation or replacement. Among these are Kidatu (204,000 kW), commissioned in 1975, and Nyumba ya Mungu (8000 kW), commissioned in 1968. By the end of the financial year 2024/25, both plants had reached 50 years of their expected useful life.

191. Their performance has decreased, such that actual generated for the year has been 49% for Kidatu and 82% for Nyumba ya Mungu. Thereby necessitating rehabilitation or replacement in accordance with Regulation 9(2) of the Public Finance (Management of Public Property) Regulations, 2024. For more details refer to **Table 18**.

Table 18: Details of installed and generation capacity of aged plants

Plant	Installed capacity (kW)	Installed KWh capacity per year	Actual Generated Kwh	% of Installed capacity vs Actual
Kidatu	204,000	1,787,040,000	874,377,000	49
Nyumba ya mungu	8,000	70,080,000	57,618,930	82

Source: Generation reports 2024/25

192. This was attributable to lack of comprehensive rehabilitation plans, including financing strategies, has resulted in aging hydro plants facing escalating maintenance costs and frequent breakdowns, ultimately leading to an unreliable power supply

193. I recommend that TANESCO conduct a detailed assessment of aged plants undertaken to determine the level of rehabilitation required to restore their performance, and the same to be incorporated in the annual action plan and budgets.

5.3.2 Failure to Repair Broken Generating Units at Ubungo I Plant Resulting in 56% Underutilization of Installed Capacity

194. The Ubungo I plant has an installed capacity of 102 MW and the ability to generate 893,520,000 kWh per year. However, it generates 393,282,000 kWh, which is 44% of its installed capacity, attributed to three machine breakdowns, the first of which occurred on 31 July 2022, and no repair or replacement was made as of the date of auditing, 15 January 2026. This is contrary to Paragraph 14 of the Public Assets Management Guideline of 2019. More details in Table 19.

Table 19: Details of engine with breakdown

S/n	Machine No.	Fault Description	Period break down (Days)
1	EG SET No.1	Engine stopped on 2 September 2023 due to mechanical breakdown (Defect on crankpin no 8)	863
2	EG SET No.3	The engine stopped on 10 September 2023 due to a mechanical breakdown (Defect on crankpin no 8)	655
3	EG SET No.11	The engine is out of service due to a mechanical breakdown on 31 July 2022 involving cylinders A6 and B6. Engine revival is required	1260

Source: Ubungo I monthly performance report June 2025 and Annual Generation report 2024/25

195. Underperformance resulted from inadequate funding for repair or replacement of faulty units and ineffective implementation of maintenance plans. Consequently, inflated generation capacity numbers that create a mismatch between reported capacity and actual deliverable electricity.

196. I recommend that TANESCO take measures that will ensure the said machines are repaired or replaced to restore the plant capacity and ensure that budgeted items are always in place to enhance timely repair and proactive maintenance.

5.3.3 Failure to Conduct Simultaneous Full Load Testing of Power Generating Units After Completion of the JNHPP

197. My audit noted that the contractor completed the Julius Nyerere Hydropower Plant (JNHPP) project on 31 March 2025, after which TANESCO assumed full control of all plants. However, initial testing was conducted for only six out of nine turbines and generators (power generating unit). The three power generating units under tunnel 1 were not tested due to reservoir level not being attained to permit testing.

198. Furthermore, full load testing after completion has not been conducted for all nine power generating units simultaneously, as required by the contract to be conducted six months after project completions. The delay in testing all turbines simultaneously after completion of the project in March 2025 was attributable to TANESCO's inability to provide adequate power evacuation lines. The delay in conducting performance and efficiency tests could result in the acceptance of turbines and generators that do not meet contractual performance and quality standards, potentially leading to operational inefficiencies and additional corrective costs.

199. I recommend that TANESCO ensure performance and efficiency tests for turbines and generators are conducted in accordance with the contract requirements.

5.3.4 Delay in Reinstatement of Borrow Pits and Quarries used during the execution of works for JNHPP

200. Section 4 of the Borrow Pits Guideline & Management Plan for JNHPP provides that site reclamation should be completed prior to the handover of the completed road section or dam construction.

201. My audit noted that 51 out of 126 borrow pits and quarries had not yet been reinstated, despite the project having been completed on 31 March 2025 and handed over to TANESCO. This indicates that reinstatement was delayed by 122 days, from 31 March 2025 to 31 July 2025. The borrow pits and quarries were expected to be reinstated prior to the handover of works. This was attributed to inadequate enforcement measures to ensure the Contractor restored borrow pits and quarries prior to project handover. Consequently, unreclaimed pits and degraded sites pose safety risks to communities, livestock, and wildlife, and contribute to soil erosion, land instability, and vegetation loss.

202. I recommend that TANESCO ensure the contractor completes the reinstatement works for the remaining borrow pits and quarries without further delays.

5.3.5 Failure to Recover from IPTL for the Settlement Made by TANESCO TZS 268 billion

203. On 27 October 2013, the Government of Tanzania and Independent Power Tanzania Limited (IPTL) executed a Deed of Indemnity to safeguard the Government against any third-party claims arising from the release of funds from the escrow account. This was subsequently followed by a Deed of Settlement between IPTL and the Government, signed on 1 March 2021 for IPTL to settle the Standard Chartered Bank (Hong Kong) Limited (SCHK) claims of having interest Escrow funds that were safeguarded by Deed of indemnity and to relieve the Government as the guarantor of the unpaid loan by IPTL.

204. During the 2024/25 financial year, SCHK, the Government, and TANESCO entered into a further Deed of Settlement to resolve the bank's claim of USD 100 million (equivalent to TZS 268 billion), which arose after IPTL withdrew escrow funds without settling its outstanding loan obligations to the bank.

205. Following this settlement, the Government, through the Ministry of Finance, released TZS 268 billion to TANESCO as development financing, and TANESCO subsequently paid the amount to SCHK to safeguard the Government's interests. However, the obligation to repay the loan originally rested with IPTL, as established under the 2013 Deed of Indemnity executed at the time of the escrow withdrawal. During the audit, I noted inadequate efforts to recover the TZS 268 billion from IPTL, as evidenced by the absence of follow-up actions and supporting documentation.

206. I reiterate my recommendation that the Government, in collaboration with TANESCO, enforce IPTL's repayment obligations of USD 100 million in accordance with the provisions of the 2021 Deed of Settlement as implementation of decisive legal and financial enforcement measures.

5.4 Tanzania Concrete Poles Manufacturing Company Limited (TCPM)

5.4.1 Inability of TCPM to Fulfill Its Primary Role in Concrete Pole Production

207. Paragraph 3 (b) of the Tanzania Concrete Poles Manufacturing Company Limited (TCPM) Memorandum of Association dated 06 August 2014 provides that the objectives of establishment of TCPM as a TANESCO subsidiary company were to carry on the work of concrete poles manufacturing, undertake and execute all types of mechanical and structural testing including, ascertaining of quality of materials.

208. As reported in my previous report that over 10 years TCPM has struggled to invest in the manufacturing of concrete poles due to limited funds, using TANESCO's share capital for operation costs. As a result, the company remains dependent on external laboratories for testing, thereby deviating from its initial objective of becoming both a manufacturer and an independent quality assessor of concrete poles.

209. Similarly, during the financial year 2024/25, TCPM subcontracted 54% of the contract amounting to TZS 5.83 billion for supply, installation, testing and commissioning of concrete poles factory at Tabora.

210. Given that TCPM is still unable to fulfill its primary role effectively, I reiterate my recommendation that consideration be given either to integrating its functions as a dedicated department within TANESCO to leverage existing resources and oversight or to re-establish it as an independent company, fully equipped and adequately funded.

5.5 Weak Implementation of Mandated Industrial and Agricultural Technology Development Programmes

211. The Centre for Agricultural Mechanization and Rural Technology (CAMARTEC) and the Tanzania Industrial Research and Development Organization (TIRDO) are mandated to promote technological innovation, industrial research, and development of agricultural and industrial technologies to support economic and industrial growth. However, my audit noted delays and non-implementation of several planned activities during the financial year ended 30 June 2025, mainly due to delayed release of Government funds, inadequate mobilisation of own-source revenues, and limited technical and infrastructural capacity.

212. At CAMARTEC, the Annual Action Plan for the year ended 30 June 2025 planned nine core activities with an approved budget of TZS 3.76 billion aimed at promoting agricultural mechanisation and rural technology development. However, only five activities were partially implemented while four were not implemented. By 30 June 2025, only TZS 1.17 billion (31%) had been released and TZS 365.99 million (10%) had been utilised. This constrained implementation of key initiatives, including dissemination of biogas technologies, construction of a cashew nut processing facility, and development of agricultural machinery technologies, thereby slowing progress in promoting agricultural mechanisation.

213. Similarly, at TIRDO, the audit noted weak progress in implementing key industrial research initiatives. The planned Calibration Centre for scientific equipment had not been established, while the Industrial Mapping Survey for Mainland Tanzania, intended to cover all 26 regions, had by December 2025 been conducted in only seven regions (27%), leaving 19 regions yet to be covered. In addition, several laboratories and workshops were equipped with obsolete or non-functional equipment, while the Oil and Gas Laboratory remained unequipped and non-operational. These challenges were mainly attributed to delayed funding, limited capital investment, and absence of a structured modernization plan, thereby limiting the organizations' capacity to provide industrial research, testing, calibration, and technical advisory services.

214. I recommend that:

a) Centre for Agricultural Mechanization and Rural Technology enhance own-source revenue collection mechanisms and prioritize disbursement to facilitate the project implementation and make close follow up with the government to ensure in future, funds are released on time; and

b) Tanzania Industrial Research and Development Organization (TIRDO) prepare and implement an urgent action plan that clearly outlines timelines, budget, and responsibilities, while strengthening collaboration with the Government, international organizations, and development partners to mobilize financial resources and technical support in order to accelerate the implementation of the Calibration Centre, complete the remaining regions, and improve laboratories and workshops through the acquisition of modern equipment as well as the adoption of digital systems for improved data management and analysis.

CHAPTER SIX

REVENUE MANAGEMENT



6.0 Introduction

215. This Chapter examines revenue management in public authorities and other bodies, highlighting its vital role in safeguarding financial sustainability, enhancing accountability, and supporting effective service delivery across public authorities and other bodies.

216. It highlights challenges, including revenue collection leakages, inadequate diversification of revenue sources, and failure to comply with the statutory frameworks governing revenue management. The findings and their corresponding recommendations for improvements are presented below:-

6.1 Deficiencies in the Management of Revenue

217. Revenue management involves adherence to established controls, collection procedures and designing or sourcing new revenue opportunities. My review identified the following deficiencies in revenue management:

6.1.1 Loss from Undercharged Revenue TZS 4.15 billion

218. I noted a loss of TZS 4.15 billion arising from revenue that was not charged at appropriate rate in two public authorities and other bodies namely National Bureau of Statistics, and National Housing Corporation as per analysis below: -

219. **National Bureau of Statistics (NBS):** As part of revenue collection from consultancy fee across various commissioned works (bilateral projects), I found that the Bureau charges inconsistent rates on Consultancy Fees with some of the project being imposed 0%, 8% or 15% of the total project budget. My assessment revealed that if the rates were applied uniformly NBS could earn an additional income of TZS 789.97 million in the financial year 2024/25. Such inconsistency has been attributed to inadequate coverage of standardized policy or framework for applying consultancy fee rates across different projects leading to potential loss of consultancy revenue that could otherwise support

NBS operations and reduce government dependence. Management informed me that certain projects, such as US-funded projects, do not permit the charging of consultancy fees above 8%. However, the Ministry of Finance has invited management to discuss amendments to the Statistics Regulations.

220. I recommend that the National Bureau of Statistics develop, approve, and implement a comprehensive policy or framework that clearly outlines the basis, rate, and conditions for charging consultancy fees to accommodate various aspects of commissioned works.

221. **National Housing Corporation:** On 3 November 2023, National Housing Corporation (NHC) participated and won the auction to purchase properties that belonged to the Urafiki Factory (Lot 1, block 409 plot 1 and various plots of staff quarters) for TZS 3.60 billion in an auction conducted under Court Order through the broker known as Santana Company.

222. My review of NHC Urafiki Investment for the year ended 30 June 2025, which included a physical verification conducted on 14 November 2025, revealed that one of the acquired assets is a building currently housing Urafiki machines which were not part of the acquisition deal and were supposed to be removed by Urafiki factory owners. The building, with a rentable area of 35,019.69 sqm at a market rate of TZS 8,000 per sqm, has the potential to generate monthly rental income of TZS 280.15 million. However, delays in removing the machines and equipment have prevented NHC from leasing the space, resulting in foregone revenue of TZS 3.36 billion for the financial year 2024/25.

223. I recommend that NHC management closely follow up with the relevant parties to expedite the removal of the machines and equipment, thereby enabling the leasing of the spaces currently under restriction.

6.1.2 Revenue Collection Outside the GePG System TZS 176.44 billion

224. Treasury Circular No. 3 of 2017, together with Government Electronic Payment Gateway (GePG) Standard Operating Procedures (SOP) version 1.1 of November 2019, requires all public money to be collected through the GePG system.

225. However, my review found eight public authorities and other bodies which collected revenue amounting to TZS 176.44 billion (2023/24, TZS 89.73 billion, 10 public authorities) outside the GePG system due to the failure to integrate bank collection accounts with the GePG system and the delayed communication with the Ministry of Finance regarding system failures or newly

introduced revenue sources resulting in non-compliance with the Treasury Circular No. 3 of 2017 as shown in **Table 20**.

Table 20: Revenue collected outside the GePG system

S/N	Entity	Amount (TZS '000)
1	Tanzania Fertilizer Company	169,024,145.17
2	Kilimanjaro International Leather Industry Company Ltd	4,011,675.09
3	Institute of Rural Development Planning	1,893,536.37
4	Cereal and other Produce Board	502,736.74
5	Cotton Development Trust Fund	400,000.00
6	PSSSF/DCC Investment Co. Ltd	266,399.00
7	KMTC Manufacturing Limited	253,689.17
8	Tanzania Cotton Board	95,110.38
Total		176,447,291.92

Source: Respective entity collection report against the GePG report

226. Failure to collect revenue through GePG poses significant risks, including potential revenue loss and reduced transparency and accountability of funds received.

227. I recommend that the identified public authorities and other bodies enforce compliance with the Treasury Circular and ensure all revenues are collected through the GePG system to enhance accountability and transparency.

6.1.3 Control Weaknesses in Revenue Collection at TANAPA Parks' gates

228. Regulation 3 of the National Parks Regulations, 1970 (Revised 2018) stipulates that no person shall enter or be within a park without a permit. During my review of controls in place in the management of revenues I found the following weaknesses.

a) Absence of an Entrance and Exit Gate for Collections of Revenue at KANAPA

229. My review of revenue collection systems at the gates and site visit conducted on 17 July 2025 noted that Katavi National Park lacked a formalised entrance and exit gate system in key revenue collection areas for controlling visitor movement and enforcing fee payment. Visitors entered and exited the park freely without controlled gates, relying on voluntary fees and field officers. Manual reporting of visitor numbers and vehicle traffic limits data accuracy, potentially causing the park's revenue budget to be underestimated. According to management control is challenging because the areas in which the gates are to be constructed are owned by the local community instead of KANAPA.

b) Non-operation of Gama Gate due to the Absence of Facilities for Issuing Entry Permits

230. At Saadani National Park (SANAPA), I noted that Gama Gate which is an easy and main access to nearby tourist attractions has been non-operational since its completion in 2018 due to the absence of facilities for issuing entry permits at the gate thus limiting revenue collection. As a result, tourists planning to visit nearby attractions such as the Wami River (for crocodile and hippo viewing), the Boat Safari, and the Kinyinga Campsite at Porokanya are required to make a 22 km round trip to the Tourist Centre to obtain the necessary permits. This situation undermines service efficiency and may discourage tourist access to key sites within the park due to weak coordination between park management and TANAPA HQ over the allocation of funds for installation.

231. I recommend that Tanzania National Parks:

- (a) Coordinate with the Permanent Secretary of the Ministry of Land and Human Settlements to resolve land ownership with the local community for the KANAPA gate site and obtain construction approval from TANROADS; and
- (b) Equip Gama Gate at SANAPA with the necessary facilities to allow tourists to obtain permits directly at the gate for effective and efficient revenue collection.

6.2 Uncollected Revenue from the Ministry of Livestock and Fisheries by Tanzania Meat Board TZS 671.67 million

232. Regulation 13(4) of the Meat Industry (Location, Design, Construction and Operation of Livestock Markets), 2011 requires that 3% of the total fees on livestock collected by the Ministry of Livestock and Fisheries be remitted to the Meat Board to support its operational activities.

233. My review found that the projected revenue amounting to TZS 671.67 million from the 3% of the total fees on livestock had not been collected from this source during the year 2024/25, despite its inclusion in the approved annual budget of the Meat Board. This has been attributed to the absence of an established coordination mechanism among the Board, the Ministry, and Local Government Authorities responsible for collecting livestock market fees, as well as the lack of clear procedures or agreements for remitting the statutory 3% share to the Board. Consequently, this has resulted in revenue losses to the Board, thereby constraining its operations and regulatory activities.

234. I recommend that Tanzania Meat Board engage with the Ministry of Livestock, and Local Government Authorities to establish a formal mechanism for collecting and remitting the 3% share of livestock market and movement permit fees as provided under Regulation 13(4) of the Meat Industry (Location, Design, Construction and Operation of Livestock Markets), 2011.

6.3 Management of Trade and Other Receivables

235. Management of receivables covers compliance with underlying controls, standards and collection procedures and agreements with respective debtors. My reviews found the following deficiencies regarding management of receivables by public authorities and other bodies:

6.3.1 Uncertainties on Recovery of TPDC Receivable TZS 964.52 billion

236. On 4 November 2024, TANESCO committed to pay off the Gas sales outstanding receivable balance of TZS 994.52 billion to TPDC by July 2025 through letter No. TZ.136/327/01/2. However, as of year-end 30 June 2025, the receivable balance had decreased by TZS 30 billion (3%) to the balance of TZS 964.52 billion. The low rate of recovery has been attributed to lack of an enforceable arrangement with TANESCO that ensures full recoverability of the outstanding receivable balance due to TPDC while TANESCO has other commitments to settle the outstanding debts due to SONGAS and PAET with high interest rates. This minimal movement indicates non-compliance with the agreed repayment plan and raises significant concerns regarding TANESCO's creditworthiness and ability to meet its financial obligations which in turn affect the liquidity position of TPDC.

237. I recommend that Tanzania Petroleum Development Corporation:
 (a) Continue to engage the Ministry of Energy to speed up recovery of the outstanding receivable balance from TANESCO; and
 (b) Liaise with TANESCO to negotiate a realistic repayment plan with clear timelines, and monthly performance reviews.

6.3.2 Issuing Credit Facilities to Customers with Outstanding Receivables at ATCL TZS 109.57 billion

238. My review revealed that Air Tanzania Company Limited extended additional credit facilities of TZS 36.12 billion to 592 prepaid customers such as Ajanta Aviation LTD, CITS Beijing Air Travel service Ltd, Beijing Transmart International Cargo, Dar Cargo Station, Agrifi Import and Export Co. Ltd etc., and Government Institutions who already had outstanding balances totalling

TZS 80.25 billion. During the year, only TZS 6.80 billion (6%) was recovered, resulting in an outstanding balance of TZS 109.57 billion as at 30 June 2025 due to customers who were granted additional credit despite not having settled prior year debts. This is contrary to Paragraph 3.5 (a) and (b) of ATCL Credit policy, 2020 which requires settlement to be done within 15 days after the date of the invoice.

239. The situation has been attributed to inadequate controls and weak follow-up mechanisms over outstanding balances, leading to prolonged unpaid debts, as customers were permitted to purchase tickets without maintaining sufficient float in their accounts. The accumulation of such debts heightens the risk of bad debts and adversely affects the Company's cash flow and liquidity position.

240. I recommend that Air Tanzania Company Limited impose strict charging of interests and penalties for all credit issued policies to discourage late payments, including signing an agreement for a payment plan with customers.

6.3.3 Inadequate Management of Customer Billing and Revenue Collection at Tanzania Telecommunications Corporation (TTCL) TZS 88.85 billion

241. My review of the management of accounts receivable at TTCL as of 30 June 2025 identified several deficiencies. Notably, 232 wholesale customers have vacated TTCL's facilities and have outstanding balances totalling TZS 18.19 billion, and they are no longer using the company's services.

242. In addition, my review of the billing and collectability of long-outstanding receivables revealed that 13,660 customers, with cumulative outstanding balances of TZS 43.47 billion, did not settle any of their billed amounts throughout the year, despite continued billing during the period. Furthermore, I found 12,161 non-trading customers with outstanding receivable balances amounting to TZS 28.34 billion in the billing system who did not conduct any business with TTCL during the year ended 30 June 2025 and included 12,136 customers (99%), with outstanding balances of TZS 27.19 billion who have not traded with TTCL for more than two consecutive years.

243. I attribute this to weak internal controls over cash collection from long-outstanding receivables, the absence of customer data cleansing and customer surveys, and lack of periodic reconciliation between contractual terms, system records, and billing reports. This raises the risk of recoverability of outstanding debts, which could, in turn, negatively affect the corporation's liquidity position and limit opportunities to generate returns from investments.

244. I recommend that Tanzania Telecommunications Corporation:
- Develop and implement a clear and proactive collection strategy that includes regular follow-up, seizure of the assets for terminated customers with outstanding receivable balance (co-location customers), and escalation procedures for overdue account receivables;
 - Conduct data cleaning for both systems to ensure the customer records are up to date; and
 - Consider restricting services to customers with long outstanding debts who continue to enjoy the services and are being billed but not settle the bill.

6.3.4 Failure to Collect Debts from Cooperative Unions and Private Customers TZS 4.17 billion

245. During the period under review Tanzania Fertilizer Company (TFC) sold a total of 6,842.85 tonnes of powdered sulphur valued at TZS 7.68 billion. Most of these sales, totalling 6,797.74 tonnes, were made on credit to companies and cooperative unions, while 45.11 tonnes were sold for cash. Customers were expected to pay from sulphur sales revenue and other income sources by 31 March 2021. As of 28 May 2025, only TZS 3.51 billion had been paid, leaving TZS 4.17 billion outstanding as shown in **Table 21**.

Table 21: Uncollected debt due to cooperative unions and private customers

S/N	Fertilizer Companies and CBT	Claims per Invoices	Claims paid	Balance per TFC records
		TZS (000)		
1	CAPMENTRACK CO LTD	1,118,910.00	279,689.20	839,220.80
2	Cashewnut Board of Tanzania	1,638,724.50	1,315,000.00	323,724.50
3	CORECU Ltd	1,257,762.00	17,750.00	1,240,012.00
4	MAMCU Ltd	338,370.00	238,851.50	99,518.50
5	RUNARI Ltd	1,469,781.00	825,000.00	644,781.00
6	TAMCU Ltd	1,000,860.00	526,282.80	474,577.20
7	TANECU Ltd	861,120.00	312,020.49	549,099.51
	TOTAL	7,685,527.50	3,514,593.99	4,170,933.51

Source: Invoices; payment vouchers and bank statements

246. During the audit, seven requests were sent to customers to confirm debts they owe to the TFC and CBT, however only three (43%) responded. Discrepancies were identified between the amounts recorded by TFC and those confirmed by customers. The limited responses and inconsistencies indicate weaknesses in the reconciliation of sales, invoices, and delivery records.

247. I recommend that the Ministry of Agriculture, through the Registrar of Cooperative Societies, the Cashewnut Board of Tanzania, and the Tanzania Fertilizer Company, promptly convene to reconcile the

outstanding debts, and that all debtors settle their balances to facilitate payment of claims arising from the sulfur consignment.

6.3.5 Slow Recovery of Conversion Metre Debts and Accumulation of Government Receivables at TANESCO TZS 477.48 billion

248. My audit assessment of Conversion Meter Debts (CMDs) amounting to TZS 97.43 billion for the period 2007 to 2023 revealed non-compliance with the prescribed two-year recovery period. As at 30 June 2025, only TZS 27.30 billion (28%) had been recovered, leaving an outstanding balance of TZS 70.13 billion.

249. A comparison with the prior year balance of TZS 74.09 billion (2023/24) shows that only TZS 3.96 billion was recovered during the year, representing approximately 5%, indicating a persistently slow recovery rate. The outstanding balances are spread across multiple regions, with significant concentrations in Ilala, Temeke, Kinondoni South, Kilimanjaro, Arusha, and Tanga. This is attributed to weak enforcement of recovery procedures, inadequate follow-up, and failure to comply with Paragraph 3.2.8 of the Accounting Manual, which requires full recovery within two years.

250. In addition, TANESCO reported accumulated Government receivables amounting to TZS 407.35 billion, with 92% concentrated in five entities: Zanzibar Electricity Corporation (TZS 292.15 billion), DAWASA (TZS 35.59 billion), Regional Water Authorities (TZS 21.76 billion), Tanzania People's Defence Force (TZS 14.90 billion), and Muhimbili National Hospital (TZS 10.46 billion).

251. The continued accumulation of Government receivables, coupled with the slow recovery of CMDs, reflects weaknesses in credit management, enforcement of payment obligations, and coordination with Government entities. This has constrained TANESCO's cash flows, affected its operational sustainability, and limited its ability to effectively finance core activities.

252. I recommend that TANESCO:

- a) Enforce strict compliance with Paragraph 3.2.8 of the Accounting Manual by ensuring that all Conversion Meter Debts are fully recovered within the prescribed two-year period, including the establishment of a monitored recovery schedule with defined timelines and accountability for each outstanding balance;
- (b) Strengthen credit control and debt management systems by instituting regular follow-up, periodic reconciliation of outstanding balances, and

automated tracking mechanisms to enhance visibility and timely recovery of debts;

(c) Require Government entities with outstanding balances to settle their debts promptly and adhere to agreed payment arrangements, with appropriate enforcement measures applied in cases of persistent non-payment.

6.3.6 Outstanding Premium Receivables from Members amounting 98.32 billion

253. I found NIC reported premium receivables of TZS 98.32 billion as at 31 December 2025 (2023/24: TZS 66.46 billion), an increase of TZS 31.86 billion equivalent to 48%. Audit analysis noted that TZS 45.48 billion (46%) has been outstanding for more than 12 months. The overall receivable comprises of TZS 97.63 billion (99%) from corporate entities while TZS 692.27 million from Individual. It is worth noting that TZS 43.71 billion out of TZS 98.32 billion of the outstanding accounts receivable are from the corporate clients. The continued increase in outstanding receivables from year to year demonstrates inadequate control mechanisms in place to ensure receivables are kept to a minimum.

254. NIC's informed me that, it has continued with the efforts of recovery of the outstanding premium, resulting in collections of TZS 18.77 billion between January and February 2026. Out of the balance of TZS 98.32 billion the outstanding balance of TZS 83.92 billion relates to eight government entities and four private firms executing government projects. The Corporation will pursue recoveries through engagements with the respective Ministries rather than imposing interest and penalties.

255. In addition, my review of the NIC's premium receivable schedule revealed 748 policies amounting to TZS 1.65 billion issued in the previous years which lacked either corresponding invoice numbers or issue dates. The absence of invoice numbers makes it challenging to trace these policies within the accounting system and raises concerns about the completeness and accuracy of recorded receivables. The matter has been attributed to the Corporation prioritize customer relationships, leading to relaxed credit issuance for retaining business covering of liquidity risk; and Insufficient controls and follow-up processes on outstanding balances have led to prolonged unpaid premiums.

256. I am of the view that unpaid premiums reduce liquidity, affecting the Corporation's ability to reinvest or cover operational expenses. Inefficient

claims management processes and potential reputational damage due to prolonged non-settlement of benefits to the beneficiaries.

257. **I recommend that National Insurance Corporation:**

- (a) **Closely monitor and follow up on outstanding receivables to ensure timely collection, which will improve cash flows and create opportunities for further investments; and**
- (b) **Perform data cleaning and ensure all the premiums issued have respective invoices and date issues for appropriate record keeping, debtors balance recovery and claims management.**

6.3.7 Outstanding Receivables Amounting to TZS 8.75 trillion

258. I reviewed trade receivables for the year ended 30 June 2025 in 225 public authorities and other bodies and found that 83 Public Authorities had significant outstanding receivables amounting to TZS 8.75 trillion, relating to services rendered to customers (**Appendix III**). I reported similar issue in the previous report 2023/24, whereby 106 entities had inadequate collection of trade receivables amounting to TZS 3.58 trillion. There were inadequate measures to improve recoveries of long outstanding trade receivables despite their cash flow challenges. The entities found with this deficiency are as follows:

259. **Tanzania Petroleum Development Corporation:** I found a receivable from Government entities of TZS 1.30 trillion which includes its two subsidiaries i.e., GASCO (TZS 35.83 billion) and TANOIL (TZS 19.76 billion); TANESCO (TZS 964.52 billion [refer para 6.3.1] and Ministry of Finance - EACOP & LNG (TZS 282.78 billion). Together with these receivables from Government entities, TPDC has a receivable of TZS 57.03 billion from its associate, SONGAS Ltd making a total outstanding balance of TZS 1.35 trillion for the year ended 30 June 2025, an increase of TZS 35.17 billion from TZS 1.32 trillion in 2023/24, equivalent to 3%. Significant outstanding receivable affect TPDC's core operations, highlighting the need for the Government to issue funds to support TPDC's effective budget execution and reduce financial constraints.

260. **Air Tanzania Company Limited:** The Company reported a trade receivables balance of TZS 139.23 billion as at 30 June 2025, representing a 55% increase from TZS 89.81 billion reported on 30 June 2024. The amount of TZS 82.34 billion, accounting for 59%, has been contributed largely by receivables from Government entities, and TZS 56.89 billion, equivalent to 41%, from trade and other receivables. The persistent year-on-year growth in receivables indicates slow collection of outstanding debts, particularly long-outstanding

amounts due from Government entities including the Tanzania Government Flight Agency (TGFA), National Insurance Corporation (NIC), Ministry of Foreign Affairs and others. This delay has resulted in substantial working capital being tied up and unavailable for operational and regulatory needs.

261. I reiterate my recommendation that the identified public authorities and other bodies strengthen internal controls over receivables collections, including taking legal measures against all debtors to settle their outstanding balances.



CHAPTER SEVEN

EXPENDITURE MANAGEMENT

7.0 Introduction

262. This chapter examines expenditure management in the public authorities. Sound expenditure management ensures that public funds are allocated efficiently and utilised in compliance with financial, legal and regulatory requirements, thereby safeguarding value for money and supporting the achievement of service delivery objectives.

263. It highlights material weaknesses in expenditure management, including fruitless and wasteful expenditure arising from delays in meeting contractual and statutory obligations resulting in cost overruns, avoidable interest and penalties; unauthorised or ineligible expenditure; and payables outstanding for more than 12 months, largely driven by funding constraints. The chapter also reports avoidable fines and penalties attributable to officers' failure to exercise due care and diligence. The detailed findings and related recommendations are presented below.

7.1 Ineligible Expenditures TZS 8.56 billion

264. Ineligible expenditures are payments that do not meet the set forth criteria and requirements such as statutory and regulatory requirements, contractual agreements, and accounting standards.

265. During the year ended 30 June 2025, I found that nine public authorities had incurred ineligible expenditures amounting to TZS 8.56 billion which was an increase of 27% compared to the amount of TZS 6.75 billion that involved 10 public authorities reported in the previous year.

266. The anomalies include payments of allowances above the approved rate, for payment of activities outside the approved procedure, and payments to ineligible recipients such as separated staff, and staff in acting positions without the approval of the Permanent Secretary (Establishment).

267. These irregularities highlighted potential misuse of public funds, raising concerns about fraud and jeopardising the effectiveness and efficiency of

resource utilisation within public authorities. **Table 22** shows the list of entities identified with ineligible expenditures in the financial year 2024/25.

Table 22: Entities with ineligible expenditures in 2024/25

S/N	Name of the Entity	Details	Amount (TZS '000)
1.	Air Tanzania Company Limited	Expenditure incurred over and above approved allowance rates to cover tax expense on behalf of employees contrary to Section 7(1) of the Income Tax Act, Cap 332 (Revised 2019).	2,131,583
		Payment of salary to seven employees at rates not aligned with the approved Salary Structure or the Scheme of Service.	1,157,460
2.	Gas Company (Tanzania) Limited	Paragraph 4.3.9 of the GASCO Incentive Scheme (May 2023) stipulates that hardship allowance shall only be paid to employees working in Natural Gas Processing Plants at a fixed rate of TZS 1,500,000 per shift. Hardship allowance amounting to TZS 1,774,906,975 was incurred for activities outside the approved procedure.	1,774,906
3.	Dar Es Salaam Water Supply and Sanitation Authority	DAWASA paid duty allowance and hazardous allowance that were not included in the approved DAWASA Incentive Scheme of 2024, by the Permanent Secretary (Establishment) contrary to Paragraph 3.1.6 of Government Circular No. 1 of 2017	1,647,698
4.	Architects and Quantity Surveyors Registration Board	Payment of special allowance to staff not approved by the Permanent Secretary (establishment) contrary to Section 8A (1) of the Public Service Act, Cap. 298 R.E. 2019	638,818
		Payment of fixed extra duty allowance contrary to Part 3.0(i) of the Treasury Registrar's Circular dated 22 June 2022, Ref. No. CEA.114/418/01/17.	511,620
5.	Musoma Water Supply and Sanitation Authority	The authority applied an unapproved scheme to pay various allowances contrary to section 8(A)(1) of the Public Service Act Cap. 298	261,273
6.	Tanzania Dairy Board	Payment of extra duty allowance contrary to Treasury Registrar's Circular No. 1 of 2022 on extra duty allowances including lack of approval of the extra duty tasks by the senior officer	169,424
7.	Universal Communications Service Access Fund	Maintenance of motor vehicles not channelled through TEMESA contrary to Regulation 131 (1) of Public Procurement Regulations, 2024.	110,845
8.	Ngorongoro Conservation Area Authority	Incentive paid to temporary employees contrary to Paragraph 1.9 of the NCAA Incentive Scheme, 2024 which requires incentive to be paid to permanent staff only.	74,890
		Payment of acting allowances through payroll without permit from the Permanent Secretary (Establishment) contrary to Paragraph 4.2(a) of the Public Service Circular No.3 of 2018	30,628
9.	Tanzania Broadcasting Corporation	Payment of salary under or above the approved salary scales contrary to Regulation 110 (2) of the Public Finance Regulations, 2001 [R.E. 2004].	54,040
Total			8,563,185

268. I recommend that those charged with the governance of the reported public authorities and other bodies:

- (a) Strengthen controls to ensure that payment of acting allowances and other entitlements are made only to staff with the approval of the Permanent Secretary (Establishment);
- (b) Ensure that payments are made only for properly verified work that reflects the actual work done; and
- (c) With immediate effect, institute recovery measures for incurred ineligible expenses.

7.2 Fruitless and Wasteful Expenditures TZS 117.62 billion

269. Fruitless and wasteful expenditures are payments to which the respective entity obtains no value for money. These expenditures are considered as avoidable and unnecessary, such as penalties and interests charged for non-compliance with statutory and contractual requirements.

270. During 2024/25, I found that 16 out of 225 public authorities and other bodies reviewed recorded fruitless and wasteful expenditure amounting to TZS 117.62 billion, a decrease of 68% compared to the financial year 2023/24 which reported TZS 371.42 billion involving 12 out of 225 public authorities and other bodies.

271. These expenditures were attributed to penalties and interests on delayed payments to suppliers and contractors; delays in filing statutory contributions; and payments made in excess of the actual work performed. This results in a waste of public funds and deters the effective and efficient use of the resources entrusted to public authorities. **Table 23** shows the list of entities with fruitless and wasteful expenditures.

Table 23: Entities with fruitless and wasteful expenditures in 2024/25

S/N	Name of the Entity	Details	Amount (TZS '000)
1	Tanzania Electric Supply Company (TANESCO)	Interest charges on late payment to SONGAS from 2013 and 2024	107,605,140
2	Dar Es Salaam Water Supply and Sanitation Authority	Interest due to delay in payment of IPCs submitted by the contractor for construction of Maji House, Ubungo up to 835 days.	3,988,758
		Contractor submitted loss and expense charges in line with clause 41.2 of the contract for the period due to the number of extensions and challenges during implementation between 1 January 2020 to 31 December 2021 with the claims accepted by management on 8 February 2023.	1,562,897
3	TANOIL Investments Limited	Lack of an own oil storage facility leading to excessive storage costs. All imported oil stock is currently stored through third-party service providers, wasting funds that could be used in other strategic development projects.	1,060,628
4	Medical Stores Department	Damaged stock on salable (Normal and Special items) and vertical items contrary to the prescribed stock management and redistribution procedures.	707,827
5	Mzumbe University	Payment was made for substandard rehabilitation works on internal roads at Mzumbe University main Campus where the contract specification requires construction of rigid pavement with an average strength of 25 MegaPascal (MPa), however, the works ended up achieving an average strength of 18 MegaPascal (MPa).	523,148
6	Cotton Board of Tanzania (CBT)	Loss arising from the time value of money due to retention of Government funds in a commercial bank for more than 13 months as security for a privately owned company, Bajuta International (T) Ltd.	463,100

S/N	Name of the Entity	Details	Amount (TZS '000)
7	Air Tanzania Company Limited	Training costs for four staff (pilots) who later resigned and left the entity without fulfilling their bond agreement.	379,117
		Delay in payments of suppliers and statutory payments including South African Revenue Services, resulting in payment of avoidable interest and penalties.	179,999
8	Institute of Accountancy Arusha	Cost overrun due to a delay in payment to the supplier of the procured vehicles.	327,656
		Abandoned site for construction of sports ground at Babati Campus with no evidence of ongoing activities or plans to resume and complete the construction.	103,336
9	The University of Dodoma	Duplication of work items in Bills of Quantity (BOQ) for compliance with Environmental and Social Management Plan; mobilization of equipment, plants, tools and vehicles and testing, quality control and assurance on the construction of the teaching laboratory.	253,591
		Unjustifiable maintenance cost to pay the contractor for defect rectification during the defect liability period for construction of the teaching laboratory.	14,020
10	Tanzania Education Authority	Procurement of substandard, used items and less delivery in quantities of procured items for Boys Technical Secondary School.	222,095
11	Architects and Quantity Surveyors Registration Board	Payment of PSSSF penalties due to late remittance of statutory contributions.	93,670
12	Babati Water Supply and Sanitation Authority	Payment of penalties due to non-remittance of pension deductions to the Public Service Social Security Fund (PSSSF).	60,175
13	Tanzania Wildlife Research Institute	Payment not supported by documentary evidence.	27,979
14	Centre for Agricultural Mechanisation and Rural Technology	Delay in making payment for Toyota Hilux Double Cabin 2GD STD Manual to GPSA leading to price escalation due to exchange rate fluctuation.	27,408
15	Tanzania Dairy Board	Payment not supported by documentary evidence.	11,729
16	MWEKA - College of African Wildlife Management	Penalties due to delay in submission of staff contributions to the Public Service Social Security Fund (PSSSF).	10,541
Total			117,622,814

272. The Government enhances efforts in curbing fruitless and wasteful expenditures arising from the use of public funds to settle avoidable expenditure to suppliers and service providers and pension contributions. In the past, some unfaithful officials exploited these loopholes for personal gain; however, strengthened internal controls have significantly reduced such expenditures.

273. I reiterate my previous years' recommendation that those charged with governance of the reported public authorities and other bodies:

- (a) Streamline their expenditure management controls and approaches including preparing and implementing realistic cash flow management strategies to ensure timely settlement of obligations when they fall due; and
- (b) Increase oversight on payments to avoid incurring fruitless and wasteful expenditures.

7.3 Long Outstanding Payables TZS 5.49 trillion

274. Payables are the amount of money that an entity owes to its creditors mainly for goods supplied, works or services rendered, but are not paid for. Failure to pay creditors on time result in penalties, interest charges, and damaged relationships with suppliers and potential stakeholders.

275. The audit revealed that, as at 30 June 2025, a total of 85 public authorities reported payables amounting to TZS 5.49 trillion outstanding for a period beyond 12 months. The details are provided in **Appendix IV**. Also, a brief analysis of the reported entities with outstanding balances beyond TZS 50 billion is given below:

(a) Non-Payment of Fertilizer Suppliers TZS 263.80 billion

276. Tanzania Fertilizer Regulatory Authority financial statements for the year ended 30 June 2025 reported that TZS 263.80 billion remained outstanding to fertilizer suppliers registered under the fertiliser subsidy programme for fertilizer supplied during the financial year 2024/25. Although the related invoices had been duly submitted and verified, the amounts were not paid within the contractual 14-day period from the date of receipt of the claim's contrary to the paragraph 5.5 of the guideline for the implementation of the Fertilizer program for the 2022/23.

277. This was attributed to delays in the remittance of funds by the Ministry of Agriculture to settle the outstanding obligations within the stipulated timeframes. Such delays may expose suppliers to cash flow constraints, thereby diminishing their capacity or willingness to participate in future subsidy initiatives and adversely affecting their morale in implementing agricultural support programmes.

278. I recommend that Tanzania Fertilizer Regulatory Authority management closely follow up with the Ministry of Agriculture to expedite the release of funds for settling the outstanding fertilizer subsidy payments and to ensure that, in the future, such payments are affected within the prescribed timelines.

(b) Accumulation of Outstanding Claims from Subsidiaries at TANESCO TZS 119.05 billion

279. Section 37(1) of the Law of Contract Cap 345 provides that the parties to a contract must perform their respective promises, unless such performance is dispensed with or excused under any other law. My review of transactions between TANESCO, Tanzania Concrete Poles Manufacturing Company (TCPM), and

Electrical Transmission and Distribution Construction and Maintenance Company (ETDCO), based on the payable schedules to the financial statements for the year ended 30 June 2025, revealed an accumulation of claims from its subsidiaries. These include TZS 20.07 billion claims from TCPM for the supply of concrete poles and TZS 98.98 billion from ETDCO for unpaid construction works.

280. In total, TANESCO owes TZS 119.05 billion to its subsidiaries, adversely affecting its subsidiaries cash flow and operational performance, contrary to the relevant requirements. This situation is attributed to TANESCO failure to prioritize the settlement of subsidiary claims, taking advantage of the parent-subsidiary relationship, as well as ongoing cash flow constraints.

281. I recommend that TANESCO ensure timely settlement of subsidiary claims by strengthening contract compliance mechanisms and implementing structured payment arrangements.

7.4 Long Outstanding Staff Imprests TZS 8.10 billion

282. Regulation 96, 97, 98, 99, 100, 101, 102 & 103 of the Public Finance Regulations, 2001 provides guidelines on imprests management which are reflected in respective public authorities' financial regulations such that issued imprest is retired within 7 to 14 days after completion of the corresponding activity, and staff not to be issued with another imprest before retiring the previous one. In case, retirement is delayed then recovery of outstanding imprest be deducted from the respective staff's salary payments.

283. The audit found 17 public authorities and other bodies with staff imprest amounting to TZS 8.10 billion that had been outstanding for the periods ranging from 5 to 1,530 days after completion of the intended activities. This was 52% increase compared to the previous year, which reported an amount of TZS 5.34 billion involving eight public authorities and other bodies. Table 24 lists entities with long outstanding imprest.

284. Imprest that remain outstanding for extended periods may lead to loss of public funds, largely due to management's failure to ensure their timely retirement. Such imprest may distort the financial information presented in the financial statements as receivables while understating expenses if the activities for which imprest were issued are completed.

Table 24: Long outstanding unretired imprest

S/N	Name of the entity	Days delayed	Amount (TZS '000)
1	National Insurance Corporation	Above 361 days	3,305,280
2	Export Processing Zones Authority	More than 5 days	1,697,698
3	University of Dar es Salaam	365 - 730 days	802,349
4	Tanzania Fisheries Research Institute	More than 5 days	624,188

5	Mwalimu Nyerere Memorial Academy	43 - 202 days	451,137
6	Institute of Accountancy Arusha	270 - 1,530 days	346,245
7	Cotton Development Trust Fund	2-1543 days	272,765
8	Tanzania Wildlife Research Institute	21 - 182 days	172,930
9	Tanzania Diary Board	More than 5 days	125,250
10	Tanzania Medicines and Medical Devices Authority	5 - 15 days	107,700
11	Open University of Tanzania	5 - 305 days	47,480
12	Tanzania Cotton Board	27- 303 days	40,671
13	Tanga Water Supply and Sanitation Authority	More than 5 days	34,335
14	TANOIL Investment Co.	More than 5 days	26,800
15	Tanzania Library Service Board	37 - 1274 days	17,893
16	Morogoro Water Supply and Sanitation Authority	More than 5 days	14,518
17	Petroleum Upstream Regulatory Authority	14 - 56 days	12,863
Total			8,100,102

Source: Expenditure reports 2024/25

285. I recommend that those charged with governance of the reported public authorities and other bodies ensure immediate recovery of these long outstanding imprests including deducting from salaries for the existing staff and submit the evidence for my verification.

7.5 Payment of Royalty without Legally binding agreement TZS 837.21 million

286. Section 15 (2) of the Companies Act, Cap. 212 stipulates the subscribers to the memorandum, together with such other persons as may from time to time become members of the company, will constitute a body corporate by the name contained in the memorandum, capable of exercising all the functions of an incorporated company, but subject to such liability on the part of the members to contribute to the assets of the company in the event of its winding up from the date of incorporation specified in the certificate. “Further, the doctrine propounded in the case of Salomon v. Salomon & Co. Ltd (1897) established the principle that, a company is a separate legal entity distinct from its shareholders”.

287. My review noted that Tanzania Biotech Products Limited (TBPL) reported in its financial statements for the year ended 30 June 2025 royalty expenses of TZS 455.14 million and an outstanding balance of TZS 382.07 million payable to the Entrepreneurial Group found that there was no binding agreement between TBPL and the Entrepreneurial Group, to support the reported payment.

288. Instead, on 29 November 2013, National Development Corporation (TBPL parent company) entered into a contract with Entrepreneurial Group for the plant of biolarvicides. Accordingly, Clause 4.5 of this contract provided that, payment of royalty to the licensor be made at the end of each quarter based on the accumulated amount the same period, calculated on sales transactions.

289. Since TBPL is a separate legal entity registered under the Companies Act, it is important for the Company to have its own contractual arrangements rather than relying solely on those of the parent company. This approach would enable TBPL to support the paid-up royalty fee and potentially obtain tax advantages thereby reducing taxable income in the tax computation.

290. I recommend that Tanzania Biotech Products Limited (TBPL) establish a legal instrument that will transfer the obligation from NDC to TBPL to provide authenticity of the referred claims.

7.6 Lack of Reimbursement Mechanism for Statutory and Policy-Based Exemptions at MOI TZS 525.62 million

291. Para 5.5.1 of the Health Financing Strategy (HFS), 2015 outlines the path towards universal health coverage, ensuring vulnerable groups (elderly, children) access services without financial hardship. However, for a semi-autonomous institution like Muhimbili Orthopaedic Institute (MOI) to remain a "Going Concern" and sustain its operations, the costs - from this policy mandated exemptions be funded or reimbursed by the Ministry responsible for Health on identified vulnerable groups to prevent working capital from being depleted.

292. During the financial year 2024/25, I found that, MOI reported the cost of medical exemptions granted to patients amounting to TZS 525.61 million. This represented a significant increase of 335% from the TZS 120.66 million reported in the previous year, 2023/24.

293. My assessment found that many exemptions cover services for prisoners, detainees, the elderly, and children. MOI has been contacting Ministries, Departments or Agencies (MDAs) responsible for these patients to secure funding to cover the exemption costs. However, there are no formal agreements, budget provisions, or clear Ministry of Health directives to reimburse these costs from the respective MDAs, and no Memorandum of Understanding (MOUs) with the Ministry of Home Affairs or Prisons Department to cover inmates' medical bills.

294. Using internal collections to cover exemptions subsidising other Government votes directly reduces MOI's ability to procure essential medicines, maintain equipment, and cover operational costs to fund the Institutes' core activities.

295. I recommend that Muhimbili Orthopaedic Institute:
- (a) Liaise with the Ministry of Health to develop clear policy directives on how to verify and reimburse incurred exemption costs for statutory groups, including the elderly and children; and
 - (b) Formalise the relationship with the Ministry of Home Affairs (Prisons Department) by establishing a Memorandum of Understanding (MOU) or billing arrangement to ensure the medical costs of prisoners are reimbursed accordingly.

7.7 Fruitless Expenditure on the Hydropower Project at TANAPA TZS 550.67 million

296. Tanzania National Parks (TANAPA) initiated the construction of a hydropower project with an intended capacity of 80 kW at Arusha National Park (ANAPA) through a tender number PA/037/2018-2019/ANP/G/50-FA/HPP-II/04 in the financial year 2015/16 through force account with a budget of TZS 550.675 million that was scheduled for completion by 2019. Up to 30 June 2025, TANAPA had already spent a total of TZS 550.67 million (100%) on the hydropower project.

297. However, I found that despite the full amount being expended, the power plant has never been effectively utilised due to unstable electric current output from the hydropower system. The instability was attributed to the absence of a Digital Load Controller (DLC) and a Load Dumper, both of which are essential for regulating power flow. Furthermore, I observed that TANESCO electricity has recently been installed in the park and its in the final stages of completion rendering the hydropower project largely redundant as the management believe it will provide a reliable and sustainable source of power to support park operations. The situation has been attributed to lack of comprehensive feasibility study before project initiation, particularly regarding future power alternatives and long-term viability leading to loss of public funds.

298. I recommend that Tanzania National Parks, in future, conduct thorough feasibility studies, including cost-benefit and sustainability analyses, before initiating capital projects.

7.8 Insufficient Supporting Documentation for the Supply of Agricultural inputs during the 2022/23 season at CBT worth TZS 95.65 billion

299. Paragraphs 5, 6, and 8 of the Guideline for the Procurement and Distribution of Subsidised Agricultural Inputs for the 2022/23 season required the Joint Committee to establish a main warehouse in Mtwara, managed by a Collateral Manager responsible for receiving, storing, and controlling the distribution of subsidised agricultural inputs. The Committee was also mandated

to verify the quality and quantity of inputs delivered by suppliers before distributing them and transferring them to the Regional Input Committee.

300. During the year 2022/23 season, agricultural inputs valued at TZS 95.65 billion were supplied by six suppliers. Reports from Cooperative Joint Enterprise Limited indicate that the inputs were received through Goods Received Notes (GRNs) no. 958 issued by the Cooperative Union Ltd. To confirm full receipt and distribution, my audit team requested copies of GRNs and Delivery Notes (DNs). However, despite repeated requests, the Cashewnut Board of Tanzania (CBT) and the Cooperative Joint Enterprise Limited did not provide the requested physical copies of GRNs and Delivery Notes (DNs).

301. As a result, I was unable to confirm whether the consignments were fully received and properly distributed to the respective beneficiaries. Due to the absence of supporting documents, the audit could not verify the accuracy of the reported value of TZS 95.65 billion or confirm whether all agricultural inputs were supplied as reported to the Ministry of Agriculture.

302. I recommend that Cashewnut Board of Tanzania trace, verify, and properly maintain all relevant records to ensure accountability and facilitate future audits. The required documents should be resubmitted to me for verification.

7.9 Anomalies on Use of Funds from the Ministry of Finance TZS 10 billion for Procurement of Powdered Sulfur by Cashewnut Board of Tanzania (CBT)

303. I conducted my audit to verify the authenticity and accuracy of the utilisation of TZS 10 billion transferred in 2018 from the Ministry of Finance to the Ministry of Agriculture and subsequently to the Cashewnut Board of Tanzania for provision of cash cover to Tanzania Fertilizer Company (TFC) to open Letters of Credit for importing powdered sulfur for the cashewnut industry. I found the following anomalies during the audit:

7.9.1 Payment of TZS 4.5 billion Made Contrary to Contract Terms and Conditions

304. Clause 14.1 of the Special Conditions of Contract between the Bajuta International (T) Ltd and Cashewnut Board of Tanzania (CBT) required payment to be made six months after delivery of goods at the designated destination. My audit found that on 22 June 2018, CBT paid TZS 4.5 billion (TZS 4.42 billion after withholding tax) to Bajuta International(T) Limited for the supply of pesticides worth TZS 6.90 billion. However, payment to Bajuta International (T) Limited was made in contravention of Clause 14.1 of the Special Conditions of Contract, as it

preceded the agreed-upon date of six months after delivery of goods at the designated destination i.e., on or after 15 December 2018.

305. This premature payment was authorised within only six days of the invoice date (Invoice No. 877 of 16 June 2018) contrary to Clause 14.1 of the Special conditions to contract cited above. These funds were diverted from the TZS 10 billion remitted to CBT which was intended to clear TFC's sulfur shipments from the port.

306. I recommend that Cashewnut Board of Tanzania ensure full compliance with the agreed contract terms and conditions to prevent any potential financial loss arising from the supply of pesticides that do not conform to the contract.

7.9.2 Nugatory Expenditure Amounting to TZS 844.5 million Resulting from Auctioning of Uncleared Imported Sulfur

307. The payment of TZS 4.5 billion made by Cashewnut Board of Tanzania to Bajuta International (T) Limited out of TZS 10 billion allocated to Tanzania Fertilizer Company (TFC) deprived the company of the financial resources required to clear sulfur shipments that had arrived at the port. As a result, 997.9 tonnes of sulfur (out of the total 8,489.09 tonnes imported) valued at USD 369,223 (approximately TZS 844.50 million) remained under customs custody and were subsequently auctioned by the Tanzania Revenue Authority (TRA).

308. My further review found that, TFC's failure to settle customs duties and storage charges which had escalated to TZS 5.5 billion due to prolonged delays directly led to the total loss of the consignment.

309. I recommend that law enforcement authorities carry out a comprehensive investigation into the loss incurred and take appropriate legal action against those responsible for the loss related to the imported sulfur.

7.10 Unjustified Storage Claims amounting to TZS 9.11 billion

310. Tanzania Fertilizer Company (TFC) failed to clear 3,864.84 tons of sulfur out of 7,492.16 tonnes within the prescribed period, leading to escalating customs and storage charges. The shipments were imported between August and October 2018, but TFC only took possession in June 2020, approximately 20 months later. The Tanzania Revenue Authority (TRA) authorised TFC to take the sulfur before paying the due charges, and the cargo was stored at inland container depots managed by HESU Investment Ltd and PMM Estates (2001) Ltd until release.

311. As a result of the prolonged storage and delayed clearance, the cost of releasing the sulfur increased from an estimated TZS 1 billion to TZS 10.11 billion. As of the audit date in December 2025, Tanzania Fertilizer Company had settled TZS 1 billion of its outstanding clearance costs. This payment reduced the total liability from TZS 10.11 billion to a remaining balance of TZS 9.11 billion, as detailed in **Table 25** below. However, Tanzania Fertilizer Company did not provide documentation or justification to confirm these claims.

Table 25: Claims of companies/institutions and the Tanzania Revenue Authority for sulfur stored for over 20 months

SN	Name of the Institute	Service offered		TZS '000
1	Tanzania Revenue Authority	Storage charge	Warehouse Rent	4,282,597
2	HESU Investment Ltd	Storage Charge	Storage warehouse	2,272,466
3	Diamond Shipping Service Ltd	Storage Charges	Shipping Line	885,026
4	Nyota Tanzania Ltd	Demurrage Charges	Shipping Line	614,185
5	AZAM Inland Container Depot	Storage charge	Storage warehouse	612,452
6	CMA-CGM Tanzania Ltd	Demurrage Charges	Shipping Line	453,214
	Total			9,119,940

Source: TFC’s report

312. Furthermore, out of the total claims amounting to TZS 9.12 billion related to the sulfur shipment, my review did not find sufficient supporting documentation such as invoices to substantiate validity and accuracy of the claims from five institutions totalling TZS 6.8 billion.

313. Tanzania Revenue Authority, CMA-CGM Tanzania Ltd, and Nyota Tanzania Ltd neither confirmed the existence of any debt related to the sulfur consignment nor responded to substantiate the claims. Meanwhile, Management at the inland container depots AZAM ICD and Diamond Shipping Services Ltd stated that they had no claims against the Tanzania Fertilizer Company in relation to the sulfur shipment.

314. I recommend that Tanzania Fertilizer Company:
- (a) Undertake a comprehensive reconciliation and properly organise all supporting documentation to verify legitimate claims and make the necessary adjustments in its books of account; and
 - (b) Actively follow up on outstanding amounts from customers who purchased the sulfur to ensure collection of payments, enabling settlement of the related debts.

7.11 Excessive cost variations on construction projects amounting to Delays in Project Implementation Resulted in Additional Cost at NHC and IAA 76.53 billion

315. **National Housing Corporation (NHC):** NHC and Engineering Company Limited signed a contract with reference number PA/066/2011-12/HQ/W/38 dated 25 September 2013 for the design and construction of Golden Anniversary Tower Residential Apartment on plot No 1088 located at the junction Magore and Vijibweni streets in Upanga, Ilala Municipality Dar es salaam worth TZS 68.33 billion (VAT inclusive) for period of 913 days from the commencement date.

316. My review of project implementation found that, the project site was relocated to plot No. 711/1 along Mwai Kibaki Road in Kawe area of Kinondoni Municipal, Dar es Salaam, and the project was rebranded as the Golden Premier Residences (GPR). The site was handed over to the contractor on 26 October 2014. Through Addendum No. 2 dated 5 June 2016, the contract sum was revised to TZS 71.17 billion (VAT inclusive), an increase due changes in project location, soil variation and suspension claims.

317. NHC management failed to demonstrate adequate financial arrangements after delays in settling IPC 2-4, leading to two suspensions of works (February to May 2016 and March 2018 to July 2025). In June 2025, an addendum increased the contract sum from TZS 71.17 billion to TZS 127 billion, raising the project cost by TZS 58.67 billion. Originally scheduled for completion in May 2017, the project is now expected to be completed in August 2027, resulting in significant delays and price escalation, which indicate weak financial management and inefficient use of public funds.

318. **At the Institute of Accountancy, Arusha:** The construction of the Postgraduate Building and Hostel at Arusha Main Campus, the Hostel at Babati Campus, and the Academic Building at Dodoma Campus recorded excessive and irregular cost variations. The initial approved cost for the projects was TZS 19.47 billion. However, during the verification conducted on 30 June 2025, I found that all projects were still incomplete while actual expenditures increased to TZS 34.49 billion. Then construction costs were further reviewed and revised upwards to TZS 37.33 billion leading to an excess variation of TZS 17.86 billion equivalent to 92% beyond the originally approved budget.

319. The cost overruns were attributed to weak supervision and inadequate cost estimation during planning and inadequate monitoring. The projects delayed due to deficit of fund which has affected cost inflation for materials and labour cost resulting in change to the project cost. The lag behind of the projects compromise value for money in the execution as they result in project postponements and cost escalations.

320. I recommend that:

- (a) National Housing Corporation ensure in future projects, site selection and financial arrangements are thoroughly assessed and finalised before project commencement to avoid relocations and related costs; and Key projects are undertaken only when there is confirmed availability of adequate funds; and
- (b) In future, the Institute of Accountancy Arusha, ensure that the project costs are proportionally estimated, the availability of funds are assured, and strict monitoring and control mechanisms are instituted to prevent cost variations.



CHAPTER EIGHT

BUDGET MANAGEMENT

8.0 Introduction

321. This chapter focuses on budget management in public authorities and other bodies, governed by the guidelines and directives issued by the Ministry of Finance (MoF), as well as the Budget Act, CAP.439, and its accompanying Budget Regulations, 2015. My assessment of 225 public authorities and other bodies found that 56 (25%) did not comply with budget legislation.

322. The primary objective of budget management is to support the implementation of planned activities in line with the goals set out in the National Five-Year Development Plan 2021/22 to 2025/26 and the respective corporate strategic plans of public authorities and other bodies.

323. During the audit, I identified instances of non-compliance with budget guidelines, particularly including unbudgeted expenditure, non-involvement of stakeholders in the budget preparation process, delays in releasing budgeted funds, under-collection of own-source revenue, inadequate carryover funds management, and ineffective use of budget management systems such as the Planning and Reporting System (PlanRep).

324. The findings and their corresponding recommendations for improvement are presented below:

8.1 Persistent Inadequate Release of Budgeted Funds by Government TZS 1.29 trillion

325. I have consistently reported on the Government's inadequate release of budgeted funds to public authorities and other bodies. In the financial year 2024/25, my review of budget performance revealed that 87 out of 162 non-commercial public authorities and other bodies (excluding Tanzania Telecommunications Corporation and Tanzania Petroleum Development Corporation) experienced a budget variance exceeding 10% between the approved and disbursed funds for the year ended 30 June 2025.

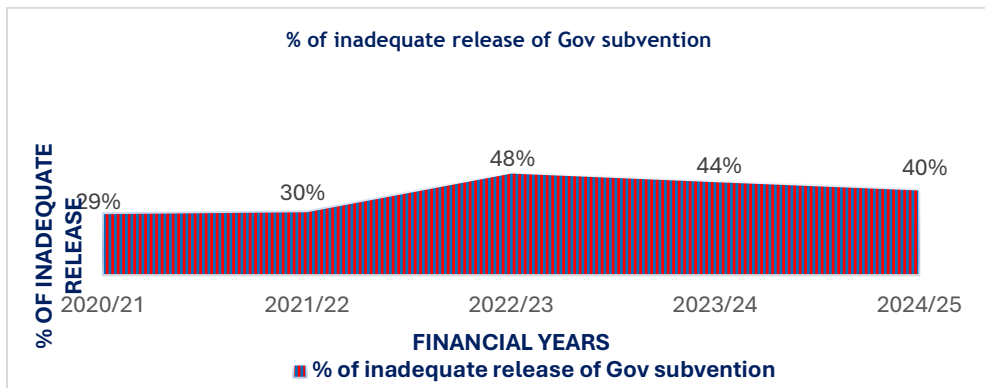
326. My review noted that these entities had anticipated receiving TZS 3.19 trillion in Government subventions based on their approved budgets. However, only

TZS 1.90 trillion was released, representing 60% of the approved budget and resulting in a TZS 1.29 trillion shortfall, equivalent to 40% (Appendix V).

327. I found a continued under-release of funds despite the public authorities and other bodies repeated formal communication to the Treasury requesting the release of the budgeted funds. This indicates that insufficient measures have been taken to effectively address the persistent challenge of inadequate budget disbursements.

328. Similar trends were found in previous years, with shortfalls amounting to TZS 485.69 billion (44% of the total budget) in 2023/24 with respect to 66 entities, TZS 1.01 trillion (48%) in 2022/23 in respect to 50 entities, TZS 161.88 billion (30%) in 2021/22 with respect to 18 entities, and TZS 1.13 trillion (29%) in 2020/21 with respect to 78 entities. The trend is illustrated in Figure 1.

Figure 1: Trend of inadequate release of Government subvention



Source: Auditor’s Analysis of Management Letters

329. Due to under-release of Government funds amounting to TZS 44.65 billion as per Appendix V, I noted that Tanzania Telecommunications Corporation implemented only 37% of the planned development expenditure during the year. The Company had budgeted TZS 152.86 billion for development projects; however, only TZS 56.31 billion was actually spent, with Management citing the non-receipt of funds planned to be received from the Government as the main reason.

330. I noted that the Sugar Board of Tanzania did not receive any Government subvention for three consecutive financial years, despite an approved budget of TZS 2.4 billion in 2024/25, TZS 800 million in 2023/24, and TZS 1.0 billion in 2022/23.

331. Inadequate funding may significantly constrain public authorities and other bodies in carrying out their operations effectively and efficiently, potentially resulting in a decline in both the quality and quantity of services delivered to the public.

332. I recommend that the Government ensure the credibility of budget estimates submitted by public authorities and other bodies. Once the budgets are approved, the Government has to ensure full and timely release of the allocated funds to enhance the integrity of the budgeting process and facilitate effective implementation of planned activities in achieving the entities' objectives.

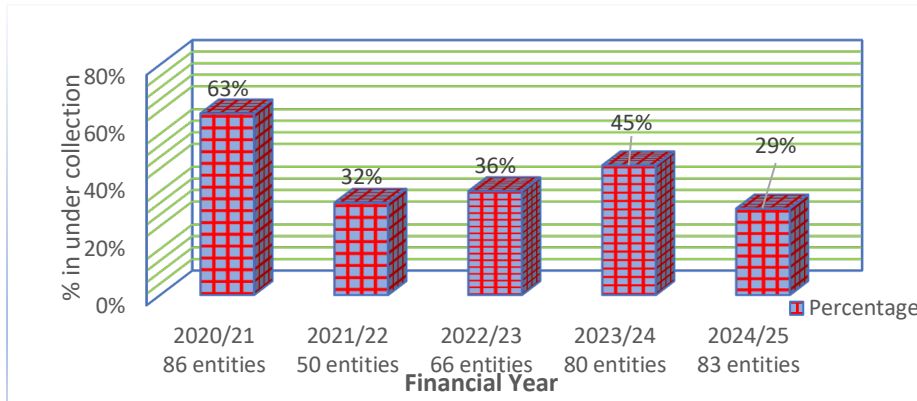
8.2 Persistent Under-collection of revenue from Own source TZS 1.32 trillion

333. Public authorities and other bodies generate revenue from different sources such as fees, sales, investment income, and other internal sources. This revenue, known as own-source revenue, is used to finance both recurrent and development expenditures.

334. During the year under review, I noted that 84 out of 225 public authorities and other bodies reviewed had budgeted to collect TZS 4.60 trillion from their own sources. However, only TZS 3.27 trillion was collected, resulting in a shortfall of TZS 1.32 trillion, equivalent to 29% (**Appendix VI**).

335. This indicates that sufficient measures have not been taken to address the persistent issue of under-collection of revenue. Similar trends were found in previous years, where under-collection amounted to TZS 2.08 trillion (45% of the budget) in 2023/24 with respect to 80 entities, TZS 284.71 billion (36%) in 2022/23 with respect to 66 entities, and TZS 174.63 billion (32%) in 2021/22 with respect to 50 entities and TZS 1.61 trillion (63%) in 2020/21 with respect to 86 entities as shown in **Figure 2**.

Figure 2: Percentage trend of under collection of own source revenue by public authorities and other bodies



Source: Auditors’ analysis from the Management letter

336. The reasons for under collection were as detailed below: -

337. Water Supply and Sanitation Authorities mainly face revenue shortfalls due to non-payment of water bills by customers, and water losses during distribution (commonly referred to as non-revenue water).

In higher learning institutions, students’ enrolment has been lower than projected. This is largely due to restricted access to student loans from the Higher Education Students’ Loans Board. Likewise, regulatory authorities experience difficulties in collecting annual fees from stakeholders because of weak collection systems. As a result, revenue remains uncollected, leading to funding gaps that disrupt planned activities and limit the achievement of institutional objectives.

338. I recommend that respective public authorities and other bodies:

- (a) Carry out a comprehensive review of their own-source revenue collection processes and put in place effective strategies to improve collection; and
- (b) Prepare realistic budgets for own-source revenue.

8.3 Anomalies Related to the Carryover Funds

8.3.1 Carry-over Funds not Utilised within the Set Time TZS 29.07 billion

339. Regulation 21 of the Budget Regulations, 2015 requires the accounting officer to submit a carryover request to the Paymaster General, justifying for any underspending. Further, Regulation 21(3) of the Budget Regulations, 2015 provides that all unspent carryover funds must be returned to the consolidated fund by the end of the first quarter of the following financial year.

340. In my previous report, I noted that four public authorities failed to return the unspent balance of TZS 1.19 billion to the consolidated fund after the first quarter of the subsequent year. In the current audit I continue to note the same issue where seven public authorities and other bodies failed to return the unspent balance of TZS 29.07 billion to the consolidated fund after the first quarter of the subsequent year. The details are shown in **Table 26**.

Table 26: Entities with unutilized carryover funds after the first quarter

S/n	Public entity	Carryover funds	Spent amount	Balance not utilised after 1 st Quarter
		TZS '000		
1	Universal Communications Service Access Fund	21,965,546	281,000	21,684,546
2	University of Dar es Salaam	2,759,394	95,960	2,663,434
3	Ardhi University	2,714,627	338,293	2,376,333
4	Vocational Education and Training Authority	884,696	0	884,696
5	Fair Competition Commission	3,264,239	2,446,322	817,917
6	Gaming Board of Tanzania	1,030,691	608,218	422,473
7	Tanzania Coffee Board	952,566	722,310	230,255
	Total	33,571,759	4,492,103	29,079,656

Source: Budget records of respective entities for 2024/25

341. My further analysis noted that the Universal Communications Service Access Fund had unutilised carryover funds of TZS 21.68 billion (96% of the total carryover), which had not been implemented within the prescribed period. In addition, no evidence was provided to confirm that an extension request had been submitted, as required by Regulation 20 and 21 of the Budget Regulations, 2015. Management explained that the funds were retained to settle contractual obligations for ongoing projects upon final certification of completion.

342. My analysis also revealed that Ardhi University only spent TZS 338.29 million in first quarter and recorded an unspent balance of TZS 2.38 billion after the first quarter. Of this amount, TZS 538.5 million was used during the second quarter with the approved extension, while TZS 498.95 million was used beyond the first and second quarters without approval. The remaining balance of TZS 1.34 billion had not been used as at 30 June 2025.

343. Furthermore, I noted that, despite Vocational Education and Training Authority (VETA) having the whole amount of carryover unspent after the first quarter TZS 884.69 million, VETA used TZS 736.38 million, representing 83% of the carryover funds, while TZS 148.31 million (17%) remained unspent as at 30 June 2025

344. In the case of the Fair Competition Commission, the Commission submitted a request to the Treasury Registrar for an extension through letter Ref. No. AD.74/230/01/65 dated 04 November 2024. Although the extension was eventually granted, several activities remained unimplemented as of 31 March 2025, the

revised deadline. The unimplemented activities amounted to TZS 767.42 million, representing 24% of the initial carryover amount.

345. This was attributed to ineffective planning and the slow implementation of intended planned activities. Failure to return unspent funds increases the risk of misappropriation.

346. I recommend that public authorities and other bodies:

(a) Strengthen the planning process and expedite the implementation of planned activities to ensure carryover funds are used within the prescribed timeframe; and

(b) Return the unspent carryover funds in accordance with the budget Act.

8.3.2 Carryover Funds Spent without Approval from Paymaster General TZS 3.32 billion

347. I found that Tanzania Investment Centre (TIC), Public Procurement Regulatory Authority (PPRA), National Council for Technical and Vocational Education and Training (NACTVET), had spent carryover funds TZS 1.52 billion, TZS 664.63 million, and TZS1.14 billion, respectively, without approval from the Paymaster General, contrary to Regulation 20(1) of the Budget Regulations, 2015.

348. For Tanzania Investment Centre (TIC), this was attributed to management oversight, as well as the transition of functions from TIC to Tanzania Investment and Special Economic Zones Authority, which involved the transfer of staff. For PPRA and NACTVET, this was due to failure to initiate and submit requests for approval to the Paymaster General. Failure to seek approval for unspent funds increases the risk of misuse of public funds.

349. I recommend that the Tanzania Investment Centre, Public Procurement Regulatory Authority and National Council for Technical and Vocational Education and Training promptly request approval for the utilisation of carryover funds ensure compliance with the Budget Regulations.

8.4 Inadequate Stakeholders Participation and Alignment of the Strategic Plan in Budget Formulation

350. Public authorities and other bodies are required to prepare plans and budget estimates in a participatory manner and obtain approval from their respective legislative authorities such as Budget Committee and Workers Council. Furthermore, the prepared budget should align with approved strategic plans of entities. I noted the following anomalies related to budget preparation by public authorities and other bodies:

8.4.1 Inadequate Stakeholders Participation in Budget Formulation

351. I found that 11 public authorities and other bodies did not adequately involve their stakeholders, including Management, Budget Committees, Workers’ Councils, and Boards of Directors in the budget formulation process, as shown in **Table 27**. This indicates that the underlying issues have not been addressed, as similar shortcomings, were found in previous audits, whereby, seven entities in 2023/24, and 16 entities in 2022/23 had the same problem.

Table 27: Public entities with inadequate stakeholders’ participation in Budget formulation

S/N	Entity	Issues noted
1.	KMTC Manufacturing Limited	Non-establishment of the budget Committee
2.	Contractors Registration Board	Non-establishment of the budget Committee
3.	Tanzania Dairy Board	Non-establishment of the budget Committee
4.	Mzumbe University	Inadequate execution of budget committee functions
5.	Makambako Water Supply and Sanitation Authority	Inadequate execution of budget committee functions
6.	Tanzania Bureau of Standards	Inadequate participation of Management in budget formulation
7.	Cashewnut Board of Tanzania	Inadequate participation of Management in budget formulation
8.	Arusha International Conference Centre	Inadequate execution of budget committee functions
9.	Tanzania Ports Authority	Inadequate execution of budget committee functions
10.	Tanzania Pyrethrum Board	Non submission of an approved budget of TZS 374.99 million to the Ministry of Finance
11.	Electrical Transmission and Distribution Company	Inadequate execution of budget committee functions, inadequate participatory of Management in budget formulation and non-Approval of budget estimates by Workers Council

Source: Budget records of respective entities for 2024/25

352. Public authorities and other bodies had failed to acknowledge the importance of engaging all stakeholders to promote transparency in the budget formulation process. In my view, this undermines transparency in budgeting and raises concerns about the public authorities and other bodies’ financial practices and accountability of these stakeholders.

353. I recommend that respective public authorities and other bodies ensure active involvement of key stakeholders in budget formulation to enhance transparency.

8.4.2 Inadequate Alignment of Budget Formulation with Strategic Plan

354. I found **Public Procurement Regulatory Authority (PPRA)** budgeted TZS 62.13 billion for the financial year 2024/25 to finance development and recurrent expenditures in line with its 2021/22-2025/26 Strategic Plan. However, my review

identified activities with total amount of TZS 20.13 billion that were not aligned with the Strategic Plan, as the budget included targets extending to June 2027, which is beyond the Plan's implementation period.

355. My further review revealed that the PPRA had five targets, with a total budget allocation of TZS 3.7 billion which were not aligned with the Strategic Plan.

356. Similarly, the Bariadi Water Supply and Sanitation Authority had 19 targets in its Strategic Plan, these targets were not reflected in the budget. Conversely, 12 targets implemented under the 2024/25 budget, with a total budget allocation of TZS 627.89 million, did not originate from the Authority's Strategic Plan.

357. In addition, TCAA Training Fund did not have an approved Strategic Plan in place. Consequently, the budget amounting to TZS 2.11 billion was not prepared in alignment with the Strategic Plan.

358. I recommend that respective public authorities and other bodies:

- (a) Actively involve key stakeholders in both strategic planning and budget formulation to improve alignment and transparency; and
- (b) Ensure that budgets are aligned with the strategic plan and establish effective mechanisms to monitor budget implementation against strategic objectives.

8.5 Inadequate Use of the PlanRep Budget Planning System

359. Paragraph 4.1.3(34) of Guidelines for the Preparations of Government Plan and Budget 2024/25 requires accounting officers to use PlanRep in line with the approved timetable for the preparation of the 2024/25 Plan and Budget.

360. However, I found that 11 public authorities and other bodies did not use the PlanRep system. In addition, four entities experienced challenges in using the system (Table 28). This shows that adequate measures have not been taken to address anomalies in the use of budget control systems, as a similar issue was reported in 13 public authorities and other bodies in my General Report for 2023/24.

361. Further, Sisalana Tanzania Company Limited, Same Mwangi Water Supply and Sanitation Authority, and Ngora Water Supply and Sanitation Authority which were reported in the previous year as entities not using PlanRep have not started using the system even during the current period. In addition, one entity, the Medical Stores Department, continues to face challenges in using PlanRep and has requested an exemption from the Office of the Treasury Registrar, however, the request has not yet been approved.

Table 28: Entities inadequately use or not use the Budgetary system

S/n	Public Entities	Anomaly noted
1.	Arusha International Conference Centre	Non-use of PlanRep
2.	Same Mwangi Water Supply and Sanitation Authority	Non-use of PlanRep
3.	Sisalana Tanzania Company Limited	Non-use of PlanRep
4.	Ngara Water Supply and Sanitation Authority	Non-use of PlanRep
5.	TTCL Pesa Ltd	Non-use of PlanRep
6.	TCAA Training Fund	Non-use of PlanRep
7.	Tanzania commercial Bank	Non-use of PlanRep
8.	Tanzania Biotech Products Limited	Non-use of PlanRep
9.	Mwanza Rockcity Company Ltd	Non-use of PlanRep
10.	STAMIGOLD Company Limited	Non-use of PlanRep
11.	Kilimanjaro International Leather Industries Company Limited	Non-use of PlanRep
12.	Medical Stores Department	Facing problems in use of Planrep
13.	Arusha Water Supply and Sanitation Authority	Facing problems in use of Planrep
14.	Tanzania Wildlife Research Institute	Facing problems in use of Planrep
15.	Institute of Social Work	Facing problems in use of Planrep

Source: Budget records of respective entities for 2024/25

362. My review found that, out of 11 public authorities and other bodies not using PlanRep, six were subsidiaries, namely Tanzania Biotech Products Limited, Mwanza Rock city Company Limited, STAMIGOLD Company Limited, Kilimanjaro International Leather Industries Company Limited (KLICL), Sisalana Tanzania Company Limited and TTCL Pesa Ltd.

363. The inadequate use or non-use of the budget control system was mainly attributed to the lack of integration between PlanRep and the accounting systems of public authorities and other bodies, as well as inadequate follow-up by the entities in engaging Government Authority Internet (eGA) system developers to resolve the identified challenges. Also, lack of clear guidance requiring subsidiaries of public institutions to use the PlanRep system.

364. The absence or inadequate use of budget control tools weakens the Government’s ability to properly monitor and manage the implementation of public authorities and other bodies’ budgets. This may result in weak expenditure control, and inefficient utilisation of resources.

365. I recommend that:

- a) **The respective public authorities and other bodies work closely with the Ministry of Finance to address all challenges related to the use of budget control**

systems, including ensuring full integration between their accounting systems and budget control system for effective monitoring; and

b) The Office of Treasury Registrar, in collaboration with respective authorities provide clear guidance on the applicability of the PlanRep system to subsidiaries owned by public institutions.

8.6 Expenditure without budgetary Approval TZS 19.85 billion

366. I found five public authorities and other bodies had approved budgeted expenditure of TZS 59 billion but incurred TZS 78.86 billion, resulting in an over expenditure of TZS 19.85 billion. The over expenditures were not approved either by the respective accounting officers or the Boards of Directors, as shown in Table 29

367. In the previous financial year 2023/24, I reported a similar issue whereby 12 public authorities and other bodies had expenditure without budgetary approval amounting to TZS 7.65 billion. This is attributed to inadequate systems for monitoring and controlling the utilisation of budgeted funds, inadequate anticipation of all necessary expenditures during the budget process and the lack of mid-year budget reviews. Unbudgeted expenditure constraints full implementation of other planned activities, adversely affecting the achievement of the overall organisation’s goal and objective.

Table 29: Public authorities and other bodies with unbudgeted expenditure or line items

SN	Public Authorities and other bodies	Budgeted amount	Actual amount	Unapproved amount
		TZS ‘000		
1	Mzumbe University (Line items)	4,179,840	5,611,789	(1,431,948)
2	Tanzania Fisheries Research Institute(Line items)	2,730,884	3,206,007	(475,123)
3	MNH Mloganzila (Line items)	46,212,037	61,026,251	(14,814,214)
4	National Council for Technical and Vocational Education and Training (Line items)	3,328,052	4,347,325	(1,019,273)
5	Gas Company Tanzania Limited (Line items)	2,558,250	4,668,988	(2,110,738)
Total		59,009,063	78,860,360	(19,851,296)

Source: Budget implementation records of respective entities for 2024/25

368. Analysis revealed that MNH Mloganzila and the Tanzania Fisheries Research Institute (TAFIRI) had similar anomalies reported in the 2023/24 audit. Specifically, MNH Mloganzila and TAFIRI incurred unbudgeted expenditures amounting to TZS 979.86 million and TZS 385.35 million, respectively.

369. For, MNH Mloganzila, the over-expenditure is mainly attributed to increased service demand without corresponding funding, rising medicine costs, and unavoidable emergency and operational requirements, while TAFIRI over

expenditure resulted from inadequate estimates of travel and other activities during the budgeting period.

370. I also noted that the National Housing Corporation used TZS 10.17 billion from a budget category that was not meant for that particular expense (reallocation) and did not submit the required statement of reallocation to the Paymaster General, contrary to section 57(2) of the Budget Act CAP 439, which requires the Accounting Officer to prepare and submit to the Paymaster-General a statement of reallocation made within their respective votes.

371. This non-compliance was due to a misinterpretation of the legal and procedural requirements under the Budget Act, whereby Management construed the provision as requiring approval of reallocations rather than recognising that it serves a reporting and monitoring purpose. This may result in inadequate measurement and assessment of the Corporation's annual performance of the Corporation by the Paymaster General.

372. I recommend that:

- (a) The respective public authorities and other bodies Strengthen budget forecasting and conduct timely mid-year budget reviews to accommodate anticipated activities; and effectively use the budget control system and ensure full compliance with applicable budget laws and regulations; and
- (b) The National Housing Corporation, enhance understanding of the Budget Act to ensure all budget reallocations are properly documented and submitted to the Paymaster-General in compliance with legal requirements.

8.7 Non-Implementation of Planned Activities Despite Excess Revenue Collection by MNH Mloganzila

373. MNH-Mloganzila had an approved budget of TZS 55.61 billion but collected TZS 70.79 billion, representing 127% of the approved budget. Despite this revenue performance, 51 planned activities were either partially implemented or not implemented at all, resulting in unimplemented activities valued at TZS 3.15 billion by the end of the financial year. This was due to the execution of unplanned emergency activities, which diverted resources from approved budgeted activities. I am of the view that failure to fully implement approved activities may undermine the achievement of planned service delivery objectives.

374. I recommend that the MNH-Mloganzila strengthen the budget preparation and implementation process by considering historical data on emergency cases when formulating annual budgets, so as to adequately provide for likely emergency expenditures and conduct mid-year reviews during the financial year.

8.8 Inadequate implementation of the Development Budget at Dar es Salaam Water Supply and Sanitation Authority (DAWASA)

a) Under-Implementation of development activities by 22% despite Receiving Excess Government Subvention

375. I noted that, despite receiving Government subvention in excess of the approved budget during the financial year 2024/25 by TZS 9.69 billion (14%), DAWASA did not fully implement its planned development activities including government funded development projects. Out of the approved development budget of TZS 52.0 billion, only TZS 40.54 billion (77.96%) was used to undertake activities, resulting in an under-implementation rate of 22.04%. This is due to inadequate coordination between procurement, and technical departments to ensure the procurement of planned activities are timely implemented, which affected the timely utilisation of released funds. I am of the view that, the slow pace in the implementation of projects, may lead to delays in service delivery to beneficiaries.

376. I recommend that DAWASA enhance management coordination to ensure that released funds are utilised in a timely manner in line with the approved work plans.

b) Implementation of Projects Outside the Approved Budget TZS 574.71 million

377. I noted that DAWASA implemented Ngerengere SGR Station Water Supply project with a total value of TZS 574.71 million outside its approved budget. Management explained that the projects were undertaken to address urgent water supply challenges or in response to directives from higher authorities. However, no documentary evidence was provided to substantiate these claims.

378. I am of the view that funds intended for approved activities may be informally redirected, thereby affecting the timely completion of other strategic projects.

379. I recommend that DAWASA:

- (a) Ensure full compliance with budget approval processes. All projects must be included in the approved annual or revised budget before implementation; and**
- (b) Provide justification for emergency projects and obtain retrospective budget approval from the relevant authority.**



CHAPTER NINE

ASSETS MANAGEMENT

9.0 Introduction

380. This chapter examines assets management in the public authorities and other bodies focusing on the process and practices that ensure assets are efficiently managed, maintained and utilised. Asset management constitutes a structured governance framework for the planning, acquisition, utilisation, maintenance, and cost-optimisation of assets, in alignment with applicable international standards and the prevailing statutory and regulatory requirements governing public assets administration. This is guided by the Public Finance (Management of Public Property) Regulations, 2024.

381. During the audit of the financial year 2024/25 I identified several control deficiencies and instance of non-compliance in assets management, which include the absence of assets maintenance plan, lack of title deeds, and abandoned assets. I present the following findings, along with respective recommendations for improvements.

9.1 Entities own Land without Title Deeds TZS 25.20 billion

382. In September 2014, the Chief Secretary issued a Directive Ref. CAB.39/156/01/52 requiring all Ministries, Departments, and Agencies (MDAs) to secure title deeds for land and public buildings under their management. My review of fixed asset records revealed that 176 plots, including empty land, land with buildings and farms, valued at more than TZS 25.20 billion, are owned by 22 public authorities and other bodies without title deeds, as detailed in **Table 30**. This arises from delays by these entities in applying for and following up with the Ministry of Lands, Housing and Human Settlements Development to secure the title deeds, as well as ongoing legal disputes over encroached properties. The absence of title deeds exposes these assets to ownership disputes and weakens the entities' legal standing in such claims.

Table 30: List of entities owning land without title deeds

S/N	Entity Name	Number of Plots	Amount (TZS) '000
1.	Jakaya Kikwete Cardiac Institute	1	7,560,000
2.	Ardhi University	4	6,269,616
3.	Institute of Rural Development Planning	2	2,846,413
4.	University Of Dar Es Salaam	4	2,822,790
5.	National Development Corporation	25	2,465,000
6.	Njombe Water Supply and Sanitation Authority	5	700,560
7.	Arusha Technical College	1	700,000
8.	National Bureau of Statistics	1	652,236
9.	Sokoine University of Agriculture	24	461,182
10.	Land Transport Regulatory Authority	2	210,909
11.	Arusha Water Supply and Sanitation Authority	58	74,765
12.	Mbeya University of Science and Technology	1	59,275
13.	Tanzania Pyrethrum Board	3	44,244
14.	Tanzania Library Services Board	3	30,900
15.	Medical Stores Department	1	28,238
16.	Centre for Agricultural Mechanisation and Rural Technology	1	16,000
17.	Tanzania Concrete Poles Manufacturing Company Ltd	1	3,100
18.	Same-Mwanga Water Supply and Sanitation	22	Not Available
19.	Cereal and Other Produce Board	3	Not Available
20.	Tanzania Ports Authority	5	Not Available
Expired Title Deeds			
21.	Tanzania Standard (Newspapers) Limited	2	26,300
22.	Tanzania Telecommunications Corporation	7	236,262
Total		176	25,207,790

Source: Register of acquired properties 2024/25

231. I recommend that the respective public authorities and other bodies:

(a) Promptly apply for title deeds upon acquiring land and actively follow up with the Ministry of Lands, Housing and Human Settlements Development to secure title deeds; and

(b) Implement effective measures to safeguard all land holdings against encroachment, thereby minimising the risk of legal disputes.

9.2 Idle, Abandoned, Encroached and Dilapidated Assets Valued at TZS 137.96 billion

383. My review found abandoned, idle and dilapidated buildings and unused machinery valued more than TZS 137.96 billion to 14 public authorities and other bodies contrary to Regulation 7(1) of the Public Finance (Management of Public Property) Regulations 2024, which provides that the accounting officer to ensure public property is used effectively and for its intended purpose. In cases where public property remains unused, idle, or underutilized for six months or longer, the accounting officer must report to the Permanent Secretary of the Ministry of Finance for further actions and directives. The details are shown in **Table 31**.

Table 31: List of abandoned, idle, encroached and dilapidated assets

S/N	Entity Name	Item Class	Amount (TZS) '000
1.	Kibaha Education Centre	Partially encroached of Plot No. 22 at Kibamba, Kisarawe	111,000,000
2.	National Development Corporation	Abandon Buildings at Upanga, Dar es Salaam and Mwanza	14,502,000
3.	National Housing Corporation (NHC)	Encroached of Urafiki Factory (Lot 1, Block 409 Plot 1)	3,600,000
		Partly encroached of Plot No. 697 located at Kawe, Dar es Salaam	No value
4.	Tanzania Tourist Board	Deteriorating building at Upanga and Msasani Dar es Salaam	3,443,000
5.	State Mining Corporation	Idle two high-value drilling rigs at Geita Gold Mining	2,444,553
6.	Tanzania Fisheries Research Institute	29 residential houses owned by the Institute comprising 15 houses in Kigoma, 6 houses in Mwanza, 4 houses at Sota and 4 houses in Kyela which are in severe state of disrepair, including damaged roofing, deteriorated walls, broken windows, plumbing defects, and general structural weaknesses.	934,542
		Ponds designated for the fish breeding project have remained idle for more than 12 months due to lack of funds	No Value
7.	Institute of Rural Development Planning	Six residence houses which require renovation and 6 residential houses which proposed to be demolition	656,389
8.	Tanzania National Parks	Abandon the Hydropower project with an intended capacity of 80kW at ANAPA	550,675
9.	Public Procurement Regulatory Authority	Residential building at Kurasini Area, Temeke District, Dar es Salaam, abandoned for more than 15 years	198,343
10.	Tanzania Education Authority	Vocational training equipment and accessories (Cooking/Kitchen Appliances) for Pamba Secondary School were not put in use due to uncompleted school	199,389
		Completed infrastructure in three schools had not been put into use. These projects included the construction of two science laboratories, twelve toilets, and four classrooms, all of which had been fully completed but were still idle	170,386
11.	Tanzania Cotton Board	Abandoned residential house at Kinondoni Ada Estate since 19.05.2023	170,940
12.	Sokoine University of Agriculture	Steam boiler and milk pasteurization systems not in use for 13 years	57,680
13.	Tanzania Library Services Board	The School of Library Archives and Documentation Studies has three conference facilities/rooms which are idle and not generating any income for the Board.	28,113
14.	Centre for Agricultural Mechanisation and Rural Technology	The Residence House at Nzega was not in use for more than two years	5,020
Total			137,961,030

Source: Fixed Asset Register 2024/25

384. The continued existence of idle assets also exposes public property to encroachment and misuse, particularly where land remains undeveloped or inadequately protected. For example, Plot No. 22 at Kibamba, Kisarawe valued at

TZS 111.0 billion and owned by Kibaha Education Centre was partially invaded by intruders. Management issued notices requiring trespassers to demolish structures and vacate the land through letters Ref. AC.187/202/01 dated 30 April 2025, however the notices were not complied with and the matter was subsequently filed at Kiluvya Ward Tribunal (Case No. 100/2025) and later referred to a higher court for further legal proceedings.

385. A similar situation was noted at the **National Housing Corporation (NHC)** where encroachment and weak control of land use were observed at Plot No. 697 located at Kawe, Dar es Salaam, where structures including part of Feza School wall, classrooms of Kawe Ukwamani Primary School and residential houses overlap into the plot boundaries, a matter which has remained unresolved for more than 13 years since March 2012. Further review revealed that a church occupied 77,062 sqm instead of the agreed 20,335 sqm and continued occupying the land after expiry of the lease on 31 December 2024 without renewal, while the Corporation continued billing TZS 10.18 million per month instead of charging based on occupied space to the tune of TZS 38.53 million per month, resulting in a potential revenue loss of TZS 737.19 million as of February 2026. Additionally, land acquired by NHC at Urafiki Factory (Lot 1, Block 409 Plot 1) valued at TZS 3.60 billion has been encroached by residential houses, commercial structures, a mosque and other social service facilities located within the investment compound.

386. These cases were mainly attributed to idle or undeveloped land, weak monitoring of land use and inadequate control of lease arrangements, which expose the entities to continued encroachment, legal disputes and potential loss of public assets.

387. I recommend that the respective public authorities and other bodies:

- a) **Develop and implement asset utilisation and maintenance plans to ensure that public assets are effectively used and safeguarded from deterioration or encroachment;**
- b) **Allocate adequate funds for timely repair, rehabilitation and completion of stalled projects so as to restore the assets to productive use;**
- c) **Resolve encroachments and other encumbrances on public land through appropriate legal and administrative measures to safeguard ownership rights; and**
- d) **Regularise and enforce lease agreements, including revising contracts to reflect the actual area occupied and ensuring proper billing based on the agreed terms.**

9.3 Grounded Assets and Obsolete Stocks without Disposal TZS 84.48 billion

388. My review found 20 public authorities and other bodies had a total of 2,338 grounded assets, including motor vehicles, motorcycles, plants, office furniture, and other equipment worth TZS 84.02 billion, as detailed in **Appendix VII**. These assets have remained non-operational for extended periods, ranging from six months to 18 years, without undergoing either maintenance or disposal.

389. Furthermore, I found that two public authorities and other bodies had 7,457 obsolete or expired items such as machineries, equipment's and medicine valued at TZS 463.41 million which were held for the periods of up to 25 years in stocks without being disposed of.

390. This is attributable to inadequate planning of the disposal of existing grounded assets or obsolete stocks. Failure to maintain or dispose of grounded motor vehicles and obsolete inventories accelerates deterioration, resulting in a decline in value. In addition, expired stock continues to occupy unnecessary storage space and generates avoidable administrative costs.

391. I recommend that respective public authorities and other bodies create and execute action plans for the maintenance or disposal of grounded assets and obsolete inventories.

9.4 Continuing Delay in Assets Transfer from Pangea Minerals Limited to STAMIGOLD Company Limited for Over 12 Years valued at TZS 22.42 billion

392. On 15 November 2013, Pangea Minerals Limited and ABG Exploration Limited entered into an agreement with State Mining Corporation (STAMICO) to transfer Tulawaka Mine valued at USD 11,633,254 from Pangea Minerals Limited to STAMIGOLD Company Limited. Before the signing of the transfer agreement on 28 October 2013, STAMICO formed a subsidiary company (STAMIGOLD Company Limited) aimed operating the Tulawaka mine.

393. As reported in my previous General Report, assets valued at TZS 22.42 billion had not been transferred to STAMIGOLD Company Limited and, as of 30 June 2025, remained registered under Pangea Minerals Limited.

394. Furthermore, as of the year ended 30 June 2025, I found that Pangea Minerals Limited had not obtained a tax clearance from the Tanzania Revenue Authority (TRA) due to unsettled tax liabilities amounting to TZS 1.15 billion, which are currently under dispute at the Tax Revenue Appeals Tribunal (TRAT), Case No. DSM.89/2025 of 2019. As a result, the titles for all movable assets remain in the name of Pangea Minerals Limited rather than STAMIGOLD Company Limited.

395. In my view, without full oversight, asset management and control could be compromised, adversely affecting the company's operational efficiency and potentially exposing it to financial risk, including bankruptcy.

396. I reiterate my recommendation that State Mining Corporation:

- (a) Expedite the transfer of Tulawaka Mine assets currently held under Pangea Minerals Limited to STAMIGOLD Company Limited; and
- (b) Closely monitor the process of obtaining tax clearance.

9.5 Underutilisation of Investment Property Due to Vacant Space

397. At Arusha International Conference Centre (AICC); Investment property in form of 204 office units equivalent to 3,087 square meter out of 12,000 square meters owned by AICC remained vacant and uninhabitable for the whole year, resulting in an estimated revenue loss of TZS 666.79 million for the year ended 30 June 2025. This is attributed to inadequate maintenance of the office buildings. Vacant properties represent a significant financial risk due to the absence of rental income and potential increases in maintenance costs resulting from delayed repairs.

398. I recommend that Arusha International Conference Centre develop and implement an effective strategy to address the vacancy problem and ensure all properties are well-maintained to achieve full occupancy.

9.6 Disputed Ownership and Usage of Saba Saba Ground between Cereal and Other Produce Board and Dodoma City Council

399. From the review of the Cereal and Other Produce Board (CPB)'s assets ownership for the year 2024/25, I noted that CPB and the Dodoma City Council had a dispute on ownership of Saba Saba Ground Area with 3.11 hectares in the Dodoma Region.

400. The Dodoma City Council acquired and is currently using the area for petty traders without obtaining permission or signing an agreement with the Cereals and Other Produce Board; the lawful owner of the property. The Board was granted ownership of such land by the Office of the Treasury Registrar through a deed of handover dated 5 August 2013. Previously, the area was owned by the National Milling Corporation Limited, which was dissolved, after which the Consolidated Holding Corporation took it over. It was later placed under the Office of the Treasury Registrar, which subsequently handed it over to the Cereals and Other Produce Board of Tanzania.

401. Consequently, the Dodoma City Council owned and used the ground vide the title deed with reference number L.O No. 1155232, dated 1 July 2019, which is disputed by CPB. The disputes between the parties affect area development.

402. I recommend that Cereal and Other Produce Board, Dodoma City Council and Office of the Treasury Registrar resolve the ownership of the land at Sabasaba, Dodoma which is in dispute between the Cereal and Other Produce Board and the Dodoma City Council.

9.7 Weaknesses in the exchange of properties with the Treasury Registrar's Office TZS 31.00 billion

403. The National National Housing Corporation (NHC) reported new assets amounting to TZS 16.47 billion for land and buildings and TZS 14.53 billion for bare land, bringing the total to TZS 31.0 billion. These assets were received through an exchange arrangement with the Office of the Treasury Registrar in consideration for Morocco Square property, specifically floors 16 to 19, each measuring 829 sqm. In reviewing this arrangement, I noted lack of formal handover documentation to evidence the transfer of assets and exchange was done without the surrender of title deeds. This was attributed to the non-existence of exchange arrangements documentation procedures. There is a risk of conflict on obligations by parties due to incomplete exchange documentations.

404. I recommend that National Housing Corporation and the Office of Treasury Registrar sign the agreement for the exchange, and appropriate handing over is done, including submission of title deeds.

9.8 TANESCO Assets Under Third Party Utilisation Worth TZS 1.09 billion

405. Regulation 7 (1) of the Public Finance (Management of Public Property) Regulations, 2024 requires the accounting officer to ensure that public property is used effectively and for the intended purpose and where public property is not used, idle or underutilized for a period of six months or more, the accounting officer should report to the Permanent Secretary for further actions and directives.

406. I found that TANESCO had nine properties worth TZS 1.09 billion occupied and utilized by third parties including its subsidiaries, other government entities, and civilian. This was attributed to underutilization and inadequate follow up on the company's assets resulting in third-party occupation without approval, and lease or tenancy arrangements. This led to the Company not obtaining optimal economic benefits from its assets, exposing it to risks of asset misuse, loss of control, foregone revenue and potential legal disputes.

407. I recommend that TANESCO ensure optimal utilisation of company assets by formalizing their use through appropriate lease, tenancy agreements or by transferring ownership to subsidiaries where approved and take prompt action to recover all assets occupied by unauthorized third parties.

9.9 Use of Institutional Land for Commercial Activities without Approved Change of Land Use

408. Section 29(1) of the Land Act, Cap. 113 [R.E. 2019] stipulates that any person or institution occupying land shall use it strictly in accordance with the conditions and purposes prescribed in the right of occupancy or land title. My review found that the Tanzania Industrial Research and Development Organisation (TIRDO) leased part of its premises for commercial activities without obtaining formal approval to change the designated land use from residential to commercial. The premises were utilized by private business operators for income-generating purposes, contrary to the approved land use category under the existing title deed.

409. This attributed to inadequate oversight by management in ensuring that all leasing arrangements align with approved land use plans and statutory provisions. Leasing the premises for commercial purposes without formal land use conversion and approval may lead to revocation or penalties under the Land Act for unauthorized use of land and legal disputes or nullification of lease agreements.

410. I recommend that Tanzania Industrial Research and Development Organisation immediately engage the relevant authorities including the Municipal Council and the Ministry of Lands, Housing, and Human Settlements Development to regularize the land use status of the leased premises.

CHAPTER TEN

PROCUREMENT AND CONTRACT MANAGEMENT

10.0 Introduction

411. Procurement and contract management are fundamental pillars of public financial governance, ensuring that public resources are utilised efficiently, transparently and in alignment with national development goals. In Tanzania, the Public Procurement Act and its regulations require that procurement and contract management processes uphold fairness, competition, transparency, non-discrimination, accountability and value for money in the use of public funds to promote efficient use of resources and strengthen good governance across all stages of the procurement cycle.

412. This chapter assessed procurement compliance across 225 public authorities and other bodies and found that 141 (63%) public authorities and other bodies complied with procurement laws while 84 (37%) did not comply. The key issues identified comprise the failure to submit contracts for vetting, delays in delivery of works, goods, and services, and insufficient management of performance securities. The findings and their corresponding recommendations for improvement are presented below:

10.1 Contracts Executed Without Submission of Required Insurance Cover for Contracts Worth TZS 11.35 billion

413. My review of contract files for contracts worth TZS 11.35 billion in five out of 225 reviewed public authorities and other bodies found contractors who supplied goods, implementing works and provision of services to the public authorities and other bodies did not submit insurance covers contrary to Clauses 13.1 and 14.1 of the General Conditions of Contract which establish the insurance obligations of the contractor to submit the required insurance cover to be taken out in the joint names of the employer and the contractor. The list of entities with anomalies is given in **Table 32**.

Table 32: Name of entities with contractors not submitted insurance cover

S/n	Name of public entity	No. of Contracts	Contract amount TZS '000
1.	National Housing Corporation	10	5,786,525
2.	Tanzania Coffee Board	4	2,562,445
3.	Morogoro Water Supply and Sanitation Authority	8	1,062,695
4.	Arusha Technical College	2	1,044,633
5.	Mzumbe University	2	901,246
Total			11,357,544

Source: Procurement documents of respective entities for 2024/25.

414. This deficiency was attributed to insufficient oversight and contract management which expose to risks in case of loss, damage, theft or injury during contract implementation.

415. I recommend that the respective public authorities and other bodies ensure:

- a) For ongoing contracts, the appropriate insurance cover is secured, obtained, and maintained; and
- b) In future, contractors are required to submit valid and adequate insurance cover, as stipulated in contract terms and conditions prior to the commencement of the contract.

10.2 Payment Made to Contractors Without Measurement of Actual Works Completed Amounted to TZS 10.41 billion

416. During the review of contract files and payment certificates, I revealed that three public authorities and other bodies had paid TZS 10.41 billion to contractors by relying on a visual assessment of the percentage of completion for work items, instead of providing measurement of actual quantities of work completed as required by Regulation 329 (2) of Public Procurement Regulations (PPR), 2024. This emanated from unawareness of the Regulation governing the measurement and certification of the Interim Payment Certificates (IPC) process. Making payments without measuring the actual works undermines the assurance of value for money in the use of funds. The public authorities and other bodies with anomalies are shown in **Table 33**.

Table 33: Public authorities with payment without measurement of actual works

S/n	Name of public entity	No. of contracts	Contract amount TZS '000
1.	Mzumbe University	8	5,381,703
2.	Sokoine University of Agriculture	4	4,307,567
3.	Makambako Water Supply and Sanitation Authority	2	729,114
Total			10,418,384

Source: Procurement documents of respective entities for 2024/25

417. I recommend that the respective public authorities and other bodies:

- (a) Ensure that all payments to contractors are supported by duly prepared and approved measurement sheets that clearly reflect the actual works implemented against contract specifications; and
- (b) Strengthen controls to prevent disbursement of funds without measurement to safeguard value for money and minimise the risk of financial loss.

10.3 Contracts Awarded to Bidders Who are non-responsive worth TZS 72.55 billion

418. During the review of evaluation procedures and evaluation reports in five public authorities and other bodies I revealed that 53 contracts were awarded to suppliers, service providers and contractors who did not meet the requirements for contract worth TZS 72.55 billion contrary to Section 53(1) of the Public Procurement Act, 2023 which requires bidders in order to qualify must meet appropriate criteria set out in accordance with the Act and its regulations.

419. However, bidders selected for contract award did not meet the criteria set at commercial stage of evaluation. Some bidders failed to submit audited financial statements, contracts confirming specific experience in performing related work, and evidence proving access to sufficient financial resources necessary to implement the contract as shown in **Table 34**.

Table 34: Public entities awarded contracts to non-responsive bidders

S/n	Name of public entity	No. of contracts	Contract amount TZS '000
1.	Mzumbe University	16	31,307,917
2.	Kilimanjaro Airport Development Company Limited	2	26,687,418
3.	National Housing Corporation	19	10,719,977
4.	Nzega Water Supply and Sanitation Authority	2	2,739,726
5.	Sokoine University of Agriculture	14	1,102,706
Total		53	72,557,744

Source: Procurement documents of respective entities for 2024/25

420. The anomaly was attributed to failure of the evaluation committee to follow the procurement laws, as it failed to clearly state the specific areas of non-compliance of the bidder against the established evaluation criteria. Consequently, there is a risk that the selected supplier or service provider may fail to properly implement the contract, leading to delays in achieving the intended Government objectives.

421. I recommend that respective public authorities and other bodies:

- (a) Take the appropriate measure against the evaluation committee for failing to fulfil their responsibilities in the evaluation process; and

(b) In future, ensure that, all bid evaluations are conducted strictly in accordance with laws and the criteria specified in the tender documents.

10.4 Payment for Acquisition of X-ray Machines and Walk-Through Metal Detectors before delivery TZS 3.75 billion

422. On 10 February 2025, Kilimanjaro Airport Development Company Limited (KADCO) issued a memo, Reference No. CDB.30/495/26/29, explaining that, due to operational challenges with the passenger and baggage screening machines at Kilimanjaro International Airport (KIA), there was a need to procure X-ray machines and walk-through metal detectors.

423. On 12 February 2025, I noted that KADCO made full payment of TZS 3.75 billion for the equipment which includes four X-ray machines and four walk-through metal detectors was made. However, as of 30 November 2025, when the audit was conducted, only two X-ray machines and two Walk-Through Metal Detectors had been received by KADCO. This indicates an incomplete delivery of two X-ray machines and two walk-through metal detectors, contrary to Regulation 314 (1)-(2) of the Public Procurement Regulations, 2024. This procurement was emergency but lacked procurement records due to control failure. The payment was made in full without receipt of all equipment which exposes KADCO to potential financial loss, limiting accountability, transparency and erode public trust.

424. I recommend that Kilimanjaro Airport Development Company Limited:

- a) Strengthen procurement controls by ensuring that all procurements, including emergency procurements, are fully documented; and
- b) Initiate recovery actions to compel the supplier to deliver the outstanding equipment.

10.5 Contracts of TZS 14.51 billion Awarded without Post- Qualification Assessments

425. I reviewed the procurement process at Air Tanzania Company Limited (ATCL) for tender No. TR128/2024/2025/W/24 for the proposed construction of an ATCL cargo warehouse at Julius Nyerere International Airport (JNIA), Terminal One, Dar es Salaam, and TR128/2024/2025/W/08 for the construction of a building which will incorporate in-flight cabin services, a commercial store, a technical bonded store and a training area, awarded at TZS 9.64 billion and TZS 4.87 billion respectively, to the same contractor, and found that no post-qualification assessments were carried out, contrary to the requirements of the tender documents and the Regulation 119 of the Public Procurement Regulations, 2024.

426. This emanated from inadequate enforcement of procurement procedures and regulations, which may result in the possibility of awarding contracts to unqualified firms, leading to inadequate performance, delays, or failure to deliver.

427. I recommend that Air Tanzania Company Limited:

- a) Ensure that post-qualification assessments are conducted and properly documented prior to contract award; and
- b) Strengthen controls and oversight mechanisms to enforce compliance with procurement laws.

10.6 Contract Worth TZS 30.59 billion and USD 5 million not Submitted for Vetting to the Attorney General and Legal Officer

428. In the current year audit 2024/25, I found contracts involving amounts of TZS 25.72 billion and USD 212,405 were neither vetted by the Attorney General nor the legal officers before signing the contracts contrary to Regulations 72 and 73 of the Public Procurement Regulations 2024. List of public authorities with contracts not vetted are shown in Table 35.

Table 35: Contracts not vetted by public authorities and other bodies

S/n	Name of public authority	No. of contracts	Contract amount TZS '000
1.	Tanzania Fertilizer Company Limited	2	12,489,046
2.	Electrical Transmission and Distribution Construction and Maintenance Company	5	5,021,068
3.	Tanzania Telecommunications Corporation Limited	2	2,329,415
4.	Institute of Accountancy Arusha	13	2,241,463
5.	Kilimanjaro Airport Development Company Limited	3	1,796,348
6.	National Construction Council	4	1,025,308
7.	Tanzania Engineering and Manufacturing Design Organisation	5	432,410
8.	Bariadi Water Supply and Sanitation Authority	10	268,433
9.	Tanzania Coffee Board	1	124,999
	Total		25,728,490
	Name of Public Authority	No. of Contracts	Contract Amount USD
	Universal Communications Service Access Fund	1	212,405

Source: Procurement documents of respective Entities for 2024/25

429. In addition, I found University of Dodoma and TANESCO submitted the draft contracts worth TZS 4.87 billion and USD 4.79 million for vetting. However, the legal advice provided by the Attorney General and Legal Officer were not incorporated into the final signed contract.

430. The contracts that have not been vetted by the Attorney General are deemed void according to Regulation 72 (2) of the Public Procurement Regulations 2024. The deficiencies emanated from the overriding of the procurement procedures and failing to follow-up on Attorney General’s recommendations before

contract signing. They might result in including unfavourable terms and conditions, exposing entities to unnecessary potential legal risks and liabilities.

431. I recommend that:

- (a) Public Procurement Regulatory Authority takes appropriate measures against the respective public authorities for signing contracts without being vetted; and
- b) Respective public authorities and other bodies ensure contracts are submitted for vetting to either the Attorney General or the legal officers to avoid loopholes in contracts in case of legal disputes that can lead to losses.

10.7 Delays in the Settlement of Suppliers’ and Contractors’ Claims TZS 68.45 billion and USD 1.59 million

432. During the audit of financial year 2024/25, I found that 15 public authorities and other bodies had delayed settling contractors’ and suppliers’ claims worth TZS 68.45 billion and USD 1.59 million, with delays ranging from 37 to 774 days. In my previous report for 2023/24, I highlighted similar incidents where 13 public authorities and other bodies delayed payments for outstanding claims of TZS 54.84 billion, Euro 194,000 and USD 354.46 million from contractors and suppliers which show a slightly increase in total value of contractual amounts and number of entities to compare the last year and current year. The respective contractual clauses require payments to be made within 28 days.

433. The delay in payment was attributed to inadequate funds and late disbursement of government funds to support project implementation. The list of public authorities and other bodies with delayed payments are shown in **Table 36**.

Table 36: Public authorities with delayed settlement of claims

S/n	Name of public authority	No. of contracts	Contract amount TZS “000”	Period delay in days
1.	Dar es Salaam Water Supply and Sanitation Authority	2	44,418,866	774
2.	Institute of Finance Management	7	7,798,473	120
3.	Babati Water Supply and Sanitation Authority	1	4,026,244	694
4.	STAMIGOLD Company Limited	2	3,257,423	15 to 90
5.	Makambako Water Supply and Sanitation Authority	1	2,635,683	183
6.	Sokoine University of Agriculture	1	2,487,104	50
7.	Institute of Accountancy Arusha	10	1,056,514	114 to 200
8.	Songea Water Supply and Sanitation Authority	1	690,135	730
9.	Arusha Technical College	3	525,468	42 to 317
10.	Tanzania Electric Supply Company Limited	1	480,037	730
11.	National Bureau of Statistics	1	337,872	304
12.	Arusha Water and Sanitation Authority	1	239,193	228
13.	Tanzania Wildlife Research Institute	1	221,069	86

14.	Centre for Agricultural Mechanisation and Rural Technology	5	144,930	37 to 87
15.	Tanzania Education Authority	7	137,223	49 to 143
Total			68,456,234	
S/n	Name of public authority	No. of contracts	Contract amount USD '000	Period delay in days
	Tanzania Electric Supply Company Limited	1	1,598	730

Source: Procurement documents of respective entities for 2024/25

434. The slow pace in the settlement of the suppliers’ and project’s invoices results in penalties for late payments. For instance, DAWASA was charged interest of TZS 3.99 billion which is an increment of TZS 1.25 billion from the last year interest charge of TZS 2.74 billion. This damages the credibility and reputation of the public authorities and the Government as well as inflating the project costs.

435. I consider that, the public authorities and other bodies, and the Government at large need to institute strategies to improve regular cash flow forecasting to anticipate payment obligations to meet payment deadlines, not just for suppliers.

436. I recommend that:

- (a) The respective public authorities and other bodies ensure payments are processed promptly and strictly in line with contractual terms to avoid interest charges which escalate project costs; and
- (b) For claims requiring Government funding, the Government need to make timely disbursement of funds to the respective entities.

10.8 Advance Payments not Covered by Advance Payment Guarantee TZS 6.90 billion

437. My assessment noted different public authorities and other bodies made advance payments to contractors and other suppliers without obtaining guarantees for those payments. These include Muhimbili National Hospital (MNH) that paid TZS 147 million, Muhimbili National Hospital - Mloganzila paid TZS 255 million, Tanga Water Supply and Sanitation Authority paid TZS 100 million, Tanzania Telecommunications Corporation Limited made advance payments amounting to TZS 429 million, and Tanzania Fertilizer Company Limited paid TZS 1.73 billion to suppliers for implementation of contracts without securing the required guarantees from the suppliers. In my previous General Report, I reported a similar anomaly in three public authorities and other bodies, indicating an increase in the incidents of non-compliance.

438. In addition, I noted that Tanga Water Supply and Sanitation Authority had a contract No. TR208/2023/2024/W/25 with contract price worth TZS 21.88 billion

for Improvement of water infrastructure at Tanga City phase III, Lot 2-2 - Rehabilitation and Expansion of Mowe Treatment Plant, paid advance payments amounting to TZS 4.37 billion which were made at the time of awarding. The advance payment was supported by advance payment guarantees at the time of issuance. However, the guarantees expired before the recovery of the substantial part of the amount advanced totalling TZS 4.24 billion (97%) while the contract was being implemented and the guarantee had not been renewed.

439. This was attributed to oversight in ensuring compliance with contract terms and may expose the entities to the risk of losing public funds in the event the supplier or contractor defaults.

440. I recommend that the respective public authorities and other bodies ensure advance payment guarantees are submitted prior to the release of advance payments and ensure that remain valid and enforceable throughout the contract period.

10.9 Non-Compliance with Performance Security Requirements in Contracts worth TZS 131.88 billion and USD 2.82 million

441. I found anomalies in performance securities from 13 public authorities and other bodies with contracts worth TZS 131.88 billion and USD 2.82 million as detailed in **Table 37**. In particular, I found four public authorities implemented contracts worth TZS 29.28 billion without requiring performance securities, violating Regulation 29 of the Public Procurement Regulations, 2024. This highlights that compliance has not improved compared to my previous report of 2023/24, which identified two public authorities and other bodies with similar anomaly

442. In addition, I noted seven public authorities which had expired performance securities for ongoing contracts valued at TZS 60.88 billion. This violates Regulation 29(7) of the Public Procurement Regulations, 2024 which mandates that performance securities remain valid until the completion of the contract. The issue emanated from contract extensions without extending the performance security period.

443. Moreover, Regulation 29 (3) of the Public Procurement Regulations, 2024 requires submission of performance securities prior to signing of a contract. I found Tanzania Ports Authority and the Electrical Transmission and Distribution Construction and Maintenance Company had signed contracts of TZS 41.71 billion before submission of the performance securities. **Table 37** shows entities with anomalies on performance securities.

Table 37: Anomalies in performance securities in public authorities

S/n	Name of public authority	Description	Contract amount TZS '000
1.	Medical Store Department	Without Security	23,234,753
2.	National Housing Corporation	Without Security	2,752,226
3.	Muhimbili National Hospital	Without Security	1,858,060
4.	Tanzania Civil Aviation Authority	Without Security	1,442,400
Sub-total			29,287,439
5.	STAMIGOLD Company Limited	Expired	28,735,932
6.	Tanga Water Supply and Sanitation Authority	Expired	21,882,836
7.	Tanzania Fertilizer Company Limited	Expired	5,737,107
8.	Tanzania Ports Authority	Expired	2,063,963
9.	Mkulazi Holding Company Limited	Expired	805,102
10.	Workers Compensation Fund	Expired	686,326
11.	Tanzania National Parks	Expired	568,018
12.	Mwanza Water Supply and Sanitation Authority	Expired	404,592
Sub-total			60,883,876
Tanzania Ports Authority		Signed before submission	5,160,981
13.	Electrical Transmission and Distribution Construction and Maintenance Company	Signed before submission	36,549,417
Grand total			131,881,713
Name of Public Authority		Description	Contract Amount USD '000
Tanzania Ports Authority		Signed before submission	2,821.00

Source: Procurement documents of respective Entities for 2024/25

444. Prior to the signing of the contract, the procuring entity shall verify the accuracy of the submitted performance security as per Regulation 29 (5) of Procurement Regulations. However, National Housing Corporation accepted performance securities of TZS 3.88 billion were not authenticated before signing.

445. The absence, expiration or non-authentication of performance securities exposes public authorities and other bodies to potential financial loss if the supplier or contractor fails to fulfil the contractual terms and conditions.

446. I recommend that respective public authorities and other bodies:

- a) Secure all contracts to safeguard their interests and prevent financial losses;
- b) Strengthen control on contract extensions to ensure performance securities are duly extended and authenticated before signing.

10.10 Weakness in Handling Annual Procurement Plan

10.10.1 Contracts Signed Without Commitment of Funds TZS 114.05 billion

447. During the year 2024/25 Tanzania National Parks (TANAPA) awarded and signed contracts worth TZS 5.73 billion with various contractors including suppliers and service providers. This was for provision of goods, works, and services to seven National Parks (MINAPA, SENAPA, NYENAPA, RUNAPA, ANAPA, KANAPA and LMNP) without commitment of funds. I noted the failure to implement the contracts due to late disbursement of budgeted funds by the Ministry of Finance which increased likelihood of project delays and to meet entity strategic plan.

448. Furthermore, Kilimanjaro Airport Development Company Limited had two contracts No. Y9/2024/2025/W/16 and No. Y9/2024/2025/W/13 with a total contract value of TZS 108.32 billion which were supposed to be under implementation. However, the progress reports dated 10 November 2025 showed that the contracts had never commenced for the period of 165 days and 173 days respectively since the contract were signed. The term and conditions of the contract No. Y9/2024/2025/ W/16 indicated that the contract will become void if it did not become effective within 3 days after the signing of the contract while contract No. Y9/2024/2025/W/13 shall become void if it does not come into effect and is not met by 21 May 2025.

449. The contracts have been voided for failure to meet the conditions as the result of delay in making the advance payment and lack of communication and coordination between the parties to the contracts. This impacts implementation of the project and may pose reputational risk to the entity.

450. I recommend that the respective public authorities:

- (a) Ensure sufficient funds are available before initiation of procurement proceedings; and
- (b) Liaise with the Government to ensure timely disbursement of funds to support the implementation of activities.

10.10.2 Execution of Contracts Beyond Approved Budgetary Limits TZS 20.36 billion

451. From the review of procurement activities in seven public authorities and other bodies I found that the contract sums exceeded the approved the budget estimates in the Annual Procurement Plan (APP) by TZS 20.36 billion. This is contrary to Regulation 79(3) and (7) of the Public Procurement Regulations, 2024 which require accurate forecasting of needs for goods, works and services based on approved annual work plan and budget. This has been caused by inaccurate

forecasting of market prices and failure of controls over budgetary as given in **Table 38**.

Table 38: Public authorities and other bodies procured above budget

S/n	Name of public authority	No. of contracts	Estimated budget TZS '000	Actual cost incurred TZS '000	Variation TZS '000
1.	Muhimbili National Hospital	16	39,462,668	56,168,234	16,705,565
2.	Kilimanjaro Airport Development Company Limited	1	925,000	3,750,000	2,825,000
3.	Tanzania Ports Authority	3	196,316	543,773.00	347,457
4.	Sokoine University of Agriculture	23	1,074,306	1,330,487	256,181
5.	Muhimbili National Hospital-Mloganzila	3	924,600	1,120,150	195,550
6.	Tanzania Broadcasting Corporation	5	800,459	832,509	32,049
7.	Institute of Adult Education	1	22,700	23,600	900
	Total		43,406,049	63,768,753	20,362,702

Source: Procurement documents of respective Entities for 2024/25

452. I am concerned about the effectiveness of budgeting, planning, and monitoring processes which led to questionable accountability and transparency. Also, may result in deviations from approved budgets which weaken the integrity of the Annual Procurement Plan and the entity's financial planning process.

453. I recommend that the respective public authorities and other bodies ensure all procurements are aligned with the approved Annual Procurement Plan and reflect actual prices. This will help prevent unplanned expenditures and strengthen the achievement of procurement objectives.

10.11 Use of Procurement Method Without Justification Worth TZS 24.82 billion and USD 9.71 million

454. I found four public authorities and other bodies used restricted tendering and single source tendering methods for contracts worth TZS 24.82 billion and USD 9.71 million without justifiable reasons. The use of these procurement methods limits competition, which increases the risk of paying higher prices and influencing lower-quality products and services if monitoring fail. Also, lack of competition undermines transparency which creates opportunities for collusion and favouritism. **Table 39** shows public authorities and other bodies applied procurement methods without justifications.

Table 39: Entities that applied procurement methods without justifications

S/n	Name of public authority	No. of Contracts	Contract amount TZS '000
1.	Tanzania Fertilizer Company Limited	3	22,239,046
2.	Tanzania Telecommunications Corporation	1	1,151,638
3.	Kilimanjaro Airport Development Company Limited	2	904,181
4.	Kilimanjaro International Leather Industries Company Limited	1	526,020
			24,820,885
	Name of Public Authority	No. of Contracts	Contract amount USD '000
	Kilimanjaro Airport Development Company Limited	1	9,719

Source: Procurement documents of respective entities for 2024/25

455. My review of the justification for the use of methods found that no justification was given for bypassing the competitive procurement process or for selecting the single-source method.

456. I recommend that in future the respective public authorities and other bodies ensure where there is use of single source method or restriction tendering method of procurement appropriate reasons should be clearly stated and justified accordingly.

10.12 Delay in Completion and Inadequate Supervision of Contracts for Goods, Services, and Works TZS 20.14 billion and USD 36.94 million

457. My audit in 17 public authorities and other bodies revealed delays in the delivery of goods, works and services worth TZS 20.14 billion and USD 36.94 million, with delays up to 1037 days, as detailed in **Table 40**. I have reported the incident in three consecutive years since 2021/22, where 12 public authorities experienced delays, in 2022/23 the number increased to 22 entities and in the year 2023/24, the number decreased to eight entities indicate some improvement in timely procurement. However, in the year 2024/25 the public entities with delayed receipt of goods, works and services have increased to 17 which highlights inadequate and inconsistent supervision and monitoring of procurement commitments.

Table 40: List of entities with delayed receipt of goods, works and services

S/n	Name of Public Authority	Contract Amount TZS '000	Delay (Days)
1.	Kilimanjaro Airport Development Company Limited	4,196,330	24 to 32
2.	Tanzania Electric Supply Company Limited	3,911,080	570
3.	Tanzania Broadcasting Corporation	2,001,140	72 to 100
4.	Muhimbili National Hospital	1,816,344	6 to 416
5.	Singida Water Supply and Sanitation Authority	1,535,183	62 to 359
6.	National Social Security Fund	1,420,035	167
7.	Medical Stores Department	1,186,698	5 to 67
8.	Songea Water Supply and Sanitation Authority	1,168,863	730
9.	Ardhi University	993,749	10 to 189

S/n	Name of Public Authority	Contract Amount TZS '000	Delay (Days)
10.	Muhimbili National Hospital - Mloganzila	620,519	152 to 456
11.	Sokoine University of Agriculture	369,172	19 to 60
12.	Tanzania Education Authority	321,960	17 to 48
13.	Centre for Agricultural Mechanisation and Rural Technology	275,830	35 to 164
14.	Fair Competition Commission	225,790	17 to 55
15.	Njombe Water Supply and Sanitation Authority	56,119	6 to 106
16.	Tanzania Bureau of Standard	33,399	90
17.	Kahama - Shinyanga Water Supply and Sanitation Authority	13,688	20
Total		20,145,899	
S/n	Name of Public Authority	Contract Amount USD '000	Delay (Days)
	Tanzania Electric Supply Company Limited	36,941	550 to 1,037

Source: Procurement documents of respective Entities for 2024/25

458. In addition, I found that TANESCO experienced significant delays in granting site possession to the contractor for execution of works under the contract No. No.PA/001/2022-2023/HQ/W/53 for the engineering design, supply, installation, testing and commissioning of the 132 kV Mkata-Kilindi transmission line and associated substation works at Kilindi. The contracts were signed on 24 February 2023 with a contract price of USD 7.51 million and TZS 27.27 billion for Lot 1, and USD 12.35 million and TZS 25.08 billion for Lot 2, however, the site handovers were delayed by 78 to 843 days.

459. The delay was attributed to delay in disbursement of funds from the government, absence of binding terms in the local purchase orders that impose liability on the supplier, and contractors' failure to adhere to construction works programs, thereby undermining the achievement of organisational targets and impeding the country's overall economic growth. Also, delays in resolving line route issues and land compensation issues for Project Affected Persons (PAPs). The delay in handling over the site to the contractors' constitutes a breach of the contract.

460. I further found the identified public authorities and other bodies did not enforce by imposing liquidated damages against suppliers or contractors to correct the deviations for non-compliance with terms and conditions of the contract, even in circumstances when the contractors cause the delays and despite the requirement of contractual provisions.

461. I recommend that public authorities and other bodies:

- (a) Implement measures to ensure the timely completion of projects and the prompt delivery of procured goods and services;
- (b) Consider imposing liquidated damages for periods of delay in accordance with the terms and conditions of the contract; and
- (c) TANESCO address and finalise all outstanding land compensation and right-of-way issues on time to ensure complete and uninterrupted access to the line route by the contractor.

10.13 Non-Following Up of Procurement Procedures Results in Non-delivery of Fertilizers TZS 68.06 billion

462. Tanzania Fertilizer Company (TFC) signed three contracts worth TZS 94.56 billion for the supply of fertilizers. The suppliers were engaged through a principal-agent arrangement, whereby the principal (supplier) was responsible for importing the fertilizers using its own funds, while the Agent (TFC) was responsible for selling them. The cash proceeds from the sales were to be deposited into the principal's account after deduction of TFC's agreed profit margin.

463. My enquiry revealed that the suppliers initiated this arrangement. However, the process lacked transparency and competition, as no invitations to tender were issued and no evaluation process was conducted to select the suppliers. This contravenes Section (5)(2) of Public Procurement Act, 2023, which requires all procurements to achieve value for money, and to maximise integrity, competition, accountability, sustainability, economy, efficiency, and transparency.

464. Furthermore, during the implementation, only one supplier delivered the fertilizers, while the remaining two suppliers, whose contracts were worth TZS 68.06 billion, failed to deliver before their contracts expired. This was caused by a lack of assessment of suppliers' capacity, financial stability, and ability to reliably deliver the contracted fertilisers. The situation may result in supply disruptions and farmer dissatisfaction, thereby undermining/reducing TFC's reputation and reliability.

465. I recommend that Tanzania Fertilizer Company Limited adhere strictly to the procurement procedures when engaging suppliers, ensuring a transparent and competitive process; conduct due diligence to verify suppliers' capacity to deliver the consignment; and ensure contracts contain appropriate terms and conditions to enforce remedies in the event of non-performance.

10.14 Abandoned Projects Implementation Worth TZS 3.46 billion

466. My audit for the financial year 2024/25 found that two public authorities and other bodies had 14 abandoned contracts. At Tanzania National Parks, I identified four National Parks (Tarangire NP, KANAPA, ANAPA, and SANAPA) that had abandoned 12 projects between 14 January 2022 and 23 November 2025. As at the time of my audit in November 2025, a total of TZS 2.69 billion had been spent out of the contract sum of TZS 4.81 billion.

467. I further noted that at Makambako Water Supply and Sanitation Authority, two contracts with contract sum of TZS 766 million were abandoned by contractors without prior notification. The abandonment of projects was attributed to the

delays in releasing funds by the respective Parent Ministry, which delayed contractors’ payments. This increases the likelihood of contract disputes, penalties, or litigation, which may further escalate costs and lead to deterioration of the works performed.

468. I recommend that respective public authorities and other bodies liaise with their Parent Ministry for the timely remittance of funds to facilitate payment for certificates of works performed as per contract clauses.

10.15 Procurement Proceedings Conducted outside National e-Procurement System worth TZS 5.38 billion

469. From the review of tendering procedures I found that five out of 225 reviewed public authorities and other bodies processed 47 contracts worth TZS 5.38 billion outside NeST system. This is contrary to Section 73 (1) of Public Procurement Act, 2023 which requires procuring entities to ensure procurement, supply and disposal of assets functions are implemented and reported through the electronic public procurement system. There is improvement compared to previous year 2023/24 where I reported 18 entities conducted procurement proceedings outside NeST.

Table 41: Procurement conducted outside NeST

S/n	Name of Public Authority	No. of Contracts	Contract TZS ‘000	Amount
1.	Mwanza Rockcity Company Ltd (MRC)	1		2,941,001
2.	Muhimbili National Hospital	3		1,846,260
3.	Tanzania Investment Centre	27		284,389
4.	Kigoma Water Supply and Sanitation Authority	14		268,850
5.	Tanzania Cotton Board	1		46,060
	Total	46		5,386,562

Source: Procurement documents of respective Entities for 2024/25

470. The procurement outside NeST emanated due to override of control and procedures set by procurement laws. Furthermore, this is attributed to delays in the reflection of the budget on government systems such as MUCE and NeST. The failure to conduct procurement processes openly and transparently increases the risk of favouritism and corrupt practices as well as undermines proper reporting and oversight by the Public Procurement Regulatory Authority.

471. I recommend that the respective public authorities and other bodies ensure all procurement activities are conducted through the National e-Procurement System (NeST) to enhance the efficiency, transparency, and compliance within the procurement process.

10.16 Procurement of Aircraft Without Approved Specifications and Supplier Leading to Cost Escalation from TZS 3 billion to TZS 6.7 billion

472. My review of procurement procedures regarding the procurement of the Thrush Aircraft 510P at the Tanzania Plant Health and Pesticides Authority (TPHPA), I found the technical specifications for procurement of the aircraft were prepared by specialists from the Tanzania Government Flight Agency, as recommended. Among the key requirements outlined were an engine type of Pratt & Whitney PT6A-34AG delivering a maximum output of 750 shp, a fuel capacity of 228 gallons, and a cruising speed of 150 mph at 55% power. A review of the signed contract indicated that the aircraft procured was the Thrush Aircraft 510P2+, which featured significant changes to the original specifications as detailed in **Table 42**.

Table 42: Analysis of Specifications of the two Aircraft

Feature	Thrush 510P	Thrush 510P2+
Engine Type	Pratt & Whitney PT6A-34AG	Pratt & Whitney PT6A-140AG
Engine Maximum Power	750 shp	867 shp
Cruising Speed (55% power)	150 mph (241 kph)	160 mph (258 kph)
Hopper Capacity (Dry)	1.93 m ³	2.69 m ³
Hopper Capacity (Liquid)	1,930 litres	2,687 litres
Wing Spar Life	Not specified	60,000 flight hours

Source: Procurement documents of respective entity for 2024/25

473. The upgraded specifications appear to have contributed to the significant cost escalation from estimated cost of TZS 3 billion to actual expenditure of TZS 6.7 billion.

474. Further, I noted the aircraft Thrush 510P2+ supplied had two different due diligences provided from suppliers, as there was due diligence which was performed by Ministry of Agriculture about the credibility of the suppliers which was advised by Tanzania Government Flight Agency to consider three suppliers; ASI Jet Sales, Mid Continent Aircraft Corp, and Orsmond Aerial; and seek confirmation from the Tanzania High Commission in Washington DC whom recommended ASI Jet Sales and Mid Continent Aircraft Corp as suitable Manufacturers. Then, another due diligence was performed by Tanzania Plant Health and Pesticides Authority via Tanzania National Parks Authority (TANAPA) to M/S Africair Inc, whereby TANAPA proposed M/S Africair Inc. as the potential agent.

475. The Ministry of Agriculture had discharged its high-level responsibility by identifying the required specifications and conducting due diligence on the proposed manufacturers of the Thrush Aircraft. However, it is unclear how M/S Africair Inc. was identified, selected, and ultimately awarded the tender to procure the Thrush Aircraft 510P+ by TPHPA.

476. These alterations were made during the procurement process without proper documentation, justification, or authorization from the relevant authority. The changes made override specification provided by Tanzania Government Flight

Agency, raising concerns about transparency and accountability in the procurement process and contributed to significant cost escalation.

477. I recommend that Tanzania Plant Health and Pesticides Authority ensure that all procurement decisions, especially those involving single source selection, are fully aligned with expert due diligence recommendations, for any deviation must be clearly documented, justified and formally approved at the appropriate authority; and enforce strict controls to ensure that any changes in technical specifications are formally documented, justified, and approved at the appropriate authority level before contract signing.

10.17 Contracting Barred Contractor for Procurement of Works Worth TZS 1.51 billion

478. From the audit at Mbeya Water Supply Sanitation Authority (Mbeya WSSA), I found that a debarred contractor was engaged to implement two contracts worth TZS 1.51 billion. The contractor was blacklisted from participating in public procurement proceedings from 21 May 2024 up to 20 May 2034. According to Public Procurement Regulatory Authority (PPRA) website the debarment reason was for engaging in collusive practices. This was attributed to oversight by the Mbeya WSSA in reviewing the PPRA procurement portal on time for debarred contractors. This impairs Mbeya WSSA for contravening the instructions of the Authority - PPRA for non-compliance with the requirement that restricts contracting debarred contractors.

479. I recommend that Mbeya WSSA strengthen procurement controls by instituting mandatory eligibility checks against the official debarment list before awarding contracts.

10.18 Delay in Engaging Consultant for Project at 71% Completion USD 2.49 million

480. At Tanzania Electric Supply Company Limited (TANESCO), I reviewed contract No. PA/001/2022-2023/HQ/W/52 for engineering, design, supply, installation, testing & commissioning of 220kv transmission line from Shinyanga to Simiyu Lot 1 at contract price of USD 10.97 million and TZS 23.29 billion, signed on 24 February 2023. From this review, I found that as of, August 2025, a consultant was not engaged, although the project had reached 71% of completion, with expected completion date set for June 2026. This indicates that a significant portion of the project was implemented without formal project management and supervision, as well as oversight by consultancy. It was only on 19 November 2025 that TANESCO entered into contract No. TR212/2024/2025/C/15 for provision of consultancy services for project management and supervision of the new 400/200/33KV Shinyanga substation at Ibadakuli and related additional works

(including supervision of contract No. PA/001/2022-2023/HQ/W/52), at a contract price of USD 2.49 million VAT exclusive.

481. Further, the contract terms provide that the consultant is to be paid progressively on a lump-sum basis upon achievement of milestones ranging from design through to submission of the project completion reports. However, the project with contract No. PA/001/2022-2023/HQ/W/52 had already commenced and reached an advanced stage at the time of consultant engagement with design, procurement engineering, and construction activities already substantially undertaken.

482. I am of the view that inadequate project planning led to the engagement of the consultant only after the contractor had already commenced work. As a result, value for money may not be achieved or could be undermined, since payments would be made for design and early-stage supervision services that had already been completed. Also, the absence or delay in supervision by consultant may negatively impact the quality of work.

483. I recommend that TANESCO revise the contract terms with the consultant to ensure that payments are made for the services rendered; and in future, sufficient plans to engage consultants are made prior to engagement of contractors.

10.19 JNHPP Project Cost Overrun and Loss of Contractual Entitlements TZS 1.48 trillion

484. Tanzania Electric Supply Company Limited (TANESCO) made construction of Julius Nyerere Hydropower Project (JNHPP) under Engineering, Procurement and Construction (EPC) modality at a contract price of TZS 6.55 trillion.

485. My audit noted that during the implementation of the contract, 13 disputes arose whereby a dispute Adjudication Board (DAB) issued 11 decisions with eight decisions of the referral in favour of the contractor and dismissed three referrals. I further noted same claims arose or related disputes involving the EPC contract and corporate social responsibility agreement. This required TANESCO to pay the contractor USD 400 million equivalent to TZS 889.60 billion bringing revised EPC project cost to be TZS 7.44 trillion. The contractors' claims were based on unsatisfactory project and contract management, price adjustments and failure by TANESCO in fulfilling contractual obligations.

486. I further noted Sub Article 1.1 & 3 of corporate social responsibility (CSR) agreement required the contractor to implement and develop the social projects with a value equal to 3% of the initial total EPC contract Price of JNHPP. In addition, the contractor committed to implement further social projects in the same fields

of health and or education with a value of equal to 1% of the initial total EPC Contract price after 24 months of signing the EPC contract subject to timely payment (without default of the payments) by Employer under the EPC Contract. This made the value of CSR projects to be 4% of the initial total JNHPP equivalent to TZS 262.34 billion.

487. The contractor was expected to commence the implementation of the CSR projects within one month of signing the detailed agreement. However, the contractor refused to start implementing the first identified projects on the ground that they were not in the fields of health or education as required by CSR Agreement. Later on, TANESCO informed the contractor, the CSR funds would be used to construct three technical colleges specialising in Health, Electrical, and Information & Communication Technology (ICT). My audit found that up to November 2025 the CSR projects had not been implemented. Eventually, TANESCO and the contractor signed deed of settlement on 28 October 2025 that relieved the contractor from whatsoever arising from the CSR agreement.

488. In addition, from the review of progress reports I found that the contractor's failure to complete the JNHPP within the original contract time (14 June 2022) and the contractor was not entitled to be awarded extension under the terms of the contract. Despite that, the contractor was granted two extensions of time on ex-gratia basis which extended the completion date from 14 June 2022 to 14 January 2024. On 2 January 2024 TANESCO issued a notice to contractor imposing delay damages of TZS 327.03 billion. However, no delayed damage deductions were taken up to the audit date in November 2025.

489. This emanated due to unsatisfactory project and contract management, price adjustments and failure to meet contractual obligations by parties as the detailed agreement for implementation of CSR project was not signed due to contractor asserting that the proposed construction of Dodoma Sports Complex and a road connecting Fuga Station to the JNHPP were not in the field of Health or Education as required by CSR agreement. Later, TANESCO proposed the CSR funds would be utilised to construct three technical colleges specialised in Health, Electrical and Information & Communication Technology.

490. The failure to implement Corporate Social Responsibility (CSR) projects has resulted in both social and financial prejudice. Beyond denying the community essential educational and social services, the delay has led to avoidable financial losses. Furthermore, the entity failed to safeguard public interests by not invoking contractual clauses to recover Liquidated Damages from defaulting contractor.

491. I recommend that:

- a) TANESCO strength projects and contract management to prevent unnecessary cost overruns and ensure the contract is implemented in line with the terms and conditions agreed such as enforcement of Liquidated Damages to safeguard public funds;
- b) The Government establish a rigid and enforceable framework for CSR components in large-scale infrastructure contracts to ensure CSR obligations remain binding and cannot be waived through settlements and safeguard social objectives, so that communities are not deprived from the intended infrastructure; and
- c) TANESCO document lessons learnt from the implementation of JNHPP to strengthen project and contract management to help to minimise unnecessary cost overruns and disputes in future projects.

10.20 Allocation of Institutional Property to Commercial Investors Bypassed Mandatory Procurement Procedures

492. My audit review established that the Tanzania Industrial Research and Development Organization (TIRDO) allocated portions of its institutional premises to private investors for commercial purposes without complying with the competitive procurement procedures mandated under the Public Procurement Act and its Regulations. The investors were selected and engaged directly by management through the investment committee, bypassing advertisement, competitive bidding, evaluation, and Tender Board approval. Furthermore, no supporting documentation such as requests for proposals, bidding documents, or evaluation reports were provided to substantiate the selection process. This is caused by inadequate oversight on procurement processes and lack of leasing investment guidelines. This practice exposes the organization to potential loss of value for money, as the lease terms and rental rates may not align with prevailing market conditions. Moreover, bypassing competitive procurement limits opportunities for maximizing institutional revenue and discourages broader participation from qualified investors.

493. I recommend that TIRDO:

- (a) Establish and enforce a property leasing and investment management guideline to govern future engagements; and
- (b) Ensure all allocations or leasing of institutional premises for commercial activities are processed in line with the Public Procurement Act and Regulations.



CHAPTER ELEVEN

GOVERNANCE AND RISK MANAGEMENT

11.0 Introduction

494. This chapter examines governance and risk management within public authorities and other bodies, emphasising their critical role in safeguarding public resources and fulfilling their mandates. During the audit of financial year 2024/25, I assessed whether institutions had functioning governance structures, clear lines of oversight, and risk management practices to support transparency, accountability, and sound decision-making. Effective governance requires active Boards and Institutional Management, adherence to legal and policy requirements, and internal control systems that identify, monitor, and mitigate risks that hinder operational performance.

495. Key audit findings on the adequacy of governance and risk management practices highlighting areas where improvements are necessary to strengthen institutions and enhance public confidence include the following: shortfalls in internal audit performance, non-compliance with the National Anti-Corruption Strategy and Action Plan phase IV at institution level; and processing of financial transactions outside the MUSE system.

11.1 Public Authority and Other bodies Operating Without Oversight Bodies of Directors

496. In my previous report for the period ended 30 June 2024, I noted that 36 entities were operating without Boards of Directors. I acknowledge the government's efforts to ensure board appointments, whereby 21 out of the 36 entities which were previously reported to have no board of directors now have boards in place. However, I still found that as of February 2026, 34 entities lacked boards of directors, with delayed reappointments resulting in board vacancies that have persisted for 1 to 36 months (**Appendix VIII**).

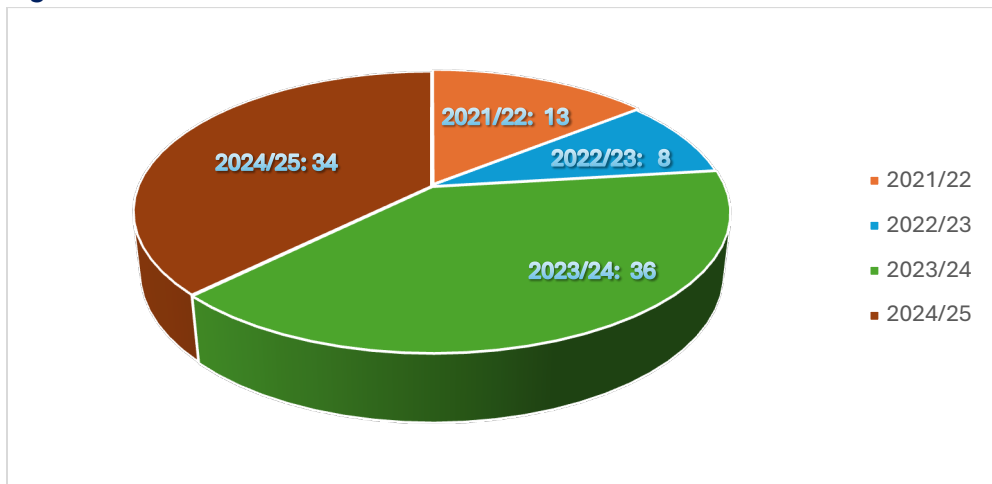
497. While the Treasury Registrar does not have a direct mandate to appoint Board members, the Office plays a critical oversight and coordination role in monitoring governance structures of public authorities and other bodies, advising appointing authorities, and following up on the timely establishment and renewal

of Boards. In this regard, the persistence of entities without Boards indicates gaps in the effectiveness of these oversight and follow-up mechanisms.

498. This situation demonstrates that while significant progress has been made in clearing the earlier backlog, new gaps continue to emerge due to the delays in renewal of expiring boards, thereby keeping the overall number almost unchanged.

499. **Figure 3** presents the trends of public entities and other bodies without Board of Directors from 2021/22 to 2024/25. The number of public authorities and other bodies without Boards of Directors decreased by 38%, from 13 in 2021/22 to 8 in 2022/23, demonstrating progress in board appointments. However, in 2023/24, this number rose sharply by 350% to 36, indicating a significant lapse in timely board appointments. The trend slightly improved in 2024/25 with a marginal decrease of 6% bringing the number to 34.

Figure 3: Trend of entities without Board of Directors



Source: Governance reports of respective entity for 2024/25

500. I recommend that:

- (a) Appointing authorities for board of directors ensure boards are appointed promptly; and
- (b) The Treasury Registrar’s Office closely monitor board tenures and take proactive measures at least six months before the expiry of any board’s term.

11.2 Ongoing gaps in Board Composition in Public Authorities and Other Bodies

501. During the current audit period, I continued to note deficiencies in the composition and functioning of Boards of Directors across public authorities and other bodies.

502. In 2023/24, I reported that three public authorities and other bodies had board members without chairperson, but in the current period, the number has remained three. In addition, I found six entities had Board chairpersons but lacked Board members, representing a 14% decrease compared to the seven entities reported in 2023/24. The details are presented in the **Table 43**.

Table 43: Deficiencies in board composition

S/n	Entities with board members only
1.	Tanzania Fertilizer Regulatory Authority
2.	The National Economic Empowerment Council
3.	Dar es salaam Maritime Institute
Entities with chairperson only	
1.	UTT Asset Management and investor Services Plc
2.	Institute of Finance Management
3.	State Mining Corporation
4.	Ngorongoro Conservation Area Authority
5.	Msamvu Properties Company Limited
6.	Contractors Registration Board

Source: Individual management letters and Report of those charged with governance

503. In another case, I noted that Tukuyu Water Supply and Sanitation Authority, had two members with a standard seven qualification which is contrary to Regulations 6(4)(a) of the water supply Regulations, 2019 which requires that in recommending and appointing the members of the board for water supply authorities the responsible authority should consider the person recommended or appointed has at least form four education level, management experience or served as a board member, a permanent resident within the area of operation of the water authority and good record of payment of water bills.

504. Furthermore, I noted that at Dk. Salim Ahmed Salim Centre for Foreign Relation, Planning and Finance Committee, Human Resource Management and Audit Committee were constituted with fewer than three members which is below the minimum number required for effective committee functioning. The identified deficiencies were attributed to a delay in appointment of new members by appointing authority once the tenure of the former members lapses; and an inadequate review of the membership qualification to ensure adherence to regulations.

505. Without a functional Board of Directors, an entity’s efficiency may be compromised, leading to governance failures, increased risks of financial instability, and a loss of stakeholder confidence.

506. I recommend that:

- (a) Respective public authorities and other bodies, in collaboration with the government, establish a structured mechanism to ensure timely board appointments immediately after members are reassigned; and
- (b) The Treasury Registrar's office systematically tracks board tenure duration and proactively initiates the appointment or renewal process at least six months before expiry to prevent gaps.

11.3 Shortfalls in Internal Audit Performance

507. Internal audit units are required by internal audit charters to provide objective assurance on the effectiveness of risk management and internal controls.

508. I found that 17 public authorities and other bodies had shortfalls including understaffed units or low implementation of audit plans at Mwalimu Julius K. Nyerere University of Agriculture and Technology, Arusha International Conference Centre, Dar es salaam Water supply and Sanitation Authority, Njombe Water supply and Sanitation Authority, Kariakoo Market Corporation, Institute of Rural Development Planning, Tanzania Food and Nutrition Centre, National Sports Council, National Construction Council, Warehouse Receipt Regulatory Board, Tanzania Railways Corporation, National Board of Accountants and Auditors, National Examinations Council of Tanzania, Workers Compensation Fund, Arusha Water supply and Sanitation Authority, Architects and Quantity Surveyor Registration Board, and Musoma Water supply and Sanitation Authority.

509. For instance, at Mwalimu Julius K. Nyerere University of Agriculture and Technology, the Internal Audit Unit completed only 11 out of 65 (17%) planned assignments, while Dar es salaam Water Supply and Sanitation Authority failed to prioritize Information Systems (IS) audits in its annual planning.

510. The issue is caused by shortage of manpower in audit units and unrealistic planning that exceeds actual staff capacity. Low audit coverage leaves high-risk areas unmonitored, increasing the likelihood of undetected fraud, corruption, and financial mismanagement.

511. I recommend that the identified public authorities and other bodies ensure in collaboration with respective governing bodies ensure:

- (a) Audit units are adequately staffed and that risk-based audit plans are prepared annually to guide oversight; and
- (b) Internal audit unit enhance audit coverage, implement the audit plan and audit committee review their performance against the plan to resolve capacity constraints.

11.4 Non-compliance with National Anti-Corruption Strategy and action plan (NACSAP IV) 2023-2030 at institutional level

512. I noted that seven public authority and other bodies have not effectively implemented the National Anti-Corruption Strategy and Action Plan Phase IV (NACSAP IV) 2023-2030.

513. The National Anti-Corruption Strategy and Action Plan Phase Four (NACSAP IV) 2023-2030 is Tanzania's seven-year framework for strengthening integrity, transparency, and accountability across public and non-state institutions. It builds on three earlier phases by introducing stronger ICT-based systems, enhanced monitoring and evaluation mechanisms, and greater involvement of citizens and non-state actors. For successful implementation, NACSAP IV requires strong political commitment, updated institutional systems, active public engagement, and clear accountability frameworks. Overall, it improves on previous strategies by expanding collaboration beyond government, prioritising digital solutions to reduce corruption risks, and establishing more robust oversight and performance-tracking structures.

514. My audit found, National Economic Empowerment Council, Kilimanjaro international leather industries co. ltd and National Kiswahili Council had not established the required Special NACSAP IV Management Committee, while the Contractors Registration Board and Bariadi Water supply and Sanitation Authority (BARUWASA) did not appoint committee members, conduct quarterly meetings, or approve their anti-corruption policies as required. Additionally, Tanzania Shipping Agencies Corporation, Jakaya Kikwete Cardiac Institute and BARUWASA failed to utilize the e-Mrejesho system for receiving and managing complaints.

515. These failures stem from inadequate management awareness and a low priority given to the directives prescribed under NACSAP IV. This increases the risk of undetected corrupt practices and unethical conduct, ultimately undermining national anti-corruption efforts.

516. I recommend that identified public authorities and other bodies:
(a) Prioritise the establishment and operationalisation of NACSAP IV committees; and
(b) Ensure regular meetings are held and documented; and (c) Fully adopt the e-Mrejesho system.

11.5 Non-Operationalisation of Monitoring and Evaluation Units

517. Paragraph 4.6.1(67)(ii) (iv), (v), &(vii) of the Plan and Budget guidelines for 2024/25 for the year ended 2025, outlines that in strengthening monitoring and evaluation of the implementation of plan and budget, Accounting Officers are

instructed to Strengthen newly established monitoring and evaluation units by allocating budget, personnel and preparing appropriate succession plan for new employees, ensure compliance with National Guideline for Monitoring and Evaluation of Development Projects and Programmes of 2022 issued by the Ministry of Finance.

518. However, my audit found the University of Dodoma, Institute of Accountancy Arusha, and Kibaha Education Centre had not operationalised their Monitoring and Evaluation units despite Ministry directives. At Sokoine University of Agriculture, the approved Monitoring and Evaluation structure was not reflected in the revised Scheme of Service, resulting in the Unit's lack of formal recognition. Public Procurement Regulatory Authority also failed to follow up on recommendations arising from its own Monitoring and Evaluation reports.

519. This was caused by delayed management action in implementing Ministry directives and exclusion of Monitoring and Evaluation functions from organizational structures. Absence of Monitoring and Evaluation units results in weak mechanisms for tracking performance, reduced transparency, and limited accountability in achieving strategic objectives.

520. I recommend that respective public authority and other bodies:

- (a) Formalise monitoring and evaluation units within their organisational structures, allocate budgets for their activities; and
- (b) Ensure that monitoring and evaluation reports are used to inform strategic decisions.

11.6 Absence of Documented Risk Management Frameworks and Risk Registers

521. Ministry of Finance Circular No. 12 of 2012/13 and the Public Finance (Management of Public Property) Regulations, 2024, require every Accounting Officer to establish and maintain a robust risk management framework and an updated institutional risk register. These tools are essential for the systematic identification, assessment, and mitigation of strategic, operational, and financial threats that could impede the achievement of organizational objectives.

522. However, my audit for the financial year 2024/25 revealed deficiencies in governance, as 10 public authorities and other bodies operated without documented risk management frameworks, fraud risk policies, or functional risk registers, indicating the absence of structured risk assessments and mitigation mechanisms.

523. The deficiencies were identified at the Dar es Salaam University College of Education, Kilimanjaro Machine Tools Manufacturing Company Limited, Vocational Education and Training Authority, Tanzania Biotech Products Limited, Bariadi Water Supply and Sanitation Authority, Tabora Water Supply and Sanitation Authority, Geita Water Supply and Sanitation Authority, Kahama Shinyanga Water Supply and Sanitation Authority, National Sugar Institute, and the National Sports Council.

524. This situation was mainly attributed to limited management prioritisation of risk management practices, inadequate technical capacity to develop risk management frameworks, and delays in aligning internal governance structures with national guidelines. The absence of these governance instruments weakens the internal control environment and increases the risk of fraud, corruption and operational inefficiencies, as the entities lack structured mechanisms to identify and manage risks in a timely manner.

525. I recommend that respective public authorities and other bodies:

(a) Expedite the development, approval, and operationalisation of comprehensive Risk Management Frameworks and Fraud Risk Policies in line with Government circulars;

(b) Establish and maintain updated Institutional Risk Registers that record, rate, and track all identified risks along with their corresponding mitigation strategies; and

(c) Conduct regular, documented risk assessments and report the outcomes to the Board of Directors and the Internal Auditor General to ensure continuous oversight and institutional resilience.

11.7 Weak Implementation of the Government Accounting System (MUSE)

526. Accounting Circular No. 03 of 2023/2024 issued by the Office of the Accountant General requires all public entities to process accounting transactions through the MUSE system and prepare financial reports from the system to ensure accuracy, proper consolidation and effective financial information management. Likewise, Treasury Circular No. 1 of 2025 (Ref. No. MG.4/261/01) and Treasury Circular No. 5 of 2019 require public entities to obtain prior approval from the Ministry of Finance before using any financial management system and designate MUSE as the approved accounting system for public entities.

527. However, my audit noted that 77 public authorities and other bodies processed financial transactions outside the mandatory MUSE system without prior approval from the Ministry of Finance, contrary to Government directives. Details of the affected entities are presented in **Appendix IX**. In addition, 26 public entities operated financial management systems that were not integrated with operational

systems and revenue gateways, contrary to the Government's objective of establishing an integrated financial management framework.

528. This situation was mainly attributed to limited management prioritisation in enforcing migration to the Government-approved accounting system and inadequate planning for system integration within the respective entities.

529. The continued use of manual tools such as Microsoft Excel and standalone systems weakens audit trails, increases the risk of data manipulation, revenue leakage and inaccurate financial reporting, and limits the Government's ability to achieve centralised oversight and consolidation of financial information. Similar weaknesses relating to financial information systems were also reported in **Chapter Five of my Annual General Report on the Audit of Information Systems for the Financial Year 2024/25**.

530. I recommend that the management of the respective public authorities and other bodies, in collaboration with the Ministry of Finance, should ensure full adoption of the MUSE accounting system and integrate operational and revenue systems with the Government's centralised financial management framework.

11.8 Inadequate Design and Documentation of Construction Project Delivery Processes at NHC

531. The National Housing Corporation has established an approved construction project delivery process flow (issued on 4 September 2024) requiring all construction projects to follow defined procedures, including preparation, review, approval, and proper documentation of each project stage.

532. My audit noted weaknesses in the design and implementation of construction project delivery processes flow, including incomplete documentation for key project stages, ambiguity in approval requirements for commencement of construction, and absence of detailed procedural guidelines to support the approved process flow. Also, documentation for project stages, other than tendering and construction, was not available.

533. Further, the approved process flow contained impractical approval requirements and lacked clear step-by-step procedures, defined roles and responsibilities, and documentation standards. These deficiencies weaken internal controls, reduce accountability, and increase the risk of inconsistent implementation, inadequate record management, and ineffective oversight of construction projects. This was caused by manual preparation of the construction project delivery process without an integrated system to track stages, approvals,

and documentation, resulting in missing or inaccessible records, weakened monitoring and accountability mechanisms, and reduced reliability of information for management oversight and audit review.

534. I recommend that National Housing Corporation ensure, for all construction projects, the complete documentation either system based for each stage of the approved process flow is prepared, reviewed, approved, and properly filed to enable effective monitoring, accountability, and audit verification in accordance with the approved process flow to enhance audit trail.



CHAPTER TWELVE

HUMAN RESOURCES MANAGEMENT

12.0 Introduction

535. This chapter examines human capital management, which is critical for performance and accountability in public authorities and other bodies. A well-designed Human Resource Management (HRM) framework enables public authorities and other bodies to use resources efficiently and deliver quality services to the public. With ongoing government reforms, digital transformation initiatives, and increasing service delivery demands, institutions rely on HRM systems to ensure appropriate staffing, relevant competencies, and motivated personnel.

536. During the audit, I identified several deficiencies in human resource management, and the key ones comprise deficiencies in acting appointment, deficiencies in utilisation of Government human resources management system, deficiencies in salaries, allowances, and incentives schemes, delays in remittance of the statutory deductions, and long-standing staff arrears.

537. The details of key findings and corresponding recommendations to strengthen human resources practices and management are provided below.

12.1 Non-Compliance with Statutory Remittance Requirements for Pension, Health and Compensation Funds TZS 19.32 billion

538. My audit for the financial year 2024/25 identified significant irregularities in the remittance of payroll related statutory deductions, which involved the Public Service Social Security Fund, the National Health Insurance Fund, the Higher Education Students' Loans Board, and the Workers' Compensation Fund. Specifically, the failure to remit these funds within the legally prescribed timelines, typically within 30 days for pension contributions and 15 days for student loan deductions, contravenes the Public Service Social Security Fund Act, 2018, and the HESLB Act, Cap. 178. Such non-compliance exposes public authorities and other bodies to substantial penalties and interest charges.

539. In my previous report for the financial year 2023/24, I found that 10 public authorities and other bodies had not remitted statutory contributions amounting to

TZS 11.89 billion in respect of statutory deductions from employees up to June 2024. In the current financial year 2024/25, my audit noted that the number of defaulting institutions increased to 13 while the total unremitted amount rose to TZS 19.32 billion as at 30 June 2025, as presented in Table 44. This represents a significant 62% increase in total outstanding pension liabilities compared to the previous year.

Table 44: Summary of statutory deduction anomalies identified

S/n	Name of entity	Nature of deduction	Amount (TZS'000)
1.	Dar es Salaam Water Supply and Sanitation Authority	Outstanding PSSSF, HESLB, and WCF Deductions	15,850,964
2.	Tanzania Biotech Products Limited	Unpaid PSSSF and WCF	1,451,100
3.	Tanga Water Supply and Sanitation Authority	Unpaid PSSSF and WCF	1,291,766
4.	Nzega Water Supply and Sanitation Authority	Unremitted PSSSF Payable	229,195
5.	Babati Water Supply and Sanitation Authority	PSSSF Penalties and Unremitted Contributions	135,696
6.	Architects and Quantity Surveyors Registration Board	PSSSF Penalties and Arrears	98,822
7.	University of Dar es Salaam	Late Remittance, NHIF and WCF	108,303
8.	Songea Water Supply and Sanitation Authority	Unpaid HESLB	66,892
9.	Mkulazi Holding Company Limited	Underpayment of NHIF Contributions	22,158
10.	College of African Wildlife Management, Mweka	Delayed PSSSF and Penalties	21,183
11.	Same-Mwanga Water Supply and Sanitation Authority	Unpaid PSSSF, NHIF and WCF	25,357
12.	Ngara Water Supply and Sanitation Authority	Delayed and Unpaid PSSSF Contributions	18,868
13.	KMTC Manufacturing Limited	Unpaid WCF	
Total			19,320,304

Source: Payroll report and liability schedule 2024/25

540. I found that Dar es Salaam Water and Sewerage Authority reported the largest outstanding balance payable to PSSSF, amounting to TZS 14.23 billion. I also noted significant accumulated liabilities at Tanzania Biotech Products Limited TZS 1.43 billion and Tanga Water Supply and Sanitation Authority TZS 1.26 billion. In many instances, these delays attracted substantial penalties. For example, the Architects and Quantity Surveyors Registration Board paid TZS 93.67 million in penalties alone, while Babati Water Supply and Sanitation Authority incurred TZS 60.17 million in penalties arising from liabilities inherited from Orkesumet water supply authority, which were merged into BAWASA during 2024/25.

541. Certain entities failed to remit student loan deductions from beneficiaries, potentially limiting the board's capacity to finance new students. Dar es Salaam Water Supply and Sanitation Authority held an outstanding balance of TZS 438.35 million, while Songea Water Supply and Sanitation Authority reported unpaid balance of TZS 66.89 million, which has remained outstanding for over two years.

542. I found accumulation of these statutory liabilities is primarily attributed to prolonged financial constraints and cash flow challenges. In addition, administrative lapses were observed, such as delays in reconciling internal payroll records with Fund statements and weak internal monitoring of statutory remittance deadlines.

543. Persistent non-remittance exposes public authorities and other bodies to nugatory expenditure in the form of interest charges and penalties. More critically, it denies employees their statutory rights, including access to medical services, terminal benefits, and compensation for workplace injuries.

544. I recommend that the respective public authorities and other bodies:
 (a) Proactively engage with PSSF, NHIF, HESLB, and WCF to reconcile outstanding balances and agree on phased settlement schedules; and
 (b) Ensure that all future statutory deductions are remitted within the prescribed timelines to prevent and avoid new penalties.

12.2 Deficiencies in Acting Appointments

545. Order D.24 (3) of the Standing Orders for the Public Service (2009) and Regulation 14 of the Public Service Regulations (2022) stipulate that an acting appointment in the public service shall not exceed six months unless formally extended with approval from the Permanent Secretary (Establishment). My audit revealed a persistent trend where officers held positions in acting capacities for periods ranging from 1 to 138 months without substantive appointments or proper extensions from the Permanent Secretary (Establishment).

546. In my previous report for the year 2023/24, I reported that 19 entities had 135 employees serving in acting positions for extended periods. In the current audit, I continue to observe a similar situation whereby 16 entities had 69 employees in acting positions for more than six months. This represents a decrease of 48.9% in the total number of staff members serving in irregular acting roles compared to the previous year.

Table 45: Staff in acting position for more than six months

S/N	Name of Entity	Staff	Delay Range (Months)
1	Njombe Water Supply and Sanitation Authority	6	9 - 138
2	Vocational Education and Training Authority	11	17 - 112
3	Centre for Agricultural Mechanisation and Rural Technology	6	3 - 77
4	National Social Security Fund	1	74
5	Tanzania Engineering and Manufacturing Design Organisation	4	18 - 42
6	Morogoro Water Supply and Sanitation Authority	17	1 - 29
7	MSD Medipharm Manufacturing Company Limited	2	10 - 25

S/N	Name of Entity	Staff	Delay Range (Months)
8	Tanga Water Supply and Sanitation Authority	3	1 - 18
9	National Health Insurance Fund	4	6 - 17
10	Arusha International Conference Centre	3	5 - 12
11	Institute of Accountancy Arusha	2	9 - 10
12	Medical Stores Department	1	9
13	College of African Wildlife Management, Mweka	4	5 - 6
14	APC Investment Centre	1	6
15	National Arts Council	2	1 - 5
16	Babati Water Supply and Sanitation Authority	2	Not specified
Total		69	

Source: Staff personal files

547. **Njombe Water Supply and Sanitation Authority** had staff with the longest acting period of 138 months, while **Morogoro Water Supply and Sanitation Authority** had the highest number of staff in acting positions.

548. These prolonged acting appointments are primarily attributed to administrative delays in the vetting and recruitment processes by both the respective entities and the President’s Office, Public Service Management and Good Governance.

549. The practice of maintaining officers in acting roles for extended periods diminishes operational effectiveness and independent decision-making, as acting officers often lack the full authority and confidence to make binding commitments. Furthermore, this non-compliance erodes staff morale and motivation, leading to potential declines in productivity and institutional performance. Prolonged arrangements also expose entities to legal risks and potential labour disputes arising from irregular employment terms.

550. I recommend that the respective public authorities and other bodies:

- (a) Liaise proactively with PO-PSMGG to expedite the vetting and confirmation of currently acting staff who meet the required criteria; and
- (b) Implement robust succession plans and capacity-building programs to ensure a steady pipeline of internal candidates who meet the requirements for managerial positions.

12.3 Staff Receiving Net Salaries below the Statutory One-Third Threshold

551. During the financial year 2024/25, I found 13 entities had a total of 718 employees receiving net salaries below one-third of their basic salary, contrary to Section 3 of the Specified Officers (Debt Recovery) CAP 76 stipulates deduction shall not exceeding ‘one-fourth of his monthly salary’ for one debt and ‘not exceeding one-third’ for two or more debt as emphasised in Circular with Ref.

No.CE.26/46/01/1/66 of 28 November 2012 requires employees to be subjected to deductions not exceeding two-thirds of their monthly basic salaries.

Table 46: Staff receiving net-salaries below one-third of basic salary

S/n	Name of the entity	No. of staff
1.	Dar es Salaam Water Supply and Sanitation Authority	548
2.	Muhimbili National Hospital- Mloganzila	37
3.	University of Dodoma	26
4.	National Health Insurance Fund	25
5.	Sisalana Company Limited	20
6.	Tanzania Broadcasting Corporation	16
7.	Masasi Nachingwea Water Supply and sanitation Authority	10
8.	Ardhi University	9
9.	Dar es salaam University College of Education	8
10.	Universal Communication Service Access Fund	3
11.	Tanzania Institute of Education	2
12.	National insurance Corporation	12
13.	Tanzania Concrete Pole Manufacturing company	2
		718

Source: Payrolls

552. At Dar es Salaam Water Supply and Sanitation Authority, 548 of 2,085 employees received net salaries below one-third of their basic and gross pay due to inadequate ERMS controls.

553. Insufficient controls over salary deductions and loans, including those for the Higher Education Students' Loans Board, have left some employees with net pay below the legal limit, exposing them to financial hardship and potentially affecting morale and productivity.

554. I recommend that respective public authorities and other bodies:

- (a) Strengthen internal controls over loans by ensuring compliance with statutory limits; and
- (b) Ensure employees with outstanding loans to HESLB regularize their repayment status before approval of additional loans from financial institutions.

12.4 Irregular Recruitment and Assignment of Temporary Staff to Core Functions

555. Order D.30 (1) and (2) of the Standing Orders for Public Service (2009) require established posts be filled through permanent appointments. Temporary appointments are intended only for short-term, seasonal tasks and must not be used for permanent operational roles.

556. My audit revealed that Dar es salaam Water Supply and Sanitation Authority, Mkulazi Holding Company Limited, Medical Store Department, T-Pesa Limited, and Tanzania Telecommunication Limited Corporation (TTCL), and the

State Mining Corporation engaged significant number of temporary staff and interns to perform core operational functions such as administration, accounts and customer services. For instance, TTCL had a total of 970 employees under temporary terms (845 contract employees and 125 graduate interns) occupying operational service posts that are not temporary in nature. These employees have been retained for long periods up to 7 years for temporary employees and 3 years for interns without evidence of open, competitive recruitment. Additionally, State Mining Corporation recruited 10 contractual employees without public advertisement or formal interviews.

557. The deficiencies stem from inadequate human resource planning and failure to secure required recruitment permits, leading to irregular employment practices, potential unauthorised wage bill increases, and the risk of hiring underqualified staff.

558. I recommend that identified public authorities and other bodies develop formal staff establishments that align with their mandates and ensure all future recruitments strictly comply with the Public Service Act and Standing Orders.

12.5 Public Authorities Operating with Inadequate or Unapproved HR Tool

559. All public authorities are required by Permanent Secretary (Establishment) to maintain up-to-date human resource tools—including staff regulations, incentive schemes, organisational structures, and succession plans—and to obtain approval from the Permanent Secretary, President’s Office - Public Service Management and Good Governance.

560. I found that nine public authorities and other bodies were operating with incomplete or unapproved HR tools. Compared to 29 entities reported in 2023/24, this shows that while some progress has been made, the challenge persists and continues to affect several entities. Nine out of 225 entities are also missing essential human resources instruments, such as updated HR policies, staff retention strategies, and comprehensive workforce planning frameworks. Without these tools, effective personnel management is hindered, potentially affecting institutional efficiency and service delivery as detailed in Table 47.

Table 47: Entities operating without approved human resource instruments

S/N	Name of the Entity	Remarks
1.	Ardhi University	Outdated human resource management policy and operational procedures, 2014.
2.	Housing and Pension Company	Outdated staff regulations, scheme of service, incentive scheme and strategic plan
3.	Arusha Water Supply and Sanitation Authority	Outdated succession plan

S/N	Name of the Entity	Remarks
4.	Dr. Salim Ahmed Salim Centre for Foreign Relations	Outdated constitution and related provision, despite the withdrawal of Government of Mozambique, no changes have been made to reflect ownership structure, legal status and governance
5.	Engineers Registration Board	Outdated scheme of service, 2012
6.	Mwanza Rockcity Company	Implementation of new organizational structure without approval
7.	Higher Education Students Loans Board	Outdated organisation structure, 2011
8.	Institute of Rural Development Planning	Outdated succession plan
9.	National Construction Council	Outdated risk management framework, 2021

Source: Human resources records of respective entities

561. The continued use of an outdated Human Resource Management Policy may result in non-compliance with current regulatory requirements, inconsistent HR practices, heightening the risk of disputes, reduced productivity, and exposure to significant operational risks.

562. I recommend that the respective public authorities and other bodies develop, update key HR instruments, including incentive schemes, organisational structures, and succession plans, and submit them to the President’s Office - Public Service Management and Good Governance for review and approval prior to implementation.

12.6 Non-Alignment with Approved Schemes of Service and Salary Structures

563. I noted that six out of 225 reviewed public authorities and other bodies had not aligned their operations with approved Schemes of Service and Salary Structures. This misalignment led to unauthorised pay practices, inconsistencies in personnel designations, and the use of organizational structures without approval from the President’s Office - Public Service Management and Good Governance (PO-PSMGG).

Table 48: Non-alignment with approved schemes of service and salary structures

S/n	Name of entity	Anomalies noted
1.	Air Tanzania Company Limited	Identified 29 employees whose payroll designations did not match any position in the approved Scheme of Service
2.	Medical Store Department	Had 40 staff receiving salaries outside their designated scales and a persistent mismatch between the 2021 Scheme of Service and the actual organisational structure.
3.	Mkulazi Holding Company Limited	Implemented a new organizational structure and Scheme of Service without obtaining the mandatory approval from PO-PSMGG. This led to the assignment of staff to roles for which they were unqualified (e.g., a Procurement Officer serving as a Principal HR Officer).
4.	Tanzania Institute of Education	Determined payment rates for Academic Experts through internal management resolutions rather than through Financial Regulations or incentive schemes approved by the Permanent Secretary

S/n	Name of entity	Anomalies noted
5.	National Development Corporation	Utilized a Scheme of Service that classified ICT staff under generic designations like "IT Officer" instead of specialized functional roles such as Network Administrator or Systems Developer, weakening accountability and oversight.
6.	Sisalana Tanzania Company Limited	Senior management were paid per diem and salary rates based on their previous NSSF scales because the company's internal rates were considered too low, a practice adopted without formal harmonisation with approved regulations.

Source: Payroll and entity's scheme of service

564. Inadequate coordination between HR and Finance units, delays in obtaining re-categorisation approvals, and misalignment between statutory mandates and institutional planning have exacerbated the problem. Operating outside approved frameworks distorts the national wage bill, undermines transparency and equity, and allows personnel to occupy roles for which they lack the required qualifications, thereby reducing institutional performance and adversely affecting staff morale.

565. I recommend that the respective public authorities and other bodies:
 (a) Immediately align all payroll designations and remuneration rates with the officially approved Scheme of Service and Salary Structure; and
 (b) Strengthen internal controls, including mandatory quarterly reconciliations between HR records and payroll data, to ensure that institutional policies remain fully aligned with government frameworks and circulars.

12.7 Ineffective Management and Accumulation of Staff Arrears and Claims TZS 13.96 billion

566. A total of 10 out of 225 reviewed public authorities and other bodies had accumulated long-outstanding staff arrears and unpaid claims amounting to TZS 13.96 billion, some of which have remained unsettled for over a decade. These liabilities persist despite being verified or approved by the relevant authorities, indicating a widespread failure to comply with Order E.23 of the Standing Orders for the Public Service (2009). This order mandates that staff entitlements be paid as they arise to prevent the accumulation of financial obligations that burden future budgets and demoralise the workforce. This finding follows my previous audit of 2023/24, which reported 12 entities with unpaid arrears totalling TZS 12.64 billion, dating from one to 11 years.

567. Table 49 summarises the staff arrears and claims identified across the audited entities for the 2024/25 financial year.

Table 49: Summary of outstanding staff arrears and claims TZS 13.96 billion

s/n	Name of entity	Duration Unpaid	Amount '000 (TZS)
1.	Sokoine University of Agriculture	1 to 5 years	11,784,869
2.	Tanzania Library Services Board	Over 1 year	549,268
3.	Dar es Salaam University College of Education	Over 1 year	479,280

4.	Tanzania Biotech Products Limited	Several years	347,820
5.	Muhimbili Orthopaedic Institute	2016 to 2025	207,900
6.	Centre for Agricultural Mechanisation and Rural Technology	Up to 5 years	142,471
7.	Institute of Adult Education	Over 1 year	162,563
8.	National Arts Council	Average 1 year	152,644
9.	Tanzania Education Authority	Up to 12 years	128,765
10.	Tanzania Engineering and Manufacturing Design Organisation	2019 to 2025	10,046
Total			13,965,626

Source: Payroll report and liability schedule

568. Significant balances and systemic delays involving salary adjustments, promotions with retrospective effect, acting allowances, and various fringe benefits were noted. Sokoine University of Agriculture reported a substantial staff claim balance of TZS 11.78 billion, with 68% of these claims being three to five years old. The Tanzania Education Authority was found to have unsettled salary arrears and acting allowances totalling TZS 128.77 million, some of which have remained outstanding for up to 12 years.

569. Staff arrears often comprise a mix of essential professional and personal entitlements. At the Centre for Agricultural Mechanization and Rural Technology, the audit established a balance of TZS 142.47 million comprising accrued furniture, moving, and sitting allowances, as well as salary arrears. The Tanzania Library Services Board reported TZS 549.27 million in outstanding employee liabilities, including transfer allowances and per diems, with a significant portion remaining unpaid for over a year. Additionally, Tanzania Biotech Products Limited failed to pay leave travel allowances totalling TZS 347.82 million that had accumulated over several years.

570. Deficiencies in inter-departmental coordination and limited utilisation of government tracking systems have hindered the clearance of these debts. Muhimbili Orthopaedic Institute failed to follow up with the Ministry of Finance on TZS 207.90 million approved arrears dating back to 2016 due to weak communication between the Human Resources and Finance departments. Furthermore, entities such as Dar es Salaam University College of Education and Mkwawa University College of Education were not utilising the Government Arrears Management System (GAMS) to register and verify these claims as required by Treasury directives.

571. The accumulation of these arrears is primarily attributed to financial constraints and budgetary under-allocations, where entities prioritise operational inputs over employee entitlements. I also noted administrative and verification delays within the President’s Office, Public Service Management and Good Governance, and the Internal Auditor General’s office, which must approve claims before funds are released.

572. The persistent non-settlement of staff arrears undermines employee's morale and productivity, increases financial and legal liabilities, and results in misstated financial positions that distort the entity's true financial health due to recognition of unverified claims.

573. Furthermore, weak internal coordination between Human Resources and Finance units often results in a lack of proactive follow-up on verified balances.

574. I recommend that the respective public authorities and other bodies:

- (a) Establish structured payment plans to clear verified staff arrears and ensure that future budgets fully incorporate outstanding commitments in line with the Budget Act;
- (b) Maintain regular engagement with the President's Office (Public Service Management) and the Ministry of Finance to expedite the verification and release of funds for approved claims; and
- (c) Ensure all staff claims are promptly verified by the Chief Internal Auditor and registered in the Government Arrears Management System (GAMS) to facilitate centralised oversight and funding in accordance to Treasury circular No. 4 of 2020 on the use of government claims and arrears management system.



CHAPTER THIRTEEN

TAX COMPLIANCE

13.0 Introduction

575. This chapter outlines the legal framework for taxation in Tanzania, primarily focusing on the Income Tax Act, the Tax Administration Act, the VAT Act and the Vocational Training Act. The tax regime imposes specific compliance requirements on every public authority and other bodies, all of which are administered by the Tanzania Revenue Authority (TRA).

576. The deficiencies highlighted in compliance with tax laws include delayed and non-remittance of taxes to TRA, non-payment of provisional taxes, payments not supported by EFD receipts, and non-filing of income tax and VAT returns, and ambiguity on the phrase “substantial funding” in determining taxable employment income to employees of public authorities and other bodies.

577. The findings and their corresponding recommendations are as follows:

13.1 Unremitted Tax to TRA TZS 10.64 billion

578. My audit of tax compliance for the financial year 2024/25 revealed that 24 out of 225 public authorities and other bodies did not remit various statutory taxes such as such as corporate tax, withholding tax, PAYE and skills development levy. This resulted in an outstanding tax liability of TZS 10.64 billion; the failure to remit the said taxes constitutes non-compliance with the requirements of the prevailing tax legislation.

579. Unremitted taxes increased from TZS 9.65 billion in the financial year 2023/24 to TZS 10.64 billion in 2024/25. Also, the number of non-compliant public authorities and other bodies increased from 17 to 24. This trend indicates that, compliance with statutory tax remittance obligations remains unsatisfactory.

580. Non-remittance of statutory taxes was mainly due to cash flow constraints experienced by the respective public authorities and other bodies. This may result in penalties and interest as provided under the relevant tax laws and regulations, thereby increasing financial burdens on the entities and adversely affecting their financial sustainability.

581. At the Tanzania Ports Authority, non-remittance of taxes was attributed to inadequate controls over deduction from payments to ensure that the required taxes are withheld from all payments made to service providers prior to approval and settlements.

582. For Tanzania Railway Corporation, I found that National Health Insurance Fund contributions were deducted before PAYE computation, contrary to requirement of Section 61 (1) of the Income Tax Act, Cap 332 which permits only the deduction for retirement contributions made to an approved retirement fund.

583. Mkulazi Holding Company Limited attributed the under remittance of PAYE to the exclusion of PAYE relating to Prison Corporation Sole employees seconded to the Company from the general ledger balances.

584. **Appendix X** provides the breakdown of the various taxes not remitted to TRA, including Corporate Tax, Withholding Tax, Pay As You Earn (PAYE), and Skills Development Levy (SDL).

585. I recommend that the identified public authorities and other bodies comply fully with tax laws and ensure the timely remittance of all respective taxes to TRA.

13.2 Delayed Tax Remittance to TRA TZS 56.21 billion

586. Section 84 (1) of the Income Tax Act Cap 332 [R.E. 2019], requires every withholding agent to pay to the Commissioner within seven days after the end of each calendar month any income tax withheld during the month.

587. My audit identified eight entities that delayed in remitting statutory tax deductions of TZS 56.21 billion to the Tanzania Revenue Authority (TRA) during the financial year 2024/25. These delays ranged from one to 331 days, indicating non-compliance with statutory tax remittance timelines. The details of non-compliance are provided in **Table 50**.

Table 50: Delayed taxes remitted to TRA

S/N	Public Authorities	Statutory Deductions	Amount (TZS) '000	Days Delayed
1	Institute of Adult Education	Withholding Tax	9,096	55-331
2	Mbeya Water Supply and Sanitation Authority	Withholding Tax	5,229	213-244
3	University of Dar es Salaam	Withholding Tax	161,129	17-137
4	Mpanda Water Supply and Sanitation Authority	Withholding Tax	5,738	4-105
5	Mwalimu Nyerere Memorial Academy	PAYE	18,527	1-45
6	Ubungu Plaza Limited	Withholding Tax	15,892	15
7	Tanzania Railways Corporation (SGR Project)	Withholding Tax	18,659,080	2-8

8	Tanzania Electric Supply Company Limited		37,345,258	More than 7 days
	Total		56,219,949	

Source: General ledgers and payment vouchers for 2024/25

588. There has been an improvement in the duration of delays compared to the previous financial years, although the amount delayed has increased. In 2023/24, five entities delayed remittance of TZS 46.93 billion, with delays ranging from 1 to 485 days. While, in the financial year 2022/23, a total of 12 entities delayed remittances amounting to TZS 29.09 billion, with delays ranging from 1 to 1,015 days.

589. The delays in submission of statutory taxes were mainly attributed to the respective entities failure to comply with the tax laws or divert funds to other activities. At SISALANA Tanzania Company Limited, the payment delays were due to limitations in the bank systems, especially for payments that fall on weekends and holidays.

590. I recommend that the respective public authorities and other bodies ensure the timely remittance of all statutory taxes to TRA to avoid the accumulation of interests and penalties.

13.3 Failure to Demand and Issue EFD Receipts by Public Authorities and Other Bodies

a) Payments not Supported by EFD receipts TZS 2.21 billion

591. Regulation 28 of the Income Tax (Electronic Fiscal Device) Regulations, 2012 requires every purchaser to demand and retain the fiscal receipt or invoice in their possession. Regulation 21-25 of the same Regulations also provides that any person who fails to demand, retain, or issue a fiscal receipt or invoice commits an offence and, upon conviction, is liable to pay twice the amount of the tax evaded or not remitted.

592. My audit found that five entities made payments for goods and services totalling TZS 2.21 billion without supporting Electronic Fiscal Device (EFD) receipts as detailed in **Table 51**. This represents an improvement compared to the financial year 2023/24, during which 12 entities made payments totalling TZS 4.14 billion without supporting Electronic Fiscal Device (EFD) receipts.

593. Inadequate internal controls and enforcement mechanisms cause failure to demand EFD receipts to ensure that all transactions are supported with valid EFD receipts as required by applicable laws and regulations. The recurring instances of payments lacking EFD receipts in 2024/25 highlight the need for continued monitoring and enforcement to ensure full compliance with EFD regulations.

Table 51: Payment not supported by EFD

S/N	Name of the entity	Amount TZS '000
1	Watumishi Investments Limited	1,519,960
2	Mwalimu Nyerere Memorial Academy	586,912
3	Tanzania Mercantile Exchange	46,885
4	Housing and Pensions Company Limited	40,328
5	Morogoro Water Supply and Sanitation Authority	15,374
Total		2,209,459

Source: Payment Vouchers for 2024/25

594. The failure to demand or retain fiscal receipts or invoices may attract penalties, and input tax cannot be claimed, which result in additional costs for the respective entities. Furthermore, the Government loses revenue that would have been collected if EFD receipts had been properly issued.

b) Non-issuance of EFD Receipts by KMTC Manufacturing Limited

595. In my report of the financial year 2023/24, I reported that KMTC Manufacturing Limited had not been registered for VAT. As a result, the entity could not claim input tax on purchases. My audit for the year 2024/25 found that KMTC Manufacturing Limited generated TZS 253.68 million from its own source revenues. However, the entity did not issue any EFD receipts to customers. As a result, VAT amounted to TZS 45.66 million was not collected by the company.

596. I recommend that the respective public authorities and other bodies fully comply with the Income Tax (Electronic Fiscal Device) Regulations, ensuring that fiscal receipts are properly issued, demanded, and retained in accordance with the law.

13.4 Non-Filing of Returns to TRA

597. Section 70 (1) of the Value Added Tax Act, Cap 148 [R.E. 2019] provides that, a taxable person shall lodge a value-added tax return on the 20th day of a month after the end of the tax period to which it relates.

598. Section 109 (1) of Income Tax Act, Cap 332 [R.E. 2019] requires every withholding agent to file with the Commissioner, within seven days of the month following the month to which the tax relates, a withholding tax statement for the calendar month.

599. During the review of tax compliance, I found that four public authorities and other bodies did not file returns for various periods, as indicated in **Table 52**. The non-filing of returns was mainly attributed to insufficient staff awareness of the online filing requirements for withholding tax returns, the mistaken assumption that tax-exempt entities were also exempt from filing obligations, and inadequate controls over withholding tax deductions and submissions.

Table 52: Public Authorities and other bodies that did not file returns

S/N	Name of the entity	Type of tax	Period of not filing returns
1	Centre for Foreign Relations	Withholding Tax	July 2024 to June 2025
		Income	2022-2024
2	Jakaya Kikwete Cardiac Institute	annual return of income	2022/23 and 2023/24
		Statement of Estimated Tax Payable by Instalment	2024/25
3	Tanzania Railways Corporation	Withholding Tax	2024/25
4	Tanzania Atomic Energy Commission	PAYE	2024/25

Source: Review of the TRA online Portal

600. I recommend that respective public authorities and other bodies ensure that:

- (a) All tax returns are filed on or before the statutory due dates to avoid unnecessary penalties and interest; and
- (b) Returns are filled even if the respective entity is exempted from tax.

13.5 Ambiguity of the phrase “substantial funding” in determining taxable employment income

601. Section 7 (1) of the Income Tax Act, Cap 332 [R.E 2019] provides that an individual's income from employment for a year of income shall be the individual's gains or profits from the employment of the individual for the year of income.

602. Further, Section 7 (3) (k) of the same Act, provides that in calculating an individual's gains or profits from an employment, the allowances that are excluded (non-taxable allowances) are housing allowance, transport allowance, responsibility allowance, extra duty allowance, overtime allowance, hardship allowance and honoraria payable to an employee of the Government or its institution whose budget is fully or substantially paid out of Government budget subvention.

603. My audit found that Tanzania Petroleum Development Corporation (TPDC) and Gas Company (Tanzania) Limited (GASCO) did not charge tax on staff allowances amounting to TZS 2.21 billion and TZS 1.53 billion, respectively. Non-charging of tax on allowance is due to differences in the interpretation of Section 7 of the Income Tax Act, Cap 332 [R.E 2019].

604. TRA required TPDC to charge tax on allowances. However, TPDC considered that it was substantially financed through Government budget subventions both directly and indirectly. For this reason, PAYE was not deducted from service allowances paid to staff. TPDC objected to the Tax Revenue Appeals Tribunal (TRAT) regarding the taxation on its staff allowances as assessed by TRA. While GASCO is awaiting the outcome of this ruling, which is expected to provide

guidance, as the decision will equally apply to its staff recruited through TPDC and governed by the same staff rules and regulations.

605. Also, my audit at Shinyanga Water Supply and Sanitation Authority (SHUWASA), revealed that TRA conducted a tax audit for staff allowances covering fiscal years 2017/18 through 2021/22. Based on the audit, SHUWASA had outstanding tax liability of TZS 39.86 million, from which TZS 47.52 million interest was charged, resulting in a total tax liability of TZS 87.38 million. The TRA argued that SHUWASA is not exempt from PAYE on staff allowances as it was a Government Institution whose budget is not substantially funded through the Government budget subvention. Furthermore, TRA argued that SHUWASA submits its budget to the Government for approval on fund utilisation, which does not constitute direct funding from the consolidated fund.

606. In my report of the financial year 2022/23, I reported that, from a sample of 75 public authorities and other bodies, I found that employees of 35 public authorities and other bodies (47%) were taxed, while employees of 39 public authorities and other bodies (52%) were not taxed. One entity (1%) had no allowances for its employees. I further reported that even commercial public entities whose budget was substantially funded by the Government were inconsistent in taxing their employees' allowances. I found that two commercial entities did not tax their employees' allowance, two taxed some of the allowances, and one entity taxed all employees' allowances.

607. I consider that there is a lack of clarity on the phrase "substantial funding by Government subvention, which creates loophole for entities to evade tax on staff allowances or to be forced to charge tax on staff allowance, while they depend on Government subvention.

608. I reiterate my recommendation that the relevant law be amended to clearly specify the threshold or criteria for classifying government institutions whose employees are eligible for exemption from tax on allowances. Such clarification would promote consistency in the application of the law and minimise disputes between entities and the Tanzania Revenue Authority



CHAPTER FOURTEEN

PERFORMANCE OF GOVERNMENT BANKS AND SOCIAL SECURITY SCHEMES AND OTHER FINANCIAL INSTITUTIONS

14.0 Introduction

609. This chapter presents the result of the audit work performed on Banks and financial institutions, focusing on their financial practices, compliance with regulations, and overall governance to ensure transparency, accountability, and the effective management of public-private resources. Banks and social security schemes play crucial roles in the economy. Banks provides essential financial services that promote economic stability and growth, At the same time social security schemes offer financial protection through benefits such as pensions and health coverage, often investing in economic projects to support future benefits.

610. This chapter covers Government owned Banks, Social Security Schemes, and Corporations, and also includes institutions involved in Tanzania's capital markets and securities, such as UTT-AMIS, Deposit Insurance Board (DIB), and Capital Market Security Authority (CMSA).

611. From the reviewed institutions for the year ended 31 December 2025, I found that TIB Development Bank, Azania Bank, Tanzania Commercial Bank (TCB), and Tanzania Agricultural Development Bank had inadequate loan management, shortfalls in the loan appraisal process, and noncompliance with Bank of Tanzania requirements, among other things.

612. Additionally, from the review of Pension Funds (PSSSF and NSSF), and Workers' Compensation Fund (WCF), I identified several weaknesses highlighting inadequate management of issued loans, mismanagement of investment property, unsatisfactory service delivery to beneficiaries, and unfruitful investments such as the Dege Eco Village project by NSSF.

613. The findings and their corresponding recommendations are as follows:

14.1 Review of Deposit Insurance Board (DIB)

614. DIB as mandated under Section 39 (1) and (2) of the Banking and Financial Institutions Act (BFIA), Cap 342 provides protection to eligible deposits to maintain

depositors' confidence in banking system. Other activities of DIB include reimbursing depositors' claims, and carrying out liquidation of failed banks and financial institutions when appointed by the Bank of Tanzania. My audit found the following:

14.1.1 Non-Payment of the Verified Depositor Claims for FBME Bank (Under Liquidation) TZS 256.22 billion

615. At Deposit Insurance Board (DIB), from the audit of the FBME Bank Ltd liquidation that started in 2017, I found that the FBME Bank Ltd had a total of 2,280 eligible depositors with total verified claims amounting to TZS 324.95 billion. These depositors include, 1,414 local and 866 foreign depositors.

616. As of 30 June 2025, I noted that out of 1,414 verified local depositors with claims amounting to TZS 19.36 billion, 975 depositors (69%) were paid a total of TZS 16.739 billion (86%). The remaining 439 depositors (31%) had not yet been paid due to incomplete documentation, pending verification, or delays administrative approval.

617. Out of 866 foreign depositors with claims amounting to TZS 308.22 billion, only 244 claims (28%) amounting to TZS 256.22 billion had been verified. Despite the verification, no payments had been made to these depositors as at 30 June 2025. The delay is attributed to coordination challenges between DIB and the Cyprus liquidator, including limited exchange of information and differing regulatory requirements affecting foreign depositors.

618. DIB committed to continuing to engage the relevant foreign Cyprus Liquidator and domestic authorities (MoF and BOT) to facilitate ongoing payments and reduce outstanding verified claims. They also committed to finalising verification and payment of the remaining local depositor claims by ensuring completion of the required claim documentation, deploying targeted follow-up mechanisms, and processing payments for verified claims without undue delay. Delays in liquidation closure continue to increase administrative costs, while the non-payment of verified foreign depositor claims amounting to TZS 256.22 billion erodes their real value due to the time value of money and the effects of inflation.

619. I recommend that Deposit Insurance Board (DIB):

- (a) Enhance coordination with the Cyprus Liquidator, Ministry of Finance, the Bank of Tanzania and relevant authorities to facilitate settlement of verified claims; and
- (b) Complete verification and settlement of the 439 unpaid local depositors through a dedicated verification team.

14.2 Review of Government Banks

14.2.1 Questionable Loans amounting to TZS 28.93 billion

620. At Tanzania Agricultural Development Bank (TADB), audit review of the approval process and assessment of borrowers' creditworthiness identified one loan amounting to TZS 12.17 billion issued between 2018 and 2022, with a number of deficiencies and non-compliant with the Bank's instituted controls as highlighted below: -

(a) Loans Exceeding Single Borrowing Limit by TZS 7.17 billion

621. Paragraph 4.2 (i) of the Tanzania Agricultural Development Bank (TADB) Credit Policy 2017 requires that the maximum exposure to family-owned institutions shall not exceed TZS 5 billion unless the institution has assets worth TZS 5 billion or more, strong corporate governance with an independent and competent board of directors, good internal control systems, and management with qualified professionals. My audit noted that TADB issued a loan amounting to TZS 12.17 billion to a family-owned company that exceeded the limit required of TZS 5.00 billion by TZS 7.17 billion contrary to Paragraph 4.2 (i) of the TADB Loan Credit Policy of 2017. Furthermore, I noted that the company did not meet the exception criteria set out in the TADB Credit Policy.

(b) Disbursed Loans without Evaluation and Registration of the Mortgages Amounting to TZS 9.58 billion

622. Paragraph 12.8.2 of the TADB Loan Policy 2017 requires the disbursement of the loan to be made immediately after the collateral documents are completed, signed and the collateral procedures are completed (collateral perfection) in accordance with the terms and conditions of the relevant loan and that all loan conditions shall be observed before the disbursement of the funds. To the contrary, TADB disbursed loans amounting to TZS 9.58 billion out of TZS 12.17 billion despite the Company's failure to comply with the terms of the Loan Agreement for submitting the collateral valuation report and mortgage registration.

623. My review of the loan status as at 31 December 2025 noted a significant increase in credit risk, arising from the borrower's difficulty in meeting its repayment obligations. Following the difficulties, the loan was classified as doubtful loan at stage 2 and then by May 2025 the loan was restructured. As at 31 December 2025 the outstanding loan balance was TZS 28.93 billion as the company has failed to service the loan. Approving loans beyond the authorised borrowing limit as well as disbursing loans without supporting collateral valuation reports and mortgage registration, indicates deficiencies in bank's internal control systems and exposes the bank to significant credit risk in the event of borrower default.

624. My further review noted that up to August 2025, the operations at the farm have been seized by the TADB while planning to engage with potential investors willing to purchase the assets but the asset will remain operationally active until the interested buyers are found. A total of 2500 out of 21,000 acres of the farm have been prepared including rehabilitation of the irrigation pivots and key machinery. In addition, 400 out of 2500 acres have been activated and planted with maize that expected to be harvested in April 2026.

625. I recommend that Tanzania Agricultural Development Bank (TADB) and its Board of Directors ensure compliance with the Bank's Lending Policy to facilitate the productivity and repayment of loans provided by the Bank.

(c) Diverted Project Funds from the Loans Issued Amounting to TZS 862.09 million

626. My review of the project document that was prepared by the Company and submitted to TADB on 14 February 2018, specified a loan requirement of TZS 12.17 billion to facilitate the Agricultural Project to the family company. The amount included TZS 4.84 billion for repayment of NMB Bank loan, TZS 3.67 billion for working capital and TZS 3.65 billion for the purchase of machinery and equipment. My audit on how the funds were spent noted diversion of funds amounting to TZS 862.09 million contrary to the approved loan agreement. Details are as **tabulated in Table 53**. This is an indication of inadequate monitoring and tracking of the loans advanced to the Company.

Table 53: Details of the loans issued to the Company

S/n	Activities	Approved amount (TZS'000)	Actual amount used (TZS'000)	Amount Diverted from Approved Loan (TZS'000)
1	Repayment of NMB Loan	4,842,606.53	5,270,162.13	427,555.60
2	Working Capital	3,674,684.63	3,629,904.94	44,779.69
3	Purchase of machinery and equipment	3,657,107.64	3,267,344.58	389,763.06
	Total	12,174,398.80	12,167,411.65	862,098.350

Source: Data extracted from TADB's Company loan file

(d) Non-servicing the loans advanced to the Company amounting to TZS 28.75 billion

627. My audit noted that the Company did not repay a loan of TZS 28.75 billion comprising principal and interest as at 31 December 2025 of which the principle was TZS 28.75 billion and interest was TZS183.56 million indicating that the company has failed to service the loan, contrary to the terms of the Loan Agreement. I noted that since August 2025 the farm that was used as a collateral of the loan was under the administration of the Bank while the bank is sourcing the potential investors to sale that farm. Based on the significant increase in credit risk as the loan has been

classified at stage 2 of doubtful loan after being un-serviced by the borrower resulted in the bank's seizure of the farm while pending for sourcing potential investors.

628. I recommend that Tanzania Agricultural Development Bank (TADB) in collaboration with the Board of Directors:

(a) Ensure that the designed and instituted loans management controls are followed, documented and loans monitoring and tracking reports are filed for future reference and decision making; and

(b) Expedite the process of sourcing the potential investors for disposing of the farm while ensuring the bank loan is full recovered.

14.2.2 Deficiency in Collateral Management and Valuation TZS 117.89 billion

629. At Azania Bank, my review of customers' credit and collateral files noted delays in updating key information in the collateral register. For five customers, the values recorded in the collateral register totaled TZS 117.06 billion, while the values in the supporting collateral documents totaled TZS 67.56 billion, resulting in a mismatch of TZS 49.50 billion. I also noted that the valuation report of one customer has been outdated since 2019. This is contrary to Section 3.2.1 (Credit Administration and Control) of the Bank's credit policy and Section 29 of the Banking and Financial Institutions Act, CAP 342. The collateral register is not only a critical input into the Expected Credit Loss (ECL) model but is also essential for effective monitoring of loan account performance and, where necessary, implementing recovery measures. Missing or incomplete documents and valuation reports pose a risk to the recoverability of loan amounts through collateral enforcement.

630. At Tanzania Agricultural Development Bank (TADB), I noted that collateral values amounting to TZS 15.55 billion were not backed by valid insurance cover as of 31 December 2025 while one loan with ID No. 1005051000317 and a collateral value of TZS 341 million, did not have valid valuation report as of 31 December 2025 which is contrary to Section 12.6.5 of TADB's Credit Policy (Custodial Duties), 2025 that require appropriate insurance coverage to be maintained (and renewed on a timely basis) on assets pledged as collateral.

631. Similarly, at Tanzania Commercial Bank (TCB), I found that 19 out of 35 loan customers had inconsistencies between collateral details recorded in the collateral register and the respective customer loan files as of 31 December 2025. The review revealed a total mismatch of TZS 37.89 billion, whereby the Force Sale Value (FSV) recorded in the collateral register was TZS 51.99 billion, while the FSV reflected in the customer loan files amounted to TZS 89.88 billion.

632. At **Tanzania Investment Bank (TIB)**, my review of five loan files totaling TZS 14.95 billion found missing or outdated collateral documents, including insurance policies, valuation reports, and land rent receipts. These gaps weaken collateral monitoring, increase credit risk, and may result in inadequate collateral coverage affecting loan classification and recoverability, contrary to Regulations 11 and 14 of the Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014, and Section 54 (a) (vii) of the Banking and Financial Institutions (Development Finance) Regulations, 2021 which requires banks to maintain collateral insurance policy and adequate and verifiable documentation for loan security and risk classification.

633. This has been triggered by inadequate updating of collateral register on regular basis and weak follow ups with customers to obtain updated valuation reports. Also, absence of electronic insurance tracker to monitor all active insurance covers and valuation expiry dates against their respective loan portfolio.

634. I recommend that Azania Bank, TCB, TADB and TIB Investment Bank:

- a) Strengthen controls over the management of pledged collaterals, ensuring that collaterals are fully insured and updated promptly after their insurance expires;
- b) Develop the electronic insurance tracker to monitor all active insurance covers and valuation expiry dates against their respective loan portfolio which will simplify the management of the loan dossiers; and
- c) Implement a robust collateral management system to ensure proper controls over updates to the collateral register, align register collateral values with customer file records, and ensure collateral values are regularly reviewed, updated, and adequately supported by documentation.

14.2.3 Insufficient Core Capital by TZS 44.43 billion and inability to settle matured obligations of TZS 373.14 billion

(i) Insufficient Core Capital by TZS 44.43 billion

635. As of 31 December 2025, TIB Development Bank's core capital was TZS 155.57 billion, falling short of the regulatory minimum of TZS 200 billion by TZS 44.43 billion contrary to Regulation 22(1) of the Banking and Financial Institutions (Development Finance) Regulations 2021, which requires a development finance institution to maintain at least TZS 200 billion in core capital. The Bank indicated that it is negotiating with the Ministry of Finance to secure an additional TZS 542 billion by 2026 to support growth.

(ii) Inability to settle matured obligations of TZS 373.14 billion

636. As of 31 December 2025, the Bank reported matured obligations amounting to TZS 373.14 billion (2024: TZS183 billion) an increase of TZS 190.14 billion (104%), while actual liquid assets maturing within 12 months stood at only TZS 1.40 billion (2024: TZS 2.84 billion) a decrease of TZS 1.44 billion (51%). Additionally, interest payable on deposits and borrowings increased from TZS 28.41 billion in 2024 to TZS 38.51 billion in 2025, an increase of TZS 10.10 billion (36%). This widening gap between matured obligations (TZS 373.14 billion) and available liquid assets (TZS 1.40 billion) signals a severe short-term liquidity strain, exposing the Bank to heightened liquidity-risk pressures and potential inability to meet maturing commitments without external support. This is attributed to Bank's challenge to collect loan repayments as planned, driven largely by non-performing loans and restructuring activities that adversely impacted cash inflows. The bank stated that it has been engaging the Ministry of Finance and earmarked institutional depositors for issuance of non-cash bonds for the conversion of short-term obligations through issuance of non-cash bonds will improve the capital position by TZS 163 billion.

(iii) Long outstanding receivable of TZS 37 billion from OTR since 2019

637. I noted a long outstanding receivable of TZS 37 billion from the Office of the Treasury Registrar (OTR) since 2019, a period of seven years now. In 2019, OTR was obligated to pay TZS 37 billion to TIB Development Bank being an amount that TIB Development Bank owed the TIB Corporate Bank Limited that ceased its operations and taken over by Tanzania Commercial Bank.

638. The significant liquidity gap exposes the Bank to multiple risks, including loss of creditors' confidence, potential increases in borrowing costs, and restricted access to additional funding. Continued non-compliance may attract regulatory scrutiny, penalties, or operational restrictions, while undermining the Bank's ability to sustain normal operations or support growth initiatives. This situation could ultimately impact service delivery, stakeholders confidence, and limit the Bank's ability to achieve its primary objectives for which it was established.

639. I recommend that Government conduct-cost-benefit analysis to evaluate whether injection of additional capital is worthwhile or transferring the activities of TIB Development Bank as a window to another Government Bank will pay off.

14.2.4 Increase in Non-Performing Loans from 22% to 29%

640. At TIB Development Bank, I noted a surge increase in non-performing loans (NPL) ratio from 22% reported in 2024 to 29% in 2025 diverging from the minimum requirement of 5% by the Bank of Tanzania. The matter is attributed to inability of

the bank to collect loans that were advanced to borrowers and few issuances of new loans due to limited capital.

641. TIB Development Bank committed to closely monitoring and following up borrowers to ensure adherence to approved repayment schedules. Further explained that the bank is finalizing takeover arrangements for one of the NPL accounts, the arrangement that will provide a sustainable solution and these measures will gradually improve the bank's NPL ratio, projected to decline to below 18% by the end of 2026.

642. I recommend that TIB Development Bank:

(a) develop and implement loans collection plan that includes prioritized account segmentation, recovery timelines, tailored restructuring options where viable, and escalation procedures to collect the outstanding loans from the borrowers as per loan agreement, and finalize the takeover arrangements for one of the NPL accounts; and

(b) where evidence of fraudulent default exists or borrowers are non-cooperative, engage appropriate government enforcement organs and legal remedies to recover outstanding amounts, ensuring all actions comply with regulatory and legal requirements and are documented.

14.2.5 Unsigned On-Lending Agreement between TADB and the Government for JICA Loan

643. On 14 January 2025, the Government of Tanzania entered into a loan agreement (Loan Agreement No. TA-P17) with the Japan International Cooperation Agency (JICA) for the Agricultural and Rural Development Two Step Loan Project, with a total facility of JPY 22.74 billion (equivalent to TZS 363.50 billion on the signing date) to be paid within 30 years. My review noted that on 18 June 2025 the first tranche, equivalent to TZS 183 billion, was disbursed to TADB for onward lending to eligible beneficiaries of which as of 31 December 2025, TZS 17.70 billion equivalent to 9.67% out of TZS183 billion had already been disbursed to customers.

644. My audit noted absence of formal on-lending agreement between the Bank and Government of Tanzania that could define the terms for managing repayment of the JIC loan, interest, foreign currency risk, and accountability of the repayment of principal and interest from borrowers. The Bank attributed the delay to outstanding discussions with the Ministry of Finance (MoF), which TADB said are scheduled for Q1 2026, after which the parties expect to finalize and sign the agreement. Absence of signed on-lending agreement leaves unclear which party bears ultimately repayment responsible, how interest and foreign-exchange risk will be managed, and how repayments from beneficiaries will be accounted for and remitted.

645. I recommend that TADB continue engaging with Ministry of Finance to conclude the ongoing discussion so that the on-lending agreement between Ministry of Finance and TADB is finalized and signed.

14.3 TIB Rasilimali Limited (TRL)

14.3.1 Unsatisfactory performance of TIB Rasilimali Limited (TRL)

646. TIB Rasilimali Ltd was initially established as Property Developers and later transformed into capital markets intermediary in the 1980s. The Company is licensed by the Capital Markets and Securities Authority (CMSA), Dar es Salaam Stock Exchange (DSE) and Tanzania Insurance Regulatory Agency (TIRA) to deal in Securities brokerage services, Investment advisories, Business valuations and Insurance Agency. TIB Rasilimali Limited (TRL) has continued making loss after tax for over five years, in 2025 reported a loss of TZS 150.15 million (2024: Loss after tax TZS 539.86 million). Also, as at 31 December 2025, the TRL’s current liabilities exceeded its current assets by TZS 1.51 billion (2024: TZS 1.44 billion), an indication of liquidity stress.

647. I consider that, the company's prospects remain uncertain due to five consecutive years of losses, placing it in a vulnerable liquidity and solvency position. This financial strain is attributed to inadequate working capital and a shift in investment preference from listed stocks to interest-bearing securities. **Table 54** illustrates the five-year trend of TRL’s losses.

Table 54: Consecutive loss making recorded by TRL for the five years

S/n	Financial Year	Profit or (loss) TZS in '000
1	2021	301,910
2	2022	456,040
3	2023	343,800
4	2024	539,860
5	2025	150,150

Source: TRL’s financial statements of 2020 to 2025

648. TIB Rasilimali Limited explained that has completed the turnaround study that was done by a team appointed by the shareholder (TIB Development Bank Ltd) of which some measures have been taken to improve performance of the company that included Secondment of two staff members from TIB Development Bank Limited to Rasilimali in January 2026 in the areas of investment advisory and accounting, enhancement of social media accounts of the company to increase visibility, introduction of invoice discount business to be implemented and commence in Q2 2026, Increased marketing and efforts in securities brokerage business and business diversification to add invoice discounting segment to company activities in quarter two of 2026.

649. I recommend that the Government take in-depth performance evaluation of TIB Rasilimali Limited and make appropriate decision which may include restructuring or merging of the Company.

14.4 Inadequate Management of the Issued Loans Resulted in Principal in Arrears TZS 4.77 billion at SELF

650. Strategic Objective 3 requires SELF Microfinance to maintain a Portfolio at Risk (PAR) of $\leq 5\%$ and a Repayment Rate (RR) of $\geq 95\%$. My audit of the performance of SELF Microfinance portfolio reviews covered TZS 53.05 billion from 13 regions found that TZS 4.77 billion was overdue principal in arrears. My further analysis as of 31 December 2024 revealed a high portfolio overdue rate of 9%, exceeding the target in strategic objective No 3 by 4%.

651. Furthermore, my audit noted that the rate of portfolio overdue is keeping on increase from 7.96% that recorded in 2023 to 9% that recorded in 2024, an increase of 1.04%. At the same time, the repayment rate in Mbeya (86.72%), Zanzibar (93.97%), Geita (90.93%), and Tanga (84.25%) fell below the required 95% threshold, raising concerns about loan recoverability.

652. The matters have been attributed to the issuance of unsecured lending products prior to policy revisions, the temporary closure of the Zanzibar branch, and challenges related to agricultural lending such as unreliable markets, price fluctuations, and seasonal variability affecting productivity.

653. SELF Microfinance explained that, it has drafted the Performance Improvement Plans (PIPs) for underperforming branches to improve PAR and RR for Financial Year 2025 which include strengthening loan appraisal process, loan visitation for monitoring and recovery, negotiating with borrowers regarding their overdue payments and exploring options for repayment or restructuring. Further emphasized that collaboration with strategic partners to mitigate Credits risks, review debt collector's performance and conduct loan monitoring and recovery coaching.

654. I am of the view these factors led to reduced liquidity, thereby may constraining the Fund's capacity to issue new loans and expand financial services to the eligible borrowers.

655. I recommend that SELF Microfinance:

a) Develop and enforce Performance Improvement Plans for underperforming branches while including the specific, measurable targets with timelines;

b) Ensure full compliance with relevant legislations and regulatory requirements governing microfinance operations in Zanzibar and elsewhere as the closure was due to non-compliance with the Financial Services Provision

Guidelines during the establishment and operation of the Zanzibar Branch; and c) For agricultural products, continue its relationship with the Tanzania Agricultural Development Bank by securing guarantees for customer with shortage of collateral and who have accepted the terms of the guarantee scheme prior to disbursement.

14.5 Performance of the Social Security Schemes

656. From the review of Pension Funds (PSSSF and NSSF), and Workers' Compensation Fund (WCF), I identified several weaknesses highlighting inadequate management of issued loans, mismanagement of investment property and unsatisfactory service delivery to beneficiaries as well as unfruitful investment. These deficiencies are detailed below:

14.5.1 Long Outstanding Loans Issued to Government Institutions by Pension Funds TZS 1.29 trillion

657. I have been reporting outstanding loans issued by pension funds to government institutions for six consecutive financial years; however, the loan balances remain significant posing significant risks to the financial stability of the pension schemes.

658. At **National Social Security Fund (NSSF)**, I found outstanding loans amounting to TZS 1.06 trillion as of 30 June 2025, unchanged from the previous year (2023/24: TZS 1.06 trillion). Of this amount, TZS 824.41 billion relates to loans extended to the Government, while TZS 235.90 billion comprises loans to corporates, companies, and Savings and Credit Cooperative Societies guaranteed by the Government.

659. At **Public Service Social Security Fund (PSSSF)**, I found the Fund had outstanding loans of TZS 231.40 billion as of 30 June 2025, unchanged from the previous financial year (2023/24 TZS 231.40 billion) due from 12 Public entities.

660. The loans of NSSF and PSSSF that were advanced have remained the same from the previous year because government have not paid and the interests were suspended. These loans remained outstanding for periods ranging from 1 to 18 years, adversely affecting the solvency of the Fund and its ability to efficiently fulfil its core functions, particularly in terms of generating investment returns and realising the time value of money.

661. I reiterate my previous recommendation that the Pension Funds should continue to closely engage and follow up with the Ministry of Finance to ensure timely recovery of all overdue loans owed by public entities. In addition, clear

recovery plans and timelines should be agreed and regularly monitored to safeguard the sustainability of the Funds and protect members' interests.

14.5.2 Outstanding Contribution Receivables from Funds' Members TZS 3.53 trillion

662. I found National Social Security Fund (NSSF) recorded contribution receivables amounting to TZS 2.08 trillion as at 30 June 2025 (2023/24: TZS 1.06 trillion) that were due for collection during 2024/25 but were not collected. Out of the prior year balance of TZS 1.06 trillion, TZS 582.63 billion (55%) had remained outstanding for more than 12 months. The matter is attributable to inadequate enforcement of statutory provisions by NSSF in the collection of contributions.

663. At the Public Service Social Security Fund (PSSSF), I noted the outstanding contribution receivables of TZS 86.81 billion recorded in 2024/25 which include TZS 54.09 (62%) billion aged more than 365 days. While, TZS 63.98 billion relates to 19 debtors. The increase in contribution receivables from these entities indicates inadequate remittance of statutory contributions. For instance, contributions due from the Tanzania Zambia Railway Authority (TAZARA) increased to TZS 13.12 billion in 2024/25 from TZS 10.77 billion recorded in 2023/24, reflecting an increase of TZS 2.35 billion.

664. Further, at the Workers Compensation Fund (WCF), I noted contribution receivables amounting to TZS 59.45 billion as at 30 June 2025 (2023/24: TZS 56.48 billion). My audit analysis further revealed that TZS 30.24 billion of the total receivables had been outstanding for more than one year, representing 51% of total contribution receivables. The matter is attributable to inadequate enforcement of statutory provisions by WCF in the collection of contributions. Non-collection of eligible contributions weakens the liquidity of the Funds and may constrain their ability to meet benefit obligations on time.

665. I recommend that National Social Security Fund, Public Service Social Security Fund, and Workers Compensation Fund continue engaging with the members and encourage them to sign settlement deeds that include a payment plan of the outstanding contributions as this approach will ensure commitment from the members to settle the outstanding arrears in a structured manner.

14.5.3 Encroachment of Dege Eco Village Project Land valued at USD 547,044.50 (TZS1.41 billion)

666. Dege Eco Village is a Project that was implemented through a Joint Venture Agreement between NSSF and Azimio Housing Estate Limited, which was suspended in March 2016 following regulatory concerns raised by then Social Security Regulatory Authority (SSRA) and BoT.

667. My review of the Dege Eco Village Project revealed that encroachers have illegally occupied land totalling 92,770.39 m². Further, I identified that NSSF, through the Government Valuer, has determined the value of encroached land at USD 547,044.5 (TZS 1.41 billion). These weaknesses were mainly due to inadequate management and monitoring of its land, resulting in encroachment.

668. NSSF explained that it is collaborating with the Kigamboni Municipal Council for boundary recovery of an encroached piece of land. Discussions are also ongoing, as NSSF will meet with local Government leaders regarding the agenda on the encroached land. The audit considered that if NSSF does not exercise its ownership rights, it is highly likely to lose the encroached parcel of land, which would ultimately result in a loss to the Fund.

669. I recommend that NSSF speed up actual demarcations of encroached land and then repossession of all encroached land at the peril of the encroachers.

14.5.4 Absence of an Effective Mechanism for Tracking Processing of Claims for Social Security's Beneficiaries

670. My review of the benefit claims submitted to National Social Security Fund (NSSF) found an absence of effective mechanism in place to systematically track, document, or escalate delays in the processing of benefit claims. My further analysis revealed that 32 out of 173 benefit claims were processed and paid between 36 and 309 days after the claimants have submitted the required forms and supporting documents which as to be verified for authenticity and eligibility, reflecting delays ranging from 6 to 279 days. This is contrary to Para 3.3.1(i) of the NSSF Benefit Claim Management Manual (2022), which requires complete claims to be processed within 30 days once approved the entire process expected to be completed within 30 days of lodging the claim. NSSF informed me that it has initiated project to automate the benefit claims management process and it is in the final stage as expected to be completed in February 2026.

671. My audit of Workers Compensation Fund (WCF) based on 4,254 registered claims during the financial year 2024/25 noted a delay for claims validation for a period ranging from 30 to 2,272 days contrary to Para 4.0 of the WCF Claims Management Manual, 2022 which requires that complete claims be processed within 30 days of approval. The entire process is expected to be completed within 30 days of lodging the claim. NSSF informed me that it has initiated a project to automate the benefit claims management process, which is in the final stage and expected to be completed in February 2026.

672. My review of benefits payables processed by Public Service Social Security Fund (PSSSF) noted delays in payment of benefits to beneficiaries including benefits

that existed since merging of the Funds in 2018. Unpaid benefits TZS 994.04 million have remained unsettled since 2018, a period of eight years (Table 55). This issue has arisen due to ineffective communication between the Fund and beneficiaries after the end of their employment from the ceased pension funds of PPF, LAPF, PSPF and GEPF, leading to delays in benefit settlement.

Table 55: Unpaid benefit

S/n	Benefit type	Outstanding amount TZS '000
1	Survivorship benefit	324,406.16
2	Withdraw benefits	277,149.38
3	Retirement benefits	239,919.47
4	Contribution refund	96,333.67
5	External recoveries	30,421.05
6	Maternity benefit	17,413.64
7	Education benefits	6,453.06
8	Unemployment benefits	1,952.95
Total		994,049.39

Source: Retirement benefit schedules 2024/25

673. Unpaid and delayed benefit payments have significant implications for the welfare of beneficiaries. Prolonged validation periods hinder the timely settlement of claims, potentially causing financial hardship to affected beneficiaries and posing a reputational risk to the Fund.

674. I recommend that:

- (a) NSSF, PSSSF and WCF appoint a dedicated desk officers to ensure the claims are validated within the prescribed timeframe;
- (b) WCF to Plan and conduct training and awareness campaigns to the employers and employees to bridge the knowledge gaps in filling the claims forms and supporting documentation; and
- (c) WCF and NSSF to speed up automating the claim management system for tracking and monitoring claim status, flagging delays, and triggering escalation procedures.

14.5.5 Unregistered Employers and Limited Data Integration at WCF

675. Section 71 of the Workers' Compensation Act, Cap 263 provides that all employers are required to register with the WCF and remit contributions. My review of WCF's Action Plan for 2024/25 revealed that WCF conducted a joint data exchange program with TRA and NSSF, which identified 4,579 unregistered employers in the WCF database. Further audit analysis across 31 regions noted that Dar Es-Salaam led with 2,275 unregistered employers, followed by Arusha with 276 and Mwanza with 211.

676. WCF relies primarily on data from TRA and NSSF, while overlooking other key institutions such as BRELA, OSHA, Regulators, and Local Government Authorities,

limiting its ability to maintain a comprehensive nationwide list of employers. The matter has been caused by inadequate enforcement of the law and the absence of Memorandum of Understanding (MoU) with key stakeholders. WCF informed me that it plans to expand collaboration with other stakeholders and is in discussions with NSSF to implement system automation, which will enhance data interface between the two institutions and enable WCF to retrieve employers' particulars.

677. I recommend that Workers' Compensation Fund:

- (a) Explore all the opportunities of key stakeholders and enter into Memorandum of Understanding (MoU), to facilitate regular and comprehensive data exchange; and**
- (b) Fast-track the integration of the systems with the National Social Security Fund to exchange members' data.**

CHAPTER FIFTEEN

PERFORMANCE OF TOURISM SECTOR

15.0 Introduction

678. This chapter discusses the tourism sector in Tanzania, which plays a significant role in the national economy. As one of the country's key industries, tourism contributes substantially to GDP, foreign exchange earnings, and job creation. Tanzania is known for its rich cultural heritage, natural beauty, and iconic wildlife, including Tanzania National Parks (TANAPA) that manages 21 national parks; the Ngorongoro Conservation Area Authority (NCAA), which oversees three areas: the conservation area, Poloeti Game Reserve, and Olduvai Gorge, and the National Museum of Tanzania (NMT).

679. Tourism sector recorded impressive performance in 2024/25 as evidenced by an increase in revenue collection by TZS 148.85 billion (26%) from TZS 575.84 billion reported in 2023/24 to TZS 724.69 billion in 2024/25. Despite the remarkable achievements, the sector faces several challenges.

680. I found, alarming incidents in illegal poaching of wild animal that involved deaths of 607 wild animals from 1,962 death incidents reported in 2024/25, shortcomings in service offered by the national parks due to inadequate elegant facilities, limited visibility of tourism attraction sites, incursion of livestock at National Parks and Conservation Area, human-wildlife conflict, and non-operationalization of exhibition of National Museum's projects.

681. The findings and their corresponding recommendations are as follows:

15.1 Deficiencies in Management and Control of Wild Animals in National Parks

15.1.1 Alarming Illegal Poaching in National Parks and Conservation Area Results in 607 Wildlife Deaths

682. TANAPA's Law Enforcement and Strategic Annual Performance Report of 2024/25 which covered 10 National Parks recorded 1,962 illegal poaching incidents that involved 577 wild animal deaths. The worst of the recorded cases was at the

Serengeti National Park where 186 poaching cases were reported with 325 wild animals’ deaths representing 56% of the deaths for 10 National Parks (Table 56).

Table 56: List of Park’s poaching incidents

S/n	Name of the park	No. of poaching cases	No. Wild animal deaths
1	Nyerere National Park	448	65
2	Mkomazi National Park	431	39
3	Tarangire National Park	9	11
4	Saadani National Park	109	56
5	Mikumi National Park	87	21
6	Ruaha National Park	436	50
7	Serengeti National Park	186	325
8	Katavi National Park	135	0
9	Lake Manyara National Park	77	0
10	Arusha National Park	44	10
Total		1,962	577

Source: Annual Performance Reports, 2024/25

683. At the same time, my review of the NCAA’s Annual Performance Report 2024/25 noted 73 illegal poaching incidents. The report showed 30 wild animals that were killed including lion at Kleins area, and an Elephant at Malambo Area.

684. Despite deploying modern technologies, like drones and radio-tracking devices to monitor wildlife and deter illegal activities, challenges persist due to inadequate funding of the anti-poaching operations and ineffective enforcement of existing wildlife laws intended to protect wild animals from illegal poaching. For instance, Section 86(2)(a) of the Wildlife Conservation Act, Cap. 283 impose a sentence either imprisonment for a term of not less than five years but not exceeding fifteen years or a fine of not less than twice the value of the trophy or to both or fines for offences involving trophies valued up to one hundred thousand shillings; of which, the audit considers the fines to be inadequate and therefore contribute to persistency of the illegal activities.

685. I was informed that the Ministry of Natural Resources and Tourism is currently reviewing existing wildlife conservation regulations to identify gaps and strengthen enforcement mechanisms. Furthermore, the Authority is enhancing its collaboration with law enforcement agencies to ensure effective enforcement of wildlife laws to curb illegal activities, including illegal poaching.

686. Illegal poaching of wild animals undermines the sustainability of National Parks and Conservation Areas, diminishes their tourism value, and disrupts ecosystems.

687. I recommend that the Government in collaboration with the Tanzania National Parks, Ngorongoro Conservation Area Authority and the Ministry of Natural Resources and Tourism:

- (a) Ensure stringent measures are instituted including enforcement of the existing wildlife laws to protect the wild animals;
- (b) Increase budgetary allocation for anti-poaching operations to support patrols, surveillance equipment, intelligence gathering, and ranger capacity building; and
- (c) Review Wildlife Conservation Act, Cap.283 to include stringent measures and fines for persons involved in the poaching of wild animals.

15.1.2 Human-Wildlife Conflicts Involved 1,995 Incidents

688. The TANAPA’s Law Enforcement and Strategic Annual Performance Report of 2024/25 from 10 national parks recorded 1,783 cases of human-wildlife conflicts. These involve interactions between people and wild animals, which may arise due to various factors including, but not limited to, competition over limited resources resulting in adverse consequences for both humans and wildlife. Human wildlife conflicts is one of the main threats to a sustainable biodiversity conservation and well-being of the people in areas in the vicinity of protected areas; the adverse includes animals invading farms, killing humans, destroy property such farms, crops across 237 villages. The summary records of human wildlife conflicts is presented in the Table 57.

689. At the NCAA human-wildlife conflicts registered a total of 212 human-wildlife conflict incidents. These incidents led to 35 wild animals’ deaths. These cases included crop damage, property destruction, injuries and deaths.

690. The matter has been attributed to human activities along protected area boundaries; and the absence of physical barriers in most areas affected by human-wildlife conflict.

Table 57: Parks' human-wildlife conflicts

S/n	Name of park	No. of conflicts	No. of villages
1	Nyerere National Park	512	61
2	Mkomazi National Park	377	43
3	Tarangire National Park	55	4
4	Saadani National Park	221	18
5	Mikumi National Park	272	27
6	Ruaha National Park	29	13
7	Serengeti National Park	73	12
8	Katavi National Park	61	9
9	Lake Manyara National Park	59	38
10	Arusha National Park	124	12
Total (A)		1,783	237

S/n	Name of park	No. of conflicts	No. of villages
	Ngorongoro Conservation Area (NCA) (B)	212	35
	Grand total (A+B)	1,995	272

Source: Law enforcement and strategic annual performance reports, 2024/25

691. TANAPA & NCAA management reported that they were addressing human-wildlife conflict through ongoing land-use planning education for communities near park boundaries. In collaboration with the Ministry of Natural Resources and Tourism, management has begun providing deterrent tools to communities and constructing ranger posts in conflict-prone areas to enhance response time and enforcement.

692. Unmanaged human-wildlife conflicts threaten key species, undermine park values, and weaken community trust in conservation efforts.

693. I recommend that Tanzania National Parks and Ngorongoro Conservation Area Authority, in collaboration with the Ministry of Natural Resources and Tourism:

- (a) Strengthen land-use training programs for communities near park boundaries;
- (b) Ensure the availability of deterrent tools and construct ranger posts in areas most affected by human-wildlife conflict; and
- (c) Establish physical barriers between wildlife and human settlements.

15.1.3 Persistent Livestock Incursion in National Parks and Conservation Area

694. Section 21(1) of the Wildlife Conservation Act, Cap. 283 prohibits grazing of livestock in any game-controlled area without obtained written permission of the Director of Wildlife.

695. In 2024/25 TANAPA and NCAA experienced an incursion of livestock in the national parks and controlled areas to the level of 57,008 compared to 42,309 livestock registered in 2023/24, an increase of 14,699 livestock that involved 14 parks and conservation areas (Ngorongoro Conservation Area and Pololeti Game Reserve).

696. Whereas TANAPA registered the incursion of 43,707 livestock in 2024/25 compared to 25,808 that registered in 2023/24. This was an increase of 17,899 livestock equivalent to 69% increase. The livestock incursion at NCAA was 13,301 in 2024/25 while in 2023/24 was 16,105 with a slight decrease of 2,857 livestock. Details are presented in the Table 58.

Table 58: Details of livestock incursion in national parks and conservation area

S/n	Name of National Parks/ Conservation Areas	Livestock (2024/25)	Livestock (2023/24)
1	Ruaha National Park	16,822	5224
2	Burigi - Chato National Park	9,953	10,598
3	Nyerere National Park	4,649	2,387
4	Saadani National Park	2,291	65
5	Mikumi National Park	2,075	-
6	Mkomazi National Park	2,060	1,705
7	Serengeti National Park	1,931	3,138
8	Katavi National Park	1,926	397
9	Tarangire National Park	680	832
10	Lake Manyara National Park	443	322
11	Mahale Mountains	427	637
12	Ugalla River National Park	204	118
13	Ibanda-Kyerwa National Park	124	130
14	Arusha National Park	122	255
Sub-Total National Parks (A)		43,707	25,808
1	Pololeti Game Reserve	9910	15786
2	Ngorongoro Conservation Area	3,391	715
Sub-Total Conservation Areas (B)		13,301	16,501
Grand Total (A+B)		57,008	42,309

Source: Forfeited livestock report in 2024/25

697. TANAPA and NCAA stated that they are conducting awareness campaigns targeting local communities to emphasize the importance of wildlife conservation, the legal implications of illegal grazing, and the adoption of sustainable land use practices. These initiatives aim to minimize encroachment into protected areas.

698. I am of the view that the continuous of livestock incursion in the national parks has a number of negative impacts on the flourishing of the national parks such as sustainability of ecology, spread of invasive species and spread of diseases to wild animals.

699. I recommend that Tanzania National Parks and Ngorongoro Conservation Area Authority, in collaboration with the Government and other stakeholders, enhance community education programs to raise awareness about the importance of national parks and conservation area for national development.

15.1.4 Wide and Rapid Spread of Invasive Species beyond the National Parks Control and Management

700. I have previously raised concerns over the spread of invasive species and recommended that the Government declare the invasion as a matter of national concern and involve all stakeholders in eliminating, controlling, and preventing its presence within the Ngorongoro Conservation Area, National Parks, and other tourists' areas countrywide. I have been reporting on this issue for five consecutive

financial years, yet no significant efforts have been made by the Government to fully address it.

701. Besides the consistent reporting on the challenge of invasive species in five years in a row but I continued to notice the persistence of the challenge. In 2024/25 my evaluation performance review of 11 national parks noted that the invasive species were addressed reactively mode rather than proactively. National Parks are focusing on physical measures such as cutting and burnings rather than using the preventive measures which are scientific methods. TANAPA explained that it is preparing an Invasive Species Management Programme (ISMP), which will include various preventive measures such as vehicle decontamination stations at strategic park entrances. Further, TANAPA elaborated that, in collaboration with Ministry of Natural Resources and Tourism, Tanzania Wildlife Research Institute, and relevant training institutions, it plans to mobilize both financial and technical resources.

702. I believe that the aforementioned efforts will support invasive species prevention, habitat restoration, and public awareness programs, thereby enhancing ecosystem protection and sustainable park management.

703. I reiterate my recommendation that:

(a) Government declares the challenge of invasive alien species as a “national disaster” and ensure stakeholders at all levels are taken on board to eliminate, control and prevent the existence of the invasive plants within Ngorongoro Conservation Area, National Parks and other invaded areas countrywide; and

(b) Tanzania National Parks speed up preparing an Invasive Species Management Programme while involving other key stakeholders and then implement it holistically at the national level.

15.2 Inadequate Tourism Infrastructure and Services in National Parks

15.2.1 Need for Improvement of Visitor Service Facilities

704. I observed that TANAPA is implementing projects to improve more visitor services, including toilets and rest houses. However, 18 projects across four national parks (Serengeti, Kilimanjaro, Tarangire, and Arusha) with a total contract value of TZS 12.89 billion experienced delays of over one year as of July 2025. As of 28 November 2025, only TZS 5.61 billion (44% of the contract sum) had been spent.

705. Also, I found these parks had 12 abandoned projects for periods between 14 January 2022 and the time of my audit in November 2025 due to delays in

payments to contractors. As of November 2025, a total of TZS 2.69 billion had been spent out of the total contract value of TZS 4.81 billion.

706. Delays in completion of the projects were primarily due to insufficient release of project funds by the Ministry of Finance (MoF), coupled with challenges related to Other Charges disbursement versus existing organizational commitments. I was informed that the new arrangement under the Finance Act, 2025, allowing TANAPA and the Ngorongoro Conservation Area Authority to retain 51% of their collections, may help mitigate these financial constraints. Inadequate facilities within the national parks and the NCAA might compromise the service quality to the tourist and affect growth of the sector.

707. I recommend that Ministry of Finance remit the allocated funds to Tanzania National Parks and Ngorongoro Conservation Area Authority to support timely implementation of planned projects as per the new financing arrangement in the Finance Act, 2025.

15.2.2 Inadequate Maintenance of Road Network in the Parks

708. In my general report of 2023/24, I raised concerns over the inadequate parks infrastructures funding and recommended to the Government to prioritize infrastructure development in National Parks and conservation areas by considering returning revenue collection to the National Parks and that arrangement will smooth Parks' infrastructures management. In response to my recommendation, the Government through sections 84 and 88 of the Finance Act, 2025 amended sections 9 and 12 of the National Parks Act, Cap 282 and the Ngorongoro Conservation Area Act, Cap 284 respectively to authorize TANAPA and Ngorongoro Conservation Area Authority to retain 51% of its gross revenue (exclusive of VAT) with effect from 1 July 2025. The retained funds are held in special accounts at the Bank of Tanzania (BoT) and are disbursed upon approval by the Paymaster General to ensure they are used for park operations.

709. The revenue retention rate is expected to improve funding to the park's operations from the financial year 2025/26. However, for the year ended 30 June 2025, I continued to observe inadequate road network maintenance across 11 national parks with a roads network of 13,858 km. The parks managed to maintain only 3,295.20 km, equivalent to 24% of the planned maintenance, while 10,562.8 km were not maintained for a period ranging from one to two years (Table 59) due to the budget constraints.

Table 59: Unmaintained roads in parks

S/n	Name of park	Roads network in km	Maintained roads in km	Non-maintained roads (km)
1	Serengeti	3580.9	1073.9	2507
2	Kilimanjaro	123.4	38	85.4
3	Mkomazi	801	125	676
4	Tarangire	754.3	269.1	485.2
5	Saadani	76.2	4	72.2
6	Arusha	83.3	40.4	42.9
7	Mikumi	358	134	224
8	Nyerere	4,484	1079	3405
9	Ruaha	2,584	97	2,487
10	Katavi	738	299	439
11	Lake Manyara	274.9	135.8	139.1
Total		13858	3295.2	10562.8

Source: Infrastructure Department Parks Reports, 2024/25

710. In my view, unmaintained road network in national parks lead to long travel times, discomfort, and negative visitor experiences. This might discourage visitors from returning or recommending the parks, ultimately may have an impact for global national parks rankings based on the visitors’ experiences extracted from the travel platforms. It also increases maintenance costs for vehicles and park infrastructure and limit the ability to respond quickly to emergencies.

711. I recommend that Ministry of Finance ensure retained revenue is disbursed to the parks in a timely manner to facilitate effective management and maintenance of park’s infrastructure.

15.3 Non-Demarcating Park’s Boundaries

712. I found that Nyerere National Park and Arusha National Park have not installed beacons to their demarcations to prevent park boundaries from encroachments.

713. TANAPA reported that park boundary demarcation works were suspended pending compensation funds from the Treasury for Nasula Village’s residents who are required to vacate land designated for incorporation into Arusha National Park, which will result in revised park boundaries and new demarcation. In addition, demarcation at Nyerere National Park was temporarily halted to allow for a Government Notice review following boundary changes; the review has now been completed and the new notice issued.

714. Failure to install proper park demarcations increases the risk of encroachment by surrounding communities, which may lead to illegal settlements, deforestation, poaching, and conflicts between park authorities and local residents.

715. I recommend that Tanzania National Parks in collaboration with the Ministry of Natural Resources and Tourism speed up Nasula Village’s people compensation and set aside budget for beacons installation so that to protect the demarcations of the national parks.

15.4 Non-utilization of Mount Lolmalasin as a Tourism Product

716. One of the tourism attractions managed by the Ngorongoro Conservation Area Authority (NCAA) is Mount Lolmalasin, which rises to approximately 3,700 meters above sea level and is the third-highest mountain in Tanzania after Mount Kilimanjaro and Mount Meru.

717. My inquiries with management revealed no tourism activities were being conducted on this mountain. In addition, I found the absence of strategic objectives, plans, or initiatives to promote Mount Lolmalasin as a potential new tourism product. Management has prioritised the existing Ngorongoro Crater, which attracts many tourists and generates sufficient revenue for the Authority, while other attraction sites such as Mount Lolmalasin receive limited attention.

718. NCAA explained that on the commitment of promoting all tourism attractions within NCA, including Mount Lolmalasin as it is currently reviewing its Five-Year Tourism Marketing Plan of which Mt Lolmalasin will be featured in the forthcoming Marketing Plan. I am of the view that, the world of tourism has massively changed as the tourists prefer to purchase the tourism package for visiting various tourism attraction sites and therefore promoting Mt Lolmalasin is an added advantage to attract more tourists and in turn earn revenue.

719. I recommend that Ngorongoro Conservation Area Authority:

(a) Develop a tourism product plan by conducting feasibility and market studies to design sustainable activities around Mount Lolmalasin, including guided hikes, trekking routes, and cultural tourism experiences; and

(b) Set clear timelines by developing and implementing an action plan with measurable milestones for introducing tourism activities on Mount Lolmalasin.

15.5 Non operationalization of the Reptile and Tembo Exhibition Projects at the National Museum of Tanzania

720. National Museum of Tanzania (NMT) was advanced with TZS 2.45 billion through Tanzania COVID-19 Recovery Plan for development projects including Reptile Exhibition project and Tembo Exhibition project Phase II. My review of the projects found the project was completed since June 2023, a period of 30 months as at 31 December 2025 but has not been operationalized due to the issue of financial difficulties facing the Museum.

721. Also, I noted Tembo Exhibition Phase II Project is at hold as was supposed to commence on 24 January 2024 and be completed on 23 May 2024 a duration of four months. Phase II activities include constructing statues of selected animals, such as buffalo, gazelle, large deer, porcupine, and various bird species; skinning and placing these animals in designated exhibition areas that all together will cost TZS 151.56 million.

722. NMT stated that the completion of Phase I of the Reptile exhibition project was on the building structures and therefore additional funding was required to commence Phase II, which includes reptile acquisition and capacity-building programmes on reptile husbandry. NMT intends to solicit funds for phase II from the Tanzania Development Levy Fund in the budget of 2026/27.

723. Delay in operationalization of Exhibition Projects limit timely achievement of intended objectives of attracting the visitors to the National Museums of Tanzania.

724. I recommend that National Museum of Tanzania solicit funds and the same to be included in the budget of 2026/27 to ensure Reptile and Tembo Exhibition Phase II Projects are completed and operationalized.

CHAPTER SIXTEEN

PERFORMANCE OF WATER AUTHORITIES

16.0 Introduction

725. This chapter focuses on Water Supply and Sanitation Authorities, which are vital institutions of Tanzania’s national economy and public health infrastructure. Access to clean and reliable water supply, together with proper sanitation services is fundamental for improving living standards, supporting economic development, and ensuring the well-being of communities. These authorities play a critical role in the sustainable management of water resources, providing safe drinking water, and ensuring effective wastewater treatment in both urban and rural areas. The performance of Water Supply and Sanitation Authorities (WSSAs) is measured and assessed against agreed benchmarks established by the Ministry of Water and monitored by the Energy and Water Utilities Regulatory Authority (EWURA). These benchmarks are designed and intended to promote the consistent delivery of high-quality, dependable, reliable, and sustainable water and sanitation services across the country.

726. The key performance indicators encompass areas such as customer service and protection, the sustainability of water services, financial viability, revenue collection efficiency, control of operational costs, infrastructure development, environmental sustainability, management of Non-Revenue Water, and expansion of water sources.

727. Despite the Government’s ongoing efforts to improve water and sanitation service delivery, significant challenges remain, including delays in water projects implementation, a high level of non-revenue water, persistent water supply shortages, and weaknesses in water billing, and customer service management.

728. This chapter outlines the main performance gaps identified among 35 WSSAs and offers recommendations to enhance service delivery and operational effectiveness as follows:

16.1 Persistent shortages of Water Supply of 598,734.35 cubic meters per day in 28 WSSAs

729. Among the mandates of the Water Supply and Sanitation Authorities (WSSAs), as stipulated under section 20 of Water Supply and Sanitation Act, 2019 is the provision of safe, sufficient, and adequate water and sanitation services. Notwithstanding this obligation, the communities continue to experience persistent water shortages. The aforementioned anomaly is the result of delays in implementing infrastructure projects, inadequate funding, pumping system inefficiencies, old water wayleave networks, and frequent pipe bursts, with high-demand and elevated areas most affected.

730. In the 2024/25 financial year, 28 WSSAs experienced daily water shortages that ranged from 7% to 85% of demand (2023/24: 33 WSSAs recorded shortages ranging from 30% to 77%). The total water shortage was approximately 582,612.14 cubic meters per day. Of these, 13 WSSAs faced severe shortfalls of 50% or more. Notably, Bariadi WSSA recorded a severe shortage averaging more than 85% below the daily demand requirement, as shown in **Table 60**.

Table 60: Details of water supply shortages

S/n	WSSAs	Demand (M3 per day)	Actual Production (M3 per day)	Water Shortage (M3 per day)	Water Shortage (M3 per day) in %
1.	Bariadi	17,692.37	2,640.34	15,052.03	85
2.	Makambako	11,038.50	2,454.13	8,584.37	78
3.	Babati	36,089.97	13,678.48	22,411.48	62
4.	Ngara	4,591.58	1,840.71	2,750.87	60
5.	Songea	21,277.89	8,802.58	12,475.31	59
6.	Namtumbo	2,330.20	986.00	1,344.20	58
7.	Morogoro	104,693.90	44,437.46	60,256.44	58
8.	Masasi Nachingwea	14,385.00	6,672.00	7,713.00	54
9.	Kyela Kasumulu	9,833.00	4,588.00	5,245.00	53
10.	Karatu	9,022.00	4,201.80	4,820.20	53
11.	Njombe	8,310.00	3,890.80	4,419.20	53
12.	Singida	24,889.00	11,500.00	13,389.00	53
13.	Sumbawanga	13,000.00	6,437.00	6,563.00	50
14.	Dodoma	149,000.00	79,000.00	70,000.00	47
15.	Mtwara	22,202.00	12,388.00	9,814.00	44
16.	Mwanza	179,469.00	104,576.90	74,892.10	42
17.	Arusha	136,212.23	82,708.06	53,504.17	39
18.	Nzega	4,832.00	3,000.00	1,832.00	38
19.	Bukoba	16,500.00	11,500.00	5,000.00	30
20.	Mbeya	66,301.37	49,013.70	17,287.67	26
21.	Mpanda	6,252.80	4,720.05	1,532.75	25
22.	Dar es salaam	685,677.00	534,600.00	151,077.00	22
23.	Tukuyu	6,154.15	4,952.03	1,202.12	20
24.	Tanga	46,544.00	37,605.00	8,939	19
25.	Moshi	74,023.00	63,055.00	10,968.00	15
26.	Kashwasa	78,325.56	70,329.01	7,996.54	10
27.	Iringa	22,621.00	20,689.63	1,931.37	9
28.	Tabora	21,594.45	19,983.13	1,611.32	7
Total		1,792,861.97	1,210,249.81	582,612.14	42

Source: WSSAs Performance reports 2024/25

731. These persistent shortages expose fundamental structural and operational weaknesses, leading to unreliable service targets, and making it difficult to ensure a reliable water supply to the communities.

732. I recommend that the Government in collaboration with the Ministry of Water implement a comprehensive water resilience strategy that ensure a reliable and suitable water supply by timely implementing water infrastructure projects, establishing adequate and sustainable funding, rehabilitating and upgrading ageing water networks and pumping systems, and strengthening maintenance systems with Key Performance Indicators to reduce pipe bursts and operational inefficiencies.

16.2 Inefficiencies for Connections of New Water Customers

733. Regulation 54(1) (b) and paragraph 2(i) of the First Schedule to the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, and the Client Service Charters of Water Supply and Sanitation Authorities (WSSAs) provide that new water connections are required to be completed within seven working days after full payment.

734. My review found an improvement in the provision of new water connections compared to the previous financial year (2023/24). However, some customers still experienced connection delays far exceeding the seven working days, days set in the rules and the Client Service Charter, with extreme cases reaching up to 479 days, indicating persistence of the cases from 2023/24 when delays of up to 1,036 days were reported. The details are as shown in **Table 61**.

Table 61: Delayed new water connection to customers

S/n	WSSA	No. of Applicants Affected	Time Delay (Days)
1	Babati	123	1 - 479
2	Kahama	588	100-214
3	Bariadi	123	1 - 180
4	Same Mwanga	640	1 - 146
5	Makambako	51	11 - 104
6	Arusha	41	11 - 69
7	Njombe	11	15 - 53
8	Mpanda	10	35 - 39
9	Karatu	32	2 - 38

Source: WSSAs Billing Reports of 2024/25

735. Furthermore, my review found that, as of 30 June 2025, 620 customers - 588 in Kahama and 32 in Same-Mwanga WSSAs were not connected with water for a period ranging from one to 214 days.

736. These delays indicate inefficiencies in service delivery, which not only hinder timely access to water for new customers but also result in lost revenue that would have been generated from prompt connections.

737. I recommend that the respective WSSAs improve meter and fitting availability through more effective demand forecasting.

16.3 Inefficiencies in the Billing Process

738. Rules 14(1) and 20(3) (a) (c) of the Water Supply and Sanitation (Quality of Service) Rules, 2016 require licensees to regularly read customer meters to ensure that water bills are accurate, timely, verifiable, and issued within 30 days of the end of each billing period. However, the audit found weaknesses in billing practices across several Water Supply and Sanitation Authorities (WSSAs) as follows:

(a) Unbilled Customers with Outstanding Balances amounting to TZS 3.80 billion

739. A total of 23,993 customers across six WSSAs, with outstanding receivables from previous bills amounting to TZS 3.80 billion, were not billed during the financial year 2024/25 as detailed in Table 62.

Table 62: Unbilled customers with outstanding balances

S/n	WSSAs	No. of Unbilled Customers	Outstanding Balance-TZS '000
1	Dar Es salaam	11,723	1,482,056.06
2	Mwanza	8,730	1,637,601.58
3	Mtwara	2,254	658,414.11
4	Makambako	1,286	24,633.56
	Total	23,993	3,802,705.31

Source: WSSAs Management Letters 2024/25

740. At Mtwara WSSA, 2,254 metered customers had not undergone the meter reading process over three years, yet their accounts remained inactive in the billing system without being verified.

(b) Prolonged Use of Estimated Billing

741. The audit also identified excessive use of estimated (average) billing for long periods, often without implementing corrective measures. In three WSSAs, customers were billed based on estimates for up to 12 months due to faulty or stagnant meters. This practice violates Rule 7 of the Water Supply and Sanitation (Quality of Service) Rules, 2016, which limits the issuance of estimated bills to maximum of three consecutive months or three times within 12 months, as presented in Table 63.

Table 63: Details of Prolonged Estimated (Average) Billing

S/n	WSSAs	No. of Customer	Billed Units	Billed Amount-TZS '000	No. Months Billed on Average
1	Dar Es salaam	912	120,628.29	200,604.36	6
		30	6,216.85		12
2	Mwanza	393	83,662	103,317.98	4 above

S/n	WSSAs	No. of Customer	Billed Units	Billed Amount-TZS '000	No. Months Billed on Average
Total				303,922.34	

Source: WSSAs Performance Reports 2024/25

742. At Nzega WSSA 209 instances of meter reading discrepancies were identified, where current readings did not match with previous months' records, raising concerns about billing accuracy and reliability.

743. Billing inefficiencies were driven by ineffective meter monitoring, delayed repairs, outdated infrastructure, inaccurate customer records, and inadequate system integration and therefore the deficiencies increase the possibility of revenue loss and inaccurate billing.

744. I recommend that WSSAs address these issues by improving meter management, limiting prolonged estimated billing, reconciling billing, updating infrastructure and verifying customer records.

16.4 Increasing WSSAs' Trade Debts amounting to TZS 158.40 billion

745. Water Supply and Sanitation Authorities (WSSAs) have established credit control policies requiring customers to settle their bills within 30 days, with disconnection after 90 days of non-payment. Despite these measures, I identified that the outstanding receivables increased by TZS 7.62 billion to TZS 158.40 billion across 35 WSSAs compared to the previous financial year (TZS 150.78 billion:2023/24) (Appendix XI). The increase in the debt levels is constraining cash flow and affecting the authorities' ability to meet operational costs and implement planned activities.

746. Three WSSAs; Dar es Salaam, Kahama-Shinyanga, and Mwanza collectively account for 59% of the total outstanding receivables amounting to TZS 93.40 billion out of TZS 158.40 billion.

747. DAWASA reported gross trade receivables of TZS 67 billion, representing 42% of all receivables in the FY 2024/25 (TZS 67.01 billion out of TZS 158.40 billion). In addition, DAWASA reported 23,148 customers with unpaid bills totalling TZS 7.92 billion during 2024/25, despite continued billing of TZS 1.96 billion. The defaulters include government institutions, accounts with faulty meters, non-disconnected accounts, and vacant properties.

748. KASHWASA, a bulk water supplier, had outstanding receivables of TZS 18.02 billion, of which TZS 15.36 billion was owed by Seven WSSAs (2023/24: TZS 14.02 billion), reflecting an increase of TZS 1.34 billion (10%). The rising receivables indicate continued non-settlement of water bills by WSSAs, posing a significant threat to KASHWASA's operational sustainability. This situation has constrained its

ability to settle long-outstanding electricity arrears totalling TZS 6.45 billion owed to Tanzania Electric Supply Company Limited (TANESCO), which has issued a disconnection notice should the arrears remain unpaid. Similarly, as of 30 June 2025, DAWASA had an outstanding electricity bill payable to TANESCO amounting to TZS 23.63 billion, with some of the bills having remained unpaid for more than nine years; and

749. DUWASA, reported TZS 929.79 million of debts older than one year owed by public institutions mostly the Police, Prisons, Hospitals, and JWTZ which frequently delayed invoice settlements.

750. These trends highlight ongoing weaknesses in debt recovery and credit management across WSSAs.

751. I recommend that the Government through WSSAs consider modernising billing systems by introducing prepaid meters for public institutions, settling outstanding arrears, strengthening credit control and debt recovery mechanisms. Enforcing credit policies, including disconnections where necessary. These measures would strengthen financial sustainability and improve revenue collection.

16.5 Deficiencies in Implementation of Water Project Execution Worth TZS 468.36 billion

752. Water infrastructure projects implemented by Water Supply and Sanitation Authorities (WSSAs) are mainly financed and supervised by the Ministry of Water through government budget allocations, with additional support from internally generated funds and development partners.

753. However, the audit revealed significant delays, stalled works, and weak contract management across several major projects. Water projects have been particularly problematic, and I have consistently highlighted these weaknesses in previous audit reports. The primary cause has been delaying in the disbursement of funds, resulting in prolonged project implementation periods for up to 730 days at eight WSSAs as of 30 October 2025, as detailed in **Table 64**.

Table 64: Delayed water projects

S/n	WSSAs	Project name	Contract value (TZS '000)	Commence ment Date	Expected completion date	% of complet ion	Delay (Days)
1	Songea	Subira Water Supply Project	1,168,863	3/3/2023	23/9/2023	67	730
2	Tabora	Construction of a sewage network in	1,610,000	28/3/2023	27/3/2024	50	570

S/n	WSSAs	Project name	Contract value (TZS '000)	Commence ment Date	Expected completion date	% of complet ion	Delay (Days)
		Tabora Municipality					
3	Arusha	Oldonyosambu	6,382,532	Feb-20	Jun-24	50	480
		Imbaseni	1,920,194	Apr-22	Dec-24	55	300
4	Musoma	Water Treatment Plant in Tarime Town	401,300	26/1/2024	25/1/2025	62	256
5	Arusha	Enguiki Monduli Juu	2,937,228	Sep-19	Jun-25	67	120
6	Mpanda	Improvement of Mtakumbuka and Dilifu Water Services	61,600	1/2/2025	30/6/2025	85	120
7	Bariadi	Improvement and expansion of the water supply in Bariadi town.	293,639		30/6/2025	50	120
		Improvement of the water supply system in Isanga, Bariadi, Nyangokolwa and Nyakabindi wards.	300,000		30/6/2025	0	120
8	Tabora	Improvement of water services in the town of Sikonge.	716,500	10/1/2025	11/7/2025	48	90
Total			15,791,856				

Source: WSSAs project implementation reports 2024/25

754. At the Babati WSSA, two projects, the Makatanini wastewater stabilisation ponds and the Gilau-Dareda water project, with a total valued of TZS 6.96 billion were suspended at 80% and 98% completion, respectively. The suspension has exposed approximately TZS 1.2 billion to potential loss, as the Project Manager warned that heavy rainfall and other adverse weather conditions could damage the exposed works, potentially requiring reconstruction or even a full project restart.

755. KASHWASA, The Hungumalwa-Malampaka-Malya water transmission project, valued at TZS 20.89 billion, had reached only 20.1% completion despite advance payments of TZS 3.13 billion and showed no progress since June 2025 up to the time of audit in December 2025. Similarly, the Mhalo-Ngudu pipeline rehabilitation project, costing TZS 6.29 billion, started 242 days late (contract was signed on 20 October 2023, works commenced on 21 June 2024), and had achieved only 0.5% completion by January 2026, despite a revised completion date of June 2026.

756. Tanga WSSA, three Green Bond-funded projects – the Mowe Treatment Plant, Mabayani Pumping Station, and related distribution networks – with a combined value of TZS 41.15 billion were substantially behind schedule, with progress ranging between 32% and 55%. These continued delays pose a significant

financial risk, potentially reducing revenue and affecting the Authority's ability to meet its Green Bond repayment obligations, including coupon payments.

757. DAWASA, the Kimbiji and Mpera borehole project, valued at TZS 25.05 billion, has remained unfinished for over twelve years due to unresolved disputes and weak contract management. Similarly, the Kidunda Dam project with contract sum TZS 329.46 billion, which includes a 20MW hydroelectric plant, is significantly behind schedule. As of October 2025, progress stood at 32.36% against a planned 83.29%, reflecting a delay of over 50%. Contractor claims amounting to TZS 34.31 billion remain unpaid, and key construction milestones are substantially behind target.

758. At Mwanza WSSA, the TZS 22.78 billion project to improve water production at the Capri-Point Water Intake and treatment plant had not started by 14 October 2025 due to the delayed advance payment of TZS 4.56 billion, despite the contract having been signed on 6 May 2025.

759. Mpanda WSSA, the Miji 28 Water Supply Project had reached only 51% completion by 30 October 2025 deadline, while the Mtakumbuka and Dilifu project remained incomplete beyond its June 2025 target despite reaching 85% completion.

760. These persistent delays and stalled projects raise serious concerns regarding project oversight, contract management, accountability, and value for money. They also increase the risk of escalating costs and prolonging water shortages for communities awaiting improved services.

761. I recommend that:

(a) The Ministry of Water ensure timely disbursement of funds to complete the ongoing projects;

(b) WSSAs initiate projects only when adequate financing is secured and strengthen the project appraisal process to prevent delays; and

(c) Tanga WSSAs implementing projects financed through Green Bonds, establish a dedicated monitoring framework for bond-financed projects to track project progress, revenue performance, and compliance with bond obligations. This will enable management to identify early warning signs that may affect their capacity to meet bond repayment and coupon payment commitments and implement corrective actions in a timely manner.

16.6 Water Losses in WSSAs Amounting to TZS 243.74 billion

762. Non-Revenue Water (NRW) refer to water lost before reaching consumers and serves as a key measure of the efficiency of Water Supply and Sanitation Authorities (WSSAs). It is mainly caused by leaks, old infrastructure, and illegal connections, leading to major financial losses and higher water service delivery costs due to chemicals and electricity used to treat water that is ultimately lost before reaching the intended customers.

763. In 2024/25, the performance of Water Supply and Sanitation Authorities (WSSAs), measured by Non-Revenue Water (NRW), worsened, with the national average increasing from 32% in 2023/24 to 35% recorded in 2024/25 indicating a 3% increase. This rise in NRW indicates a decline in operational efficiency, as a higher proportion of water is being lost before reaching the consumers.

764. A total of 28 WSSAs exceeded the 20% regulatory loss threshold set by EWURA, with NRW ranging from 21% to 70% (**Appendix XII**). Metropolitan and Cosmopolitan cities and towns show significant increases: Dar es Salaam rose from 41% to 53%; Morogoro surged from 30% to 50%; Arusha increased from 41% to 47%; and Mwanza nearly doubled from 23% to 45%. These figures reveal that in these cities and towns, nearly half of the water produced is lost before reaching consumers.

765. The financial loss recorded in 2024/25 from NRW was TZS 243.74 billion (2023/24: TZS182.21 billion) for 30 WSSAs, reflecting an increase by TZS 62.53 billion (34%).

766. **I recommend that Government, in collaboration with the Ministry of Water, intervene by assessing the water infrastructure, enhancing leakage detection and rapid repair response, curbing illegal connections, and investing in technologies to detect and reduce water losses, thereby restoring efficiency within the Water Supply and Sanitation Authorities.**

16.7 Deficiencies in Handling of Complaint across WSSAs

767. The Customer Service Charters of Water Supply and Sanitation Authorities (WSSAs) require that customer complaints be resolved within five days. However, the 2024/25 audit identified significant weaknesses in the management, tracking, and timely resolution of complaints, undermining service delivery and public trust.

768. Four WSSAs experienced complaint resolution delays that exceeded the prescribed timelines. These delays were mainly driven by inadequate handling of customer complaints, a shortage of staff, ineffective tracking systems, and inadequate internal controls, including unclear responsibilities and a lack of accountability, as tabulated in **Table 65**.

Table 65: Delays in handling of customer complaints

S/n	WSSA Name	No. of Complaints Affected by Delay	Remarks on delay
1	Morogoro	3,461	Exceeding 5-day
2	Makambako	446	Exceeding 7-day
3	Arusha	264	Exceeding 5-day
4	Babati	44	1 to 52 days

Sources: WSSAs Complaints Registers 2024/25

769. At Makambako, the internal Client Service Charter specifies a 7-day resolution window, which contradicts the EWURA regulatory standard of 5 working days, creating potential non-compliance.

770. Masasi-Nachingwea, Bariadi, and Makambako still rely on manual registers (counter-books) to track complaints despite having functional electronic systems such as MAJIS or e-Mrejesho. This practice has resulted in inadequate audit trails and discrepancies between manual and automated records, and challenges in accurately measuring performance.

771. I recommend that WSSAs urgently strengthen their complaints management processes, fully leverage available electronic tracking systems, and ensure all communication channels are functional to protect public trust and enhance service efficiency.



CHAPTER SEVENTEEN

REVIEW OF HIGHER LEARNING, TRAINING AND RESEARCH INSTITUTIONS

17.0 Introduction

772. This chapter assesses the governance and performance of higher learning, training, and research institutions, including universities and colleges, research centres, vocational and technical institutions, the students' loans board, education regulators, and technology development bodies. These institutions underpin national development by generating and applying knowledge through training, research, innovation, and skills development that support productivity, competitiveness, and evidence-based policymaking.

773. The audits identified recurring weaknesses that undermine mandate delivery, notably control and operational deficiencies, low student enrolment, weak performance in research and consultancy, inadequate training facilities, and persistent challenges in student loan funding and loan recovery, as detailed below.

17.1 Inadequacies in Research and Consultancy in Higher Learning Institutions

774. Research and consultancy activities enable higher learning institutions to generate and apply knowledge, solve practical problems, strengthen skills development, inform policy, and support economic growth. My audit of these functions across 42 institutions identified the key deficiencies and shortcomings as outlined below.

17.1.1 Inadequate Performance of Consultancy Services and Research

775. I found that 12 higher learning institutions did not achieve their consultancy targets, ranging from 14% to 100% and 10 failed to meet their research activity targets, with gaps ranging from 16% to 100%, as detailed in **Table 66**.

Table 66: Actual consultancy vs annual target

S/N	College/School /Institute	Target	Actual	Variance	% Not Achieved
Consultancy					
1.	National Sugar Institute	2	0	2	100
2.	Institute of Adult Education	1	0	1	100
3.	Ardhi University	25	5	20	80
4.	College of Business Education	60	21	39	65
5.	MWEKA College of African Wildlife Management	15	6	9	60
6.	Institute of Rural Development Planning	30	15	15	50
7.	Mkwawa University of Education	5	3	2	40
8.	Mzumbe University	12	7	5	42
9.	Moshi Cooperative University	15	9	6	40
10.	Institute of Finance Management	5	3	2	40
11.	Mwalimu Nyerere Memorial Academy (Kivukoni College)	30	22	8	26
12.	Dar es Salaam University College of Education	7	6	1	14
Research					
1.	National Sugar Institute	3	0	3	100
2.	Mzumbe University	87	33	54	62
3.	Centre for Foreign Relations	2	1	1	50
4.	Mbeya University Science of Technology	20	11	9	45
5.	Moshi Cooperative University	8	6	2	25
6.	Institute of Rural Development Planning	8	6	2	25
7.	Mkwawa University of Education	15	10	5	33
8.	Institute of Social Work	4	3	1	25
9.	MWEKA College of African Wildlife Management	50	38	12	24
10	Mwalimu Nyerere Memorial Academy (Kivukoni College)	50	42	8	16

Source: Academic Individual Reports of 2024/25

776. This is attributed to inadequate number of academic staff engaged in research and consultancy.

752. I recommend that respective higher learning institutions develop strategies to increase the number of consultancy engagements.

777. At Arusha Technical College (ATC), I found that the college has conducted several research and innovation projects and produced publications which are important to the College. However, the College has not secured copyright or intellectual property rights (IPR) over these outputs contrary to Chapter 3.8 (iii) of the ATC quality assurance policy and procedure of May 2025, which insists on developing and implementing copyright and intellectual property rights. As a result, these works are currently not legally protected under the College’s ownership. This is attributed to inadequate management of research, innovation and publication activities. This may lead to the loss of academic recognition, potential revenue, and strategic advantage, as well as undermine the college’s ability to enforce its rights over these intellectual assets.

778. I recommend that Arusha Technical College ensure all academic works, including research, innovation and publications produced under its auspices are properly documented and legally protected including securing copyright and other relevant intellectual property rights where applicable.

779. At Mzumbe University, my interview with management revealed that some consultancy assignments are undertaken by academic staff as independent consultants. These staff are directly engaged by external organisations outside the formal University consultancy framework. Upon further inquiry, the audit discovered that the Directorate of Public Services, tasked with the overall responsibility for ensuring quality control and monitoring of all consultancy work does not maintain records of such independently conducted consultancies. This is attributed to unwillingness of academic staff to register the undertaken assignments conducted outside the University's consultancy framework. Consequently, these assignments are not reflected in the University's consultancy portfolio which limits the institution's ability to demonstrate its consultancy expertise and market itself effectively in the consultancy and professional services sector.

780. I recommend that Mzumbe University:

a) Strengthen enforcement of the registration requirement by sensitising academic staff on the importance of registering all consultancy assignments, including those conducted independently, to ensure compliance with the University Short Courses and Consultancy Services Policy, 2023; and

b) Establish and maintain a centralised database for all consultancy assignments conducted under the University framework as well as those independently undertaken by academic staff to enhance monitoring, evaluation, reporting, and integration into the University's consultancy marketing profile.

781. At Institute of Rural Development Planning, I found that there was neither a policy nor records maintained for intellectual property. For the past three years, research budget funding has significantly decreased from TZS 225.5 million in 2022/23 to TZS 85.9 million in 2024/25. This is attributed to inadequate management of policy preparation and the shortage of research funds limits the implementation of planned research activities. The lack of a policy on intellectual properties and budget limits efforts for creativity and

innovation. This can hamper the achievement of research goals, especially key areas like sustainability and technology relating to development planning.

782. I recommend that Institute of Rural Development Planning accomplish the preparation and approval of policy for intellectual properties to match trending issues relating to rural development planning and to improve research funding.

783. At College of Business Education, I found that the College in the past five years had conducted 447 research projects and produced publications that hold significant potential value for the College. However, the College has not secured copyright or intellectual property rights (IPR) over these outputs, contrary to Paragraph 6.7 (iv)-(v) of the CBE Research and Publication Policy, 2018 which provides that to safeguard intellectual property the College has to ensure that all research findings and materials to be available for use by members of the College for purposes of research and teaching with authority from the author or the College. This is attributed to Inadequate management of research, consultancy and publications. This may lead to the loss of academic recognition, potential revenue, and strategic advantage, as well as undermine the college's ability to enforce its rights over these intellectual assets.

784. I recommend that College of Business Education enforce a comprehensive intellectual property policy that ensures all research and publications produced under its auspices are properly documented and legally protected. This includes securing copyright and other relevant intellectual property rights where applicable.

785. At Institute of Accountancy Arusha, I found the Research and Publication Policy remained in force since 2014 making it operational for 11 years without being reviewed. I further found that there is absence of a defined review cycle within the research and publication policy, which helps to ensure that its content remains relevant, aligned with current operational requirements, and responsive to evolving organisational needs. This is despite the Institute has undergone significant changes, including institutional expansion, an increase in the number of courses offered, adjustments to the organizational structure, and the adoption of new institutional documents such as the Strategic Plan (2021/22-2025/26) and the Quality Assurance Policy (2019).

786. Additionally, important national documents have been introduced, including the Third Five-Year Development Plan (FYDP III: 2021/22-2025/26)

and the National Research Priorities (2021/22-2025/26). Yet, despite these the policy has not been reviewed. This is attributed to the absence of a defined policy review cycle to guide timely reviews and Inadequate follow-up and enforcement mechanisms by management to ensure adherence to set deadlines. Failure to update policies and guidelines may result in inconsistent practices or provisions that no longer align with current operational or strategic requirements.

787. I recommend that Institute of Accountancy Arusha fast-track review of the Research and Publication Policy by allocating the necessary resources, setting a revised and realistic deadline, and ensuring alignment with current institutional operations, strategic objectives, and national priorities.

17.1.2 Inadequate Performance of Patentable and Commercial Research at Ardhi University

788. My review of the target's implementation found that despite numerous research activities conducted from the 2020/21 to the financial year 2024/25, Ardhi University has not patented or commercialized any research contrary to Article 5 of the Ardhi University Charter, 2007 which requires advance learning and knowledge by conducting research activities and promote research into economic, scientific, and technological matters. This is attributed to an insufficient budget for commercial research activities; and the undertaking of most basic research for academic and promotional purposes. The University might miss economic benefits from commercialised research projects, harm the university's reputation on regard of research and innovation activities as among of key functions of the university; and might fail to protect its own creative works and inventions, leaving them vulnerable to theft or unauthorized use by others.

789. I recommend Ardhi University:

(a) Ensure the upcoming strategic plan should explicitly indicate yearly targets for innovation and patenting activities to allow for timely monitoring of its implementation;

(b) Increase the emphasis on performing applied and innovative research for patenting and commercialisation to meet the university's objectives and vision; and

(c) Completed research should be evaluated, and studies that meet the criteria for patentability should proceed with patent registration.

17.1.3 Absence of Comprehensive Guidelines for Monitoring and Evaluating the Quality of Consultancy Services at SUA

790. Paragraph 2.2.3 of the SUA Consultancy Policy, 2021 stipulates that its overall objective is to promote, coordinate, and monitor all consultancy services undertaken by SUA. In particular, the policy provides a framework for governing consultancy activities across the University to enhance income generation, establishes mechanisms for recognise and reward individuals who attract consultancy assignments, and sets guidelines for monitoring the implementation of such assignments.

791. My review found that while the Consultancy Policy provides broad guidelines on how consultancy services should be conducted, it falls short in establishing an adequate framework, methodologies, or performance indicators for assessing the quality of such services.

792. This is attributed to management’s lack of awareness about the need for guidelines to monitor and evaluate consultancy service quality. The absence of clear monitoring mechanisms may result in inconsistent quality of consultancy services across different departments and may face challenges to identify and address performance gaps thereby affecting client satisfaction.

793. I recommend that Sokoine University of Agriculture develop a standalone, comprehensive set of guidelines for monitoring, evaluating, and assuring the quality of consultancy services. These guidelines include clearly defined monitoring and evaluation frameworks, practical quality assurance tools, and mechanisms for systematically collecting and incorporating client feedback to enhance service delivery.

17.2 Deficiencies in Training Facilities in Higher Learning Institutions

17.2.1 Absence of Furniture to the Completed College Building Infrastructures at Arusha Technical College-Kikuletwa Campus

794. My review of project progress reports and a site visit at Kikuletwa campus, found that the buildings, including classrooms, workshops, dormitories, the canteen, and staff offices, were fully completed and handed over to Arusha Technical College in February 2025 at a cost of TZS 21.48 billion. However, the College had neither prepared nor procured the required furniture for the completed buildings and it was unable to admit students to this campus as of December 2025. This is attributed to delayed planning and budgeting for

furniture procurement. Completed buildings remain underutilised, affecting teaching and learning activities.

795. I recommend that Arusha Technical College ensure timely budgeting and approval processes to avoid further delays and establish a clear responsibility matrix for furnishing completed buildings.

17.2.2 Inadequate Laboratory Capacity to Support Student Training at the University of Dodoma

796. Para 3.3.3 of the Guidelines for the Establishment of the Health Laboratories Training Program issued by the Health Laboratory Practitioners' Council (HLPC), 2024 require adequate light and ventilation teaching laboratory with a minimum space of 2 square meters per student, with a maximum capacity of 50 students per laboratory.

797. My review of student laboratory attendance and physical verification of the laboratory facilities found an inadequate number of chemistry, physics and Biology labs at the university, resulting in more than 50 students attending laboratory sessions at a time.

798. This is attributed to inadequate spacing capacity and insufficient investment in laboratory infrastructure and equipment maintenance. Overcrowded sessions compromise the quality of practical training, limiting individual student learning outcomes, health and safety risks due to inadequate chemical storage and mould contamination.

799. I recommend that University of Dodoma align laboratory scheduling with TCU guidelines by restructuring student groups to maintain a maximum of 50 students per session and mobilising additional funds to expand the number of laboratories available for training.

17.2.3 Lack of Clean Water Supply and Deteriorated Plumbing Systems in Students' Hostels at University of Dodoma

800. My review found that six blocks, i.e. Block 1, 2, 10, 11,12 and 14 were currently occupied by 2,632 students who did not have functional clean water supply system. The taps, sinks, and related plumbing fixtures are in bad condition and have not been maintained for a long time.

801. This is attributed to delayed maintenance programs, inadequate inspection of hostel conditions, and insufficient allocation of funds for infrastructure upkeep. Lack of clean water and deteriorating plumbing systems

expose students to unsafe living conditions, and reduced quality of accommodation.

802. I recommend that University of Dodoma allocate sufficient resources for periodic inspection, timely repair, and maintenance of hostels to ensure all rooms are safe and habitable and ensure there is enough water for students.

17.2.4 Insufficient Academic Infrastructure to Effectively Support the Current Student Population at the College of Business Education

803. Regulation 32 of the National Council for Technical Education (Accreditation and Recognition) Regulations, 2001 stipulates that an Institution has the duty to ensure that a department possesses adequate and appropriate physical resources to support the expected level of award. Such resources include classrooms, seminar or tutorial rooms, studios, laboratories or workshops, equipment, tools and machinery, and computer facilities.

804. My audit review of the College infrastructure report found that the College in its three campuses has inadequate academic infrastructure relative to the number of students admitted. Details are shown in the Table 67.

Table 67: Comparison between number of infrastructure and students

S/N	Name of Infrastructure	Campus	No. of Infrastructure	Infrastructure Capacity (NACTVET)	Available No. of Students
1	Classrooms	Dar es salaam	44	3,794	14,536
2	Classrooms	Dodoma	19	2,318	4611
3	Classrooms	Mwanza	17	1,525	2098

Source: Admission/ Enrolment Reports and Estate Reports 2024/25

805. Further review of the quality assurance reports for the year 2024/25 substantiated this issue and highlighted several deficiencies at the Dar es Salaam Campus. These included overcrowded classrooms, such as instances where 330 students were accommodated in a lecture hall designed for fewer than 200 students; unsuitable learning conditions, such as non-functioning fans, poor ventilation, and excessive heat in temporary venues like tent 3; and faulty or inadequate teaching facilities, including damaged or non-functional whiteboards.

806. This is attributed to inadequate planning and resource allocation for the construction, maintenance and upgrading of teaching facilities. Overcrowding and inadequate facilities compromise the quality of teaching and learning, limiting effective student engagement; and Health and Safety Risks: Poor ventilation, excessive heat, and non-functioning equipment create unsafe and uncomfortable conditions for students and staff.

807. I recommend that College of Business Education:
- (a) Strengthen the efforts in the internal source of funds;
 - (b) Secure funding from stakeholders including the Government, donors, and other partners for the construction of additional lecture halls and teaching facilities to match the growing student’s population; and
 - (c) Allocate sufficient funds for regular maintenance and immediate repair of faulty teaching equipment (e.g., whiteboards, fans, ventilation systems).

17.3 Inadequate Management of Training Functions

17.3.1 Failure to Achieve Student Enrolment Targets in Higher Education Institutions

808. My review of students’ enrolment in higher learning institutions found that it was significantly below the set target, with a variance up to 70% underperformance (Table 68). This reflects a slight increase trend compared to the previous year, which recorded a 69% shortfall. The failure to meet enrolment targets was attributed to resource constraints, including an inadequate number of teachers, insufficient infrastructure, limited tools and equipment and low market demand for certain academic programs. Additionally, restricted access to higher education financing from the Higher Education Students’ Loans Board contributed to the shortfall.

Table 68: Inadequate enrollment of students

S/N	College/School /Institute	Target	Actual	Variance	% Not Met
1.	Mwalimu Julius K. Nyerere University of Agriculture and Technology	510	153	357	70
2.	Mwalimu Nyerere Memorial Academy (Kivukoni College)	19,275	14,622	4,653	24
3.	Muhimbili University of Health and Allied Sciences	5,297	4,055	1,242	23
4.	National Sugar Institute	800	621	179	22
5.	Moshi Cooperative University	10,525	8,180	2,345	22
6.	Institute of Adult Education	3,100	2,486	614	19
7.	College of Business Education	28,447	23,111	5,336	18
8.	Institute of Social Work	6,381	5,419	962	15
9.	Institute of Rural Development Planning	16,738	14,298	2,440	14
10.	MWEKA College of African Wildlife Management	300	267	33	11
11.	Dar es Salaam University College of Education	6,808	6,021	787	11
12.	Mkwawa University of Education	6,129	5,577	552	9
13.	Dar es Salaam Institute of Technology	10,000	9,072	928	9
14.	Institute of Finance Management	17,500	16,002	1,498	8
15.	Ardhi University	6,984	6,602	382	5
16.	Mbeya University Science of Technology	13,582	12,852	730	5

Sources: Fact and Figure Report; Strategic Plan; and Current Years Enrolment Data, Performance contract with Treasury Registrar

809. I recommend that:

(a) Higher Learning Institutions strengthen the implementation of planned enrolment targets by expanding infrastructure capacity, training equipment and increasing the number of academic staff; and

(b) The Government allocate adequate funding to the Higher Education Students' Loans Board to expand the number of loan beneficiaries, thereby enhancing students' enrolment in higher learning institutions.

17.3.2 Expired Curricula for Programs that are Offered at Arusha Technical College

810. Chapter 1.2.11 of the Standards for Technical and Vocational Education and Training (TVET) in Tanzania of 2025, provides that the accreditation certificate of the programme expires after five years, upon which the institution is required to seek accreditation.

811. My review found that two programs out of 37 programs, named the Electrical Engineering (NTA level 4-6) and the Electronics and Telecommunications (NTA level 4-6), are currently being implemented using curricula that expired in October 2024. This is attributed to inadequate planning and coordination to ensure programs are updated before their expiry. Continued implementation of expired curricula compromises the quality and relevance of education offered.

812. I recommend that Arusha Technical College take immediate action to update the curricula for the affected programmes and to seek approval from NACTVET and put in place, mechanisms to prevent the implementation of expired curricula in the future.

17.3.3 Technical Institutions Operating with Expired Registration at NACTVET

813. Regulation 15(1) of the National Council for Technical Education (Registration of Technical Institutions) Regulations, 2001, mandate the Council to grant full registration to an institution that has been fully operational and sustainable for at least five years, upon payment of the prescribed registration fee.

814. My audit sample of 500 technical institutions extracted from the technical institutions register found that 98 institutions (20%) operate with expired registrations. This is attributed to inadequate monitoring and follow-up mechanisms, including inconsistent tracking of registration validity periods. Technical institutions with expired registrations may deliver substandard training delivery and compromise academic quality.

815. I recommend that National Council for Technical and Vocational Education and Training (NACTVET) strengthen monitoring and registration renewal processes to ensure that all expired registrations are promptly identified and addressed.

17.3.4 Reliance on Manual Operations on Students' Assessment Plans and Course Outlines at CBE

816. Paragraph 13(1) of the CBE Examination Regulations, 2023 requires that each module is to be assessed through continuous assessment and end of semester examination, except for fieldwork, research report, project report, and dissertation. Also, Section 28 (a) of the e-Government Act, 2019 requires public institutions use ICT to deliver government services to achieve objective of the institutions.

817. My audit noted that the College still relied on manual operation and management of students' assessment plans and course outlines, rather than uploading them into the College Online Student Information System. This is attributed to inadequate management effort in utilising of the existing electronic system for managing assessment documents. As a result, students access these key documents inconsistently, either through physical copies or informal sharing, increasing the risk of loss, manipulation, or the circulation of non-standardised information.

818. I recommend that College of Business Education ensure all assessment plans and course outlines are uploaded and distributed through the official College Online Student Information System, as stipulated in the CBE Examination Regulations.

17.3.5 Unsatisfactory Implementation of Outreach Through Short Courses at SUA

819. Contrary to the requirement under Outreach Policy, 2017 that each college, school, institute, and directorate offer at least two short courses annually in collaboration with the Institute of Continuing Education, my review

found that SUA had 12 academic units responsible for conducting short courses, implying that at least 24 short courses were expected to be offered each year. However, the assessment, which focused on the past four years from 2021/22 to 2024/25 revealed that only seven short courses were conducted during this period, generating TZS 4.51 million.

820. This was attributed to inadequate planning in conducting short courses across units and limited allocation of resources in terms of financial, human and logistic for outreach activities. Consequently, the university has not fully realised its outreach mandate, thereby limiting the effective transfer of knowledge, skills, and innovations to stakeholders and local communities.

821. I recommend that Sokoine University of Agriculture:

- (a) Ensure strict adherence to the outreach policy by mandating that each college, school, institute, and directorate conduct at least two short courses annually. Also, establish a performance-tracking mechanism to monitor compliance and address underperformance; and
- (b) Allocate sufficient financial, human, and logistical resources to support the design, promotion, and delivery of these courses.

17.4 Operational Inefficiencies of Academic Institutions

17.4.1 NACTVET Failure to Set Examinations for Non-Autonomous Institutions

822. My review found that NACTVET did not develop, moderate or administer examinations for 681 non-autonomous technical and vocational training institutions, as required by section 11 of the National Council for Technical and Vocational Education Act, Cap 129 which mandates the Council to conduct and oversee examinations and awards for non-autonomous institutions. Consequently, the stated institutions conducted their own assessments or applied inconsistent examination procedures without NACTVET oversight.

823. This is attributed to inadequate staffing levels to administer examinations for all non-autonomous institutions and ineffective communication between NACTVET and training institutions regarding examination schedules, requirements, and standards. As a result, the quality and consistency of assessments across institutions may be compromised, and graduates from non-autonomous institutions may receive certificates that are not credible, competitive, or recognised by employers.

824. I recommend that NACTVET recruit additional staff or outsource examination administration for all non-autonomous institutions.

17.4.2 Non-submission of Examination results to the Council

825. Regulation 29 (1) of the National Council for Technical Education, (Examinations) Regulations, 2004, requires all examination results, together with a statement of the percentage of passes in the whole examination and in each subject for the current and preceding year, to be submitted to the Council for approval and publication.

826. My review of examination result submissions for the September 2024 intake of the Business, Tourism, and Planning Board (BTP), Health and Allied Sciences Board (HASS), and Skills Award in Technical (SAT) programmes found that several training institutions did not comply with the requirement to submit students' results to the Council. Out of 372,282 registered students, results for 75,659 students (20%) had not been submitted. The non-compliance involved delayed, incomplete, or no submissions.

827. This is attributed to insufficient follow-up mechanisms to ensure that institutions comply with examination results submission requirements. The Council is unable to validate the accuracy, relevance, and standard of examinations administered by training institutions.

828. I recommend that National Council for Technical and Vocational Education and Training (NACTVET) strengthen monitoring of training institutions by issuing timely reminders, conducting routine audits and ensuring the prompt submission of examination results.

17.4.3 Inadequate Implementation of Academic Quality Audits and Enforcement Visits

829. Section 5(1)(d), (f), and (g) of the National Council for Technical and Vocational Education Act, 1997 as amended by section 32 of the Written Laws (Miscellaneous Amendment), Act, 2021 mandates the Council to assist technical and vocational training institutions in improving the quality of education and maintaining approved academic standards; to ensure that the quality of education required for awards is met and sustained throughout course delivery; and to support institutional development through policies that enhance autonomy in course delivery.

830. My audit found that quality audits for Vocational Education and Training Institutions and Technical Institutions were not adequately implemented. Despite having 960 registered VET centres, none were visited for quality audits in the financial year 2024/25. Additionally, NACTVET planned to visit 430 Technical Institutions but visited only 185 (43%). This is attributed to inadequate funding allocated for quality audit exercises at VETs during the financial year 2024/25; and the absence of a system to enable remote review of quality without physical visits. Inadequate quality audits delay the timely identification and correction of non-compliance, thereby affecting the overall quality standards among Technical and Vocational Education and Training institutions.

831. I recommend that National Council for Technical and Vocational Education and Training:

(a) Liaise with the responsible Ministry to ensure adequate budgetary allocations for quality assurance activities at VETs;

(b) Strengthen planning and resource allocation by adopting a risk-based approach to prioritise high-risk institutions for evaluation within the existing resources; and

(c) Consider developing an online monitoring system to reduce reliance on physical visits while maintaining effective oversight.

17.4.4 Inadequate Monitoring of Overseas Student Records

832. Section 19 of the Higher Education Students' Loans Board Act, Cap. 178 requires that every loan beneficiary to repay his debt to the Government through the Higher Students Loans Board (HELSB). The Loans and Grants Guidelines further require repayment after completion of studies through monthly deductions, while the Loans Allocations and Disbursement Manual (2023) require overseas loans to comply with bilateral agreements between the Government of Tanzania and partner countries.

833. My review revealed weaknesses in the management of overseas student loan records. A total of 778 beneficiaries were recorded as local undergraduate students, while in reality they were overseas students. In addition, 458 beneficiaries showed unusually long study durations ranging from 7 to 14 years, raising concerns about monitoring of academic progress and loan utilisation.

834. Furthermore, some beneficiaries lacked signed repayment agreements and progress reports, while customer statements in the system did not contain complete information on years of study and amounts disbursed, indicating weaknesses in data management. These weaknesses were mainly attributed to poor data integrity, incomplete migration of manual records into the automated

system, weak enforcement of documentation requirements, and limited coordination between HESLB, the Ministry of Education, and overseas universities. As a result, the outstanding loan balance of TZS 56.2 billion is exposed to the risk of non-recovery, due to unclear repayment arrangements and weak monitoring of overseas beneficiaries.

835. I recommend that Higher Education Students' Loans Board:

- a) Immediately reconcile and reclassify overseas beneficiaries in the Loanee Ledger to ensure accurate reporting;
- b) Submit the signing of agreements for overseas students for verification; and
- c) Address system limitations by capturing historical data and reconciling mismatches between the Loanee Ledger and customer statements.



CHAPTER EIGHTEEN

EFFICIENCY OF REGULATORY BODIES IN EXECUTING THEIR MANDATES

18.0 Introduction

836. This chapter explore the role and function of regulatory bodies which are responsible for developing and enforcing policies to ensure fairness, prevent consumer exploitation, curb unfair competition, protect the environment, maintaining quality standards, and uphold and sustain investor confidence The Government oversees service provision, manufacturing, sales and distribution of goods through 57 regulatory authorities.

837. The key issues in the chapter includes overlapping regulatory mandates among different regulatory authorities which often leads to inefficiencies and confusion in enforcement; limited long-term strategic focus and service delivery among regulatory bodies particularly those that have undergone government mandated mergers, lack of harmonized working relationships among regulatory authorities which hampers the management of regulatory arbitrage; and recurring deficiencies of regulatory authorities not taking adequate regulatory measures for defaulters.

838. The findings and their corresponding recommendations are as follows:

18.1 Overlapping Regulatory Mandates among Regulatory Authorities

839. Regulatory authorities are mandated to establish, implement and enforce rules within their respective sectors to ensure compliance with laws and protection of public interests. Effective coordination among these institutions is therefore essential to avoid duplication of roles and regulatory conflicts.

840. However, my review noted instances where overlapping mandates among regulatory authorities created challenges in the implementation of their regulatory functions, leading to operational conflicts and inefficiencies.

841. For example, Section 7(1) and (2)(b) of the Gaming Act (Amended, 2023) mandates the Gaming Board of Tanzania (GBT) to regulate gaming activities in Tanzania, including licensing and collection of taxes and levies. However, Section 124(2)(u) of the Local Government (District Authorities) Act (Revised Edition, 2023) empowers Local Government Authorities to regulate or prohibit gambling within their jurisdictions. As a result, gaming operators have faced regulatory conflicts, including closure of gaming premises and confiscation of gaming devices by some District Councils. For instance, Kilosa District Council closed a gaming shop and confiscated slot machines after the operator declined to pay taxes demanded by the Council.

842. A similar overlap was noted in environmental management of maritime activities and water bodies, where NEMC, TASAC and TPA have related mandates. While Section 18(2)(f) of the Environmental Management Act, 2004 mandates NEMC to enforce environmental compliance, Section 5(d) of the Tanzania Shipping Agencies Act, 2017 assigns TASAC responsibility for maritime environmental safety, and Section 13(d) and (k) of the Ports Authority Act (Cap. 166) R.E. 2023 mandates TPA to regulate navigation and protect the port environment. At TPA, environmental inspections were conducted, but monitoring data were not systematically collected or maintained to support environmental assessment and decision-making.

843. As of December 2025, there was no harmonised framework guiding coordination among these institutions, which may lead to regulatory conflicts and ineffective oversight.

844. I recommend that the relevant regulatory authorities, in collaboration with responsible Ministries, should review and harmonise their regulatory mandates and establish coordinated mechanisms for implementation to avoid duplication and improve regulatory effectiveness.

18.2 Implementation of Construction Projects Without being Registered by Relevant Regulatory Authorities

845. I noted four construction projects worth TZS 2.53 billion were implemented without being registered by the Contractors Registration Board (CRB), the Architects and Quantity Surveyors Registration Board (AQRB), and the Occupational Safety and Health Authority (OSHA), contrary to Section 19A of the Contractors Registration (Amendment) By Law of 2005 which directs that all projects with a value of at least TZS 10 million must be registered and given a Project Registration Sticker; and Section 5(1) (d) and 34(5) of the Architects and Quantity Surveyors Registration Act, 2024 which requires architectural and

quantity surveying firms register with the Board their construction projects within 30 days after securing the projects and that the signboard has a valid logo issued by the Board; and also, OSHA was not involved as an overseer of the safety of workers in work place. The details are shown in **Table 69**.

Table 69: Project not registered to relevant authorities (CRB, AQRB and OSHA)

Park name	Project Number	Project Details	Contract period	Contract sum (TZS'000)
Kilimanjaro National Park	PA/037/2020-2021/HQ/W/103	Construction of 3no. Visitors House at Horombo Hut (3720m.A.M.S.L)	12 Month	1,790,015
	TR219/002/2023/2024/W/12	Maintenance of Kilema Horombo road in Kilimanjaro National Park	3 Month	365,930
	TR219/002/2023/2024/W/10	Construction of New Route to Mti Mrefu At Kilimanjaro National Park	3 Month	70,484
	TR219/002/2023/2024/W/20	Rehabilitation of Londorosi Road (Upper Section)- 23Km at Kilimanjaro National Park	3 Month	307,445
TOTAL				2,533,874

Source: Physical verification 2025, Contract files 2025

846. This is attributed to lack of harmonized mechanism of executing regulatory mandates among regulatory authorities which provides loophole for regulated entities not to comply, as evidenced by this scenario where CRB, AQRB and OSHA are unaware of implementation of these projects by TANAPA for them to take regulatory measures.

847. Non registration of the construction projects denies the opportunity of providing relevant and reliable information on the construction industry to enable the Boards and the Authority to effectively achieve their registration, regulation, and development functions and ensure compliance of developers and contractors with the provisions of the Contractors Registration Act, Cap 430; the Architects and Quantity Surveyors Registration Act. Cap.335; and the Occupational Safety and Health Act. Cap 297. For this case TANAPA is exposed to sanctions, fines, or project suspension by oversight bodies.

848. I recommend that:

- (a) Regulatory entities establish a mechanism to harmonize the execution of their regulatory mandates in collaboration with regulated entities;
- (b) The Contractors Registration Board, Architects and Quantity Surveyors Registration Board and Occupational Safety and Health Authority establish a process to ensure all construction projects are registered and

are in fully compliant with their Regulations prior to their commencement.

18.3 Limited Strategic Focus and Service Delivery among Regulatory Authorities Following Merging Declared by the Government

849. On 15 December 2023, the Government announced the initiation of merging and dissolving procedures for 20 public entities, as part of economic reforms undertaken by the Government on its Public Institutions aimed at improving efficiency in service delivery within their respective sectors. Regulatory authorities include Tea Board of Tanzania which is merging with the Tanzania Tea Small Holders Development Agency; the Meat Board which is merging with Dairy Board, and the Export Processing Zone Authority which is merging with Tanzania Investment Center. Other bodies subject to dissolution are Pyrethrum Board, and Tanzania Food and Nutrition Center. Except for EPZA and TIC where the merge has been completed to form Tanzania Investment and Special Economic Zones Authority (TISEZA), which has been in operational since 1 July 2025, the merging process for other institutions particularly regulatory authorities is not complete due to delay in legal procedures, and which led to the following uncertainties;

18.3.1 Governance and Strategic Uncertainty at the Tanzania Pyrethrum Board

850. I noted that Tanzania Pyrethrum Board (TPB) has no functional Board of Directors since May 2023, following the expiry of the previous board's term. No new appointments have been made, and no formal interim oversight committee has been established. In addition, TPB failed to prepare and submit its budget or annual procurement plan for approval, contrary to Section 28(1) of the Public Finance Act, Cap. 348 (Revised Edition 2020), which mandates every public institution to prepare and submit its annual budget estimates to the Ministry of Finance and Planning (MoFP) for approval before the start of the financial year, and Section 38(l) of the Public Procurement Act, 2023 and Reg. 58 (6) (a) and (c) of the Public Procurement Regulations, 2024 which requires accounting officers to prepare and submit Annual Procurement Plans (APP) and quarterly procurement performance reports to the Public Procurement Regulatory Authority (PPRA), respectively. This situation is attributed to appointing authority postponing the formal appointment of board members in anticipation of the merger of TPB with Cereals and Other Produce Regulatory Authority (COPRA). Consequently, key governance functions such as policy approvals, risk oversight and strategic decision-making has paralysed and

procurement activities worth TZS 84.91 million were carried out without an approved APP.

851. I recommend that in view of the ongoing merger, the Ministry of Agriculture formalize interim governance arrangements, such as an oversight committee or delegated structure, until the legal merger with Cereals and Other Produce Regulatory Authority is concluded.

18.3.2 Effects and Uncertainties Resulting from Uncompleted Merging of Tanzania Dairy Board and Tanzania Meat Board

852. The Treasury Registrar via letter with ref No. CEA.195/289/01/24 dated 14 February 2024 notified managements of Tanzania Dairy Board and Tanzania Meat Board that their institutions will be merged to form one entity that will deal with Livestock Products and Infrastructures Development.

853. Consequently, I found that Tanzania Meat Board (TMB) has not initiated the process of reviewing its Strategic Plan (2021/22 - 2025/26), which is due to expire in June 2026, as, there was no evidence of preparatory activities, including stakeholder consultations, internal performance evaluations, or drafting of a successor plan. While for TDB, its Board of Directors handed over its powers and responsibilities to Permanent Secretary of the Ministry of Livestock and Fisheries on 9 May 2024.

854. Although merging of the two Institutions was not done within the planned period, I have issued audit opinion with an emphasis of matter to inform users of TDB and TMB financial statements that the Government decision has not been rescinded and might be concluded within the succeeding twelve months from end of the current financial year. Therefore, continuity of the TDB and TMB to carry out their establishment duties for the near future is uncertain.

855. I recommend that Government expedite the legal process and other necessary arrangements to complete mergers of these institutions to enhance strategic focus and service delivery to the public relating to the functions that are undertaking by institutions under merger.

18.4 Recurring Deficiencies of Regulatory Authorities to Enforce Regulatory Measures and Sanctions for Defaulters

856. The issue of inadequate enforcement of regulatory measures against players and defaulters in the sectors by regulatory authorities is still recurring

despite being reported consecutively in my previous year annual reports. The main contributing factor being inadequate mechanisms to enhance effective, workable and efficient regulatory actions. The noted incidents include the following.

18.4.1 TASAC Issued Licenses to Non-Compliant Companies and did not Take Regulatory Actions to Non-Compliant Vessels

857. I noted that 12 companies (shipping agents) out of 23 sampled from 61 companies registered in the year 2023 and 2024 (Table 70) did not comply with minimum capital requirement provided by Regulation 25(a-c) of Tanzania Shipping Agencies (Shipping Agents) Regulations, 2018 as amended in 2022. However, they were nevertheless issued with licenses and continue with operations due to inadequate enforcement and follow-up by Tanzania Shipping Agency Corporation (TASAC). The companies operate without adequate capital buffer to meet and cover their obligations exposing risks of affecting clients, port operations, compromised reliability, safety and financial integrity of shipping operations in the country.

Table 70: Companies not complied with the minimum capital requirement

S/N	License Number	Registration Date	Type	Required Capital (TZS '000)	Authorized Capital (TZS'000)	Variance (TZS'000)
1	SHP104484952	21/09/2023	Sea Vessels Agent	250,603	30,000	220,603
2	SHP100461833	16/10/2024	Sea Vessels Agent	237,474	2,000	235,474
3	SHP104485851	15/10/2024	Sea Vessels Agent	237,474	10,000	227,474
4	SHP104915254	27/03/2024	Sea Vessels Agent	263,026	50,000	213,026
5	SHP105231649	05/08/2024	Sea Vessels Agent	237,474	60,000	177,474
6	SHP100461446	16/10/2023	Sea Vessels Agent	250,603	149,000	101,603
7	SHP104917115	12/03/2024	coastal vessel Agent	65,756	1,000	64,756
8	SHP204348651	27/10/2024	inland water ways agent	59,368	1,000	58,368
9	SHP203734017	27/11/2023	sea Vessels Agent	25,060	1,000	24,060
10	SHP105231536	13/12/2024	sea Vessels Agent	23,747	10,000	13,747
11	SHP102980641	04/05/2023	coastal vessel agent	58,188	50,000	8,188
12	SHP104911414	04/03/2024	coastal vessel agent	7,890	5,000	2,890

Source: Shipping agents' register and their audited Financial Statements

858. I recommend that Tanzania Shipping Agency Corporation take regulatory measures to companies operating below capital requirements and make close follow up and monitoring of licensing process to ensure full compliance before licences are issued.

859. I also noted that, TASAC did not take regulatory actions against four small vessels found to be non-compliant during vessel inspections conducted by TASAC Tanga Regional office (Table 71), contrary to the requirement of Section 226 (2) and (4) of the Merchant Shipping Act, 2003.

860. This was attributed to lack of clear guidelines outlining step-by-step procedures and assigning specific responsibilities at each stage of vessel inspections and enforcement. This may lead to continued operation of unsafe and poorly maintained vessels posing a significant threat to the safety of passengers, crew, cargo, port infrastructure and likelihood of marine pollution from oil spills or hazardous materials there by endangering both lives and environment.

Table 71: Noncompliant vessels

S/N	Date of Inspection	Name of the vessel	Owner of the vessel	Recommendations issued in the inspection report	Required actions as per TASAC directives
1	22/04/2025	MV. TANGA	TEMESA	MV Tanga is currently operating in an unsafe and unreasonable condition and unreliable condition due to systematic neglect of maintenance and inadequate repair standards.	MV Tanga be detained forthwith and shall remain under detention until all identified deficiencies are rectified to the satisfaction of the corporation.
2	16/06/2025	MV.CHO NGOLEA NI TUG-TPA	TPA	The operation of a noncompliant vessel not only contravenes maritime regulations but also exposes the authority to significant liability in the event of accidents or incidents. Furthermore, the current condition of the vessel presents unacceptable risks to the crew, other vessels, and port infrastructure.	Waiting for directives from TASAC HQ to the owner of the vessel.
3	18/06/2025	MV TANGA MPYA TUG-TPA	TPA	Based on the comprehensive inspection, the vessel was found to be non-compliant with essential statutory and safety requirements.	Waiting for directives from TASAC HQ to owner of the vessel.
4	30/06/2025	ULINZI II BOAT-TPA.	TPA	MV ULINZI II exhibits extensive deficiencies across all major systems, with particular concerns regarding expired safety equipment, compromised	Waiting for directives from TASAC HQ to owner of the vessel.

S/N	Date of Inspection	Name of the vessel	Owner of the vessel	Recommendations issued in the inspection report	Required actions as per TASAC directives
				watertight integrity, and inadequate personnel qualifications.	

Source: Tanga regional monthly survey and inspections reports for FY 2024/25

861. I recommend that Tanzania Shipping Agency Corporation detain and prohibit from operating vessels found with critical safety deficiencies as required by Section 226 (2) and (4) of the Merchant Shipping Act, 2003 and develop a robust guideline to eliminate loopholes in monitoring and enforcing compliance instructions.

862. Further, I found TASAC did not take regulatory measures against Tanzania Ports Authority's tugboats (Mv. Kazi lendelee, Mv. Hoima Uganda, Mv. Chongoleani, and Mv. Tanga Mpya) whose Certificates of Seaworthiness expired since 30 June 2023 and had not been renewed as of 11 August 2025, contrary to Regulations 16 and 17(6) of the Merchant Shipping (Small Ships, Local Cargo Ship Safety, Small Ship Safety, Surveys and Inspections for Vessels Engaged on Local and Coastal Voyages, Inland Waters) Regulations, 2006 that require vessels operating on the waterways identified in Regulation 2 carry a Certificate of Seaworthiness attesting to compliance with the technical requirements of these Regulations. This is attributed to TPA's delay in initiation of renewal processes for vessel certification and TASAC inactiveness in taking regulatory sanctions.

863. This encourages prolonged non-compliance by TPA with heightened operational and safety risks, including potential accidents and liabilities.

864. I recommend that Tanzania Shipping Agency Corporation impose regulatory sanctions against Tanzania Ports Authority's tugboats with expired certificates of seaworthiness so that Tanzania Ports Authority ensures the timely renewal of vessel Certificates of Seaworthiness before their expiry to prevent potential accidents and liabilities.

865. Furthermore, Tanzania Ports Authority did not have a valid license from TASAC to operate as a port terminal operator at Lake Nyasa Port, contrary to Regulations 4 and 6 of the Tanzania Shipping Agencies (Port Terminal Operators) Regulations, 2020, which provides that no person or body corporate shall perform port terminal operations without a valid license issued by the Corporation. Any person or body corporation intending to carry out port terminal operations must apply to the Corporation for a license.

866. This is attributed to inadequate oversight and compliance monitoring by the Authority to ensure the timely application of mandatory operational licenses and failure of TASAC to take regulatory sanctions against such noncompliance.

867. I recommend that Tanzania Shipping Agency Corporation impose regulatory sanctions against Tanzania Ports Authority and Tanzania Ports Authority initiate the process of obtaining a valid port terminal operator license for Lake Nyasa Port.

18.4.2 Inadequate Enforcement of Decommissioning Directives for Non-Operational Petroleum Facilities by EWURA

868. EWURA did not make follow up to ensure its directives to all licensees of non-operational retail outlets in all locations, that required removal of all petroleum products and the degassing of underground storage tanks and piping systems were fully implemented, in compliant to Rule 50(1) of the Petroleum (Wholesale, Storage, Retail and Consumer Installation Operations) Rules, 2022 which requires any regulated facility, that is abandoned or no longer operational be formally decommissioned, either upon application by the licensee or by order of the Authority where abandonment is established.

869. This was attributed to inadequate follow-up mechanisms to verify whether licensees fully implemented the enforcement directives issued. Failure to formally decommission or adequately regulate non-operational inland storage depots and retail outlets exposes the public and the environment to potential safety, health, and environmental risks, including fire hazards, leakages, and soil or groundwater contamination.

870. I recommend Energy Water Utilities Regulatory Authority enforce and monitor a framework that will ensure all non-operational inland storage depots and retail outlets are promptly identified and subjected to the regulatory actions prescribed under the Petroleum Rules, 2022, including formal decommissioning.

18.4.3 PURA did not Monitor Gas Reserve Estimation by the Qualified Reserves Evaluator and Qualified Reserve Auditor

871. During the audit I noted that PURA did not have established controls or mechanisms to verify whether the technical and commercial data submitted to Independent Qualified Reserves Evaluator (IQRE) by International Oil Companies (IOCs) are complete, accurate, not misleading, and consistent with records held

in PURA's data repository or data bank contrary to Section 2 (1)(b) of the Petroleum Act, 2015, Article 12 which requires PURA to perform monitoring, regulation and supervision of the petroleum subsector, including reserve estimation and measurement of produced petroleum. For instance, I revealed that reserve estimation reports submitted for Mnazi Bay and Songo Songo gas fields for periods between 2022 and 2024 relied entirely on data supplied by operators.

872. This is attributed to PURA's over-reliance on operator-provided information and absence of a formalized data validation framework. The noted weakness presents a high risk of inaccurate reserve estimation due to potential data misrepresentation, possible misstatement of national petroleum reserves and misinformed investment decisions.

873. I recommend Petroleum Upstream Regulatory Authority develop and implement standard operating procedures for independent verification of operator data before use in reserve estimation.

18.4.4 Non - registration, Examination and Calibration of Automated Meteorological Station Instruments at Mikumi National Park

874. I noted that, there was no registration, examination, calibration, verification and maintenance of the meteorological instruments made by the Tanzania Meteorological Authority (TMA) for Kikoboga automated weather station at Mikumi National Park, contrary to Section 23 of the Tanzania Meteorological Authority Act, 2019 which requires that, for the purpose of undertaking meteorological activities, all meteorological stations shall be registered by the Authority. The automated weather station was found to be malfunctioning for almost five years.

875. This was attributed to inadequate management initiatives to set funds for registration, examination, calibration and repair, which may compromise the credibility of weather data, thereby affecting park management, disaster preparedness, ecological research, and visitor safety.

876. I recommend that:

- (a) Tanzania National Parks ensure Mikumi National Park register the automated weather station in the park as well as subjecting all meteorological instruments to Tanzania Meteorological Authority examination, calibration and maintenance as stipulated in the Tanzania Meteorological Authority Act, 2019 to enhance the credibility and reliability of the information produced by the park weather station; and

- (b) Tanzania Meteorological Authority take regulatory measures to ensure compliance with the aviation regulations.

18.4.5 Drones Operated by TANAPA without TCAA Registration and Authorization

877. I noted that TANAPA use unmanned aerial vehicles (drones) for purpose of wildlife monitoring, managing human-wildlife conflicts, and general park management. However, drones operated by Ruaha National Park (RUNAPA) and Mikumi National Park (MINAPA) within the areas of their ambit, are neither registered nor authorized by the Tanzania Civil Aviation Authority (TCAA), contrary to Regulation 18 (1) of Part III and Regulation 7 (1) of Part II of the Civil Aviation (Remotely Piloted Aircraft Systems) Regulations, 2018 which prohibits operating RPAS and remotely piloted aircrafts in the United Republic of Tanzania without authorization, and registration and certification by TCAA, respectively.

878. For drones being unregistered and unauthorised, it hinders effective airspace monitoring and management, including safety, making it difficult to enforce no-fly zones and respond to emergencies. This is attributed to inadequate civil aviation regulation compliance by TANAPA and inadequate regulatory enforcement measures by TCAA.

879. I recommend that:

- (a) Tanzania National Parks ensure compliance with the mandatory registration and authorization of drones by Tanzania Civil Aviation Authority (TCAA) to promote safety, security, and accountability in Remotely Piloted Aircraft Systems operations; and
- (b) TCAA takes regulatory measures to ensure compliance with aviation regulations.

18.5 Delays in Issuing Seafarers' Certificates by TASAC

880. I noted that Tanzania Shipping Agency Corporation (TASAC) delayed in issuing seafarer's certificates for the period ranging from 15 to 295 days (Table 72), contrary to 5 days Key Performance Indicator target set by TASAC as mandated by Paragraph 3.1.2 of the TASAC approved organisational structure of 2018, which outlines the duties of the Seafarers Training and Certification Section.

Table 72: Certificate issued after delays

S/N	Applicant ID	Application date	Issued on	No days used	Required days/KPI	Delayed No. days
Certificate of Competence						
1	TASAC/007887	31/07/2024	27/05/2025	300	5	295
2	TASAC/009644	11/07/2024	07/05/2025	300	5	295
3	TASAC/009032	08/06/2024	11/03/2025	276	5	271
4	TASAC/003904	09/05/2024	05/02/2025	272	5	267
5	TASAC/008287	23/01/2024	27/09/2024	248	5	243
6	TASAC/009512	21/06/2024	11/02/2025	235	5	230
7	TASAC/008759	24/05/2024	10/01/2025	231	5	226
8	TASAC/010044	31/10/2024	16/06/2025	228	5	223
9	TASAC/008037	03/01/2024	27/07/2024	206	5	201
10	TASAC/009189	04/04/2024	17/10/2024	196	5	191
Certificate of Proficiency						
11	TASAC/003181	25/09/2024	17/01/2025	114	5	109
12	TASAC/008292	26/09/2024	14/02/2025	141	5	136
13	TASAC/008393	16/07/2024	24/11/2024	131	5	126
14	TASAC/009599	05/07/2024	08/12/2024	156	5	151
15	TASAC/009700	08/01/2025	03/05/2025	115	5	110
16	TASAC/009709	03/09/2024	16/05/2025	255	5	250
17	TASAC/010092	16/01/2025	16/05/2025	120	5	115
18	TASAC/010377	17/11/2024	21/03/2025	124	5	119
19	TASAC/010425	22/11/2024	15/03/2025	113	5	108
20	TASAC/010735	15/01/2025	06/06/2025	142	5	137
Certificates of Competence						
21	TASAC/005076	14/11/2024	17/02/2025	95	5	90
22	TASAC/000515	14/03/2025	23/04/2025	40	5	35
23	TASAC/001422	29/10/2024	29/11/2024	31	5	26
24	TASAC/001421	30/10/2024	29/11/2024	30	5	25
25	TASAC/001202	16/01/2025	07/02/2025	22	5	17
26	TASAC/005899	02/01/2025	24/01/2025	22	5	17
27	TASAC/000678	16/12/2024	06/01/2025	21	5	16
28	TASAC/000399	29/11/2024	19/12/2024	20	5	15

Source: Maritime Safety & Security Management System

881. This is attributed to the absence of approved documented procedures for monitoring and following up on the issuance of Seafarers' certificates, which affect service delivery to beneficiaries and revenue collection, as the validity period of certificates is calculated from the date of issuance.

882. I recommend that TASAC develop and implement procedures to enhance and strengthen the monitoring and follow-up mechanism in the issuance of seafarers' certificates to eradicate or minimize delays.

18.6 Deficiencies Noted in Management of Cash Crops by Crop Boards

883. Ministry of Agriculture, either directly or through Crop Boards, is responsible for overseeing, coordinating, and promoting the production, marketing, and distribution of cash crops such as coffee, cashew nut, cotton, sisal, tobacco, sugarcanes, pyrethrum and tea. For effective administration and oversight each cash crop has its own institutional board that governs, promotes and regulates its affairs. Crop Boards are primarily obliged to safeguard the

interests of farmers, ensure quality standards, and enhance productivity and sustainability in agricultural practices regarding crops they oversee.

884. During the audit, I noted deficiencies regarding the management of cash crops and crop boards as detailed hereunder: -

18.6.1 Declining Tea Production and Under Utilization of Processing Capacity

885. My review on tea production trend analysis covering a 20-year period, with focused analysis on the last five consecutive financial years (2020/21-2024/25) noted a tremendous tea production declined by 42%, from 27.5 million kg in 2020/21 to 16.03 million kg in 2024/25, due to factory closures, abandonment of 2,808 hectares of farms, inadequate enforcement of contract farming, delayed payments, limited inputs, high costs, and inadequate infrastructure. The decline indicates weaknesses in the Tea Board of Tanzania’s regulatory and supervisory role in ensuring sustainable tea production.

Table 73: Tea production trend for five years

S/n	Year	Estate (kg) ‘000	S/Holder (Out Growers) (kg)’000	Total Production(kg)’000
1	2024/25	8,720.72	7,546.36	16,267.08
2	2023/24	12,175.54	8,777.22	20,952.76
3	2022/23	16,073.93	10,680.47	26,754.40
4	2021/22	14,020.86	10,803.76	24,824.62
5	2020/21	16,030.59	11,478.84	27,509.43

Source: TBT-Tea Production Statistics (20 Years Data)

886. As review found, only 12 of 25 registered tea factories in Tanzania were fully operational, processing 16.26 tonnes (24% utilization) against an installed capacity of 67.85 tons, leaving 76% idle. Closed factories accounted for 47% of total capacity due to operational and financial constraints, including high production costs.

887. This inefficiency constrains sector growth, reduces farmers’ income, and weakens the tea industry’s contribution to the economy. Immediate action is essential to safeguard the tea sector, protect farmers’ incomes, and strengthen its contribution to the national economy.

888. I recommend that the Government through the Tea Board of Tanzania:

- a) Urgently strengthen regulatory oversight by enforcing contract farming, monitoring factory operations, and ensuring compliance with the Tea Industry Act; and

b) **Facilitate farmers’ access to inputs and financing, rehabilitate closed farms and factories, and improve infrastructure to enhance production and fully utilize installed processing capacity.**

18.6.2 Delayed Construction, Installation and Supply of Cash Crop Supporting Infrastructures

889. Tea Board of Tanzania had not delivered or installed a tea processing machine intended for Korogwe and Tanga Region as of January 2026,. The machine, valued at TZS 1.73 billion (VAT exclusive), was procured in August 2025 but had not been installed due to inadequate follow-up to ensure timely delivery. The delay limits tea processing capacity in the affected regions and constrains the Board’s ability to meet its production and operational targets.

890. Similarly, Tanzania Tobacco Board constructed only 140 of planned 573 drying sheds across tobacco-growing regions by October 2025, despite a target completion date of December 2025. The slow progress was attributed to delayed disbursement of funds from the Ministry of Agriculture. As a result, tobacco farmers were unable to fully benefit from improved curing and post-harvest handling facilities.

891. At Tanzania Fertilizers Regulatory Authority, I noted that, a microbiology laboratory was not operational at the time of audit in October, 2025. The laboratory lacked essential equipment, including a microscope and a safety cabinet as well as adequate staffing, due to delay procurement of the required items. Consequently, the Authority’s capacity to conduct microbiological testing of fertilizers was limited, potentially affecting quality assurance in the fertilizer market.

892. I recommend that:

- (a) The Tea Board of Tanzania expedite delivery and install the tea processing machines and improve follow-up to avoid delays;**
- (b) The Tanzania Tobacco Board, together with Ministry of Agriculture secure funding and complete construction of the remaining tobacco drying sheds on schedule; and**
- (c) The Tanzania Fertilizers Regulatory Authority fast-track the provision of all necessary equipment, staff, and resources to make the microbiology laboratory fully operational, ensuring better fertilizer quality control.**

18.6.3 Continued Dependence on Imported Fertilizers

893. I noted that Tanzania continues to rely heavily on imported fertilizers despite government efforts to build local production capacity. Although

investments in infrastructure and tax incentives have encouraged the establishment of several fertilizer factories, the country had not yet achieved its goal of reducing imports at the time of audit. Data reported by the Bank of Tanzania indicates that fertilizer imports remain among the country’s significant import items, with Tanzania spending substantial foreign exchange on fertilizer imports in recent years.

894. The trend analysis showed that Tanzania Fertilizer Regulatory Authority (TFRA) had not effectively implemented its strategy to reduce dependence on imported fertilizers. Although import volume fluctuates over the past four years, the overall trend showed an increase in import, particularly in 2025. This indicates that the targets set for reducing reliance on imports had not been met (Table 74).

Table 74: TFRA fertiliser importation trend

Year	Actual Quantity Imported (MT)	Value (TZS) '000	Import Reduction Target	% Actual Quantity of importation	% Variance
2024/2025	911,491	2,457,753.28	(65)	25	90
2023/2024	728,758	726,732.37	(80)	(12)	(68)
2022/2023	824,104	1,433,374.25	(90)	117	207
2021/2022	379,927	540,312.45	-	-	-

Source: Fertiliser Importation data from TFRA

895. This is attributed to slow pace of development and operationalization of local fertilizer production facilities and low user preference for locally produced fertilizers due to perceived or actual quality differences and lack of awareness.

896. Continued dependency on imported fertilizers exposes Tanzania to risks of reduce growth of local fertilizer production, fewer employment opportunities, and vulnerability to global supply disruptions, which can negatively affect agricultural productivity.

897. I recommend that Tanzania Fertilizer Regulatory Authority:

- a) Conduct awareness and sensitization campaigns to promote acceptance of locally manufactured fertilizers;
- b) Provide incentives to local producers to improve quality and competitiveness; and
- c) Facilitate collaboration between the government, producers, and farmers to align production with user needs and preferences.

18.7 Weaknesses in Management of Agricultural Inputs and Crop Quality Control

898. My audit of agricultural inputs at the Cashewnut Board of Tanzania (CBT) revealed weaknesses in the management and quality control of pesticides. A total of 3,052 litres of Skyplus 550EC worth TZS 158.70 million supplied to Manyoni in May 2025 had expired on 7 February 2025. In addition, 744 cartons (8,342 litres) valued at TZS 433.78 million found in the Masasi Warehouse had expired in February 2025. This was contrary to Clause 2.4 of the Contract, which required pesticides delivered to have an expiry date of at least September 2026.

899. The audit further noted under-delivery and delays exceeding 12 months in the supply of pesticides by contracted suppliers. The shortfall included 42% of liquid pesticides, 35% of pesticide bags, and 89% of pesticide tonnes, contrary to Clauses 6.2, 9.2 and 10.1 of the General Conditions of Contract for the supply of pesticides. These weaknesses were mainly attributed to inadequate quality assurance and contract management practices.

900. The supply of expired pesticides and delays in distribution expose farmers to health risks, reduced pest control effectiveness, pest outbreaks, and lower crop productivity, resulting in loss of Government funds allocated for subsidised agricultural inputs.

901. My review of the Tanzania Cotton Board (TCB) also revealed weaknesses in the regulation and control of cotton quality. The Corporate Strategic Plan (2021/22-2025/26) aimed to increase cotton quality from 44% in the 2019/20 season to 75% by 2025/26. However, cotton quality declined significantly to 7% in the 2024/25 season, compared to 44% recorded in 2023/24, contrary to Section 5(2)(b) of the Tanzania Cotton Industry Act [Cap. 201 R.E. 2023], which mandates the Board to regulate and control cotton quality.

902. The decline in cotton quality was mainly attributed to poor harvesting practices, contamination during purchasing and transportation, and weaknesses in grading and inspection controls, which undermine product quality, farmer returns, and the international reputation of Tanzania's cotton.

903. **Recommendation I recommend that:**

(a) The Cashewnut Board of Tanzania strengthen quality control and contract management practices, including thorough inspection of pesticides before acceptance and enforcement of contractual penalties against suppliers delivering expired or incomplete consignments; and

(b) The Tanzania Cotton Board enhance farmer training, inspection, and monitoring mechanisms across harvesting, purchasing, transportation, and

grading stages to ensure compliance with cotton quality standards and improve overall crop quality.



CHAPTER NINETEEN

EFFICIENCY OF PUBLIC AUTHORITIES AND OTHER BODIES IN HEALTH SECTOR

19.0 Introduction

904. The Government invests substantially in public health through medical equipment, supplies, and health professionals deployed to public authorities and other bodies. To safeguard value for money, it is essential to assess how efficiently these resources are utilised to deliver quality health services.

905. My audit of health-sector entities like Medical Stores Department (MSD), Jakaya Kikwete Cardiac Institute (JKCI), Muhimbili National Hospital (MNH), Muhimbili Orthopaedic Institute (MOI), Muhimbili National Hospital-Mloganzila, and the National Health Insurance Fund (NHIF) for FY 2024/25 identified key efficiency constraints, including: shortages of reagents, pathologists and diagnostic facilities, coupled with inadequate maintenance, resulting in prolonged turnaround times; non-fulfilment and delays in processing customers' orders at MSD; inadequate logistic arrangement and distribution resulting in expiry of medicine and medical equipment and inadequate enrolment of members to NHIF. Detailed findings and recommendations are presented below.

19.1 Increase in Government Receivables for Vertical Programs TZS 321.31 billion

906. Regulation 80 of MSD Financial Regulations, 2024 requires most of sales to be made in terms of cash and carry, and where necessary, with the approval of Director responsible for Finance, temporary credit sales may be provided to customers. In addition, Para 6.3.3 (iii) of the Medical Stores Department Accounting Manual of 2024 requires the Government/Development partners to pay for the cost of storage and distribution costs related to vertical programs (medical products related to HIV, TB, Maternal).

907. The debt of MSD due from the Government stood at TZS 476.11 billion as at 30 June 2025, out of which TZS 321.31 billion relates to vertical programs.

This represents an increase of 20% from the vertical program debt TZS 267.79 billion in the financial year 2023/24.

908. The reason for this increase is due to inadequate budget allocation by the Government to finance the payment of Government debt. MSD may face worsening liquidity problems, supplier distrust and service delivery disruptions. To curb the situation, the Government through Ministry of Health, disbursed TZS 50 billion in August 2025 to MSD for the repayment of verified debt and subsequently increase the budget for procurement of medical equipment from TZS 200 billion in 2024/25 to TZS 350 billion in 2025/26 being an increase of 75%.

909. I recommend that the Ministry of Health, in collaboration with the Ministry of Finance continue to follow up on:

(a) The disbursement of the budget for procurement of medical equipment that has been increased from TZS 200 billion in 2024/25 to TZS 350 billion in 2025/26; and

(b) Disbursement of remaining debt for storage and distribution costs to ensure adequate service delivery, long-term financial stability and increase in suppliers' trust.

19.2 Delays in Processing Customers' Orders Worth TZS 39.16 billion

910. Para 11.2 (iv) of MSD customer service charter 2024 requires customers' orders to be processed within 14 days after receiving the order.

911. During the financial year 2024/25, MSD received a total of 4,712,205,252 Orders from health facilities totalling TZS 638.73 billion. Out of total order received, MSD executed 4,709,855,660 amounting to TZS 635.96 billion (99.6%), hence resulting in non-fulfilment of 2,349,592 orders amounting to TZS 2.77 billion. There is an improvement compared with the previous two years, in which MSD fulfilled 76% and 79% of the total orders 114,966,729 for 2023/24 and 105,646,079 for 2022/23 respectively.

912. Despite improvement in order fulfilment, I still found that MSD delayed in fulfilling 8,055,135 orders amounting to TZS 36.39 billion for the periods ranging between 16 and over 716 days beyond the required 14 days of receiving the order.

913. The non-fulfilment and delays in fulfilment are attributed to; inadequate demand forecasting and replenishment; waiting for confirmation of payments from customers with outstanding balances since new orders cannot

be executed before clearing the outstanding debts; some items were temporarily unavailable (out of stock) when the orders were initially placed; and some health facilities did not submit their order confirmations on time.

914. Persistent delays and non-fulfilment of orders directly undermine healthcare service delivery. Timely medical supplies are critical for patient care, and such delays diminish public confidence in MSD's reliability as a national supplier. Also delays in delivery of medicine and medical equipment result in delays in patients treatment, thus affecting effectiveness of workforce.

915. I recommend that Medical Stores Department:

(a) Strengthen inventory management, demand forecasting, and replenishment planning to ensure optimal stock levels and timely order fulfilment; and

(b) Institute mechanism to ensure customers pays for the medical supplies before order is executed.

19.3 Overstocking Exceeding the Maximum limit of 10 Months

916. Paragraph 6.4 of MSD Inventory Guideline, 2018 requires the maximum holding period for inventory at MSD warehouse, both at the central warehouse and zonal warehouses, to be 10 months.

917. I found that MSD overstocked medical items above the maximum period, ranging from 11 to 69 months, valued at TZS 21.5 billion. The overstocking was attributed to fluctuations in consumption level and shifts in diseases pattern, resulting in inaccurate demand forecasts. To curb the situation, MSD implemented the following efforts; conducting monthly reconciliation of inventory to identify the overstocked items and redistribute them to zonal offices or dispose of based on procurement procedures, conducting monthly and quarterly supply plan reviews meeting and operational and strategic planning meeting.

918. The working capital has been tied up in overstocked items which could be used to finance other items with high demand. Furthermore, there is a risk of medicine expiry, leading to potential financial loss and wastage of public funds. Besides, there is an increase in storage and handling costs.

919. Through the effort employed by MSD, the value of overstocked items was reduced to TZS 17.2 billion in November 2025. While recognizing the efforts employed by MSD, I am of the view that, MSD need to strengthen controls in forecasting demands to reduce the overstocked items.

920. I recommend that Medical Stores Department:

- (a) Strengthen the controls in forecasting of demand by using real time stock data based on consumption pattern; and
- (b) Establish an automated alert that will provide notification in case of overstocking.

19.4 Inadequate Logistic Arrangement and Distribution Resulting in Expiry of Medicine and Medical Equipment

921. My review of logistic arrangement and distribution mechanism of medicine and medical equipment at MSD found the following anomalies; -

(a) Lack of Directives by the Ministry of Health on Distribution of Vertical Programs worth TZS 12.24 billion

922. MSD is only responsible for storing and distributing these Vertical Programs. All decisions on movement, allocation, and use of the items are made by the Ministry of Health programs, which provide dispatch lists or guide facilities when placing orders. I found that Ministry of Health did not give directives on movement, allocation and use of vertical programs worth TZS 12.24 billion as a result led to expiry of these medicine and medical equipment within MSD warehouse.

923. I recommend that Ministry of Health Programs directs the movement, allocation and consumption of vertical programs stock items to avoid the expiry and damage of stock items in MSD Warehouse.

(b) Medicine and Medical Items Received with Shelf Life of less than 80% or Two years TZS 20.28 billion

924. According to Para 7.1.3 of the MSD's Inventory Guideline of 2018, warehouse officers need to check the remaining shelf life of a product when it arrives. The product should have either more than 80% of its shelf life left or least two years. If a product does not meet these standards, the Warehouse Manager (WM) or Vertical Program Manager (VPM) should check with PMU to see if it was approved for delivery with a shorter shelf life.

925. During the year under review, I found that MSD received 4,389,681 items worth TZS 20.28 billion with less than 80% of their shelf life remaining at the time of purchases. This is attributable to shortage in medical supplies which enforce MSD to receive items with short life to avoid stock out, and lack of mechanism for tracking items received under Memorandum of Understanding

(MoU) during issuing items to customers since MSD had entered into MoU with suppliers requiring that any unconsumed items with a remaining shelf life of six months or less be collected once MSD notifies the suppliers, however MSD lacks an effective mechanism to track such items after receipt.

926. Items received with short shelf life disrupt the supply chain and increases the risk of losses due to expiry. As a result of the noted anomalies MSD held expired and damaged stocks valued at TZS 18.74 billion and TZS 707.82 million, respectively, comprising vertical, normal and special item. Moreover, they led to existence of medical items with 1-6 months before expiry worth TZS 2.95 billion in four zonal offices in Mbeya, Mtwara, Mwanza and Iringa contrary to Para 3.3 of MSD Inventory Management Guideline, 2024 which requires items with one to three months before expiry to be issued free of charge upon submission of commitment letter of consumption before expiry from facilities to MSD and items with 4-6 months near to expiry be issued at discount, free issuance can also be done depending on the nature of the items.

927. I recommend that Medical Stores Department:

- (a) Enhance supply chain planning and forecasting mechanisms to ensure timely procurement and availability of medical supplies, reducing the need to accept items with short shelf lives;
- (b) Ensure controls are strengthened during the receipt of items to avoid the receipt of items with short shelf life; and
- (c) Institute the mechanism to enforce term in MoU with suppliers.

19.5 Inadequate Monitoring of NHIF Supplementary Beneficiaries Package TZS 20.15 billion

928. National Health Insurance Fund offers a supplementary beneficiaries Package from which beneficiaries' employers voluntarily enrol their employees to receive additional benefits apart from the benefits which are provided in normal package. Supplementary beneficiaries' package contracts between NHIF and employers require the employers to make full payment of the contract amount in advance.

929. I found that the fund is owed by beneficiary's employers a balance of TZS 20.15 billion as at 30 June 2025. There is a sharp increase in outstanding balance of supplementary package by 127% from TZS 8.88 billion in 2022/23. I reviewed 94 beneficiaries' packages contracts and found that 46 beneficiaries package contracts were operating in overdrafts. Notably, five employers had overdrafts exceeding TZS 1 billion each, namely: National Microfinance Bank

Plc, Tanzania Revenue Authority (TRA), Tanzania Electric Supply Company Limited (TANESCO), Tanzania Ports Authority (TPA) and TTCL Corporation.

930. The noted deficiency is attributed to inadequate enforcement of contract terms by the Fund; inadequate monitoring of employers' payment status for supplementary benefit packages; and failure to notify employers and service providers of the supplementary package. As a result the employers owe the fund, contrary to Para 4.0 of the contract which requires the employers to make full payment of the contract amount in advance.

931. Non-compliance with contract terms affects the fund's liquidity, for which the fund reallocates the fund to pay claims and affects the ability of the Fund to pay claims to the other schemes, as funds were tied to supplementary beneficiaries.

932. I recommend that National Health Insurance Fund ensure:

- a) Timely notification of employers and service providers of the supplementary package depleted fund and proceed to suspend the service immediately as required by the contract; and
- b) All customers with the overdraft facility for the amount have their overdrafts collected without delays.

19.6 Inadequate Enrolment of Members to NHIF

933. The Fund targeted to register 3,329,736 members by June 2024/25 based on NHIF strategic plan 2021/22-2025/26 with annual target of registering 1,407,918 members. My assessment of registration data for financial year 2024/25 found that the Fund managed to register 553,477 members for the financial year 2024/25 which is 39% of the annual target. This marked a decrease of 4% compared to the recruitment performance for the Financial Year 2023/24.

934. This was attributed to lack of accountability of regional offices to the set performance target as a result the performance across regions noted that only six regions exceeded 50% of the annual target. Inadequate enrolment of members leads to inadequate expansion of hence insurance coverage.

935. I recommend that National Health Insurance Fund ensure that regional offices are held accountable to annual targets through annual based performance targets.

19.7 Inadequate Performance of Medical Factories

19.7.1 Idle Medical Machinery at IDOFI Medical Plant Site- TZS 7.96 billion

936. During my site visit conducted on 12 October 2025 to IDOFI Medical Plant owned by MEDIPHARM Company, I found medical machinery procured more than four years ago valued at TZS 7.96 billion are idle and not used due to uncompleted warehouse as per TMDA standards and inadequate funding.

937. The buildings intended for machine installation and subsequent medical production, valued at TZS 3.85 billion, had not been completed since 15 May 2023. By the date of conclusion of this audit on 12 October 2025, the buildings had not yet been completed due to pending alignment with TMDA Standards and a funding gap. Medipharm relies on MSD as the main financier of its capital investments including the completion of these projects. Unfortunately, MSD also faces financial challenges following its long-standing debt from the government and therefore, unable to disburse the planned funds to Medipharm.

938. Due to that, MSD and Medipharm took various initiatives as alternatives to ensure machines are installed and operations start as planned. These initiatives are: Install the Oral Syrups Production Plant at Idofi so that it starts operations; and identify and negotiate with suitable partners where the machines will be installed and start operations (utilization). Due to idle machines, capital investment of TZS 7.96 billion has been tied up in idle machinery, with increased risk of depreciation, damage, or obsolescence. Also, if items remain unused in stores, part or all of the warranty periods may expire before the equipment is ever put in use.

939. I recommend that **MEDIPHARM** and **MSD** Fast-track financing arrangements, and implement a clear, time-bound action plan to ensure the machines are installed and put into use without further delay.

19.7.2 Underperformance of Mabibo Traditional Medicine Manufacturing Plant

940. Para 7(3) of the Business Plan for the NIMR Mabibo Traditional Medicine Manufacturing Plant of July 2023, projected sales of herbal medicines TZS 2.04 billion and TZS 1.06 billion for the year 2024/25 and 2023/24, respectively.

941. My review of operational performance of Mabibo Traditional Manufacturing Plant found that the Plant operated at 5% of its full capacity for

financial year 2024/25. Projected revenue based on business plan of July 2023 was TZS 2.04 billion, while the actual revenue is TZS 82.03 million. There is a decrease in production capacity in comparison with financial year 2023/24, where the plant was operating at a capacity of 8% (Projected revenue TZS 1.06 billion and actual revenue TZS 70.46 million). The reason for the Plant to operate below capacity is due to inadequate planning for obtaining raw materials for herbal medicine. Thus, under production affects sustainability, profitability, and growth of the Centre.

942. I recommend that National Institute for Medical Research ensure there is proper planning for obtaining raw material for production to enable the plant to operate at full capacity.

19.8 Inadequate Physiotherapy Ward Rounds Affecting Patient Recovery at MOI

943. Chapter 6.2 of the MOI Standard Operating Procedures (Directorate of Clinical Support Services - Inpatient Physiotherapy) 2023 requires physiotherapists to conduct routine visits to patients in their respective wards. Additionally, the 2023/2024-2025/2026 Strategic Plan (Chapter 4.3, Target C01S) sets a specific performance goal to reduce the average length of hospital stay from 14 days to 7 days by June 2026.

944. During my inspection of general patients' wards, I observed that 38 assigned patients were not attended during scheduled times. This was due to an imbalance between the growing number of patients and the available workforce. There has been reduction in the physiotherapy workforce from 36 to 29 employees and also ineffective scheduling has led to gaps in ward coverage. MOI informed me that it needs 12 more physiotherapists.

945. Irregular physiotherapy sessions reduce the effectiveness of rehabilitation, leading to potential deterioration in patient mobility. Slower recovery rates contribute to prolonged hospital stays, directly hindering the Institute's ability to achieve the Strategic Plan target of reducing stays to 7 days and prolonged stays days reduce bed turnover, limiting space for new patients requiring urgent care.

946. I recommend that Muhimbili Orthopaedic Institute:

- a) Strengthen supervision by requiring daily verification of physiotherapy ward rounds, supported by clear documentation; and
- b) Recruit physiotherapists to ensure adequate coverages for all wards.

19.9 Inadequate Number of Nurses for Patients at MOI

947. Part 6.2 of MOI Standard Operating Procedure (Admission of Patients in Wards) 2023, mandates that every patient, prior to admission to the ward, must be fully assessed and documented by a nurse and an admitted doctor. To effectively perform these detailed assessments and provide quality care, the Institute aims for a standard nurse-to-patient ratio of 1:3.

948. I found that the actual nurse-to-patient ratio consistently averaged between 1:6 and 1:8 per shift, which is double to the recommended ratio of 1:3. A ratio above 1:3 significantly reduces the time available for each nurse to perform the detailed assessments required by SOP Part 6.2, increasing the risk of missed symptoms or medication errors. Besides, high workloads lead to staff burnout and fatigue, directly decreasing the efficiency and quality of health service delivery. In the financial year 2024/25, MOI budgeted for 223 new hires but received approval for only 91 positions. Out of these, 68 employees have already been recruited, the Institute has conducted interviews for the remaining 23 positions. The Institute is actively addressing the staffing gap through recruitment processes, engagement with relevant government authorities, and exploring additional avenues to acquire permanent nursing staff.

949. I recommend that Muhimbili Orthopaedic Institute continue to make follow up for recruitment permit to bridge the staffing gap and align the workforce with the target 1:3 ratio.

CHAPTER TWENTY

PERFORMANCE OF EXTRACTIVE INDUSTRY

20.0 Introduction

950. This chapter presents an assessment of the operational performance of the extractive industry in Tanzania, a sector of strategic importance to the national economy. The extractive industry in Tanzania plays a vital role in the country's economic development, significantly contributing to export revenues, foreign investment, and job creation, with mining particularly gold and tanzanite and natural gas being key sectors.

951. The assessment focuses on selected public authorities and other bodies operating within the petroleum and mining sub-sectors. In the petroleum sub-sector, the review covered institutions such as the Petroleum Upstream Regulatory Authority (PURA), Tanzania Petroleum Development Corporation (TPDC), and GAS Company Tanzania Limited (GASCO). In the mining sub-sector, the review covered the State Mining Corporation (STAMICO), and its Subsidiary STAMIGOLD.

952. The chapter also aims to inform policymakers, regulators, and other stakeholders about strategic interventions needed to promote sustainable growth and development in Tanzania's extractive sector. Several deficiencies, have been identified, including contractor's failure to meet fees obligations, inconsistencies and lack of clarity in royalty payments, irregular extension of exploration licenses, slow pace of implementing downstream projects such as Compressed Natural Gas (CNG) projects, and inadequate provision of geological services to artisanal and small-scale miners. These deficiencies continue to constrain the overall performance of the mining and petroleum sectors. These issues are discussed in detail in the sections that follow:

20.1 High Rate of Relinquished and Surrendered Production Sharing Agreements (PSAs) accounted for 68%

953. Section 12(1) of the Petroleum Act, 2015 among other things requires PURA to advise the Minister, manage licensing, and oversee PSAs for consistent regulation and requires license holders to conduct exploration and development

safely, professionally, and in line with best industry practices, ensuring sustainable resource use.

954. My audit revealed a concerning trend where 23 out of 34 granted PSAs equivalent to 68% were surrendered, relinquished, or cancelled, leaving only 11 active agreements up to June 2025. This high failure rate is primarily attributed to insufficient pre-award due diligence on the financial and technical capacity of operators, alongside a lack of commercially viable discoveries. Consequently, this has led to significant potential revenue loss, diminished investor confidence, and reputational harm to Tanzania in the global market.

955. I recommend that **Petroleum Upstream Regulatory Authority and the Ministry of Energy strengthen pre-award due diligence processes to ensure only capable operators are awarded PSAs.**

20.2 Irregular Extension of Tanga Block Exploration Licenses After 19 Years of Stalled Operations by Contractor

956. Section 25 and 28 of the Petroleum (Exploration and Production) Act, Cap. 328, provides that an exploration licence may be granted for an initial period of four years, with the possibility of two renewals up to seven years.

957. During the review of the PSA between the Government of Tanzania, TPDC, and Petrodel Resources Limited which was signed in 2006, I noted that on February 2025 PURA advise the Minister to grant additional three-year license extension for the Tanga Block despite that the contractor had stalled exploration operations over the Tanga area for about 19 years the period running from 2006 to 2025. The extension resulting in a total duration of 22 years for the Tanga area without any substantial development.

958. This decision was driven by PURA management prioritizing the strategic merit of continued drilling commitments to prevent the block from becoming vacant during the global energy transition. Granting extensions outside clear legal provisions undermines the integrity of the licensing process and risks legal challenges.

959. I recommend that the Government through TPDC, Petroleum Upstream Regulatory Authority and Ministry of Energy ensure in future all license extensions strictly align with the Petroleum Act to maintain sector transparency.

20.3 Delay in Expanding Gas Supply through Mobile CNG Filling Station

960. Paragraph 5 of TPDC’s 2023-2027 Interim Compressed Natural Gas (CNG) Plan targeted procurement of five mobile CNG filling stations for Dar es Salaam by June 2024, aligning with TPDC’s 2023/24 strategic objectives to improve public gas accessibility. The procurement of mobile CNG filling stations aim to expand the supply of natural gas.

961. I noted that the target of procuring mobile CNG filling stations was not achieved by the time of the audit in October 2025, resulting in a significant delay in the expansion of CNG services. The failure was attributed to delays in land acquisition for mobile and physical stations in areas with pipeline networks and complexities in the processes of the procurement of mobile CNG filling stations. This delay hinders the government’s objective of promoting cleaner energy alternatives and results in lost revenue from domestic gas sales.

962. I recommend that Tanzania Petroleum Development Corporation:
 (a) Expediate procurement of mobile Compressed Natural Gas filling stations; and
 (b) Secure necessary earmarked land to meet Compressed Natural Gas distribution services.

20.4 Inconsistent Application of Reserve Estimation and Reporting Standards Gas Reserves at Mnazi Bay

963. Section 12 (2)(b) of the Petroleum Act, 2015, requires PURA to monitor, regulate and supervising the petroleum subsector, including reserve estimation and measurement of produced petroleum, in undertaking reserve estimation.

964. I reviewed the gas reserves estimation report for the Mnazi Bay field for the fiscal year end 2023. The review identified an overstatement of gas reserves for the Mnazi Bay field, with Probable (2P) reserves overstated by 75.6 billion standard cubic feet (Bscf) and Possible (3P) reserves by 5.6 Bscf (Table 75). The overstatement resulted from inconsistencies in the technical validation of reserve reports and an absence of a standardized guide for submitted estimations. I was informed that the difference between the stated figures arises from the computation of Ultimate Technical Recovery reserves was based on the End of Licence (EOL) year, 2031, whereas the remaining reserves were calculated based on the end of field life, 2036. Overstating reserves provides a misleading baseline for national energy planning and can lead to flawed infrastructure investment decisions.

Table 75: Overstated of remaining economic recovery Mnazi Bay field

	Fiscal Year End 2023			Remarks
	Estimated Technical Recovery (Bscf)	Ultimate Recovery (Bscf)	Remaining Economic Recovery (Bscf)	
Probable (2P)	161.5		237.1	Overstated by 75.6 Bscf
Possible (3P)	271.3		276.9	Overstated by 5.6 Bscf

Source: Mnazi Bay Reserve Estimation Reports 2023

965. I recommend that Petroleum Upstream Regulatory Authority implement a standardized validation checklist for all submitted reserve reports.

20.5 Underutilization of 15 Diamond Drill Rigs Acquired for Artisanal and Small-Scale Mining Operations worth TZS 11.09 billion

966. STAMICO’s Strategic Plan 2021/22-2025/26 focuses on transforming Artisanal and Small-Scale Mining (ASM) operations through the provision of geological services using medium-sized drill rigs, thereby promoting formalization, efficiency, and value addition within the subsector.

967. My audit revealed significant underutilization of ASM diamond drill rigs. A total of 15 drilling rigs worth TZS 11.09 billion were procured from 2023 to 2025; however, as of 30 June 2025, only four rigs were operational. The remaining 11 coded ASM-DD-005 to ASM-DD-015, remained idle and non-operational for periods of up to 18 months, primarily due to delays in the procurement of compatible accessories and shortages of skilled technical personnel. This underutilization results in significant financial loss, risks of rigs deterioration and impact geological services to small scale miners.

968. Furthermore, I noted that at the Lwamgasa Demonstration Centre owned by STAMICO, the processing plant has limited production capacity relative to current demand from Artisanal and Small-scale Miners (ASMs). The plant operates at a maximum throughput of approximately 30 tonnes per day, which is significantly below the prevailing demand, with more than 100 tonnes per day of materials received reported.

969. I recommend that State Mining Corporation:

- (a) Prioritize the recruitment of technical crews, expedite the procurement of spare parts, and implement a mandatory maintenance and deployment plan for all rigs, and
- (b) Evaluate and upgrade plant equipment to enhance production capacity.

20.6 Limited Coverage of Artisanal and Small-Scale Miners (ASM) Support from STAMICO by 74%

970. I conducted a comparative analysis of the issuance of Primary Mining Licences (PMLs) by the Mining Commission and the support provided to Artisanal and Small-scale Miners (ASMs) by the STAMICO through training and drilling services. The analysis revealed a significant mismatch between the increasing number of licensed ASM operators and the level of drilling and geoscientific support delivered. During 2023/24 and 2024/25 (up to March 2025), 8,795 and 6,227 Primary mining licences were issued, respectively. However, only 2,253 and 1,696 Artisanal and Small-scale miners benefited from training, and 20 ASM areas out of the planned 50 benefit drilling support, contrary to the Corporation's Strategic Plan 2021/22 - 2025/26. This indicates that less than 27% of licence holders accessed training programmes.

971. Furthermore, the audit noted that interventions were largely confined to gold mining, with no support extended to other mineral categories, thereby limiting inclusivity and undermining the Corporation's mandate. The gaps were attributed to the lack of a comprehensive Artisanal and Small-Scale Miners training framework, non-operational of 11 drilling rigs leading to inequitable service distribution and inadequate artisanal and small-Scale miners' transformation.

972. I recommend that State Mining Corporation:

- (a) Developing an inclusive annual Artisanal and Small-scale Miners support plan that aligns training and drilling activities with the distribution of Primary Mining Licences across all mineral types; and
- (b) Allocating adequate budgetary and human resources to diversify technical support beyond gold mining.

20.7 Limited Transformation of Artisanal and Small-Scale Miners into Medium-Scale Miners and Lack of Database

973. Order 6(1) (g) of the Public Corporations (State Mining Corporation (Establishment) (Amendment) Order, 2015 mandated State Mining (STAMICO) to (STAMICO) to promote, facilitate or support transformation of artisanal and small-scale mining into well organized, sustainably productive and environmentally conscious to medium scale mining operations

974. My audit found STAMICO did not achieve significant progress in transforming Artisanal and Small-Scale Miners (ASM) into medium-scale miners

since the initiation of the programme in 2023. Of the 15,022 Primary Mining Licences (PMLs) issued in 2023 and 2024, only 3,949 miners from two ASM groups in Geita and Nyamongo had successfully transitioned to medium-scale mining status. Considering the large number of active ASM operators nationwide, this level of transformation remains minimal and does not meet the strategic objective of establishing a strong pipeline of progressive and commercially viable ASM enterprises. This is mainly attributed to STAMICO failure to provide adequate capacity-building interventions and the required access to finance and equipment, thereby weakening ASM formalization efforts.

975. Further, I found STAMICO did not have an Artisanal and Small-Scale Miners (ASM) database, despite plans to register 50 ASM groups annually and establish the database by 30 June 2025. Management explained that the ASM database was still under preparation. This shortcoming was attributed to inadequate identification of database requirements and delays in system development. The absence of a functional ASM database may lead to delays in the formalization and transformation of ASM activities.

976. I recommend that State Mining Corporation (STAMICO):

- (a) Strengthen post-training support and mentorship programs for Artisanal and Small-Scale Miners groups, enhance access to financing and equipment through partnerships; and
- (b) Establish a structured database to track and accelerate the transformation of Artisanal and Small-Scale Miners into medium-scale miners.

20.8 Omission of Ore Reserve Estimates from Mining Plans and Absence of Cut-off Grade Justification for Stockpiled Materials

977. Under the Joint Ore Reserves Committee (JORC) Code 2012, Ore Reserves are reported separately from Resources, derived only from Measured and Indicated Resources after applying Modifying Factors. A Competent Person must also justify cut-off grades defining economically mineable material assumptions.

978. My audit identified that STAMIGOLD's Mining Plan for 2025/26 - 2028/29 presents extraction schedules but omits Ore Reserve estimates. The plan fails to demonstrate how resources were converted into reserves, and a stated 85% recovery rate is not supported by technical documentation. The anomalies were caused by delay in review and update of the existing model for ore reserve calculations. This omission prevents investors and regulators from verifying the economic viability of the mineralization.

979. Furthermore, I noted that STAMIGOLD's mining plan 2025/26-2028/29, included stockpiled material at a marginal cut-off grade of 0.4 g/t for blending purposes without providing any economic justification or technical rationale. The absence of formal assessment by a Competent Person means that reserve estimates may not reflect truly economically viable material, potentially misleading stakeholders.

980. I recommend that STAMIGOLD Company Limited:

- (a) Prepare and disclose Ore Reserve estimates that clearly show the application of all relevant Modifying Factors; and
- (b) Document the rationale for all cut-off grades, including economic assumptions and sensitivity analysis, in accordance with Joint Ore Reserves Committee requirements.

20.9 Lack of Adequate Control Over Pipeline Wayleave Maintenance

981. Rule 38(f) of the Petroleum (Natural Gas) (Transmission and Distribution Activities) Rules, 2018 requires licensees to properly maintain pipeline wayleaves, prevent encroachment or unauthorized development, monitor crossings at roads, railways, and water bodies, and install adequate pipeline markers with warning signs.

982. My audit noted that 45% of the wayleave was not cleaned and the 20 test points along the wayleave were not accessible due to damaged access roads to the pipeline wayleave caused by flooding and delay payment to affected villagers to clearance wayleave. Further, from the review of the performance and cathodic protection inspection reports, I confirmed that there was no evidence of follow-up maintenance to clear the remaining sections to facilitate inspection and maintenance activities. This confirms that the issue of unclean wayleaves, which was reported in 2024, had not been rectified as of 30 June 2025.

983. This was attributed to insufficient allocation of resources and failure to maintain the pipeline wayleave obstructs routine inspection and monitoring activities, increases the risk of undetected encroachment, and limits the ability to identify and correct potential pipeline integrity issues.

984. I recommend that GAS Company Tanzania Limited:

- (a) Allocate sufficient resources including securing funds from Parent company TPDC or Government and prioritize full clearing and maintenance

of the pipeline wayleave to allow unobstructed access for inspection teams; and

(b) Establish a maintenance schedule that ensures regular clearing of vegetation and obstacles along the right-of-way, with periodic monitoring to confirm that encroachment and accessibility challenges are addressed promptly.

20.10 Failure to Invest in Strategic Oil Storage Infrastructure Triggering Continued Financial Drain of TZS 1.06 billion

985. TANOIL Investments Limited (TANOIL) as Government owned Company does not yet possess its own operational oil storage facilities. The rehabilitation of Tank No. 8 located at Kigamboni is still ongoing, and as a result, all imported oil stock is currently stored through third-party service providers such as Camel Oil Tanzania Ltd, GAPCO, Tanzania International Petroleum Reserve Ltd (TIPER), Lake Oil Ltd, and Sahara Tanzania Ltd. This dependence on external storage facilities has resulted in the incurrence of significant storage costs, amounting to TZS 1.06 billion up to financial year ended 30 June 2025.

986. In my view such high operational expenditure could otherwise have been directed towards strategic development projects, including construction and rehabilitation of TANOIL's own fuel stations and storage infrastructure.

987. This was primarily caused by the absence of a clear and comprehensive infrastructure investment plan, coupled with delays in the completion of the rehabilitation of Tank No. 8. As a result, the entity continued to incur external storage costs, leading to increased operational expenses. This directly reduced profit margins and constrained the availability of capital for strategic growth and expansion initiatives.

988. I recommend that TANOIL Investments Limited develop a clear infrastructure investment plan for the establishment of proprietary oil storage facilities.

20.11 Non-Securing International Competitive Bidding or Bilateral Arrangements for Sourcing Petroleum Products

989. Section 182(3) of the Petroleum Act Cap 392 requires TPDC to keep and maintain a national reserve of petroleum products. While Regulation 6(2) of the National Strategic Petroleum Reserve Regulations, 2014 provides that the

Strategic Petroleum Reserve (SPR) shall be maintained in storage facilities owned or rented by TPDC.

990. My audit noted that up to the time of audit on 30 October 2025, neither International Competitive Bidding nor bilateral arrangements had been secured for the Strategic Petroleum Reserve (SPR), despite the lapse of 11 years since the enactment of the Strategic Petroleum Reserve Regulations, 2014. Securing International Competitive Bidding (ICB) or entering into bilateral arrangements for the SPR project remains uncertain due to conflicts between Regulation 6(2) of the National Strategic Petroleum Reserve Regulations, 2014 and the Regulation 5(d) of the Petroleum Bulk Procurement Regulations, 2017 as amended by the Petroleum (Bulk Procurement) (Amendment) Regulations, and its Amendment 2024 regarding procurement mechanisms for petroleum products.

991. This was caused by Lack of alignment and coordination among TPDC, TPA, PBPA, the Ministry of Lands, and other stakeholders in implementing the SPR project, conflicting provisions between the Petroleum Bulk Procurement Regulations and the National Strategic Petroleum Reserve Regulations, 2014 regarding procurement mechanisms for petroleum products lead to Prolonged delays in establishing SPR infrastructure compromising national energy security and hinder achievement of petroleum supply stabilization objectives.

992. I recommend that:

- (a) Government through Ministry of Energy, Tanzania Petroleum Development Corporation, Tanzania Ports Authority and Petroleum Bulk Procurement Agency to synchronized planning and execution of the Strategic Petroleum Reserve project; and
- (b) Harmonize the Petroleum Bulk Procurement Regulations with the SPR Regulations to ensure coherent and effective implementation of Strategic Petroleum Reserve operations.

20.12 Non-Development of Tank Farm and Reallocation of Project Land to TPA

993. TPDC's Strategic Plan (2018/19 - 2023/24) planned for establishment of a tank farm by 2019 through a strategic partner. The Interim Strategic Plan (2024/25-2025/26) also targets the construction of oil storage and distribution infrastructure. A tank farm is a facility made up of large storage tanks used to store petroleum products or gas in bulk, together with the infrastructure needed to receive, hold, and distribute them.

994. My review noted that, as of October 2025, no Oil depot had been established for the SPR projects. Further examination revealed that the Tanzania Ports Authority (TPA) was in the process of acquiring 50 hectares of land at Kigamboni, which overlapped with land already acquired by TPDC for the construction of a tank farm covering 18,000 square meters. At the same time, TPDC was at the contract signing stage for the procurement of a consultant to undertake an Environmental and Social Impact Assessment (ESIA) and at the advertisement stage for procuring a consultant to design the Oil Depot. However, enquiries with management revealed that TPDC had halted all its processes on the acquired land following TPA's intention to develop the same area.

995. This was mainly due to inadequate coordination between TPDC, TPA, Petroleum Bulk Procurement Agency (PBPA), the Ministry of Lands, Housing and Human Settlements Development, and other key stakeholders in the implementation of the Strategic Petroleum Reserve (SPR) project. Consequently, the proposed site relocation may cause further delays and increase costs, particularly due to high oil storage tank rental expenses.

996. Also, I noted that, up to October 2025, no funds from petroleum fees collected by TRA had been allocated to the SPR project contrary to Regulation 13(4) of SPR 2014 which states that SPR shall be financed by revenue collected from a petroleum fee and shall be collected by the TRA or such other institution as may be prescribed by the Minister and deposited in the Fund Account established for the purpose of energy development.

997. I recommend that Tanzania Petroleum Development Corporation:

- (a) In collaboration with the Ministry of Energy engage, Tanzania Ports Authority and the Ministry of Lands to resolve the Kigamboni land matter, either through restitution of the original site or allocation of an equivalent alternative site; and
- (b) Engage with the Ministry of Finance to ensure that petroleum fee revenues are allocated to the SPR project in line with legal requirements.

20.13 Redundancy of Underground Mine Project due to Financial Constraints Costed TZS 1.01 billion

998. On 18 December 2024, STAMIGOLD Company Limited began an underground mine project to build a main entrance and a 50-meter horizontal drive (tunnel) into the ore body, costing TZS 730 million within a TZS 1.00 billion budget. However, I found that the project had been suspended since April 2025 after spending TZS 1.01 billion on a 43-meter horizontal drive (86% of the target

length) and initial ore processing. The suspension was primarily due to inadequate financial planning and cash flow shortages, leaving the site idle. This has resulted in unnecessary supervision and security costs and exposes the project to further expenses from deterioration of underground structures.

999. I recommend that STAMIGOLD Company Limited revise its cost estimates and secure adequate financing either from Government subvention or its parent company to prior to resuming operations, in order to ensure continuous and efficient execution of the project.

20.14 Delays in Acquisition of 16% Government share in the Licensed Mining Companies

1000. Section 10(1) of the Mining Act, Cap. 123 [R.E. 2019] provides that, in any mining operations under a mining licence or a special mining licence, the Government shall have not less than 16% non-dilutable free carried interest shares in the capital of a mining company, depending on the type of minerals and the level of investment.

1001. My audit noted that the Office of the Treasury Registrar (OTR) has not yet secured the mandatory 16% non-dilutable free-carried interest on behalf of the Government in 17 licensed mining companies (Table 76), contrary to the requirements of the Mining Act, Cap. 123. Specifically, 12 companies are currently awaiting the signing of Framework Agreements (FWAs), while the remaining five are still in the negotiation phase. Despite the legislative requirement for state participation being in place for over six years, the failure to finalize these agreements delays the government’s ability to exercise its ownership rights and realize potential fiscal benefits from these mineral assets.

Table 76: List of Mining Companies

No.	Company	Status
1	Lindi Jumbo Ltd	Awaiting signing Framework Agreement
2	Volt Graphite Tanzania PLC	
3	Panda Hill Tanzania Ltd	
4	ZEM Development (T) Co. Ltd	
5	Franone Mining & Gems Co. Ltd	
6	East African Holdings Ltd	
7	Eminent Minerals Ltd	
8	Henan Yukuang Int’l Mining Inv. (T) Co. Ltd	
9	Permanent Minerals Co. Ltd	
10	Igurubi Resources Co. Ltd	
11	Lake Victoria Gold	
12	Tanzoz Graphite	
13	Adavale Resources Tanzania Ltd	

No.	Company	Status
14	AngloGold Ashanti (Geita Gold Mine)	Negotiations in Progress
15	Mantra (Mkuju River Uranium Project)	
16	Buckreef Gold (TRX Gold Corp.)	
17	ETG Holdings/Shanta Mines	

Source: Investment Schedule

1002. This was attributed to delays in concluding ongoing negotiations, which were necessitated by legislative or structural changes that occurred after the Mining Development Agreements (MDAs) had been signed and the licenses issued. The Government may face potential loss of statutory revenue and benefits due to non-enforcement of the mandated 16% interest, contrary to the Mining Act.

1003. I recommend that Office of the Treasury Registrar liaise with the Ministry of Energy and the Office of the Attorney General regarding delays in acquiring the share of Government participation as required by Mining Act, Cap. 123 (R.E. 2019).

APPENDICES

Appendix I: Audit opinions and conclusions for the financial year 2024/25

SN	Entity Name	Audit Opinion	Conclusion on Procurement	Conclusion on Budget
1.	Air Tanzania Company Limited	Unqualified	Compliant with exceptions	Compliant
2.	APC Investment Centre	Unqualified	Compliant	Compliant
3.	Architects and Quantity Surveyors Registration Board	Unqualified	Compliant	Compliant
4.	Ardhi University	Unqualified	Compliant with exceptions	Compliant with exceptions
5.	Ardhi University Convocation	Unqualified	Compliant	Compliant
6.	ARU Built Environment Consulting Company Limited	Unqualified	Compliant	Compliant with exceptions
7.	Arusha International Conference Centre	Unqualified	Compliant	Compliant with exceptions
8.	Arusha Technical College	Unqualified	Compliant with exceptions	Compliant with exceptions
9.	Arusha Technical College - Production Consulting Bureau	Unqualified	Compliant	Compliant
10.	Arusha Technical College - Production Consulting Bureau PLC	Unqualified	Compliant	Compliant
11.	Arusha Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant with exceptions
12.	Azania Bank PLC	Unqualified	Compliant	Compliant
13.	Babati Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant with exceptions
14.	Bank of Tanzania	Unqualified	Compliant	Compliant
15.	Bariadi Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
16.	Bukoba Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
17.	Capital Markets and Securities Authority	Unqualified	Compliant	Compliant
18.	Cashewnut Board of Tanzania	Qualified	Compliant with exceptions	Compliant with exceptions
19.	Centre for Agricultural Mechanization and Rural Technology	Unqualified	Compliant with exceptions	Compliant with exceptions
20.	Cereals and Other Produce Board	Unqualified	Compliant with exceptions	Compliant with exceptions
21.	Cereals and Other Produce Regulatory Authority	Unqualified	Compliant	Compliant with exceptions
22.	College of Business Education	Unqualified	Compliant	Compliant
23.	Contractors Registration Board	Unqualified	Compliant	Compliant
24.	Co-operative Audit and Supervision Corporation	Unqualified	Compliant	Compliant
25.	Copyright Office of Tanzania	Unqualified	Compliant with exceptions	Compliant
26.	Cotton Development Trust Fund	Unqualified	Compliant with exceptions	Compliant
27.	Dar es Salaam Institute of Technology	Unqualified	Compliant with exceptions	Compliant
28.	Dar es Salaam Institute of Technology Company Limited	Unqualified	Compliant	Compliant
29.	Dar es Salaam Maritime Institute	Unqualified	Compliant	Compliant
30.	Dar es Salaam University College of Education	Unqualified	Compliant with exceptions	Compliant
31.	Dar es Salaam University Press	Unqualified	Compliant	Compliant
32.	Dar es Salaam Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant with exceptions
33.	Deposit Insurance Board	Unqualified	Compliant with exceptions	Compliant
34.	DIT Institute Consultancy Bureau	Unqualified	Compliant	Compliant
35.	Dodoma Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant

20 Performance of extractive industry

SN	Entity Name	Audit Opinion	Conclusion on Procurement	Conclusion on Budget
36.	Dr. Salim Ahmed Salim Centre for Foreign Relations	Unqualified	Compliant	Compliant
37.	Electrical Transmission and Distribution Construction Maintenance Company Limited	Unqualified	Compliant with exceptions	Compliant
38.	Energy and Water Utilities Regulatory Authority	Unqualified	Compliant	Compliant
39.	Engineers Registration Board	Unqualified	Compliant with exceptions	Compliant
40.	EWURA Consumer Consultative Council	Unqualified	Compliant	Compliant
41.	Export Processing Zones Authority	Unqualified	Compliant	Compliant
42.	Faida Unit Trust Scheme	Unqualified	Compliant	Compliant
43.	Fair Competition Commission	Unqualified	Compliant with exceptions	Compliant with exceptions
44.	Fair Competition Tribunal	Unqualified	Compliant	Compliant
45.	Gaming Board of Tanzania	Unqualified	Compliant	Compliant with exceptions
46.	Gas Company (Tanzania) Limited	Unqualified	Compliant with exceptions	Compliant
47.	Geita Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
48.	Higher Education Students Loans Board	Unqualified	Compliant with exceptions	Compliant with exceptions
49.	Housing and Pensions Company Limited	Unqualified	Compliant	Compliant
50.	Institute of Accountancy Arusha	Unqualified	Compliant with exceptions	Compliant with exceptions
51.	Institute of Adult Education	Unqualified	Compliant with exceptions	Compliant
52.	Institute of Finance Management	Unqualified	Compliant	Compliant
53.	Institute of Rural Development Planning	Unqualified	Compliant with exceptions	Compliant
54.	Institute of Social Work	Unqualified	Compliant	Compliant
55.	Iringa Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
56.	Jakaya Kikwete Cardiac Institute	Unqualified	Compliant	Compliant
57.	Kahama - Shinyanga Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
58.	Kahama Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
59.	Karatu Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant with exceptions
60.	Kariakoo Market Corporation	Unqualified	Compliant	Compliant
61.	Keko Pharmaceutical Industries Limited	Qualified	Compliant	Compliant with exceptions
62.	Kibaha Education Centre	Unqualified	Compliant	Compliant
63.	Kigoma/Ujiji Water Supply and Sanitation Authority	Unqualified	Compliant with exception	Compliant
64.	Kilimanjaro Airports Development Company Limited	Unqualified	Compliant	Compliant
65.	Kilimanjaro International Leather Industries Company Limited	Unqualified	Compliant with exception	Compliant
66.	KMTC Manufacturing Limited	Unqualified	Compliant	Compliant
67.	Kyela-Kasumulu Water Supply and Sanitation Authority	Disclaimer	Compliant with exceptions	Compliant with exceptions
68.	Land Transport Regulatory Authority	Unqualified	Compliant	Compliant
69.	LATRA Consumer Consultative Council	Unqualified	Compliant	Compliant
70.	Lindi Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant with exceptions
71.	Makambako Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant with exceptions
72.	Marine Parks and Reserves Unit	Unqualified	Compliant with exceptions	Compliant
73.	Maritime Education and Training Fund	Unqualified	Compliant	Compliant

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SN	Entity Name	Audit Opinion	Conclusion on Procurement	Conclusion on Budget
74.	Masasi - Nachingwea Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
75.	Mbeya University of Science and Technology	Unqualified	Compliant with exceptions	Compliant
76.	Mbeya Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
77.	MCB Company Limited	Unqualified	Compliant	Compliant with exceptions
78.	Medical Stores Department	Unqualified	Compliant with exceptions	Compliant
79.	Medical Stores Department Medipharm Manufacturing Company Limited	Unqualified	Compliant	Compliant
80.	Mkulazi Holding Company Limited	Unqualified	Compliant with exceptions	Compliant
81.	Mkwawa University College of Education	Unqualified	Compliant with exceptions	Compliant
82.	Morogoro Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant with exceptions
83.	Moshi Co-operative University	Unqualified	Compliant with exceptions	Compliant with exceptions
84.	Moshi Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
85.	Mpanda Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
86.	Msamvu Properties Company Limited	Unqualified	Compliant	Compliant
87.	Mtwara Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
88.	Muhimbili National Hospital	Unqualified	Compliant with exceptions	Compliant
89.	Muhimbili National Hospital - Mloganzila	Unqualified	Compliant with exceptions	Compliant
90.	Muhimbili Orthopedic Institute	Unqualified	Compliant with exceptions	Compliant with exceptions
91.	Muhimbili University of Health and Allied Science	Unqualified	Compliant	Compliant with exceptions
92.	Musoma Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
93.	MUST Consultancy Bureau Limited	Unqualified	Compliant	Compliant with exceptions
94.	Mwalimu Julius K. Nyerere University of Agriculture and Technology	Unqualified	Compliant with exceptions	Compliant
95.	Mwalimu Nyerere Memorial Academy	Unqualified	Compliant with exceptions	Compliant
96.	Mwanza Rockcity Company Limited	Unqualified	Compliant	Compliant
97.	Mwanza Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
98.	Mweka College of African Wildlife Management	Unqualified	Compliant with exceptions	Compliant
99.	Mzumbe University	Unqualified	Compliant with exceptions	Compliant with exceptions
100.	Namtumbo Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
101.	National Arts Council	Unqualified	Compliant	Compliant
102.	National Board of Accountants and Auditors	Unqualified	Compliant	Compliant
103.	National Bureau of Statistics	Unqualified	Compliant with exceptions	Compliant with exceptions
104.	National Construction Council	Unqualified	Compliant with exceptions	Compliant
105.	National Council for Technical and Vocational Education and Training	Unqualified	Compliant	Compliant with exceptions
106.	National Development Corporation	Unqualified	Compliant	Compliant
107.	National Economic Empowerment Council	Unqualified	Compliant	Compliant
108.	National Environment Management Council	Unqualified	Compliant with exceptions	Compliant
109.	National Examinations Council of Tanzania	Unqualified	Compliant with exceptions	Compliant with exceptions
110.	National Health Insurance Fund	Unqualified	Compliant	Compliant
111.	National Housing Corporation	Unqualified	Compliant	Compliant
112.	National Institute for Medical Research	Unqualified	Compliant	Compliant

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SN	Entity Name	Audit Opinion	Conclusion on Procurement	Conclusion on Budget
113.	National Institute of Transport	Unqualified	Compliant	Compliant
114.	National Insurance Corporation	Unqualified	Compliant	Compliant
115.	National Kiswahili Council	Unqualified	Compliant	Compliant
116.	National Museum of Tanzania	Unqualified	Compliant with exceptions	Compliant
117.	National Ranching Company Limited	Unqualified	Compliant	Compliant
118.	National Social Security Fund	Unqualified	Compliant	Compliant
119.	National Sports Council	Unqualified	Compliant	Compliant
120.	National Sugar Institute	Unqualified	Compliant	Compliant
121.	Ngara Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
122.	Ngorongoro Conservation Area Authority	Unqualified	Compliant	Compliant with exceptions
123.	Njombe Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
124.	Nzega Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
125.	Ocean Road Cancer Institute	Unqualified	Compliant	Compliant
126.	Open University of Tanzania	Unqualified	Compliant with exceptions	Compliant
127.	OUT Consultancy Bureau Company Limited	Unqualified	Compliant	Compliant with exceptions
128.	Petroleum Upstream Regulatory Authority	Unqualified	Compliant	Compliant
129.	Procurement Supplies Professionals and Technicians Board	Unqualified	Compliant	Compliant
130.	PSSSF - DCC Investment Company Limited	Unqualified	Compliant	Compliant
131.	Public Procurement Appeals Authority	Unqualified	Compliant	Compliant
132.	Public Procurement Regulatory Authority	Unqualified	Compliant with exceptions	Compliant
133.	Public Service Social Security Fund	Unqualified	Compliant	Compliant
134.	Railway Infrastructure Fund	Unqualified	Compliant	Compliant
135.	Same Mwanga Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
136.	SELF Microfinance Fund (Year Ended 31 December 2024)	Unqualified	Compliant	Compliant
137.	Shinyanga Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
138.	Shirika la Usafiri Dar es Salaam Limited (31 December 2024)	Unqualified	Compliant	Compliant
139.	Singida Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant
140.	Sisalana Tanzania Company Limited	Unqualified	Compliant	Compliant
141.	Small Industries Development Organization	Unqualified	Compliant	Compliant
142.	Sokoine University of Agriculture	Unqualified	Compliant with exceptions	Compliant
143.	Songea Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant with exceptions
144.	Sports Development Fund	Unqualified	Compliant with exceptions	Compliant
145.	STAMIGOLD Company Limited	Unqualified	Compliant with exceptions	Compliant
146.	State Mining Corporation	Unqualified	Compliant	Compliant
147.	Sugar Board of Tanzania	Unqualified	Compliant	Compliant
148.	Sumbawanga Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
149.	Tabora Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
150.	TANAPA Investment Limited	Unqualified	Compliant	Compliant
151.	Tanga Water Supply and Sanitation Authority	Unqualified	Compliant with exceptions	Compliant

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SN	Entity Name	Audit Opinion	Conclusion on Procurement	Conclusion on Budget
152.	TANRAIL Investment Limited	Unqualified	Compliant	Compliant
153.	TANOIL Investments Limited	Unqualified	Compliant	Compliant
154.	Tanzania Agricultural Development Bank	Unqualified	Compliant	Compliant
155.	Tanzania Atomic Energy Commission	Unqualified	Compliant with exceptions	Compliant with exceptions
156.	Tanzania Biotech Products Limited	Unqualified	Compliant	Compliant
157.	Tanzania Broadcasting Corporation	Unqualified	Compliant	Compliant
158.	Tanzania Bureau of Standards	Unqualified	Compliant with exceptions	Compliant
159.	Tanzania Civil Aviation Authority	Unqualified	Compliant	Compliant
160.	Tanzania Civil Aviation Authority Consumer Consultative Council	Unqualified	Compliant	Compliant
161.	Tanzania Coffee Board	Unqualified	Compliant with exceptions	Compliant with exceptions
162.	Tanzania Commercial Bank PLC	Unqualified	Compliant	Compliant
163.	Tanzania Commission for Science and Technology	Unqualified	Compliant	Compliant
164.	Tanzania Commission for Universities	Unqualified	Compliant	Compliant
165.	Tanzania Communication Regulatory Authority	Unqualified	Compliant	Compliant
166.	Tanzania Concrete Poles Manufacturing Company Limited	Unqualified	Compliant with exceptions	Compliant with exceptions
167.	Tanzania Cotton Board	Unqualified	Compliant with exceptions	Compliant
168.	Tanzania Dairy Board	Unqualified	Compliant	Compliant with exceptions
169.	Tanzania Education Authority	Unqualified	Compliant with exceptions	Compliant
170.	Tanzania Electric Supply Company Limited	Unqualified	Compliant with exceptions	Compliant
171.	Tanzania Engineering and Manufacturing Design Organization	Unqualified	Compliant with exceptions	Compliant with exceptions
172.	Tanzania Fertilizer Company Limited	Unqualified	Compliant with exceptions	Compliant
173.	Tanzania Fertilizer Regulatory Authority	Unqualified	Compliant	Compliant with exceptions
174.	Tanzania Fisheries Research Institute	Unqualified	Compliant	Compliant with exceptions
175.	Tanzania Food and Nutrition Centre	Unqualified	Compliant with exceptions	Compliant
176.	Tanzania Forestry Research Institute	Unqualified	Compliant with exceptions	Compliant
177.	Tanzania Geothermal Development Company Limited	Unqualified	Compliant with exceptions	Compliant
178.	Tanzania Industrial Research and Development Organization	Unqualified	Compliant	Compliant
179.	Tanzania Institute of Education	Unqualified	Compliant	Compliant
180.	Tanzania Insurance Regulatory Authority	Unqualified	Compliant with exceptions	Compliant with exceptions
181.	Tanzania Investment Centre	Unqualified	Compliant with exceptions	Compliant with exceptions
182.	Tanzania Library Services Board	Unqualified	Compliant with exceptions	Compliant with exceptions
183.	Tanzania Meat Board	Unqualified	Compliant	Compliant
184.	Tanzania Medicines and Medical Devices Authority	Unqualified	Compliant	Compliant
185.	Tanzania Mercantile Exchange PLC	Unqualified	Compliant	Compliant
186.	Tanzania National Business Council	Unqualified	Compliant	Compliant
187.	Tanzania National Parks	Unqualified	Compliant	Compliant
188.	Tanzania Petroleum Development Corporation	Unqualified	Compliant	Compliant
189.	Tanzania Plant Health and Pesticides Authority	Unqualified	Compliant with exceptions	Compliant with exceptions
190.	Tanzania Ports Authority	Unqualified	Compliant with exceptions	Compliant with exceptions

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SN	Entity Name	Audit Opinion	Conclusion on Procurement	Conclusion on Budget
191.	Tanzania Port Operations and Investments Limited	Unqualified	Compliant	Compliant
192.	Tanzania Posts Corporation	Unqualified	Compliant	Compliant
193.	Tanzania Pyrethrum Board	Unqualified	Compliant with exceptions	Compliant with exceptions
194.	Tanzania Railways Corporation	Unqualified	Compliant with exceptions	Compliant
195.	Tanzania Shipping Agencies Corporation	Unqualified	Compliant	Compliant
196.	Tanzania Shipping Company Limited	Unqualified	Compliant with exceptions	Compliant with exceptions
197.	Tanzania Sisal Board	Unqualified	Compliant	Compliant
198.	Tanzania Small Holders Tea Development Agency	Unqualified	Compliant with exceptions	Compliant with exceptions
199.	Tanzania Standard Newspapers Limited	Unqualified	Compliant with exceptions	Compliant with exceptions
200.	Tanzania Telecommunications Corporation	Unqualified	Compliant	Compliant
201.	Tanzania Tobacco Board	Unqualified	Compliant with exceptions	Compliant
202.	Tanzania Tourist Board	Unqualified	Compliant	Compliant
203.	Tanzania Trade Development Authority	Unqualified	Compliant	Compliant with exceptions
204.	Tanzania Wildlife Research Institute	Unqualified	Compliant	Compliant
205.	TCAA Training Fund	Unqualified	Compliant	Compliant
206.	TCRA Consumer Consultative Council	Unqualified	Compliant	Compliant
207.	Tea Board of Tanzania	Qualified	Compliant with exceptions	Compliant with exceptions
208.	TIB Development Bank Limited	Unqualified	Compliant	Compliant
209.	TIB Rasilimali Limited	Unqualified	Compliant	Compliant
210.	Office of Treasury Registrar	Unqualified	Compliant	Compliant
211.	TTCL Pesa Limited	Unqualified	Compliant	Compliant
212.	TTCL Pesa Trust Entity	Unqualified	Compliant	Compliant
213.	Tukuyu Water Supply and Sanitation Authority	Unqualified	Compliant	Compliant
214.	Ubungu Plaza Limited	Unqualified	Compliant	Compliant
215.	UDA Rapid Transit PLC (31 December 2024)	Unqualified	Compliant	Compliant
216.	Universal Communications Service Access Fund	Unqualified	Compliant with exceptions	Compliant with exceptions
217.	University of Dar es Salaam	Unqualified	Compliant	Compliant with exceptions
218.	University of Dar es Salaam Computing Centre	Unqualified	Compliant	Compliant
219.	University of Dodoma	Unqualified	Compliant with exceptions	Compliant with exceptions
220.	UTT Asset Management and Investor Services PLC	Unqualified	Compliant	Compliant
221.	Vocational Education and Training Authority	Unqualified	Compliant with exceptions	Compliant with exceptions
222.	Warehouse Receipts Regulatory Board	Unqualified	Compliant with exceptions	Compliant with exceptions
223.	Watumishi Housing Investments Limited	Unqualified	Compliant	Compliant
224.	Watumishi Housing Real Estate Investment Trust	Unqualified	Compliant	Compliant
225.	Workers Compensation Fund	Unqualified	Compliant	Compliant

Appendix II: Inadequate Payment of 15% Contribution to Consolidated Fund for Three Consecutive Years by Public Authorities

S/N.	Name of Entity	2024/25 TZS '000	2023/24 TZS '000	2022/23 TZS '000

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		Required Contribution (15%)	Contribution paid	Contribution not paid	Required Contribution (15%)	Contribution Paid	Contribution Not paid	Required Contribution (15%)	Contribution Paid	Contribution not Paid
1	Dar es Salaam Water Supply and Sanitation Authority	24,013,924	200,000	23,826,206	32,450,041	150,000	32,300,041	20,292,000	500,000	19,792,000
2	Tanzania Bureau of Statistics	15,009,805	8,887,401	6,122,404	13,092,526	7,718,341	5,374,184	12,660,010	6,660,360	5,999,650
3	National Environment Management Council	3,100,811	830,190	2,270,621	3,050,686	1,008,516	2,042,170	2,038,141	300,000	1,738,141
4	Vocational Educational and Training Authority	4,475,769	414,540	4,061,229	3,029,672	500,000	2,529,672	2,134,581	200,000	1,934,581
5	Tanzania Investment Centre	1,616,311	90,900	1,557,017	1,355,364	0	1,355,364	810,546	0	810,546
6	Capital Markets and Securities Authority	770,126	211,403	370,626	768,024	326,486	422,327	548,180	51,379	496,801
7	Tanzania Ports Authority	157,078,785	102,294,481	97,786,764	216,474,939	155,702,971	60,771,968	195,037,494	418,457,674	0
8	Tanzania Trade Development Authority	1,278,379	637,072	737,122	1,115,842	656,211	459,630	0	0	0
9	Tanzania Plant Health and Pesticides Authority	3,404,192	1,654,739	2,144,783	3,212,319	3,880,071	0	0	0	0
Total		210,748,102	115,220,726	138,876,772	274,549,413	169,942,596	105,255,356	233,520,952	426,169,413	30,771,719

Source: Audited financial statement

Appendix III: Outstanding Receivables

S/n	Entity	Amount (TZS '000)
1.	Higher Education Students Loans Board	4,970,162,018
2.	Tanzania Petroleum Development Corporation	1,568,575,000
3.	Medical Stores Department	503,306,419
4.	Tanzania Telecommunications Corporation	267,764,000
5.	Tanzania Ports Authority	231,871,423
6.	Electrical Transmission and Distribution Construction Maintenance Company Limited	134,242,154
7.	Tanzania Fertilizer Company Limited (TFC)	97,179,520
8.	Tanzania Shipping Agencies Corporation (TASAC)	73,172,541
9.	Dar es Salaam Water Supply and Sanitation Authority (DAWASA)	67,011,077
10.	Air Tanzania Company Limited (ATCL)	55,192,987
11.	National Housing Corporation (NHC)	51,257,041
12.	State Mining Corporation (STAMICO)	51,155,000
13.	Muhimbili National Hospital (MNH)	44,136,648
14.	Universal Communications Service Access Fund (UCSAF)	37,292,785
15.	Muhimbili Orthopedic Institute (MOI)	37,121,770
16.	Tanzania Civil Aviation Authority (TCAA)	36,457,234
17.	TANOIL Investment Limited	35,643,000
18.	Tanzania Concrete Poles Manufacturing Company Limited	31,540,508
19.	University of Dar-Es-Salaam (UDSM)	31,074,522
20.	Tanzania Postal Corporation (TPC)	21,548,361
21.	Energy and Water Utilities Regulatory Authority (EWURA)	21,350,281
22.	University of Dodoma (UDOM)	23,443,146
23.	Jakaya Kikwete Cardiac Institute (JKCI)	19,402,097
24.	Kahama Shinyanga Water Supply and Sanitation Authority	18,026,575
25.	Tanzania Standard Newspapers (TSN)	17,689,046
26.	National Environment Management Council (NEMC)	16,399,703
27.	Sugar Board of Tanzania (SBT)	16,089,477
28.	National Development Corporation (NDC)	15,766,958
29.	Contractors Registration Board (CRB)	14,006,423
30.	Kilimanjaro Airports Development Company Limited (KADCO)	13,857,914
31.	College Of Business Education (CBE)	11,444,440
32.	Arusha International Conference Center (AICC)	11,096,581
33.	Tanzania Railways Corporation (TRC)	10,693,671
34.	Institute of Finance Management (IFM)	9,031,354
35.	Sokoine University of Agriculture (SUA)	8,527,030
36.	Arusha Water Supply and Sanitation Authority (Arusha UWSSA)	8,522,943
37.	Mwanza Water Supply and Sanitation Authority (MWAUWASA)	8,365,043
38.	Muhimbili National Hospital - Mloganzila	7,934,618
39.	Tanzania Sisal Board (TBS)	7,785,668
40.	Tanga Water Supply and Sanitation Authority	7,436,998
41.	Institute of Accountancy Arusha (IAA)	7,265,200
42.	Mbeya Water Supply and Sanitation Authority (Mbeya WSSA)	6,994,242
43.	Dodoma Water Supply and Sanitation Authority (DUWASA)	6,845,291
44.	Land Transport Regulatory Authority (LATRA)	6,858,934
45.	Tabora Water Supply and Sanitation Authority (Tabora UWSSA)	5,726,986
46.	Moshi Water Supply and Sanitation Authority (Moshi UWSSA)	5,279,190
47.	Petroleum Upstream Regulatory Authority (PURA)	5,216,581
48.	Sports Development Fund (SDF)	4,911,277
49.	Export Processing Zones Authority (EPZA)	4,732,630
50.	Engineers Registration Board (ERB)	4,616,481
51.	Institute of Rural Development and Planning (IRDP)	4,477,098
52.	Muhimbili University of Health and Allied Science (MUHAS)	4,452,712
53.	Tanzania Cotton Board (TCB)	4,443,919
54.	National Institute of Transport (NIT)	4,273,962
55.	Mzumbe University	3,717,636
56.	Tanzania National Parks (TANAPA)	3,642,654
57.	Capital Markets and Securities Authority (CMSA)	3,546,277
58.	Tanzania Coffee Board (TCB)	3,424,618
59.	Ardhi University (ARU)	3,278,133
60.	Iringa Water Supply and Sanitation Authority (IRUWASA)	3,264,957
61.	National Ranching Company Limited (NARCO)	3,059,020

S/n	Entity	Amount (TZS '000)
62.	Cereals and Other Produce Board (CPB)	2,894,470
63.	Mwalimu Nyerere Memorial Academy	2,766,850
64.	Shinyanga Water Supply and Sanitation Authority (SHUWASA)	2,455,293
65.	Morogoro Water Supply and Sanitation Authority (MORUWASA)	2,379,669
66.	Kahama Water Supply and Sanitation Authority (KAUWSSA)	2,077,835
67.	Moshi Co-operative University (MoCU)	1,987,428
68.	Musoma Water Supply and Sanitation Authority (MUWASA)	1,885,493
69.	Mtwara Water Supply and Sanitation Authority (MTUWASA)	1,876,901
70.	Institute of Social Works (ISW)	1,860,947
71.	TANRAIL Investment Company Limited	1,754,388
72.	Kigoma/Ujiji Water Supply and Sanitation Authority	1,711,764
73.	Ngorongoro Conservation Area Authority (NCAA)	1,655,158
74.	Tanzania Plant Health and Pesticide Authority	1,567,933
75.	Dar Es Salaam Institute of Technology (DIT)	1,474,274
76.	MCB COMPANY LIMITED	1,467,277
77.	National Examination Council of Tanzania (NECTA)	1,348,774
78.	Gaming Board of Tanzania	1,228,768
79.	University of Dar Es Salaam Computing Centre (UDSM UCC)	2,147,703
80.	National Board of Accountants and Auditors (NBAA)	1,102,614
81.	Kilimanjaro International Leather Industries Company Limited (KLIICL)	1,075,707
82.	Singida Water Supply and Sanitation Authority (Singida WSSA)	1,024,831
83.	Maritime Education and Training Fund (METF)	1,010,216
Total		8,751,356,065

Appendix IV: Long Outstanding Payables

S/n	Entity	Amount (TZS)'000
1.	Tanzania Railway Corporation	1,588,000
2.	Standard Gauge Railway	1,508,774
3.	Tanzania Ports Authority	582,682
4.	Tanzania Fertilizer Regulatory Authority	263,800
5.	Tanzania Fertilizer Company	258,298
6.	Medical Stores Department	185,605
7.	Dar es Salaam Water Supply and Sanitation Authority	137,527
8.	Tanzania Telecommunications Company Limited	122,064
9.	Export Processing Zone Authority	105,404
10.	Tanzania Petroleum Development Corporation	99,583
11.	Air Tanzania Company Ltd	51,310
12.	Muhimbili National Hospital	46,201
13.	STAMIGOLD Company Limited	39,818
14.	Muhimbili Orthopaedic Institute	37,654
15.	Electrical Transmission and Distribution Construction and Maintenance Company Limited	31,302
16.	TANOIL Investment Company	27,194
17.	Tanzania Concrete Poles Manufacturing Ltd	22,593
18.	Tanzania National Parks	21,972
19.	Arusha Water Supply and Sanitation Authority	19,330
20.	Shirika la Usafiri Dar es Salaam (UDA)	18,294
21.	Muhimbili National Hospital - Mloganzila	17,947
22.	State Mining Corporation (STAMICO)	17,700
23.	Mkulanzi Holding Co. Ltd	14,911
24.	UTT Asset Management and Investor Services Plc (UTT AMIS)	13,944
25.	Tanzania Postal Corporation	13,727
26.	Mwanza Water Supply and Sanitation Authority	12,292
27.	National Housing Corporation (NHC)	11,959
28.	UDA Rapid Transit Plc	11,154
29.	Jakaya Kikwete Cardiac Institute	11,092
30.	University of Dar es Salaam	11,043
31.	Institute of Finance Management	8,233
32.	Tabora Water Supply and Sanitation Authority	7,756
33.	Sokoine University of Agriculture (SUA)	7,221
34.	Kahama and Shinyanga Water Supply and Sanitation Authority	7,126
35.	National Examinations Council of Tanzania (NECTA)	7,106
36.	Institute of Accountancy Arusha (IAA)	6,870

S/n	Entity	Amount (TZS)'000
37.	Tanzania Plant Health and Pesticide Authority	6,780
38.	Tanzania Shipping Agencies Corporation	6,562
39.	Babati Water Supply and Sanitation Authority	6,451
40.	Shinyanga Water Supply and Sanitation Authority	6,271
41.	Tanga Water Supply and Sanitation Authority	6,129
42.	Dodoma Water Supply and Sanitation Authority	6,001
43.	Tanzania Tourist Board	5,868
44.	Ngorongoro Conservation Area Authority (NCAA)	5,835
45.	Energy and Water Utilities Regulatory Authority (EWURA)	5,296
46.	Vocational Education and Training Authority (VETA)	4,965
47.	Tanzania Broadcasting Corporation (TBC)	4,922
48.	Tanzania Coffee Board	4,900
49.	National Institute of Transport	4,652
50.	Tanzania Standard Newspapers	4,622
51.	University of Dodoma	3,750
52.	Tanzania Civil Aviation Authority (TCAA)	3,598
53.	Mtwara Water Supply and Sanitation Authority	3,525
54.	Tanzania Trade Development Authority	3,486
55.	Arusha Technical College	3,355
56.	Gas Company (Tanzania) Limited	3,297
57.	Nzega water Supply and Sanitation Authority	3,181
58.	Arusha International Conference Centre (AICC)	3,128
59.	Universal Communications Services Access Fund	2,298
60.	Mzumbe University	2,064
61.	Mpanda Water Supply and Sanitation Authority	2,026
62.	Tanzania Industrial Research and Development Organization (TIRDO)	2,016
63.	Moshi Water Supply and Sanitation Authority	1,986
64.	Morogoro Water Supply and Sanitation Authority	1,949
65.	Public Procurement Regulatory Authority (PPRA)	1,729
66.	Mwalimu Nyerere Memorial Academy	1,605
67.	College of Business Education	1,560
68.	Tanzania Engineering and Manufacturing Design Organization	1,531
69.	MCB COMPANY LIMITED	1,515
70.	Musoma Water Supply and Sanitation Authority	1,515
71.	Sumbawanga Water Supply and Sanitation Authority	1,506
72.	Open University of Tanzania	1,483
73.	Dar es Salaam Institute of Technology	1,481
74.	Kahama Water Supply and Sanitation Authority	1,443
75.	Tanzania Atomic Energy Commission	1,407
76.	National Development Corporation	1,244
77.	Cereal and Other Produce Board	1,146
78.	National Environmental Management Council	1,140
79.	Tanzania Library Services Board	1,132
80.	Moshi Co-operative University	1,130
81.	National Bureau of Statistics	1,114
82.	Tanzania Sisal Board	1,086
83.	Watumishi Housing - REIT	1,055
84.	Tanzania Cotton Board	1,052
85.	Land Transport Regulatory Authority	1,051
Total		5,494,324

Appendix V: Inadequate release of budgeted funds by the Government in 2024/25

Sn	Public/activity Name	Approved Budget	Actual release	Budget deficit	%
		TZS (000)			
1.	Tanzania Shipping Agencies Corporation (Dev)	1,788,500	0	1,788,500	100
2.	Karatu Water Supply and Sanitation Authority	1,039,613	0	1,039,613	100
3.	National Examinations Council of Tanzania (Dev)	8,272,000	0	8,272,000	100
4.	Masasi Nachingwea Water Supply and Sanitation Authority (Dev)	1,700,000	0	1,700,000	100
5.	Sugar Board of Tanzania	2,402,816	0	2,402,816	100
6.	Namtumbo Water Supply and Sanitation Authority	250,000	160	249,840	99
7.	Moshi Water Supply and Sanitation Authority	2,974,568	104,676	2,869,892	96
8.	Bariadi Water Supply and Sanitation Authority	1,380,000	182,117	1,197,883	87

Sn	Public/activity Name	Approved Budget	Actual release	Budget deficit	%
		TZS (000)			
9.	Songea Water Supply and Sanitation Authority	1,878,000	253,938	1,624,062	86
10.	Shinyanga Water Supply and Sanitation Authority	1,394,148	231,691	1,162,457	83
11.	TCAA-Training Fund	2,109,890	352,884	1,757,006	83
12.	Cotton Development Trust Fund	68,848,948	11,951,179	56,897,769	83
13.	National Institute of Transport (Dev)	9,300,000	1,674,000	7,626,000	82
14.	Arusha Water Supply and Sanitation Authority	5,229,509	1,019,433	4,210,076	81
15.	Dodoma Water Supply and Sanitation Authority	67,575,480	13,297,141	54,278,339	80
16.	Export Processing Zones Authority	13,103,821	2,614,366	10,489,455	80
17.	Mtwara Water Supply and Sanitation Authority	25,265,615	5,209,972	20,055,643	79
18.	Mbeya University of Science and Technology	84,954,440	25,358,251	59,596,189	70
19.	LATRA Consumer Consultative Council	1,965,732	640,000	1,325,732	67
20.	Tanzania Food and Nutrition Centre	13,392,313	4,468,551	8,923,762	67
21.	Tanzania Shipping Company Limited	196,200,720	65,575,743	130,624,977	67
22.	Mwalimu Julius K. Nyerere University of Agriculture and Technology	85,968,332	28,755,677	57,212,655	67
23.	Tanzania Mercantile Exchange PLC	5,187,976	1,790,470	3,397,506	65
24.	Mpanda Water Supply and Sanitation Authority	2,083,000	720,247	1,362,753	65
25.	Makambako Water Supply and Sanitation Authority	1,509,130	539,063	970,067	64
26.	Tanzania Education Authority	37,052,439	13,244,273	23,808,166	64
27.	Kahama Water Supply and Sanitation Authority	3,213,889	1,171,689	2,042,200	64
28.	Musoma Water Supply and Sanitation Authority	731,467	271,922	459,545	63
29.	Tanzania Petroleum Development Corporation	112,903,319	45,000,000	67,903,319	60
30.	Kigoma/Ujiji Water Supply and Sanitation Authority	2,850,000	1,182,600	1,667,400	59
31.	Tanzania Tobacco Board	4,176,868	1,744,627	2,432,241	58
32.	National Sugar Institute	2,559,518	1,088,857	1,470,661	57
33.	Dar es salaam Institute of Technology	36,447,581	15,621,209	20,826,372	57
34.	Tanzania Telecommunications Corporation	81,000,000	36,341,740	44,658,260	55
35.	Tanzania Investment Centre	5,657,198	2,598,871	3,058,327	54
36.	Tanzania Civil Aviation Authority Consumer Consultative Council	1,332,497	630,517	701,980	53
37.	Mbeya Water Supply & Sanitation Authority	20,527,924	9,741,671	10,786,253	53
38.	Kyela Kasumulu Water Supply and Sanitation Authority	65,400	31,308	34,092	52
39.	Tanzania Pyrethrum Board	341,394	167,918	173,476	51
40.	Ocean Road Cancer Institute	27,636,114	14,126,828	13,509,286	49
41.	Ngorongoro Conservation Area Authority	431,458,416	225,205,467	206,252,949	48
42.	Muhimbili University of Health and Allied Sciences	140,055,609	73,597,406	66,458,203	47
43.	Centre for Agricultural Mechanization and Rural Technology	4,151,977	2,258,317	1,893,660	46
44.	Fair Competition Tribunal	1,355,228	745,472	609,756	45
45.	Moshi Co-operative University	31,908,029	18,027,966	13,880,063	44
46.	Babati Water Supply and Sanitation Authority	38,716,768	21,965,070	16,751,698	43
47.	Institute of Adult Education	33,682,824	19,132,158	14,550,666	43
48.	Geita Water Supply and Sanitation Authority	3,233,692	1,880,763	1,352,929	42
49.	Tanzania Industrial Research and Development Organisation	6,121,294	3,713,334	2,407,960	39
50.	Engineers Registration Board	3,652,133	2,239,075	1,413,058	39
51.	Same Mwanga Water Supply and Sanitation Authority	1,073,022	667,022	406,000	38
52.	Dar es Salaam Maritime Institute	7,295,530	4,627,062	2,668,468	37
53.	National Council for Technical and Vocational Education and Training	17,171,150	11,048,071	6,123,079	36
54.	Tanzania Small Holders Tea Development Agency	1,908,026	1,271,752	636,274	33
55.	Tanzania Library Services Board	16,781,367	11,579,145	5,202,222	31
56.	National Institute for Medical Research	16,709,434	11,496,406	5,213,028	31
57.	Institute of Accountant Arusha	37,979,050	27,196,734	10,782,316	28
58.	Tanzania Fertilizer Regulatory Authority	232,392,124	167,069,499	65,322,625	28
59.	Mwalim Nyerere Memorial Academy	18,167,746	13,263,398	4,904,348	27
60.	Open University of Tanzania	40,720,468	29,876,344	10,844,124	27
61.	National Arts Council	3,855,736	2,881,181	974,555	25
62.	Universal Communications Services Access fund	650,000	487,500	162,500	25
63.	Small Industries Development Organization	10,125,449	7,630,264	2,495,185	25
64.	Tanzania Engineering and Manufacturing Design Organization	6,290,698	4,794,234	1,496,464	24
65.	Mzumbe University	55,582,669	42,530,172	13,052,497	23

Sn	Public/activity Name	Approved Budget	Actual release	Budget deficit	%
		TZS (000)			
66.	Architects and Quantity Surveyors Registration Board	2,232,422	1,717,527	514,895	23
67.	Copyright Office of Tanzania	2,376,378	1,846,588	529,790	22
68.	Tanzania Medicines and Medical Devices Authority	10,023,725	7,795,259	2,228,466	22
69.	Muhimbili National Hospital	98,411,167	76,931,123	21,480,044	22
70.	National Museum of Tanzania	11,181,265	8,761,977	2,419,288	22
71.	Tanzania Trade Development Authority	5,307,091	4,162,565	1,144,526	22
72.	Institute of Finance Management	18,984,583	15,170,606	3,813,977	20
73.	Tanzania Dairy Board	1,491,239	1,199,292	291,947	20
74.	Tanzania Atomic Energy Commission	5,567,454	4,507,329	1,060,125	19
75.	Higher Education Students' Loans Board	798,343,948	652,399,513	145,944,435	18
76.	Tanzania Broadcasting corporation	50,305,746	41,126,810	9,178,936	18
77.	Marine Parks and Reserves Unit	4,294,142	3,531,512	762,630	18
78.	Warehouse Receipts Regulatory Board	3,109,342	2,596,044	513,298	17
79.	College of African Wildlife Management, Mweka	9,318,464	7,874,877	1,443,587	15
80.	Co-operative Audit and Supervision Corporation	7,098,894	6,057,574	1,041,320	15
81.	National Construction Council	5,872,848	5,025,480	847,368	14
82.	Singida Water Supply and Sanitation Authority	1,980,000	1,712,369	267,631	14
83.	Petroleum Upstream Regulatory Authority	6,829,836	5,958,974	870,862	13
84.	DR. Salim Ahmed Salim Centre for Foreign Relations	5,371,002	4,687,010	683,992	13
85.	National Economic Empowerment Council	5,363,930	4,748,892	615,038	11
86.	Public Procurement Regulatory Authority	38,200,480	34,041,945	4,158,535	11
87.	National Kiswahili Council	3,567,590	3,192,001	375,589	11
	Total	3,198,540,144	1,907,932,668	1,290,607,476	40

Source: Budget Implementation Reports and Financial Statements for the year ended 30 June 2025

Appendix VI: Under collection of own source revenue by public authorities and other bodies

Sn	Public/activity Name	Approved Budget	Own source collection	Budget deficit	%
		TZS (000)			
1.	Tanzania Small Holders Tea Development Agency	1,080,000	2,866	1,077,134	99
2.	Tanzania Education Authority	1,058,989	193,476	865,513	82
3.	National Economic Empowerment Council	2,189,510	478,950	1,710,560	78
4.	Cotton Development Trust Fund	106,644,800	23,666,029	82,978,771	78
5.	Mwalimu Julius K. Nyerere University of Agriculture and Technology	453,553	110,034	343,519	76
6.	Tanzania Industrial Research and Development Organization	6,023,741	1,516,655	4,507,086	75
7.	Tanzania Tourist Board	3,400,000	883,458	2,516,542	74
8.	University of Dar es salaam	69,312,287	20,590,573	48,721,714	70
9.	Centre for Agricultural Mechanization and Rural Technology	4,048,822	1,309,573	2,739,249	68
10.	National Environmental Management Council	60,000,000	20,672,075	39,327,925	66
11.	Copyright Office of Tanzania	1,360,000	474,120	885,880	65
12.	National Construction Council	4,147,049	1,469,457	2,677,592	65
13.	Tanzania Shipping Company Limited	17,646,048	6,324,814	11,321,234	64
14.	National Arts Council	1,514,900	599,862	915,038	60
15.	Arusha Technical College Production Consulting Bureau PLC	1,250,500	506,280	744,220	60
16.	Small Industries Development Organization	14,634,058	6,533,242	8,100,816	55
17.	Tanzania Engineering and Manufacturing Design Organization	4,306,280	1,993,143	2,313,137	54
18.	State Mining Corporation	165,600,000	79,209,651	86,390,349	52
19.	Tanzania Sisal Board	1,857,107	932,005	925,102	50
20.	Tanzania Food and Nutrition Centre	679,568	342,968	336,600	50
21.	National Bureau of Statistics	1,731,000	912,198	818,802	47
22.	Mpanda Water Supply and Sanitation Authority	2,462,823	1,311,960	1,150,863	47
23.	Ardhi University	17,153,677	9,094,935	8,058,742	47
24.	Mtwara Water Supply and Sanitation Authority	10,633,142	5,798,692	4,834,450	45
25.	Morogoro Water Supply and Sanitation Authority	24,077,478	13,736,477	10,341,001	43
26.	Tukuyu Water Supply and Sanitation Authority	626,909	357,766	269,143	43
27.	Lindi Water Supply and Sanitation Authority	2,198,245	1,259,245	939,000	43
28.	Ngara Water Supply and Sanitation Authority	837,848	487,088	350,760	42
29.	College of African Wildlife Management, Mweka	9,483,821	5,539,023	3,944,798	42
30.	Tanzania Dairy Board	1,200,000	700,940	499,060	42
31.	Geita Water Supply and Sanitation Authority	4,129,775	2,466,983	1,662,792	40

Sn	Public/activity Name	Approved Budget	Own source collection	Budget deficit	%
		TZS (000)			
32.	Tanzania Telecommunications Corporation	47,670,030	28,566,000	19,104,030	40
33.	Tanzania Meat Board	2,391,519	1,490,672	900,847	38
34.	Makambako Water Supply and Sanitation Authority	1,535,312	944,992	590,320	38
35.	Tanzania Library Services Board	1,915,000	1,214,669	700,331	37
36.	Public Procurement Regulatory Authority	30,000,000	19,217,445	10,782,555	36
37.	Masasi Nachingwea Water Supply and Sanitation Authority	5,576,340	3,578,272	1,998,068	36
38.	National Institute for Medical Research	11,653,329	7,737,384	3,915,945	34
39.	Kyela Kasumulu Water Supply and Sanitation Authority	161,758	110,482	51,276	32
40.	Engineers Registration Board	13,736,729	9,409,426	4,327,303	32
41.	Tabora Water Supply and Sanitation Authority	13,352,897	9,164,800	4,188,097	31
42.	College of Business Education	39,846,109	28,045,384	11,800,725	30
43.	Bariadi Water Supply and Sanitation Authority	1,433,318	1,013,454	419,864	29
44.	Tanzania Petroleum Development Corporation	2,505,941,178	1,787,167,038	718,774,140	29
45.	Musoma Water Supply and Sanitation Authority	7,694,301	5,488,943	2,205,358	29
46.	Tanzania Tobacco Board	5,731,430	4,094,223	1,637,207	29
47.	Tanzania Broadcasting corporation	14,685,810	10,506,515	4,179,295	28
48.	Namtumbo Water Supply and Sanitation Authority	344,466	248,439	96,027	28
49.	Njombe Water Supply and Sanitation Authority	2,197,247	1,590,455	606,792	28
50.	Dodoma Water Supply and Sanitation Authority	45,085,395	33,051,021	12,034,374	27
51.	Sugar Board of Tanzania	27,169,874	19,707,454	7,462,420	27
52.	Marine Parks and Reserves Unit	3,492,778	2,554,696	938,082	27
53.	Ocean Road Cancer Institute	17,550,000	13,064,709	4,485,291	26
54.	Kibaha Education Centre	1,634,835	1,224,473	410,362	25
55.	Institute of Accountancy Arusha	46,539,662	34,918,184	11,621,478	25
56.	Institute of Adult Education	9,742,482	7,318,048	2,424,434	25
57.	Institute of Finance Management	32,101,019	24,262,797	7,838,222	24
58.	Sokoine University of Agriculture	38,527,105	29,152,617	9,374,488	24
59.	Dar es salaam Institute of Technology	14,275,601	10,810,597	3,465,004	24
60.	Kahama Shinyanga Water Supply and Sanitation Authority	25,102,517	19,362,049	5,740,468	23
61.	Tanzania Plant Health and Pesticides Authority	29,343,000	22,856,025	6,486,975	22
62.	Shinyanga Water Supply and Sanitation Authority	13,962,705	10,879,311	3,083,394	22
63.	Jakaya Kikwete Cardiac Institute	57,613,967	46,242,566	11,371,401	20
64.	Tanzania Atomic Energy Commission	16,469,476	13,383,617	3,085,859	19
65.	Same Mwangi Water Supply and Sanitation Authority	1,052,288	861,531	190,757	18
66.	DR. Salim Ahmed Salim Centre for Foreign Relations Centre for Foreign Relations	2,685,500	2,199,279	486,221	18
67.	Procurement and Supplies Professionals and Technicians Board	5,448,991	4,483,236	965,755	18
68.	Dar es Salaam Maritime Institute	16,353,876	13,489,846	2,864,030	18
69.	Tanzania Commission of Science and Technology	5,380,368	4,450,118	930,250	17
70.	Muhimbili Orthopedic Institute	51,689,694	43,204,415	8,485,279	16
71.	Tanzania Investment Centre	14,289,320	11,957,733	2,331,587	16
72.	Tanzania Institute of Education	15,878,000	13,471,198	2,406,802	15
73.	National Museum of Tanzania	1,404,382	1,194,986	209,396	15
74.	Tanzania Cotton Board	4,651,753	3,985,821	665,932	14
75.	Arusha Water Supply and Sanitation Authority	35,593,199	30,665,018	4,928,181	14
76.	Sumbawanga Water Supply and Sanitation Authority	4,089,943	3,566,006	523,937	13
77.	Arusha Technical College-Production Consulting Bureau	3,435,000	2,997,328	437,672	13
78.	Electrical Transmission and Distribution Company	138,600,000	121,000,000	17,600,000	13
79.	Tanzania Commission for Universities	8,599,345	7,530,946	1,068,399	12
80.	Mbeya Water Supply & Sanitation Authority	23,119,837	20,694,665	2,425,172	10
81.	Medical Stores Departments	547,014,452	489,980,866	57,033,586	10
82.	Songea Water Supply and Sanitation Authority	4,938,380	4,445,688	492,692	10
83.	University of Dodoma	63,514,334	57,308,911	6,205,423	10
84.	Mzumbe University	26,571,503	24,002,735	2,568,768	10
TOTAL		4,600,529,284	3,279,341,621	1,321,187,663	

20 Performance of extractive industry

Appendix VII: List of entities with un-used assets and stoks without disposal

S/N	Public Sector Entities	Assets Description	Quantity	Net Book Value (TZS) '000
Grounded Assets				
1.	Universal Communications Service Access Fund	Three grounded motor vehicles, other equipment, and furniture	93	81,687,651
2.	National Development Corporation	Mining Machinery	1	1,600,000
3.	University of Dodoma	Two Laboratories Machines not in use since its installation 2018	2	348,265
4.	Ngorongoro Conservation Area Authority	Motor vehicle	1	43,581
5.	Air Tanzania Company Limited	Furniture, Fittings, Aircraft Special Tools, Equipment and Machinery	662	94,713
6.	Workers Compensation Fund	Furniture, Computer, equipment, and Fixture and Fittings	317	43,983
7.	Songea Water Supply and Sanitation Authority	Motor Vehicle and Motorcycles	9	41,970
8.	Dar Es Salaam Maritime Institute	Equipment and Furniture	960	37,204
9.	Arusha Water Supply and Sanitation Authority	Motor vehicles and Equipment	4	36,602
10.	Ardhi University	Three Motor vehicles, 29 Furniture and Equipment	32	31,275
11.	Tanzania Education Authority	Office furniture and Tables	130	26,632
12.	Cereal And Other Produce Board	Furniture, Computer, Plan, Equipment and Machinery	97	14,223
13.	College of Business Education	Motor vehicles	2	12,121
14.	Sokoine University of Agriculture	Motor vehicles	3	7,991
15.	Tanzania Ports Authority	Motor vehicles	8	8
16.	National Institute for Medical Research	14 Motor vehicles	14	0.014
17.	Tanzania Fisheries Research Institute	Marine Vessel (Boat- MV Kiboko)	1	0
		Marine Vessel (Boat- Sea Turtle)	1	0
18.	Tanzania Biotech Products Limited	Motor vehicle	1	0
	Sub-total		2,338	84,026,219
Obsolete/expired stocks				
19.	Dodoma Water Supply and Sanitation Authority	Obsolete inventory	7,370	419,027
20.	Medical Stores Department	Un-usable stock damaged resulted from inadequate internal handling or substandard storage practices.	87	44,385
	Sub-total		7,457	463,412
Total				84,489,631

Source: Fixed Asset Register

Appendix VIII: Entities without Board of Directors

Sn	Name of entity	Expiry date	Month without Board of Directors up to February 2025
1.	Kibaha Education Centre	February 2023	36
2.	Tanzania Pyrethrum Board	May 2023	32
3.	Tanzania Dairy Board	9 May 2024	24
4.	Tanzania Meat Board	April 2024	22
5.	Kilimanjaro Airports Development Company Limited	April 2024	22
6.	National Development Corporation	September 2024	17
7.	Ngara Water Supply and Sanitation Authority	8 October 2024	16
8.	Jakaya Kikwete Cardiac Institute	November 2024	15
9.	State Mining Corporation	December 2024	14
10.	Institute of Adult Education	September 2024	12
11.	Keko Pharmaceutical Industries Limited	February 2025	12
12.	Sports Development Fund	28 March 2025	11
13.	National Sports Council	28 March 2025	11
14.	Institute of Social Work	12 April 2025	10
15.	Tanzania Food and Nutrition Centre	13 April 2025	10
16.	Tanzania Small Holders Tea Development Agency	April 2025	10
17.	Tanzania Concrete Poles Manufacturing Company Limited	July 2025	7
18.	Tanzania Geothermal Development Company Limited	July 2025	7
19.	EWURA Consumer Consultative Council	August 2025	6
20.	Tanzania Broadcasting Corporation	August 2025	6
21.	Tanzania Tobacco Board	August 2025	6
22.	National Museum of Tanzania	21 September 2025	5
23.	Kariakoo Market Corporation	15 September 2025	5
24.	National Social Security Fund	03 October 2025	4
25.	National Housing Corporation	October 2025	4
26.	Tanzania Wildlife Research Institute	06 November 2025	3
27.	Dar es Salaam Institute of Technology Company Limited	30 November 2025	3
28.	Tanzania Institute of Education	15 December 2025	2
29.	Muhimbili National Hospital	January 2026	1
30.	LATRA Consumer Consultative Council	February 2026	0
31.	National Insurance Corporation	January 2026	1
32.	TANAPA Investment Limited	13 February 2026	0
33.	Engineers Registration Board	February 2026	0
34.	MCB Company Limited	February 2026	0

Source: Report of those charged with governance of respective entities

Appendix IX: Entities using alternative accounting system other than MUSE

S/n	Name of entity	Accounting system in use
1.	DIT Consulting Bureau	Quick Book
2.	DIT company	Quick Book
3.	Kilimanjaro International Leather Industries Company Limited	Relies on Microsoft Excel to record and manage accounting transactions
4.	Tanzania Ports Authority	Uses SAP ERP system as its core financial-management and accounting platform
5.	Ocean Road Cancer Institute	ERMS
6.	National Examination Council of Tanzania	ERMS
7.	Tanzania Sisal Board	ERMS
8.	Tanzania Tea Board	ERMS
9.	Cereals and Other Produce Board	ERMS
10.	Procurement & Supplies Professional and Technician Board	ERMS
11.	National Housing Corporation	ERP - Integrated System
12.	National Sugar Institute	Quick book
13.	Air Tanzania Company Ltd	For FY 2024/25, they used Pastel. However, starting in April 2025, they began migrating to ERMS therefore, the FY 2025/26 financial statements will be generated from ERMS.
14.	Muhimbili National Hospital	JEEVA system

S/n	Name of entity	Accounting system in use
15.	Muhimbili National Hospital-MLOGANZILA	JEEVA system
16.	Tanzania Agricultural Development Bank Limited	Integrated Core Banking System
17.	Small Enterprises Loan Fund	iCBS (Core Banking System), Data Center - CBS
18.	Tanzania Electric Supply Co. Ltd.	Using I-SCALA
19.	Tanzania Fertilizer Company	Using ERMS
20.	Tanzania Commercial Bank	Rubikon ERP
21.	Keko Pharmaceutical Industries (1997) Ltd	Uses Tally accounting system and Microsoft Excel to record and manage accounting transactions.
22.	Usafiri Dar-Es-Salaam (UDA)/UDART	UDA uses Vision 8 System but is in the process of getting TR Number before migrating to MUSE while UDART the subsidiary uses Vision 8 System
23.	Azania Bank Limited	Flexcube (Core Banking System)
24.	National Insurance Corporation	ERMS
25.	Workers Compensation Fund	ERMS
26.	Mkulazi Holding Company Limited	ERP
27.	Tanzania Biotech Product Limited	SAGE (ERMS under discussion)
28.	Sisalana Tanzania Company	SAGE
29.	Kilimanjaro Machine Tools Company	Manual
30.	Makambako Water Supply and Sanitation Authority	ERMS
31.	National Social Security Fund	Oracle E-Business Suite (ERP)
32.	National Development Corporation	MUSE
33.	UTT AMIS	SAGE
34.	Tanzania Posts Corporation	SAGE AND MUSE (From 01 July 2025; ERMS)
35.	TIB Development Bank Limited	T-24 CORE BANKING SYSTEM
36.	TIB Rasilimali Company	T-24 CORE BANKING SYSTEM
37.	Housing and Pension Company	SAGE
38.	Tanzania Concrete Poles Manufacturing Co.	Using ERMS
39.	Electrical Transmission and Distribution Co.	Using ERMS
40.	Tanzania Geothermal Development Company	Using ERMS
41.	Ubungo Plaza Ltd	Using Myob
42.	National Health Insurance Fund	Using ERMS
43.	Dar es Salaam Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
44.	Kahama-Shinyanga Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
45.	Mwanza Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
46.	Arusha Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
47.	Tanga Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
48.	Mbeya Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
49.	Dodoma Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
50.	Tabora Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
51.	Moshi Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
52.	Iringa Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
53.	Shinyanga Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
54.	Morogoro Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
55.	Kahama Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
56.	Musoma Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
57.	Mtwara Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
58.	Kigoma Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
59.	Songea Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
60.	Bukoba Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
61.	Lindi Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
62.	Singida Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
63.	Bariadi Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
64.	Mpanda Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
65.	Sumbawanga Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
66.	Masasi-Nachingwea Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
67.	Babati Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
68.	Same-Mwanga Water Supply and Sanitation Authority	2024/25 used Excel - Currently in the transition phase for using ERMS
69.	Nzega Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
70.	Tukuyu Water Supply and Sanitation Authority	using ERMS, currently in the transition phase

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S/n	Name of entity	Accounting system in use
71.	Njombe Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
72.	Karatu Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
73.	Geita Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
74.	Kyela Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
75.	Namtumbo Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
76.	Ngara Water Supply and Sanitation Authority	using ERMS, currently in the transition phase
77.	Makambako Water Supply and Sanitation Authority	using ERMS, currently in the transition phase

Source: Systems records of respective entities

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Appendix X: Various Taxes Not Remitted to TRA

S/N	Name of entity	Allowance	Income Tax/Corporate Tax	Withholding tax	PAYE	SDL	Total amount '000
TZS '000							
1	Tanzania Petroleum Development Corporation				2,205,904		2,205,904
2	Tanzania National Parks			1,636,470			1,636,470
3	Tanzania Biotech Products Limited		225	69,106	1,296,469	230,776	1,596,576
4	Tanga Water Supply and Sanitation Authority		750,460	290,946		187,623	1,229,029
5	Tanzania Shipping Company LTD			714,884	35,753		750,637
6	Tanzania Atomic Energy Commission	644,191				75,156	719,347
7	Keko Pharmaceutical industries (KPI)				304,231	81,915	386,146
8	College Of African Wildlife Management, Mweka			31,670	266,711		298,381
9	State Mining Corporation				273,368		273,368
10	Tanzania Ports Authority			241,522			241,522
11	Tanzania Posts Corporation			22,463	216,225		238,689
12	Tanzania Investment Centre			200,274			200,274
13	Tanzania Railways Corporation				195,871		195,871
14	Mbeya University of Science and Technology				170,436		170,436
15	Kilimanjaro International Leather Industries Company Limited				114,846		114,846
16	Tanzania Library Service Board			105,953			105,953
17	Mwalimu Nyerere Memorial Academy			24,316	76,450		100,766
18	Dar es Salaam Water Supply and Sanitation Authority			95,248			95,248
19	Sokoine University of Agriculture			42,285			42,285
20	Mkulazi Holding Company Limited				22,158		22,158
21	Kigoma/Ujiji Water Supply and Sanitation Authority			8,707			8,707
22	Same-Mwanga Water Supply and Sanitation				3,434	3,863	7,297
23	Institute of Adult Education			4,355			4,355
24	Tanzania Fisheries Research Institute			2,879			2,879
	Total	644,191	750,685	3,459,408	5,213,526	579,333	10,647,143

Appendix XI: WSSAs Outstanding Receivables

S/n	UWSSAs	2024/25	2023/24	2022/23	2021/22	2020 /21
		TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
1	Dar es Salaam	67,011,077	67,544,860	65,225,880	62,285,220	69,643,530
2	Kahama-Shinyanga	18,026,575	16,226,365	13,544,380	10,920,760	5,355,510
3	Mwanza	8,365,043	8,069,181	6,892,950	7,097,500	7,039,290
4	Arusha	8,522,943	8,654,002	6,432,100	5,446,450	4,040,010
5	Tanga	7,436,998	6,608,510	6,066,780	5,639,370	5,579,850
6	Mbeya	6,994,243	5,010,218	5,061,020	5,565,190	6,263,260
7	Dodoma	6,845,291	7,093,334	7,434,280	6,717,270	6,757,490
8	Tabora	5,726,987	4,336,970	3,082,340	2,058,730	1,930,080
9	Moshi	5,279,191	5,175,807	4,709,950	4,232,850	5,003,530
10	Iringa	3,264,957	2,861,575	2,137,050	2,145,120	1,815,640
11	Shinyanga	2,455,294	2,046,700	2,098,810	1,455,150	1,625,010
12	Morogoro	2,379,669	2,357,306	2,512,810	2,954,890	2,832,710
13	Kahama	2,077,835	2,021,000	1,817,080	1,592,610	1,590,470
14	Musoma	1,885,494	1,803,118	1,678,850	1,430,220	2,353,910
15	Mtwara	1,876,901	1,385,661	1,002,170	842,380	1,783,660
16	Kigoma	1,711,765	1,422,301	1,332,150	-	-
17	Songea	1,159,234	1,009,633	1,201,490	1,139,430	1,412,780
18	Bukoba	1,027,183	805,163	1,070,940	836,370	834,270
19	Lindi	740,831	674,264	565,070	797,710	776,270
20	Singida	711,735	788,826	842,630	677,310	706,490
21	Bariadi	683,021	560,831	116,470	92,320	65,180
22	Mpanda	614,191	618,252	519,080	-	-
23	Sumbawanga	549,430	519,101	410,050	466,880	529,120
24	Masasi Nachingwea	525,871	880,506	841,520	725,140	587,840
25	Babati	434,891	417,138	522,020	522,240	522,040
26	Same-Mwanga	379,850	259,858	212,890	-	-
27	Nzega	375,971	387,357			
28	Tukuyu	348,316	309,829	229,550	-	-
29	Njombe	305,530	293,903	286,450	334,700	337,710
30	Karatu	206,683	217,406	431,010	54,300	40,170
31	Geita	168,388	140,890	130,660	131,730	90,440
32	Kyela	88,808	59,773	25,960	-	-
33	Namtumbo	82,325	97,677	110,400	-	-
34	Ngara	80,891	77,067	56,110	63,370	43,080
35	Makambako	57,196	49,234	48,930	-	-
	Total	158,400,608	150,783,615	138,649,830	126,225,210	129,559,340

Appendix XII: Non-Revenue Water in WSSAs

S/N	Name of WSSAs	2020/21 (%)	2021/22 (%)	2022/23 (%)	2023/24 (%)	2024/25 (%)
1	Same/Mwanga				49	70
2	Dar es Salaam	39	39	42	41	53
3	Morogoro	44	40	39	30	50
4	Arusha	50	37	46	41	47
5	Mwanza	37	36	34	23	45
6	Mbeya	28	28	28		42
7	Tukuyu	26	27	28	27	40
8	Lindi	37	35	33	35	39
9	Ngara	40	40	48	38	39
10	Karatu	40	45	45	37	37
11	Mtwara	26	29	48		36
12	Geita	38	28	30	28	36
13	Sumbawanga	31	31	35	35	35
14	Musoma	43	40	38	36	34
15	Tanga	33	31	34	35	34
16	Dodoma	35	34	28	24	34
17	Bukoba	44	43	39	39	33
18	Njombe	29	39	39	39	33
19	Makambako	45	44	32	33	31
20	Tabora				28	29

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S/N	Name of WSSA's	2020/21 (%)	2021/22 (%)	2022/23 (%)	2023/24 (%)	2024/25 (%)
21	Singida	31	29	31	30	27
22	Bariadi	28	28	31	37	27
23	Namtumbo			29	25	23
24	Moshi	20	27	23	23	23
25	Iringa	24	23	25	23	22
26	Masasi Nachingwea	23	20	26	22	21
27	Babati	31	25	23	21	21
28	Songea	21	21	22	21	21



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