THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

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ANNUAL GENERAL REPORT ON AUDIT OF DEVELOPMENT PROJECTS FOR THE FINANCIAL YEAR 2022/23

CONTROLLER AND AUDITOR GENERAL
MARCH 2024

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

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Ref. No. CGA.319/421/01B **28 March 2024**

H.E. Dr. Samia Suluhu Hassan,
The President of the United Republic of Tanzania,
State House,
P.O.Box 1102,
1 Julius Nyerere Road,
11400 Chamwino,
40400 DODOMA.

RE: ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE AUDIT OF DEVELOPMENT PROJECTS FOR THE FINANCIAL YEAR 2022/23

I am pleased to submit my Annual General Report on the audit of Development Projects for the financial year 2022/23 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 which aim at fostering accountability in collection and use of the public resources.

I humbly submit,

Charles E. Kichere
Controller and Auditor General
United Republic 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.

NAOT Vision, Mission & Motto

01 Vision
To be a credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

02 Mission
To provide high-quality audit services through the modernisation of functions that enhance accountability and transparency in the management of public resources.

03 Motto
Modernising External Audit for Stronger Public Confidence

Independence and objectivity
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit
We value and work together with internal and external stakeholders.

Results-Oriented
We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Professional competence
We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity
We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation
We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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ABBREVIATIONS AND ACRONYMS

AFD	Agence Française de Développement
AfDB	African Development Bank
AUWSA	Arusha Urban Water Supply and Sanitation Authority
BADEA	Arab Bank for Economic Development in Africa
BoQs	Bills of Quantities
CDC	Centers for Disease Control and Prevention
COVID-19	Coronavirus Disease 2019
DANIDA	Danish International Development Agency
DAWASA	Dar es Salaam Water and Sewerage Authority
DFATD	Department of Foreign Affairs, Trade and Development
DFID	Department for International Development
DLI	Disbursement Linked Indicators
EASTRIP	East Africa Skills for Transformation and Regional Integration Project
EIB	European Investment Bank
EU	European Union
GCC	General Conditions of Contract
HEET	Higher Education for Economic Transformation Project
IDA	International Development Association
IPC	Interim Payment Certificate
JICA	Japan International Cooperation Agency
KFW	Kreditanstalt für Wiederaufbau
KOICA	Korea International Cooperation Agency
NACP	National Aids Control Programme
NAVAIDS	Navigational Aids
NM-AIST	Nelson Mandela African Institution of Science and Technology
NUFFIC	Netherlands Organisation for International Cooperation in Higher Education
PAP	Project Affected People
PEPFAR	President's Emergency Plan for AIDS Relief
PO- RALG	President's Office, Regional Administration and Local Government
PPE	Personal Protective Equipment
PSSN II	Productive Social Safety Net II
RPM	Revolution per Minutes
TANROADS	Tanzania National Roads Agency
TARURA	Tanzania Rural and Urban Roads Agency
TASAF III	Tanzania Social Action Fund Project Phase III
TPDC	Tanzanian Petroleum Development Corporation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
UWSSA's	Urban Water Supply and Sanitation Authority

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STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL

I am delighted to present the audit report for the financial year ended on 30 June 2023, which encompasses development projects. I would like to acknowledge the Government's initiatives, led by H.E. Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania, in promoting accountability and transparency in public resource management. I also appreciate the cooperation of these entities' management in providing information and clarifications necessary for the preparation of this audit report.

The audit findings reveal a diverse array of financial management practices among the development projects. While some have shown commendable financial management, others have faced challenges in maintaining financial stability and performance. It is crucial for the Government to intervene and ensure these entities operate efficiently and effectively, contribute to the economy, and deliver top-notch services to the citizens.

The report is organised into 15 chapters, each delving into different facets, including procurement laws, revenue and cash management, expenditure management, budget management, and tax compliance. The report also identifies areas where these entities need to improve their operations and execute their mandate more efficiently.

In the report, I have provided recommendations on how to boost the operations of the reported entities, increase transparency and accountability, and foster good governance. I trust these recommendations will be beneficial for the Government, and other stakeholders in guaranteeing the provision of high-quality services.

Lastly, I extend my heartfelt thanks to the audit staff for their relentless efforts in carrying out the audits and compiling this report. Their commitment and hard work have been key in the preparation of this report, and I am grateful for their input.

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

EXECUTIVE SUMMARY

This report contains 15 chapters encompassing financial, compliance, and technical audits conducted across different sectors during the fiscal year 2022/23. The following areas have been discussed in detail in this report:

Audit opinions

Of 299 audited financial audit reports, 99% had unqualified opinions, the same as the previous year. In contrast, one had qualified opinion (1%) resulting from understatement of expenditure under the social sector.

Further, the analysis of compliance audit on procurement and budget management for 299 reports concluded that 130 reports were compliant with procurement laws and 69 were compliant with exceptions; similarly, 251 reports were compliant with budget laws, while 48 were compliant with exceptions.

Implementation of previous years' recommendations

My analysis of 299 management letters on development projects found 2,982 outstanding recommendations, of which 40% were implemented, 26% were in progress, 29% were unimplemented, 9% were reiterated and 6% were overtaken by events.

Financial performance and expenditure management

The analysis of 299 financial statements for 2022/23 showed that total project funds of TZS 6.50 trillion were received, out of which TZS 4.19 trillion were spent, leaving a balance of TZS 2.31 trillion as of 30 June 2023.

Under expenditure management, I found that in the financial year 2022/23, the Ministry of Education, Science and Technology (MoEST) borrowed TZS 4,549,015,746 from SEQUIP and LANES II, but it still needs to be refunded. I also found that TANROADS, MOEST and TASAF did not withhold TZS 1,118,230,367 of tax, while two entities (TASAF and TANROADS) withheld TZS 5,216,572,492 but did not remit to TRA. The total unremitted taxes and not withheld amounted to TZS 6,334,802,859.

Further, I noted that six projects, five implemented by TANESCO and one by AUWASA, had a balance of unpaid compensation of TZS 13.69 billion for 567 affected persons. Five projects owed TZS 12.67 billion, and the Tanzania Solar

Development Project had TZS 1.02 billion. Despite nearly completing the projects (97% to 100%), compensation payments remained outstanding.

Procurement management

I noted that MWAUWASA used inappropriate national restrictive competitive instead of international competitive tendering in the acquisition of services worth TZS 3.55 billion for the construction of a reinforced concrete water reservoir in Kisesa Township, Mwanza Region, implemented under Lake Victoria Water and Sanitation Project (LVWATSAN. This limited the participation of leading suppliers and hindered procurement at competitive prices.

I further found that the SEQUIP Program under PO-RALG paid TZS 1,528,253,924 to a local artisans for constructing secondary school buildings in Lindi Municipal Council, Mtama, and Kilwa district Council without formal contracts.

Contract and physical performance

I found that the Arusha Sustainable Urban Water and Sanitation Delivery Project completed 15 deep wells costing TZS 9.16 billion, which were finalised in May 2023. Despite the successful completion, there is an absence of water distribution infrastructure connecting the boreholes to end users, rendering the project non-operational.

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PO-RALG mandated the construction of pre-primary model schools' phases I and II, with TZS 12,252,675,000 allocated to 197 schools across 160 LGAs under the LANES program. During my site visit in August 2023, I found that completed buildings worth TZS 1,395,600,000 across 25 LGAs were unused due to the absence of essential furniture and a water supply for the constructed pit latrines.

Furthermore, the Dar es Salaam Bus Rapid Transit (BRT) Infrastructure Phase 2 Lot 1 implemented by TANROADS had an additional project cost of TZS 28.05 billion due to changes in design, inadequate feasibility studies, and design review before project commencement.

In addition, I noted interest charges amounting to TZS 3.08 billion due to delayed contractor payments and non-utilization of the loan facility. My analysis indicated that TANESCO was charged TZS 2,129,506,978 (69%) for delays in utilising the loan facility for the Tanzania Zambia Interconnection Project (TAZA), and TANROADS was charged TZS 874,996,553 (28.4%) for late payments to contractors and commitment charges for non-utilization of loan balances.

The Ministry of Water and the Ministry of Natural Resources and Tourism faced charges of TZS 25,004,367 (0.8%) and TZS 47,851,268 (1.6%), respectively, related to delays in settling claims of contractors in implementing the Second Water Sector Support Project and Resilient Natural Resource Management for Tourism and Growth respectively.

Technical audits

- ### Cost control

Tanzania National Roads Agency (TANROADS) incurred substantial cost overruns of TZS 130.51 billion on six road projects due to inadequate feasibility studies, design flaws, contract management issues, and delayed payments. Inadequate feasibility studies were the main reason, resulting in TZS 44.97 billion (34.5%) of the overruns, as crucial site conditions like topography, soil and hydrology were not accurately assessed, necessitating significant adjustments during project execution.

Furthermore, delayed payments led to an accumulation of TZS 42.8 billion in interest, while project completion delays required compensating contractors TZS 29.87 billion and consultants an additional TZS 18.88 billion. A notable TZS 3.99 billion was also unjustifiably paid to TANROADS Engeneering Counsulting Unit (TECU) without a formal contract. These overruns highlight an urgent need for TANROADS to improve its feasibility study protocols, design review processes, contract management, and payment systems to mitigate such financial issues in the future.

- ### Construction of roads

My analysis of cost control for the roads implemented by TANROADS and TARURA noted a cost overrun of TZS 66.06 billion due to design changes and inadequate feasibility studies that failed to capture crucial site conditions such as topography, soil, and hydrology.

I also noted that timely payments to contractors were not consistently upheld across four road projects by TANROADS and one project by TARURA, resulting in interest accumulation totalling TZS 44.25 billion, including TZS 42.57 billion for TANROADS projects and TZS 1.68 billion for TARURA project.

- ### Constructions and rehabilitation of ferries

My audit noted that MV Kilindoni ferry's engines overheated at 1800 rpm. Despite contractual obligations for TEMESA to inspect goods before shipment and industry norms requiring factory acceptance tests on new engines, TEMESA experts did not participate in the engine factory acceptance test in Korea.

Consequently, the marine engine system's performance was not verified against design criteria before shipment.

Similarly, subsequent tests conducted at the Kigamboni boatyard needed to be more robust, lacking the rigour of factory acceptance tests. Although the project was reported as 100% complete, no completion certificate was issued, and TZS 5.07 billion out of the TZS 5.31 billion contract sum was paid. Furthermore, TEMESA should have instructed the contractor to rectify the engine overheating issue within the contract scope despite the reports from TEMESA engineers during sea trials in April 2023, which confirmed overheating issues at 1800 rpm.

Further, I noted that the construction of MV Kilindoni and a new ferry between Nyamisati and Mafia needed TASAC approval, while essential quality control tests were overlooked. Additionally, changes in design for the rehabilitation of the MV Nyerere ferry were not submitted for TASAC approval.

- **Construction s of NFRA's Silos and VETA infrastructures**

I noted that NFRA paid TZS 315,812,546 to the contractor for civil works not executed, including walls, frame concrete works, in-situ concrete, reinforcement to drainage structures, excavation and earthwork for soak pits in Songea and Shinyanga projects.

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Similarly, NFRA paid USD 4,853,039.42, equivalent to TZS 10,856,249,183, for delivered equipment not installed after the contractor abandoned the site in December 2020. The payment did not have a cost breakdown indicating the supply, installation, testing, and commissioning expenses, so the project manager certified it without a clear breakdown.

Furthermore, I noted the additional cost of TZS 1.26 billion paid by NFRA to contractors due to a change of the construction sites in Sumbawanga and Babati. The decision to shift the site at Sumbawanga was influenced by reallocating the industrial area to the Kanondo area, while in Babati, there was an overlap with a high-voltage transmission line planned by TANESCO.

I noted that the design drawings for 25 DVTCs showed that firefighting facilities such as fire alarms, fire detectors, and smoke detectors were required to be installed in the kitchen and workshops. However, the schedule of materials showed that only fire extinguishers were included but needed to be installed. This implies that TZS 2.6 billion invested in constructing one DVTC would be at risk in case of a fire disaster.

- **Irrigation schemes and water quality for domestic use**

I noted that feasibility studies conducted by the National Irrigation Commission in Eyasi, Lyamalagwa, Mkombozi, and Magulukenda-Sukuma had deficiencies as they revealed a common deficiency including the absence of essential geotechnical investigations for headworks and canals, hydrological studies heavily relied on 50-years models without calibration or validation against actual discharge data and the preliminary studies on the soil survey had shortage of information and recommendations.

I also noted that farm roads in the Mkombozi and Magulukenda irrigation projects were constructed and supervised inadequately because they were built on weak, expansive clay soil. In contrast, roads in the Magulukenda-Sukuma project needed proper road camber for adequate water drainage. These deficiencies have resulted in early road defects, which are impassable during rainy seasons.

Under domestic water quality management, I noted inadequate Water Quality Monitoring Programmes across UWSSAs because the available programs needed operational monitoring components. Despite conducting active monitoring, the budget for this aspect was not included in their Water Quality Monitoring Program (WQMP). Furthermore, I noted that among the eight UWSSAs inspected, 88% failed to meet the required chlorine residual levels.

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Given the public health risks associated with non-compliance to chlorine residual levels, DAWASA and MWAUWASA stood out as the most concerning cases for 2022/23 and 2021/22 due to their more considerable population exposure to such risks.

CHAPTER ONE

INTRODUCTION

1.1 Background

The audit assessed the financial performance, management practices, and legal compliance of the development projects for the financial year ending 30 June 2023. This audit is part of the statutory mandate and responsibilities of the Controller and Auditor General as provided under Article 143 of the Constitution of the United Republic of Tanzania, 1977 and in Section 10 (1) of the Public Audit Act, Cap 418. The aim was to ensure these entities operate efficiently, contribute to the economy, and deliver quality services to the citizens.

The report is structured into 15 chapters, each focusing on a different aspect, including compliance with procurement laws, revenue and cash management, expenditure management, budget management, and tax compliance. The report also provides recommendations for improving the operations of these entities, enhancing transparency and accountability and promoting good governance.

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1.2 Audit Objectives

The audit aimed to provide an independent opinion on whether the financial statements had been prepared in accordance with an acceptable financial reporting framework, considering all significant factors. Additionally, it aimed to evaluate development projects' compliance with Procurement Laws and Regulations and the Budget Act, Regulations, and guidelines. The audit also aimed to assess the development projects' effectiveness and efficiency in managing public funds and delivering services to citizens.

1.3 Audit Scope

In the Fiscal Year 2022/23, three audit types were conducted on development projects: financial, compliance, and technical audits. 299 financial audit reports were issued, focusing on financial systems, controls, and reporting. Additionally, 12 technical audits were conducted on construction projects across multiple sectors, examining planning, procurement and contract management, among other aspects. Compliance audits assessed adherence to procurement laws and budget guidelines. Overall, 92 projects across 248 entities were audited, generating 310 audit reports, with findings spanning various sectors as indicated in the accompanying tables.

Table 1: Audited projects per sector in 2022/23

S/N	Sector	Technical Audit reports	Financial audit reports	Audited projects	Project implementers	Total audit reports
1	Agriculture	2	6	6	5	9
2	Education	1	29	8	17	30
3	Energy and Mining	1	16	16	4	17
4	Health	0	198	14	189	198
5	Transport & Communication	6	13	13	5	19
6	Water	1	9	9	8	10
7	Social	0	10	10	8	9
8	Multi-Sector	0	18	16	12	18
	Total	**11**	**299**	**92**	**248**	**310**

Sources: *Financial, technical and compliance audits for the year ended on 30 June 2023*

Table 2: Technical audits in 2022/23

S/N	Sector	Names of technical and compliance audit reports	Chapter's reference
1	Transport	Construction of a New Ferry At Nyamisati - Mafia, Mv Kilindoni and Rehabilitation of Mv Kazi And Nyerere	7
2	Transport	Construction of Msalato International Airport	8
3	Agriculture	Construction of Storage Metal Silos/Facilities	9
4	Education	Construction of VETA Training Centres in Regions and Districts	10
5	Energy and Mining	Construction of the Chalinze Sub-Station and Evacuation Line from Julius Nyerere Hydropower Plant to Chalinze	11
6	Agriculture	Construction of Irrigation Schemes	12
7	Water	Management of Water Quality for Domestic Use	13
8	Transport	Construction of Road Projects	14
9	Transport	Cost Control of Road Projects	15

Sources: *Technical audits for the year ended on 30 June 2023*

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1.4 Audit methodology

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) and International Standards on Auditing (ISA).

The audit methodology used by the Controller and Auditor General included a combination of procedures, such as examining records and documents, conducting interviews, and carrying out site visits. The audit also involved testing the internal control systems of the development projects and assessing their compliance with relevant laws, regulations, and policies.

CHAPTER TWO

AUDIT OPINIONS

2.1 Introduction

This chapter summarizes the audit opinions issued to Development Projects implemented by public entities during the financial year 2022/23, along with the trend of opinions on financial statements I issued for five consecutive years. The opinions issued are based on the evaluation of audit evidence obtained throughout the audit engagements, assessing whether the financial statements comply with the respective applicable financial reporting frameworks such as the International Financial Reporting Standards (IFRSs), the International Public Sector Accounting Standards (IPSASs), and the Tanzania Financial Reporting Standard No. 1 (TFRS1) in all material respects. This evaluation adheres to International Standards of Supreme Audit Institutions (ISSAI) 1200.

2.2 Types of audit opinion

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The types of audit opinions are: unqualified, qualified, adverse, and disclaimer of opinion.

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

A qualified opinion is expressed when the financial statements are presented fairly, except for the effect of one or more matters. This can occur 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.

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

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.

A disclaimer of opinion occurs when the auditor is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. In such cases, the auditor concludes that the possible effects of undetected misstatements on the financial statements, if any, could be both material and pervasive. In extremely rare circumstances involving multiple uncertainties, the auditor may disclaim an opinion, even if they have obtained sufficient appropriate audit evidence regarding each individual uncertainty. This is because the potential interaction of the uncertainties could have a cumulative effect on the financial statements

2.3 Audit opinions issued during the year

For the financial year 2022/23, I have completed 299 audits engagements of Development projects implemented by public entities to which I issued opinions. Out of 299 opinions issued, 298 were unqualified opinions, and one was qualified opinion (Mainstreaming Poverty-Environment – Gender -Climate Change implemented by the Institute of Rural Development Planning Lake Zone Centre, Mwanza). **Appendix I** shows that the modifications resulted from expenditures with an understatement of expenditures. No adverse or disclaimer of opinion were issued for the Fiscal Year ending 30 June 2023. Audit opinions are detailed in **Table 3.**

Table 3: Summary of audit opinions issued in 2022/23

Sector	Opinion Issued				
	Unqualified	Qualified	Adverse	Disclaimer	Total
Agriculture	7	-	-	-	7
Education	29	-	-	-	29
Energy and Mining	16	-	-	-	16
Health	198			-	198
Transport and Communication	13	-	-	-	13
Water	9	-	-	-	9
Social	8	1		-	9
Multi-sector	18	-	-	-	18
Total	**298**	**1**	**0**	**0**	**299**

Source: *Financial statements of the financial year 2022/23*

2.4 Trend of audit opinions

Table 4 shows the trend of audit opinions issued to the public entities for the five consecutive years from 2018/19 to 2022/23. The increase in the unqualified opinion from 97% to 99% is a result of improvement in the preparation of financial statements that comply with the financial reporting frameworks (IPSAS and IFRS).

Table 4: Trend of audit opinion issued

Financial year	Opinion Issued						
	Unqualified		Qualified		Adverse		Total
	No.	%	No.	%	No.	%	
2022/23	298	99	1	1	0	0	299
2021/22	287	99	3	1	0	0	290
2020/21	293	100	-	-	-	-	293
2019/20	275	95	15	5	-	-	290
2018/19	441	97	13	3	1	0.22	455

Source: *Audit Reports 2022/23 and Previous Annual General Report 2018/19- 2022/23*

Analysis of audit opinions trend over five financial years reveals a consistent predominance of unqualified opinions, with the highest percentage recorded in 2020/21 (100%), followed closely by 2022/23 (99%), 2021/22 (99%), and 2018/19 (97%).

2.5 Conclusions on budget and procurement management

My 2022/23 audit covered two subject matters on compliance: procurement laws and budget laws and guidelines, to which I have drawn my conclusions as explained below.

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2.5.1 Conclusions of compliance audit on procurement laws

In 2022/23, 299 conclusions regarding compliance with procurement laws were issued to project implementers, with 230 conclusions of general compliance and 69 of compliance with exceptions. Detailed conclusions are presented in **Table 5.**

Table 5: Conclusions on compliance with procurement laws

Sector	Generally Complied	Complied with exception	Total
Agriculture	5	2	7
Education	19	10	29
Energy and mining	15	1	16
Health sector	152	46	198
Transport	11	2	13
Water	6	3	9
Social	8	1	9
Multi-Sector	14	4	18
Total	**230**	**69**	**299**

Source: *Audit Reports 2022/23*

2.5.2 Conclusions of compliance audit on budget laws

In 2022/23, I issued 299 conclusions on compliance with budget laws to project implementers. Of these, 251 complied with budget laws, and 48 complied with exceptions. The conclusions issued are shown in **Table 6**.

Table 6: Conclusions on compliance with budget laws

Sector	Generally Complied	Complied with exception	Total
Agriculture	7	0	7
Education	24	5	29
Energy and mining	15	1	16
Health sector	161	37	198
Transport	11	2	13
Water	8	1	9
Social	9	0	9
Multi-Sector	16	2	18
Total	**251**	**48**	**299**

Source: *Audit Reports 2022/23*

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CHAPTER THREE

IMPLEMENTATION OF PRIOR YEARS AUDIT RECOMMENDATIONS

3.1 Introduction

This chapter outlines the progress and measures that Accounting Officers implement in response to audit recommendations provided to management and governance bodies. It recognises the endeavours of accounting officers to address the audit findings and devise plans to implement the recommendations.

3.2 Implementation of previous years' recommendations

Implementing audit recommendations is vital as it fosters accountability, drives continuous improvement, mitigates risks, enhances overall performance, instils stakeholder confidence, ensures legal and ethical compliance, optimises resources, and reinforces effective governance within an organisation.

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My follow-up on audit recommendations in 299 management letters on development projects found 2,982 outstanding recommendations, with accounting officers demonstrating a commitment to improving financial management and controls through outlined action plans.

Out of 2982 outstanding audit recommendations from my previous years' reports, 1192 (40%) were fully implemented, 772 (26%) were under implementation, 575 (19%) were not implemented, 276 (9%) were reiterated, and 167 (6%) were overtaken by events. The overall implementation status is not satisfactory, as detailed in **Table 7**.

Table 7: Implementation status of previous year's recommendations

Sector	Outstanding Issues	Implemented	Under Implementation	Not Implemented	Reiterated	Overtaken by Events
Agriculture	33	11	16	2	3	1
Education	362	99	171	17	42	33
Energy and Mining	75	32	27	4	6	6
Health	2007	818	419	509	177	84
Social	114	82	20	6	2	4
Transport	156	57	39	28	17	15

Sector	Outstanding Issues	Implemented	Under Implementation	Not Implemented	Reiterated	Overtaken by Events
Water	129	35	49	5	20	20
Multi-Sector	106	58	31	4	9	4
Total	**2982**	**1192**	**772**	**575**	**276**	**167**
Percentage	**100**	**40%**	**26%**	**19%**	**9%**	**6%**

Source: *Management letters 2022/23*

The analysis shows the status of outstanding issues in different sectors. Health had the highest number of unresolved issues (2007), followed by Education (362) and Transport (156). This highlights the varied progress and challenges in addressing outstanding issues across sectors.

Non-implementation of audit recommendations can have significant negative impacts, including compromised financial integrity, increased operational risks, hindered organisational effectiveness, erosion of stakeholder trust, potential legal and regulatory repercussions and perpetuation of systemic weaknesses that could lead to further inefficiencies and financial losses.

To address the outstanding issues, I recommend that Accounting Officers prioritise resources, enhance implementation efforts and strengthen internal control systems in all sectors.

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CHAPTER FOUR

FINANCIAL PERFORMANCE AND BUDGET MANAGEMENT

4.1 Introduction

This chapter provides an overview of 299 financial audits covering project financing and significant audit findings related to financial and budget management. It provides valuable insights for the government to improve financial performance, foster accountability, and ensure transparency in financial reporting.

4.2 Projects financing

Development projects are funded by the Tanzanian Government and Development Partners such as the AfDB, AFD, BADEA, CDC, DFID, DFATD, EIB, EU, GAVI, GEF, Global Fund, IFAD, JICA, KfW, NUFFIC, OPEC, SIDA, Suzan Thompson Buffet Foundation, UNDP, UNEP, USAID, the Government of the Kingdom of Norway, the United States of America, and the World Bank.

The analysis of 299 financial statements for 2022/23 showed that total project funds of TZS 6.50 trillion were received, out of which TZS 4.19 trillion were spent, leaving a balance of TZS 2.31 trillion as of 30 June 2023. The details of this analysis per sector are as shown in **Table 8.**

Table 8: Analysis of financial performance per sector

Sector	Funds available (TZS/Mil)	Funds utilized (TZS/Mil)	Closing balance (TZS/Mil)
Agriculture	42,935.71	32,573.34	10,362.37
Education	1,009,382.98	716,929.45	292,453.53
Energy and Mining	992,137.56	423,789.97	568,347.59
Health	1,017,268.29	701,165.17	316,103.11
Social	634,260.06	491,220.47	143,039.59
Transport	1,456,118.53	1,192,982.02	263,136.51
Water	1,048,820.71	525,543.93	523,276.78
Multi	302,574.21	107,249.73	195,324.47
Total	**6,503,498.03**	**4,191,454.11**	**2,312,043.92**

Source: *Individual audit reports 2022/23*

4.3 Expenditure management

4.3.1 Borrowed project funds not refunded TZS 4.55 billion

Development projects funded by Development Partners require adherence to financing agreements, ensuring that funds are used solely for the designated project activities.

I found that in the financial year 2022/23, the Ministry of Education, Science and Technology (MoEST) borrowed TZS 4.55 billion, which was allocated for two projects in the education sector but not yet refunded. Non-refunding of the amount violates the terms and conditions governing the projects outlined in the project financial agreements and implementation manuals. Further details regarding the borrowed funds which still need to be refunded are provided in **Table 9.**

Table 9: Borrowed funds not refunded

S/N	Project name	Details of borrowed funds	Amount (TZS)
1	Secondary Education Quality Improvement Programme (SEQUIP)	Funds used to finance other activities under the education sector	388,045,000
2	Global Partnership for Education - Literacy and Numeracy Education Support (LANES) II Program	Payments made to suppliers for the EP4R project under the education sector	4,160,970,746
	Total		**4,549,015,746**

Source: *Payment vouchers and their supporting documents*, 2022/23

Failure to refund creates an obstacle in achieving SEQUIP and LANES II program objectives, potentially leading to delays in achieving the intended targets.

I recommend that the Ministry of Education, Science and Technology ensure that the borrowed funds are refunded to the respective projects without delays to avoid affecting the implementation of the planned activities.

4.3.2 Non-deducting and remitting withholding taxes of TZS 6.33 billion to TRA

Para 4(c) (1) of the First Schedule of the Income Tax Act, Cap 332 mandates withholding of income tax from payments made to service providers within the United Republic of Tanzania, with residents taxed at 5% and non-residents at 15% in the case of service fee referred to in section 83(1)(a). Also, Para 4(c) (v) of the First Schedule of the Income Tax Act Cap. 332 entities to withhold 2% tax on goods supplied to the government and remit it to the Commissioner of Income Tax in the case of payment referred to under section 83A of the Income Tax Act, Cap 332.

I found that three project implementers did not withhold TZS 1.12 billion tax, while two withheld taxes of TZS 5.21 billion but did not remit to TRA. The total unremitted taxes and not withheld amounted to TZS 6.33 billion. Details are shown in **Table 10.**

Table 10: Project implementers that did not remit withholding tax to TRA

S/N	Project	Sector	Implementers	Amount (TZS)
Implementers did not deduct and remit withholding tax.				
1.	Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu -Manyovu (260.6km) Road Upgrading	Transport	TANROADS	1,103,472,926
2.	School Water Sanitation and Hygiene (SWASH	Water	MoEST	11,017,365
3.	Tanzania Social Action Fund - Productive Social Safety Net (TASAF III- PSSN II)	Social	TASAF	3,740,076
Sub-Total				**1,118,230,367**
Project Implementers that deducted but did not remit withholding tax				
S/N	Project	Sector	Implementers	Amount (TZS)
1.	Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu -Manyovu (260.6km) Road Upgrading Project	Transport	TANROADS	5,172,142,866
2.	Tanzania Social Action Fund - Productive Social Safety Net (TASAF III- PSSN II)	Social	TASAF	44,429,625
Sub-Total				**5,216,572,491**
Grant Total				**6,334,802,859**

Source: *Individual MLs for financial year 2022/23*

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The inability to deduct taxes at source due to the direct disbursement method resulted in contractors receiving full payments and failing to remit taxes, while in other sectors, the anomaly was caused by the ineffectiveness of the management in ensuring timely remittance of tax.

I recommend that the management of the respective entities implement a robust mechanism to ensure that taxes are deducted and remitted to the TRA in a timely manner.

4.3.3 Unspent funds in imprest expenditure bank accounts TZS 1.29 billion

Para 3.11 of Accounting Circular No. 1 of 2021/22 Ref EG.3/102/07/141 dated 7 June 2022 and Accounting Circular No. 7 of 2020/21 issued by the Accountant General on the preparation of financial reports specify that an Imprest Account is for payments on behalf of employees and specific activities and mandate that Accounting Officers clear its balance by the fiscal year-end.

As of 30 June 2023, two projects in the education sector had unspent imprest funds totalling TZS 1.29, with the BOOST project ending with TZS 1.05 billion and the SEQUIP project with TZS 249.37 million. The Ministry of Education, Science, and Technology oversaw both projects.

Unspent funds resulted from depositing money into imprest accounts for activities that had not yet come. Delays in initiating planned activities after the disbursement of funds create the potential for misuse.

I recommend that Management only allocate funds to imprest accounts for ready-to-execute activities to avoid end-of-year balances. Furthermore, Accounting Officers should work with the Accountant General to mandate banks to auto-debit any unspent imprest funds at the end of the fiscal year to the BOT Collection Account for transfer to the consolidated fund.

4.3.4 Delay by D-Fund system in approving transfers of TZS 3.31 billion

Article 3(2)(vii) of the Grant Agreement, June 2022, between Mzumbe University and MoEST stipulates that the University is responsible for the timely utilisation and request of project funds as per the approved funding disbursement cycles, as outlined in the approved University Strategic Investment Plan and Mzumbe University's Annual work plan.

The review of the HEET project at Mzumbe University showed delays in the D-Fund System processing 13 fund transfer requests totalling TZS 3.31 billion. These requests faced delays of 31 to 196 days, notably affecting the procurement of Information and Communication Technology equipment (TZS 1,058,994,534) and Multimedia equipment (TZS 271,871,937.62), leading to a six-month delay in paying the supplier, causing breach of the contract.

Project delays were caused by lengthy approvals by MoEST and the Ministry of Finance in transferring the funds through the D-Fund system. The delay affected the execution of activities, denying beneficiaries to enjoy using the services timely.

I recommend that Mzumbe University engage in proactive communication with MoEST and the Ministry of Finance (MoF) to address the issue of delays in the approval of the transfer of funds for the HEET project and enable timely implementation of planned activities.

4.3.5 Payment of TZS 630.42 million to contractors without measurement and certification

Reg. 243(2) of PPR, 2013 mandates that procuring entities authorise payments based on certified measurements at specified contract intervals. Further, Para

25.3 of the Guideline for carrying out Works under the Force Account issued by the Public Procurement Regulatory Authority (PPRA) in May 2020 requires joint measurements of completed works by the Project Manager and executing entity.

MoEST paid TZS 630,422,657 to local artisans and contractors to construct and rehabilitate school and teachers' college infrastructures, including classrooms, pit latrines, administration blocks, dormitories, and kitchens. The Ministry implemented four projects without using measurement sheets and certification by the Project Manager to justify the quantities of the executed works. Details of unmeasured works are shown in **Table 11**.

Table 11: Works paid without being measured

S/N	Project	Sector	Implementer	Amount (TZS)
1	Big Results Now in Education (BRNed) Programme for Results (EPforR I)	Education	MoEST	311,088,583
2	School Water Sanitation and Hygiene (SWASH) project	Water	MoEST	160,957,067
3	Education and Skills for Productive Jobs (ESPJ) Program	Education	MoEST	110,483,979
4	Global Partnership for LANES II Programme	Education	MoEST	47,893,028
Total				**630,422,657**

Source: *Individual Management Letters for 2022/23*

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The lack of proper monitoring and supervision due to staff shortages in the Department of Works led to certified payments without inspecting and quantifying the executed works. This could risk overpayment or make payment for incomplete works and potential misuse of public funds.

I advise MoEST to ensure in the future, project managers inspect and measure works before certifying payments to prevent overpayments and payments for incomplete works.

4.3.6 Unpaid Compensation to Project Affected Persons TZS 13.69 billion

Section 3(1) (g)of the Land Act, Cap 113, mandates full, fair, and prompt compensation for individuals whose land rights are revoked or interfered with by the State. Furthermore, Section 15(1) of the Land Acquisition Act, Cap 118 requires payment of compensation, plus interest at 6% per annum from the date of land possession until payment, in cases where land is acquired before compensation is settled.

A review of six projects showed unpaid compensation of TZS 13.69 billion for 567 affected persons. Five projects owed TZS 12.67 billion, and the Tanzania Solar Development Project had an additional TZS 1.02 billion in estimated compensation. Despite four projects being nearly completed (97% to 100%), compensation payments remained outstanding, as shown in **Table 12**.

Table 12: Pending Compensation for Project Affected Persons (PAPs)

S/N	Project Name	Sector	Implementer	PAPs	Amount (TZS)	Project status (%)
1	Kenya Tanzania Power Interconnection Project (KTPIP)	Energy	TANESCO	81	12,226,277,532	97.4
2	Solar Development Project (TSDP)	Energy	TANESCO	Not identified	1,016,626,298	In progress
3	TANESCO-220kV Geita - Nyakanazi Transmission Line and Rural Electrification Project	Energy	TANESCO	328	333,420,965	100
4	Arusha Sustainable Urban Water and Sanitation Delivery Project	Water	AUWSA	18	63,452,923	100
5	Regional Rusumo Falls Hydropower Project - Tanzania Transmission Line Component	Energy	TANESCO	34	28,001,890	100
6	Malagarasi Hydropower Project	Energy	TANESCO	106	22,819,084	In progress
Total				**567**	**13,690,598,692**	

Source: *Compensation reports*, 2022/23

The anomaly stems from inadequate communication, difficulty identifying rightful landowners amid disputes and unclear records, and delays in releasing government funds. These challenges harm community relations, jeopardise future projects, and inflate costs due to economic changes.

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I recommend that respective Managements prioritise and expedite compensation, work with local authorities to confirm ownership, resolve disputes, and ensure timely disbursement of funds for payments.

4.4 Budget management

4.4.1 Delayed disbursements from the World Bank due unachieved Disbursement Linked Indicators (DLIs)

The Dar-es-Salaam Institute of Technology (DIT), through the East Africa Skills for Transformation and Regional Integration Project, is engaged in constructing the Regional Flagship ICT Centre (RAFIC) and student hostel buildings, with an anticipated completion date of 7 February 2024.

As of 1 August 2023, I noted that the construction had progressed to 13%, approaching a critical stage where significant cash flow will be necessary to fulfil future IPCs. However, I identified a potential cash deficit in the construction project, risking delayed payments and penalties hence risk of increasing of the project costs. As of August 2023, available funds were TZS

9,071,639,969 against unpaid contract balances of TZS 15,871,200,000, indicating a deficit of TZS 6,799,560,032. Furthermore, the Dar es Salaam Institute of Technology (DIT) projected a cash requirement of TZS 25,347,256,553 for the remaining construction work, hence making a total shortfall of TZS 16,275,616,584 (TZS 25,347,256,553 - TZS 9,071,639,969).

Delayed disbursements from the World Bank is due to Disbursement Linked Indicators (DLIs) not matching the project's main financial requirements for ongoing construction, risk causing liquidity problems. This misalignment could lead to delays in contractor payments and subsequent penalties, resulting in escalated project costs.

I recommend that DIT discuss and adjust the Disbursement Linked Indicators (DLI) with the World Bank to secure the timely release of TZS 16.28 billion needed to complete the RAFIC construction.

4.4.2 Non-financing of approved community subprojects worth TZS 6.71 billion

Para 2.5.3 (iii) and (iv) of the Targeted Infrastructure handbook, together with the functions of the TASAF Management Unit (TMU) on Targeted Infrastructure, states that "TMU is supposed to ensure sub-projects projects are endorsed by the National Steering Committee (NSC) before disbursement of funds and timely disbursement of funds to sub-projects projects".

The audit of Tanzania Social Action Fund—Productive Social Safety Net (TASAF III—PSSN II) at 10 Project Area Authorities (PAAs) revealed that the National Steering Committee (NSC)- approved subprojects in Targeted Infrastructure, Income Generating Activities (IGAs), and Project Works Program (PWP) worth TZS 6.71 billion were not financed by TMU as of August 2023. Further details are provided in **Table 13**.

Table 13: Unfinanced projects approved by NSC

SN	PAAs	Amount (TZS)	SN	PAAs	Amount (TZS)
1	Sengerema DC	1,041,706,841	7	Kwimba DC	605,926,418
2	Monduli DC	1,039,573,692	8	Ngorongoro DC	588,217,625
3	Buchosa DC	957,910,516	9	Geita TC	66,927,303
4	Longido DC	925,517,196	10	Karatu DC	53,930,000
5	Mwanza CC	813,370,338	**Total**		**6,712,213,799**
6	Ilemela MC	619,133,868			

Source: *Project implementation reports*

The lack of funding from TMU for the subprojects was due to the unplanned release of funds and budget shortfalls, risking delays in meeting the project's objectives.

I recommend that TASAF release funds on time to finance the approved subprojects.

4.4.3 Delayed disbursement of budgeted funds TZS 301.78 billion

The disbursement of project funds is expected to be aligned with the budget cycle and consistent with the implementation schedule of the project activities, as approved in the Annual Work Plan (AWP) for each project.

The review identified delays in disbursing project funds that deviated from the approved budget cycle and Annual Work Plan. The Ministry of Finance transferred TZS 301.78 billion late to the projects under the Ministry of Water, Ministry of Health, and the Nelson Mandela-African Institution of Science and Technology. The delays spanned from two to eight months from the scheduled dates to the actual receipt dates, as detailed in **Table 14**.

Table 14: Inadequate management on disbursement of project funds

S/N	Project	Date funds were due	Funds received date	Delays (months)	Amount (TZS Millions)
1	Sustainable Rural Water Supply and Sanitation Program (SRWSSP)	October 2022	June 2023	Eight months	296,200.49
2	Susan Thomson Buffet Foundation Support	September 2022	November 2022	Two months	4,880.31
3	Centre for Research in Agriculture Advancement Teaching Excellence and Sustainability-Food and Nutrition Security	January 2023	September 2023	Eight months	698.46
		March 2023	August 2023	Five months	
Total					**301,779.28**

Source: *Project AWP and cash book 2022/23*

Delays in the disbursement of funds were caused by registration procedures, administrative bottlenecks, and delays in obtaining necessary documents and verification reports. These factors impact the timely execution of activities and potentially affect the overall success of the projects.

I recommend that Project Implementers mitigate factors causing delays in fund disbursement. This will ensure that budgeted funds are received within the agreed timeframe and enable effective project implementation to achieve the intended objectives.

CHAPTER FIVE

PROCUREMENT MANAGEMENT

5.1 Introduction

The governance of procurement of development projects in Tanzania is primarily dictated by the Public Procurement Act, Cap 410, its Regulations of 2013 (with the amendment of 2016) and supplementary procurement guidelines, mutually determined by the Government and Development Partners. This chapter outlines the key audit findings in the procurements concerning development projects.

5.2 Delays in signing contracts worth TZS 6.24 billion for more than 82 days

Reg. 233(1) of PPR, 2013 and its amendments of 2016 [GN No.333 of 2016] require the procuring entity and the respective suppliers to enter a formal contract for the supply of goods, provision of services or undertaking of works within 14 working days after fulfilling all conditions before the signing of the contract.

I found that Tanzanian Petroleum Development Corporation (TPDC) delayed signing two contracts worth TZS 6,238,603,988 for the period ranging from 82 days to 86 days. Refer to **Appendix II**.

The delays were caused by external approval processes of obtaining no objection from the financers. Suppliers took longer than anticipated to process and provide the necessary performance guarantees as required by the contracts and longer legal vetting time. Delays in signing the contract impacted the timely delivery of goods and services to the public and impeded the achievement of the intended objectives.

I recommend that TPDC ensure that the procurement and contract signing process is fast-tracked and implemented within the tender's validity period and time as provided in the procurement regulation.

5.3 Use of inappropriate national restrictive competitive tendering on the acquisition of services worth TZS 3.55 billion

Guideline 1.6.1 of Procurement Guidelines for AFD-Financed Contracts in Foreign Countries requires the beneficiary to undertake international procurement competition in implementing the procurement plan approved by AFD (Agency Francoise de Development) in the No Objection Letter.

Upon reviewing contract No. AE/042/2022-2023, entered on 16 May 2023 between MWAUWASA and M/s Ursino Ltd JV with M/S. RJR Construction Co. Ltd, worth TZS 3,549,714,315, for the construction of a reinforced concrete water reservoir in Kisesa Township, Mwanza Region, implemented under Lake Victoria Water and Sanitation Project (LVWATSAN), I found that the procuring entity opted for the national restrictive competitive tendering.

The management cited the growing demand for water in Mwanza and a shortage of reservoir facilities as the reasons for choosing restrictive tendering over international competitive tendering. I am of the view that this reason does not justify the deviation from the required procurement method. This limited the participation of suppliers and hindered procurement at competitive prices.

I recommend that MWAUWASA ensure and prioritise compliance with donor requirements and adopt international competitive tendering in future projects. This will provide room for competitive prices and the delivery of quality goods and services.

5.4 Planned procurements worth TZS 13.74 billion were not executed

Regulation 69(3) of Public Procurement Regulations, 2013 requires the procuring entity to prepare a rational Annual Procurement Plan and forecast procurements accurately and practically.

Despite having approved budgets, three projects had unexecuted procurements totalling TZS 13,736,761, 745 accounting for 57% of the planned activities. Details are shown in **Table 15**.

Table 15: Unexecuted procurements plan

S/n	Implementer	Project	Approved Budget (TZS)	Implemented Activities (TZS)	Unimplemented Activities (TZS)
1	Prime Minister's Office	AFDP	14,192,639,312	3,057,928,368	11,134,710,944
2	Ministry of Education, Science and Technology	HEET	2,468,970,000	1,549,650,000	919,320,000

S/n	Implementer	Project	Approved Budget (TZS)	Implemented Activities (TZS)	Unimplemented Activities (TZS)
3	Ministry of Education, Science and Technology	SEQUIP	6,245,258,771	5,606,258,771	639,000,000
4	Tanzania Commission for Science and Technology	HEET	1,043,730,801	0	1,043,730,801
	Total		**23,950,598,884**	**10,213,837,139**	**13,736,761,745**

Source: *Annual Procurement Plans and Procurement Implementation Report,2022/23*

Inadequate proficiency in formulating a practical procurement plan and late release of funds by the respective authority were critical factors in the non-execution of planned procurements.

This could lead to a discrepancy between the program's goals and the budgeted activities, obstructing the attainment of objectives and impacting project success overall.

I recommend that management identify and develop a strategy to mitigate the risks impeding the completion of scheduled procurement tasks, including capacity building and efficient arrangements for the flow of funds to implement all outstanding procurement tasks properly.

5.5 Execution of works worth TZS 1.78 billion without contracts

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Section 60 (7) of the Public Procurement Act, Cap. 410 requires that when a tender or proposal is accepted, the procuring entity and the successful bidder must sign a formal contract for the supply of goods, services, or works.

My review of the SEQUIP procurement information under PO-RALG revealed that TZS 1,528,253,924 was paid to a local artisans for constructing secondary school's buildings in Lindi Municipal Council, Mtama, and Kilwa district councils without formal contracts (**Appendix *III provides more details)***.

In addition, the Prime Minister's Office and Tanzania Social Action Fund, implementing the Agriculture and Fisheries Development Programme (AFDP) and Productive Social Safety Net II (PSSN II), paid TZS 39,692,190 and TZS 213,000,000 respectively to various suppliers without signing contracts.

This was caused by the project implementers' inability to adequately enforce the procurement laws, which posed a risk of substandard goods, services, or works, potentially resulting in the misuse of public funds.

I recommend that respective management prepare and sign contracts with suppliers or service providers before payments to safeguard the interests of both parties.

5.6 Delayed payments of TZS 1.26 billion to suppliers

Clause 19 of Special Condition of the Contracts No. PA.13/WB-HEET-P166415/261505/2022/23/G/02, 04 and 05 between Mzumbe University and M/S Freedom Incredible Connections Limited and No. PA.13/WB-HEET-P166415/261505/2022/23/G/05 between Mzumbe University and M/S Kenel Business Holdings Company Limited for the supply and installation of ICT equipment required 100% payment of the Contract price to be made to the Supplier within 30 days after the date of the acceptance certificate for the respective delivery issued by the Purchaser.

My review found a 51- to 85-day delay in payments of TZS 1,261,244,180 for ICT and Multimedia Equipment and Accessories. The delay was primarily due to the late approval of transfers of HEET grants from the Bank of Tanzania to the Mzumbe University–HEET Project account by the Ministry of Education, Science, and Technology (MoEST).

Mzumbe University—HEET Project did not promptly pay suppliers upon delivery of goods or services, which could have resulted in contractual disputes, claims for interest, and potentially damaged the government's reputation.

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I recommend that Mzumbe University ensure timely payments to the suppliers per the contract terms, aiming to prevent potential disputes arising from delays in fulfilling the obligations.

5.7 Payments of TZS 2.51 billion for goods without raising LPO

Reg. 164(2)(j) of Public Procurement Regulations, 2013 requires any procurement done through invitation of quotations to be supported by a Local Purchase Order (LPO) issued to the Supplier.

My review of the procurements made in four projects under the education sector found that MoEST paid TZS 2,514,199,890 to various suppliers of goods and services without raising Local Purchase Orders, as shown in **Table 16**.

Table 16: Procurements made by project implementers without raising LPOs

S/N	Name of Project	Sector	Implementer	Amount (TZS)
1.	Secondary Education Quality Improvement Programme (SEQUIP)	Education	MoEST	2,223,039,886

2.	Boost Primary Student Learning (BOOST)	Education	MoEST	132,264,375
3.	Big Results Now (BRN) in Education Programme for Results (EPforR I)	Education	MoEST	89,000,000
4.	Education and Skills for Productive Jobs (ESPJ) Program	Education	MoEST	69,895,629
	Total			**2,514,199,890**

Source: *Procurement files 2022/23*

This was linked to unplanned procurement activities, especially for urgent needs. This approach risks significant losses if suppliers do not deliver, as there was no formal contract to enforce the agreement.

I recommend that project implementers ensure that goods and services supplied are planned, ordered and confirmed in writing through an official LPO.

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CHAPTER SIX

CONTRACT MANAGEMENT AND PHYSICAL PERFORMANCE

6.1 Introduction

This chapter highlights the key audit findings noted in contract management and physical performance of development projects audited in the financial year ending 30 June 2023.

6.2 Contract management

6.2.1 Delays in completion of project worth TZS 5.38 billion and uncharged liquidated damages of TZS 3.1 billion

Reg. 114 (a) and (b) of the Public Procurement Regulations 2013 requires procuring entities to effectively manage all procurement activities, including monitoring costs and ensuring timely delivery of goods and services at the specified quality and quantity and to the quality specified in each contract. The Regulation also requires procuring entities to monitor the progress and timely completion of works in accordance with the terms of each contract.

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During the site visits and analysis of project implementation reports between October and November 2023, it was found that seven projects valued at TZS 4.51 billion experienced delays ranging from 1 to 7 months. These delays were attributed to the absence of expenditure codes for the received funds, the transfer of funds at year-end, improper supervision and follow-up by the management, and delayed construction of infrastructures necessary for conducting the planned verification.

Further review uncovered that the Ministry of Health experienced a five-month delay in receiving SRH/MNCAH Lifesaving commodities worth TZS 878,308,245 from the Medical Stores Department (MSD) under the financing support of the Susan Thomson Buffet Foundation. The delivery, initially expected by 28 February 2023, was not delivered until August 2023, as outlined in **Appendix IV**.

Furthermore, despite the delays in various projects, no liquidated damages totalling TZS 3,151,780,196 were charged. The delays primarily resulted from unanticipated cost escalation due to amendments in the consultancy contracts and the contractors' inability to fulfil their contractual obligations. Additional information is available in **Table 17**.

Table 17: Uncharged liquidated damages

Contracting Parties	Implementer	Project	Expected completion date	Completion date	Delay	Uncharged Liquidated Damages
TANESCO and Sterling & Wilson Pvt. Ltd., Electromontaj SA.UJV (SWE)	TANESCO	Construction of 220KV Rusumo-Nyakanazi line	30-Nov-20	18-Oct-23	35 months	2,824,303,694
DAWASA, M/S Helpdesk Engineering Tanzania Ltd	Ministry of water	Construction of public toilets in Dar es Salaam	30-Apr-23	15-Sep-23	138 days	327,476,502
Total						**3,151,780,196**

Source: Management letter of 2022/23

I recommend that the Government and the respective MDAs establish clear expenditure codes for all funds to enhance transparency and financial tracking. Additionally, strategies should be implemented to minimise the effects of end-of-year transfer of funds. Finally, TANESCO and the Ministry of Water must enforce contractual penalties for delays, apply liquidated damages promptly and take proactive measures to prevent future delays.

6.2.2 Contracts valued at TZS 2.77 billion not vetted by Legal Officers

Regulations 59 and 60 of the Public Procurement Regulations, 2013, as amended by regulations 2 and 3 of the Public Procurement (Amendment) Regulations, 2016 [GN No.121 of 2016], stipulates that any formal contract whose value is below one billion shillings has to be vetted by a Legal Officer of a procuring entity.

The assessment of the tender awarding process and contract management for the Financial Year 2022/23 revealed that contracts for six projects, amounting to TZS 2.77 billion, were executed without legal officers' vetting, as indicated in **Table 18**. This signifies a 10% increase from the previous year's value of unvetted contracts, which stood at TZS 2.51 billion.

Table 18: Contract signed without being vetted by a legal officer

Project Name	Name of Implementer	Amount (TZS)
Boost Primary Student Learning (BOOST)	Ministry of Education, Science and Technology	147,972,745
Second Water Sector Support Project	Ministry of Water	295,943,293
School Water Sanitation and Hygiene (SWASH) PROJECT	Ministry of Education, Science and Technology (MoEST)	440,654,579
BOOST Primary Student Learning Program	President's Office Regional Administration and Local Government (PO-RALG)	717,156,500
Big Results Now in Education (BRNed) Programme for Results (EPforR I)	Ministry Of Education Science and Technology	847,478,627
Global Partnership for Education - Literacy and Numeracy Education Support (LANES) II PROGRAMME	Ministry Of Education, Science and Technology (VOTE 46)	317,716,500
Total		**2,766,922,244**

Source: *Management letter of 2022/23*

The root cause of this irregularity primarily stems from a lack of quality control mechanisms during contract preparation and vetting. This poses a potential risk of legal disputes that could result in financial losses and damage to the reputation.

I recommend that respective Ministries, Departments, and Agencies (MDAs) appoint legal officers dedicated to their specific projects to vet contracts and provide legal guidance, thereby reducing the risk of legal disputes and financial losses.

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6.2.3 Additional project costs of TZS 28.05 billion due to changes in design

On 10 December 2018, TANROADS contracted SINOHYDRO Corporation Ltd for Phase 2 Lot 1 of the Dar es Salaam BRT Infrastructure, covering 20.3 km of road works, including two flyovers and 29 bus stations. The initial contract sum of TZS 189,433,784,506 for the contract was later revised to TZS 217,480,899,399, reflecting an increased cost of TZS 28,047,114,893 attributed to design modifications.

These changes, caused by an improper feasibility study and design review, included redesigning the bus station, adding retaining walls at Kilwa and Kawawa roads, and constructing the Bandari overpass bridge and ramps. The project was initially set to be completed by 5 May 2022, but the completion date was extended to 9 October 2023. The anomaly impacted the costs and delayed the completion of the project.

I recommend that TANROADS conduct a comprehensive feasibility study and design review before initiating future projects of a similar nature to prevent expensive redesigns and minimise delays.

6.2.4 TZS 3.08 billion commitment charges and interest charged due to delayed payment of contractors and non-utilisation of loan facility

Clause 14.7 (c) and 14.8 of the Special Condition of the Contract (SCC) state that contractors are entitled to interest, compounded monthly, on payments delayed beyond 56 days after the project manager receives documents for their payment. Clause 2.03 of the Loan Agreement between the Government of the United Republic of Tanzania and TANESCO for the TAZA project **also** mandates a 0.5% per annum commitment charge on the balance of the undisbursed loan, starting 120 days post-agreement and due on the specified date of payment.

TANESCO, TANROADS, the Ministry of Water, and the Ministry of Natural Resources and Tourism (MNRT) incurred interest charges totalling TZS 3,077,359,166 due to delays in settling contractors' claims and commitment charges stemming from non-compliance with loan agreements. TANESCO had commitment charges of TZS 2,129,506,978 (69% of the total), mainly due to delays in utilising the Tanzania Zambia Interconnection Project (TAZA) loan facility.

TANROADS incurred charges amounting to TZS 874,996,553 (28.4%), with TZS 817,694,357 attributed to delayed contractor payments and TZS 57,302,196 as commitment charges for not using the loan balance to implement the project's planned activities.

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The Ministry of Water and the Ministry of Natural Resources and Tourism faced charges of TZS 25,004,367 (0.8%) and TZS 47,851,268 (1.6%), respectively. Both charges were related to delays in settling contractors' claims in implementing specific projects such as the Second Water Sector Support Project and Resilient Natural Resource Management for Tourism and Growth. Further details can be found in **Appendix V**.

The interest charges primarily resulted from the government entities' inefficiencies in releasing funds and utilising loan facilities promptly, leading to project implementation delays. Mismanagement of public funds undermines the entities' effectiveness and efficiency, underscoring the crucial importance of timely payments and adherence to the conditions of the loan agreements to prevent resource wastage.

I recommend that the government ensure the timely release of funds to mitigate payment delays and to facilitate robust project management and monitoring practices to guarantee compliance with financing agreements, thereby preventing the incurrence of commitment charges.

6.2.5 Absence of performance security to cover additional scope of contract by TZS 1.54 billion

Regulation 29(5) of Public Procurement Regulations, 2013 states that if a contract is amended after signing, leading to a cumulative cost increase of over 10%, the procuring entity must require the contractor to provide extra performance security of 10% to cover the increase.

On 23 May 2023, the Tanzania Institute of Education (TIE) under SEQUIP project entered contracts with M/s Mbesa Books Distributors Limited and M/s Nyambari Nyangwine Group of Companies for printing and supply of textbooks, initially valued at TZS 3,700,000,000 and TZS 5,300,867,250 respectively. Both contracts were later increased by 15% through Addendum No. 1 on 7 June 2023, adjusting the values to TZS 4,255,000,000 and TZS 6,095,997,338, respectively. TIE also contracted M/s Mbesa Books Distributors Limited on 23 June 2023 for materials to print braille textbooks for TZS 1,288,000,000, with a subsequent increase of 15% on 21 July 2023, bringing the total to TZS 1,481,200,000 through Addendum No. 1.
My analysis for all addenda shows that the total increase cost was TZS 1,543,330,088. Despite these price increases, no additional security was provided due to insufficient controls. The lack of security for the expanded scope of work poses financial risks to the government.

I recommend that TIE strengthen its controls to ensure that the acquisition of additional services and sufficient performance are secured in accordance with the amendments of the contracts, covering the entire scope of the contract.

6.2.6 Contracts worth TZS 81.13 billion were signed before performance security submission

Guideline 11.2 of the February 2022 Guidelines for Securities in Public Procurement requires the tenderer to submit a performance security before the contract is signed.

The examination of the HEET Project at the University of Dodoma and the REGROW project by TANAPA uncovered that the contracts amounting to TZS 1.15 billion and TZS 79.98 billion, respectively, were awarded and signed without the submission of performance security. Refer to **Table 19** for additional information.Error! Not a valid link.

Table 19: Signed Contract before submission of performance security

S/N	Implementer	Tender No.	Contract Amount TZS	Contract date	Submission date
1	TANAPA	TZ-TANAPA-316214-CW-RFB-Lot 1	15,560,000,000	16-Aug-23	18-Oct-23
2	TANAPA	TZ-TANAPA-316214-CW-RFB-Lot 2	20,070,000,000	15-Apr-23	12-May-23
3	TANAPA	TZ-TANAPA-303898-CW-RFB	4,210,000,000	15-Apr-23	21-Jun-22
4	TANAPA	TZ-TANAPA-303894-CW-RFB Lot 2	35,280,000,000	15-Apr-23	14-Jun-23
5	TANAPA	TZ-TANAPA-316214-CW-RFB-Lot 4	4,860,000,000	15-Apr-23	22-May-23
6	UDOM	PA/041/WB/HEET/P166415 346124/2022/2023/G/04 LOT 1	438,034,880	30-Jun-23	18-Jul-23
7	UDOM	PA/041/WB/HEET/P166415 346124/2022/2023/G/04 LOT 2	716,269,594	30-Jun-23	12-Sep-23
		Total	**81,134,304,474**		

Source: *Contract files 2022/23*

This issue was caused by a lack of controls, raising concerns about transparency, accountability, and compliance with procurement regulations. It could potentially disrupt the project and result in legal liabilities.

I recommend that the management of UDOM and TANAPA address this issue by establishing rigorous controls to ensure that suppliers furnish performance security before contracts are signed.

6.3 Physical performance

6.3.1 Absence of water distribution network infrastructure for 15 completed boreholes costing TZS 9.16 billion

Package Number W011 of Tender No. AUWSA/AfDB/W/001/2019 Lot 1 to 3 was executed by Shanxi Construction Engineering Corporation and Minerals Company with a contract sum of TZS 9.16 billion, involved drilling, testing, evaluation, and completion of 15 Deep Wells at Usa River – Makumira – Tengeru well fields in Arusha region, and was completed on 15 May 2023.

Despite completing the Arusha Sustainable Urban Water and Sanitation Delivery Project, it lacks infrastructure for distributing water from the boreholes to end users. Consequently, despite the investment of TZS 9.16 billion, the project remains non-operational.

The problem emerged from inadequacies in the initial planning phase and budget constraints that hindered financing infrastructure construction for water distribution. The absence of a distribution network has led to the underutilisation of boreholes, preventing the realisation of the intended objective of providing safe water to the community.

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I recommend that the Arusha Urban Water Supply and Sanitation Authority allocate funds to construct an infrastructure network for the supply or distribution of water. This allocation is essential to achieving the project objectives of providing the community with safe, reliable, and sustainable water and sanitation services.

6.3.2 Inadequate feasibility studies on soil properties leading to cost overrun TZS 3.41 billion

In July 2020, TANROADS entered into a contract with M/s China Civil Engineering Construction Corporation (CCECC) from China for the construction of Dodoma City Outer Ring Road Lot One. This contract covered the Nala-Veyula-Mtumba-Ihumwa Dry Port section, spanning 52.3 kilometres, with a contract price of TZS 100,840,778,592 (excluding VAT). The project was scheduled to be completed within 39 months, including a 3-month mobilisation period, commencing on 8 September 2021 and a completion date of 7 December 2024.

My review of project documents found that the TANROADS used unsuitable materials, notably black cotton soil and a high-water table covering a total distance of 5.5 kilometres. Subsequently, during our site visit on 2 November 2023, the presence of these unsuitable materials was readily noticeable without the need for specialised equipment. Based on this observation, I can reasonably conclude that the omission of this critical information in the project planning is attributed to inadequate feasibility studies

The changes to rectify the noted deficiency led to additional cost of TZS 3,413,010,286 which was not initially included in the original Bill of Quantity (BOQ).

I recommend that TANROADS ensure that all future projects undergo comprehensive feasibility studies, including geological assessments, soil testing, and environmental impact assessments, to ensure accurate project planning and budgeting and avoid cost overruns and delays.

6.3.3 School infrastructures worth 1.39 billion not put into use

PO-RALG issued directives with Ref. No. DA.291/297/108'C'/20 dated 18 January 2022 and directives with Ref. No. DB.118/291/01/218 dated 07 March 2023 to Regional Administrative Secretaries for the construction of pre-primary model schools' phase I and II, respectively, requiring the construction activities to be completed within three months after receiving funds.

A total of 197 schools at 160 LGAs received TZS 12,252,675,000 from the LANES programme for the construction of pre-primary school infrastructures such as classrooms, pit latrines, procurement of furniture detectors, fire extinguishing landscaping and preparation of flower gardens, gutters, sports equipment for kids (playing castles), shelves of various colours, purchases of five marts, and procurement of two water tanks.

A site visit in August 2023 found that buildings worth TZS 1,395,600,000 in 25 LGAs were completed between May and July 2023. However, these buildings were unusable due to the non-availability of furniture such as tables and chairs, marts, and playing castles and the lack of water supply for use in the constructed pit latrines. This situation compromises the timely achievement of value for money and the intended benefit to the students.

I recommend that MoEST liaising with PO-RALG to ensure the purchase of furniture and water availability so that the completed buildings can be used without further delay.

6.3.4 Construction of 94 new schools worth TZS 39.52 billion in un-surveyed areas

President's Office-Regional Administration and Local Government is implementing the Boost Primary Student Learning project to improve equitable access to quality learning in pre-primary and primary education in mainland Tanzania. The Permanent Secretary of PO-RALG, through the letter with Ref. No. DB.291/297/04/51, dated 22 March 2023, directed Councils to ensure that the sites for the construction of the new school are surveyed and title deeds are obtained within three months from the date that the letter was issued.

My review of the construction of 94 new primary schools valued at TZS 39,517,700,000 revealed that the construction was carried out in unsurveyed areas without title deeds.

This was due to accounting officers' insufficient follow-up in obtaining the title deeds, which raised concerns about the legal ownership of the plots of land. Construction of school infrastructures in unsurveyed plots of land without title deeds exposes the Councils to the risk of land disputes.

I recommend that the Management of respective Councils increase their follow-up efforts to ensure that the sites for constructing all new schools are surveyed and that the respective title deeds are obtained to reduce the risks of disputes.

6.3.5 Delay in using completed cattle troughs worth TZS 107 million at Lake Tanganyika basin

Schedule I Part A 3 (V) on Integrated Water Resources Management of the Financing Agreement (Second Water Sector Support Project) dated 20 March 2017, between the United Republic of Tanzania and the International Development Association aims at carrying out Sub-projects to improve watershed management, flood control and preventing soil-erosion at the Water User Association and community levels.

In the Financial Year 2021/22 Annual Action Plan and Approved Budget, the Ministry of Water allocated TZS 107,000,000 to construct two cattle water troughs outside the protected area of the Igombe water dam. During my site visit at Igambiro and Misha in Tabora Municipal Council on 8 August 2023, I found that the construction work for the two cattle troughs was completed by September 2022, yet they remained unused.

This was due to the Tabora Urban Water Supply and Sanitation Authority's proposed water bill which discouraged local livestock keepers from using the troughs. The project's objectives were not achieved because the cattle troughs were unused.

I recommend that the Tanganyika Basin Water Board liaise with Tabora Urban Water Supply and Sanitation Authority (TUWASA) to ensure the use of the constructed cattle troughs.

6.3.6 Inadequate implementation of DLI7 leading to low disbursement of funds from World Bank TZS 2.85 billion

Implementation of the SWASH project by the Ministry of Education, Science, and Technology (MoEST) involves two Disbursement Linked Indicators (DLIs): DLI No. 4 on access to improved sanitation and hygiene facilities in schools and DLI No. 7 on accurate and complete sector M&E data submission by LGAs under SWASH reporting criteria. Para 117 of the Project Operational Manual 2021 mandates each LGA to provide data to the Basic Education Management Information System (BEMIS) within 15 days following the end of each quarter. For DLI No. 7, LGAs meeting the criteria receive a reward of USD 23,000 per qualified council, totalling USD 1,978,000 for all 86 participating councils.

My analysis of the project data for 2022/2023 revealed that only 31 councils achieved DLI No. 7, receiving a disbursement of USD 713,000 (TZS 1,604,250,000). Conversely, 55 councils still need to achieve DLI No. 7, resulting in an unachieved disbursement of USD 1,265,000 (TZS 2,846,250,000).

I found that the designated funds for monitoring and supervision were allocated primarily to DLI 4, leading to a low disbursement of DLI 7 funds. This was due to improper monitoring of the Council's performance in submitting data to BEMIS, which hindered the assessment of progress and timely corrective actions. This indicates a potential shortfall in project performance against the expected standards, highlighting the importance of effective monitoring and evaluation to identify deviations and promptly facilitate corrective measures.

I recommend that MoEST devise targeted interventions and support measures for LGAs facing challenges in achieving the DLI 7, such as releasing project funds before the closure of the project financing window.

6.3.7 Absence of Soil Test Investigation Before Starting Structural Design

Para 15.1 of the British Standard 5930-2015 requires investigations of sites for new projects to aim at furnishing information for facilitating the selection of the most appropriate location for the works. Additionally, they should strive to supply the necessary data for designing the geotechnical aspects of the works.

My review of the structural design for the newly constructed Focal Development worth TZS 1,296,730,889 in Kigamboni Municipal Council, executed under MoEST's ESPJ program, found that the design commenced without conducting crucial soil tests due to inadequate project management of construction works, leading to non-adherence to the requirements of quality and safety management.

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These investigations are pivotal for determining the appropriate type and depth of foundation, which are essential for ensuring the structural stability of the building. Consequently, the absence of these investigations poses a significant risk to the stability of the project.

MoEST should engage qualified geotechnical experts and consultants early in the project planning phase to thoroughly investigate the site and provide essential data for geotechnical designing. Also, it fosters close collaboration between project management teams and technical experts to integrate their recommendations seamlessly into project planning and execution.

6.3.8 Uncompleted works for 225 schools under BOOST project

The Permanent Secretary of PO-RALG, through the letter with Ref. No. DB.291/297/04/51, dated 22 March 2023, directed Councils to ensure that BOOST projects are completed by 30 June 2023.

During the site verification conducted between August and October 2023, I observed that 225 primary schools in different councils that received TZS 73,917,800,000 under the Boost Primary Students Learning Project had unfinished activities in the construction of classrooms, administration blocks, toilets, procurements of desks, tables, and chairs. The constructed infrastructures for the schools were at different stages of completion.

This was caused by the insufficient release of funds to complete the outstanding works and slow progress in implementing the projects. Inconsistency in construction progress could lead to delays in project completion, increased costs, potential quality issues, and disruption in the provision of educational services.

I recommend that MoEST collaborates with the Ministry of Finance and Planning to implement effective mechanisms for managing uncompleted projects, including assessing projects and projecting necessary resources for timely completion.

6.3.9 21 months delay in expanding Ilemela wastewater stabilisation ponds

On 24 August 2021, the Mwanza Water Supply and Sanitation Authority, M/s Skyline Properties Limited, and White City International Contractors Ltd entered into Contract No. AE/042/2015/2016/W/03b for the Expansion of Ilemela wastewater stabilisation ponds in Mwanza City. The contract was to be completed within 365 Days from the date the engineer issued notification to start the construction works, i.e., 24 August 2021.

I found that the project implementation was delayed for more than 21 months from the contract's commencement date, i.e. 24 August 2021 to the end of the financial year i.e 30 June 2023. The progress of implementing the contract on 30 June 2024 was 74% to completion. The primary reason for this delay was the prolonged process of approval for tax exemption by TRA, the desludging of the anaerobic pond by NEMC, and the shortage of foreign currency. The application for the first exemption was filed immediately after signing the contract on 24 August 2021, but the exemption was granted on 26 January 2022. The first exemption expired in December 2022, and the application was immediately filed; however, the exemption was granted on 26 April 2023.

This has had a direct and adverse impact on the planned implementation of the contract, significantly extending the project timeline and resulting in increased project costs, such as extended labour, overhead expenses, and exchange loss from the foreign currency, which were not budgeted for.

To streamline the project and mitigate delays, Mwanza Water Supply and Sanitation Authority (MWAUWASA) management is advised to improve communication with authorities for faster approvals, evaluate the project's finances for adjustments or extra funding to cover the induced costs from delays, reexamine contracts for possible changes or extensions, and develop strategies to reduce future delays of approvals by engaging with authorities early and seeking alternative routes for approvals.

6.3.10 Unimplemented project activities worth TZS 9.78 billion

An audit of the development project's action plan and implementation reports revealed that three Project Implementers still need to implement 25 planned activities with estimated costs of TZS 9,783,474,763. Refer to **Table 20** and **Appendix VI.**

Non-implementation of these activities was attributed to delays in disbursement of funds and weak supervision by the Management. Failure to implement the planned activities according to the approved budget has adversely impacted the timely completion of the project activities, hindering the achievement of the project's objectives.

Table 20: Unimplemented planned project

S/N	Project	IP	Unimplemented activities	COST (TZS)
1	Second Water Sector Support Project	Ministry of Water	14	5,084,474,501
2	Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu - Manyovu (260.6km) Road Upgrading	Tanzania National Roads Agency	8	3,710,525,000
3	Susan Thomson Buffet Foundation Support	Ministry of Health	3	988,475,262
Total			**25**	**9,783,474,763**

I recommend that respective management strengthen the project management process to ensure that projects are completed and used within the agreed time to achieve the desired objectives.

CHAPTER SEVEN

TECHNICAL AUDIT ON CONSTRUCTION OF A NEW FERRY AT NYAMISATI – MAFIA, MV KILINDONI AND REHABILITATION OF MV KAZI AND NYERERE

7.1 Introduction

The audit assessed TEMESA's Management of ferry infrastructure in Tanzania from 2019/20 to 2022/23, focusing on the construction and rehabilitation of ferries, including new projects like Nyamisati-Mafia's MV Kilindoni and the rehabilitation of MV Kazi and MV Nyerere.

TASAC's role in ensuring maritime safety through vessel inspections was also reviewed. The goal was to evaluate if the efforts of the Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) and Tanzania Shipping Agencies Corporation (TASAC) in ferry infrastructure and safety measures achieved value for money. The contract data for audited construction and rehabilitation of ferry projects are shown in **Table 21**.

Table 21: Contract data for the construction and rehabilitation of ferries

Name of Projects	Work Progress (%)	Project period		Contract sum (TZS Billion)	Amount Paid (TZS Billion)
		Start period	Completion period		
New ferry flying between Nyamisati to Mafia	30	22/10/2022	29/08/2023	9.50 VAT Inclusive	2.85 VAT Inclusive
MV Kilindoni	100	15/04/2019	20/01/2020	5.31 VAT Exclusive	5.07 VAT Exclusive
MV Kazi	95	24/06/2022	13/09/2022	4.43 VAT Inclusive	3.69 VAT Inclusive
MV Nyerere	77	Not availed	31/01/2024	1.74 VAT Inclusive	0.76 VAT Inclusive

Source: *Contract documents for audited ferries construction and rehabilitation project*

7.2 Planning and Design Phase

7.2.1 Lack of concept note and preliminary screening in the ferry project

Para 3.1.2 of the Public Investment Project Preparation - Operational Manual of February 2015 requires all government bodies and private sectors that initiate any project to prepare a “Project Concept” to allow preliminary project screening.

The audit revealed that TEMESA failed to prepare the concept note for its ferry projects, resulting in a lack of objectives and benefits of the project to be screened before implementation.

Interviews with TEMESA staff indicated that the absence of a project concept note was due to a lack of awareness regarding the necessity of preparing concept notes before implementing activities, leading to a lack of comprehensive evaluation of the project.

The omission of concept note for TEMESA's ferry projects resulted in the implementation of the project needing to be screened in procedural compliance and project oversight, potentially affecting the project's strategic alignment and success.

7.2.2 TEMESA failed to perform feasibility studies for ferry construction

Para 4.2 (iii) of Public Investment Management – Operational Manual, 2015 requires the implementing agency to prepare feasibility study reports for sensitive or high-risk projects or incorporate state-of-the-art technology.

I found that TEMESA failed to perform necessary feasibility studies for constructing a ferry due to a shortage of internal expertise, particularly in marine engineering and naval architecture.

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This omission affected the technical, economic, and financial viability assessment, market analysis, route survey, and infrastructure evaluations, which were critical for informed project decision-making.

A feasibility study is necessary to assess the demand for the ferry accurately. This lack of clarity can impact the project's profitability and sustainability and deny stakeholders information on financial requirements, revenue projections, and potential costs associated with the project.

7.2.3 Inadequate design on the construction and rehabilitation of the ferry

Regulation 20(2) and 21(3) of the Merchant Shipping (ferries) Regulations, 2004, mandate that new fittings or major conversions on vessels must demonstrate adequate strength through design calculations. Additionally, companies must submit construction material and hull plans to TASAC for approval.

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An examination of the project documents uncovered inconsistencies in the design and outcomes for the construction and rehabilitation of ferries, as detailed in **Table 22.**

Table 22: Design anomalies in the construction and rehabilitation of the ferry

Project name	Irregularity noted in the design aspect
Construction of the MV Kilindoni	TASAC did not approve the design
Construction of a new ferry plying between Nyamisati-Mafia	TEMESA overlooked essential quality control tests during new ferry construction, such as pressure, machinery, and welding tests, and failed to provide detailed engineering, preliminary, and conceptual designs. Lack of these tests could lead to insufficient quality workmanship.
Rehabilitation of MV Nyerere ferry	The change of design involved reducing the ferry's height by 1.0 m and its shape; hence, the captain positioned at the navigation bridge experiences limitations in having an entire field of vision towards the fore part of the ferry, as evidenced in **Figure 1.** The change in design still needs to be submitted to TASAC for approval. Consequently, TASAC lacked assurance that design changes meet safety standards and regulatory requirements.
Rehabilitation of MV Kazi ferry	The drawings for rehabilitation works and detailed survey that involved hull inspection and testing were absent.

Source: *Auditor's analysis of project documents of audited projects*

Figure 1: Unclear vision of the fore part of the MV Nyerere ferry

The identified irregularities in the design of the construction and rehabilitation of the ferry at TEMESA resulted from a lack of expertise in marine engineering and the absence of pre-execution and condition surveys. This led to substandard workmanship, missing detailed cost breakdowns, and unapproved designs by TASAC, raising concerns over safety and regulatory compliance.

TEMESA should hire qualified marine engineers for project oversight and conduct detailed pre-rehabilitation surveys, ensuring that designs are TASAC-approved for compliance and safety. In addition, implement a project management training program, focusing on concept notes and feasibility studies, and invest in specialised marine engineering and naval architecture training to address the gaps of expertise and elevate the project's standards.

7.3 Procurement Management

7.3.1 Lack of the negotiation parameters in the negotiation plan

Regulation 226(6) of Public Procurement Regulations, 2013, requires the negotiation team to prepare a negotiation plan specifying issues to be negotiated as specified in the evaluation report and the objectives to be achieved and, whenever possible, quantify the objectives and set maximum and minimum negotiating parameters.

A review of the negotiation plan for the rehabilitation of the MV Nyerere, the construction of a new ferry between Nyamisati and Mafia, and the rehabilitation of the MV Kazi between Magogoni and Kigamboni found that the negotiation team prepared the plans, which did not detail the negotiation parameters.

This was due to the evaluation and negotiation teams' lack of expertise in marine engineering. The project costs were presented as lump sums, which hindered negotiation teams' access to detailed and itemised pricing for effective negotiation and affected project negotiations, as shown in **Table 23**.

Table 23: Impact caused by the absence of clear negotiation parameters

Project	Impacts
Rehabilitation of the MV Nyerere	65% of the whole work amounting to TZS 1,136,100,000 VAT inclusive was not negotiated due to a lack of negotiation parameter
Rehabilitation of MV Kazi	The contractor applied a 3% discount, amounting to TZS 88,624,200, without detailing the specific discounted items. This led to an inability to justify the discount. Consequently, an audit identified that TZS 1,962,551,892 was paid to the contractor without applying the discount, highlighting a need for more clarity and accountability.

Source: *Negotiation plans for rehabilitation of MV Kazi, MV Nyerere and construction of ferry from Nyamisati to Mafia*

The lack of defined negotiation parameters led TEMESA to accept the contractor's proposed total cost of the project without having any reference point during negotiations.

I recommend that TEMESA enhance the expertise of evaluation and negotiation teams with marine engineering and procurement skills and mandate the preparation of detailed negotiation plans that specify clear, quantifiable objectives and negotiation boundaries.

7.4 Contract management

7.4.1 MV Kilindoni's engine overheating at 1800 pm

Clause 9(i) of the Special Conditions of Contract No. AE/006/2018-2019/HQ/G/CN-36 for construction of MV Kilindoni requires TEMESA to inspect the quality and quantity of goods before shipment at the supplier's cost, ensuring compliance with technical specifications. Bureau Veritas Rules for the Classification of Steel Ships, 2018 also states that the norms in the marine industry dictate that purchasers send expert engineers to conduct factory acceptance tests on new engines and certify their performance.

I found that TEMESA experts did not participate in the engine Factory Acceptance Test (FAT) in Korea, failing to verify the marine engine's system and its components against the intended design and performance criteria before its shipment to Dar es Salaam.

My review of project documents and physical verification of MV Kilindoni revealed that bench tests conducted at the Kigamboni boatyard in Dar es Salaam could not bring actual results as Factory Acceptance Tests. The project status was 100%, but no completion certificate was provided to the contractor and a total of TZS. 5.07 billion has been paid out of TZS 5.31 billion contract sum. Also, TEMESA should have instructed the contractor to rectify the overheating engine using the price in the contract.

However, the review of the reports from TEMESA engineers during sea trials on 7 April 2023 indicated overheating issues with the new engines at 1800 rpm. Attempts to rectify this proved futile despite replacing the propeller and enhancing the cooling system.

I concluded that the ferry's engines did not achieve the specified performance of 9.5 knots at 1800 rpm, suggesting that if these critical issues had been identified earlier, TEMESA could have attended the Factory Acceptance Test in Korea.

7.4.2 Leakages on the MV Kazi engines due to malfunction of the impeller

Clause 301.1 of contract No. AE/006/2021-2022/HQ/W/CN-25, April 2022, related to the technical specifications, drawings and pictures revealed that all existing marine engines and propulsion systems shall be replaced by the same or similar marine diesel engines and impellers and repair propulsion units as required.

I found that MV Kazi installed four engines when the ship was built in 2017, and TEMESA replaced these four engines in 2022. However, TASAC's inspection reports of 29 December 2022 highlighted leakages in Engine No. 4 and Engine No. 3, which remained unaddressed.

Furthermore, my site inspection of MV Kazi conducted on 31 October 2023 identified issues with the recently replaced engines: Engine No. 4 had leaks due to malfunctions in pump jet-gear boxes No. 1 and No. 2, while Engine No. 3 was non-functional due to a pump jet failure.

I noted that the machinery operators did not follow a proper engine maintenance schedule. This was attributed to the manufacturer's need for more operational manuals for the engines. These deficiencies have resulted in inadequate maintenance, leading to multiple engine breakdowns. I am concerned about whether the engine quality is sufficient to sustain the ferry's continuous operation as needed.

7.4.3 Delayed Delivery of MV Nyerere

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As of November 2023, the audit revealed that the project was extended by 16 months beyond its scheduled six-month completion time. Upon reviewing correspondences between TEMESA and Songoro Marine Company Limited, I found four separate requests for the deadline extension, as outlined in **Table 24**.

Table 24: Extended project delivery time

Reference Number	Targeted date to deliver MV Nyerere	Extension Granted (Months)
Ref.No.TMS/ADM.3/PRJ/2022/20/06	31 March 2023	6
Ref.No.STM/TMS/EOT/2023/03/17	30 May 2023	2
Ref.No.SMT/TMS/EOT/2023/05/74	30 September 2023	4
Ref.No.SMT/TMS/EOT/2023/09/14	31 January 2024	4

Source: *Letters for the request for an extension of time from the contractor*

The project delay was caused by a decline in steel production and scarcity in the market due to COVID-19 since late 2019. This affected the availability of Marine Grade A steel, shipping logistics, and occasioned delays in payment.

Project delays postpone benefits for citizens and increase costs, including supervision, potentially exceeding the budget and harming the project's financial health.

7.4.4 Delay in construction of new ferry to ply between Nyamisati and Mafia

The contract period for constructing a new ferry to ply between Nyamisati-Mafia was from 22 October 2022 to 29 August 2023. However, the contractor did not achieve the performance of the contract during the allotted time, causing him to apply for an extension of time.

Up to the time of this audit, on 30 November 2023, the work progress was 30% to completion. The financial progress was TZS 2.85 billion, equivalent to 30% paid to the contractor out of TZS 9.50 billion, which was the value of the contract amount.

The project faced delays in meeting the agreed timeline due to factors such as the tardy approval of drawings from TASAC for the construction of the ferry, a delay in initiating the marine steel-cutting process/stage, and alterations to the original master schedule plan.

The delay in project completion caused beneficiaries to miss the opportunity of timely use of transport services through the ferry.

I recommend that TEMESA participate in engine tests, swiftly rectify engine issues, ensure maintenance adherence, and manage supply chain delays effectively to prevent project overruns and maintain ferry service efficiency.

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CHAPTER EIGHT

TECHNICAL AUDIT ON CONSTRUCTION OF MSALATO INTERNATIONAL AIRPORT

8.1 Introduction

Msalato International Airport Construction Project, a key component of Tanzania's Five-Year Development Plan, aims to enhance the infrastructure of Dodoma airport to spur economic growth. Funded by a USD 271.63 million loan from the AfDB and the contribution of USD 57.84 million from the Government of Tanzania, the project is executed by TANROADS from 2022 to 2026. It encompasses two phases: runways, taxiways, and buildings, including a passenger terminal and the control tower.

The audit focused on TANROADS's effectiveness regarding scope, time, cost, and quality management from 2019/20 to 2022/23, evaluating the project's initiation, planning, and execution, including feasibility studies, designs, procurement, and contract management.

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8.2 Planning and Design Phase

8.2.1 Construction of buildings without title deeds and building permits

Regulation 4(1) of the Urban Planning Building Regulations, 2018, requires any building to acquire a written building permit from the planning authority as per approved town plan drawings.

I found that TANROADS construction of Msalato International Airport proceeded without a building permit from Dodoma City Council and lacked the title deed for the land owned by the Tanzania Airport Authority (TAA). Despite the claims for compensation to Project Affected Persons (PAPs), TANROADS did not secure the deed from the Ministry of Lands, leading to missing documentation on land tenure and the absence of the necessary building permit.

Lacking Title Deeds could lead to future land disputes due to the absence of documentation of formal land ownership. Besides, proceeding without a building permit means the project lacks official planning approval. The absence of these critical documents risks unauthorised construction and compromises on quality assurance related to land planning requirements.

I recommend that the TANROADS, in collaboration with the Tanzania Airport Authority (TAA) secure a title deed and building permit for the Msalato International Airport project to avoid future land disputes and ensure compliance with regulatory standards and quality assurances.

8.2.2 Inadequate feasibility study leading to cost overruns of TZS 3.04 billion

Para 3.3 of the Ministry of Works Road Geometric Design Manual, 2011 emphasises the importance of considering multidimensional issues, including the influence of terrain and slope on road design, construction costs and route corridor selection during feasibility studies and maintenance.

I noted deviations between the original design levels and the actual ground levels. These deviation levels were attributed to the methodology used during the feasibility study, where drones were used to take the levels without clearing the project area and detect objects at ground level.

The project's execution was affected by deviations between actual ground levels and design levels, leading to the addition of large volumes of earthworks. IPC No. 8 revealed numerous variations under earthworks component, specifically in the filling of selected excavated materials other than rock Items, resulting in cost overruns of TZS 3,037,248,684.91 as of 30 September 2023. The recorded variations exceeded 166%, 335%, 326%, and 615% for Runway, Passenger Terminal Apron, Taxiway C and Roads and Carparks respectively.

I recommend that TANROADS employ precise methods for ground-level assessments to prevent design deviations and control cost overruns.

8.3 Procurement management

8.3.1 Incomplete information in the request for proposal documents

Para E3.2.4 of the AfDB Operations Procurement Manual, 2018, requires the preparation of a Request for Proposal (RFP) before the project's approval for advance contracting and retroactive financing, facilitating bid submissions and enhancing competition.

TANROADS issued incomplete Requests for Proposals, missing critical details like scope of work, project drawings and specifications. This resulted in over 50 clarification requests from bidders, with half remaining unanswered. Specifically, 47 bidders expressed concerns about needing clarification by 21

May 2020, which was set as the deadline. The deficiencies in the RFPs were due to reliance on original tender documents without conducting reviews and verifications.

Due to the incomplete RFPs, from 47 bids submitted, only eight were shortlisted, and just five reached the final evaluation stage. This lack of clarity in the tender documents compromised competitiveness and transparency in the tendering process.

I recommend that TANROADS conduct thorough reviews on the Request for Proposals (RFPs) to ensure they include all the required information to enhance competition among bidders.

8.3.2 Discharge of consultancy duties while debarred

Reg. 102 of PPR, 2013 provides for debarment caused by established fraudulent actions likely to affect the contracts entered into between the tenderer and any public body before the debarment.

I revealed that M/s Beza Consulting Engineers PLC, lead member of the association of the consultant's consulting firms that signed Contract No. TRD/HQ/1025/2021/22 with TANROADS on 10 November 2021 for the provision of Consultancy Services was debarred by the AfDB from 21 August 2023 to 20 November 2024 due to fraudulent actions. AfDB indicated that during the debarment period, M/s Beza Consulting Engineers PLC and its affiliates were ineligible to participate in Bank Group-financed activities. Further, the audit indicated that the other four donors debarred M/s Beza Consulting Engineers PLC, as in **Table 25**.

Table 25: Auditor's review of registration certificates (2023)

Sanctioning Authority	Debarment Status	Start Date	End Date	Debarment Reason
AfDB cross debarment/ Inter-American Development Bank	Debarment with conditions to meet on release	2023	2024	Fraud
World Bank	Cross Debarment: AfDB	2023	2024	Not known
African Development Bank Group	Debarred	21 August 2023	20 November 2024	Debarment AfDB
Asian Development Bank	Debarred	5 September 2023	20 November 2024	Cross-Debarment: AfDB

Sources: *https://www.afdb.org/en/projects-operations/debarment-and-sanctions-procedures as accessed on 10 February 2024*

Despite being debarred, I found that M/s Beza Engineering Consulting PLC continued supervising Msalato International Airport construction. TANROADS officials stated they weren't officially informed of the debarment by AfDB, preventing them from terminating the contract. I also found that the request for No Objection was requested and granted before engaging BEZA.

I recommend that TANROADS should immediately verify the debarment status of M/s Beza Consulting Engineers PLC with the AfDB and other donors. If confirmed, TANROADS must comply with the debarment conditions by halting any ongoing projects with the firm and seeking alternative consultants to maintain transparency, accountability, and good standing with financier.

8.4 Contract management

8.4.1 Absence of confirmatory tests at the construction site

Para1.5.1.7 of the Technical Specifications for Infrastructures Works requires contractors to set up an approved on-site laboratory for quality control tests, with consultants responsible for overseeing these tests, conducting independent tests, and advising on construction methodologies.

Audit findings showed that the payments for all relevant tests for which Contractors were required to submit their results to the Engineer for examination were included in the Contractor's bid rates as required by Para 1205 of the Standard Specifications for Road Works, 2000. However, all work contract tests were performed at the Engineer's Laboratory by both the Consultant and Contractors, highlighting that the contractor's laboratory was under-equipped and understaffed. Due to the simultaneous execution of the project, the consultancy team found independent testing for each contract impractical, with only one Material Engineer overseeing both, leading to joint tests.

This situation compromised the independence required for quality control, allowing contractors to rely on the Engineer's resources, potentially leading to equipment wear and savings at the employer's expense.

I recommend that TANROADS consultants' and contractors' laboratories for packages 1 and 2 are fully equipped and adequately staffed to facilitate the completion of necessary tests independently and enable the consultant to effectively perform confirmatory and assurance tests.

8.5 Financial management

8.5.1 Payments of TZS 5.73 billion for unapproved variations to contractor

Regulation 110(5) of Public Procurement Regulations, 2013, mandates prior written approval from the Tender Board for cost increases related to changes after contract commencement. Further, Clause 17 of the General Conditions of the Contract specifies that variations increasing the accepted contract amount need approval from the employer.

My review of IPC No.9 for Package 1: Infrastructure Works, comprising payments from the previous 8 IPCs, revealed a payment of TZS 5,728,520,301.09 for variations in contract Bill of Quantities (BoQ) items without obtaining approval from the employer. The discrepancies in project quantities were attributed to deficient design and impractical site levels, as the actual site conditions during execution did not align with the topographic survey results.

Additionally, the Employer and Engineer's failure to adhere to contract conditions for approving variations is noted. This situation raises concerns about the final project cost exceeding the contract sum, leading to a potential budget shortfall without a guaranteed source of funds for project completion.

I recommend that TANROADS enhance communication and control procedures for instructions, ensuring that approvals for all design, site changes and variations resulting from construction activities are obtained before implementation.

8.5.2 Delayed payments resulting in the interest of TZS 303.81 million

Clause 14.7.1 (b) and 14.8 of the General Conditions of the Contract number TRD/HQ/1013/2021/22 requires the TANROADS to pay the certified amount in each IPC within 56 days after the Engineer receives the statement and supporting documents[1]. Failure to do so entitles the Contractor to monthly compounded finance charges on delayed payments from the due date.

Project payment tracking showed delays ranging from eight to 70 days, resulting in TZS 303.81 million in interest due to late payments, with the Government of Tanzania responsible for these interest payments as per agreement with AfDB.

[1] The count starts on the date of submission by the Contractor to the Consultant of the accepted or approved IPC. The Consultant has 28 days to determine and verify the IPC, while the Employer has 28 days to approve and make payments making a total of 56 days.

The D-Fund payment system delineates that TANROADS has five days to process the IPC, followed by seven days at the Ministry of Works and 12 days at the Ministry of Finance before submission to AfDB, which has 14 working days to complete the payment. This sequence totals approximately 24 days for approval, leaving AfDB only four days to make the payment. Analysis of Package 1's payment tracking sheet indicated that AfDB often surpassed the 14 working-day timeframe, leading to payment delays.

The Financing Agreement between the Government of Tanzania and AfDB specifies that while the government is liable for any interest accrued from delayed payments, AfDB is exempt from this responsibility, highlighting an unfair discrepancy.

I recommend that TANROADS collaborate with the Ministry of Works (MoW) and the Ministry of Finance to streamline the approval process and expedite payments to contractors and consultants. This proactive approach mitigates delays and prevents additional costs such as interest charges and damage compensations.

8.5.3 Use of unregistered engineers during execution of works

Section 13(1) of the Engineers Registration Act, 2007, requires only registered engineers to undertake professional engineering works and all personnel working as professional engineers to register with the Engineers Registration Board.

A review of personnel found that personnel were undertaking professional engineering work without being registered by the Engineers Registration Board, as indicated in **Table 26**.

Table 26: Unregistered key personnel

Contract for	Role on Site			
Package 1: Infrastructure Works	1.	Quantity Surveyor	7.	Ag. Country.Representative
	2.	Land Surveyor	8.	Pavement Specialist
	3.	Site Manager	9.	Site Inspector
	4.	AGL Specialist	10.	Electrical Engineer
	5.	NAVAIDS Specialist	11.	Materials Engineer
	6.	Site Inspector	12.	Site Manager
Package 2: Building Works	1.	Site Engineer	9.	Site Engineer
	2.	Site Engineer	10.	Site Engineer
	3.	Structural Engineer - Concrete Works	11.	Structural Engineer - Concrete Works
	4.	Airport Special System, CCTV & Telecom Engineer	12.	Airport Special System, CCTV & Telecom Engineer
	5.	Network Engineer	13.	Network Engineer
	6.	NAVAIDS Specialist	14.	NAVAIDS Specialist

Contract for	Role on Site	
	7. Quality Control Engineer	15. Quality Control Engineer
	8. BIM Manager	16. BIM Manager
Consultancy Services	1. Airport Engineer	

Source: *Auditor's Review of Registration Certificates (2023)*

TANROADS did not adequately supervise the Consultants as they did not follow up to ensure that the Consultant fulfilled her responsibility for registering non-Tanzanian firms and critical staff, as per Terms of Reference Para 5.0 and 5.2 (c) of the Consultancy Services Contract, ensuring all staff undertaking professional engineering works are registered.

The involvement of unregistered engineers poses risks to the quality of supervised or executed work, and employing unregistered personnel hinders the client's ability to take disciplinary measures in case of professional misconduct during project execution.

I recommend that TANROADS ensure that key personnel of consultants and contractors have valid qualifications and are registered with local professional boards.

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CHAPTER NINE

TECHNICAL AUDIT ON CONSTRUCTION OF STORAGE METAL SILOS/FACILITIES

9.1 Introduction

This chapter covers the technical audit on construction of silos and rehabilitation of warehouses. The overall objective of the technical audit was to assess whether the National Food Reserve Agency (NFRA) adhered to the design, supply, construction, installation test, commissioning of silos, warehouses, and rehabilitation of existing facilities requirements aimed at increasing storage capacity and reducing post-harvest losses in the country.

The main audited entity was the National Food Reserve Agency (NFRA), under the Ministry of Agriculture. NFRA was a key implementer of the Storage Expansion Project, which aimed at increasing storage capacities to ensure national food security. Further, the audit covered the financial years from 2015/16 to 2021/22. This period covered the entire project, from the initiation to completion.

Through a review of documents, interviews and physical verifications, the audit noted the following findings for construction of Storage Metal Silos as follows:

9.2 Planning and Design of Silos

9.2.1 Variation of the proposed budget by TZS 208.3 billion (68% of contract sum)

NFRA was responsible for ensuring that a thorough feasibility study was conducted, meeting financial, economic, and social criteria before the commencement of the construction works. The proposed budget in the study for the Silo Complex and warehouses was USD 184 million (equivalent to TZS 303 billion), while the subsequent project appraisal document proposed USD 57.5 million, resulting in a variation of USD 126.5 million (68% decrease) of the proposed amount in feasibility study of USD 184 million) equivalent to TZS 208.3 billion due to unrealistic estimates of the costs.

Despite the budget reduction, the storage capacity was increased by 30,000 metric tonnes from 160,000 to 190,000 metric tonnes in the appraisal. This reflects additional tonnage allocated to locations like Songea and Sumbawanga, which were not considered in the feasibility study but included in the project appraisal, indicating a more comprehensive approach.

I recommend that NFRA ensure that feasibility studies include accurate estimations of investment costs and details of the projects to be implemented.

9.2.2 Unrealisitc geotechnical investigation at Mpanda leading to additional cost of TZS 683.91 million

Para 1 of the British Standards (BS) 5930:2015 states that the primary objective of the geotechnical investigation of the construction process is to plan the best method of construction, to foresee and provide against difficulties and delays that could arise during construction due to ground conditions, groundwater, and other local conditions, in appropriate cases, to explore sources of indigenous materials for use in construction and to select sites for the disposal of waste or surplus material.

The contractor, M/s Unia Araj, working on the Mpanda project, requested compensation in both financial and time aspects due to encountering soil conditions different from those outlined in the tender document. The initial tender specified bedrock at a depth of 1.5m with a ground bearing the capacity of 250kPa and subsoil predominantly composed of sand and gravel.

However, the contractor's soil investigation found the bedrock extended up to 12m, with a maximum allowable bearing capacity of 155kPa, and the subsoil comprised sandy clay and sandy silt. As a result, the contractor sought USD 299,567.85, equivalent to TZS 683,911,461, for soil stabilisation and the cost related to design changes. This underscores that NFRA incurred unnecessary costs that proper preliminary activities could have prevented.

I recommend that NFRA conduct geotechnical investigations that reflect the actual conditions of the soil in the future to avoid compensation during the project's execution.

9.2.3 NFRA waived unconditional bank advance guarantees for advance payments of TZS 17.93 billion

Clause 53.1 of the General Conditions of Contract (GCC) for all the contracts between NFRA and contractors (M/s Feerum S.A. and M/s Unia Araj) required the employer to make an advance payment of 15% of the contract price upon submission of an unconditional bank guarantee.

The unconditional advance payment of the bank guarantee clause was waived in the addendum signed between NFRA, M/s Feerum S.A., and M/s Unia Araj on 13 February and 15 May 2017. This waiver led to NFRA disbursing an advance payment of USD 4,971,118.77 (TZS 11,120,392,688) to M/s Feerum S.A. and USD 3,042,135.90 (TZS 6,805,258,008) to M/s Unia Araj without security. The total advance was USD 8,013,254.67 (TZS 17,925,650,697).

Despite terminating M/s. Feerum S.A. and M/s. Unia Araj, being in the defect liability period, NFRA did not recover USD 1,672,617.63 and USD 12,209.64 (TZS 3,741,645,638) from them, respectively, due to the waiver. Recovery through other means, such as a lawsuit, is considered costly and time-consuming; however, for M/s. Unia Araj, the advance payment can be recovered during the preparation of the final accounts after the defect liability period.

I recommend that NFRA enforce the use of unconditional bank guarantees for advance payments as security for all contractors and further recover the outstanding advance payment of TZS 3,741,645,638 from contractors while ensuring proper security for granted advance before payment.

9.3 Construction of storage metal silos

9.3.1 Payment of TZS 315.81 million for civil works not executed for two lots (Songea and Shinyanga)

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Clause 39.2 of the General Condition of Contract (GCC) between M/s. Feerum S.A. and NFRA require payment to the contractor for the works executed at the rate specified in the BoQ for each item.

A review of the Interim Payment Certificates (IPCs) disclosed that the contractor was paid USD 141,176.82 (TZS 315,812,546). However, a site visit revealed that the contractor was off-site. There was no valid security and pending works, including walls, frame concrete works, in-situ concrete, reinforcement to drainage structures, excavation, and earthwork for soak pits in Songea and Shinyanga projects. Details of the cost of the unexecuted works per region are presented in **Table 27,** while the details of activities are Presented in **Appendix VII.**

Table 27: Amount paid for civil works not executed per region

Project Site	Amount paid (USD)
Songea	30,660.30
Shinyanga	110,516.52
Grand Total	**141,176.82**

Source: *Auditors' Analysis of IPCs and Site Inspection*

Table 39 highlights that approximately USD 141,176.82, equivalent to TZS 315,812,546, was certified and paid to the contractor for non-executed works. NFRA officials stated that the issue of payments for work not performed was beyond the assigned scope of tasks. This suggests that NFRA disbursed USD 141,176.82, equivalent to TZS 315,812,546, for works that were not carried out due to the contractor's absence, and there was no security to safeguard materials from vandalism.

I further revealed that the Bills of Quantities (BoQs) for the Shinyanga project were intended for new construction, not rehabilitation works as was executed by the Contractor. Consequently, payments reflected BoQ items for new construction, as no updated BoQs were available for the actual rehabilitation works. As a result, the payments made did not accurately represent the quantities of executed works, implying that the project's cost was expected to decrease.

I recommend that NFRA ensure that payments are made exclusively for actual executed works and paid amount for unexecuted works is recovered.

9.3.2 Payment of TZS 10.86 billion for equipment delivered without installation

According to Clause 39.1 of the General Condition of Contract (GCC) between M/s Feerum S.A and NFRA, the Bill of Quantities contains items for the contractor's construction, installation, testing and commissioning work. Further, Clause 39.2 of the General Condition of Contract (GCC) between M/s Feerum S.A. required that the contractor be paid for executed works at the rate in the BoQs for each item.

The review of the Interim Payment Certificates (IPCs) and site inspection revealed that NFRA paid USD 4,853,039.42, equivalent to TZS 10,856,249,183, for the supply of equipment and installation as indicated in **Appendix VIII**. However, the delivered equipment remained uninstalled as the contractor abandoned the site in December 2020. The payment was made in full as M/s Feerum did not provide a cost breakdown indicating the supply, installation, testing, and commissioning expenses. The project manager certified the payment without a clear breakdown.

The impact of delivering equipment but not installing it is operational inefficiencies, project delays, and financial losses, as the intended benefits of the equipment are not realised until it is properly installed and commissioned.

It also raises concerns about allocating funds for idle equipment, highlighting potential misuse of resources, as detailed in **Table 28.**

Table 28: Regions with the value of equipment fully paid but not installed

Project Site	Amount in USD
Songea	1,1720,522.73
Mbozi	574,321.84
Dodoma	849,743.33
Makambako	1,132,219.93
Shinyanga	576,231.59
Grand Total	**4,853,039.42**

Source: *Auditors' Analysis of IPCs and Site Verification 2022/23*

This indicates that about USD 4,853,039.42, equivalent to TZS 10,856,249,183, was certified and paid to M/s Feerum S. A for supply, installation, testing, and commissioning costs. However, installation, testing, and commissioning were not done.

I urge the Management of NFRA to ensure that the Project Manager and key experts in supervising the construction, installation, testing, and commissioning of silos complexes are involved as stated in the contract, and payment should consider the involvement of experts.

9.3.3 Cost increase of TZS 1.26 billion due to change in construction site

During the early stages of project execution, NFRA directed the contractor, M/s Unia Araj, to change the construction sites for Sumbawanga and Babati. On 14 February 2019, the instruction to shift the site from Mazwi to the Kanondo area was issued for the Sumbawanga site. Similarly, for the Babati site, the instruction to change was given on 26 February 2019. The chronological sequence of events is detailed in **Figures 2 and 3.**

Figure 2: Chronological events in changing construction site at Sumbawanga

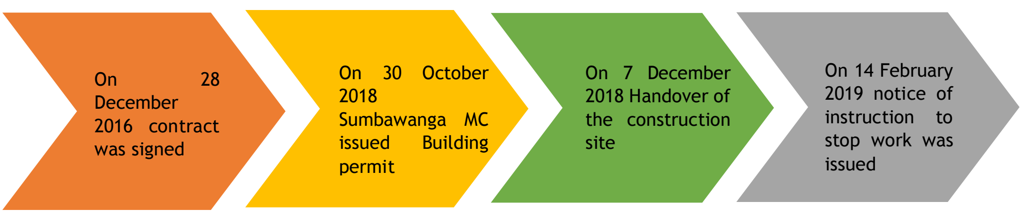

Figure 3: Chronological events in changing construction site at Babati

Auditors' Analysis, Using Project Information Data, 2023

The decision to shift the site at Sumbawanga was influenced by reallocating the industrial area to the Kanondo area. In the case of Babati, there was an overlap with a high-voltage transmission line planned by TANESCO. Consequently, contractors were paid a total compensation of USD 551,017, equivalent to TZS 1,261,277,913[2]. (USD 250,486.62, equivalent to TZS 573,363,873 for the Sumbawanga site, and USD 300,530.31, equivalent to TZS 687,913,880 for the Babati site) due to these changes to the site.

This implies that NFRA incurred a cost of USD 551,017, equivalent to TZS 1,261,277,913, that could have been avoided if it had been aware of the construction site's plan and taken timely action.

I recommend that NFRA, in collaboration with Planning Authorities, confirm that the construction site is free from other competing uses to avoid disruptions and additional costs resulting from relocation.

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9.3.4 Charges of TZS 252.95 million were paid to TBA without deploying Silos experts

Clause 1 of the agreement between NFRA and Consultant TBA stated that the consultant, having presented to the client (NFRA) that they have the required professional skills, personnel, and technical resources, has agreed to provide the services on the terms and conditions outlined in this contract.

I found that NFRA agreed with TBA to hire a silo expert for various activities costing TZS 254,150,000. These activities include condition survey inspection, architect brief and inception report, preliminary design and detailed design and tender document review, works on site preliminaries and construction supervision. In line with this agreement, TBA entered into a contract with a Silo expert for contract supervision, which requires an expert to be paid TZS 600,000 for each day spent on the field with a payment ceiling of TZS 127,200,000.

[2] The exchange rate used was as per Bank of Tanzania as at 23 January 2018

However, NFRA paid TBA TZS 254,150,000 with respect hiring cost of the silo expert while the expert was involved in the project's activities for the two days which is equivalent to TZS 1,200,000 as per the terms and conditions of the contract.

This indicates that TBA overcharged NFRA TZS 252,950,000 for silo experts without participating in the proposed activities.

I recommend that NFRA recover TZS 252,950,000, which was paid to TBA as a cost associated with a silo specialist who did not show up at the site.

9.3.5 Uncompleted silo projects at Songea, Mbozi, Makambako, Shinyanga, and Dodoma

Clause 1.1 of the contract between NFRA and M/s Feerum S.A, signed on December 28, 2016, states that the duration of the contract for the design, construction, supply, testing, and commissioning of the silo complexes and warehouses at Songea, Mbozi, Makambako, Shinyanga, and Dodoma being 17 months from the commencement of the project.

In accordance with the revised program of work, projects in Songea, Mbozi, Makambako, Shinyanga, and Dodoma were delayed for 44 months from the project contract commencement date on June 2018 up to the start date of the audit on 7 September 2023, as shown in **Table 29**.

Table 29: Uncompleted projects

Project Site	Start Date as per Program(A)	Proposed Completion Date(B)	Project Duration months (B-A)	Delay (Month C-B)	Status of Completion as of the date of audit.
Dodoma	12th Jun-2018	11th Dec-2019	17	44	Not completed
Songea	6th Jun-2018	5th Dec-2019	17	45	Not completed
Mbozi	10th Jun-2018	9th Dec-2019	17	44	Not completed
Makambako	8th Jun-2018	7th Dec-2019	17	45	Not completed
Shinyanga	12th Jul-2018	11th Jan-2020	17	43	Not completed

Source: *Audit Analysis of Progress Report of June 2021*

Up to the conclusion of the audit on 19 January 2024, these projects remained abandoned and unfinished. As a result of shortfalls associated with time management, NFRA experienced the following consequences:

(a) ***NFRA Spent TZS 1.26 billion to hire extra storage capacity due to non-completion of the project at Songea, Mbozi, Makambako, Shinyanga, and Dodoma for 44 months***

Due to a delay in completing projects within the planned period, NFRA fell short of the targeted storage capacity by 64.7%. This triggered spending of TZS 1,263,315,300 on hiring extra storage facilities.

(b) Deterioration of the Silos construction materials, which were abandoned outside without protection

During a site visit, I observed that the construction materials for the silos were left abandoned on-site, exposed to rain and sun, causing rusting and deterioration. NFRA's decision to award five high-value lots to a contractor with inadequate capacity compared to past experiences in similar works led to risks.

The project engineers highlighted that the materials on-site were at risk of being unfit for construction, necessitating replacement, due to delays in resolving disputes between the client and the contractor. The Attorney General's advice to settle the breaches of the contract amicably through diplomatic means, not outlined in the government-to-government agreement or the contract, further complicated matters.

Degraded construction materials, such as rusted bucket elevators and associated equipment in Shinyanga and Dodoma, which cost USD 451,731.60, may increase project costs. Refer to **Figure 4.**

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Figure 4: Silo materials abandoned at construction sites

The photo was taken on 13 October 2023 at the Dodoma Construction site.

The photo was taken on 27 October 2023 at the Shinyanga site.

I recommend that NFRA finalise the remaining five lots of Songea, Dodoma, Mbozi, Shinyanga, and Makambako to avoid further deterioration of materials deserted on site and the cost of hiring a warehouse.

CHAPTER TEN

TECHNICAL AUDIT ON CONSTRUCTION OF VETA TRAINING CENTRES IN REGIONS AND DISTRICTS

10.1 Introduction

In the financial year 2019/20, the government allocated TZS 40 billion for the construction of 25 District Vocational Training Centres, supplemented by an additional TZS 28.7 billion from the Tanzania Covid-19 Social-Economic Recovery and Response Plan (TCRP) for construction completion and furnishing. Furthermore, in 2022/23, TZS 100 billion was allocated through the Ministry of Education, Science and Technology for constructing 63 additional Vocational Training Colleges nationwide.

A Technical Audit evaluated MoEST and VETA's management of Vocational Training Centres' construction, focusing on project planning, procurement, fund management, and adherence to environmental and safety standards. It reviewed three Regional (Njombe, Geita, Songwe) and nine District (Korogwe, Lushoto, Uyui, Igunga, Chemba, Bahi, Njombe, Bukombe, Songwe) Vocational Training Centres, spanning from the 2019/20 to 2023/24 implementation period.

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Through review of documents, interviews and physical verifications, the audit noted the following findings for construction of VETA training centres in regions and districts, as follows:

10.2 Planning and design for the construction of VETA Training

10.2.1 Non-provision of fire detection and fighting facilities in constructed 25 DVTCs

Reg. 248(1) of Fire and Rescue Regulations 2015 requires before development seeking consultation with the fire authority before approving building plans, extensions or structural alterations, ensuring compliance with fire safety.

My review of the design drawings for 25 DVTCs showed that firefighting facilities, such as fire alarms, fire detectors, and smoke detectors, were provided in the design of the kitchen and workshops. However, the schedule of materials showed that only fire extinguishers were included but were not installed in respective DVTCs. The estimated cost for the provided and uninstalled fire extinguishers was TZS 10,000,000 per DVTC, totalling TZS 250,000,000 for all 25 DVTCs.

This implies that no firefighting facilities were installed in the constructed 25 DVTC. The reason given for the non-provision was budget constraint. However, there was no evidence to justify the advanced reason. The exclusion of firefighting facilities such as fire alarms, fire detectors and smoke detectors in the constructed 25 DVTC lowers the possibility of managing a fire disaster in case of its occurrence. This implies that the TZS 2.6 billion invested in constructing one DVTC would be at risk in case of a fire disaster.

I recommend that MoEST and VETA strengthen the project design processes and ensure that schedules of materials reflect the actual conditions of the project and include fire safety requirements.

10.3 Contract management for the construction of VETA centres

10.3.1 Delay in DVTCs project completion resulting in cost overrun of TZS 175.62 million

Para 2.0 of the 2019 project document for constructing 25 DVTCs in Districts requires the works to be completed by 30 June 2023 using a force account.

I noted completion delays between 32 and 44 months from 03 March 2020 to 30 November 2023 for the five out of six visited DVTCs overseen by VETA, with only Igunga DVTC finishing by 30 November 2023. The primary cause of these delays was VETA's staggered disbursement of funds, which did not correspond with project milestones, hindering timely completion.

This misalignment led to escalated costs, particularly for aluminium windows in Chemba, Bahi, Igunga, Korogwe, and Lushoto DVTCs. The analysis of cost for aluminium works indicated that the aluminium work was estimated to be implemented by TZS 231,734,647. However, during execution, the incurred cost for aluminium works was TZS 407,350,839. This indicated the increment of TZS 175,615,952, as detailed in **Table 30**.

Table 30: Analysis of cost overrun for aluminium windows

Project	Area for aluminium works (m^2)	Estimated Price in schedule of materials per m^2 (TZS)	The actual price paid during Execution TZS	Increase in Price/m^2 (TZS)	Increased Amount (TZS)
Bahi DVTC	155	106,977	221,987	115,010	17,826,534
	129.4	106,977	215,000	108,023	13,978,150
	26.4	106,977	220,000	113,023	2,983,802

Project	Area for aluminium works (m^2)	Estimated Price in schedule of materials per m^2 (TZS)	The actual price paid during Execution TZS	Increase in Price/m^2 (TZS)	Increased Amount (TZS)
Chemba DVTC	243	106,977	215,000	108,023	26,249,540
Korogwe DVTC	737.32	106,977	169,805	62,828	46,324,053
Lushoto DVTC	79.34	106,977	200,000	93,023	7,380,429
Igunga DVTCs	795.75	106,977	183,475	76,498	60,873,442
Total					**175,615,952**

Source: *Local Purchase Order and revised standard schedule of materials*

The price of one square meter of aluminium was estimated to be TZS 106,977. However, at the time of execution, the price of aluminium increased. A maximum increase was found at Bahi DVTC, where a square meter of the window was increased by TZS 115,009, and the minimum increment in price was noted at Korogwe DVTCs, with an increment of TZS 62,827.6 for each square metre of aluminium window.

I recommend that MoEST and VETA strengthen supervision, ensure prompt disbursement of funds, assign registered engineers for construction oversight, and maintain quality of work to prevent extra project costs.

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CHAPTER ELEVEN

TECHNICAL AUDIT ON CONSTRUCTION OF 250 MVA SUB-STATION AND 400Kv TRANSMISSION LINE FROM JNHPP TO CHALINZE

11.1 Introduction

The government of Tanzania embarked on a significant project starting in 2017, aiming to enhance the country's electrical infrastructure. This project involved the construction of a transmission line from the Julius Nyerere Hydropower Plant (JNHPP) to the Chalinze Substation, including a comprehensive substation setup with substantial capacity and multiple line bays for efficient power transmission.

The Julius Nyerere Hydro Power Plant (JNHPP), capable of generating a substantial 2,115 MW, is making remarkable progress. It is currently over 90% complete and is expected to be fully operational by the end of 2024.

11.2 Progressive Strides in Power Generation

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The power evacuation channels for JNHPP are also progressing well. The primary transmission line from JNHPP to Chalinze substation is almost complete, and the Chalinze substation itself is 85% done. The transmission lines from Chalinze to Dodoma, Kinyerezi (DSM), and Segera (Northern Zone) are all under development.

It is worth acknowledging the Government’s efforts in this project, whereby in January 2024, the Ministry of Finance allocated TZS 111.50 billion to kickstart the 400kV transmission line from Chalinze to Dodoma. Construction of the 400kV lines from Chalinze to Kinyerezi (DSM) and Chalinze to Segera (Northern Zone) is ongoing.

Despite the progress made so far, I still recommend TANESCO to intensify efforts towards timely completion of transmission lines for full utilization of the generated power.

11.3 Procurement management

11.3.1 Delay in procuring the consultant for eight months and paying the consultant for unexecuted works

The audit identified delays in hiring consultant for the 400kV Transmission Line and 250MVA substation, occurring ten and eight months after the respective contractors began work. This resulted in the contractors starting without consultant oversight, affecting the progress of the project and leading to designs and approvals being executed without input from the consultant.

The consultant, hired after the initial commencement of the project, oversaw the 400kV Transmission Line and 250MVA substation projects, with 14% of the Transmission Line design already completed. Despite this, TANESCO did not adjust the contract to exclude the 14% of work done before the consultant's involvement, amounting to USD 94,934 and TZS 87,127,600. A letter dated 11 April 2023 confirmed the consultant's approval of USD 112,469.04 for various design works for the Transmission Line, but there was no evidence of these design tasks being executed.

I recommend that TANESCO adopt a performance-based payment model for consultant contracts, linking payments to defined deliverables or milestones. Also, recoup 14% of pre-consultant work cost (USD 94,934 and TZS 87,127,600) and ensure consultants are paid only for work completed, with a provision to withhold payments if milestones are not met.

11.4 Time, cost and quality management

11.4.1 Poor backfilling and compaction in tower legs for 400kV transmission line

Para 1.17.1 of Section VII of Technical Specifications and Employer's Requirements for the 400kV transmission line requires the contractor to ensure that all works carried out under the contract are performed by suitably qualified and skilled personnel and that suitable quality materials, which meet relevant international standards specifications, where such exist, are used.

Through site verification and reports, I found that all evaluated tower legs and foundations along the transmission line were not well compacted. Examples of the towers are DE 01 (TT2), DE 02 (TAP01/1), NS 03 (TAP01/2), and HA 04 (TCIC/01). I further observed that up to 26 October 2023, there was inadequate soil compaction around the tower legs, as shown in **Figure 5**.

Figure 5: Inadequate backfilling around the tower's foundations.

Source: Auditor's site visit *on 20 October 2023*

Inadequate soil compaction was attributed to insufficient oversight of the Consultant. The consultant gave the instruction too late, resulting in non-adherence to the project's Quality Control and Quality Assurance Plan.

I recommend that TANESCO enhance the Quality Assurance and Control for the Transmission Line and 250MVA Substation projects by ensuring contractors comply with standards, specifications, and contractual terms. Additionally, TANESCO should ensure that the consultants fulfil their responsibilities as outlined in terms of Reference.

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CHAPTER TWELVE

TECHNICAL AUDIT ON CONSTRUCTION OF IRRIGATION SCHEMES

12.1 Introduction

A technical audit on the implementation of the National Irrigation Commission's project from 2021/22 to 2022/23 was conducted to evaluate the utilisation of funds and effectiveness of the project across nine schemes in Iringa, Dodoma, Tabora Arusha, Rukwa, Singida, Manyara and Mwanza. The contract data of the audit for the construction of irrigation schemes are presented in **Table 31**.

Table 31: Contract data for construction of irrigation schemes

Name of the Projects	Physical Progress (%)	Financial Progress (%)	Time Elapsed(%)	Project period		Contract Sum (TZS Billion)
				Start period	Completion period	
Eyasi Irrigation Scheme in the Arusha region	8	15	29	21 April, 2023	20 October, 2024	38.43
Lyamalagwa Irrigation Scheme in Tabora region	6	15	25	16 May, 2023	15 November, 2024	29.96
Magulukenda - Sukuma Irrigation Scheme in Mwanza region	86	51	106	27 September, 2022	27 September, 2023	40.1
Mkombozi -Lot I Irrigation scheme in Iringa region	57	28	72	01 September, 2022	29 February, 2024	8.12
Mkombozi -Lot II Irrigation scheme in Iringa region	31	15	72	01 September 2022	29 February 2024	13.46
Mkombozi -Lot III Irrigation scheme in Iringa region	30	15	72	01 September 2022	29 February 2024	15.92
Mkombozi -Lot IV Irrigation scheme in Iringa region	44	15	72	01 September 2022	29 February 2024	18.00
Ilemba Irrigation Scheme in Rukwa region	7	15	18	22 June, 2023	22 December, 2025	21.02
Member Dam in Dodoma region	84	62	117	01 September , 2022	30 August, 2023	10.96

Name of the Projects	Physical Progress (%)	Financial Progress (%)	Time Elapsed(%)	Project period		Contract Sum (TZS Billion)
				Start period	Completion period	
Msagali Dam in Dodoma	55	56	83	12 October, 2022	12 April, 2024	27.96
Msingi Irrigation Scheme in the Singida region	1	15	17	14 June, 2023	14 December, 2024	29.18
Tlawi Irrigation Scheme in Manyara region	75	31	75	15 Feb, 2023	14 Dec, 2023	6.42

Source: *Contract documents for audited Irrigation scheme projects*

12.2 Undetailed feasibility study

Section 20(3)(g) of the National Irrigation Act and Guideline 9 of the Comprehensive Guidelines for Irrigation Scheme Development, Volume 2, fourth version 2019, set specific criteria for conducting detailed feasibility studies for irrigation projects.

The specified standards for irrigation projects mandate detailed geological and geotechnical investigations, comprehensive hydrological studies and thorough agricultural soil analysis. Adhering to these standards ensures comprehensive planning and safety. The audit of Eyasi, Lyamalagwa, Mkombozi and Magulukenda-Sukuma irrigation schemes identified deficiencies in feasibility studies conducted by the National Irrigation Commission, particularly in lacking detailed assessments is crucial for the project implementation.

Geotechnical Studies were not done on the headworks and along the canal

Guideline 2.2 of the Dam Safety Guidelines of the Ministry of Water requires the feasibility studies to include the geological and geotechnical investigation report for the headworks and along the canal.

The evaluation of all irrigation schemes revealed a common deficiency - the absence of essential geotechnical investigations for headworks and canals, attributed to a lack of awareness regarding their significance. This oversight resulted in an unforeseen requirement to install pressure relief valves in the Magulukenda – Sukuma scheme to address groundwater issues, highlighting the consequences of neglecting preliminary geotechnical assessments.

Actual discharge was not considered during the hydrological study

I found that hydrological studies in irrigation projects heavily relied on 50-year Possible Maximum Flood (PMF) models without calibration or validation against actual discharge data, mainly due to ungauged water sources. This approach poses risks to the resilience of irrigation schemes, as it may result in over or under-designed infrastructure under different flow conditions.

The preliminary studies on the soil survey had a shortage of information and recommendations

The survey on soil micronutrient deficiency in Magulukenda-Sukuma revealed insufficient sampling, with only three samples representing a 500Ha area and lacking specific location details. In the Mkombozi Irrigation Scheme, despite soil tests indicating a slightly alkaline pH, the feasibility study erroneously recommended applying gypsum, contradicting the identified limitations of soil. In the Magulukenda-Sukuma area, discrepancies in data on the content of sodium and conflicting assessments of levels of sodicity were identified.

These inconsistencies in feasibility studies may lead to misleading decisions on soil improvement, potentially causing unintended consequences, such as changes in soil pH and salinity, negatively impacting proposed plantations' productivity.

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I recommend that the National Irrigation Commission ensure the feasibility studies include detailed geotechnical, hydrological, and soil surveys per the criteria and standards for designing irrigation projects to avoid complications and ensure optimal irrigation outcomes.

12.3 The design of the irrigation scheme was not adequately undertaken

Under the design aspect of the irrigation scheme, the following anomalies were noted: -

Absence of design life specification

Guideline 20 (Explanatory Note 20) of the Comprehensive Guidelines for Irrigation Scheme Development, Volume 2, fourth version 2019, emphasises the importance of considering all critical aspects of a project, including design life and necessary infrastructure like farm roads, during the design phase.

I revealed a notable omission in the design reports of the sampled irrigation schemes, as they did not specify a design life. This deviation from best practices in project design, where the expected operational period and durability should be clearly defined, introduces uncertainty about the sustainability and cost-effectiveness of the schemes. The absence of a defined design life hampers effective planning for maintenance and replacement, potentially resulting in increased costs and disruptions in the project.

Absence of farm road design

I found that the designs for the Mkombozi, Eyasi, and Magulukenda–Sukuma irrigation schemes did not adhere to the requirements outlined in Guideline 20 (Explanatory Note 20) Volume 2, fourth version 2019 of the Comprehensive Guidelines for Irrigation Scheme Development, specifically regarding the inclusion of farm road constructions.

This omission poses a risk to the project's success in achieving desired objectives, potentially resulting in the construction of substandard roads that could adversely impact the efficiency and overall functionality of the irrigation schemes.

I recommend that the National Irrigation Commission ensure design reports specify the design life and include the farm road designs for the irrigation schemes, following the best practices and standards for project design.

12.4 Suboptimal Concrete Strength

Clause 3 (309) of the Contract Specifications adopted for the implementation of Irrigation Dams suggests that the classes of concrete to be used should bear the required minimum of 28 days of crushing strength when tested. The minimum required strength for class A (reinforced concrete) was 25N/mm^2.

During the audit on the Mkombozi and Magulukenda-Sukuma irrigation schemes in October 2023, rebound hammer tests carried out by TANROADS and AES Material Lab indicated that 24% of the concrete structure points (4 out of 17) failed the tests. Further details of these results are provided in **Table 32.**

Table 32: Rebound hammer test results

Irrigation scheme	Element Tested	Standard Value(N/mm^2)	Design Value (N/mm^2)	Actual Value (N/mm^2)	Remarks
Magulukenda -Sukuma	Cattle Bridge	25	25	21	Fail
	Pedestrian Bridge	25	25	22	Fail
Mkombozi	Weir Base (Downstream)	25	25	24	Fail
	Secondary Canal No 01	25	25	23	Fail

Source: *Rebound hammer test results from TANROADS and AES Material Lab, 2023*
This was attributed to the absence of quality control and assurance and the absence of a method of statements to ascertain how concrete work should be done. This leads to potential weaknesses in construction quality, raising concerns over the durability and safety of these infrastructures.

I recommend that NIRC implement robust quality control measures and comprehensive method statements for concrete works to mitigate potential weaknesses in construction quality, ensuring the infrastructure's long-term durability and safety.

12.5 Inadequate soil compaction and quality assurance

Clause 7 (705) of the contract specifications adopted for implementing Irrigation dams insists that all materials must be compacted to 95% of their maximum dry density.

Site inspections at the Mkombozi and Magulukenda-Sukuma irrigation schemes revealed suboptimal compaction in some infrastructure components, with compaction levels falling below the recommended standards. Test results from the National Irrigation Commission are provided in **Table 33.**

Table 33: The compaction test results for the Mkombozi irrigation scheme

Chainage	Required Compaction (%)	Actual Compaction degree (%)	Remarks
TC 5 - SC 22 Canal Backfill	95	83.8	Fail
Secondary Canal 16 - Gravel Road	95	93.3	Fail
Secondary Canal 12 - Canal Backfill	95	97.0	Pass
Secondary Canal 8 - Roadbed	95	95.3	Pass
Tertiary Canal 16 - Canal Backfill	95	89.6	Fail

Source: *Auditors Analysis of the Test Results, 2023*

This reveals varying degrees of success in achieving the required compaction at different locations within the Mkombozi Irrigation Scheme. While some sections have passed the compaction test, others have failed. Three of the five sampled points failed the test, while only two passed.

Table 34: Compaction test results for Magulukenda - Sukuma Irrigation scheme

Point Tested	Required (%)	Actual (%)	Remarks
POINT 1 (LHS)	95	93.8	Fail
POINT 2 (CL)	95	99.8	Pass
POINT 3 (RHS)	95	95.9	Pass

Source: *Auditors Analysis of the Test Results, 2023*

The identified inconsistency in achieving the required compaction levels was attributed to insufficient quality assurance and a lack of on-site supervision.

This raises a risk to the structural integrity of irrigation infrastructure, including embankment dams, as compromised soil strength, bearing capacity, and stiffness could result in infrastructural failure.

I recommend that NIRC enforce soil compaction to 95% of maximum dry density through improved supervision.

12.6 Inadequate time management

Reg. 5(2)(c) of PPR, 2013, requires the procuring entity to ensure that the works are completed promptly per the priorities of the procuring entity priorities.

I revealed inadequate time management across all examined irrigation projects, with physical progress falling behind the scheduled timelines, as outlined in **Table 35.** This disparity points to inefficiencies in both the execution and planning of the project.

Table 35: Progress of physical works and financial status against time lapsed

Name of the Scheme	Works Progress (%)	Financial Progress (%)	% Time Elapsed	Gap (%)
Eyasi	8	15	29	21
Lyamalagwa	6	15	25	19
Magulukenda - Sukuma	86	51	106	20
Mkombozi Lot I	57	28	72	15
Mkombozi Lot II	31	15	72	41
Mkombozi Lot III	30	15	72	42
Mkombozi Lot IV	44	15	72	28

Source*: Auditors' Analysis, 2023*

The physical progress of all examined irrigation dams was below the schedule, with Mkombozi Lot III experiencing the highest delay of 42% and Mkombozi Lot I having the slightest delay of 15%. This was due to delayed disbursement of advance payments to contractors, delayed commencement of work, and variations approval, resulting in delays in providing irrigation services to beneficiaries. Consequently, it could result in increased costs, potential contractual issues, and challenges in meeting overall project objectives, directly impacting the project's end users.

I recommend that NIRC align project execution with scheduled timelines to eliminate delays.

12.7 Inadequate construction and supervision of farm roads

Para 6.2.5 of the Tanzania Ministry of Works pavement and materials design manual,1999, requires that the fill materials used to replace expansive soils shall be soils meeting the general requirements for fill and be as impermeable as possible. Plastic soils (PI min.15%) shall be used wherever available at an economical haulage distance.

Insufficient construction of farm roads was identified within the Mkombozi and Magulukenda irrigation projects. It is particularly noteworthy that roads in Mkombozi Lot III were built on weak, expansive clay soil without replacement, as depicted in **Figure 6.**

Figure 6: Constructed farm road over weak, expansive soil clay

Source: *Photo taken on 24 October 2023 along the Secondary Canal No. 5*

Similarly, Magulukenda—Sukumas' roads were constructed without a road camber to allow water to drain from the surface to the side drains.

Consequently, constructing roads without replacing weak, expansive clay soil and the absence of road chambers has resulted in early defects, as visible in **Figure 7.** This issue can render the road impassable, particularly during the rainy seasons, leading to challenges in transporting farm products to storage facilities and markets.

Figure 7: Road defects at Magulukende -Sukumas

Source: *Photo taken at Sukuma Dam on 27 October 2023*

The oversight in the construction of farm roads, stemming from inadequate full-time project supervision due to the absence of a land surveyor and the lack of full-time supervision by the site engineer, compromises the durability of roads and hinders farmers' ability to transport goods. This underscores the importance of establishing specific standards in road construction and implementing adequate supervision to ensure the functionality of the infrastructure.

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I recommend that NIRC ensure the quality of concrete meets the standard with strict monitoring; enforce soil compaction to 95% of maximum dry density through improved supervision; align project execution with scheduled timelines to eliminate delays; and adhere to specifications for construction of roads, particularly in challenging terrains, by involving qualified surveyors and enhancing project management practices for durable and accessible infrastructure.

CHAPTER THIRTEEN

TECHNICAL AUDIT ON MANAGEMENT OF WATER QUALITY FOR DOMESTIC USE

13.1 Introduction

The objective of my aduit on the management of water quality supply in the country was to assess whether the Ministry of Water (MoW) adequately ensures that drinking water supplies meet the established water quality standards. The audit covered three financial years (2020/21, 2021/22 and 2022/23) and was conducted in eight Urban Water Authorities of Lindi, Kilimanjaro, Dar es Salaam, Mbeya, Dodoma, Kigoma, Mwanza and Singida regions. The following salient anomalies were noted: -

13.2 Inadequate water quality monitoring programme across UWSSAs

Guideline 5 of the EWURA Guidelines, 2020, on Water and Wastewater Quality Monitoring Guidelines for Water Supply And Sanitation Authorities requires each Urban Water Supply and Sanitation Authorities UWSSA to establish a water and wastewater quality monitoring programme and periodically review it.

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However, I found that although UWSSAs developed the Water Quality Monitoring Program, these programmes were incomplete. This is because they did not fully comply with the EWURA guidelines, as there were no operational monitoring components. Despite conducting operational monitoring, the budget for this aspect was not included in their Water Quality Monitoring Program (WQMP).

I found that the programs prepared by Mwanza Urban Water Supply and Sanitation Authority (MWAUWASA) lacked a distribution map and the provision for operational monitoring, Dodoma Urban Water Supply and Sanitation Authority (DUWASA) lacked operational monitoring and a distribution map. Likewise, Lindi Urban Water Supply and Sanitation Authority (LUWASA) did not have a map showing the sampling points.

The Kigoma Urban Water Supply and Sanitation Authority's (KUWASA) plan was comprehensive; however, it lacked a provision for operational monitoring. Moshi Urban Water Supply and Sanitation Authority (MUWSA) and Singida Urban Water Supply and Sanitation Authority (SUWASA) plans deviated from the

EWURA guidelines in terms of point sampling requirements and there was a high risk that a significant portion of the networks were not sampled.
Furthermore, although the Dar es Salaam Urban Water Supply and Sanitation Authority's (DAWASA's) program followed EWURA guidelines, sampling points from individual boreholes, consideration of pollution risk factors and provisions for operational monitoring were missing. Mbeya UWSA's program relied solely on the population criteria and did not consider pollution risk factors and an operational monitoring plan. Overall, these findings highlighted several deficiencies in monitoring water quality in various UWSSAs and raised concerns about the effectiveness of UWSSAs in ensuring safe and clean water for the public.

I recommend that the Ministry of Water ensure UWSSA's water quality monitoring is carried out in accordance with the prepared water quality monitoring program by ensuring that all planned water quality monitoring parameters are adequately covered in operational monitoring.

13.3 7 out of 8 UWSSAs did not have Standard Operating Procedures for collecting, handling, preservation and storage of samples

Appendix 1 Para 2.1.2 of the EWURA Guidelines, 2020 on Water and Wastewater Quality Monitoring Guidelines for Water Supply And Sanitation Authorities requires the UWSSA to develop standard operation procedures specifically for sampling methods, including handling, preservation, and storage of samples.

Of the eight evaluated UWSSAs, seven lacked a standard operating procedure (SOP) for collecting, handling, and preserving samples. These UWSSAs were LUWASA, DAWASA, MWAUWASA, KUWASA, DUWASA, SUWASA and Mbeya UWSA. The audit revealed that only MUWSA had a comprehensive SOP covering sample collection, handling, and preservation.

Despite lacking SOPs for handling and preserving samples, I also found that DAWASA had SOPs for sanitation management. MWAUWASA relied on Quality Management Systems procedures in various activities. Overall, the absence of SOPs in sample handling and preserving raises concerns about the testing of safety and quality of water conducted by these authorities.

I recommend that the Ministry of Water ensure all UWSSAs develop and implement Standard Operating Procedures (SOPs) for water quality testing, chemical dosing, sampling methods, and handling of preservation and storage procedures to ensure consistency, accuracy and adherence to recognised standards and best practices.

13.4 Inadequate adherence to the requirement of laboratory testing practices for water sample analysis

According to Guideline 4.1.2.4 of the National Guidelines on Drinking Water Quality Monitoring and Reporting 2018, each authority must have its own laboratory, which will have all the requirements for testing and analysing water samples. These requirements include having sufficient staff to conduct sampling, test, and report the results. And ensure that laboratory workers have protective equipment (PPE). Furthermore, the guidelines stipulate that the laboratory wants the laboratory to have all the necessary equipment and undergo periodic calibration.

My audit of water quality testing practices for various water supply authorities in Tanzania revealed several deficiencies.

I found that DUWASA did not adequately follow laboratory practices, the staff did not follow safety precautions and did not have Personal Protective Equipment (PPE). The shortage of staff and equipment at the Mzakwe Treatment plant contributed to non-compliance. SUWASA did not have its own laboratory and relied on external facilities, which prevented it from performing water quality operational monitoring.

MWAUWASA incorporated the recommended techniques into its plans, including Quality Management Systems procedures for various activities. LUWASA did not conduct in-house water sample testing as there was no quality laboratory and no SOPs for bacteriological analysis.

Despite having comprehensive standard operating procedures (SOPs), Moshi UWSSA failed to comply with them. Additionally, the personnel of Moshi UWSSA did not have Personal Protective Equipment (PPE), and this authority was found using uncalibrated equipment.

KUWASA did not have an in-house laboratory and relied on external facilities, leading to inadequacies in conducting operational tests. DAWASA applied the recommended techniques but lacked SOPs in practice since its personnel did not use PPE during testing and lacked safety precautions.Thus, these findings raise concerns about the accuracy and reliability of water quality testing conducted by these authorities.

I recommend that the Ministry of Water ensure UWSSAs improve their water quality monitoring programs to align more closely with EWURA guidelines

and ensure comprehensive and accurate monitoring systems to benefit public health.

13.5 Inadequate sampling and testing in Water Authorities

Guideline 3.3 of EWURA Water and Wastewater Quality Monitoring Guidelines for Water Supply and Sanitation Authorities (2020), the frequency of water sampling and testing activities should comply with the minimum requirements of the Tanzania Standard for drinking (potable) Water (Tanzania standard 789). Regardless of population size, all types of water should be tested at least twice a year-once under dry conditions and once in rainy conditions.

The assessment of Water and Waste Water Quality Monitoring Programs (WWQMP) for various water supply authorities indicates shortcomings. When it comes to the completeness of their WWQMPs regarding the frequency and uniformity of distribution of water sampling and testing, DUWASA, DAWASA, MWAUWASA, Mbeya-UWSA, MUWSA, KUWASA, LUWASA, and SUWASA all fall short.

Only Mbeya-UWSA demonstrated compliance with the selection criteria, including sampling before and after the reservoir, while the rest did not. Four out of eight visited UWSAs complied with the criteria for sampling points in the distribution network. These UWSAs are DUWASA, MWAUWASA, Mbeya UWSA and MUWSA.

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Although the entities generally qualified in terms of compliance with population criteria, there were discrepancies in the distribution of sampling points within the pipe networks. DUWASA was the only authority that met this criterion, while DAWASA, MWAUWASA, Mbeya-UWSA, MUWSA, KUWASA, LUWASA and SUWASA did not meet the requirements.

I recommend that EWURA ensure UWSSAs improve their water quality monitoring programs to align more closely with the guidelines and ensure comprehensive and accurate monitoring systems to benefit public health.

13.6 Inadequate compliance with the chlorine residue level requirements

The EWURA Guideline of Water and Wastewater Quality Monitoring for Water Supply and Sanitation Authorities, Second Edition of 2020, requires the treated water to have the amount of residual chlorine ranging between 0.2 mg/L and 0.5 mg/L.

Analyses of Residual Chlorine compliance in the visited UWSAs obtained from a review of water quality monitoring reports for the financial years 2020/21 to

2022/23 showed that out of the total number of samples collected and tested, a number of samples did not meet the required standard of residual chlorine. My analysis found that except for MUWSA, the other UWSSAs were not performing well. Seven of eight visited water authorities did not comply with chlorine residual level requirements. In the financial year 2020/21, KUWASA had the highest non-compliance rate at 65%, while DUWASA had the lowest at 7%. In the 2021/22 financial year, MWAUWASA had the highest non-compliance rate at 58%, and Mbeya-UWSA had the lowest at 17%. In the financial year 2022/23, DAWASA had the highest non-compliance rate at 48%, and KUWASA had the lowest at 24%.

Considering the risks associated with non-compliance with residual chlorine, DAWASA was the worst case for 2022/23, and MWAUWASA was the worst for 2021/22, as they had the largest population exposed to the risk.

I recommend that the Ministry of Water set mechanisms to ensure that water quality monitoring equipment used by UWSSAs is functioning properly to provide reliable water quality results.

13.7 Insufficient chemical strength used for water treatment procedures across the visited UWSSAs

The Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, Rule 56(1) & (2) require that UWSSAs licensed to provide water supply services to ensure that water treatment chemicals are tested and certified by the Government Chemist Laboratory Authority or its authorised agent under the provisions of the applicable laws. A licensee must always maintain proper records of water treatment chemicals and certifications.

Key issues from the audit include seven out of eight visited UWSSAs having low-strength Calcium hypochlorite chemicals, compromising water disinfection efficiency. Analysis of Operation Monitoring reports for the fiscal years 2020/21 to 2022/23 revealed that, except for MUWSA, 88% of visited water authorities did not comply with chlorine residual level requirements. KUWASA had the highest non-compliance rate in 2020/21, MWAUWASA in 2021/22, and DAWASA in 2022/23, posing risks, with DAWASA having the highest non-compliance population exposure in 2022/23 and MWAUWASA in 2021/22.

I recommend that the Ministry of Water ensure every UWSSA verifies the quality of the chemicals used to treat water before use to ensure dosing is carried out in accordance with the quality of chemicals purchased.

13.8 Inadequate functioning of water treatment plant at MWAUWASA

I found that water treatment operations did not comply with the Tanzania Bureau of Standards 789. The audit reviewed the results of tests that were conducted by MWAUWASA and noted that 12.6% of the sampled tests resulting from MWAUWASA were above the required standard limit of 0.5mg/litre and 36.33% were below the required standard limit of 0.2 mg/litre.

Key issues identified during the Magu water treatment plant audit include malfunctioning sludge drying beds due to elevated water levels in Lake Victoria. **figure 8** provided visual evidence of the inundation. The beds are submerged, hindering proper sludge drying from filters and clarifiers. The record-high water level in Lake Victoria, reaching 13.42 meters in May 2020, exacerbates the issue. Consequently, the treatment of sludge faces challenges, with insufficient space for proper drying, posing a threat to treatment efficiency. There is a potential risk of discharging wet sludge directly into the lake, leading to environmental degradation.

Additionally, dumping raw sludge in the lake would imply that raw water quality at the intake would deteriorate, making it more costly to treat. **Figure 8** shows the inundated sludge Lagoon at the Magu Water Treatment Plant Intake.

Figure 8: Inundated sludge lagoon at Magu water treatment plant intake

Source: *Auditors on 23 October 2023 during the site visit*

I recommend that the Ministry of Water ensure all UWSSAs have chlorine contact tanks at the treatment plant to ensure adequate chlorination and have the infrastructure to test water quality both entering the treatment

plant and leaving the dosing area or treatment plant, providing the information on the water quality both before and after treatment.

13.9 Inadequate functioning of clarifier at DAWASA

According to the Design, Construction Supervision, Operation, and Maintenance (DCOM) Manual of 2020, treatment plants must include a clarifier that effectively removes waste during treatment.

I noted that the clarifiers at the Wami plant are not functioning properly because the clarifiers were installed without scrapers. This reduces timely treatment efficiency and water production because there are times when one clarifier is disconnected to allow cleaning.

I recommend that the Ministry of Water ensure regular operation and maintenance schedules are developed, adequately budgeted for, and focused on preventive measures to guarantee that water supply systems are functioning properly and that the water produced for domestic use meets quality standards.

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CHAPTER FOURTEEN

TECHNICAL AUDIT ON COST CONTROL OF ROAD PROJECTS

14.1 Introduction

This chapter covers the cost control in road construction. The objective was to identify the reasons behind cost overruns, verify the accuracy and legitimacy of costs, uncover potential inefficiencies within project processes and recommend improvements to budgeting, planning and cost control practices. The audit encompasses ten road projects, with five each implemented by TANROADS and TARURA, covering completed and near-completion construction projects over six financial years from 2016/17 to 2021/22. My review of road projects found the following salient anomalies:

14.2 Design and Planning

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13.2.1 Inadequate feasibility study and design resulted in a cost overrun of TZS 64.78 billion

Para 3.3 of the Ministry of Works (MoW) Road Geometric Design Manual (2011) requires the designer to carefully consider the multidimensional range of issues that can significantly influence the design output in the planning and appraisal of road projects. It also states that road design, construction, and maintenance are highly influenced by the terrain of the area through which the road passes and variations in geology and slope greatly influence road design.

My review of 10 projects' design reports found significant changes during the project implementation, thereby increasing the quantity of work caused by;

- The feasibility studies do not adequately capture essential site conditions such as topography, soil and material, and hydrology, which led to increased work quantities during the implementation. For instance, Mikumi -Kidatu road, due to inadequate geotechnical investigation, caused additional foundations of ten piers. Moreover, the cost of materials for clearing, grubbing, and removing top soils was increased due to inadequate soil investigation.
- The road project experienced increased costs during implementation due to uncorrected deficiencies in the initial design. The Kikusya-Matema road, for

example, had design flaws related to drainage structures. These issues were identified by the Supervision Team (M/s TECU)[3] after heavy rainfall in April 2016, causing flooding and overtopping. The design was subsequently revised, but failure to address these deficiencies led to additional costs.

- My review found cost overruns in two road construction projects, Kikusya-Matema and Mpemba-Isongole, which were attributed to improper preparation of the Bill of Quantities (BoQ). The main reason was the confusion in specifying asphalt concrete wearing course type AC14 with 35/50 penetration grade bitumen. In addition, inadequate quality assurance in reviewing BoQ calculations led to errors, including understating project quantities. The discrepancies were revealed during project execution, misleading approving authority on the actual requirements of the project.

The cost overruns attributed to inadequate feasibility studies, design and inadequate review of BoQ quantities are summarised in **Table 36**.

Table 36: Cost overrun due to inadequate feasibility study and design

Name of project	Factors contributed to additional cost in (TZS Million)			Total amount in (TZS Million)
	Missing important site conditions	Change of Design	Improper BoQs preparation	
Four Road Projects and one Bridge implemented by TANROADS				
Mikumi -Kidatu	5,190	10,490	0.00	15,680
Kikusya-Matema	0	7,150	2,200	9,350
Mpemba-Isongole	4,470	1,080	3,490	9,040
Wami Bridge	690	0	0	690
Maswa -Mwigumbi	9,410	0.00	760	10,210
Subtotal-TANROADS	**19,760**	**18,720**	**6450**	**44,970**
Five Road Projects implemented by TARURA				
Government City	15,110	3,620	0	18,710
Kisasa - Mwangaza	0	0	0	-
Mkwajuni Road	0	1,140	0	1,140
Subtotal-TARURA	15,110	4,740	0	19,850
Total Amount	**34,870**	**23,460**	**6,450**	**64,780**

Source: *Audit Review of Interim Payment Certificates (IPCs) and Addendum*

Inadequate preparation of feasibility studies designs, and errors in BoQs have led to total cost overruns of TZS 64.78 billion.

I recommend that TANROADS and TARURA allocate sufficient time for thorough feasibility studies and design reviews by internal or independent experts to secure reliable cost estimates before bidding and, additionally, engaging supervision consultants before contractors can ensure that road designs are vetted and updated as needed, preventing issues and extra costs from substandard designs before the bidding process begins.

[3] TANROADS Engineering Consulting Unit

14.3 Contract Management

13.3.1 Compensation of TZS 29.87 billion to contractor due to delay in project completion

Under clause 49.1 of the General Conditions of Contracts (GCC) for projects financed by the Government of Tanzania, the contract shall be adjustable in accordance with the price adjustment formula provided in the contract document. Similarly, Clauses 35 and 55 of the General Conditions for works contracts financed by the European Development Fund (EDF) or the European Union specify the extension of the period of implementation of tasks and claims for additional payment.

My audit of interim payment certificates and addendum for five road projects implemented by TANROADS revealed that contractors were compensated with TZS 29.87 billion due to delays in project completion. In contrast, for five audited road projects implemented by TARURA, no compensation was provided to the contractor for delays in the project implementation.

The audit established that the major causes of the project delays were:

(i) Delayed release of advance payment to the contractor

My Review of the project documents for the Mpemba – Isongole Road project revealed that the Contractor submitted both Performance Guarantee and Advance Payment Guarantees for the first instalment of advance payment submission on 5 June 2017 and for the second instalment of advance payment on 12 November 2018. However, the first instalment of advance payment was supposed to be paid on 5 August 2017 but was paid on 12 February 2018, and the second instalment of advance payment was supposed to be paid on 11 December 2018 but was paid on 10 June 2019. This delay of advance payment resulted in the approval of an extension of time with a cost of TZS 2,522,953,330.22.

(ii) Extension of time escalated sureties

I found that the amount committed by the Contractor in the BoQs for sureties to cover the Kikusya – Ipinda – Matema road project was TZS 2,792,000,000. However, as the project completion was delayed by 28.5 months (including time added to cover additional works), the insurance cover was also extended from the project's start date to the end of the revised Defect Liability Period. It was noted that the sureties committed by the Contractor and reimbursed by the Employer had risen to TZS 5,235,000,000. This added an extra cost of TZS 2,443,000,000.

(iii) Delays of employer in issuing tax exemptions on imported materials, plant/equipment, fuel and lubricants

In a review of Deed of Settlements No.1 and 2 for the Mikumi-Kidatu road project, it was found that the Contractor was compensated for time and costs associated with the delays of the Contracting Authority (former Ministry of Finance and Planning) in issuing Tax Exemptions on imported materials, plant/equipment, fuel and lubricants. This default by the Contracting Authority resulted in a cost overrun of TZS. 11.88 billion. Such an amount was paid to the contractor as loss and expense for suspending works due to a delay in issuing Tax Exemptions Government Notices.

(iv) Price adjustment

A review of the Interim Payment Certificate No.23 for the Mpemba – Isongole Road project showed that TANROADS awarded the Contractor an extension of 485 days from 22nd August 2019 to 19th December 2020, equivalent to 19 months. This extension of time resulted in the Contractor being paid a total sum of TZS 3,062,893,818 as an additional cost due to inflation during additional time.

(v) Loss and expense paid to the contractor

A review of the Contract document for the Mpemba – Isongole Road project showed that the contractor had submitted Seven (7) claims. Among them, Claim No.7 demanded compensation for additional costs triggered by the extension of time for 485 days, which the Employer granted through claim Nos. 02, 03 and 04 amounting to TZS 2,454,035,216.82

Table 37 shows the total number of delayed months and the factors contributing to the project's cost overrun due to additional project time.

Table 37: Cost overrun due to delayed project completion

Project	Delayed Period (Months)	Factors contributed to additional cost in (TZS Billion)					Total amount (TZS Billion
		Extension of time escalated Sureties	Delay in paying Advance	Price adjust ment	Loss and expense paid to contractor	Utiliti es reloca tion	
Mikumi - Kidatu	42	0.00	0.00	0.00	11.01	0.00	**11.01**
Kikusya-Matema	28.5	2.44	0.00	2.01	0.08	1.61	**4.53**
Mpemba-Isongole	19	0.00	2.52	3.06	2.45	0.00	**8.03**
Wami Bridge	25.49	0.00	0.00	3.08	0.00	0.00	**3.08**

Maswa-Mwigumbi	11.17	0.00	0.00	1.61	0.00	0.00	**1.61**
Total	**126.16**	**2.44**	**2.52**	**9.76**	**13.54**	**1.61**	**29.87**

Source: *Audit Review of Interim Payment Certificates (IPCs) and Addendum*

The analysis reveals varying delays and associated costs across different road projects attributed to various factors. The cumulative delay for all projects was 126.16 months, resulting in a total additional cost of TZS 28.87 billion.

I recommend that TANROADS and TARURA ensure the timely release of advance payments, streamline tax exemption procedures and establish robust oversight, transparent price adjustment mechanisms and effective surety management to minimise cost overruns and compensations.

13.3.2 Interest accumulation due to late payments of the contractor's invoices amounted to TZS 44.48 billion

Clause 45 (Payments) of the General Conditions of Contract for projects financed by the Government of Tanzania states that the Employer shall pay the Contractor the amounts certified by the Project Manager within 28 days of the date of each certificate. If the Employer makes a late payment, the Contractor shall be paid interest on the late payment in the next payment.

A review of the Interim Payment Certificates (IPC) for audited projects audit found that four road projects implemented by TANROADS and one by TARURA did not adhere to timely payments to the contractor as stipulated in the contract.

The cause was TANROADS's delay in requesting funds from the Ministry of Works, the Ministry of Finance's delay in releasing funds to the Ministry of Works, and the Ministry of Finance's delay in making payments to contractors. However, I found that TANROADS had, after receiving funds from the Ministry of Works, timely made the payments to contractors. For TARURA, the delay was caused by the late release of funds from the Ministry of Finance.

This led to a cost overrun of TZS 44.48 billion, representing interest paid to the contractor and consultant, as detailed in **Table 38**.

Table 38: Delayed payment and resultant interest

Project	Interest on Delayed Payment to Contractor (TZS Billion)	Interest on Delayed payment to consultant (TZS Billion)	Total amount in (TZS Billion)
Kikusya-Matema	26.37	0.00	26.37
Mpemba-Isongole	5.26	0.00	5.26
Wami Bridge	1.51	0.23	1.74

Project	Interest on Delayed Payment to Contractor (TZS Billion)	Interest on Delayed payment to consultant (TZS Billion)	Total amount in (TZS Billion)
Maswa -Mwigumbi	9.43	0.00	9.43
Government City	1.68	0.00	1.68
Total Amount	**44.25**	**0.23**	**44.48**

Source: *Interim Payment Certificates (IPCs) and Consultant fee note payments*

Non-compliance with the stipulated contract terms regarding timely payments to contractors, as specified in the contract for four road projects by TANROADS and one project by TARURA, resulted in a cost overrun of TZS 44.48 billion. This overrun represents the interest paid to contractors and consultants, emphasising the financial repercussions and effect on project budgets caused by delayed payments.

I urge TANROADS and TARURA to pay the contractors promptly, establish efficient payment processes and closely monitor timelines to prevent unnecessary interest payments. This will ensure the financial health of projects and adherence to budgetary constraints.

13.3.3 Additional payment of TZS 10.44 billion to a consultant due to delay in project completion

Sub-Clause 47.1 of the General Conditions of Contract for projects financed by the Government of Tanzania requires that the price charged for the consultant services be adjusted according to the price adjustment formula.

Due to the delay in project implementation, I found that the time was extended to consultants, with additional cost. The additional cost to the contractors was based on price adjustment, loss, and expense due to delay in completing the project. The accumulated cost due to the extension of the contract to the consultant was TZS 10.44 Billion, as indicated in **Table 39.**

Table 39: Status of consultants' claims

Name of project	Price adjustment paid to the consultant (TZS Million)	Loss and expense due to delay in completing the project (TZS Million)	Total amount in (TZS Million)
Four Road Projects and one Bridge implemented by TANROADS			
Mikumi -Kidatu	0	4,463	4,463.00
Kikusya-Matema	0	749.58	749.58
Mpemba-Isongole	0	432.83	432.83
Wami Bridge	120.04	2,858.24	2,978.28
Maswa-Mwigumbi	57.79	195.55	253.34
Subtotal-TANROADS	**177.83**	**8,699.2**	**8,877.03**
Road Project implemented by TARURA			
Government City	0.00	779.82	779.82
Subtotal-TARURA	0.00	779.82	779.82
Total	**177.83**	**10,258.84**	**10,436.67**

Source: *Audit Review of Consultant fee note payments and project progress reports*

Delays in project completion resulted in an additional cost of TZS 10.44 billion paid to the consultant across both TANROADS and TARURA projects.

I recommend that TANROADS and TARURA strengthen oversight and contractual compliance to mitigate cost overruns and compensation due to project delays.

13.3.4 Unjustified payment of TZS 3.99 billion to TECU without a formal contract with the Ministry of Finance and Planning (Employer)

Regulation 233(1) and (2) of the Public Procurement Regulation (PPR), 2013, requires the accounting officer to enter into a formal contract with the successful bidder and contract follow a prescribed format and include the terms, conditions, and provisions detailed in the tender document.

My audit revealed that after the time between M/s Nicholas O'Dwyer and the Ministry of Finance for the Mikumi-Ifakara Road project expired, TECU assumed the supervisory role without a formal contract, resulting in payments of TZS 3,987,276,185.

This engagement poses a significant risk, as the lack of a binding contract leaves the scope of TECU's assignment unclear, leading to potential difficulties in dispute resolution and project budget control.

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To reduce risks and guarantee adherence to regulations, the Ministry of Finance must promptly formalise TECU's oversight role in the project through appropriate contracts and enhance procurement practices.

CHAPTER FIFTEEN

TECHNICAL AUDIT ON CONSTRUCTION OF ROAD PROJECTS

15.1 Introduction

The audit evaluated road construction projects managed by TANROADS and TANAPA from 2011/12 to 2023/24, focusing on strategic infrastructure development goals in Katavi, Kigoma, and Tabora for TANROADS and tourism infrastructure enhancement in national parks for TANAPA. TANROADS received TZS 182 billion for critical projects, including the Tabora - Koga - Mpanda Road, supporting Tanzania's ambition as East Africa's industrial hub. TANAPA aimed to construct 500 km of new roads and rehabilitate 10,500 km, primarily through the REGROW Project funded by the World Bank. The audit assessed the effectiveness of planning, financial management, procurement, and project execution to ensure contributions to Tanzania's logistics and growth of the tourism sector.

15.2 Ineffective feasibility studies and conditional surveys

Section 3.3 of the MoW Road Geometric Design Manual, 2011 emphasises the importance of considering multidimensional issues in road planning, construction, and maintenance and the influence of terrain, geology, and slope on road design, construction costs and route corridor selection during feasibility studies and maintenance.

I found that the TANROADS and TANAPA projects had no comprehensive feasibility studies and conditional surveys, with only one project having an effectively conducted study. Other projects had incomplete studies missing critical analyses such as engineering evaluation, traffic analysis, economic evaluation, and socio-economic profiling, as shown in **Table 40**. Specific deficiencies included omitting geomorphologic characteristics, geological details, and environmental aspects.

Table 40: Projects with an ineffective feasibility study

Project Name	Feasibility Study / Conditional Survey status	Additional Project Cost Incurred (TZS)
Construction of Malagarasi - Uvinza Road (51.1 Km)	Feasibility Study was not conducted	730,783,864
Construction of Kaliua - Malagarasi - Ilunde Road (156 Km); Lot 1: Kaliua - Kazilambwa Road Section (56 Km) and Lot 2: Kazilambwa - Chagu Section (36 Km)	Feasibility Study was ineffectively done	19,905,638,467
Construction of Tabora - Koga - Mpanda Road (356 Km); Lot 1: Tabora - Sikonge (Usesula) Section (30 Km)	Feasibility Study was ineffectively conducted	3,812,864,042
Construction of Usesula - Komanga Section (108 Km); Lot 1: Sikonge Town Section (7.36km) and Sikonge Spur Road (2.21 Km); Lot 2: Komanga - Kasinde Section (108 Km) and Inyonga Spur Road (4.8 Km); and Kasinde - Mpanda Section (105.39 Km) and Uruwira Town Section (2.29 Km) - Lot 3	Feasibility Study was inadequately conducted.	16,712,992,434
Construction of Roads in National Parks	Condition Surveys were ineffectively done	496,479,720
Total		**41,658,758,528**

Source: *Auditors' analysis of feasibility studies, conditional surveys, and project cost variations.*

Ineffective feasibility studies and conditional surveys was due to inadequate information for assessing the projects' viability. The ineffective feasibility studies resulted in inaccurate engineers' estimates. This deficiency led to additional project costs of TZS 41,658,758,528.

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I recommend that TANROADS conduct comprehensive feasibility studies for project viability and baseline design data to minimise construction variations. TANAPA should also perform detailed road condition surveys to avoid significant design changes during construction.

15.3 Inadequate quality management

Reg. 114 of the PPR, 2013 requires procuring entities to ensure effective management of works through cost monitoring, timely delivery of goods and services, and completion of works according to the terms of the contract.

Site verifications of selected projects revealed quality deviations, notably in National Parks Road embankments where natural, unsuitable soil was used instead of the specified borrow pit materials, costing TZS 44,838,500. Additionally, weaker soil and gravel were used in construction, leading to escalation costs of TZS 309,017,500. The construction of the Usesula - Komanga Section and its sub-projects largely met quality standards, except for the Sikonge Spur Road, which had inadequately lined side drains.

Figure 9: Unsuitable low-quality natural soil

Source: Auditor's site visit

TANROADS supervised projects for constructing roads and bridges and faced challenges when developing surface cracks at Koga Bridge due to missing expansion joints over 120 metres. Additionally, stagnant water was found in the drains of Sikonge Spur Road, posing health risks.

Figure 10: Stagnant water in the open drain

Source: Photo taken by Auditors on 27 October 2023

This is due to the inadequate slope, which prevents water from self-discharging through the cross-pipe culvert from the lined side drains.

I recommend that TANROADS and TANAPA strengthen the supervision of the contractors and consultants supervising the contracted works.

15.4 Cost overruns of TZS 7.53 billion and project delays due to ineffective management of contract extensions

Reg. 114 of the PPR, 2013 requires the procuring entities to effectively oversee the management of works by ensuring the timely delivery of goods and services and completing works according to contract terms.

A review of the project document revealed that delays in project implementation incurred an additional cost of TZS 7,530,695,811 due to the extension of the contract activities, as shown in **Table 41**.

Table 41: Extension of times and the associated costs on projects

Project Name	Reason for Extension of Time	Associated Costs (TZS)
Construction of Kaliua - Malagarasi - Ilunde Road (156 Km); Lot 1: Kaliua - Kazilambwa Road Section (56 Km) and Lot 2: Kazilambwa - Chagu Section (36 Km)	Extension of time from 14 March 2016 to 10 September 2016 and another extension from 10 September 2016 to 18 September 2017, which makes a total of 553 delayed days for the works contract due to delayed site possession and untimely issuance and renewals of Exemption Certificates for Value Added Tax (VAT) resulting in costs of TZS 523,428,087.64. This also led to an extension of time for the consultancy services contract with a cost of TZS 590,504,932.08. Extension of time for the works contract for delayed possession of the site for 62 days from 6 September 2015 to 7 November 2015 due to delayed payments to Project Affected Properties (PAPs), resulting in compensation of TZS 1,388,191,895.67 Extension of time for completion of the works for 180 days from 27 July 2022 to 23 January 2023 and prolongation cost amounting to TZS 191,772,926.82 to cover preliminary and general costs	2,103,392,910.13
Construction of Tabora - Koga - Mpanda Road (356 Km); Lot 1: Tabora - Sikonge (Usesula) Section (30 Km) and Construction of Usesula - Komanga Section (108 Km); Lot 1: Sikonge Town Section (7.36km) and Sikonge Spur Road (2.21 Km); Lot 2: Komanga - Kasinde Section	Extension of time for the Consultancy Services Contract to cover the extended time to the works contract cost TZS 1,269,236,370 for Lot 1 Contract. Extension of time for Lot 2: Komanga-Kasinde road section (108 km) and Inyonga town section (4.18 km) increased the cost by TZS 4,158,066,531.68	5,427,302,901.68

Project Name	Reason for Extension of Time	Associated Costs (TZS)
(108 Km) and Inyonga Spur Road (4.8 Km); and KASINDE - Mpanda Section (105.39 Km) and Uruwira Town Section (2.29 Km) - Lot 3	Increased costs amounting to USD 982,754.52 for Lot 3 as costs for consultancy services contract.	
Total		**7,530,695,811.81**

Source: *Auditors analysis of payments, correspondence and determinants of extension*

These delays were attributed to late payments, delays in handing over the site to contractors, and slow issuance/renewal of VAT Exemption Certificates. Consequently, consultancy services contracts were also extended, costing an extra TZS 4,147,112,274.93 for extended supervision.

I recommend that TANROADS ensure timely forecasting, disbursement, and utilisation of funds to prevent delays in payment and work suspensions; manage time effectively and approve extensions promptly for consultants and contractors to avoid cost overruns; and property conduct timely valuations and compensations for quick site handovers to contractors.

15.5 Inadequate cost management leading to TZS 42.51 billion cost overrun

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Reg. 114 of the PPR, 2013 requires the procuring entities to oversee works management effectively by monitoring goods and services costs and completing works according to contract terms.

A review of the project documents revealed cost overruns totalling TZS 21,435,565,394, with TANROADS incurring TZS 21,024,537,374 and TANAPA TZS 411,028,020, as indicated in **Table 42**.

Table 42: Cost overruns to contractors and consultant

Client	Project Name	Item or Service Provided	Associated Costs (TZS)
TANROADS	Construction of Kaliua - Malagarasi - Ilunde Road (156 Km); Lot 1: Kaliua - Kazilambwa Road Section (56 Km) and Lot 2: Kazilambwa - Chagu Section (36 Km)	The additional cost of TZS 118,494,377.80 is an error in calculating the Interest Charges due to delayed payments. Overpayment amounting to TZS 180,671,798 to the contractor on the provision of services, fuel, oil and replacement parts of vehicles for the Engineer and his staff for the time that did not provide the services	299,166,175
	Construction of Tabora - Koga - Mpanda Road (356 Km); Lot 1: Tabora	TZS 1,735,055,600 as compensation for delayed commencement of the works due to late payment of Advance Payment by TANROADS	1,735,055,600

Client	Project Name	Item or Service Provided	Associated Costs (TZS)
	- Sikonge (Usesula) Section (30 Km)		
	Construction of Usesula - Komanga Section (108 Km); Lot 1: Sikonge Town Section (7.36km) and Sikonge Spur Road (2.21 Km); Lot 2: Komanga - Kasinde Section (108 Km) and Inyonga Spur Road (4.8 Km); and Kasinde - Mpanda Section (105.39 Km) and Uruwira Town Section (2.29 Km) - Lot 3	An arithmetic error led to an overpayment amounting to TZS 376,583,391. Variation for price adjustments for Lot 1 due to delayed implementation of the project led to the cost overrun amounting to TZS 9,944,247,016.37 Variation for Price Adjustments for Lot 2 due to delayed implementation of the project led to a cost overrun of TZS 8,669,485,191.64	18,990,315,599
	SUB TOTAL 1		**21,024,537,374**
TANAPA	Construction of Roads in National Parks	TANAPA paid excessively for light grading, road embarkment, gravel wearing course, heavy grading, catchwater drains, solid drift, culverts and concrete quantities as noted in the paid Penultimate certificates. TANAPA paid an excess of TZS 411,028,020 to contractors.	411,028,020
	SUB TOTAL 2		**411,028,020**
GRAND TOTAL (1+2)			**21,435,565,394**

Source: *Auditors' analysis of payments and physical verification on the project areas*

Overpayments resulted from arithmetical errors and insufficient verification by the client on consultant-certified payments. These errors were compounded by additional costs arising from the delayed start of the project due to late advance payments and prolonged consultancy contracts. Conversely, extra costs were incurred due to interest charges on delayed payments to contractors, as detailed in **Table 43.**

Table 43: Costs incurred due to interests on delayed payments

Project Name	Interest (TZS)
Construction of Malagarasi - Uvinza Road (51.1 Km)	18,446,987
Construction of Kaliua - Malagarasi - Ilunde Road (156 Km); Lot 1: Kaliua - Kazilambwa Road Section (56 Km) and Lot 2: Kazilambwa - Chagu Section (36 Km)	12,542,906,084
Construction of Tabora - Koga - Mpanda Road (356 Km); Lot 1: Tabora - Sikonge (Usesula) Section (30 Km)	1,370,076,595
Construction of Usesula - Komanga Section (108 Km); Lot 1: Sikonge Town Section (7.36km) and Sikonge Spur Road (2.21 Km); Lot 2: Komanga - Kasinde Section (108 Km) and Inyonga Spur Road (4.8 Km); and KASINDE - Mpanda Section (105.39 Km) and Uruwira Town Section (2.29 Km) - Lot 3	7,142,601,016
Total	**21,074,030,683**

Source: *Auditors' Analysis of Payments for the Implementation of Road Projects and Physical Verification on the Project Areas, 2024*

This was attributed to the untimely disbursement of funds from the Treasury and delays in payment for the works, which led to the suspension of work and claims for an extension of time.

I recommend that TANROADS control the project's increasing cost by managing interest from payment delays, price changes, delay-related claims and slow processing of VAT exemption. In addition, engage the Ministry of Finance and stakeholders to tackle payment delays. Also, TANAPA should streng.

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APPENDICES

Appendix I: Basis for issuing qualified audit opinions

SN	Project Name	Project Implementer	Basis
1	Mainstreaming Poverty-Environment - Gender - Climate Change Objectives into LED and SDG Localization for Sustainable Development and Poverty Eradication in Tanzania	Institute of Rural Development Planning Lake Zone Centre, Mwanza	The Statement of Expenses (CDR) failed to include USD 266,468.10 received through receipt No. 00T10081DR2300005 dated 22 August 2022, incurred for project activities within the accounting period ending 31 December 2022. As a result, the CDR is understated by USD 266,468.10

Source: *Individual Audit reports for the financial year 2022/23*

Appendix II: Delayed signed contracts for more than 82 days

SN	Implementer	Description	Amount (TZS)	Date of Notification of Award (A)	Date of signing Contract(B)	(C) Total Days) (B-A)	(D) Allowed time to Submit to AG (Days)	(E) Allowed time for vetting(Days)	Total Time delayed (C- (D+)
1.	TPDC	Consultancy Services for Study and Review of Model Production Sharing Agreement (MPSA).	485,384,000	09/11/2022	27/02/2023	110	3	21	86
2.	TPDC	Additional for Supply, Installation, Configuration, Testing and Commissioning of Servers, Storage Infrastructure, Network Appliance for Primary Data Centre for TeSWS	5,753,219,987.64	06/12/2022	22/03/2023	106	3	21	82
		Total	**6,238,603,987.64**						

Source: *Individual Management Letters for 2022/23*

Appendix III: Execution of works without signing a contractual agreement

Mason	Details	Construction cost (TZS)	Date Started	Date of site visit	Stage of construction
Mtama District Council					
Hamis Y. Mdabulachi	Construction of 2 in 1 Staff house at Chiponda SS-Mtama	8,800,000	15/09/2023	21/09/2023	Foundation before the formation of the slab
Kilwa District Council					
Shokwaman Enterprises LTD	Construction of classrooms and other school infrastructure at Namatungutungu-Kilwa	547,093,524	10/09/2023	18/09/2023	Site clearance and mobilisation of materials
Ally Salum Mtotela	Construction of classrooms and other school infrastructure at Mavuji-Kilwa	550,000,000	15/09/2023	18/09/2023	Site clearance and mobilisation of materials
Mwanaamin B. Chakaas	Construction of 2 in 1 staff house at Ngome S/S-Kilwa	94,430,200	08/09/2023	18/09/2023	Foundation before slab
Mwanaamin B. Chakaas	Construction of 2 in 1 staff house at Somanga S/S-Kilwa	94,430,200	08/09/2023	18/09/2023	Foundation before slab
Lindi Municipal Council					

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Mason	Details	Construction cost (TZS)	Date Started	Date of site visit	Stage of construction
Mtama District Council					
Ally Ahamad Kindaukile	Construction of 2 in 1 Staff house at Kilangala SS-Lindi MC	13,500,000	20/08/2023	13/09/2023	Lintel (Work Program not available)
Various Local artisans	11 Buildings for 2nd phase works at Lindi Girls-Lindi MC	220,000,000	July 2023	13/09/2023	Foundation (Contract and Work program)
Total		**1,528,253,924**			

Source: *Performance report & site visit) November 2023*

Appendix IV: Delays in project completion and uncharged liquidated damage

Ministry	Project	Delay Description	Amount (TZS)	Delay
Ministry of Information, Communication and Information Technology (Vote 68)	Digital Tanzania Project (DTP) - Consultancy Services	Consultancy services for assessment on establishing Digital Technology Institute Zonal Soft and ICT equipment refurbishment centres.	824,852,000	Six months
Ministry of Education, Science and Technology (MoEST)	ESPJ Program - Construction at Mabalanga and Nkasi DVTC	Construction activities at Mabalanga and Nkasi DVTC under the Education and Skills for Productive Jobs Program.	565,439,840	2 to 6 months
Ministry of Education, Science and Technology (MoEST)	LANES II Programme - Construction of 22 primary schools	Non-commencement of construction of 22 primary schools in 16 LGAs under the Global Partnership for Education - Literacy and Numeracy Education Support Programme.	1,267,075,000	Not commenced
Ministry Of Natural Resources And Tourism	Resilient Natural Resource Management for Tourism and Growth Project (REGROW)	provision of Detailed Design, Preparation of Bidding Documents, and Supervision of the construction of 10 offices of the irrigators' organisation in the Irrigation schemes upstream of the Usagu plain	117,359,600	One month
Ministry of Energy	Tanzania Rural Electrification Expansion Programme (TREEP)	Delays in the delivery of consultancy services	733,860,862	Four months
Ministry of Education, Science and Technology (MoEST)	School Water Sanitation and Hygiene (SWASH)	Delay in performing independent verification		Seven months
Tanzania Shipping Agencies Corporation	Multinational Lake Victoria Maritime Communications And Transport (MLVMCT)	Delay in site hand-over	998,817,336	Three months
Tanzania Shipping Agencies Corporation	MLVMCT	Delay in implementation of the MLVMCT Project		Not commenced
Ministry of Health	Susan Thomson Buffet Foundation	delay in receiving SRH/MNCAH Lifesaving commodities	878,308,245	Five months
Total			**5,385,712,883**	

Source: *Progress Reports and other correspondence 2022/23*

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Appendix V: Interest charged due to delayed payment

S/N	Project Name	Implementer	Descriptions	Amount TZS
1	The Bus Rapid Transit (BRT) System Project - Phase II	TANROADS	Interest Paid Due to Delayed Payments	223,417,684
2	Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu -Manyovu (260.6km) Road Upgrading Project	TANROADS	Interest to be paid for delayed payments	214,024,716
3	Multinational: Bagamoyo - Horohoro/Lunga Lunga - Malindi Road Project	TANROADS	Interest Charged on Delayed Payments	11,345,677
4	Multinational: Bagamoyo - Horohoro/Lunga Lunga - Malindi Road Project	TANROADS	Commitment charged due to Un-implemented planned Activities	57,302,196
5	Resilient Natural Resource Management for Tourism and Growth	Ministry of Natural Resources and Tourism,	Interest charge on late payment of advance amount	47,851,268
6	Transport Sector Support Programme (TSSP)	TANROADS	Accrued interest due to delay in processing contractor's claims	160,311,244
7	Second Water Sector Support Project	Ministry of Water	Penalty incurred for delayed payment of Contractor's IPCs	25,004,367
8	Dodoma City Outer Dual Carriageway Ring Road to Bitumen Standard (112.3 Km) Roads	TANROADS	Interest charges due to Late Payments to Contractors	208,595,036
9	Tanzania Zambia Interconnection Project (TAZA)	TANESCO	Delays utilising of the loan facility that attracts additional Commitment Charges	2,129,506,978
Total				**3,077,359,166**

Source: *Management letter of 2022/23*

Appendix VI: Non-implemented activities

SN	Name of project	Activity No.	Activity Description	Amount (TZS)
1	Second Water Sector Support Project	1	Provision of consultancy service to Environmental Expert in the implementation of WSSP II Project for Wami /Ruvu basin (Cond ESIA for proposed activities)	346,500,000
		2	MAR Study	577,500,000
		3	Provision of WUA equipment and 15 brick machines	346,500,000
		4	Construction of 10 WUA offices	231,000,000
		5	Update WUA information, prepare WUA Maps and dissemination for 11 WUAs	232,119,310
		6	Constr. of Biogas and Energy saving stoves constructed in Uluguru NFR/Promote the use of affordable, viable alternative energy technologies with Uluguru NFR	140,847,000
		7	Provide tree nurseries to WUAs, especially in more degraded catchments	251,096,445
		8	Facilitation the preparation of 30 village Land use plans	204,868,738
		9	Facilitate improved agriculture technologies by introducing contour farming, Bench terraces, Strip farming, agroforestry, cover crops and intercropping on steep slopes	756,407,051
		10	Project monitoring and Evaluation	351,781,260
		11	Implementation of Catchment Plans in WRBWB	41,489,632
		12	Implementation of IWRM Plans in WRBWB	509,425,062
		13	Wami/Ruvu Staff to attend tailormade project management workshop	170,940,000
		14	Implementation of LRRP	924,000,000
2	Susan Thomson Buffet Foundation Support	15	Printing of Emergency Obstetrics and Newborn Care referral guideline	46,851,059
		16	Recruit 34 skilled staff for 17 hospitals in 17 Regions in remote areas to strengthen SRH Services (Doctors and Midwives)	517,704,203
		17	Support preservice Training of 20 trainees to strengthen SRH Interventions (e.g. Midwifery, Obgy, Programmers).	423,920,000
3		18	Hospital Rehabilitation (Kibondo and Kasulu)	450,450,000

SN	Name of project	Activity No.	Activity Description	Amount (TZS)
	Multinational Rumonge - Gitaza (45km) and Kabingo - Kasulu - Manyovu (260.6km) Road Upgrading Project	19	Marketplaces (Makere and Manyovu)	95,550,000
		20	New Bus Stand (Kibondo/Manyovu)	113,750,000
		21	Water supply and sanitation facilities, including Fire Hydrants	1,581,125,000
		22	Construction of new health centres (Makere/Busunzu), including Ambulances	659,750,000
		23	The access road to Busunzu Health Centre	150,150,000
		24	High School (Boarding) - Buhigwe	539,175,000
		25	Primary school (Busunzu)	120,575,000
Total				**9,783,474,763**

Source: *Individual Management Letters for 2022/23*

Appendix VII: Activities paid without being executed

Item No.	Unexecuted activities	Amount paid (USD)
Songea Project		
Bill Nr.8 Design and Construction of Equipment Store Building 96Sqm	Walls and frame concrete works in-situ concrete; reinforcement to drainage structures	2,150.00
Bill Nr.9 Design and Construction of Chemical Store Building 96 Sqm.	Excavation and earthwork for soak pits	14,337.05
Bill Nr.10 Design and Construction of Laboratory Building 96 Sqm.	Excavation and earthwork for soak pits	14,173.25
Total Songea Project		**0**
Shinyanga Project		
Bill Nr.6 Design and construction of canteen and washroom building 143 sqm.	Excavation and earthwork for soak pits	31,381.81
	Walls and frame concrete works in-situ concrete; reinforcement to drainage structures	24,417.55
Bill No.8 Design and construction of equipment store building 96 Sqm.	Excavation and earthwork for soak pits	10,875.41
	Walls and frame concrete works in-situ concrete; reinforcement to drainage structures	5,375.00
Bill No.9 Design and construction of Chemical store building 96 Sqm.	Excavation and earthwork for soak pits	11,152.96
	Walls and frame concrete works in-situ concrete; reinforcement to drainage structures	6,020.00
Bill No.10 Design and construction of Laboratory building 96 Sqm.	Excavation and earthwork for soak pits	11,014.64
	Walls and frame concrete works in-situ concrete; reinforcement to drainage structures	10,279.15
Total Shinyanga Project		**0**
Grand Total		**141,176.82**

Source: *Auditors' Analysis of IPCs and Site Verification, 2023*

Appendix VIII: Materials delivered, paid for but not installed

Uninstalled items	Quantity	Price per unit in USD	Total Price (USD)	Amount Paid (USD)
Songea Project Lot 1				
Intake hopper	2	27,489.59	54,979.18	54,979.18
Belt conveyor	21	22,922.21	481,366.41	481,366.41
Bucket elevator	13	22,189.36	288,461.68	288,461.68
Catwalk package	12	22,428.14	269,137.68	269,137.68
Two-way valves	15	993.07	14,896.05	14,896.05
Reversible belt conveyors	1	111,045.51	27,558.67	27,558.67
Hopper bottom silos	1	121,249.16	121,249.16	121,249.16
Flat Bottom Storage Silos	2	203,408.68	406,817.36	406,817.36
Pre-holding bin	2	28,028.27	56,056.54	56,056.54
Total Songea Project				**1,720,522.73**
Mbozi Project (Lot 3)				

Uninstalled items	Quantity	Price per unit in USD	Total Price (USD)	Amount Paid (USD)
Songea Project Lot 1				
Intake hopper	2	26,829.19	53,658.38	53,658.38
Cleaner	2	69,146.50	138,293.00	138,293.00
Catwalk package	6	23,233.04	139,398.24	139,398.24
Two-way valves	14	922.55	12,915.70	12,915.70
Flat Bottom Storage Silos	1	175,981.18	175,981.18	175,981.18
Pre-holding bin	2	27,037.67	54,075.34	54,075.34
Total Mbozi Project				**574,321.84**
Dodoma Project (Lot 7)				
Belt conveyor	17	19,481.12	331,179.04	331,179.04
Bucket elevator	12	18,822.15	225,865.80	225,865.80
Catwalk package	6	23,233.04	139,398.24	139,398.24
Two-way valves	14	1,317.92	18,450.88	18,450.88
Weigher hopper bin	1	51,137.02	51,137.02	51,137.02
Reversible belt conveyors	1	26,898.27	26,898.27	26,898.27
Regulating shutters	16	3,550.88	56,814.08	56,814.08
Total Dodoma Project				**849,743.33**
Makambako Project (Lot 2)				
Intake hopper	2	26,339.90	52,679.80	52,679.80
Belt conveyor	20	17,501.52	350,030.40	350,030.40
Bucket elevator	12	18,733.12	224,797.44	224,797.44
Catwalk package	6	23,151.50	138,909.00	138,909.00
Two-way valves	14	1,282.97	17,961.58	17,961.58
Hopper bottom silos	1	114,351.02	114,351.02	114,351.02
Regulating shutters	16	3,428.56	54,856.96	54,856.96
Flat Bottom Storage Silos	1	178,633.73	178,633.73	178,633.73
Total Makambako Project				**1,132,219.93**
Shinyanga Project (Lot 6)				
Intake hopper	2	26,829.19	53,658.38	53,658.38
Bucket elevator	12	18,822.15	225,865.80	225,865.80
Weigher hopper bin	1	51,137.02	51,137.02	51,137.02
Reversible belt conveyors	1	26,898.27	26,898.27	26,898.27
Hopper bottom silos	1	117,286.76	34,013.16	34,013.16
Flat Bottom Storage Silos	1	184,658.96	184,658.96	184,658.96
Total Shinyanga Project				576,231.59
Grand Total				**4,853,039.42**

Source: *Auditors' Analysis of IPCs and Site Verification, 2023*

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