



THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE



THE ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR  
GENERAL ON THE AUDIT OF FINANCIAL STATEMENTS OF THE CENTRAL  
GOVERNMENT FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2019

Controller and Auditor General,  
National Audit Office,  
Audit House,  
4 Ukaguzi Road,  
P.O. Box 950,  
41104 Tambukareli,  
**DODOMA.**

Tel: 255 (026) 2321759,  
Fax: 255 (026) 2117527,  
E-mail [ocag@nao.go.tz](mailto:ocag@nao.go.tz)  
Website: [www.nao.go.tz](http://www.nao.go.tz)

@ March 2020





**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**



The Controller and Auditor General, National Audit Office, P.O.Box 950, 41104  
Tambukareli, Dodoma. Telegram: "Ukaguzi", Telephone: Tel: +255 (026) 2321759,  
Fax: 255(026)2117527, E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz), Website: [www.nao.go.tz](http://www.nao.go.tz)

Ref. No. CGA.319/421/01/12

**30<sup>th</sup> March, 2020**

Your Excellency; Dr. John Pombe Joseph Magufuli,  
The President of the United Republic of Tanzania,  
State House,  
1 Julius Nyerere Road,  
11400 Chamwino,  
P.O. Box 1102,  
**40400 DODOMA.**

**RE: SUBMISSION OF THE ANNUAL GENERAL REPORT OF THE  
CONTROLLER AND AUDITOR GENERAL ON THE AUDIT OF  
FINANCIAL STATEMENTS OF THE CENTRAL GOVERNMENT FOR  
THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2019.**

As required by Article 143(4) of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time), Section 34 (1) (c) of the Public Audit Act, 2008 and Regulation 88 of the Public Audit Regulations 2009; I am submitting to you the Annual General Report on the audit of the financial statements of the Central Government for the financial year ended 30th June 2019 for your considerations.

Yours sincerely,

**Charles E. Kichere  
CONTROLLER AND AUDITOR GENERAL**



## Establishment

The Controller and Auditor General, National Audit Office,  
United Republic of Tanzania

(Mandated under Article 143 of the Constitution of the URT)

The statutory powers, duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time) and amplified by Sec. 10 (1) of the Public Audit Act, No. 11 of 2008 and Public Audit Regulations of 2009.

**Vision:** To be a highly regarded Institution that excels in Public Sector Auditing.

**Mission:** To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

## Core Values

- Objectivity : We are an impartial public institution, offering audit services to our clients in unbiased manner
- Excellence : We are professionals providing high quality audit services based on standards and best practices.
- Integrity : We observe and maintain high standards of ethical behaviour, rule of law and a strong sense of purpose
- People focus : We value, respect and recognize interest of our Stakeholders
- Innovation : We are a learning and creative public institution that promotes value added ideas within and outside the institution
- Results : We are an organization that focuses on achievement based on performance targets
- Oriented
- Team work : We work together as a team, interact professionally, and share knowledge, ideas and experiences
- Spirit

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## ABBREVIATIONS AND ACRONYMS

%	Percent
£	Sterling Pound
€	Euro
AIDS	Acquired Immune Deficiency Syndrome
AI	Artificial Insemination
CAG	Controller and Auditor General
CCTV	Closed-Circuit Television
CF	Consolidated Fund Account
CG	Central Government
EFD	Electronic Fiscal Device
ERVs	Exchequer Receipt Voucher
FS	Financial Statements
FY	Financial Year
GCC	General Conditions of Contract
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
IFMS	Integrated Financial Management Information System
INTOSAI	International Organization of Supreme Audit Institution
ISSAIs	International Standards of Supreme Audit
ITA	Income Tax Act
LGA	Local Government Authorities
LGTI	Local Government Training Institute
MDAs	Ministries, Departments and Agencies
MDs	Ministries and Department
MOFP	Ministry of Finance and Planning
NAOT	National Audit Office of Tanzania
NCAA	Ngorongoro Conservation Area Authorities
No.	Number
OI	Other Institution
PFR	Public Finance Regulations
PMG	Paymaster General
PO-RALG	President's Office Regional Administration and Local Government.
PPA	Public Procurement Act, 2011 (amended 2016)
PPR	Public Procurement Regulations, 2013 (amended 2016)
REA	Rural Energy Agency
Reg.	Regulations
RRH	Regional Referral Hospital

RS	Regional Secretariat
S/N	Serial Number
SCC	Special Conditions of Contract
SRTCF	Statement of Receipts and Transfers of the Consolidated Fund
TANAPA	Tanzania National Parks
TANESCO	Tanzania Electrical Supplies Company Ltd
TANROAD	Tanzania Roads Agency
TAWA	Tanzania Wild Life Management Authorities
TFSA	Tanzania Forest Service Agency
TISS	Tanzania Interbank Settlement System
TOSCI	Tanzania Official Seed Certification Institution
TPF	Tanzania Police Force
TSA	Treasury Single Account
TZS	Tanzanian Shilling
URT	The United Republic of Tanzania
USD	United States Dollars
VAT	Value Added Tax
WSDP	Water Sector Development Project





## **PREFACE**

Auditing has become an integral element of Government accountability. All those responsible for the application of public resources have a responsibility to account for not only their use but also what they have achieved with those resources. My experience has noted a substantial increase of 15% in number of audited entities compared to 255 entities audited in previous financial year. This increase has brought with it a demand for full accountability by those entrusted with public funds and the responsibility for properly managing public resources.

With great honour, I have a pleasure to submit my inaugural annual general audit report for the Central Government's financial statements for the financial year ended 30 June, 2019 since my appointment on 3<sup>rd</sup> November, 2019 by his Excellency Dr. John Pombe Joseph Magufuli, the President of the United Republic of Tanzania as the seventh Controller and Auditor General of the United Republic of Tanzania.

The mandate of the Controller and Auditor General (CAG) to audit public sector is derived from Article 143 (4) of the Constitution of United Republic of Tanzania of 1977 (as amended from time to time) that requires the Controller and Auditor General to submit to the President of the United Republic of Tanzania every report he makes pursuant to the provisions of Sub article (2) of this Article. Further, Regulation 88 of the Public Audit Regulations, 2009 requires the General Reports to be submitted to the President by 31<sup>st</sup> March and the President shall further direct the person concerned to submit that report within seven days from the day the first sitting of the National Assembly began.

The reporting powers given to the CAG and, through me, to the NAO, enables the NAO to report independently, without fear or favour, on the Government's use of public money. This report demonstrates how the NAOT has exercised these powers to enable the Parliament to hold Government accountable.

The findings and recommendations presented in this annual general audit report are aimed at empowering oversight authorities and executive leaders to focus on those issues that will result in reliable financial statements, credible reporting on public service delivery and compliance with laws and legislations.

Looking forward, I have set priorities and actions in three key areas; firstly, I shall continue to work towards achieving positive impact from the government work that supports worthwhile change for people of the United Republic of Tanzania. Working constructively with the government to continue to drive good governance by having a framework in place which facilitate good decision making, clear accountability and improve value for money by producing relevant, insightful reports with clear recommendations that are accepted and implemented.

Secondly, I shall continue to demonstrate the internal effectiveness and accountability of the National Audit Office. In this case I shall continue to review the way National Audit Office works, including securing and developing the right skills so that I can continue to deliver relevant and valuable work within available resources.

Thirdly, I shall continue to deliver public audit at the significant lower cost than for other comparable jurisdictions reflecting the efficient operating model of the NAOT.



Charles E. Kichere

**Controller and Auditor General**

## ACKNOWLEDGEMENT

My office has continued to demonstrate its relevance, credibility and trust to its esteemed stakeholders in strengthening accountability, transparency and integrity in the public sector and Government in general by producing high quality audit reports. These accomplishments have been possible with the combined efforts from different stakeholders who dedicated their efforts, time and other resources.


Thus, I wish to thank the President of United Republic of Tanzania, His Excellency Dr. John Pombe Joseph Magufuli for his continued trust to my office; Members of the Parliament and the Parliamentary Oversight Committees for engaging into fruitful dialogue to ensure my office remains independent without interference from the Executive.

My sincere appreciation is extended to the former Controller and Auditor General, Prof. Mussa Juma Assad for steering this office with utmost professionalism during his term and finally handed it to me as 7<sup>th</sup> Auditor General of United Republic of Tanzania. Such stability enables me to complete all planned audit assignments and to fulfil my constitutional obligations.

Many gratitude goes to the Ministry of Finance and Planning for their continuous cooperation and coordination efforts towards allocation of resources to the National Audit Office. I am also, thankful to all Development Partners for their diligent efforts and resources toward fulfilling my constitutional mandates and the management of audited entities for their invaluable cooperation throughout the audit.

Finally, the financial and administrative autonomy and availability of appropriate human resource are the lubricants that enable me to do my planned activities at the supreme audit office as well as Mandated in the constitution. I therefore extend my heartfelt appreciation to all the staff of the National Audit Office for their commitment and dedication in the accomplishment of this responsibility as well as

their diligent efforts towards fulfilling my constitutional mandate. I urge them to continue upholding the same team spirit in all their future endeavours so that we could raise higher the image of the office in providing efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

A handwritten signature in green ink, appearing to read 'Charles E. Kichere', with a large, stylized flourish extending from the end.

Charles E. Kichere

**Controller and Auditor General**

## EXECUTIVE SUMMARY

### 1.0 Background Information

My report aims at demonstrating the importance of accountability in government spending and the impact of financial and performance management on the delivery of key programmes of government.

This report presents critical audit outcomes and recommendations of the audited 296 entities under the Central Government that had submitted their financial statements for audit as required by law and regulations. Included in the audited entities are 66 Ministries votes and Government Departments, 33 Government Executive Agencies, 16 Special Funds, 19 Political Parties; 26 Regional Secretariats, 42 Embassies and High Commission, 14 Basin Water Boards and National Water Supply and Sanitation Authorities, 28 Regional Referral Hospitals and 48 Other Institutions. It also includes, the audit of Tanzania Revenue Authorities, Consolidated Accounts, and Pre - audit of Pension files and Special audits.

### 2.0 Audit opinions

This year 2018/19, 294 financial statements<sup>1</sup> were subjected to my audit. Of 294 opinion issued, 253 were unqualified opinions, 24 were qualified opinions, 5 were adverse opinions, and 12 were disclaimer of opinions. The results of 2018/19 indicate that audited entities continued to be maintained at an effective level and that there had been a small increase in number of audit findings compared with audit findings in 2017/18. However, Political Parties' Financial Statements are still challenging as 12 were issued with disclaimer of opinion meaning that I was unable to obtain sufficient and appropriate audit evidence on which to base the opinion.

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<sup>1</sup> Tanzania Embassy in Havana -Cuba did not prepare financial statement, while for the Consolidated Fund, only the management letter was issued.

## **General Recommendation**

Sustained efforts are required by the audited entities concerned and the Accounting Officers should ensure that the financial statements are prepared in conformity to the prescribed Accounting Framework.

### **3.0 Follow up on Previous Years Audit Recommendations**

In this chapter, I have incorporated an implementation status of the action plan prepared by the Accounting Officers of respective MDAs, RSs, Special Funds and Institutions and consolidated Government responses by the PMG on my recommendations and those made by the PAC. Therefore, I remain grateful for the continued support from the PAC and the National Assembly at large towards making use of my reports and recommendations that essentially make statutory responsibilities of the CAG more useful.

Generally, the implementation status at the institutions level in this financial year ended 30<sup>th</sup> June 2019 is showing inadequate improvements compared to last year owing to the inadequate management follow-up to address the outstanding audit recommendations.

In performing my statutory and constitutional roles, I have therefore included in this chapter my recommendations intended to improve and further deepen the effective Public Financial Management and controls within MDAs. More details are provided in *chapter three* of this report.

### **Recommendations**

My current year review shows 3.3% increment of prior year outstanding Audit recommendations compared to the last year as depicted in this report; further, analysis portrays that a large portion about 38% of the prior year recommendations are those recommendations whose implementation have started but not yet completed. This implies that the current Government's efforts to strengthen the mechanism of addressing audit recommendations

through task force (audit query team) at all MDAs and Public Institutions has not yet yielded fruitful results.

Therefore, I reiterate my previous recommendation to the government to fast track its strategy of developing Government Audit Recommendation Implementation Information Tracking System (GARI-ITS) under the Internal Auditor General Division in the Ministry of Finance and Planning. This will facilitate a robust tracking of implementation progress through Chief Internal Auditors of all MDAs and LGAs.

Through the review of the GARI-ITS reports, it is my hope that the government will seriously make follow ups. Also, the system should ensure that action plan and age analysis reports be incorporated to make sure that all recommendations are timely and effectively implemented.

#### **4.0 Public Finance Management**

In Fiscal year 2018/19 the Government managed to collect revenue of TZS 25,817.45 billion, being 79.50 percent of the approved revenue estimates of TZS 32,475.95 billion, hence TZS 6,658.50 billion was not collected. I noted decrease of collections by TZS 1,878.51 billion being 6.78 percent when compared to Actual revenue collections of TZS 27,695.96 billion reported in 2017/18.

From the Actual collections, Internal generated collections that is; Tax, non-tax and LGA's own collections were TZS 17,794.71 billion, 69 percent while Grants and Borrowings were TZS 8,022.74 billion, 31 percent.

My review noted that revenue collections of TZS 1,725.29 billion were not accounted in Consolidated Fund; TZS 553.378 billion being LGA's own collections while TZS 1,171.91 billion were external borrowings direct transfer to Projects. Unaccounted collection in Consolidated Fund is due to unacknowledged dummy receipts and issue of dummy exchequer in the Consolidated Fund.

As at 30 June 2019 to TZS 26,677.01 billion was released from Consolidated Fund to meet Government expenditures, hence TZS 2,437.53 billion was drawn in excess compared to receipt of TZS 24,239.47 billion in Consolidated Funds.

Compared to my last report, I still observed non-compliance of Public Finance Act, Regulation and issued Directives with regards to remittance of Non tax revenue from Embassy to Collection account by an increase of 63 percent from TZS 2.54 billion reported in 2017/18 to TZS 4.13 billion of 2018/19. In another circumstances I observed unclaimed deposit balances of TZS 3.39 billion yet to be remitted to Treasury despite being unutilized for a long period as well as uncollected overdue revenue on Traffic notifications of TZS 4.57 billion since 2015/16.

It has also come to my attention that the Ministry of Natural Resources and Tourism along with its affiliates executed unbudgeted activities known as Urithi Festival Celebration and special Television channel for broadcasting tourist attraction ‘Tanzania Safari Channel’ for TZS 2.58 billion without prior approval of the National Assembly.

### **Recommendations**

To reduce the persistent deficit in the Consolidated Funds, the Government should explore more alternative sources of revenue, and advocate voluntary tax compliance among its citizens, so that collections matches with the anticipated expenditures of the year.

Once again I draw attention on Funds not accounted TZS 1,725.29 billion to Consolidated fund statement of Receipt and payment; Collections from LGAs own source and Direct to project Funds, it is my recommendation to ensure adequate reconciliation is made between Ministry of Finance and Planning and responsible authorities for purpose of enhancing accountability on collection from various Votes.



I recommend that, the Accounting Officers comply with financial laws and regulations by ensuring that all implemented activities are budgeted for; funds are available for the activity prior to incurring expenditures and that all expenditures are authorized in the annual approved budgeted by the National Assembly. Detailed findings and recommendations are narrated in **Chapter Four**.

### **5.1 Tanzania Revenue Authority**

During the financial year 2018/2019, the Tanzania Revenue Authority collected TZS 15.74 trillion against the budget of TZS 18.29 trillion reflecting an under collection of TZS.2.55 trillion equivalent to 14 per cent of total revenue targets. The total revenue collected exclude TZS.20.05 Billion being collection from Treasury Vouchers for payments of tax exemptions and tax refunds; thus, the actual collection for the financial year 2018/19 including treasury vouchers was TZS.15.76 trillion.

#### **Taxes tied up in the Appeal Machinery Pending Rulings**

My audit this year noted that TRA had outstanding cases waiting for rulings at various tax appeals machinery amounting to TZS 366.03 trillion, which is a decrease of TZS 16.58 trillion (4.33 percent) from cases worth TZS 382.62 trillion in the financial year 2017/18.

#### **Inefficiency in Handling and Resolving Tax Objections**

I noted that TRA has lodged objections with total taxes of TZS 84,615,063,093 filed by taxpayers that were outstanding beyond the allowable period as specified in TRA Service Charter. Delay in settlement of tax objections have a negative impact on revenue collection targets since these cases tie up a substantial amount of taxes.

#### **Inefficient Management of Tax Arrears**

I noted that TRA has outstanding tax in arrears amounting to TZS 303, 091,352,906 extracted from sampled tax regions. The outstanding taxes was attributed by inadequate follow up in

enforcement and debt management mechanism, that led to delay in collection and piling up of long outstanding tax arrears.

### **Weaknesses in Tax Revenue Collection**

During the year under audit, I noted the following issues requiring the Government attention:

- a) I noted taxes and wharfage of TZS 3,701,945,200 on imported fuel was not assessed and collected, and interest on late payment of taxes of TZS 1,360,550,338.62 was not charged by TRA.
- b) Transit goods and fuel with total taxes of TZS 127,883,079,456.06 missing evidences of exit to the respective countries. Absences of exit evidences imply that transit goods and fuel might have been consumed locally without payment of taxes.

### **Recommendations**

The Government should improve operations and performance of Tax Appeals Organs by allocating and releasing adequate funds and other resources for the operations of tax appeal organs to enable timely hearing and conclusion of tax cases.

Also, the Government should enhance the capacity of TRA in dealing with tax objections, collection of tax arrears and assessed taxes. This can be achieved by allocating adequate, competent and experienced personnel in Tax Audit Unit, Technical Services Unit; and enforcement and debt management department.

In additional, the government should strengthen controls on clearance and collection of taxes on imported goods by ensuring that all customs procedures are completed in assessment and collection of taxes to avoid loss of government revenue.

Further, controls and monitoring over transit goods should be strengthened to avoid consumption of transit goods in the local market without payment of taxes.

## 5.2 Public Debt Management

Total public debt as at 30 June, 2019 stood at TZS 53,105 Billion recording an increase of TZS 2,178 Billion equivalent to four percent of the debt stock recorded last year TZS 50,927 billion. Public debt was made up of Domestic Debt Stock of TZS 14,863 Billion and the External Debt Stock of TZS 38,241 Billion.

During audit, we noticed eleven loan contracts in the database with a period of 5 to 20 years which their disbursement has not been received. The Government realized a total of TZS 4,348 billion (equivalent to 67 percent) at face value, 33 percent was not realized from sale of treasury bills and bonds contrary to planned TZS 6,522 billion.

In additional, the government is yet to establish Securities Auction Committee (GSAC) contrary to requirement of the Issuance Plan for the year 2018/2019 and we found lack of Joint reconciliation between Ministry of Finance and Planning and LAPF on actual payment to pensioners made by the then LAPF.

**Conclusion:** Deficiencies in the public debt were caused by the fragmented organizational structure. The establishment of the Debt Management Division (DMD) in the year 2019/20 is expected to smoothen and expedite implementation of recommendations.

### Recommendations

In light of the above I recommend the government to; (i) set up monitoring and evaluation mechanism that will track down the disbursement and utilization of funds generated from public debt; the follow up mechanism will ensure implementing agencies properly account for the utilization of borrowings on regular basis, and establish coordination mechanism to facilitate reconciliation of signed loan contracts and disbursement. (ii) Consider a strategy to promote development of domestic financial market to attract more investors on longer term maturities (Treasury bonds). (iii) Establish

the auction committee with clear stipulated roles and responsibilities and formally document any decisions made during auctions. (iv) Consider having own list / database of eligible payees rather than depending on bills raised by the agent to facilitate meaningful reconciliation and safeguard of public resources.

### **5.3 Pension Files**

During the year under review, 3,820 retirees' files were examined of which 3,448 files with terminal benefit claims totalling TZS 157,665,096,680.74 were examined and approved for payment, and 56 files were returned to the respective Accounting Officers requiring amendments such as salary, period, miscellaneous incorrect computations and contributions made to National Social Security Fund. A total of 316 files were still under examination in my Office as at 30<sup>th</sup> June, 2019.

In examining such files, I noted delay by employers in the preparation and submission of retirees' terminal benefit particulars for audit purposes. The pre-audit noted that terminal benefits of 1,897 retirees were delayed for various periods. Forty-six (46) files previously queried have not been re-submitted to my Office for further clearing up to the end of the financial year and; ten (10) approved pension files were resubmitted for pre-audit probably intentionally.

### **Recommendation**

I recommend to the Accounting Officers to ensure processors of pension/gratuity adhere to pension computation formulas and laws as well as frequent awareness training. In addition, they should ensure timely submission of pension files with all necessary documents attached to avoid delays in payment of terminal benefits.

### **5.4 Consolidated Financial Statements**

I acknowledge efforts made by the government in the financial year 2018/19 to introduce the Government Accounting Consolidation System (GACS) towards enhancing accuracy, completeness,

transparency, accountability and timely reporting to consolidate financial statements for entities controlled by the Government. However, I noted some challenges facing the Government in this area which include; lack of system validation for elimination among government entities, inadequate Application General Controls surrounding GACS system, mismatch in the elimination balances in the Consolidated Financial Statements, consolidation of entities with different reporting dates without adjustments and consolidation of controlled entities Financial Statements lacking ownership of the respective Accounting Officers/Boards of Directors.

### **Recommendation**

I recommend the Government to establish effective mechanism for entities to report inter entity transactions and implement validation in the GACS, ensure all reporting dates of controlled entities are harmonized with their controlling entities to suit the requirements of International Public Sector Accounting Standards.

## **6.0 Evaluation of Internal Control System and Governance**

The assessment of the internal control systems has revealed that there were entities with irregularities that occurred in internal audit functions, including 5 MDAs, 2 agencies, 6 other institutions and 11 regional secretariats. In the assessment of Audit Committee function, there were 31 entities with irregularities including 11 MDAs, 9 regional secretariats, 3 agencies and 8 other institutions. The assessment of risk management also has identified 15 entities with irregularities including 6 MDAs, 4 regional secretariats, 2 other institution and 3 agencies.

Also, in Information and Communication Technology (ICT) environment there were 18 entities with identified irregularities, which are 4 MDAs, 8 RS, 3 agencies, 2 other institutions and 1 embassy. My assessment of fraud noted 3 regional secretariats and 1 MDAs with irregularities on fraud assessment. Detailed findings are illustrated in **Chapter Six**.

## **Recommendations**

Therefore, I recommend to the Government to establish a control mechanisms and monitor information in order to mitigate the risk of error, omission or fraud by reducing irregularities that occur within the entities. In addition, I also advise the MDAs, RS, agency and embassies management to put an effective control to check these irregularities in the internal control systems and ensure that the situation is resolved.

## **7.0 Human Resource and Payroll Management**

Deliberate intervention made by the government, especially in payroll data cleaning, has shown notable success; however, there are still recurring issues requiring immediate attention.

Various issues addressed regarding human resource in this financial year are mostly recurring and had been addressed in my previous reports; except for payment for services not aligned with Public Service (Tanzania Foreign Services) Regulations of TZS 30,936,027.39.

Recurring issues in this financial year include: staff who were found serving in acting capacity for so long, inadequate staff allocation, excessive deduction on employees' salaries, absence of staff performance evaluation, payment made to non-existing staff amounting to TZS 196,131,000, lack of on time update of staff transfer information in the payroll. More details of these issues are analysed in *chapter seven*.

## **Recommendations**

In view of the above, I still recommend to the Accounting Officers in collaboration with President's Office Public Service Management and Good Governance to assess the staff adequacy in relation to entities operations, plan and appoint staff to fill required position as well as having proper Open Performance Appraisal of staff who are timely updated in the payroll. Additionally, discourage excessive loan to staff while complying with internal and external laws (for embassies) in resolving human resources matters.

## **8.0 Government Executive Agencies**

Chapter 8 is based on the audit of 33 government executive agencies, 15 special funds, 48 other institutions, 14 Basin Water Boards and National Water Supply and Sanitation Authorities and 27 Regional Referral hospitals, of which cross cutting and specific issues were highlighted as summarized hereunder:

My assessment on the ability of the Agencies to be self-financing noted that, out of assessed 30 Agencies, 16 Agencies had own source collections above their budget for development and recurrent (combined), while 14 Agencies had insufficient own source collections to be able to finance their budget for development and recurrent. Irrespective of the performance toward own source collections, these Agencies are still depend on Government subvention to finance their recurrent and development budget. This practice increased the burden to the Government of which could have been avoided through self-financing of respective Agencies.

During the audit of TANROADS, I noted the existence of penalties imposed on late payments to the Contractors/Consultants amounted to TZS 224 billion. This indicates debt burden to taxpayers has increased of which could have been avoided.

During the audit of TARURA, I noted the existence of various losses amounted to TZS 280.35 million incurred due to inadequate procurement decision as well as unsatisfactory supervision of the construction contracts.

In my audit of TBA, I revealed the existence of loss amounting to TZS 8.85 billion in a terminated Contract for the Design and Construction of Office Building for National Electoral Commission (NEC) Headquarter. This loss was incurred from a rejected payment claims of executing addition works before obtaining Employer approval

During the audit of NFRA, I noted the existence of loss amounting to TZS 691.45 million due to the decision of relocate/shift the construction site after the commencement. This decision was made

after it was found that Babati Town Council had allocated twice the same plot/site to TANESCO and NFRA and resulted to ownership dispute.

During the audit of Drilling and Dam Construction Agency (DDCA) I noted that five (5) Pump kits worth TZS 840,000,000 were procured since 2014, however, these pump kits were not put into use and grounded for almost 6 years at headquarters vehicles yard.

Also, I noted that Maswa Water Supply and Sanitation Authority had paid TZS 76.7 million to Maji Central Stores for the supply of float water pump since March 2017, however these pump kits are yet to be delivered for the period of 3 years.

During my review at NIDA, I realized that NIDA had managed to register 21,692,122 persons for National IDs. Out of which 17,100,178 persons were issued with National Identification Number and leaving 4,591,944 persons (21%) yet to receive their National Identification Number (NIN).

I further noted that out of 17,100,178 persons issued with National Identification Number (NIN), only 5,996,304 ID cards were produced leaving 11,103,874 persons (equivalent to 65%) yet to receive their ID cards.

I further revealed that NIDA had not recovered the advance amounting to TZS 28.21 billion paid to M/s IRIS Corporation Berhad of Malaysia (Contractor) for the procurement and supply of goods and equipment for National ID system. Even though, the contract had expired since 14 March 2018 (2 years ago).

I also noted in NIDA that, 33 ICT equipment supporting BVR machines were missing in various Councils. These missing equipment are laptops, cameras, disks, derma log, solar and adopter.

I noted that fuel levy and transit charges amounting to TZS 7.06 billion collected by Tanzania Revenue Authority was not transferred to Roads Fund Board (RFB).



In the audit of regional referral hospitals, I noted the medical claims amounting to TZS 1.48 billion were rejected by NHIF owing to inadequate supporting records submitted.

### **Recommendations**

In light of my audit of entities, I recommend that:

The Government to consider the possibility of directing Executive Agencies (based on their activities nature) to be financially independent by using own revenue collections to finance their approved budget. This decision could reduce the burden of financing these agencies and the fund saved being allocated to other areas in need.

Government should come up with strategies/policies that will ensure outstanding debts are settled within the contractual timeframe, to avoid further accumulation of this interest/penalties imposed on payment delays.

TARURA managements in the execution of their duties, strive to achieve the highest standards of equity, taking into account- (a) equality of opportunity to all tenderers (b) fairness of treatment to all parties; and (c) the need to obtain the best value for money

TBA should engage its resources towards achieving primary mandate of providing consultancy services to the Government ahead of construction activities

PO-RALG should investigate double allocation of plot to NFRA and TANESCO by Babati Town Council for disciplinary action against all responsible staff and follow-up to ensure the loss incurred by NFRA is refunded.

Inadequate procurement made by DDCA for the grounded pump kits for almost 6 years, should be investigated by responsible authority for further action.

NIDA should speed up the process of issuing identification number to the registered persons to enable the owner of mobile phones to comply with TCRA directives of all SIM cards to be biometrically registered. Also, NIDA is recommended to ensure the remaining advance is recovered from the Contractor. Finally, NIDA should take immediate action to ensure the ICT equipment lost are replaced in order to resume the registration pace as well as ensure legal actions are enforced against those responsible for theft.

Tanzania Revenue Authority (TRA) to transfer TZS 7.06 billion to Roads Fund Board

## **9.0 Procurement and Contract Management**

Public procurement has continued to be one of the largest expenditure component which constitutes budgets of MDAs; hence adherence to laws, regulations, guidelines and circulars on public procurement becomes critical. My audit scope covered compliance with Public Procurement Act No.7 of 2011(Amended 2016) and its Regulations GN.No.446 of 2013(Amended, 2016).

The significant procurement issues noted in this year's report include among others; irregularities noted in the contract for supply of pole tents for National Electoral Commission (NEC) worth TZS 6,306,146,740; inadequate implementation of Annual Procurement Plan whereby I noted seven (7) MDAs/RS procured goods and services worth TZS 3,605,775,412 which were not contained in the procurement plan contrary to Sec.49 (2) & (3) of PPA, 2011.Also,Ministry of Information, Youth, Culture, and Sports (**Vote 96**) entered into a contract with M/S Selcom Paytech PLC for provision of electronic ticketing system at Main National and Uhuru stadia. However, I noted that the Ministry signed the referred contract contrary to the Government directives which instructed the Ministry not to offer the contract to any of the two bidders who had bid for the tender.

I further noted that Ministry of works, Transport & Communications (Vote 62) paid TTCL for procurement of battery cells, connectors and other accessories for replacement in the National ICT Broadband Backbone (NICTBB) sites worth TZS 1,647,512,344 without Memorandum of Understanding between the Ministry and TTCL.

I also noted that Five (5) audited entities made procurement of goods and services worth TZS 5,460,101,227 without contracts contrary to Regulation 10(4) of PPR, 2013 (amended 2016).

Besides, I noted that Ministry of Agriculture (Vote 43) procured agricultural chemicals worth TZS 3,341,158,850 but the same were not distributed to the intended beneficiaries. Delays may cause the chemicals to expire before use.

Moreover, I noted procurement of goods and services worth TZS 4,643,629,092 made by nine (9) audited entities without competitive tendering contrary to Regulations 163 & 164 of the PPR, 2013.

Furthermore, seven (7) MDAs made procurement of goods worth TZS 1,620,940,789 without inspection of the same contrary to Regulation 244(1) of PPR 2013(amended 2016). This practice may increase the risk of receiving substandard or inferior goods.

I also noted that the Judiciary of Tanzania (Vote 40) entered into contract for the construction of sixteen (16) Courts in Tanzania worth TZS 10,351,638,077; however, the construction of 4 courts had not started despite advance of TZS 1,469,768,705 being paid to the contractor.

Further, stores items worth TZS 5,493,672,834 were not accounted for in the stores' ledgers; thus, I could not track its accountability but also their use.

Apart from that, GPSA procured and delivered used bus to the Ministry of Natural Resources and Tourism, which did not meet specification TZS 508,288,800.

In addition, five (5) MDAs made procurements of goods and services worth TZS 456,681,496 without being approved by Tender Board contrary to Sec 35(3) of PPA, 2011(amended 2016)

Results of my audit indicated that eighteen (18) MDAs/RS did not manage well the contracts worth TZS 22,312,690,753 which entered between them and various contractors. This weakness had contributed to the late completion of some of the projects and sometimes substandard performance of the same. Apart from my audit I have included in chapter nine, audit findings from PPRA. Detailed findings are in *chapter nine*.

### **Recommendations**

I recommend the Management of the audited MDAs/RS to see to it that they fully observe the requirement of procurement laws specifically in the area of preparation and implementation of Annual Procurement Plans (APPs), approval of procurements by Tender Board, inspection of procurements. The Accounting Officers of MDAs/RS should make sure that the PMUs and TBs are properly constituted and discharge their responsibilities as prescribed in the Public Procurement Act and its Regulations. On the aspect of delay in completion of contracts. I recommend the management of MDAs/RS to observe terms and conditions in the respective contracts and strictly ensuring the liquidated damages are charged in case of failure to comply with the terms and conditions of the contracts.

### **10.0 Expenditure Management**

The following is the summary of the weaknesses noted on expenditure management during the audit of financial statements for the financial year ending 30<sup>th</sup> June, 2019. More detailed information is contained in chapter ten of this report and respectively amplified by individual management letters. My audit noted, irregularities on the transfer of fund by Fire and Rescue Force for construction of head office in Dodoma TZS 1,746,146,300, irregularities on the payments made by Tanzania Police force for construction of various infrastructures TZS 806,685,000, exorbitant costs for hiring chairs, tents and private

vehicles by the Tanzania Peoples Defence Force TZS 489,801,253.13, fraudulent EFD receipts issued to Tanga Regional Secretariat amounting to TZS 70,000,000, inappropriate use of imprest account by the Tanga Regional Secretariat TZS 615,737,000.

Additionally , I noted fraudulent transactions that resulted in a loss of cash at Morogoro Sub Treasury office of TZS 71,958,000, inadequately supported expenditure of TZS 5,060,449,260.43 payment made without being authorized of TZS 719,479,937.89, overpayment by TZS 459,198,571.87, weaknesses on the management of imprests, TZS 5,430,595,090.29, payments made without demanding Electronic Fiscal Device receipts (EFD) of TZS 895,372,760, nugatory expenditure of TZS 948,931,276.65 and expenditure charged to wrong accounting codes equal to TZS 1,807,238,083.84

My audit of embassies noted exorbitant rental charges for Diplomatic Residential Houses TZS 1,016,202,708 and inadequately supported payments by embassies running to TZS 645,066,378.66. Detailed findings are in *chapter ten*.

## **Recommendations**

Generally, I recommend the Government to make sure that internal controls are developed and strengthened including effective segregation of duties, regular and well supervised bank reconciliations, and compliance with applicable laws, regulations, directives and government circulars. Additionally, I recommend that the Accounting Officers to strengthen their internal controls and minimize the risk of recurrence and pursue the recovery of funds wrongly taken or not properly accounted for.

## **11.0 Assets & Liabilities Management**

International Public Sector Accounting Standards as well as directives and guidelines from the Ministry of Finance have been developed for the effective management and control of Government assets. However, over the years, ministries/departments, regional

secretariats and embassies have revealed a number of weaknesses including: abandoned buildings, particularly from embassies which require major renovation, completed houses not in use for diverse reasons, fixed asset registers not updated, grounded assets neither classified as held for sale nor serviced, lack of certificates of occupancy for Government Land and Buildings, non-codification of assets and non-preparation of assets maintenance plan and records.

#### **11.1.1 Accounts Receivable**

I noted 27 entities reporting receivables amounting to TZS 41,497,847,243 when compared to 2017/18 receivables of TZS 222,695,169,207, there is a decrease of TZS 181,197,321,964 equivalents to 81 percent. This is a remarkable achievement to be embraced although Tanzania Police Force, Ministry of Health, Prison Service Department and National Land Use Commission need to exert more efforts in collecting their receivables.

#### **11.1.2 Audit of Accrued Expenses Management**

Government efforts on clearing of accounts payable has been noted although TZS 2,687,140,232,434 was reported as outstanding payable during the year under review compared to TZS 3,109,419,395,085 reported in the previous year indicating a decrease of TZS 422,279,162,651 (14 per cent). Ministry of Defence and National Services had an outstanding payable of TZS 1,045,499,689,187 (39%), followed by Tanzania Police Force TZS 651,358,243,645 (24%), Tanzania Peoples' Defence Force TZS 286,851,148,594 (11%), Ministry of Health TZS 272,629,610,089 (10%) and Ministry of Works Transport and Communication. TZS 144,408,601,208, (5%). Other entities represented only 11 percent of the total outstanding payable.

#### **11.1.3 Contingent Liabilities**

A contingent liability is a potential liability that may occur in the future, such as pending lawsuits. Litigation claims amounting to TZS 639,940,032,405 were reported for sixteen (16) audited entities pending decisions of the court against various companies and individuals. In 2017/18, TZS 52,631,626,397 was reported from eleven

(11) entities. The detailed findings are presented in *chapter eleven* of this report.

## **Recommendations**

I suggest to the Government to release funds as per approved budget to avoid accumulation of liabilities.

I propose to the ministries, departments and regional secretariats to formulate strategies to ensure that uncollected revenues are collected within reasonable time, failure of which legal measure be taken against defaulters. Accounting Officers with outstanding receivables for more than two years to exert more effort in collecting those debts before they become uncollectible leading to loss of Government revenue.

I recommend to the Government to ensure that the risks from Contingent Liabilities are managed in a framework where the analysis and measurement of risks form a basis for developing a risk management strategy and designing effective risk mitigation tools.

I call upon the Government to make certain that the fixed asset registers are updated not only for financial statements purposes but also for the accountability of assets management. I recommend all entities to maintain updated asset registers and this should be done timely for proper reporting, easy tracking of assets and for accountability purposes.

The Certificate of Occupancy not only gives a quick update official record of who owns a land but also serves as an evidence in resolving land conflicts during encroachment. I, therefore, recommend to the Director of Government Asset Management under the Ministry of Finance in collaboration with the Ministry of Land and Human Settlement to expedite the entities efforts to acquire title deeds.

Since renovation and construction require huge amount of money which may not be available at once, I, therefore, recommend to the

Government to establish effective renovation and construction plans for embassies' buildings which can be implemented in phases. By so doing, this will aid the Government to move the impact from one embassy to another until all those embassies facing these challenges are exhausted.

### **12.1 Audit of Political Parties and Special Audits**

This financial year 2018/19, I have audited all nineteen (19) Political Parties and in summary the following are the key issues emanated from my audit.

In my audit, I noted CUF deposited TZS 422,990,000 in one of its bank accounts of which the legitimacy of the funds deposited was not confirmed. I further found that out of Sixteen (16) Motor Vehicles owned by CUF, seven (7) vehicles were listed by the name of CUF while the other nine (9) vehicles were registered by the names of the CUF members. Furthermore, I realized that the loan of TZS 85,000,000 was released by CUF to one of the radio stations in Tanga which is yet to be recovered. I also learned that the mentioned radio station was owned by three (3) directors, who are also the directors at CUF. Through my review, I noted that CUF Party made a transfer of TZS 300,000,000 to the Personal Bank Account of one of the Party's members, and TZS 60,000,000 was cashed out; however, no expenditure records were submitted for my scrutiny. Along with this, I also noted TZS 47,000,000 was withdrawn from the CUF bank account by one of the party's directors without the approval of the Secretary-General.

On review of CCM records, I noted CCM owns 5,660 land plots across Tanzania Mainland and Zanzibar; however, out of 5,660 land plots owned, 5,261 plots do not have title deeds. Further, I also revealed that Jumuiya ya Wazazi (CCM) illegally evicted the tenant on one of the sublet premises and paid a total of TZS 60,000,000, as loss compensation for unlawful eviction. I also noted Shirika la Uchumi na Kilimo la Dar es Salaam (SUKIDAR) - CCM had signed an agreement with one of the Korean Company to establish a Company for Medical Care. However, I realized that no CCM director was appointed in the



Board of Directors of the formed company in contrast to the terms of the agreement.

On the other hand, I audited CHADEMA and noted that CHADEMA expended a total of TZS 205,419,100 without the approval from the CHADEMA Governing Council.

My further review revealed that TZS 534,844,248 was collected by nine (9) political parties; however, the amount received was not deposited in the respective bank accounts. In addition, I noted nine (9) political parties prepared their financial statements without pronouncing the applicable financial reporting framework. I also noted TZS 2,132,906,798 was expended by eleven (11) political parties without supporting documents. Moreover, I noticed four (4) political parties which did not maintain the membership register. Besides, I revealed eight (8) political parties out of the nineteen (19) audited, which had not prepared the monthly bank reconciliation. My audit also noted four (4) political parties which did not maintain the asset register. It also came to my attention that assets listed in the UPDP register were not in existence. Further, I pointed out that the following parties; DP, CCK and CHAUMMA did not declare to the Registrar of political parties the assets owned. *Detailed findings are presented in Chapter 12 of this report*

## **Recommendations**

On the Mismanagement of Government Subsidies at CUF, I recommend that the internal controls at CUF be intensified to de-escalate the risks of fraud, misappropriation, and embezzlement of the member's fund. Further, an investigation should be initiated to establish the accountability of TZS 416,000,000 suspiciously withdrawn from CUF bank accounts.

On Management of CCM Investment, I recommend that CCM reviews its existing investment policies, to address the need of the contemporary business environment, and establish an industrious committee for managing its joint venture projects.

On Using Acceptable Accounting Framework by all Political Parties, I recommend that all political parties to prepare Financial Statements on the IPSAS framework, as directed by the Registrar of the political parties. Along with this, I also recommend that political parties to develop and retain the updated register for members and assets, and perform monthly bank reconciliation to restrain the chances of doubtful bank withdraws from the perfidious leaders.

## **12.2 Special Audits**

During this financial year 2018/19, my office was engaged to carry out 8 Special Audits, where seven (7) audits were undertaken on public institutions, and one (1) of the audit was executed at TGGA, which is a non-governmental organization. The following are critical issues observed during my review:

### **Special Audit on Contract No. AE/008/2015-2016/HQ/C/3 between REA and SMEC International Pty Ltd and Contract No. AE./008/2016-2017/HQ/G/9,10, and 11 between REA and Twenty-Nine (29) Contractors on the Detailed Survey and Detailed design**

In my audit, I noted the Rural Energy Agency (REA) contracted the Consultant SMEC INTERNATIONAL PTY LTD for the consultancy services in the detailed survey, detailed design and preparations of the bidding documents for the constructions of Medium Voltage (MV) and electrifications in 7,893 villages in the Tanzania Mainland at a price of TZS 1,083,301,547.62. The consultancy report from SMEC International Pty Limited was considered as a significant breakthrough in the engagement of the 29 contractors who were to be involved in connecting 7,893 envisaged customers.

However, I learned that before the consultancy report was presented by SMEC INTERNATIONAL PTY LTD. REA and TANESCO had procured 29 contractors through desk information available. Therefore, I consider the consultancy services from SMEC INTERNATIONAL PTY LTD at a sum of TZS 1,083,301,547.62 was misuse of the taxpayers' money as REA did not make use of the report. I further revealed four (4) contractors

who were paid TZS 335,707,277 before the scope of their work was approved by REA. In this context, I noted significant acts of corruption, fraud, and abuse of office by the REA management.

### **Special Audit on the Construction Projects (Ushirika Towers) Owned by the Tanzania Federation Cooperatives (TFC)**

In this audit, I noted the Tanzania Federation of Cooperatives (TFC) contracted China Civil Engineering and Construction Corporation (CCECC) to construct the new building and refurbish the old Ushirika Towers. However, I noted that the new building (20 storeys) was not installed with an automatic fire sprinklers; as a consequence, the additional cost of TZS 999,517,100 was incurred for the unplanned works which resulted from the inspection carried out by the Fire and Rescue Force.

On a similar note, I realized the works valued TZS 22,582,944,452.41 were endorsed for payments; however, through my verification, I gathered that only the works valued TZS 18,581,093,206.44 were completed. As a result, works totalling TZS 4,001,851,250 were paid for the works not executed. I further learned that the works costing TZS 582,864,029 were ratified by the Consulting Engineer (Cons Africa Limited) as performed. However, through my verification, I pointed out that the said works were not carried out. As such, the China Civil Engineering and Construction Corporation (CCECC) had defalcated TZS 582,864,029 from the TFC members' fund.

In supplement to the above, I noted the leasing of the CRDB Bank for 40 years was not communicated to the Registrar of Cooperatives Societies for approval, and CRDB Bank did not pay withholding taxes of TZS 288,162,453.02 to TRA.

### **Special Audit on the Allegations Related to Fund Misappropriation on the Fire and Rescue Force Welfare Fund at the Fire and Rescue Force**

My audit at the Fire and Rescue Force revealed the misappropriation of TZS 66,000,000, which was deposited by NMB Bank for fire awareness training in Southern, Northern, Eastern, Coastal, Southern Highlands, Lake, and Western Zones. The fraud was conceived by the Regional Accountant (Ilala) through a syndicate with other officers at Fire and Rescue Force. I further learned that a total of TZS 14,200,000, which was claimed to be deposited by three (3) clients for Fire Prevention and Precaution, was actually not deposited; instead, the Regional Accountant (Ilala) and other officers at Fire and Rescue Force withdrew the same amount from Fire and Rescue bank account and hence defrauded the Fire and Rescue Force.

**Special Audit on the Issued Carrying on Temporary Assignment (CTAs) to Visitors at Dar es Salaam Immigration Department, Immigration Regional Office (Mtwara), and Julius Nyerere International Airport (JNIA)**

I noted one of the Immigration Officers had issued 1,249 illegal CTA's permits to 328 visitors who arrived in the United Republic of Tanzania for the first time in 2013 and 2014 to construct Dangote Cement Factory and occasioned the loss of USD 65,600 to the Government. I further learned that, 921 CTA's permits for 488 visitors at Dangote Cement Company were illegally renewed. On a similar note, I also noted 629 visitors who did not apply for the Special Pass; as a consequence, the Government was denied the revenue amounting to USD 377,400. On top of that I also noted the same visitors (629) declined to lodge applications for Resident Permits and resulted in a loss of USD 1,289,450 to the Government.

In my review, I learned that one of the Immigration Officers at the Mtwara Immigration Office was involved in the processing of these illegal CTA's. Through the interview, he confirmed to commit these fraudulent acts with nine (9) other immigration officers at Mtwara Regional Immigration office and one (1) of the officers at Dangote Cement Company. My further review revealed that the Dangote Cement Company had made a cash payment of USD 261,600 to the

named officer, and such amount was neither surrendered nor deposited in the Immigration Department Bank accounts.

#### **Special Audit on the Construction of Dormitory and Lecture Hall at Olmotonyi Forestry Training Institute in Arusha**

I learned that the Institute engaged the contractor (United Builders Ltd) for the construction of the referred lecture hall and dormitory buildings at a sum of TZS 2,840,013,090 while funds committed by the Donor was TZS 1,800,704,600. As a consequence, the original scope of work was reduced by 36.6 percent, and 52 percent of the work was downsized in the construction of the dormitory to accommodate 100 students instead of 200 students as previously planned. At the same time, 48 percent was allocated in the dormitory; however, the ground of the works redistributed was not evident during my review. I further learned that works valued at TZS 1,903,974,600 were approved by the Consulting Engineer (Kapwani Architects) without measuring the actual works executed.

#### **Special Audit on the Developed Joint Venture Project between Tanzania Girl Guides Association (TGGA) and Jafferji Developers Limited (JDL) from 2010 to 2018**

In my review, I noted that TGGA and JDL had signed the Joint venture agreement for developing three (3) Towers Commercial and Residential Complex Buildings at Upanga, Dar es Salaam on the land plot provided by the TGGA. However, I learned that the Joint venture agreement signed had no concessional period.

Also, I noted the land plot relinquished was not valued before the commencements of the construction works. Along with this, I also noted the Developed Properties had no Consulting Engineer. Therefore, I was confined to determine the correctness of cost estimates of TZS 27,582,982,162 declared by the Director from JDL. Further to that, I noted one of the Sister Company to JDL was engaged as the Property Manager on the developed Properties, and TZS 204,935,305 collected as the rent was yet to be remitted to TGGA by the same Company. In this context, I noted a significant conflict of interest in all transactions effected.

In my review, I also noted the mobilization costs of TZS 20,000,000 paid by JDL was defrauded by one of the officers at TGGA. At last instance, I revealed TZS 72,180,000 remunerated by JDL as liquidated damage for the delays was also deceived by one of the Officers at TGGA.

**Special Audit on the Committed Expenditure of TZS 8,000,000 at President's Office Public Service Management and Good Governance (POPSM) from 1 July 2019 to 4 November 2019**

My audit revealed TZS 5,380,000 was misused by one of the officer at POPSM through the pretence of car breakdown and additional allowances to Commissioners who were in a Special visit in Simiyu and Mwanza which in fact was not true. I further noted TZS 35,508,000 spent for the visits was inadequately supported. After having corroborate the available facts, I then concluded that the amount was fraudulently expended. On the same account, I noted fuels worth TZS 4,048,000 was not accounted for in the logbooks; therefore, I was limited to confirm the correctness of the fuels used. On top of that, I realized the imprest of TZS 4,300,000 taken by one of the officers at POPSM was not retired, and one of the offices defrauded TZS 1,000,000 for leaflets which he never purchased.

**Special Audit at National Housing and Building Research Agency (NHBRA) from 2010 to 2018**

I spotted out TZS 16,990,300 paid to four (4) employees for attending seminars and workshops in Uganda; however, there were no records submitted in support the participation of the said training by the named officers.

I learned that the payments of TZS 3,552,069,844.03 made by NHBRA were not pre-audited; as a consequence, a total amount of TZS 2,834,066,632.56 was spent without adequate supporting documents. Moreover, it came to my attention that five (5) buildings costing TZS 418,999,895 were repaired following the directives from the Permanent Secretary Ministry of Land, Housing and Human

Settlements Development. However, there were no contracts signed; as a result, the correctness of the amount remunerated could not be confirmed.

On the other hand, I revealed items worth TZS 318,672,014.62, which were purchased by the NHBRA; however, there were no records in the ledger books to confirm the receiving of the listed items. Similarly, I spotted out payments totals TZS 1,308,660,394.98, which were effected outside the approved budget contrary to Reg. 46(3) of the Public Finance Act 2001 (revised 2004). Finally, I established that five (5) land plots owned by the NHBRA lacked title deeds and twelve (12) revenue collection books, which were not submitted during my review.

## **Recommendations**

### **On the Special Audit Conducted at Public Institutions**

I recommend the internal controls at REA ,TFC , POPSM, NHBRA , Fire and Rescue Force, Immigration Department, and Olmotonyi Forestry Training Institute be bolstered to lessen the prevailed risks of fraud and embezzlement of public monies. Along with this, I also recommend legal and disciplinary proceedings be instituted against all officers who were involved in the fraud schemes that drained the taxpayer's fund.

### **On the Special Audit Conducted at TGGA**

I recommend the Registered Trustees of TGGA to decline the Services of the Property Manager to avoid the predominant conflict of interest in the management of the properties. Besides, I also recommend the entire properties valued, and new share allocation bargained. More useful, the concessional period should be established and enclosed in the revised Joint venture Agreement.

## **CHAPTER ONE**

### **1.0 BACKGROUND INFORMATION**

#### **1.1 Introduction**

The National Audit Office of Tanzania is a Supreme Audit Institution of the United Republic of Tanzania. The office is responsible for auditing public sector entities, thus providing objective information, advice and assurance to the Parliament, legislative, Tanzanians and other stakeholders on whether their financial management is in conformity with applicable laws and regulations. The Office is headed by the Controller and Auditor General.

#### **1.2 Mandates**

The mandates of the Controller and Auditor General (CAG) have been derived from Article 143 (2) & (4) of the Constitution of United Republic of Tanzania of 1977 (as amended from time to time) that require him among others, to at least once every year to audit the accounts of the Government, of the clerk of the National Assembly and of all courts of the URT and submit to the President of the United Republic of Tanzania every report he makes. Upon receipt of such report, the President shall direct the person concerned to submit that report before the first sitting of the National Assembly which shall be held after President has received the report and it shall have to be submitted to such sitting before the expiration of seven days from the day the sitting of National Assembly began.

Furthermore, my constitutional mandates allow me to fulfil my responsibilities without any external interferences. Section 15 of the Public Audit Act, 2008 has granted me unrestricted access to the information/documents, people, computers and other information systems and assets to a reasonable extent for proper performance my functions, responsibilities and exercise of my powers. Moreover, Section 17 of the Public Audit Act, 2008 mandates me to determine



the scope and the extent of the audit as considered in carrying out my responsibilities and functions.

This report details the audit findings and recommendations resulted from the audit of the financial statements of the Central Government and its institutions for the financial year ended 30<sup>th</sup> June 2019 as required by Article 143 (2) & (4) of the Constitution of the URT of 1977 (as amended from time to time) and Section 10 (1) of the Public Audit Act, 2008.

As head of the Supreme Audit Institution of the United Republic of Tanzania, I acknowledge my responsibilities, functions and powers as provided for in the Constitution, the Public audit Act of 2008 and the Public Finance Act of 2001(as amended in 2004) by ensuring that high quality audit reports are produced to enable the public to hold Government and the public sector entities accountable.

### **1.3 Audit Objectives**

My audit was conducted in order to express an opinion on whether the financial statements were prepared in all material respect in accordance with the applicable financial reporting framework (IPSAS accrual basis of accounting) and to obtain reasonable assurance whether the financial statements are free from material misstatements whether due to fraud or errors.

Reasonable assurance is a high degree of assurance but is not a guarantee that an audit conducted in accordance with relevant applicable standards (ISSAIs), will always discover material misstatements if such misstatements exist. Misstatements may arise due to fraud or errors and are considered material if, together or in aggregate, can reasonably be expected to affect the economic decisions made by the user on the basis of the financial statements. Thus, the risk of not detecting material misstatements due to fraud is higher than it is for material misstatements due to errors, as fraud may involve collusion, falsification, wilful omissions, false information or neglect of internal control.

It also aimed at evaluating whether applicable laws and regulations have been complied with and whether the accounting officers have designed and implemented effective internal controls that can prevent misstatements or detect them once they have occurred.

#### **1.4 Applicable Auditing Standards**

I conducted my audit in accordance with the International Standards of the Supreme Audit Institutions (ISSAIs) issued by the International Organisation of Supreme Audit Institution (INTOSAI) and such other procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements of planning and performing the audit to obtain reasonable assurance on whether the financial statements are free from material misstatements or not.

#### **1.5 Audit Methodology**

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. The procedures include the following:

- Planning the audit to identify and assess risks of material misstatements, whether due to fraud or errors, based on an understanding of the entity and its environment, including the entity's internal controls;
- Obtaining sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks;
- Forming an opinion on the financial statements based on conclusions drawn from the audit evidence obtained; and
- Following up on the implementation of the previous year's audit findings and recommendations and directives issued by Public Accounts Committee (PAC) to ensure that proper action has been taken in respect of all matters raised.

#### **1.6 Audit Scope**

This audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed appropriate under the circumstances. The audit covered evaluation of the effectiveness of financial accounting system and internal control over various activities of the audited entities. Specific attention was placed on accountability of revenues collected/received; expenses; custody, disposal, issue and proper use of public property; and compliance with the applicable laws, directives and instructions.

The audit was conducted on a sample basis; therefore, the findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available for audit. Audit findings and recommendations arising from the examination of the accounting records, appraisal of the activities as well as evaluation of the Internal Control System which require management's attention and actions, have been communicated to the management of each audited entity through issuance of management letter.

As auditor, I am not required to specifically search for fraud and therefore, my audit cannot be relied upon to disclose all such matters. However, my audit was planned in such a way that I would be detecting material misstatements which resulted from errors or fraud. The responsibility for detection, prevention of error or fraud and the maintenance of an effective and adequate system of internal control rests with the management of each audited entity.

Therefore, findings contained in this annual general report should not be regarded as representing a comprehensive statement of all the weaknesses which exist in the financial and managerial systems, or on identifying all improvements which could be made to the systems and procedures operated.

During the reporting period, 2018/19; a total of 299 entities were required to submit their financial statements for audit as per Section

25 (2) of the Public Finance Act of 2001 and Regulation 71 of the Public Audit Regulations of 2009. Out of those entities; 296 were audited and form the basis of this audit report leaving three (3) entities<sup>2</sup> whose audits were still in progress at the time of preparation of this report. This marks an increase of 16% as compared to 255 financial statements audited in the previous financial year.

The detailed analysis of the actual audited financial statements (FS) as compared to the financial statement required to be audited is as per the table below:

**Table 1: Analysis of the required FS to be audited vs. the actual audited**

S/N	Entity Category	Required No.	Actual Audited	Difference
1	Ministerial votes	66	66	0
2	Agencies	34	33	1
3	Embassies/Missions	42	42	0
4	Regional Secretariats	26	26	0
5	Funds	17	16	1
6	Political Parties	19	19	0
7	Basin Water Bodies	9	9	0
8	National Water Supply & Sanitation Authorities	5	5	0
9	Regional Referral Hospitals	28	28	0
10	Other Institutions	49	48	1
11	Consolidated Financial Statements & Consolidated Fund	2	2	0
12	Tanzania Revenue Authority - Revenue & Expenditure	2	2	0
<b>Total</b>		<b>299</b>	<b>296</b>	<b>3</b>

<sup>2</sup>Tanzania Employment Service Agency, Non-governmental organization board and Youth Development Fund.

Also, a total number of financial statements that were required for audit in 2018/19 have increased from 266 in the financial year 2017/18 to 299 due to establishment of new reporting requirements. There were however five (5)<sup>3</sup> entities which ceased operations while one (1) entity (Tanzania Tree seed agency); its operations have been merged with those of Tanzania Forest Service Agency. The list of entities which prepared their financial statements for the first time in 2018/19 is as detailed in the table below:

**Table 2: List of entities prepared FS for the first time in 2018/19**

S/N	Name	Category
1.	Office of Solicitor General	Vote 19
2.	Ministry of Minerals	Vote 100
3.	Tanzania embassy in Havana -Cuba	Sub Vote 2042
4.	Forest Industries Training Institute (FITI)	OI
5.	Mining Commission	OI
6.	Police Force - Corporation Sole	OI
7.	Kawawa Secondary School	OI
8.	Jitegemee Secondary School	OI
9.	Ardhi Institute Morogoro	OI
10.	Marine Services Company Limited	OI
11.	Petroleum Bulk Procurement Agency	Agency
12.	Temeke Regional Referral Hospital	RRH
13.	Tabora Regional Referral Hospital	RRH
14.	Bukoba Regional Referral Hospital	RRH
15.	Sumbawanga Regional Referral Hospital	RRH
16.	Manyara Regional Referral Hospital	RRH
17.	Amana Regional Referral Hospital	RRH
18.	Songea Regional Referral Hospital	RRH
19.	Singida Regional Referral Hospital	RRH
20.	Ligula Regional Referral Hospital	RRH

<sup>3</sup> Planning Commission (Vote 66), Oil and Gas (Vote 11), Tanzania Minerals Audit Agency, Kigamboni Development Agency and Presidential Trust Fund (PTF).

S/N	Name	Category
21.	Sekeu Toure Regional Referral Hospital	RRH
22.	Iringa Regional Referral Hospital	RRH
23.	Mount Meru Regional Referral Hospital	RRH
24.	Maweni Regional Referral Hospital - Kigoma	RRH
25.	Katavi Regional Referral Hospital	RRH
26.	Lindi Regional Referral Hospital	RRH
27.	Mbeya Regional Referral Hospital	RRH
28.	Njombe Regional Referral Hospital	RRH
29.	Shinyanga Regional Referral Hospital	RRH
30.	Simiyu Regional Referral Hospital	RRH
31.	Songwe Regional Referral Hospital	RRH
32.	Bombo Regional Referral hospital - Tanga	RRH
33.	Geita Regional Referral Hospital	RRH
34.	Mara Regional Referral Hospital	RRH
35.	Tumbi Regional Referral Hospital - Kibaha	RRH
36.	Dodoma Regional Referral Hospital	RRH
37.	Mwananyamala Regional Referral Hospital	RRH
38.	Morogoro Regional Referral Hospital	RRH
39.	Mawenzi Regional Referral Hospital- Kilimanjaro	RRH

Source: CAG Audit Reports for the FY 2018/2019

From the table above, the Ministry of Minerals, Office of Solicitor General and Tanzania Embassy in Havana -Cuba were the newly established entities while eight (8) other institutions (OI) were identified during the year under review. Also, 28 Regional Referral Hospital (RRH) whose financial results were previously included in the financial statements of the Regional Secretariates are now required to prepare their own separate financial statements which are then consolidated under the Ministry of Health, Community Development, Gender Elders and Children (Vote 52), thus individual financial statements have been audited and the results of the audit have been included in this report.

Besides the audit of financial statements, this report has covered the results of pre- audit of terminal benefits whereby 3,820 pension files were available for audit, nevertheless 3,504 files were pre-audited out of which 3,448 files were approved for payments. The Pre-audit of terminal benefit payments is carried out by virtue of provisions of Article 143(2) (a) of the Constitution of the URT of 1977 (as amended from time to time) and Sect 29 of the Public Audit Act No. 11 of 2008. Sect 5 (a) of the same Act requires the Controller and Auditor General to authorize the use of money paid out of the Consolidated Fund upon being satisfied that Article 136 of the Constitution has been or shall be complied with.

Also, Section 29 of the Public Audit Act, 2008 and Regulation 79(1) of the Public Audit Regulation 2009 mandates the CAG to undertake Special Audit upon written request from Accounting Officer, or any person, Institution, public authority, ministry, independent department, agency, Local Government Authority, and such any other body. Moreover, according to Regulation 78 of the Public Audit Regulations, the CAG may initiate the conduct of special audits in respect of accounts of any public authority or institution, ministry, independent department, agency, Local Government Authority and such any other body.

The Scope of Special Audit conducted in accordance with Regulation 79 is determined by the person requesting the audit, however; the Controller and Auditor General may modify the scope when he deems it necessary and appropriate as stipulated in Regulation 80(2) of the Public Audit Regulation 2009.

As such, this report has covered findings from eight (8) special audits requested by various stakeholders and those initiated internally by the CAG. The list of the special audit conducted during the year are as shown in the table below. The detailed results of these special audits are included under Chapter Twelve of this report.

**Table 3: List of special audits conducted during the year**

S/N	List of Special Audits
1.	Special Audit on Contract No. AE/008/2015-2016/HQ/C/3 between REA and SMEC International Pty Ltd and Contract No. AE./008/2016-2017/HQ/G/9,10, and 11 between REA and Twenty-Nine (29) Contractors on the Detailed Survey and Detailed design
2.	Special Audit on the Construction Projects ( Ushirika Towers) owned by the Tanzania Federation Cooperatives (TFC)
3.	Special Audit on the Allegations Related to Fund Misappropriation on the Fire and Rescue Force Welfare Fund at the Fire and Rescue Force
4.	Special Audit on the Issued Carrying on Temporary Assignment (CTAs) to Visitors at Dar es Salaam Immigration Department, Immigration Regional Office (Mtwara), and Julius Nyerere International Airport (JNIA)
5.	Special Audit on the Construction of Dormitory and Lecture Hall at Olmotonyi Forestry Training Institute in Arusha
6.	Special Audit on the Developed Joint Venture Project between Tanzania Girl Guides Association (TGGA) and Jafferji Developers Limited from 2010 to 2018
7.	Special Audit on the Committed Expenditure of TZS 8,000,000 at President's Office Public Service Management and Good Governance (POPSM) from 1 July 2019 to 4 November 2019
8.	Special Audit at National Housing and Building Research Agency (NHBRA) from 2010 to 2018

Source: CAG Audit Reports in FY 2018/2019

As public sector auditors, we are committed to our professionalism in order to maintain the public trust of our audit works through producing credible reports that continue to strengthen accountability, transparency and integrity in the management of public resources. Detailed audit findings are illustrated in the following chapters.



## **CHAPTER TWO**

### **2.0 AUDIT OPINION**

#### **2.1 Introduction**

Audit reports represent an auditor's professional opinion on whether an entity's financial position and results of its operations are presented fairly in its financial statements. Audit reports can also bring to the reader's attention any concerns auditors have with the quality of the financial statements. These concerns are expressed as qualifications due to the availability of sufficient and appropriate information for users to make an informed decision; or the entity's compliance with International Public Sector Accounting Standards (IPSAS).

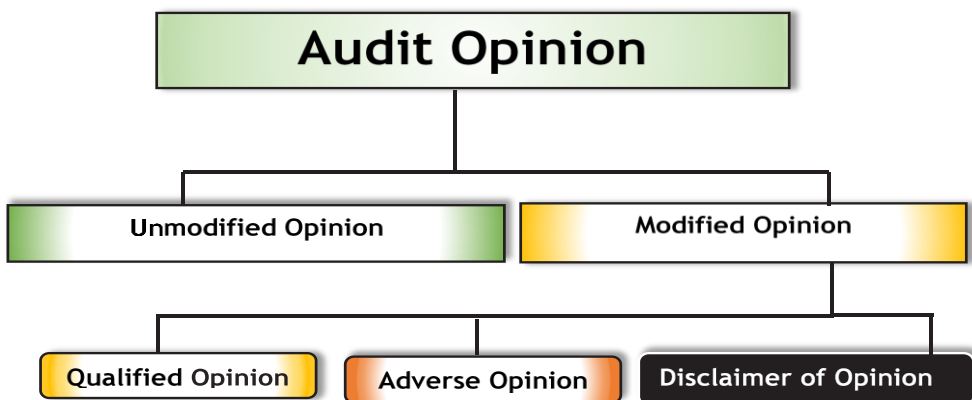
Auditors are required to form an opinion on the basis of sufficient and appropriate audit evidence obtained and express it clearly in the form of a written report. In order to form an opinion auditor must adhere to the requirements of ISSAIs 1700 and under the circumstances of engagement appropriately select the type of opinion to be expressed. The audit opinion is the statement that is expressed by independent auditors to their client's financial statements as the result of auditors' examination. The audit opinion is very important for stakeholders because it let them know whether or not the information in the financial statements that they are using is correct and they can use that information for their decision making. The audit opinion also indirectly informs the users of financial statements how is the integrity of senior management as well as the directors of the entity.

An auditor's opinion is considered an essential tool when reporting financial information to users. In the public sector, it is intended to advise Parliament and other stakeholders on whether financial statements of audited entities have been prepared in conformity with

the International Public Sector Accounting Standards (IPSAS) and in the manner required by Sect. 25(4) of the Public Finance Act, 2001 (revised 2004)

### **Types of Audit Opinion**

There are four types of audit opinion, each one presenting a different situation encountered during the auditor's work. The four audit opinions are as illustrated in the diagram below:



### **Unqualified Opinions/Unmodified Opinion**

Unqualified Opinion is sometimes regarded by many as equivalent to “Clean audit opinion”. This type of opinion is issued when the financial statements presented are free of material misstatement and are in conformity with applicable accounting framework including compliance with laws and regulations. It is the best type of an audit opinion an audited entity may receive from an external auditor. This opinion is issued once auditors obtain sufficient and appropriate audit evidence to the financial statements as the result of their audit work.

Out of the 296 central government entities audited during the year 2018/19, 294<sup>4</sup> entities were issued opinion. However 253 (86 %) entities were issued with unqualified opinion meaning that their financial statements presented true and fair view. These recorded an increase of 7% as compared to the last year audit.

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<sup>4</sup> Two Entities were audited and issued with Management Letter only

However, it is important to note that as per the requirements of ISSAI 1700, our audit extended beyond the financial statements to include assessment of the entities compliance with laws and regulations and the effectiveness of the internal control systems. Therefore, entities with these unqualified opinion, does not mean that their internal controls, including compliance with laws and regulations were adequate. There were issues noted and reported in the management letter of the respective entities and other chapters in this report that did not directly affect the presentation of the financial statements.

### **Unqualified Opinions with Emphasis of Matters**

Additionally, out of the 253 audited entities issued with clean opinion, we have emphasized 13 audited entities on some areas that needed users' attention. The areas emphasized do not affect opinion issued, as it was only for the purposes of drawing users' attention. The list of audited entities issued with unqualified opinion are in **Appendix 2.1**

### **Entities Issued With Qualified Opinion**

A total of 24 (8 %) audited entities out of 294 audited during the year 2018/19; were issued with qualified opinion following my conclusion that material misstatements (*disagreements whether due to inadequate disclosure or inappropriate accounting treatment or limitation of audit scope*) existed in the audited financial statements.

This is an increase of 140% as compared to the last year's audit results which indicates that, there is no improvement. The details of entities issued with qualified opinion are as in **Appendix 2.2**

### **Entities Issued With Adverse Opinion<sup>5</sup>**

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<sup>5</sup> *The auditor shall express a qualified opinion when: (a)The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or(b)The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.*

I have expressed adverse opinion to 5 (2 %) out of 294 audited entities, after my conclusion that disagreements existed in the audited financial statements were both material and pervasive. Details of these entities have been attached to this report as **Appendix 2.3**

### **Entities Issued With Disclaimer Opinion**

As per ISSAIS 1705.9 the auditor shall disclaim an opinion when the auditor is unable to obtain sufficient and appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

Additionally, the auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient and appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

Auditor believes that for those items that they are not able to access and obtain information could be materially misstated and pervasive. This is happening after the auditor tries their best to negotiate with the audited entity to obtain all of that important information and the client still rejects no matter it is intentional or unintentional. In this year, I have expressed disclaimer of opinion to 12 (4%) entities out of 294 audited entities audited during the year, due to material and fundamental limitation of my audit scope. The details and basis for the opinion are attached as **Appendix 2.4**

The overall results of the audit for year 2018/2019 as compared to the previous three years audits are as analysed in the table below.

There has been an increase in number of Audited entities from 255 in the year 2017/2018 to 296 in the year 2018/2019. Likewise, the opinions have changed over the period as analysed in the table below:

**Table 4: Trend of audit opinions**

Opinion	Unqualified			Qualified			Adverse			Disclaimer		
Year	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Ministerial votes	61	61	58	4	4	6	1	0	1	0	0	0
Agencies	32	32	29	1	1	3	0	0	1	0	0	0
Embassies	35	40	33	5	1	2	1	0	0	0	0	0
RS	26	26	25	0	0	1	0	0	0	0	0	0
BWB/NWSA	14	14	9	0	0	4	0	0	0	0	0	0
Funds	16	16	17	0	0	0	0	0	0	0	0	0
Other Institutions	42	41	33	6	0	3	0	0	2	0	1	0
Political parties	3	3	3	1	4	4	3	2	0	12	5	4
Regional Referral Hospital	22	0	0	6	0	0	0	0	0	0	0	0
TRA	2	2	0	0	0	0	0	0	0	0	0	0
Consolidated Financial Statements	0	2	0	1	0	0	0	0	1	0	0	0
<b>Total</b>	<b>253</b>	<b>237</b>	<b>207</b>	<b>24</b>	<b>10</b>	<b>23</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>12</b>	<b>6</b>	<b>4</b>

Source: Audit Reports

As is evident from the table above, I can deduce that in general audited entities have shown good performance due to increase in unmodified audit opinions from 237 audited entities to 253 which signify an increase of 14 (7 %). However number of modified opinions have increased from 18 audited entities to 43 entities compared to previous audit which signify an increase of 139%.

### Audit Opinion Issued to the Political Parties

As in prior years where similar findings were reported political parties continued to show a decline in compliance with financial reporting frame work. Of 19 political parties, only 3 audited political parties managed to prepare financial statements which comply with applicable accounting framework thereby received unqualified audit report, a same number as in the previous year.

One (1) political parties were issued with qualified opinion, a regression from four (4) in the previous year.

Twelve (12) political parties were issued with disclaimer of opinion while three (3) were issued with adverse opinions, these types of opinions are the worst opinion the entity can receive as they portray that the financial statements cannot be relied upon.

My audit again identified a number of shortcomings on the financial statements which had material flaws and were not credible enough for the public to use. The audit outcomes of 15 political parties, the worst since 2016/2017. These political parties disregard my recommendations due to lack of commitment to decisively address key areas, despite my recommendations in the previous years they did not improve internal controls thus I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements. The detailed analysis of the opinions for political parties is as shown in the table below.

**Table 5: Trend of audit opinions for the three-year consecutively**

S/N	Name	2018/19	2017/18	2016/17
1	Alliance for Democratic Party (ADC)	Disclaimer	Unqualified	Unqualified
2	Chama cha Mapinduzi (CCM)	Unqualified	Unqualified	Qualified
3	Democratic Party (DP)	Disclaimer	Unqualified	Qualified
4	CHADEMA	Unqualified	Qualified	Qualified
5	ACT-Wazalendo	Unqualified	Qualified	Unqualified
6	NCCR-Mageuzi	Adverse	Qualified	Qualified
7	Chama cha Kijamii (CCK)	Qualified	Qualified	Disclaimer
8	African Democratic Alliance (ADA-TADEA)	Disclaimer	Disclaimer	Not Audited
9	National Reconstruction Alliance (NRA)	Disclaimer	Disclaimer	Not Audited
10	Union for Multiparty Democracy (UMD)	Disclaimer	Disclaimer	Not Audited
11	Alliance for Africa Farmers Party	Disclaimer	Disclaimer	Disclaimer
12	Sauti ya Umma (SAU)	Disclaimer	Disclaimer	Disclaimer
13	Chama cha Ukombozi wa Umma (CHAUMMA)	Disclaimer	Adverse	Unqualified

S/N	Name	2018/19	2017/18	2016/17
14	National League for Democracy(NLD)	Adverse	Adverse	Disclaimer
15	Demokrasia Makini	Disclaimer	Disclaimer	Disclaimer
16	Civic United Front	Adverse	Adverse	Adverse
17	Tanzania Labour Party(TLP)	Disclaimer	Unqualified	Unqualified
18	United Peoples Democratic Party(UPDP)	Disclaimer	Not Audited	Not Audited
19	United Democratic Party(UDP)	Disclaimer	Not Audited	Not Audited

Source: CAG Audit Reports

Despite directives issued by the Registrar of Political Parties, they are yet to comply with the guidelines in preparation of financial statements, the inability to comply with the guidelines can be attributed to shortage of skills and competencies in the management of financial resources of the Political parties.

*I recommend that leaders of political parties to engage qualified people in preparation of the financial statements on the basis of adopted accounting framework.*

## **CHAPTER THREE**

### **3.0 FOLLOW UP ON IMPLEMENTATION OF THE PREVIOUS YEARS' AUDIT RECOMMENDATIONS.**

#### **3.1 Introduction**

Section 40 of Public Audit Act, 2008 requires me to incorporate in the Annual Audit Report the implementation status of the action plan prepared by Accounting Officers and those consolidated by Pay Master General (PMG). To meet this requirement of the law, status of the remedial actions taken in the implementation of my recommendations and those made by PAC are discussed further in this chapter.

This chapter provides status of the actions agreed by management to ensure that both my recommendations and PAC's directives are implemented in accordance with agreed timeframe, and that the actions undertaken have effectively mitigated the risks identified during past audits.

It is important to ensure that my recommendations are appropriately considered, effectively implemented and yield fruitful results to enhance government accountability on public resources. Implementation of CAG's and PAC's recommendations and directives respectively demonstrate the commitment of the audited entities and the entire Government in strengthening Transparency, Accountability, Good governance, Stewardship and Promoting sound financial and resources management at all levels. Therefore, non-implementation or untimely implementation of CAG recommendations and PAC directives may lead to recurrence of mismanagement of Government revenues, expenditures and assets, and therefore the integrity and adequacy of systems and procedures may not be relied upon.



Generally, the implementation status in this financial year ended 30th June 2019 is showing inadequate improvements compared to the last year owing to the inadequate follow-up by management to address the outstanding audit recommendations. In this regard, managements of the MDAs are recommended to implement outstanding audit recommendations. Detailed status of the implementation of the recommendations are discussed further in this chapter. Our criteria used in assessing implementation status is tabulated below:

**Table 6: Definition of the words used in assessing the implementation status.**

Status	Explanation
Implemented	Auditee has fully implemented the recommendations and directives, either as described in the report or in a manner that resolved the underlying recommendation and directives.
Under implementation	Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation or has partly implemented the raised recommendation and directives.
Not implemented	Auditee has neither implemented the recommendation nor indicated that will do so.
Overtaken by events	Auditee has significantly strived that the previous weaknesses are not happening in the subsequent year(s) or the recommendations and directives are no longer of importance for implementation due to lapse of time or its implementation is not possible or not necessarily due to change of laws, Government priorities, directives and circulars.
Reiterated	Auditee has not implemented previous similar recommendation whereby in the current year the same recommendation was issued based on the fact that the finding was repeated. Hence, as the matter of emphasis, the recommendation was re-issued.

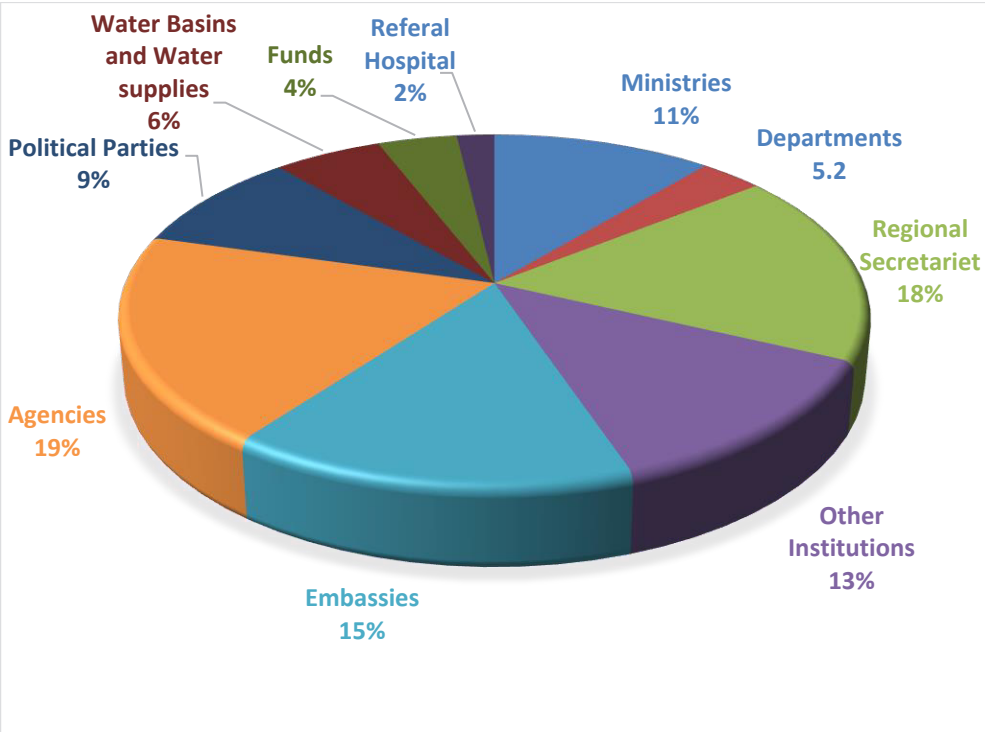
*Source: CAG Annual General Report.*

### **3.1.1 Implementation Status of the previous Year's CAG's Audit Recommendations**

#### **Current year Status of the Previous Year's CAG Recommendations to MDAs**

My current year's assessment indicated that out of 4,756 prior years' total recommendations, the percentage of share in terms of implementation of prior years' implementation for each category of the audited institutions (as depicted in Figure 1) shows that Ministries have 11.1%, department (5%) regional secretariats (18%), other institutions (13%), embassies (15%), agencies (19%), political parties (9%), Water Basins Bodies & National Water Supplies (6%), funds (4%) and regional referral hospital (2%) of the total number of the prior year recommendations. Generally, the regional secretariat, agencies and embassies are among the top three that have shown remarkable speed in terms of implementation status as elaborated in the figure below;

**Figure 1: Percentage of prior year recommendations institution wise in 2018/19**



Source: Individual CAG's management letters for the year 2018/19

Through follow-up and assessment on implementation status of my recommendations, I revealed that out of 4,756 recommendations; 1,494 (equivalent to 33%) have been implemented, 1,588 (equivalent to 33%) are under implementation, 1,080 (equivalent to 23%) are not implemented, 286 (equivalent to 7%) are overtaken by events and 308 (equivalent to 7%) are reiterated. The implementation status can be presented as in the table and the figure below;

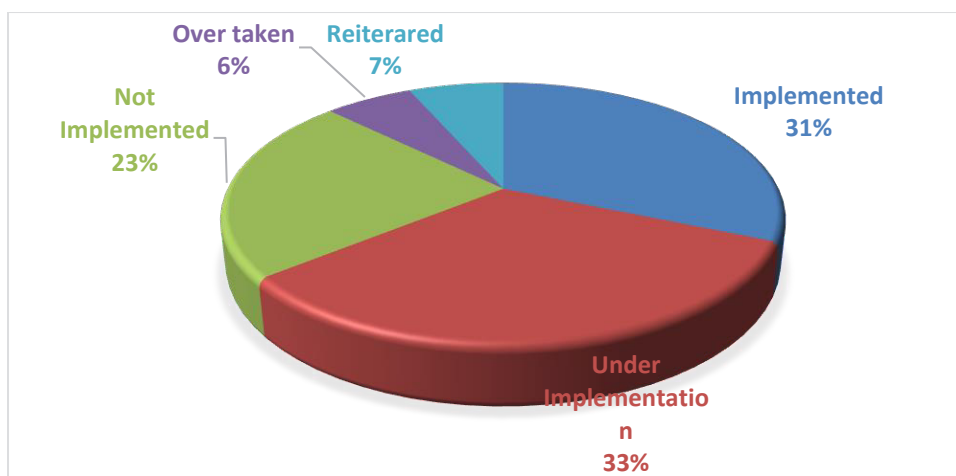
**Table 7: Status of implementation of CAG's audit recommendations on individual reports for the financial year 2018/2019**

Status	No. of Recommendations	% of Recommendations
Implemented	1,494	31
Under Implementation	1,588	33
Not Implemented	1,080	23

Status	No. of Recommendations	% of Recommendations
Overtaken by events	286	6
Reiterated	308	7
<b>Total</b>	<b>4,756</b>	<b>100</b>

Source: Individual CAG's management letters for the year 2018/19

**Figure 2: Status of implementation of the CAG's recommendations in 2018/2019.**



Source: Individual CAG's Management letter of MDAs, Embassies and Regional Secretariats for Financial Year 2018/2

Detailed implementation status is provided in the Individual management letters of the respective entities; however, a summary excluding implemented recommendations and those which are overtaken by events totalling 9 and 15 respectively of the consolidated status from individual management letters can be seen in the **Appendix 3.1** of this report.

### **3.1.2 Comparison between current year and last year's implementation status of previous years CAG's audit recommendation on individual audit reports.**

I assessed the implementation status for two consecutive years (i.e. 2017/2018 and 2018/2019) and it came to my attention that in the

current year's implementation status for financial year ended 30th June 2019 indicates that there is a slight drop from 34% (previous year) to 33% (in the current year) owing to the inadequate follow-ups by management of the MDAs to act upon the outstanding audit recommendations as depicted in the table and figure below:

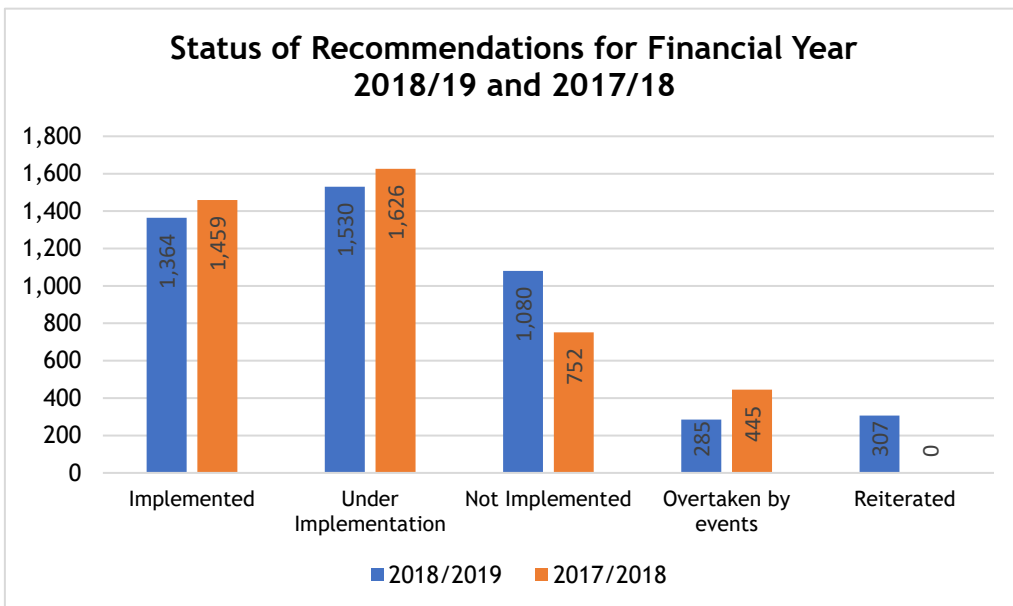
**Table 8: Comparison between current year and last year's implementation status of previous years CAG's audit recommendation on individual audit**

Status	No. of recommendations during 2018/2019		No. of recommendations during 2017/2018	
	No.	%	No.	%
Implemented	1,494	31	1,459	34
Under	1,588	33	1,626	38
Not Implemented	1,080	23	752	18
Overtaken by events	286	6	445	10
Reiterated	308	7	0	0
<b>Total Number of recommendations</b>	<b>4,756</b>	<b>100</b>	<b>4,282</b>	<b>100</b>

*Source: Individual CAG Management letter Reports*

From the table above, the number of prior years' recommendations have increased to 4,756 in this year comparing to 4,282 in the previous years' recommendations equivalent to an increment of 10% of prior year outstanding audit recommendations. This means that the government's speed to implement the audit recommendations is slower compared to the number of audit recommendations issued each subsequent year.

**Figure 3: Comparison on implementation status of CAG's recommendations for financial year 2017/2018 and 2018/2019.**



*Source: Individual CAG's Management letter of MDAs, Embassies and Regional Secretariats for Financial Year 2017/2018*

From figure 4 above, there is a slight decrease by 1% from 34% of the last year to 33% this year. The figure also illustrates that the majority of my recommendations are at “implemented” and “under implementation” stages while those which are not implemented, overtaken by events and reiterated are quite few owing to the fact that the government has managed to implement most of my recommendations and some are at different stages of implementation.

### **3.2 Implementation Status and Analysis of PAC Directives to MDAs, Political Parties, Funds Water Bodies and Other Institutions in FY 2018/19**

Pursuant to Order 117(15) of Parliamentary Standing Order (revised edition of January 2016) the Public Accounts Committee (PAC) is the highest oversight organ for Ministries, Departments, Agencies and Public Authorities. In this regard, I acknowledge the major role of the

PAC to address areas of misuse of public funds in the MDAs. The PAC has been performing its duties using the CAG's reports which are essentially and useful inputs in forming the basis of the PAC activities, and therefore the implementation of directives issued by the Committee should be adequately considered by the respective Accounting Officers while executing their daily operation in an orderly, ethical, economical, efficient and effective manners.

Through the PAC report, I revealed that, a total of sixty-nine (69) votes were submitted to the Committee for discussion and nine (9) recommendations of the PAC were approved by the of Parliament.

My assessment on the individual audit reports indicates that during the year ended 30th June 2019 the committee had already issued a total of 276 directives with different status of implementation to various institutions in Central Government as depicted in the table and the figure hereunder:

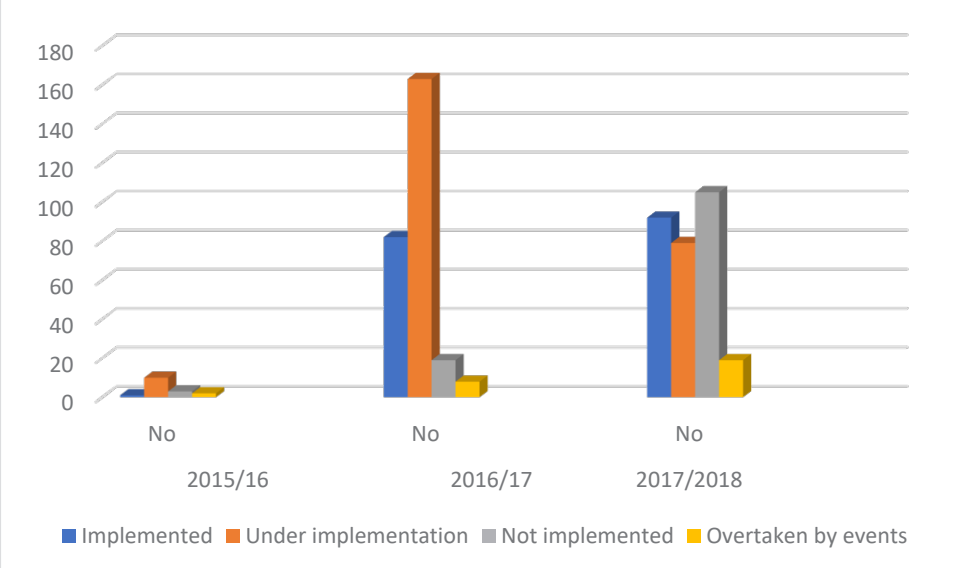
**Table 9: PAC Directives in FY 2018/19**

<b>Financial Year</b>	<b>2015/16</b>		<b>2016/17</b>		<b>2017/2018</b>	
<b>Status</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>	<b>No</b>	<b>%</b>
Implemented	1	6	82	30	92	31
Under implementation	10	63	163	60	79	28
Not implemented	3	19	19	7	105	35
Overtaken by events	2	12	8	3	19	6
<b>Total</b>	<b>16</b>	<b>100</b>	<b>272</b>	<b>100</b>	<b>295</b>	<b>100</b>

*Source: Individual CAG's report-FY 2018/2019*

The explanations above are depicted in the figure below:

**Figure 4: Status of implementation of PAC Directives**



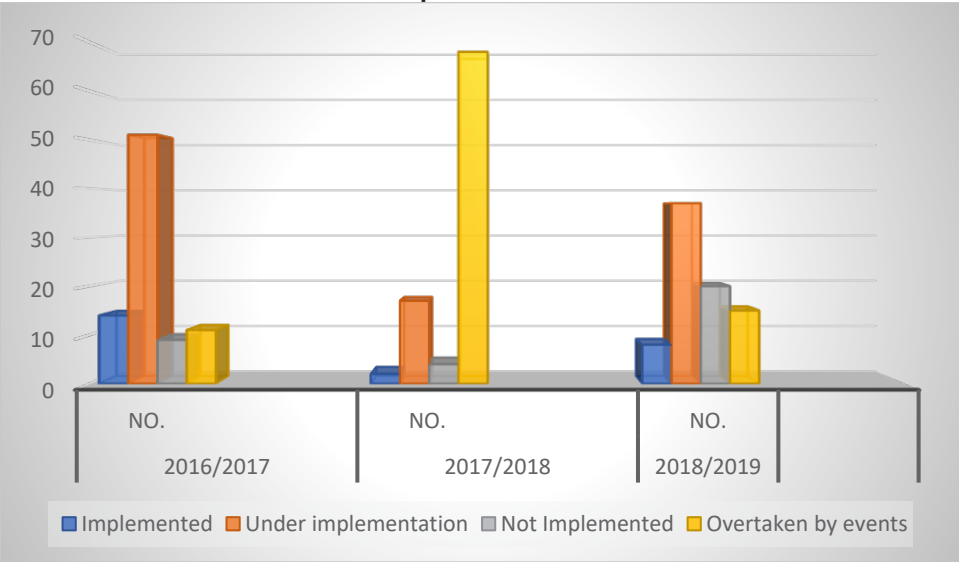
Source: CAG General report 2015/2016, 2016/2017 and 2017/2018

### 3.2.1 Comparison Between Current Year and Previous Year implementation Status of Previous Years PAC Directives on Individual Audit Reports.

My assessment revealed that status of implementation of the PAC directives in financial year 2018/2019 has inadequately improved, whereby directives not implemented increased to 38% this year from 7% last year. Directives which are now under implementation have declined to 28% from 60% last year. Directives which are overtaken by events have increased to 7% from 2% although implemented ones have slightly increased to 33% from 30% of last year as described in the figure below:



**Figure 5: Comparison between current year and previous year implementation status of previous years PAC directives on individual audit reports.**



*Source CAG General reports for 2016/2017, 2017/2018 and 2018/2019*

### 3.3 Implementation Status of the Previous Year's Audit Recommendations to PMG

Regulation 38 of the Public Audit Regulations (GN.47) of 2009 requires the Paymaster General to communicate back in writing to the Controller and Auditor General within the period of three months from the date of receiving the CAGs recommendations and proposals.

In full compliance of the above Regulation, the Government through the Permanent Secretary and the Paymaster General submitted its responses to the Controller and Auditor General regarding recommendations issued on the report for the Financial Year ended 30th June, 2018. The structured responses were received vide letter with Ref. CHA.116/474/01 dated 5th July 2019.

In this year's general report there is a total of 90 prior year recommendations up to 30th June 2019 of which there were 81 prior year CAG's recommendations which needs Government's responses, and 9 were PAC directives.

Out of 81 outstanding audit recommendations 8(10%) were implemented, 37(46%) are under implementation, 20(25%) were not implemented, 15(19%) were overtaken by events. Status of implementation of recommendations is provided in the table below;

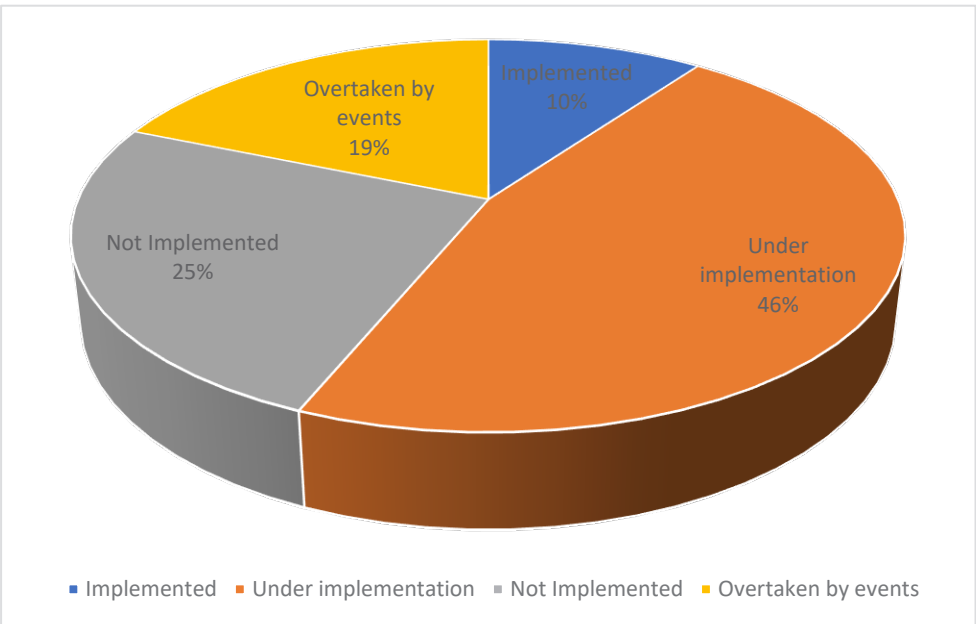
**Table 10: Implementation status of previous years CAG’s audit recommendations to PMG**

Status	Implementation status	
	No.	%
Implemented	8	10
Under implementation	37	46
Not Implemented	20	25
Overtaken by events	15	19
<b>Total</b>	<b>80</b>	<b>100</b>

Source: Individual CAG’s report-FY 2018/2019

The table above can be illustrated by the figure below:

**Figure 6: Status of CAG annual report recommendations and its implementation**



Source: Individual CAG’s report-FY 2017/2018

Generally, from the table and the figure above the trend indicates that there is a moderate improvement in implementing CAG recommendations whereby implemented recommendations had increased to 10% from 2% of last year, but recommendations whose implementation are at different levels of implementation have increased to 46% from 18.7% of last year.

Likewise, there is an increase in the number of recommendations which are not fully implemented to 25% from 4.4% last year. Those recommendations overtaken by events have decreased to 19% from 74.7 as detailed in **Appendix 3.2** of this report.

While observing slight improvement in submission of Government responses in my recommendations and their implementation plans, more efforts are required in order to ensure full implementation of partly implemented recommendations.

Accordingly, to ensure timely completion of recommendations whose implementation started but not yet completed, I recommended the PMG in collaboration with the Accounting Officers to put more efforts on fully implementation of the audit recommendation according to the agreed action plan for implementation of each outstanding audit recommendation.

## CHAPTER FOUR

### 4.0 BUDGET PREPARATION AND EXECUTION

#### 4.1 Introduction

Chapter four highlight matter such as: Government Approved estimates on revenue and expenditure, Actual collection, Actual Fund released from Treasury and Actual Government expenditure. The Estimates of Government Revenue and Expenditure for the financial year 2018/19 was mainly focused on mainly National policy of poverty alleviation and transforming the Nation into an industrial economy leading to Middle Income Country by putting more emphasis on following key priority areas<sup>6</sup>;

- i. Agricultural sector; by improving irrigation infrastructure, warehouses and markets, and Develop livestock and fisheries subsector.
- ii. Industries; by improving business environment and attract private sector investments.
- iii. Social Sector; increase availability and supply of clean and safe water particularly in villages, Providing Basic Education for free (Primary and ordinary secondary education), also to provide and supply medicines, medical equipment, reagents, and health services in dispensaries, Health centres and referral hospitals.
- iv. Supportive Infrastructures: by Constructing and maintaining power generation, standard gauge, new central railway line, Regional and Rural roads networks, in marine and air transport.

#### 4.2 Budget Policies and Strategies

To ensure effective implementation of the budget the Government imposed various administrative measures, guiding policies, strategies

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<sup>6</sup> As detailed in *Budget Speech Submitted to National Assembly June, 2018*; <http://www.mof.go.tz>

and tax reforms with the view of increasing Government collection for Financial year 2018/19 and control of Government expenditure.

Budgetary policies and strategies introduced to simplify Revenue management and increase collection includes; amendment of tax rates, levies and fees imposed under various laws such as Amendment of the Value Added Tax (VAT) Act, CAP 148, Income Tax Act, CAP 332, Excise Tax Act, CAP 147, East Africa Community Customs Management Act, 2004 etc.

Other administrative measures were; Introduction of Treasury Single Account to control Government expenditure, create conducive environment and attract business and investors, widen tax base by formalizing informal sectors, and strengthening management of existing revenue sources by intensifying the use of electronic collection system.

Expenditure policies for the financial year 2018/19 includes; Ensuring budget deficit does not exceed 3.2 percent of GDP, Allocation of fund to priorities and productive areas, control accumulation of arrears, ensuring discipline in spending of public fund and reduces unnecessary expenditure.

In implementing the said policies, following measures were instituted; Pursuing legal, administrative and disciplinary actions to those contravening laws and regulations, Award contracts after approval of fund by Paymaster General, Paying verified arrears, Public procurement to realize Value for Money and Strengthening monitoring of public fund expenditure.

#### **4.3 Budget Overview**

Overview of collection and expenditure estimates for financial year 2018/19 are as follow;

##### **4.3.1 Revenue Collection Estimates**

During the financial year 2018/19, the Government envisioned to raise revenue of TZS 32,475.95 billion portraying an increase of TZS 763.96 billion, equivalent to 2.41 percent when compared to the estimate of TZS 31,711.99 billion reported for financial year 2017/18.

### 4.3.2 Expenditure Estimates

The Government intended to spend TZS 32,475.95 billion on its planned activities covering two major components; TZS 20,468.68 billion 63 percent of the total budget for Recurrent Expenditure while TZS 12,007.27 billion 37 percent of the total budget for Development Expenditure. Estimates of revenue collection from various identified sources and allocation of expenditure are as tabulated in the Table below;

**Table 11: Analysis of Government estimates**

	Collection and Expenditure Analysis	Estimates Amount in TZS Billion
<b>A</b>	<b><i>Revenue estimates</i></b>	<b>32,475.95</b>
<b>i.</b>	<b><i>Domestic Collection</i></b>	
	Tax revenue (For Tanzania Mainland)	18,000.21
	Non tax revenue	2,158.77
	LGA'S Own collection	735.58
<b>ii.</b>	<b><i>Grants<sup>7</sup></i></b>	<b>1,081</b>
<b>iii.</b>	<b><i>Borrowings</i></b>	
	Domestic borrowings <sup>8</sup>	5,793.66
	External Concessional Borrowing <sup>9</sup>	1,595.73
	External non-concessional Borrowing	3,111
<b>B</b>	<b><i>Expenditure estimates</i></b>	<b>32,475.95</b>
<b>i.</b>	<b><i>Recurrent Expenditure<sup>10</sup></i></b>	<b>20,468.68</b>
<b>ii.</b>	<b><i>Development Expenditure<sup>11</sup></i></b>	<b>12,007.27</b>

Source: Budget Speech of the Minister for Finance, 2018/ 19 and Appropriation Act of 2018

<sup>7</sup> Grants includes; budget support TZS 236 billion, development projects TZS 753 billion, basket support TZS 92 billions

<sup>8</sup> Domestic borrowings include; budget financing TZS 1,194 billion and rollover TZS 4,600 billion.

<sup>9</sup> External concessional borrowings includes; budget support TZS 310 billion, development projects TZS 1,252 billion, basket support TZS 34 billion

<sup>10</sup> Recurrent expenditure includes; servicing of public debts TZS 10,004 billion, wages and salaries TZS 7,409.9 billion, other charges TZS 3,054 billion

<sup>11</sup> Development expenditure includes; domestic financing TZS 9,876 billion, foreign financing TZS 2,130.9 billion

### 4.3.3 Estimates and Actual collection Performance.

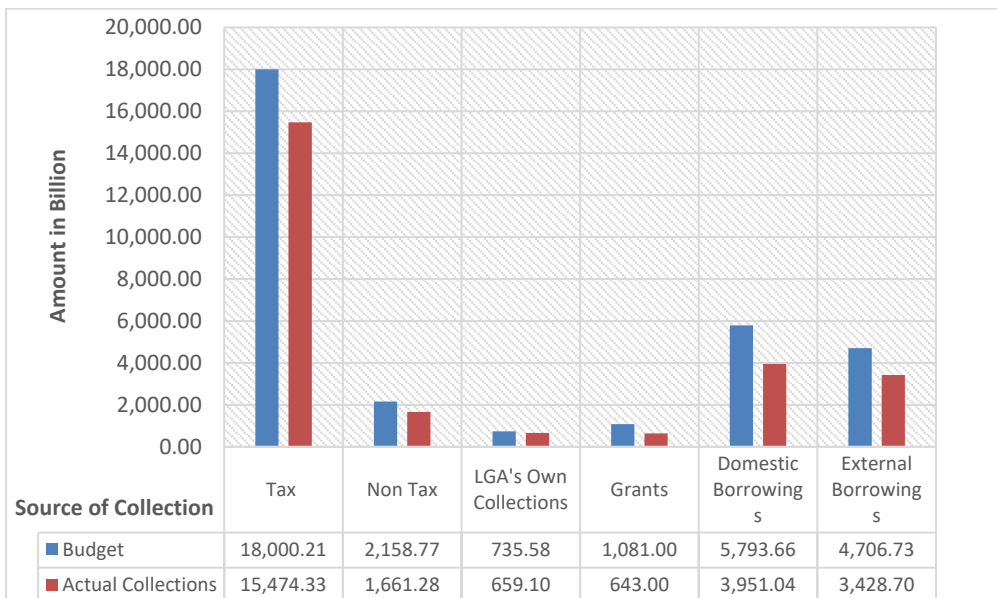
The Government managed to collect revenue of TZS 25,817.45 billion, 79.50 percent against the approved estimates of TZS 32,475.95 billion, leading to under collection of TZS 6,658.50 billion.

I noted a decrease of collection by TZS 1,878.51 billion 6.78 percent when compared to TZS 27,695.96 billion collected in 2017/18. Decrease of Actual collection is mainly attributed by decrease of Grants and Borrowings during the year.

The trend implies negative performance in revenue collection to finance expenditure.

*I am of the view that decrease of revenue collection has negative impact on implementation of planned activities and Government key priority areas for financial year 2018/ 19.*

**Figure 7: Government Estimates and Actual collection from each identified source in financial year 2018/19 (Amount in billion TZS)**



Source; Analysis of Audited data from individual Votes

From the Figure above, detailed analysis of the collection per each identified sources are as shown in details below;

**a) Tax Revenue**

Revenue collection from Taxes for Tanzania Mainland were TZS 15,474.33 billion 86 percent of the approved estimates of TZS 18,000.21 billion, hence TZS 2,525.88 billion was not collected.

I noted the increase of collection by TZS 324.86 billion, 2.14 percent when compared to TZS 15,149.47 billion collected in 2017/18. The trend implies positive performance in assessing and collection of tax revenue.

**b) Non-Tax Revenue**

Non-tax collection refer to collection other than taxes collected by Government through Ministerial, Department, Embassies, Regional Secretariat and other Entities.

My review on Financial Statements and transfers made to National Revenue Data base (NRD) noted; collection from Non- tax were TZS 1,661.28 billion 77 per cent of the approved estimates TZS 2,158.77 billion, hence TZS 497.49 billion was not collected.

Compared to prior year, I observed the increase in Non-tax collection by TZS 71.41 billion 4.49 percent of TZS 1,589.87 billion collected in 2017/18. The trend shows improvement of control in managing revenue collection.

**c) LGA's Own source**

Collection from LGA's own source were TZS 659.10 billion, 90 percent of the approved estimates of TZS 735.58 billion, hence TZS 76.48 was not collected.

**d) Grants**

The Government received grants of TZS 643 billion, 59 percent of the estimate of TZS 1,081 billion, hence TZS 438 billion was not received.

I noted a decrease of Grants received by TZS 650.64 billion, 50 percent compared to TZS 1,293.64 billion reported in 2017/18.

**e) Domestic Borrowings**

Collection from Domestic borrowings mainly comprises of; of Treasury bonds and Treasury Bills, TZS 3,951.04 billion, 68 percent of the estimates of TZS 5,793.66 was secured as domestic borrowings to



finance the budget, hence domestic borrowings of TZS 1,842.62 billion was not released.

I noted decrease of domestic borrowings by TZS 1,753.46 billion 30.74 percent when compared to Borrowings of TZS 5,704.50 in 2017/18.

**f) External Concessional Borrowings**

External concessional borrowings received during the year were TZS 1,722 billion, an increase of 8 percent compared to estimates of TZS 1,595 billion.

I noted the decrease of external concessional loans by TZS 491.75 billion 22 percent when compared to Borrowings of TZS 2,214.15 billion received in 2017/18.

**g) External Non-Concessional Borrowings**

External non-concessional loans received were TZS 1,706 billion 54.85 percent of the estimate of TZS 3,111 billion.

Compared to prior year, I observed the decrease of external non concessional borrowings by TZS 38.04 billion 2 percent of TZS 1,744.34 billion non concessional borrowings received in 2017/18.

**4.3.4 Trend of Estimates and Collection**

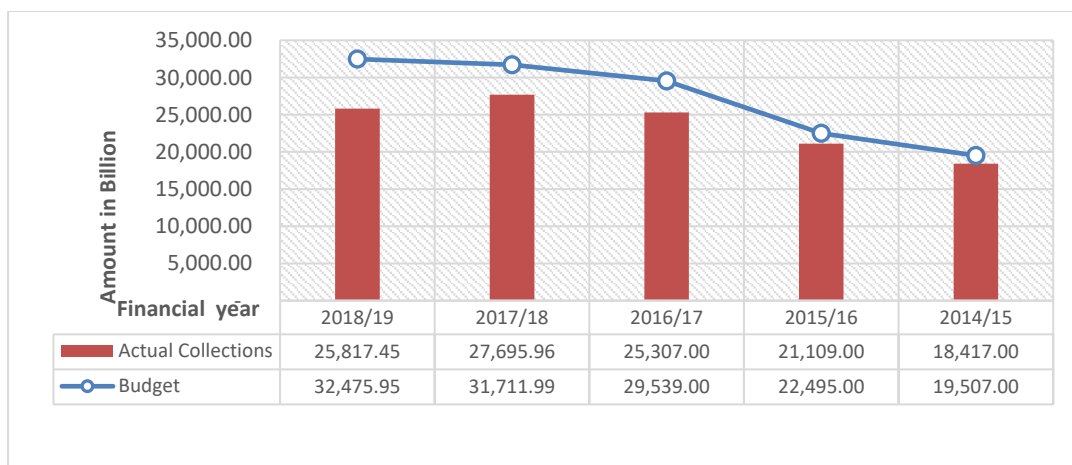
My review on estimates and collection over the past five years shows a trend of increasing Government Estimates and Actual collection to finance expenditure, however collection from each Financial year have been below the approved estimates. A trend of increased Government collection has a positive impact to the provision of better social services, infrastructures and development projects. The Table and Figure below show a trend of estimates, actual collection and percentage of contribution for each identified source.

**Table 12: Trend of Estimates, Actual collection and percentage of contribution from each identified source.**

Details	F/Y 2018/19 (Amount in Billion TZS)	F/Y 2017/18 (Amount in Billion TZS)	F/Y 2016/17 (Amount in Billion TZS)	F/Y 2015/16 (Amount in Billion TZS)	F/Y 2014/15 (Amount in Billion TZS)
Estimates	32,475.95	31,711.99	29,539.00	22,495.00	19,506.00
Actual collection	25,817.45	27,695.96	25,307.00	21,109.00	18,417.00
<b>% of Contributions</b>					
Tax	60%	55%	57%	59%	54%
Non tax Collection	9% <sup>12</sup>	5%	8%	8%	5%
Domestic Borrowings	15%	21%	23%	25%	22%
Grants and External Borrowings	16%	19%	12%	8%	19%

Source: Analysis of Audited data from individual Votes

**Figure 8: Trend of Estimates and Actual Collection for consecutive Five years (Amounts in billion TZS)**



Source: Analysis of Audited data from individual Votes

<sup>12</sup> Include LGA's Collection

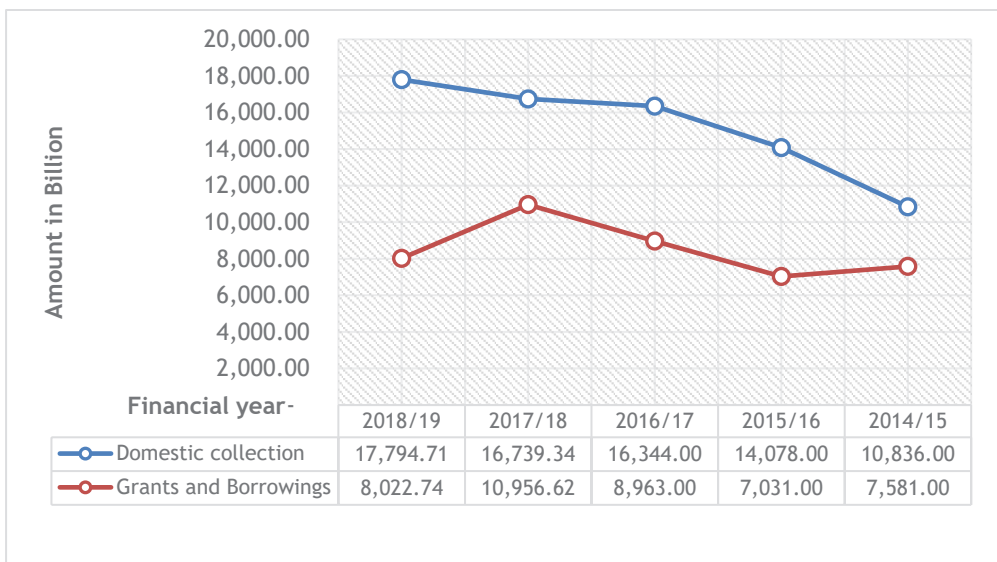
### 4.3.5 Budget Financing

Actual collection from domestic generated sources such as Tax, non-taxes and LGA's own source collection to finance the Budget were TZS 17,794.71 billion, 69 percent of the total Collection, while TZS 8,022.74 billion, 31 percent of the collection were internal, external borrowings and Grants.

The analysis shows domestic generated collection could only finance Government expenditure by 69 percent, the remaining financing percentage of 31 emanating from Borrowings.

I observed the level of borrowing and assistance in financing the budget decreased by 27 percent compared to TZS 10,956.62 reported in 2017/18. Trend of Domestic collection and Borrowings are as Shown in the Figure below;

**Figure 9: Trend of Actual Domestic collection versus Grants and Borrowings for consecutive Five years (Amount in Billion TZS)**



Source: Analysis of Audited data from individual Votes

*It is my recommendation to the Government; responsible Authorities, MDs and RSs to explore for other sources that will widen domestic generated collection and keep on reducing dependence on Borrowings and assistance.*

#### **4.3.6 Unaccounted Collection in the Consolidated Fund**

I reviewed collection from each identified sources and transfer made to Consolidated Fund Account and noted following anomalies which are contrary to Article 135 (1) of the Constitution of the United Republic of Tanzania 1977 (Revised 2005) which requires all revenue for the use of the Government shall be paid into one special fund to be known as the Consolidated Fund of the United Republic. As shown in Paragraph below:

##### **4.3.6.1 LGA's Own Source Collection not Accounted in the Consolidated Fund TZS 553.378 billion**

From the approved estimates of TZS 735.58 billion, Local government Authorities through Regional Administrative Secretariats (RS) are obliged collect and submit revenue collection reports to the Ministry of Finance and Planning for consolidation and request for dummy exchequer by submitting request letter for own source revenue collected.

However, I noted that out of TZS 659.098 billion collected from LGA's Own source only TZS 105.94 billion was acknowledged in the Consolidated Fund, the remaining balance of TZS 553.378 billion was not accounted as no dummy receipt was issued.

*I recommend adequate reconciliation between Ministry of Finance and responsible authorities; RS, and LGAs also strengthening of available controls include awareness on the responsibility of account own source revenue in the consolidated fund.*

##### **4.3.6.2 External Borrowings not Accounted to Consolidated Fund Account TZS 1,171.91 billion**

My confirmation with Vote 22-Public Debt and General Services I noted that, out of total collection TZS 3,428.70 billion against approved estimate of TZS 4,706.73<sup>13</sup> billion, only TZS 2,172.68 billion was remitted to Consolidated fund account, while the remaining

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<sup>13</sup> TZS 1,595 billion external concessional borrowing and TZS 3,111 billion external non concessional borrowings

balance of TZS 1,171.91 billion was direct to project Fund and not accounted in Consolidated Fund while TZS 84.058 billion was not ripe to be deposited in the CF.

*I still reiterate my prior year recommendation on adequate reconciliation and strengthening of available controls on accountability of Direct to project fund.*

#### **4.3.7 Receipts and Transfers in the consolidated fund**

Total issues from the Consolidated Fund Account was TZS 26,696.58 billion against Receipts of TZS 24,239.47 billion in a Consolidated Account. However out of total releases, TZS 86.52 billion from Treasury single account (TSA) was not spent; (including withheld Transfer of TZS 19.57 billion), hence led to a net deficit of TZS 1,241.65 billion as at 30 June 2019 in consideration of Government deposit with BOT amounting to TZS 1,128.93 billion.

The noted persistent deficit in Consolidated Fund Account from prior year to current reporting period is supported by Government overdraft facility with Central Bank. Details of receipts and transfers in Consolidated Fund Account are as shown in the table below;

**Table 13: Receipts versus Transfers in Consolidated Fund Account**

Source of Collection and Transfer	Amount in Billions (TZS )
<b>Receipts:</b>	
TRA Collection (For Tanzania Mainland)	15,825.17 <sup>14</sup>
Non tax revenue	1,661.28
LGAs Own source (Dummy receipt)	105.72
Grants	643.41

<sup>14</sup>This figure includes actual tax collection of TZS 15,474.33 billion for the respective budget, opening balance float TZS 2.05 billion from TRA and TZS 25.27 billion from collection for institution, tax refund to industrial TZS 35.62 billion, and TZS 306.02 billion wharfage not transferred to TPA and exclude GEPP collection not transferred to CF TZS 17.62 billion and TZS 0.50 billion closing balance float.

Source of Collection and Transfer	Amount in Billions (TZS )
<b>Receipts:</b>	
Domestic borrowings	3,831.21 <sup>15</sup>
External Borrowing	2,172.68
<b>Total Collection</b>	<b>24,239.47</b>
<b>Transfer:</b>	
Exchequer release for Recurrent and Development	(26,677.01)
Withheld Transfer in TSA	(19.57)
<b>Total Transfer</b>	<b>(26,696.58)</b>
Unspent balance	86.52
<b>Deficit</b>	<b>(2,370.58)</b>
<b>Represented by</b>	
Add: Government collection account with balances	206.00
Add: Government deposit account with balances	922.93
Total Government balances with BOT	1,128.93
<b>Net Government position with BOT</b>	<b>(1,241.65)</b>

Source; Statement of Receipt and Transfer in the Consolidated Fund

Allocation of Exchequer issue for Central Government that is; Ministries, Departments, and Regional Secretaries was TZS 22,285.03 billion were; TZS 15,140.56 billion for recurrent expenditure, and servicing of debts and TZS 7,144.46 billion for development expenditure, the remaining balance was released to LGAs.

Analysis of Estimates, Exchequer Issues and Actual expenditure are as shown in Paragraphs below;

#### 4.3.8 Comparison Between Approved Estimates and Exchequer Issues for Supply Accounts

My review of MDs and RSs Financial Statements noted that TZS 15,140.56 billion, 94.02 percent for recurrent expenditure was released against the approved revised estimates of TZS 16,104.39

<sup>15</sup> The difference of TZS 119.82 billion difference was used to rollover matured obligations on Treasury Bills for the month of July and August when the account was still operating as exchequer account instead of revenue account to CF.

Compared to prior year, I observed decrease of recurrent issues released by 1.74 percent from TZS 15,408.03 in 2017/18.

It is my opinion that insufficient release of the approved recurrent estimates might affect the achievement of desired objectives.

#### **4.3.9 Comparison Between Exchequer Issues Released and Actual Expenditure for Supply Votes**

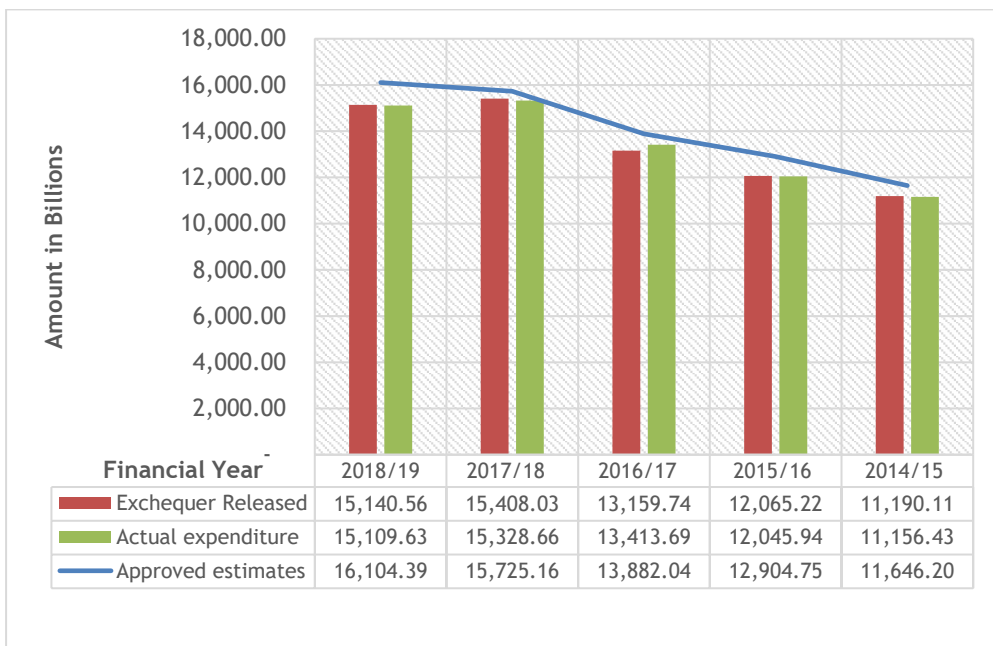
Actual Recurrent expenditure for MDs and RSs was TZS 15,109.63 billion, 99.80 percent against issues released of TZS 15,140.56 billion from Treasury, as a result TZS 30.94 billion was not spent during the year and surrendered to Pay Master General (PMG).

Compared to prior year, I observed the decrease of recurrent expenditure by 1.43 percent from TZS 15,328.66 billion in 2017/18.

I am of the view that, unutilized exchequer release implies inadequate implementation of planned activities, or inability of the management to utilize the released Fund timely.

Details on Approved Estimates, Exchequer issues and Actual Recurrent expenditure for MDs and RS are as shown in the Figure below and **Appendix 4.1**.

**Figure 10: Estimates, Exchequer issues and Actual Expenditure for Supply Vote in 2018/19 (Amount in billions TZS)**



Source: Individual audited financial statements of MDs and RS

#### 4.3.10 Comparison Between Approved Estimates and Exchequer Issues for Development Votes

My review of MDs and RSs Financial Statements noted that TZS 7,144.46 billion, 68.26 percent for development expenditure was released against the approved revised estimates of TZS 10,467.21 billion.

Compared to prior year, I observed the decrease of Development issues released by 1.04 Percent from TZS 7,219.26 billion in 2017/18

It is my opinion that, under release of development budget has adverse impact on execution of budgeted key priority areas and threatening sustainability of those projects.

#### 4.3.11 Comparison Between Exchequer Issues Released and Actual Expenditure for Development Vote Account

Actual Development expenditure for MDs and RSs was TZS 7,131.24 billion, 99.81 percent when compared to issue released of TZS



7,144.46 billion from Treasury, TZS 13.23 billion development released were not spent during the year and surrendered to PMG.

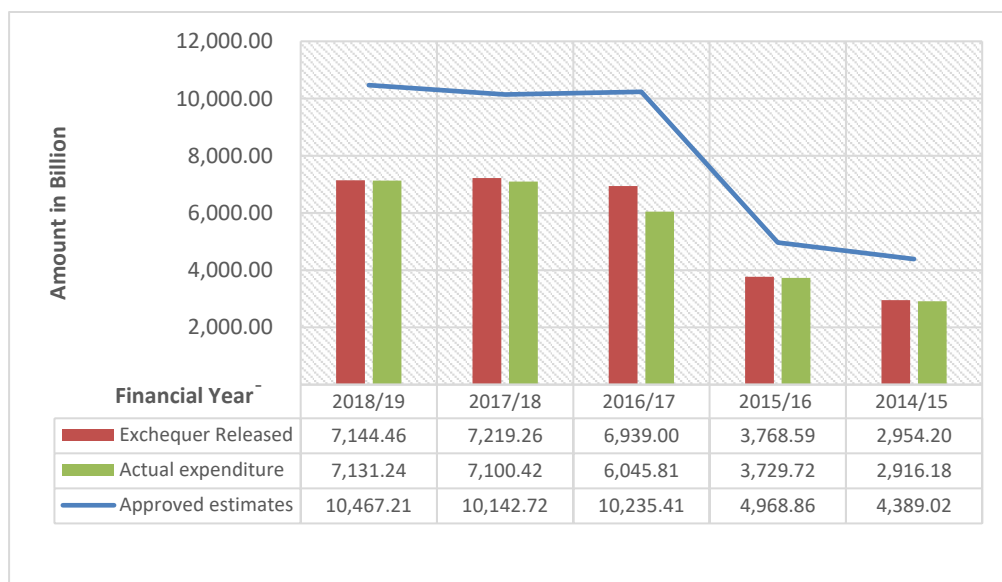
Compared to prior year, I observed the increase of Development expenditure by 0.43 percent from TZS 7,100.42 billion in 2017/18.

I am of the view that the unutilized Development release may be due to laxity in utilization of the released funds which tend to affect implementation of the planned Projects.

*It is my recommendation to ensure funds are released timely and Accounting Officers of the respective votes to speed up implementation of the planned Development activities.*

Details on Approved Estimates, Exchequer issues and Actual Development expenditure for MDs and RS are as shown in the Figure below and **Appendix 4.2**

**Figure 11: Estimates, Exchequer issues and Actual Expenditure for Development Vote in 2018/19 (Amount in billions TZS)**



Source: Individual audited financial statements of MDs and RS

#### 4.3.12 Management of Revenue by MDs, RSs and Embassies

My review on compliance to issued directives, Public Finance Act 2001 revised 2004 and its Regulations with regards to management of

Revenue by MDs, RSs and Embassies for financial year ended June 2019 noted the following non-compliance;

**4.3.12.1 Non-Tax Revenue not Transferred to the Collection Account  
TZS 4,128,070,205.68**

Compared to my previous report, I noted unremitted Non tax collection from 5 Embassies (visa fees and Rent collection) amounting to TZS 4,128,070,205.68, the amount is higher by 63 percent compared to TZS 2,537,773,463.50 from 7 Embassies reported in Financial year 2017/18. Contrary to Section 11 of the Public Finance Act of 2001 as revised in 2004 and directive issued by Ministry of Foreign Affairs and East African Cooperation via Letter reference CA 441/527/01 dated 5 July 2016 and DA 68/226/02/83 dated 19 June, 2018 which restrict Embassy from spending non tax collection to finance operations and ensure collection are remitted to Consolidated Account on or before 30<sup>th</sup> June each fiscal year.

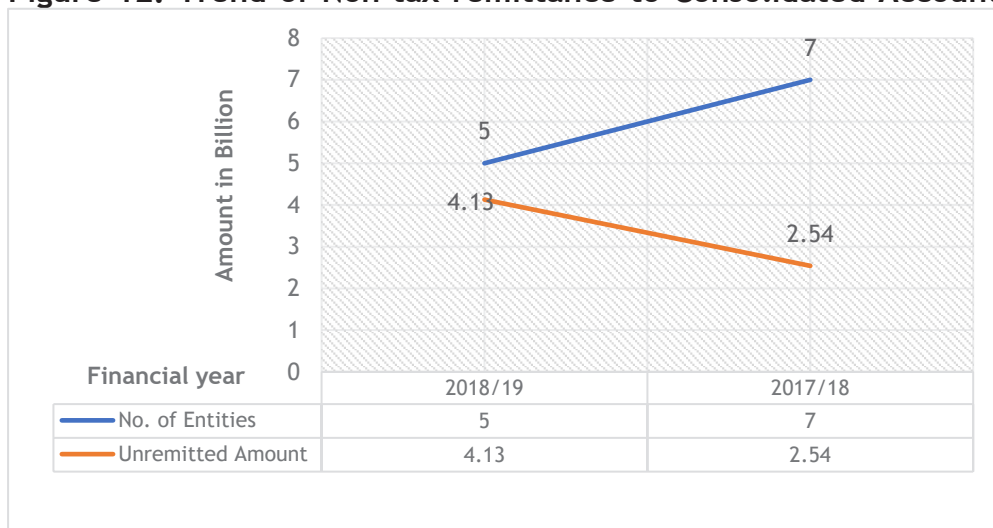
My review also noted; Partial remittance of collection since financial year 2016/17 to 2018/19 in two Embassy<sup>16</sup> and re-occurrence of the same non-compliance to three Embassy<sup>17</sup> over the past three years. The trend of compliance and details of unremitted amount is shown in the Table and the Figure below;

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<sup>16</sup>Tanzania Embassy in Addis-Ababa and New York

<sup>17</sup> Tanzania Embassy in Addis Ababa, Ethiopia; TZS 146,072,597 in 2016/17, TZS 259,358,948.85 in 2017/18 and TZS 148,083,738.12 in 2018/19 Tanzania Embassy in Washington, D.C; TZS 3,842,107,471.00 in 2016/17; TZS 784,726,694.05 in 2017/18 and TZS 1,114,542,322.00 while Tanzania Embassy in New York; TZS 1,009,255,443 in 2016/17 and TZS 2,659,680,829.64 in 2018/19

**Figure 12: Trend of Non-tax remittance to Consolidated Account**



**Table 14: Non-tax revenue collection not remitted to consolidated fund.**

S/N	Sub Vote	Name of the Embassy	Amount (TZS)
1	2038	Tanzania Embassy Khartoum	22,302,783.05
2	2013	Tanzania Embassy in Paris	183,460,532.87
3	2001	Tanzanian Embassy in Addis Ababa, Ethiopia	148,083,738.12
4	2011	Tanzania Embassy in New York <sup>18</sup>	2,659,680,829.64
5	2018	Tanzania Embassy in Washington, D.C <sup>19</sup>	1,114,542,322.00
Grand total			4,128,070,205.68

Source: Signed Management Letters

It is my opinion that non remittance of non-tax collection to Collection Account create deficit in financing Government expenditure for the year.

<sup>18</sup> Partial remittance of rent since 2016/17 to 2018/19; \$1,161,686.32 at average exchange rate of TZS 2,289.50 /USD (ref management letter)

<sup>19</sup> \$486,876 at exchange rate of TZS 2,289/USD (ref management letter)

*I still insist on compliance of Finance Act and directives issued and ensure that collections for the year are remitted to Consolidated Fund to finance Government expenditure.*

#### **4.3.12.2 Visa Application Fees Collected Over the Counter TZS 646,083,432.07**

My review of revenue cash book, ERVs, bank statements and reconciliations of Tanzania Embassy in Paris revealed over the counter collection of TZS 646,083,432.07 from visa applications fees, were collected contrary to the directive issued with letter reference No. CJB/162/352/02C/82 by the Permanent Secretary of Foreign Affairs which requires to collect visa fees and other revenue using banking system.

I was able to authenticate that, only TZS 462,622,899.20 of the collection was banked and remitted to consolidated Fund Account while the remaining balance of TZS 183,460,532.87 was reallocated by the Embassy to finance its recurrent expenditure.

I am of the view that; collection over the counter, un-banked and non-remittance of visa fees collection to Collection account is contrary to Public Finance Act and directives issued, in addition it denies the Government to utilize the collected fund in other development activities, instead using the collected fund to carry out unintended activities.

*I recommend embassies to ensure all collections are made through bank account and remitted to consolidated fund to finance Government expenditure.*

#### **4.3.12.3 Unclaimed Deposit Balances not Remitted to Treasury TZS 3,389,301,017.92**

My review on deposit register and cash book for the year ended June 2019 noted long outstanding deposit balance of TZS 3,389,301,017.92 aggregating from previous years transactions in 2 Ministries and 1 Embassy<sup>20</sup> deposit Account which were not remitted to Treasury

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<sup>20</sup> Ministry of Education, Science and Technology (Vote 46), Ministry of Agriculture (Vote 43) and Tanzania Embassy in Berlin

despite being unutilized/unclaimed for a long period<sup>21</sup>, contrary to Regulation 133 of Public Finance Regulations, 2001 (as revised 2004) which requires unclaimed deposit for more than five years to be paid into revenue account with the approval of the Accountant-General, and refund to entitled person if he or she is satisfied that the claim is authentic. Details are in the Table below.

**Table 15: Unclaimed deposit balances not remitted to Treasury**

Vote No.	Vote Description	Amount TZS
<b>Ministries</b>		
46	Ministry of Education Science and Technology	1,370,204,939.34
43	Ministry of Agriculture	480,004,970
<b>Sub-total</b>		<b>1,850,209,909.34</b>
<b>Embassy</b>		
2002	Tanzania Embassy in Berlin <sup>22</sup>	1,539,091,108.58
<b>Grand Total</b>		<b>3,389,301,017.92</b>

Source: Signed Management Letters

It is my opinion that, long outstanding deposit fund implies inadequate internal controls over deposit account.

*I recommend management of the respective ministries to adhere to the Public finance regulation stated above, and seek clarifications from the Treasury with regards to unutilized fund held in deposit and other dormant Accounts of the ministries and embassies.*

#### **4.3.12.4 Uncollected Traffic Notifications TZS 4,570,783,000**

I reviewed revenue report for Tanzania Police Force (TPF) as at December, 2019 and observed uncollected revenue from Traffic law breakers amounting to TZS 4,570,783,000 outstanding for four years (2015/16 to 2018/19) contrary to Regulation 57 (2) of Public Finance Regulations 2001 (as revised in 2004) which requires the Accounting Officers to ensure persons liable to pay revenue are informed by bills

<sup>21</sup> Range from 5 to 14 years

<sup>22</sup> Euro 588,361 at an exchange rate of TZS 2,615.90 /Euro (BOT exchange rate of 28 June, 2019) idle since 2006

and adequate measures are taken to obtain payment, including action through the Courts where circumstances so require.

The overdue collection are result of inadequate control of the system which allows law breakers to renew their driving licenses without clearing their outstanding notification bills. This practice which has been long outstanding in my view could put undue burden to the Government deficit financing.

*It is my opinion that uncollected revenue denies the Government intended collection. Therefore, I call on the responsible authorities to come up with clear strategy that allows collection of overdue receipts for purpose of financing Government expenditure.*

**4.3.12.5 Implementation of Activity not Budgeted TZS 2,583,161,865**  
During the year I reviewed expenditure of the Ministry of Natural Resources and Tourism and noted sum of TZS 2,583,161,865<sup>23</sup> spent on establishing a special Television channel for broadcasting tourist attraction ‘Tanzania Safari Channel’ studio. However, on confirmation of financing source I observed that the implemented activity was not in Medium Term Expenditure Framework and the Ministry’s budget as approved by the National Assembly rather, fund were reallocated from other activities under the Ministry and its affiliates including; TANAPA, NCAA, TAWA and TFSA.

Upon inquiry I was informed that, budget for implementing Urithi festival was approved by the Ministry’s management through its formal meetings. However despite the good intention of the Ministry I am of the view that implementation of unbudgeted activities is contrary to Regulation 4 (1) of Public Finance Regulation 2001 (as revised in 2004) and tend to affect implementation of the planned activities under the Ministry and respective agencies.

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<sup>23</sup> Ministry of Natural Resources (TZS 1,511,995,098), TAWA (TZS 351,008,632) & TFSA (TZS 720,158,135)

*I recommend the Ministry to ensure activities are prior budgeted and approved by the National Assembly to avoid ad hoc activities that may lead to reallocation of such significant amount. I also emphasize that all reallocations have to be approved by the Ministry of Finance and planning prior implementation.*

## CHAPTER FIVE

### 5.0 NATIONAL ACCOUNT

#### 5.1 Tanzania Revenue Authority

##### 5.1.1 Introduction

The Tanzania Revenue Authority (TRA) was established by Act of Parliament No. 11 of 1995, and started its operations on 1<sup>st</sup> July 1996. In carrying out its statutory functions, TRA is regulated by law, and is responsible for administering various taxes of the Central Government.

TRA prepares two sets of statements which are the Revenue Statements and the Financial Statements for the Authority itself (Expenditure). Both statements are prepared under International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting. The Revenue Statements are for reporting affairs of various taxes collected by TRA. The Financial Statements (Expenditure) mainly report on the accountability of funds received from the Government and other sources to finance TRA operations.

##### 5.1.2 Implementation Status of the Prior Years' audit Recommendations

In my previous audit reports, 103 recommendations were issued in the financial year ended 30<sup>th</sup> June, 2018; and 180 recommendations were outstanding for the financial years from 2001/2002 to 2016/17, thus making 283 as total outstanding recommendations.

I have reviewed the progress made in implementing prior years' recommendations totalling to 283 as analysed in the Table below.

**Table 16: Analysis of prior years' audit recommendations**

Department	Recommendations	
	Number	Percent
Customs and Excise Department	129	45
Large Taxpayers Department	70	25
Tax Investigations Department	20	7



Department	Recommendations	
	Number	Percent
Domestic Revenue Department	64	23
Total	283	100

Detailed analysis of outstanding prior years' audit recommendations by department with their respective years when they were issued is shown in **Appendix 5.1**

In my review of the status of audit recommendations, I noted that out of 283 recommendations, 63 recommendations (22 percent) were implemented, 220 recommendations (78 percent) were under implementation as shown in the Table below:

**Table 17: Implementation status of prior years' audit recommendations**

Status	Total	
	No	%
Implemented	63	22
Under Implementation	220	78
<b>Total</b>	<b>283</b>	<b>100</b>

Further review revealed that out of 220 outstanding recommendations, 32 recommendations (15 percent) require decision of authorities outside TRA such as Judiciary for court cases and Parliament for cases where abandonment approval is sought by TRA through the Treasury. Ruling for some of court cases and write off approvals have been awaited since the year 2001/2002. The remaining 188 recommendations (85 percent) are being pursued by the management of TRA.

Generally, the implementation status is not satisfactory. I still advise the Government to speed-up implementation of the audit recommendations in order to unlock the tied up revenue in the pending matters and enhance its revenue collections.

### 5.1.3 Revenue Out-Turn in Tanzania

During the financial year 2018/2019, the Authority collected a total of TZS 15,744,608,757,106 against the set target of TZS 18,297,537,353,745 reflecting an under collection of TZS. 2,552,928,596,639 equivalent to 14 per cent of total revenue targets. These total revenue figures exclude collection from Treasury Vouchers with respect to payments for tax exemptions and refunds which amounted to TZS 20,052,472,109. The actual collection with treasury vouchers inclusive was therefore totalling to TZS 15,764,661,229,216 for the year under review. The table below indicates the total Revenue collection from both Tanzania Mainland and Zanzibar (treasury vouchers).

**Table 18: Revenue Collection Departmental-wise (figures in millions)**

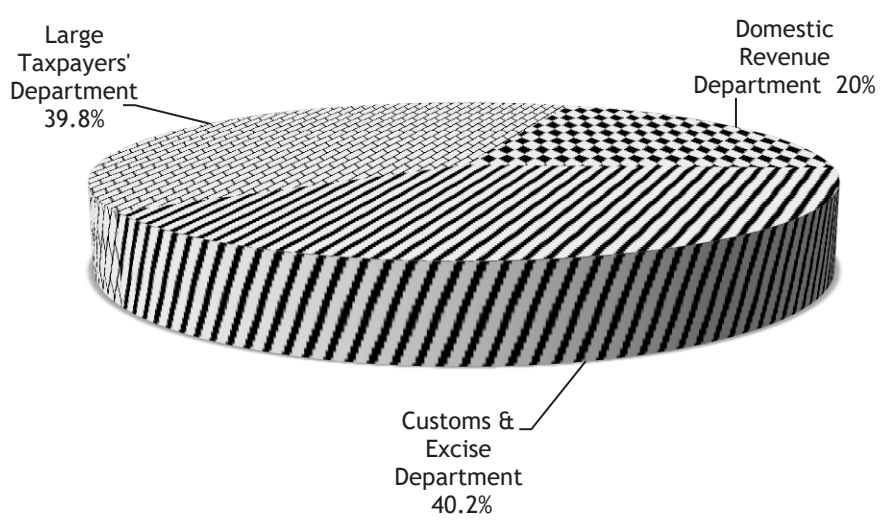
Department [TZS Billion]	Targets - Mainland & Zanzibar TZS	Collection for Mainland & Zanzibar TZS	Over/ (Under) Collection TZS	Over (under) collection %
Domestic Revenue [DRD]	4,164,809	3,182,800	(982,009)	(24)
Large Taxpayers [LTD]	7,100,000	6,338,387	(761,612)	(11)
Customs & Excise [CED]	7,091,202	6,389,948	(701,253)	(10)
Refunds and transfers	(58,473)	(166,527)	108,054	185
Total Collections	18,297,537	15,744,609	(2,552,929)	(14)
Treasury Vouchers	35,128	20,052	(15,076)	(43)
<b>Grand Total</b>	<b>18,332,665</b>	<b>15,764,661</b>	<b>(2,568,004)</b>	<b>(14)</b>

*Source: Audited Revenue Statements for 2018/19*

As shown in the table above, the performance of all three revenue collection departments were below their targets for the year under review. However, department wise analysis shows that Customs & Excise Department (CED) accounted for 40.2 percent of actual

collection which is the largest share, followed by Large Taxpayers Department (LTD with 39.8 percent share and Domestic Revenue Department (DRD) with 20 percent. This ranking excludes collection from Treasury Vouchers. The figure below shows the revenue contribution departmental wise.

**Figure 13: Actual Revenue Collection Department wise, FY 2018/19**

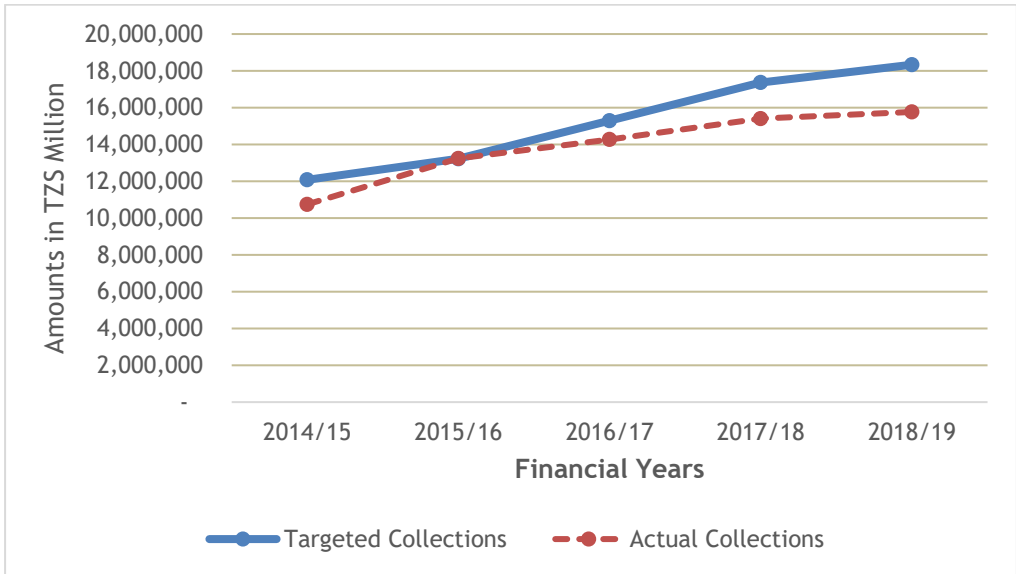


The above Figure shows that the contribution of Domestic Revenue Department is still trailing behind other departments despite initiatives taken by the Authority to increase share of domestic revenue collection through implementation of TRA Fifth Corporate Plan (2017/18 - 2021/22). In my view strategic actions are required in order to increase tax yield at the Domestic Revenue Department such as, increasing tax base by registering new tax payers, making close follow up on tax arrears, timely settlement of tax objections, strengthening the tax audits, tax assessments, normal flow and examinations unit, insisting on the use Electronic Fiscal Device (EFD) machines and timely addressing challenges relating to EFD machines, providing awareness and encouraging the public to demand EFD receipts for purchased goods and services.

#### 5.1.4 Revenue Collection Trend

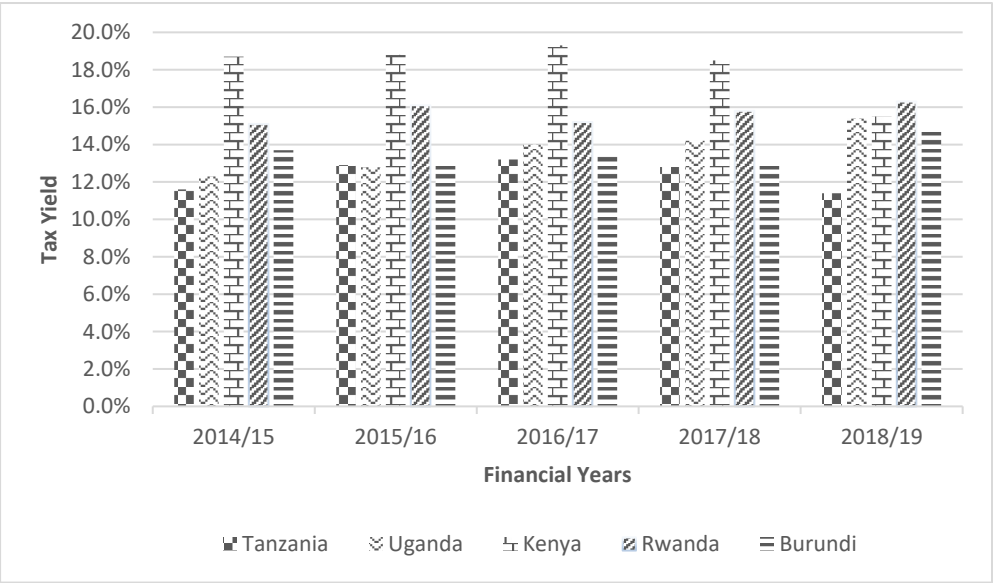
The trend of revenue collection over the past five years is shown in the Figure below. Generally, it was below the approved estimates with the exception of the year 2015/16 where actual collections exceeded the target by 0.13 percent.

**Figure 14: Trend of Tanzania revenue collections FY 2014/15 to FY 2018/2019**



Further, in the financial year 2018/19 the performance of the Authority recorded a downward movement in terms of the tax yield (tax to GDP ratio) of 11.4 percent as opposed to a 12.8 percent in 2017/2018. This decline in tax yield calls for Government to continue exerting more efforts in increasing revenue collection. A comparative analysis of tax yield of five years for Tanzania and other East African countries is shown in the Figure below.

**Figure 15: Analysis of Tax Yield for Tanzania and other EAC countries**



Please refer to Appendix 5.2 for the detailed analysis of five years’ revenue trend.

I am of the view that the Tanzanian tax efficiency, both actual and target yields leave a room for improvement through increased efforts in the revenue mobilization by widening tax base, plugging of revenue leakages, improving voluntary tax compliance, tax efficiency and effectiveness. All these measures will eventually reduce country’s fiscal deficit and debt financing gap.

### 5.1.5 Key Challenges in Revenue Collection and Recommendations

For the past five years TRA has been missing the targets with the exception of 2015/2016 and revenue collection trend were below the approved estimate by 8.6 percent on average in the past five years.

Below is the summary of key challenges noted and recommended remedial actions;

#### **a) Existence of Several Pending Tax Disputes**

I noted that tax cases totalled TZS 366.03 trillion were pending at Tax Revenue Appeal Board (TRAB), Tax Revenue Tribunal (TRAT) and Court of Appeal. Among reasons for pending tax disputes include limited financial resources in these entities which affect their performance. This situation affect the amount of tax to be collected by TRA.

*I recommend the government to enhance efficiency of the tax appeal organs by allocating and releasing sufficient required financial and other resources for their operations in order to timely clear the outstanding tax cases.*

#### **b) Outstanding Tax Receivables (Tax Arrears) and Assessed Taxes**

My review noted lack of timely follow up on assessed taxes which resulted into piling-up of taxes in arrears for a long period. This situation has been contributed by lack of close monitoring and inadequate information concerning taxpayers' business operations. In my view, if adequate efforts and appropriate measures could have been taken by TRA management, the large amount of outstanding tax arrears could have been collected and boosted the revenue collections for the financial year under review.

*I recommend to the government to improve the follow up mechanism so as to recover taxes in arrears from the taxpayers. This can be achieved by enhancing the debt management department and strategies at TRA in order to collect on time all taxes as they become due and avoid long outstanding taxes in arrears from assessments made.*

#### **c) Delays in Settlement of Tax Objections**

My assessment on the efficiency and efforts of the Authority in settlement of tax objections, noted delays in resolving and settlement of tax objections filed by taxpayers. These delays have impact on revenue collection as government taxes are tied up in objections cases for a long time. This situation has been contributed by inadequate knowledge and skills of tax officers in resolving tax objections.

*I recommend the government to ensure that tax objections are settled on time, including allocation of adequate number of staff and capacity building to officers dealing with tax objections.*

**d) Inadequate Resources and Skilled Tax Auditors**

My review noted postponement of tax audit assignments due to complexities of transactions involved in taxpayers' records especially in multinational and petroleum companies. I further noted under assessment and non-assessment of taxes in several tax audit assignments. This situation was contributed by inadequate number of tax auditors and skill gap of some officers during tax audits.

*I recommend the government to allocate adequate number of tax auditors and enhance capacity building to all officers in the tax audit and tax assessments functions.*

**e) Inadequate Control and Monitoring Over Clearance of Imported, Transit and Exported Goods**

My review noted instances whereby the Authority failed to collect taxes on imported goods, illegal localization (dumped) transit goods and goods not exported. This situation was caused by non-adherence to customs procedures in clearance of goods and monitoring of transit goods.

*I recommend the Government to ensure that customs procedures are adhered to and transit goods are well monitored to ensure that taxes and penalties on illegal localization (dumping) of transit goods are timely collected.*

**f) Overstayed Goods in Customs Warehouses not Auctioned Timely**

My review noted that, the Authority was not conducting sufficient auctions to recover taxes embedded in overstayed and abandoned imported goods deposited in customs warehouses. In some customs areas the Authority did not conduct auctions despite having bulk of goods deposited in customs warehouses.

*I recommend the government to conduct auctions on regular bases in order to recover taxes on abandoned and overstayed goods, in a way to avoid loss of revenue due to deterioration, damage or expiring of goods.*

#### **5.1.6 Specific Issues Raised During the Current Year Audit**

This section covers three key issues requiring close management attention to enhance revenue collection. These include; Management of Tax objections, Management of Tax Arrears and Tax Revenue Collections in Tanzania.

#### **5.1.7 Management of Tax Objections**

##### **5.1.7.1 Taxes Tied up in the Appeal Machinery Pending Rulings**

My audit this year noted that TRA had long outstanding cases at various tax appeals machinery amounting to TZS 366.03 trillion, of which TZS 363.98 trillion (99.44 percent) stuck at the Tax Revenue Appeals Board, TZS 1.45 trillion (0.39 percent) at the Tax Appeals Tribunal and the remaining balance of TZS 605.68 billion (0.17 percent) awaiting ruling at the Court of Appeals. Summary of tax cases for the financial year 2017/18 and 2018/19 is provided in the table below.

**Table 19: Outstanding cases at Tax Appeal Machinery**

<b>Entity</b>	<b>2018/19 TZS (Million)</b>	<b>2017/18 TZS (Million)</b>
Tax Revenue Appeals Board	363,977,725.35	382,005,498.27
Tax Revenue Appeals Tribunal	1,452,992.85	65,995.12
Court of Appeals	605,676.47	548,310.71
<b>Total</b>	<b>366,036,394.67</b>	<b>382,619,804.09</b>

During the Financial Year 2018/19 I noted a decrease of tax cases in terms of tax amount disputed by TZS 16.58 trillion (4.33 percent), where by number of cases increased from 817 cases worth TZS 382.6 trillion in the financial year 2017/18 to 950 cases worth TZS 366.03 trillion in the financial year 2018/19.



*I recommend the Government to improve operations and performance of Tax Appeals Organs by allocating and release adequate funds and other resources for the operations of tax appeal organs to enable timely hearing and concluding of tax cases.*

#### **5.1.7.2 Inefficiency in Handling and Resolving Tax Objections**

My audit during the year 2018/19 noted a total of 107 admitted objection cases with tax amounting to TZS 84,615,063,093.19 by large taxpayers and domestic revenue departments that were outstanding beyond the allowable period of six months as specified in TRA quality management procedures and taxpayer service charter. These objection cases remained unsettled for the periods ranging from 7 to 96 months from the dates the objections were received by the commissioners. Delay in settlement of tax objection applications have a negative impact on revenue collections targets as these cases tie up a substantial amount of taxes.

Also, I noted that the Authority was accepting and admitting tax objection cases which did not comply with the requirements of Tax Administration Act. I simply noted objection applications with taxes amounting to TZS 143,525,104.34 admitted in domestic revenue department without evidence of payment or waiver of the statutory deposits (the one third of the tax objected or the amount not in dispute whichever is higher).

Further, my review noted inefficient and ineffective tax audit. Inadequate number of staff in Technical Units to resolve the objections which has also contributed to high rate of unresolved tax objections being outstanding for a long period.

#### ***I recommend the Government;***

- (a) To expedite handling of tax objection applications in order to resolve the overdue tax objections. This can be done by increasing the number of competent and experienced personnel in Tax Audit Unit and Technical Services Unit; and strengthen its tax assessment process.*
- (b) To ensure admission of tax objections applications comply with the requirement of the Tax administration Act which requires among other things, the objections to be filed within thirty days*

*from the date of service of the tax decision and paying a statutory deposits.*

### **5.1.8 Management of Tax Arrears**

#### **5.1.8.1 Weaknesses in Tax Arrears**

My review on tax arrears registers, reports, taxpayers' collection files, schedules of tax receivables, taxpayers' offence files, ITAX and other supporting documents on sampled taxpayers from tax regions noted ineffective debt management and enforcement mechanisms that lead to the following weaknesses;

#### **a) Long Outstanding Tax Receivables Worth TZS 276,197,724,204**

My review noted pilling up of outstanding tax receivables in the large taxpayer department whereby a total of TZS 276,197,724,204 was not collected despite some of the receivables being originated in 2007. Failure to collect long outstanding taxes reduce the assurance on their collectability hence loss of government revenue.

#### **b) Uncollected Outstanding Tax Arrears Worth TZS 42,859,547,757.15**

My review noted inadequate follow up on the outstanding taxes at domestic revenue department. There were no evidences in taxpayers' collection files such as recent demand notices, reminder letters, agency notices or warrants of distress and tax position which justify enforcement and collection efforts on the tax receivables. Delays in collecting outstanding taxes from arrears, rejected objection cases and taxes from fines amounting to TZS 24,781,862,756.15. I also noted long outstanding tax receivables amounting to TZS 18,077,685,001.89 under Customs and Excise Department.

*I recommend the government to exert more efforts in collecting taxes in arrears. This can be achieved by making various arrangements with taxpayers to settle their tax liabilities including*

*instalment payments thus reducing the chances of un-collectability and boost government revenue.*

#### **5.1.8.2 Implementation of Remission of Interest and Penalties (Under Tax Amnesty)**

In an effort to encourage taxpayers to regularize their tax affairs so as to increase voluntarily compliance, expand tax base and increase government revenue collection, government via finance act of 2018 issued the tax administration (Remission of interest and Penalty) order No 282, published on 30<sup>th</sup> June 2018 and extended order No 755A of 30<sup>th</sup> June 2019.

Upon my review on the implementation of remission of interest and penalties under tax amnesty to assess the progress and outcome as at 30 June 2019. I noted unsatisfactory performance in the recovery of principal taxes during implementation of remission of interest and penalties under tax amnesty. As at 30<sup>th</sup> June 2019 TRA collected only TZS 259,272,779,672.51 equivalent to 26.7% of TZS 971,059,288,251.54 total principal taxes to be collected from taxpayers under tax amnesty. The analysis shows that, Large Taxpayers Department managed to collect principal taxes amounting to TZS 203,527,170,399.51 equivalent to 28% out of TZS 708,130,744,366.54, whereas Domestic Revenue Department managed to collect principal taxes of TZS 55,745,609,273 equivalent to 21% out of TZS 262,928,543,885.

*I recommend Government to increase awareness to tax payers to better utilize limited opportunity like tax amnesty by paying on time principal taxes which will minimize their tax burden and increase government revenue collections.*

#### **5.1.9 Management of Tax Revenue Collections**

##### **5.1.9.1 Inadequate Controls Over Tax Collection on Fuel Imported for Local Consumption**

My review on assessment and collection of taxes on fuel products imported for local market noted the following;

**a) Assessed Customs Duties on Imported Fuel not Paid TZS 124,696,085**

I also noted assessed taxes of TZS 124,696,085 not paid by oil marketing companies. This situation was contributed by inadequate follow up by TRA officers to collect the outstanding tax amount.

**b) Additional Tax and Wharfage not Assessed and Paid TZS 3,577,249,115**

My review of records of imported Oil Products revealed 11 bills of landing with 11,686,616.94 litres of fuel imported and captured in the TANCIS system but they were not assessed for tax payment. Therefore, the respective customs duties of TZS 3,577,249,115 (additional tax and wharfage charges) were not collected by TRA.

This was attributed to non-comparison of bills of lading against the manifests by the Agents of goods after final ullage confirmation. The comparison process would allow additional tax and wharfage charges to be calculated and charged by the TANCIS system.

**c) Interest on Late Payment of Taxes not Collected TZS.1,360,550,338.62**

My further review of assessments and collection of revenue from imported fuel for local consumption and localized transit fuel noted delays in payment of duties and taxes, however, no evidence was provided to substantiate collection of interest amounting to TZS 1,360,550,338.62.

Failure to collect interests on late payments of taxes denies Government opportunity to collect more revenue which is needed to finance its budget.

***I recommend the government to:***

- *Ensure that regular follow-ups are made for unpaid taxes on imported fuel including recovery of TZS 124,696,085.*
- *Take actions on non assessment of additional taxes and wharfage, including collection of the unpaid revenue of TZS 3,577,249,115.*

- *Ensure interest and penalties are charged for late payments of taxes and recover uncollected interest amounted to TZS 1,360,550,338.62.*

#### **5.1.9.2 Inadequate Controls and Monitoring Over Transit Fuel and Dry Cargo**

During my audit, I reviewed the controls and monitoring mechanism over imported goods on transit to other countries and noted the following;

##### **(a) Custom Duties Payable on Transit Goods not Confirmed to Have Exited the Country TZS 127,583,275,392.74**

My review noted transactions of transit cargo with customs duties of TZS 13,883,929,954.34 intended to exit through customs borders of Tunduma, Kasumulu, Namanga, Holili and Kigoma port, were not validated in the TANCIS System and evidences in the form of movement sheets or registers to support exit of cargo through the respective borders were missing.

My further review of data extracted from TANCIS system relating to transit goods at Rusumo, Kabanga and Mutukula customs borders noted transit transactions with bond value of TZS 113,746,778,638.44 recorded in the manual registers to have been received at the borders, however, validation in the system to confirm exit to the respective countries were not performed.

This situation portray non-compliance with customs controls which might offer opportunity for transit cargo to be diverted into local markets without paying the required taxes, thus result into loss of government revenue.

##### **(b) Transit Goods Validated in the System But Exit Evidences are Missing; TZS 299,804,063.32**

I noted 26 transactions of transit goods with bond value of TZS 299,804,063.32 validated in the TANCIS System to confirm exit

to other countries through Kasumulu border. However, transit documents in the form of movement sheets, sub T1s and records in registers were missing. Therefore, I could not confirm on whether these transit goods physically exited the country.

**(c) Penalty to Bond not Collected on Late Exit of Transit Goods  
TZS 167,307,834.91**

My review on transit goods exited through borders of Tunduma, Kasumulu, Rusumo, Kabanga, Mutukula and Dar es Salaam Airport (JNIA) noted goods allowed to exit after expiration of statutory period, but TRA did not charge any penalty contrary to Section 104(17) of EAC Customs Regulation 2011. As a result, Government revenue from penalty to bond amounting to TZS 167,307,834.91 was not collected.

***I recommend the government to:***

- (a) Strengthen controls over export confirmation and TANCIS validation of transit goods to other countries, and recover appropriate taxes; customs duties plus penalties and interest on illegal localized (dumped) transit goods.*
- (b) Ensure that penalty to bond on late exit of transit goods is collected on all transactions to deter any practice of illegal localization of transit goods without payment of taxes.*

**5.1.9.3 Overstayed Goods Deposited in Customs Warehouses and Temporarily Imported Goods**

My physical verification in regional and border Customs Warehouses noted auctions were not conducted on overstayed goods deposited in customs warehouses. In Mara (Sirari border) and Mwanza I noted large quantity of goods deposited in customs warehouses and some of them were obsolete however, no auction was conducted during the year under review to recover taxes from the goods contrary to Section 42(1) of the East African Community Customs Management Act (EACCMA). A total of 1,050 items were overstayed in 18 borders for a

period ranging from 61 to 1,735 days waiting for customs formalities. Delay in auctioning the overstayed goods may lead to loss of government revenue as goods will become obsolete or damaged before the auction.

Further, I noted temporary imported goods with taxes of TZS 2,254,687,609 and 2,600 motor vehicles were overstayed in Tanzania as evidences for re-exportation were missing. I could not obtain any extension that allowed such goods and motor vehicles to remain in the country for such longer period.

***I recommend the government to:***

- (a) Consider making timely decisions such that goods which remained in Customs warehouse for more than 60 days are sold by public auction to recover taxes from those goods.*
- (b) Make follow up and collect taxes from temporary imported goods and motor vehicles not re-exported, including penalties and interest for illegal localization of the goods.*
- (c) Ensure sound controls are in place to monitor all temporary imports in order to avoid localization of the same without payment of taxes.*

**5.1.10 Inadequate Controls Over Enforcement Activities**

My audit scrutiny on tax Offences at customs offices noted additional taxes, penalty and interest amounting to TZS 106,094,872.18 in respect of offences committed by various importers and agents, remain unsettled for a period ranging from 4 to 16 months. Delay in settlement of tax offences result into delay in collection of taxes which in turn affect implementation of government planned activities.

*I recommend the government to strengthen controls and expedite settlement of outstanding offences to avoid loss of government revenue collectable from the retained goods.*

## 5.2 Public Debt Management

### 5.2.1 Introduction

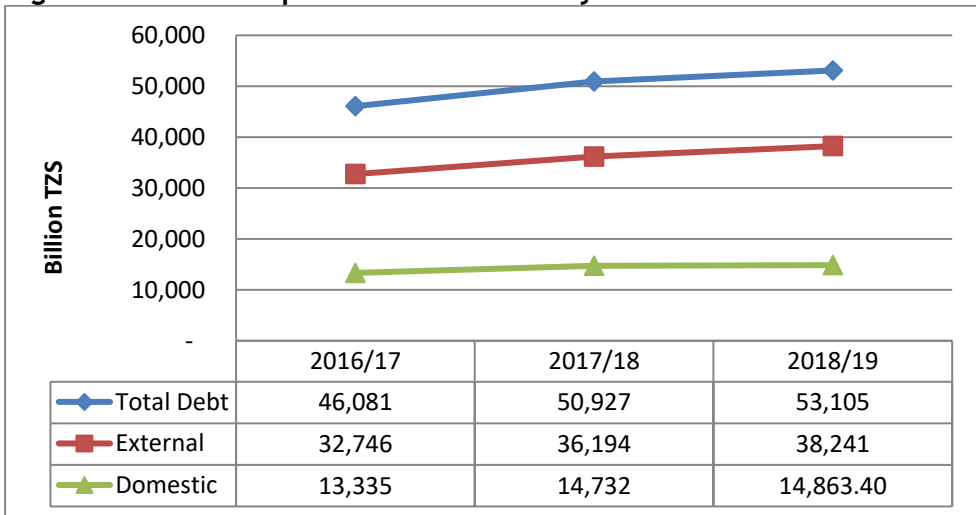
Public Debt refers to the current outstanding obligations which the Central Government and its branches are responsible. In broader terms it also includes government guarantees upon failure of the guaranteed entity to honour the obligations.

Public Debt is governed by the Government Loans, Guarantees and Grants Act No. 30 of 1974 (R.E 2004) (RW 2017 amendments) whereby Sect. 3 and 6 of the Act give authority to the Minister of the Ministry of Finance and Planning to borrow and issue guarantees on behalf of the Government.

### 5.2.2 Public Debt Portfolio Analysis

Total public debt as at 30<sup>th</sup> June, 2019 stood at TZS 53,105 Billion (2018: TZS 50,927) recording an increase of TZS 2,178 Billion equivalent to four percent (2018: TZS 4,845 Billion). Public debt was made up of Domestic Debt Stock of TZS 14,863 Billion (2018: TZS 14,732 Billion) and the External Debt Stock of TZS 38,241 Billion (2018: TZS 36,194 Billion). The Figure below illustrates the trend of public debt stock by type over the past three years.

**Figure 16: Trend of public debt for three years 2016/17 to 2018/19**





### 5.2.3 Factors for Increase of Public Debt Stock

Increase in public debt was attributed to net disbursement (new disbursement, principal repayment and interest payment for Treasury Bills). For the past three years these factors have contributed more than 77 percent of debt increment with a higher contribution of 91 percent recorded in the current year as shown in the table below;

**Table 20: Debt Stock Movement for three fiscal year 2016/17 to 2018/19**

		2018/19		2017/18		2016/17	
	Details	TZS billion	%	TZS billion	%	TZS billion	%
A	Opening stock	50,927		46,081		41,039	
B	Net disbursements	1,988	91	3,722	76	4,429	88
C	Interest Arrears	157	7	178	4	162	3
D	Exchange loss	33	2	945	20	452	9
E	<b>Total increase in Public debt = B+C+D</b>	<b>2,178</b>	<b>4</b>	<b>4,845</b>	<b>11</b>	<b>5,042</b>	<b>12</b>
F	Closing stock= A+E	53,105		50,927		46,081	

*Source: Public debt financial statements for the year ended 30<sup>th</sup> June 2017, 2018 and 2019.*

Further analysis of the growth in Public Debt observed that exchange loss accounted for two percent of such increase in year 2018/19 (decrease from 20 percent in 2017/18). Accumulated interest arrears accounted for seven percent of the increase in year 2018/19 (increase from 4 percent in 2017/18). These arrears are awaiting five non-Paris club bilateral creditors to comply with the Paris club terms which included debts relief for highly indebted countries.

### 5.2.4 Movement of Domestic Debt Stock

Domestic debt portfolio is composed of long term borrowings (Treasury Bonds, Government Stocks and Special Bonds) and short term borrowings (Treasury Bills and Government overdraft). During

the financial year the increase in domestic debt was TZS 131 billion equivalent to 1 percent of the domestic debt registered last year 2017/2018. Trends for the past three years of domestic debt portfolio and borrowing are shown respectively in the tables below.

**Table 21: Domestic Debt stock Trend for three years (Face Value)**

Financial Year	Debt stock (TZS Billion)	Increase	
		TZS Billion	%
2018/19	14,863.40	131	1
2017/18	14,732.45	1,397	10
2016/17	13,335.65	2,142	19

Source: Public debt portfolio worksheet for years 2016/17, 2017/18 and 2018/19

During the year proceeds from domestic borrowing at face value was TZS 4,348 billion. Out of which from short term borrowings were TZS 3,075 billion equivalent to 71 percent and long term borrowings were TZS 1,273 billion equivalent to 29 percent as shown in the table below. Short term instruments are mainly used to rollover maturing obligations and long term instruments for net domestic financing.

**Table 22: Trend of Domestic Borrowing for three years (Face Value)**

Borrowing source	2018/19		2017/18		2016/17	
	TZS Billion	%	TZS Billion	Percent	TZS Billion	Percent
Long term	1,273	29	2,911	44	2,420	33
Short term	3,075	71	3,753	56	4,883	67
<b>Total Borrowings</b>	<b>4,348 <sup>24</sup></b>	<b>100</b>	<b>6,664</b>	<b>100</b>	<b>7,303</b>	<b>100</b>

Source: Public debt portfolio worksheet for years 2016/17, 2017/18 and 2018/19

<sup>24</sup> The reported borrowings have not considered effect of decrease in overdraft balance with central Bank. Opening balance of government overdraft with central bank was TZS 1,937 billion and closing balance TZS 1,242 thus recording a decrease of TZS 696 Billion.

### 5.2.5 Movement of External Debt Stock

The External Public Debt Portfolio includes loans from International Organizations (Multilateral), bilateral creditors, Export-import creditors and Commercial Creditors. The External Public Debt Stock was TZS 38,242 billion equivalent to 72 percent of the total public debt. Such debt stock has increased by TZS 2,047 billion equivalent to 6 percent of the external debt of TZS 36,194 billion reported in the year 2017/18 as shown in the table below.

**Table 23: External Debt stock Trend for three years**

Debt portfolio source	2018/19		2017/18		2016/17	
	TZS Billion	%	TZS Billion	%	TZS Billion	%
International Organizations	22,116	58	20,843	58	18,318	56
Bilateral creditors	4,469	12	4,145	11	4,302	13
Export-import creditors	6,368	17	6,056	17	5,566	17
Commercial Creditors	5,288	14	5,151	14	4,559	14
<b>Total Debt portfolio</b>	<b>38,241</b>	<b>100</b>	<b>36,194</b>	<b>100</b>	<b>32,746</b>	<b>100</b>
<b>Increase</b>	<b>2,047</b>	<b>6</b>	<b>3,448</b>	<b>11</b>	<b>2,900</b>	<b>10</b>

Source: Public debt portfolio worksheet for years 2016/17, 2017/18 and 2018/19

Our review noted that the increase of external debt was attributed by borrowings to finance development projects as shown in the table below;

**Table 24: Trend of External Borrowings for three years**

Borrowing source	2018/19		2017/18		2016/17	
	TZS Billion	%	TZS Billion	%	TZS Billion	%
International Organizations	1,557	45	1,986	50	1,515	50
Bilateral creditors	165	5	125	3	181	6
Export-import creditors	496	14	493	13	373	12
Commercial Creditors	1,210	35	1,354	34	978	32

Borrowing source	2018/19		2017/18		2016/17	
	TZS Billion	%	TZS Billion	%	TZS Billion	%
Total Borrowings	3,429	100	3,958	100	3,047	100

Source: Public debt portfolio worksheet for years 2016/17, 2017/18 and 2018/19

### 5.2.6 Debt Management

#### ***Loans Contracted But Not Disbursed for Long Time***

I noted 11 loan contracts which exist in the database for periods of 5 to 20 years but had no disbursement. This creates a risk of understatement of public debt due to lack of updated information on disbursed loans.

*I recommend the government to set up monitoring and evaluation mechanism that will track down the disbursement and utilization of funds generated from public debt; the follow up mechanism will ensure implementing agencies properly account for the utilization of borrowings on regular basis, and establish coordination mechanism to facilitate reconciliation of signed loan contracts and disbursement.*

#### ***Under Performance of the Domestic Market***

The Government planned to borrow from the domestic market during 2018/2019 through issuing of Treasury bills and bonds to the tune of TZS 6,522 billion at face value whereas as of 30<sup>th</sup> June 2019 a total of TZS 4,348 billion (equivalent to 67 percent) at face value was realized leaving 33 percent unrealized, thus creating a risk of inadequate funds of development projects. Underperformance is attributed to low public awareness regarding the government securities especially securities with longer maturities.

*I recommend the government to consider a strategy to promote development of domestic financial market to attract more investors on longer term maturities (Treasury bonds).*

#### ***Establishment of Government Securities Auction Committee (GSAC)***

I noted that the Government has not established Government Securities Auction Committee (GSAC) contrary to Part 3.4(ii) of the Issuance Plan 2018/2019. Absence of GSAC leads to loss of institutional memory and reference for future decisions due to the fact that decisions regarding auctions are not formerly documented and kept.

*I recommend the government to establish the auction committee with the clear stipulated roles and responsibilities and formally document any decisions made during auctions.*

#### **5.2.7 General Services**

##### ***Lack of joint reconciliation on advance payment for retirees***

We noted absence of joint reconciliation between Ministry of Finance and Planning (MoFP) (Principal) and LAPF (The Agent) on actual payments to pensioners made by the agent against advance remittances received from MOFP by LAPF. Absence of reconciliation is attributed to absence of database for such retirees at MoFP. Non-performance of reconciliation exposes public funds to risk of misappropriation.

*I recommend the government to consider having own list / database of eligible payees rather than depending on bills raised by the agent to facilitate meaningful reconciliation and safeguard of public resources.*

## **5.3 Audit of Processed Payments of Terminal Benefits**

### **5.3.1 Introduction**

Pre-audit of terminal benefit payments is carried out by virtue of the provisions of Article 143(2) (a) of the Constitution of the United Republic of Tanzania (URT), 1977 (as amended from time to time) and Sect 29 of the Public Audit Act No. 11 of 2008. Sect 5 (a) of the same Act requires the Controller and Auditor General to authorize the use of money paid out of the Consolidated Fund upon being satisfied that Article 136 of the Constitution has been or shall be complied with.

It is thus essential to pre-audit all individual payments of the Government which cannot easily be forecasted and appropriated with funds such as terminal benefit payments.

Pre-audit of terminal benefit payments is performed to assess compliance with terminal benefit laws which include Public Service Retirement Benefits Act, 1999; the Local Authority Pension Fund Act, 2006; the Public Service Act, 2002; the National Social Security Fund Act, 1997; the National Defence Act, 1966 (R.E. 2002); Tanzania Intelligence Security Service Act, 1996; Social Security (Regulatory Authority) Act, 2008; the GEPF Retirement Benefit Act, 2013, Political Service Retirement Benefits Act, 1999 and the Income Tax Act, 2004 as amended from time to time.

### **5.3.2 Purpose of the Pre-Audit**

The purpose of this audit is to examine the accuracy of terminal benefit payments to enable early detection of errors with the intention of ensuring that the retirees are being paid what they deserve. This is also made necessary, taking into account that, any wrongly paid amount may not be easily recovered from retirees.

On the other hand, the pre audit of terminal benefits seeks to ensure that the applicable pension laws, regulations, working policies in relation to public service, correspondences, and schemes of service and salary structures are complied with.

### 5.3.3 Pre-Audit Coverage

The pre audit of terminal benefits covers the Public Servants whose terminal benefits are paid out of the Consolidated Fund and do not cover Public servants whose terminal benefit payments are processed by the Public Service Pension Fund (PSPF), Public Service Social Security Fund (PSSSF), National Social Security Fund (NSSF) and other contributory schemes of services. The pre-audit function done by my office on terminal benefit payments paid from Consolidated Fund involves the following:-

- a) Pension and gratuity for public servants with mixed service, Military Officers and Men, Teachers, and Intelligence Officers.
- b) Contract gratuity for Political Leaders, Non-citizens, re-appointed retired officers and citizens first appointed beyond 45 years of age.
- c) Compassionate gratuity for non-pensionable Public Servants and
- d) Gratuity for Rank and file Police Officers.

### 5.3.4 Detailed Findings and Recommendations

This part of the report presents major issues noted from pre-audit of Terminal benefit payments and recommendations for the financial year 2018/2019.

#### 5.3.4.1 Performance Out-Turn

As shown in the Table below, the pre audit exercise commenced with 569 files brought forward from the previous year 2017/2018. A total of 3,251 retirees' files were received adding to a sum of 3,820 files that were available for examination during the year 2018/2019. Out of 3,820 files available for pre -audit, my office managed to examine 3,504 files, of which 3,448 files with terminal benefit claims amounting to TZS 157,665,096,680.74 were examined and approved for payment and 56 were returned to the respective accounting officers requiring some amendments. The balance of 316 files was still under examination as at 30<sup>th</sup> June, 2019.

**Table 25: Summary of retirees' files examined during the year 2018/2019**

Details	Files
Opening balance as at 1 <sup>st</sup> July, 2018	569

Details	Files
Received during the year	3,251
Available for pre audit examination	3,820
Examined and approved	3,448
Examined and returned to employers(Queried files)	56
<b>Balance as at 30<sup>th</sup> June, 2019</b>	<b>316</b>

#### 5.3.4.2 Understatement of Terminal Benefits by Employers

**TZS. 117,449,527.42**

My review of pension paper files, for the year under review, noted terminal benefit payments of some pension paper files submitted for pre audit were wrongly computed.

Out of 3,448 pension files approved for the year under audit, terminal benefit payable to 338 (9.8%) retirees were wrongly computed. Out of which, 170 files were noted with overstatement of TZS 316,117,868.86 while 168 files were understated by a total amount of TZS 433,567,396.28 as shown in the Table below.

However, such anomalies raise concern over the adequacy of the review mechanism of pension papers and capacity of the preparers and reviewers in terms of competence and experience on pension matters and laws as well as documentation of pension files on the side of employers.

**Table 26: Terminal Benefits Understated**

S/N	Subject	Terminal benefits overstated		Terminal benefits understated		Net effect (a-b)
		(a)		(b)		
		No. of cases	Amount (TZS)	No. of cases	Amount (TZS)	(TZS)
1	Incorrect Service Periods	100	114,677,969.86	103	305,919,494.30	(191,241,524.44)
2	Wrong applied Salaries	34	48,813,962.85	28	59,934,917.27	(11,120,954.42)
3	Wrong NSSF contributions	19	21,609,468.80	27	32,891,774.38	(11,282,305.58)
4	Miscellaneous	17	131,016,467.35	10	34,821,210.33	96,195,257.02



S/N	Subject	Terminal benefits overstated		Terminal benefits understated		Net effect (a-b)
		(a)		(b)		
		No. of cases	Amount (TZS)	No. of cases	Amount (TZS)	(TZS)
	incorrect computations					
	Total	170	316,117,868.86	168	433,567,396.28	(117,449,527.42)

Sources: Pension/gratuity papers

From the above analysis, the Government would have incurred a total loss of TZS 316,117,868.86 arising from overstatement whereas pensioners would have suffered by a total of TZS 433,567,396.28 due to understatement of their benefits.

Such anomalies noted reflect a value addition of pre-audit of pension and other benefits that are payable directly from the Consolidated Fund. It further shows the extent to which lapses of internal controls and weakness on the part of the Accounting Officers could cost both the Government and Pensioners if pre-audit were not conducted.

#### 5.3.4.3 Delay in Preparation and Submission of Retiree's Terminal Benefit Particulars

Regulation 89 of the Public Service Regulations, 2003 requires both employers and employees to keep employment records for reference purposes during calculation of the employee's terminal benefits. Regulation 32(2) states that, it is the duty of employers to review from time to time records of employees under their control, in order to ensure that public servants cease from duty on attaining the age of retirement.

In addition, regulation 32(3) of the Public Service Regulations, read together with Order No F.48 of the Standing Orders for Public Service, 2009 requires a public servant who is due to retire, to notify his intention in writing, to his appointing authority through normal channels, at least six months before the proposed date of cessation of duty.

It is my view that if employers and employees comply with the above requirements, retirees will be paid their entitlements including

terminal benefits within a reasonable time following their retirement.

During the year under review we noted delay by employers in the preparation and submission of retirees terminal benefit particulars for audit purpose. The pre audit noted that 1,897 retiree's terminal benefit particulars were delayed for a period between one (1) and 394 months as shown in the table below.

**Table 27: Delay in preparation and submission of files**

S/N	Range(Years)	Number of Files
1	0<1	790
2	1-10	997
3	Above 10	110
<b>Total</b>		<b>1,897</b>

*Sources: Pension/Gratuity papers*

In my opinion, such practices would have not been an issue if employers were taking pension processing seriously. This also amounts to violation of the requirements of the terminal benefits laws and regulations a factor that affects beneficiaries a great deal and causes unnecessary inconveniences leave alone the loss in value of their monies/benefits.

### **Recommendation**

The Government to ensure employers comply with terminal benefits laws with regard to early preparation and submission of retirees' particulars for pre audit and payment purposes.

#### **5.3.4.4 Queried Files not Returned for Pre -Audit**

Government Pension involves three (3) main processes i.e. Benefits Initiation and Computation (Employer), Pre Audit by CAG and; Gratuity and Pension Disbursement (Treasury). The Pre-audit of Terminal Benefits starts with the receipt of employee files from the respective employers. The auditing process involve three criterions i.e. Eligibility, Completeness of the submitted documents and accuracy of the computations.

During the review, errors based on the above criteria that might cause to raise a query may be noted. The file is sent back to the employer

for query clearance. A queried file will be returned with replies for further pre-audit clearances.

During the year, I have noted forty six (46) queried computations of terminal benefits that were communicated to the employers were not returned to my office for pre-audit up to the end of financial year. This means employers kept the files with queries unattended, some of the files have not been returned to my office for more than three (3) years, as shown in the table below. The excessive delay of resubmission of queried files affects the retirees' living standard.

**Table 28: Queried files not returned for pre-audit**

S/N	Range(Years)	Number of Files
1	0<1	8
2	1-3	38
<b>Total</b>		<b>46</b>

*Sources: Pension/Gratuity papers*

### **Recommendation**

- Employers should attend pre-audit queries with immediate effect or seek clarity from the Controller and Auditor General where needed.
- The Government ensure employers comply with terminal benefits laws, regulations, related circulars and directives.

#### **5.3.4.5 Re-submission of Approved Files**

Sect. 37 of the Social Security (Regulatory Authority) Act, 2008 and Sect. 23 of the Public Service Retirement Benefit Act, 1999 restrict retirees to enjoy double terminal benefits.

The pre audit noted ten (10) files resubmitted for pre audit despite the facts that the same were previously approved for payment. I am of the view that resubmission of approved pension files may lead to loss of Government revenue due to double payments.

### **Recommendation**

Government is advised to enhance strict sanctions to all pension preparers who resubmit files for pre-audit and approval. In addition,

controls should be enhanced in the payment system to detect and reject double payments.

## **5.4 Audit of Consolidated Financial Statements**

### **5.4.1 Introduction**

The Government of the United Republic of Tanzania (URT) has adopted the use of the International Public Sector Accounting Standards (IPSAS) accrual basis of accounting in the preparation of Financial Statements with effect from 1<sup>st</sup> July 2012. Therefore, the Government prepared its first IPSAS compliant Consolidated Financial Statements for the financial year ended 30<sup>th</sup> June 2013 as per the requirement of IPSAS 35.

I commend the Government for introducing the Government Accounting Consolidation System (GACS) towards enhancing accuracy, completeness, transparency, accountability and timely reporting. However, the Government is still facing challenges in the course of achieving full compliant Consolidated Financial Statements as observed during my audit of financial statements for the financial year 2018/2019. These challenges include:

### **5.4.2 Review of the Government Accounting Consolidation System (GACS).**

#### **5.4.2.1 Lack of System Validation for Elimination Among Government Entities**

Review of elimination treatment in the consolidated financial statements for service offered among government entities noted that, GACS has a specific template that allows inter entities to specify items related to service which was provided or received from other government entity for elimination. However, the system has not been designed to validate respective figures between two entities which would ensure the balances tally and for any difference the system should alert, and respective entities should reconcile before the system allows elimination.

*I recommend the Government to establish effective mechanism for entity to report inter entity transactions and Implement validation*

*in the system of reported figures for elimination between intra governmental entities to ensure reporting of correct figures.*

#### **5.4.2.2 Inadequate Application General Controls Surrounding GACS Application System**

ISO/IEC 27002 Code of practice for information security management states that, systems should be monitored, and information security events should be recorded in order to detect unauthorized activities. Audit logs recording user activities, exceptions, and information security events should be produced and kept for an agreed period to assist in future investigations and access control monitoring. Moreover, the same standard requires development, test, and operational facilities to be separated to reduce the risks of unauthorized access or changes to the operational system.

Review of application general controls of GACS application noted that, the system does not log user activities to detect unauthorized user activities and access control monitoring. During the audit I requested for access to test environment of the system so as to perform audit test, but there was no test environment. This raises a concern on controls in place with respect to management of application changes. I also noted that the system is not running on HTTPS, which implies that communication between server and client is transferred in plain text without encryption which is subjected to cyber attack.

It is my view that non-logging of user activities can attribute to failure to monitor and detect unauthorized user activities and evidence of user actions cannot be obtained in case of investigation. Also lack of test environment for application testing can lead untested changes being deployed to the production environment.

*I recommend the Government to implement logging of user activities in the system, ensure the system is accessed through https and prepare test environment.*

#### **5.4.2.3 Eliminations in the Consolidated Financial Statements**

Para 40 (a) to (c) of IPSAS 35 requires consolidating entity to combine assets, liabilities, revenues and expenses of the controlling entity with those of the controlled entities. Also it requires eliminating in full all intra economic entity assets, liabilities, net assets, equity, revenue, expenses and cash flows relating to transactions between entities of the economic entity. The objective of the procedure is to remove double counting and enhance actuality of reported events in the financial statements.

My review of Consolidated Financial Statements and individual controlled entities' financial statements noted significant amount of receivables which were supposed to be eliminated against respective payables but the figures were mismatching. We found incidences where Treasury Bills owned by Central Bank were not eliminated from the financial statements. Revenue and corresponding expenses remained unattended.

*I recommend the Government to establish effective mechanism for entity to report inter entity transactions and Implement validation in the system of reported figures for elimination between intra governmental entities to ensure reporting of correct figures.*

#### **5.4.2.4 Consolidation of Entities with Different Reporting Dates Without Adjustment**

My audit of the Consolidated Financial Statements for the United Republic of Tanzania noted inclusion of two (2) Government Controlled Entities (GBEs) which have reporting dates different from the reporting dates of the controlling entity refer (the table below). Such inclusion is contrary to Para 46 of IPSAS 35 and Treasury Circular No. 12 of 9th January 2015 that require financial statements of controlling entity and controlled entities for consolidation purpose to be of the same reporting date and preparation of additional financial statements as of the same date as the financial statements of the controlling entity when the dates are different.

I noted that, no adjustments were made in the Financial Statements of the controlled entities to harmonize the reporting dates with those of the controlling entity; also, no adjustments of the effect of significant transactions or events that occur between that date and the date of the controlling entity's financial statements.

**Table 29: Controlled entities with different reporting dates**

S/n	Name of controlled entity	Reporting date of the controlled entity	Reporting date of the controlling entity
1	Tanzania Investment Bank (TIB) - Corporate Bank	31 <sup>st</sup> December, 2018	30 <sup>th</sup> June, 2019
2	Tanzania Investment Bank (TIB) - Development Bank	31 <sup>st</sup> December, 2018	30 <sup>th</sup> June, 2019

*I reiterate my previous year's recommendation to the Government that, all controlled entities reporting dates to be harmonized with the controlling entity or prepare additional financial statements and proper adjustments in compliance with Para 46 of IPSAS 35 and Treasury Circular No. 12 of 9<sup>th</sup> January 2015.*

#### **5.4.2.5 Consolidation of Controlled Entities Financial Statements Lacking Ownership of the Respective Accounting Officers/Boards of Directors**

Reg.11(3) (a) of the Public Finance Regulations, 2001 (revised 2004) stipulates that "An Accounting Officer shall be required to sign the appropriation, trading and other accounts assigned to him under the provisions of the Act or these Regulations, and in doing so accept personal responsibility for their proper presentation as prescribed in these legislation or by the Accountant-General".

My review of a sample of 220 controlled entities' financial statements adopted for consolidation by the controlling entity noted that, 85 financial statements equivalent to 38.6 percent of the sample population (**Appendix 5.3**) lack signature for the respective



Accounting Officers’/Board Chairpersons’ to show the ownership and acceptance of responsibility for their accuracy, completeness and proper presentation.

I highlighted the same issue through Para 5.4.5 in my previous year general report 2017/2018. I am still concerned with the reliability of consolidated information due to lack ownership of the respective Accounting Officers.

*I reiterate my previous year recommendation that, the Government consolidate controlled entities’ financial statements which are signed by respective Accounting Officers and Chairpersons of Board of Directors*

## CHAPTER SIX

### 6.0 EVALUATION OF INTERNAL CONTROL SYSTEM AND GOVERNANCE ISSUES

#### 6.1 Introduction

Internal controls are the mechanisms, which includes a set of rules, policies and procedures implemented by government and its entities to provide direction, increase efficiency and strengthen adherence to policies, promote accountability and prevent fraud and errors to ensure financial reports are reliable operations are effective and efficient to a tolerable level.

Internal auditing as part of internal control system it is an independent, objective assurance and consulting activity, designed to add value and improve an entities operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Every government entities, regardless of its size, should have some type of internal control system or process.

This chapter covers internal audit function, audit committees function, governance issues that includes: HIV and AIDs reduction, presence of board, mechanism used to manage complaints, accounting manual. IT general controls, risk management processes and fraud assessment that occurred within Ministries Departments and Agencies, Regional Secretariat and Other Institution within the financial year 2018/2019.

The following are outcomes in assessment of the internal control systems; the internal audit function, Audit Committee, fraud assessments, risk management, corporate governance issues and Information Technology System:

## 6.2 Assessment of Internal Audit Functions

According to Regulation 28 (1) of the Public Finance Regulations, 2001, every Accounting Officer is required to establish an effective Internal Audit Unit, to provide an assurance on the adequacy and effectiveness of the entity's internal controls.

My evaluation of the internal audit functions for the sampled ministries, departments, agencies and regional secretariat, shows that, 24 entities including 5 MDs, 2 agencies, 6 other institutions and 11 regional secretariats, were having various internal control weaknesses which incapacitated entities' internal audit function in undertaking their roles including, lack of Internal audit unit, insufficient budget allocation, inadequate working tools, shortage of staff resources and lack of training for the internal audit staff. The analysis of entities and related weaknesses of internal audit function are shown in the table below and Appendix 6.1.

**Table 30: Comparison on Assessment of Internal Audit**

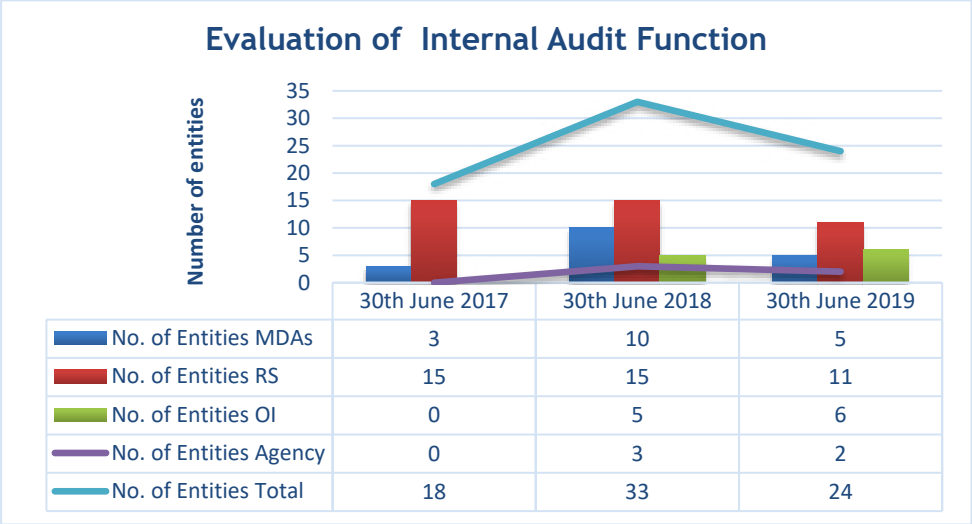
Financial Year	No. of MDAs	No. of RS	No. of OI	No. of Agency	Total No.	%
2018/19	5	11	6	2	24	32
2017/18	10	15	5	3	33	44
2016/17	3	15	0	0	18	24
<b>Total</b>					<b>75</b>	<b>100</b>

*Source: Management letters*

The table above shows that there is decrease in the number of entities without the internal audit functions from 33 entities reported in 2017/18 to 24 entities reported in 2018/19, resulting into decrease of 9 entities, which is equivalent to 12 per cent. This shows that there are improvements in this area.

The figure below, shows comparison of three years result from 2016 to 2019 for deficiencies existed in the internal audit function:

**Figure 17: Analysis of Internal Audit Deficiencies for the past three years**



A deficiency in internal control imply that operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis.

In respect of the matters, I recommend that Internal Audit Unit to be independent and be given enough working tools and its staff should have adequate technical training on skills of risk based audit and accounting professions. Furthermore, the Management should avail adequate resources to the Internal Audit Unit and use its report to improve its internal control systems. The analysis of entities deficiencies in Internal Audit Function is shown in Appendix 6.1.

### 6.3 Assessment of Audit Committees Function

The primary purpose of the audit committee in public sector is to provide oversight of the financial reporting process, the audit process, the entities' system of internal controls and compliance with issued laws and regulations, policies and guidelines.

Regulation 30 of the Public Finance Regulations, 2001 (PFR) requires each MDAs or a regional secretariat to establish Audit Committee. Its members, tenure, (being a professional accountant) and functions have been provided for in Regulations 31 and 32 of the PFR respectively. Audit committee shall be composed of senior members of the ministry, agency or department as the case may be, nominated by the respective Accounting Officer and at least one member appointed by the Permanent Secretary from external sources.

I reviewed performance of audit committee in MDAs and revealed that the audit committees had not prepared an annual report on its performed activities. Some of the committees had never met with the external auditors at least once without Executive members from the entity present to make sure that there was no unresolved issue of concern. I also noted that there were no mechanism to hold the audit committees responsible in case of failure to perform their duties accordingly as well as lack of evaluation of audit committee performances which was against the law.

Furthermore, in this year, I conducted the assessment of audit committees performance for the sampled MDAs, RS and agencies, and noted that 31 entities which included 11 MDAs, 9 regional secretariats, 3 agencies and 8 other institutions were found to have a number of areas where further strengthening was required, some of identified gaps are as shown in the table below:

**Table 31: Comparison of Assessment of Audit Committees**

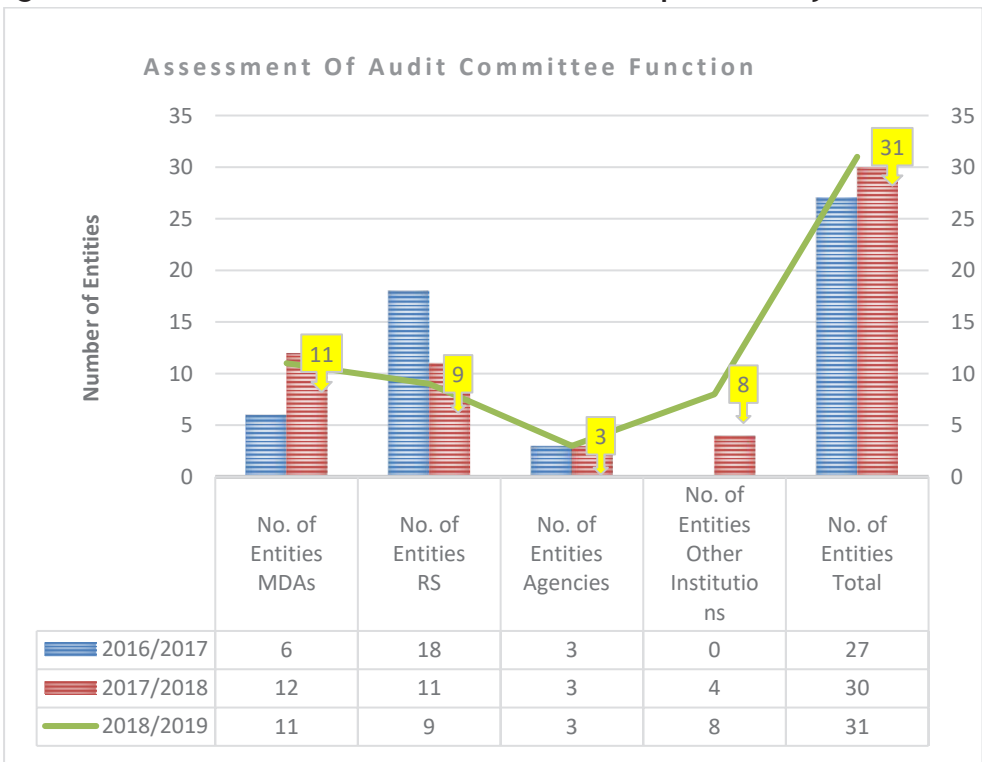
Financial Year	No. of MDAs	No. of RS	No. of Agencies	No. of OI	Total No.	%
2018/2019	11	9	3	8	31	35
2017/2018	12	11	3	4	30	34
2016/2017	6	18	3	0	27	31
<b>Total</b>					<b>88</b>	<b>100</b>

*Source: Management letters 2018/19*

The table above shows that there is an increase in number of entities with the audit committee functions that have significant deficiencies. I have noted 31 MDAs with significant audit committee deficiencies which is slightly higher compared to the 30 MDAs reported last year. Resulting into an increase of 1 entity, which is 1.1 per cent. This shows that no improvement and further strengthening is required.

The bar figure below, also shows the comparison of the three financial year variance from 2016/2017, 2017/2018 and 2018/2019 for the deficiencies for Audit Committee Comparison of the Assessment of Audit Committees

**Figure 18: Audit Committee deficiencies for the past three years**



Non-existence or ineffective audit committees in MDAs may render the inefficient in the overall internal control system and environment. Moreover, it will be difficult to understand whether the established audit committee with its members was performing

its duties accordingly, since there is no reliable mechanism available to assess its performances.

In this regard I recommend Accounting Officers to ensure that audit committee plays a key role in assisting the entities to fulfil its oversight responsibilities, restate entity's financial reporting, internal control systems, risk management systems, assessment of effectiveness of the internal and external audit functions.

I also recommend to the Accounting Officers to have a clause that can hold Committee members responsible and accountable in case it fails to perform its duties. The detailed analysis of entities with deficiencies in audit committee has been included in Appendix 6.2

#### **6.4 Fraud Assessment**

In the absence of fraud risk assessment and relevant preventive procedures contravenes Regulation 35(2) of the Public Finance Regulation (PFR) of 2001 (Revised 2004), which state that:

*The prevention, detection and investigation of internal fraud shall be the responsibility of the management, although in conducting audit assignments the Internal Auditor shall be alert to opportunities, such as control weaknesses that could allow fraud and where fraud is suspected the appropriate authorities within the department will be informed.*

During my audit, I conducted assessment of fraud Management for the MDAs, RS, embassies, other institutions and agencies, and I noted that 4 audited entities had fraud allegations compared to 7 audited entities reported last financial year. The analysis of fraud issues assessed and reported areas shown in the table below.

It is my opinion that inadequate awareness of fraud management policy among employees might contribute to inefficiencies in implementation of developed fraud policy.

Therefore, I recommend that the assessment should be performed by the entities, also introduce a mechanism of detecting and preventing fraudulent malpractices by setting a benchmark of fraud red flags which will in turn assist the respective entities in alleviating and mitigating occurrence of fraud.

**Table 32: Fraud Assessment**

S/N	Vote	Name of Entity	Deficiencies
<b>MDAs</b>			
1	18	UNESCO National Commission	• Non-existence of fraud risk management policy
<b>RS</b>			
1	70	Arusha	• No approved fraud detection and prevention plans.
2	88	Dar es salaam	• No approved fraud detection and prevention plans.
3	86	Tanga	• Electronic Fiscal Receipt worth TZS 70,000,000 was not genuinely produced from M/S 'Unit General Supplies Ltd own EFD machine', contrary to Regulation 22 of Income Tax (Electronic Fiscal Devices) Regulations, 2012

Source: Management letters

## 6.5 Governance Issues

Governance is the system by which MDAs and other institutions are directed and controlled. It encompasses the relationship between Executives in MDAs, the Board of Directors, other shareholders and the effects on corporate strategy and performance

Good governance is important because it looks at how these decision makers act, how they can or should be monitored and how they can be held to account for their decisions and actions.

I assessed the existence and performance of the Governance issues in the Government entities and found out the following irregularities:



### **6.5.1 Non-Functioning of Minerals Evaluation and Export Permit Section in Geological Surveys of Tanzania (GST)**

I review the approved organization structure and other document of Geological Survey of Tanzania and noted that, as per Sect. 27(f) of Mining Act, 2017 was GST mandated to carry out the mineral evaluation and export permit functions with regards to mineral samples of which was structured under the Directorate of Laboratory services and export permit. However, an inquiry made to GST officials revealed that the evaluation and export permit section is not operating and instead its functions are performed by the Mining Commission. The GST management had already made all necessary preparations to operate the section but when the regulations were issued all the functions relating to the section were stated to be under the Mining Commission.

I am concerned with contradiction in implementing the miscellaneous amendment of mining Act of 2017 created confusion for the potential beneficiaries of the GST services and assessors of the GST performance.

In the light of the above, I recommend that there should be communication between the parent ministry, Mining Commission and relevant authorities on the contradiction noted between the Mining Act, 2017 and its Regulations so as to make a review of issues which brought about the noted contradiction.

### **6.5.2 Lack of Act and Regulations Supporting the Operations of National Artificial Insemination Centre -NAIC Institution**

The NAIC was established in 1972 with the main role of semen production and distribution, liquid nitrogen production and distribution of Artificial Insemination (A.I) inputs (liquid nitrogen containers, gloves and sheath). The other roles include compiling Artificial insemination field data, training of Artificial Insemination technicians and farmers on aspect of artificial insemination.

In reviewing of documents concerning the establishment of the Centre, its mandate and organization structure of the National Artificial Insemination Centre (NAIC) noted the following anomalies:

- The NAIC has not prepared its own Act and Regulations which are necessary to support its operations including those necessary to discharge its mandate as an institution.
- According to the existing organization structure of the NAIC indicates that the Director of this Institution is reporting to the Director of Animal Production and Marketing division which is one of the Division in the Ministry of Livestock and Fisheries under Vote 99 (Livestock Sector) of which he has no mandate to make any decision regarding NAIC activities.
- Absence of legislations since 1972 to guide its mandate and operations led the institution to be stagnant regarding its growth and providing better service to the public at large.

Therefore, I recommend to the Ministry and the Management of NAIC to prepare legislative instruments that will enable the organisation perform better its duties.

### **6.5.3 Failure to Conduct HIV and AIDS Control Activities**

Government issued a Circular No.2 with reference No. CAC56/507/01/14 on 15th September, 2014 which requires each Government entity to take appropriate measures for prevention and reduction of HIV and AIDS infection. It also requires the entity to have the following strategies:

- Provision of right facilities to employees' living with HIV & AIDS by following available laws, policies, rules and guidance.
- Mobilization of funds for the purpose of improving environment of providing various services and other facilities to staff living with HIV by making available; preventive equipment and medical

facilities such as BP machines, glucometer, weigh machines and first aid kit.

- Provision of a special place/room for health check-up as well as provision of room for physical exercise facilities e.g. Gym.
- Promote and Campaign on the importance of staff to have balanced diet food.

In my review I found eight (8) entities include 5 MDAs, 1 agency and 2 other institutions that had no target of strengthening information system for HIV and AIDS as a result there were no activity for HIV and AIDS reduction conducted by the responsible offices to its staff. For more analysis see Appendix 6.3

I am deeply concerned as government objective of reducing HIV and AIDS infection may not be achieved as it was planned.

Therefore, I recommended to all mentioned entities and those which do not have strategy yet to ensure that HIV and AIDS reduction programs are performed according to directives of the Government.

#### **6.5.4 Lack of Financial Guidelines and Accounting Manual**

Accounting manual is a document governing fund accounting, including policies, procedures, standards and guidelines to be followed by an Account/Finance section. In addition, the manual may contain sample forms, a chart of accounts and job descriptions. Accounting manual is a crucial working tool for the Accounting Officer, it helps to manage and oversee the accounting function, enabling to monitor the application of accounting policies across the entity.

My review of the of working documents noted that 7 entities which include 2 MDs, 1 agency and 3 other institutions did not develop its Accounting Manual for accounting functions as shown in the table below:

**Table 33: Lack of Accounting Manual**

S/N	Name of Entity	Deficiencies
<b>MDA's</b>		
1	Fire and Rescue Force (14)	Lack of Internal Financial guideline and Accounting manual
2	National Irrigation Commission (05)	Lack of the Commission Operational Manual
<b>Agencies</b>		
1	Tanzania Building Agency (TBA)	No financial Internal Accounting Manual established
<b>Other Institutions</b>		
1	National Fund For Antiquities	NFA did not develop its Accounting Manual for accounting functions
2	Tanzania Police Force Corporation Sole	Lack of Financial Policies and Accounting Manual
3	Forest Industries Training Institute	Low Pace in Preparation of Accounting Manual
4	Forestry Training Institute	Lack of accounting manual

In absence of Accounting Manual, financial processes may be overridden without management consent.

In respect of the matter above, I recommend that the respective Accounting Officers to speed up the process of developing Accounting Manual in order to have effective management over public funds.

#### **6.5.5 Lack of Mechanism of Handling Complaints**

Enquiries and complaints from the public reflect their needs and concerns and also, they serve as an important source of feedback on the effectiveness and impact of the governing policies.

Para 1.2 of Public Service Guideline of December 2012 issued by President's Office Public Service Management, gives directives on how the complaints can be handled in all MDAs.

In my audit of this year I have assessed how the Tanzania Official Seed Certification Institute (TOSCI) manages its complaints and revealed that the Institute receives high number of complaints that relate to quality of seed from suppliers. These complaints are mainly coming from farmers who are living in different regions including Mtwara, Rukwa, Mbeya and Morogoro.

I further noted that complaints were addressed by the Institute through site visit and investigations but there was no formal procedural mechanism that was in use. I could not obtain documentations or handling process that showed history from when the complaints were received to the time they were addressed. In addition, I realized that there was no complaints register, no identified responsible staff who was supposed to manage complaints and no established time required to handle complaints once they were received.

Lack of documented procedures delays the Institute from addressing such complaints and also inhibits the Institute from learning new challenges and hence obtains innovative ideas for improving implementation of Institute activities effectively

Therefore, I recommend to the Management to establish a new procedural and documented mechanism for proper handling of complaints received from TOSCI stakeholders including farmers.

#### **6.5.6 Low Pace in Resolving Complaints Received**

Sect. 15(1)(a) of the Commission for Human Rights and Good Governance Act, gives the power to the Commission to Investigate any human rights abuses or maladministration on its own initiative or on receipt of a complaint or allegation.

In my review, of the Commission's complaints handling process or allegations received by the Commission up to 30th June, 2019 revealed that there was outstanding backlog of 4143 complaints on violation of good governance. I also noted that no complaints were settled. This was due to shortage of Commissioner and lack of funds. The trend does not reflect a good improvement. The table below illustrates more on unsatisfactory trend of resolving complaints by the Commission.

**Table 34: Low pace in resolving complaints received**

Financial year	Opening un-settled claims	Claims received	Total Claims	Claims settled	Outstanding claims
2018/2019	4,017	126	4,143	-	4,143
2017/2018	3,928	306	4,234	217	4,017

*Source: Management letter*

Absence of Commissioners and insufficient budget were the reasons behind the piling up of files. Some files required investigation and follow-up to regions and district but shortage of fund disrupted the planned activities. However, since the appointment of the Commissioners on 19th September, 2019, a total number of 912 files had been presented before them for closure permission, while 456 have been closed.

I am concerned with the failure to resolve complaints in time by the Commission may delay expected services or deny rights of the complainants.

I therefore recommend to the Management to the Ministry of Finance and Planning on the issue of budget allocation to enable the Commission to implement its responsibilities accordingly.

#### **6.5.7 Expired Tenure of the Records and Archives Management Boards**

Section 7 (1) of the Records and Archives Management Act, 2012 established a Records and Archives Management Advisory Board for

the Department. The responsibility of the Board are set out in Section 7(4) to include: (a) advising the Minister generally on matters relating to the management of the public records and archives of the United Republic; (b) advising and supporting the Director of the Records and Archives Management Department; (c) such matters as this Act may specifically assign to it or the Minister may direct.

Further, section 19(1) of the Founders of the Nation (Honouring Procedures) Act, 2004 states that: there shall be the Board of Trustees which shall administer and manage the Trust Fund named as the Mwalimu Julius Kambarage Nyerere and Sheikh Abeid Amani Karume Trust Fund established under section 18(1) of Founders of the Nation (Honouring Procedures) Act, 2004.

In my audit of this year, I reviewed correspondences and minutes in the Records and Archives Management Advisory Board and the Board of the Founders of the Nation and noted the tenures of the Boards expired on February, 2015 and 14th February, 2016 respectively but since then, there was no appointment of new Boards and therefore no Board meetings were conducted during the year ended 30th June, 2019.

Also, I revealed that no documented reason for non-appointment of the Boards to enable them performs their responsibility as required by the available laws

I am concerned that the functions of the Records and Archives Management Advisory Board and the Board of the Founders of the Nation could not be exercised during the year under review.

Therefore, I recommend to the management of RAMD to continue consulting the authority responsible for the appointment of the Records and Archives Management Advisory Board and the Board of the Founders of the Nation with a view of ensuring that they exercise the responsibility stated in the establishment Acts.

### 6.5.8 Assessment of Effectiveness of Risk Management System

Risk management is the process of making and implementing decisions that will minimize adverse effects on the operations of government entities. Risk management processes involve, identifying and analysing exposures to loss, examining feasible alternative risk management techniques to handle exposures, selecting the most appropriate risk management techniques to handle exposures, implementing the chosen techniques, and monitoring the results.

For the current year under audit 2018/2019, I conducted assessment of Risk Management for the MDAs, RS and agencies and other institutions, and revealed that 15 entities including 6 MDAs, 4 regional secretariats, 2 other institutions and 3 agencies had significant deficiencies in relation to risk assessment. They didn't have risk registers, no risk management policy, and some of them did not update risk register as shown in the table below and Appendix 6.4.

**Table 35: Comparison of Assessment of Risk Management**

Financial Year	No. of MDAs	No. of RS	No. of Agencies	No. of OI	No. of Embassies	Total No.	%
2018/19	6	4	3	2	0	15	38
2017/18	2	3	2	1	0	8	21
2016/17	4	11	0	0	1	16	41
<b>Total</b>						<b>39</b>	<b>100</b>

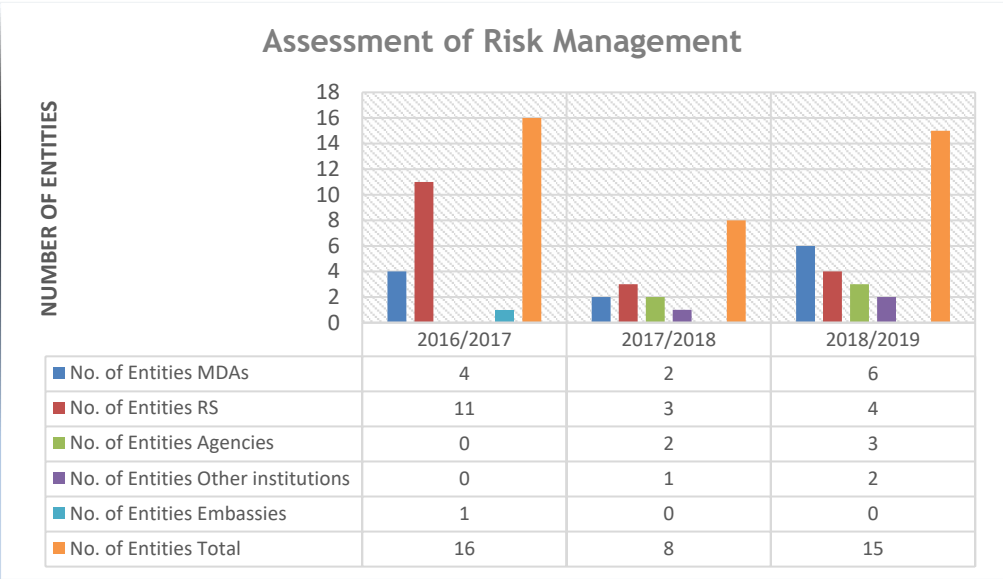
*Source: Management letter*

The table above shows that there is an increase in the number of entities lacking strong systems as I noted 15 cases in this year compared to 8 cases reported in the previous year.

The figure below, gives results of the three financial years variance from 2016/17, 2017/18 and 2018/19 for the available deficiencies in risk management internal control.



**Figure 19: Deficiencies in risk managements for the past three years**



The absence of risk management policy and risk registers expose the entities into high risk as it cannot be easily overcome unexpected events or disasters when they arise. Also, such situation cannot easily provide quality services to the public with minimum intervention of unexpected events.

I therefore recommend to Accounting Officers to strengthen risk management processes by ensuring that there is documented risk assessment, response to risk, risk management and to ensure the availability and implementation of the approved strategic plan so as to enable the organization in defining the road map on how to achieve its objectives within its functions and mandate.

## **6.6 Assessment of Information and Communications Technology (ICT) environments**

In my audit of ICT, I focused on assessing effectiveness of MDAs general computer controls to determine whether adequate systems, policies and procedures were in related to MDAs core activities, including provision of ICT services and support to the government

An IT control is a procedure or policy that provides a reasonable assurance that the information technology (IT) used by an organization operates as intended, that data are reliable and that the organization is in compliance with applicable laws and regulations. In assessment of Information and Communication Technology (ICT) and environmental controls in the Ministries, Department, Agencies, Embassies, Regional Secretariat and other institutions I noted that some entities lacked IT Policy, ICT Strategic Plan, Business Continuity Plan and non-establishment of the ICT Steering Committee, and disaster recovery site.

The audit outcomes indicated that out of sampled entities, 18 were found with ICT deficiencies which are 4 MDAs, 8 RS, 3 agencies, 2 other institutions and 1 embassy were noted with following significant deficiencies in ICT; Some of them were not preparing a plan and policy for information technology and the disaster recovery tests were not done as well as shown in **Appendix 6.5**

**Table 36: Comparison of Assessment of Information and Communications Technology (ICT) environments**

Financial Year	No. of MDAs	No. of RS	No. of Agencies	No. of OI	No. of Embassies	Total No. of Entities	%
2018/2019	4	8	3	2	1	18	20
2017/2018	10	11	8	6	5	40	45
2016/2017	5	13	0	0	13	31	35
<b>Total</b>						<b>89</b>	<b>100</b>

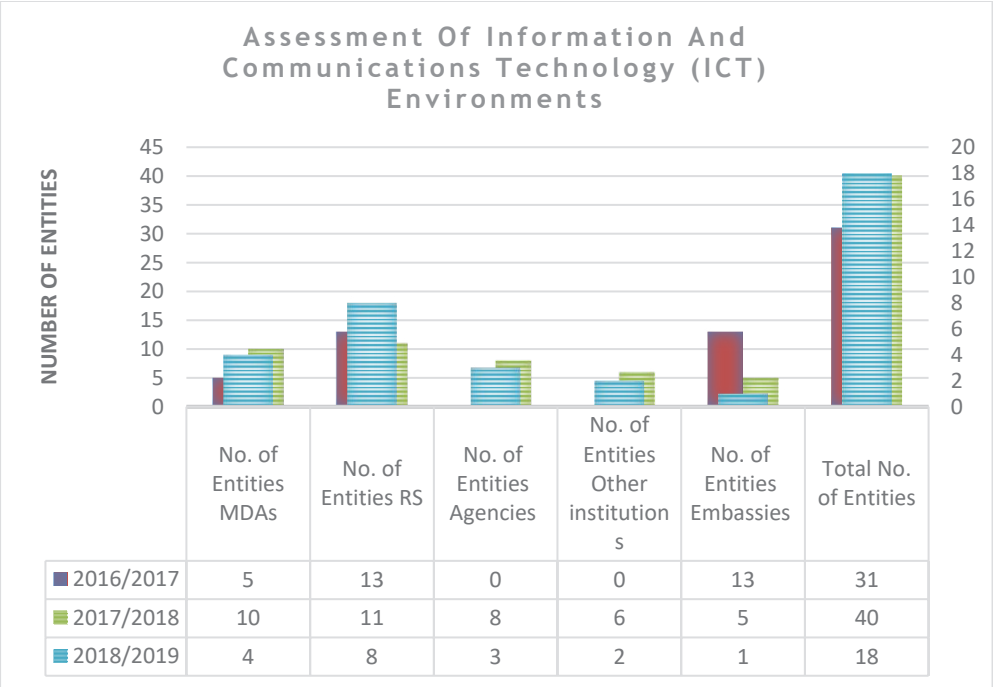
*Source: Management letter*

The table above shows that there is decrease in number of entities with ICT deficiencies. Total audited entities had deficiencies in Information and Communications Technology (ICT) environments. In the current year, they are 18 compared to 40 of the previous year,

resulting into a decrease of 22 entities, which is equivalent to 24.71 percent. This shows that there is improvement in this year.

Also, the figure below shows the comparison of the three financial years from 2016/2017, 2017/2018 and 2018/2019 for deficiencies in Information and Communications Technology (ICT) environments

**Figure 20: deficiencies in Information and Communications Technology (ICT) for the Past Three Years**



This may expose entities into risks of losing critical information and operational capability in case of a disaster or an emergence breakdown and give a rise to the risks of having unauthorized users accessing systems which consequently could affect the system confidentiality, integrity and availability of information Systems.

I recommend to the Accounting Officers to ensure that the disaster recovery plan and emergence procedures are developed and implemented and tested regularly in order to ensure the integrity and security of critical data and information within the organisation

and improve the performance of the information technology function, since the use of the system is mandatory to the entity and Information Technology and its resources play an increasingly important and nearly indispensable role in everyday activities of the entity.

## CHAPTER SEVEN

### 7.0 HUMAN RESOURCES AND PAYROLL MANAGEMENT

#### 7.1 Introduction

This chapter reports matters related to human resources and payroll management in audited ministries, regional secretariats and embassies. Overall, there is a continuation of improvement in this area through various measures undertaken by the government. However, I noted some critical issues that needed intervention by the Government as described below:

#### 7.2 Improper Assessment of Staff Adequacy

I still continue assessing the problem of shortage of the staff in various entities since it has an overall impact on service delivery and performance of the entity. Current year assessment reveals shortage in many entities while there is excess of staff in one ministry.

The review made in MDAs' establishment noted a persistent problem in staffing level which records a shortage of 9,691 staff in ministries, regional secretariat, commission and embassies. Annexure 7.1 shows in detail.

Moreover, my review on President's Office Regional Administration and Local Government shows 134 excess staff as compared to available 638 and requirement of 504 staff thus overstaffing.

In comparing with my three consecutive annual previous reports I noted a gradual improvement whereby a number of entities is decreasing while the shortage is minimizing as shown in the table below.

**Table 37: Staffing level movements in three consecutive years**

Financial year	2018/19		2017/18		2016/17	
Audited entities	Entities	Shortage	Entities	Shortage	Entities	Shortage
Ministries	5	548	7	4,204	7	3,079

Financial year	2018/19		2017/18		2016/17	
Commissions and others	13	5,889	6	765	7	23,951
Regional Secretariat	22	3,185	19	4,681	22	6,992
Embassies	15	69	29	105	16	61
<b>Total</b>	<b>55</b>	<b>9,691</b>	<b>61</b>	<b>9,755</b>	<b>52</b>	<b>34,083</b>

Existence of staff overage and shortage among government entities imply that proper assessment is not made so as to allocate staff based on MDAs activities requirement.

Endurance of this deficiency may leave impact on MDAs general performance such as inadequate service delivery, overloading and demotivating the present employees.

I reiterate my recommendation that the Accounting Officers in collaboration with the President's Office Public Service Management and Good Governance to fill the required positions or make thorough review of staff requirements against the actual staffing levels in relation to the service delivery.

While attending the above advise special attention should be focused in embassies since they depict the country's image in service delivery as observed in Geneva staff who are required to represent the country in Vienna-Austria and other meetings meanwhile in New York where the number of meetings held are many and took at the same time compared to staffing level as a result the country is not represented in critical events that may have impact in the affairs of the country.

### **7.3 Payment of Internet and TV Services of TZS 30,936,027.39 in Home of Embassy Officials**

During my audit of payment related to embassies' officials, I noticed payment of TZS 30,936,027.39 equivalent to €11,872.97 related to internet and TV services in homes of embassy officials contrary to Regulation 82 of Public Service (Tanzania Foreign Services), 2016 that requires the embassies to cover electricity and water charges for the residential premises of officials posted abroad to be met from public funds. This issue has been observed in Tanzania Embassy in Paris after a thorough review of expenses incurred for the year.

Non-observance of rules and regulation in incurring expenses in public monies might lead to huge operating cost as a result the government may fail to meet its obligations to its citizens.

I advise the accounting officers in embassies to comply with the Public Service (Tanzania Foreign Services) Regulation 2016 in payment of embassies' activities so as to control expenditure and operations.

**7.4 Excessive Period of Public Servants Serving in Acting Capacity**  
Order D.24 (3) of the Standing Orders for the Public Service, 2009 states that "Where possible, a public servant shall not act in a vacant post for a period exceeding six months. The appointing authority shall make sure that the process for appointing a substantive holder of a respective post is completed within that period of six months".

Under this financial year again the issue of excessive months of public servants serving in acting capacity has been observed, I noted 21 entities with 50 staff who had been acting in their positions beyond the allowed limit of six months. List of entities is shown in the table below:

**Table 38: List of staff acting for more than six months**

S/N	Vote	Vote Description	Excess months	No. of staff
1	35	National Prosecutions Services	12	1
2	31	Vice President Office	36	3
3	61	National Electoral Commission	12	1
4	36	Katavi Regional Administrative Secretariat	77	3
5	89	Rukwa Regional Administrative Secretariat	36	2
6	90	Songwe Regional Administrative Secretariat	30	2
7	27	Registrar of Political Parties	24	3
8	77	Mara Regional Administrative Secretariat	65	3
9	18	UNESCO National Commission	18	2
10	48	Ministry of Lands, Housing And Human Settlements Development	75	3

S/N	Vote	Vote Description	Excess months	No. of staff
11	52	Ministry of Health Community Development Gender Elderly And Children	37	3
12	24	Tanzania Cooperative Development Commission	156	10
13	75	Kilimanjaro Regional Administrative Secretariat	69	1
14	76	Lindi Regional Administrative Secretariat	60	1
15	84	Singida Regional Administrative Secretariat	24	2
16	85	Tabora Regional Administrative Secretariat	24	3
17	88	Dar Es Salaam Regional Administrative secretariat	13	1
18	07	Treasury Registrar	28	3
<b>Embassies</b>				
19	2008	Tanzania High Commission in Maputo	12	1
20	2040	Tanzania Embassy Tel Aviv, Israel	12	1
21	2037	Tanzania Embassy in Ankara, Turkey	19	1
<b>Total</b>			<b>839</b>	<b>50</b>

*Source: individual management letter*

In comparison to my previous report, I noted a slight improvement in this area whereby the number of acting staff decreased by 7 from 57 to 50 staff.

Failure to appoint substantive holders for those posts may hinder effective decision making and demoralise staff hence low performance.

I reiterate my advice to Accounting Officers of MDAs and President's Office Public Service Management and Good Governance to ensure compliance with the Standing Order by timely appointing substantive holders of the respective posts and making appropriate plans for vacant posts in the forthcoming years.



### 7.5 Excessive Deductions on Employees' Salaries

Section 3 of the Specified Officers (Debt Recovery) Act, 1970 and Circular with Ref. C/CE.45/271/01/I/87 of 19<sup>th</sup> March 2009 issued by the Permanent Secretary, President's Office Public Service Management (PS-POPSM) requires the recovery of the debt by deductions from the specified officer's salary by monthly instalments not exceeding one-third of his/her monthly salary.

Contrary to the above cited law and guideline; I noted 134 employees' salaries were deducted above one-third as reviewed from the sample of eight (8) audited entities shown in the table below:

**Table 39: list of sampled entities with excessive deduction on monthly salaries**

S/N	Vote No.	Vote description	No of staff
1	62	Ministry of Works, Transport And Communication	7
2	36	Katavi Regional Administrative Secretary	9
3	89	Rukwa Regional Administrative Secretary	19
4	75	Kilimanjaro Regional Administrative Secretary	62
5	81	Mwanza Regional Administrative Secretary	7
6	82	Ruvuma Regional Administrative Secretary	14
7	86	Tanga Regional Administrative Secretary	11
8	95	Manyara Regional Administrative Secretary	5
<b>Total</b>			<b>134</b>

*Source: individual management letter*

Existence of such phenomenon contribute to low work commitment which result to underperformance as well as pecuniary embarrassment.

As reported in the previous years, this financial year too, there are instances of non-compliance with the law; however, there is a slight improvement in this year whereby 134 staff were observed in 8 entities compared with last report whereby 7 entities had 229 entities.

The Accounting officers are advised not to approve loans to employees beyond the prescribed limits and in case the loans were taken without the knowledge of the employer, deduction on behalf of that financial institution should not be entertained. In addition, use of LAWSON system as a control measure is highly emphasized.

## 7.6 Absence of Staff Performance Evaluation

Reg. 22 (1) of the Public Service Regulations, 2003 requires every organization within the Public Service to operate an Open Performance Review and Appraisal System (OPRAS) for all its public servants; this requirement is in line with the requirements of Order D.62 of the Public Service Standing Orders, 2009.

Upon review of compliance in this financial year I noted 7 entities performance evaluation of their staff were not conducted. The table below shows the details.

**Table 40: List of entities that did not perform staff assessment**

Vote No.	Vote Description
35	National Prosecutions Services
15	Commission for Mediation and Arbitration
18	UNESCO National Commission
74	Kigoma Regional Administrative Secretariat
76	Lindi Regional Administrative Secretariat
85	Tabora Administrative Secretariat
<b>Embassy</b>	
2029	Tanzania Embassy in Muscat

Failure to perform staff appraisal is likely to lead to management not being aware of the capacity gaps of employees and as a result inappropriate interventions may be designed.

I advise Accounting Officers of all MDAs to make regular review of Open Performance and intervention upon which training and promotion should be based.

## 7.7 Payments of Salaries to Non-existing Employees TZS 196,131,000

Regulation 113 (3) of the Public Finance Regulation of 2001 stipulates thus:

*Payment of salary shall normally only be made to the person listed on the pay sheet after proper identification and signing unless an acceptable letter of authorization to make payment to another party is submitted and any unpaid wages shall be repaid to the Accountant-General and the entry on the pay sheet initialled by both the Paying Officer and the witness.*

In my review of salary payment for the year, I discovered that the police force department had paid salary of TZS 196,131,000 to 11 employees who had either died, or retired or dismissed.

I advise the Accounting Officers to correct this anomaly by deleting the names of non-existing employees from the payroll after monthly reconciliation between the physical verification of existing employees and payroll information.

## 7.8 Employees Transfers Between Working Stations are Not Aligned with Payroll Information

Reg. 110 of Public Finance Regulation 2001 vests to Accounting Officers the responsibility of proper staff record keeping within their jurisdictions to ensure records are correct and changes are regularly updated.

Review made in 7 entities noted payment of monthly salary to employees who are not serving in the entities as a result of transfer to another government entities. The table below shows in details:

**Table 41: Non update of transfers in the payroll**

S/N	Vote no	Vote description	Particulars
1	89	Rukwa Regional Administrative Secretariat	• 5 employees working in secretariat and their salaries are paid by other entities

S/N	Vote no	Vote description	Particulars
			<ul style="list-style-type: none"> <li>• 12 employees transferred to other entities while their salaries are paid by the secretariat.</li> </ul>
2	70	Arusha Regional Administrative Secretariat	<ul style="list-style-type: none"> <li>• 7 employees working in secretariat and their salaries are paid by other entities</li> <li>• 18 employees transferred to other entities while their salaries are paid by the secretariat.</li> </ul>
3	72	Dodoma Regional Administrative Secretariat	<ul style="list-style-type: none"> <li>• 12 employees transferred to other entities while their salaries are paid by the secretariat.</li> </ul>
4	75	Kilimanjaro Regional Administrative Secretariat	<ul style="list-style-type: none"> <li>• 10 employee are working in the secretariat while their salary are paid by other entities</li> </ul>
5	85	Tabora Regional Administrative Secretariat	<ul style="list-style-type: none"> <li>• 9 employees are working in the secretariat while their salary is paid in other entities</li> <li>• 2 employees are working in other entities while their salary is paid by the secretariat.</li> </ul>
6	82	Ruvuma Regional Administrative Secretariat	<ul style="list-style-type: none"> <li>• 2 employees' salary is paid by the secretariat while serving to other entities</li> </ul>
7	100	Ministry of Minerals	<ul style="list-style-type: none"> <li>• 3 employee are paid by Ministry while working in other entities</li> <li>• 9 employees are working in Ministry while their salary is paid by another entities.</li> </ul>

Source: Individual management letter

Inaccurate staff information may lead to paying non - existing staff with no any economic benefit to the entity.

*I advise Accounting Officers to ensure routine update of employees' data in Lawson. In addition, Accounting Officers in collaboration with the President's Office, Public Service Management and Good Governance as well as Treasury to ensure that employees are transferred together with their salaries.*

### **7.9 Violation of Labour Laws in Pretoria Embassy**

Protocol Circular No.1 issued on 21 January 2019 by the Department of International Relations and Cooperation of South Africa to the Tanzania High Commission emphasized to abide and respect all laws relating to the employment conditions of locally recruited staff

Review made in Tanzania High Commission -Pretoria noted employment of fourteen local based staff who were treated without adhering to host country's labour laws including payment of salary at or above minimum wage as per South African's National Minimum Wages Act 2018, payment of overtime as per Section 10 of the South African's Basic Conditions of Employment Act of 1997, paying for medical insurance and make a contribution to the compensation fund as required by the South African's Compensation for Injuries and Diseases Act of 1994 and contributing to the occupational retirement scheme for employed local staff.

Non-adherence to host country's laws and regulations may jeopardize relations between the United Republic of Tanzania and host countries, and may lead to undesirable labour proceedings in foreign countries.

*I advise the United Republic of Tanzania High Commission and Embassies' s management to observe and comply with local rules and regulations so as to maintain mutual international relations.*

## CHAPTER EIGHT

### 8.0 GOVERNMENT EXECUTIVE AGENCIES, SPECIAL FUNDS, OTHER INSTITUTIONS, BASIN WATER BOARDS AND REGIONAL REFERRAL HOSPITALS

#### 8.1 Introduction

This chapter covers audit results of 33<sup>25</sup> government executive agencies, 16<sup>26</sup> special funds, 48<sup>27</sup> other institutions, 14 basin water boards and national water supply and sanitation authorities and 28 referral hospitals (included for the first time in this report). In this chapter, I have highlighted major cross cutting and specific issues which need attention of the government, parliament, ministerial advisory board and management of the respective entities to ensure efficient functioning of their operations.

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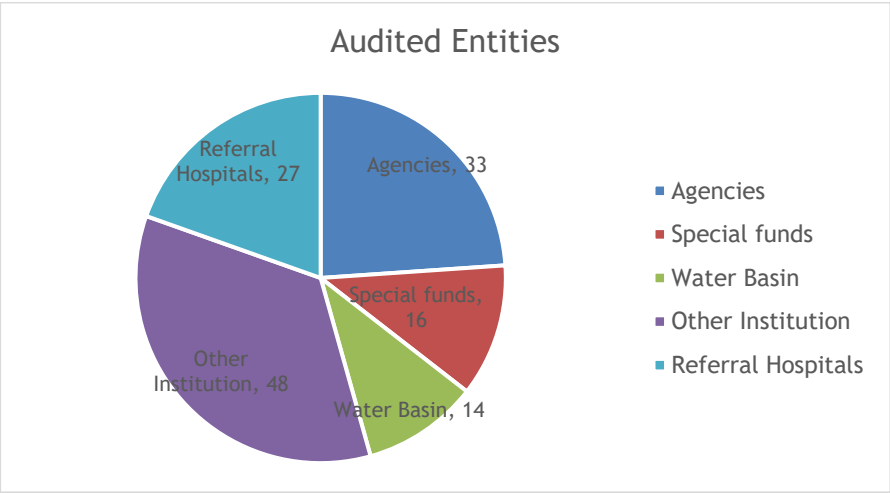
<sup>25</sup> NFRA, ADEM and PBPA were not in the previous report but included in this year report. TAESA audit not yet concluded and TTSA operation were merged with TFSA. REA was included in previous year as agency but was excluded this year as it was found not established under Executive Agency Act, 1997 (amended 2009)

<sup>26</sup> Presidential Trust Fund ceased operations and hence not included in this report and REA is included as the Fund due to its nature of operation

<sup>27</sup> 7 Other institutions not in the previous report are included in this report which are the following; Forest Industries Training Institute (FITI), Public Force-Corporation Sole, Ardhi Institute, Mining Commission, Jitegemee Secondary School, Marine Services Company Ltd and Kawawa Secondary School.

*Note: This explains the difference of the audited entities in this year against what was reported in prior year. In prior year the audit covered 33 government executive agencies, 17 special funds, 41 other institutions and 14 basin water boards and national water supply and sanitation authorities.*

**Figure 21: Distribution of audited entities for the year 2018/19**



**8.2 Government Executive Agencies**

The following are the salient audit findings for government executive agencies for the year 2018/2019.

**8.2.1 Reliance on Government Subvention**

Sect. No 12 (2) (a) Executive Agencies Act of 1997 (as amended in 2009), requires all agencies to perform their functions in accordance with commercial principles and ensure that as far as possible, its revenue is sufficient to meet its expenditure properly chargeable to revenue; and Sect. 12 (3) requires a portion of its revenue to be retained to the agency and others be allocated to Exchequer Account as public fund.

During the audit of the Agencies, I noted that Agencies still depended on the Government subvention to finance their approved activities contrary to the cited provision.

I have analysed the ability of agencies to finance their recurrent and development budgets through their own source of revenue the following paragraphs below:

### 8.2.1.1 Ability of the Executive Agencies to Finance their Approved Budget Through Own Source Collections (Self-Financing)

During the year under review I noted that, the Agencies overall Own source collections had strengthened to the ability of finance the approved budget for developments and recurrent by 157 percent. However, it was revealed that these agencies are still depend on government subvention to finance their approved budgets.

Compared to prior year, the ability of own source collections to reach the level of financing approved budget for recurrent and development has increased from 16% reported in the prior year 2017-18 to 157% reported this year 2018-19. Specifically, 2 Agencies which are; TANROADS and TARURA were excluded in this assessment due to their nature of activities (Road construction and maintenance) which depends entirely on Government assistance. See the trend in the table below;

**Table 42: Trend of Agencies Own Collections to finance Approved Budget**

Financial Year	Total Approved Estimates (TZS)	Total Own Source Collected (TZS)	% of Own Source to Total Approved Estimate
2018/2019	334,070,915,658	523,563,440,353	157
2017/2018	2,486,084,953,295	393,434,851,146	16
2016/2017	2,369,119,704,458	426,061,768,231	18

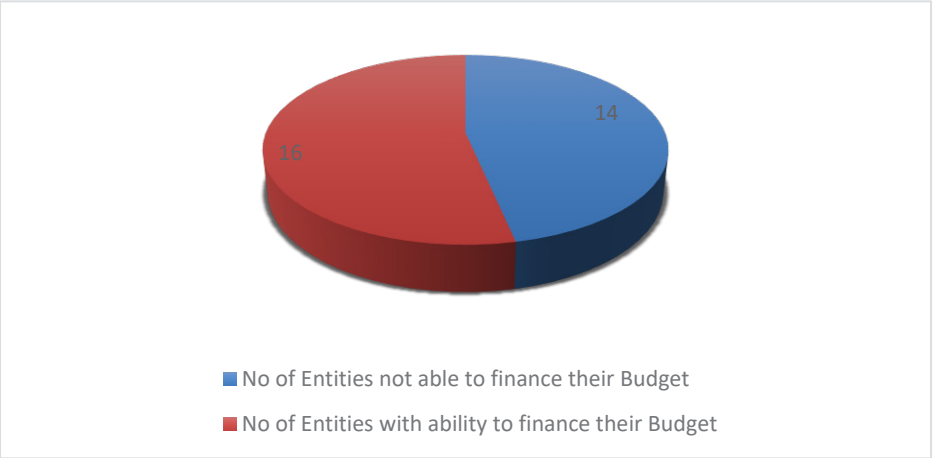
*Sources: 2018/2019 Individual financial statements of Agencies*

Although my overall assessment on Executive Agencies ability of using own source collections to finance development and recurrent budget showing major improvement but my assessment on each Agency separately has indicated that 14 Agencies failed to collect own sources revenue to reach the level capable of financing recurrent and development budget while 16 Agencies had performed well on revenue collections to the level equal or above their approved budget



for development and recurrent, as shown in Chart below. For more details refer **Appendix 8.1**.

**Figure 22: Performance of the audited agencies**



*Source: Management letters*

I therefore advise the Government to consider the possibility of directing Executive Agencies (based on their activities nature) to be financial independent by using own revenue collections to finance their approved budget. This decision could reduce the burden of financing these agencies and the fund saved being allocated to other areas in need.

### **8.2.2 Financial Review of Executive Agencies**

#### **a) Under Release of Recurrent Grants, TZS 287,733,119,762**

During the financial year 2018-19, the executive agencies managed to receive recurrent grants of TZS 715,861,986,143 against the Budget of TZS 1,003,595,105,905 resulting to short release of TZS 287,733,119,762. Such shortfalls impacted adversely the desired objectives of the agencies.

Compared to prior year, the recurrent grant received by the agencies decreased by 16 percent from TZS 853,619,443,220 in 2017/18 to TZS 715,861,986,143 in 2018/19. A detailed analysis is shown in Appendix 8.2 while the trend of the recurrent fund received is summarized in the table below:

**Table 43: Trend of Approved Budget vs. Actual Release for Recurrent Grants**

Financial Year	Total Approved Estimate (TZS)	Exchequer Issues Received (TZS)	Under Release of Fund (TZS)	% of Under release
2018/19	1,003,595,105,905	715,861,986,143	(287,733,119,762)	29
2017/18	1,046,155,639,827	853,619,443,220	(192,536,196,607)	18
2016/17	863,713,444,873	597,132,649,284	(266,580,795,590)	31

*Sources: 2018/2019 Individual financial statements of Agencies*

In my opinion, shortfall may be overcome when executive agencies commit their resources with the purpose of improving quality of service delivery and by so doing increase their own source of revenue collection base, so that the persisting gaps between the budget estimates and actuals are bridged.

**b) Under Release of Development Grants, TZS 113,584,781,943**

During the financial year 2018/19, the executive agencies received development grants of TZS 1,688,664,075,787 against the approved budget of TZS 1,802,248,857,730 resulting to the under release of TZS 113,584,781,943 equivalent to 6%. See the table below and the detailed analysis in Appendix 8.2 of the report.

**Table 44: Trend of Approved Budget vs. Actual Release for Development Grant**

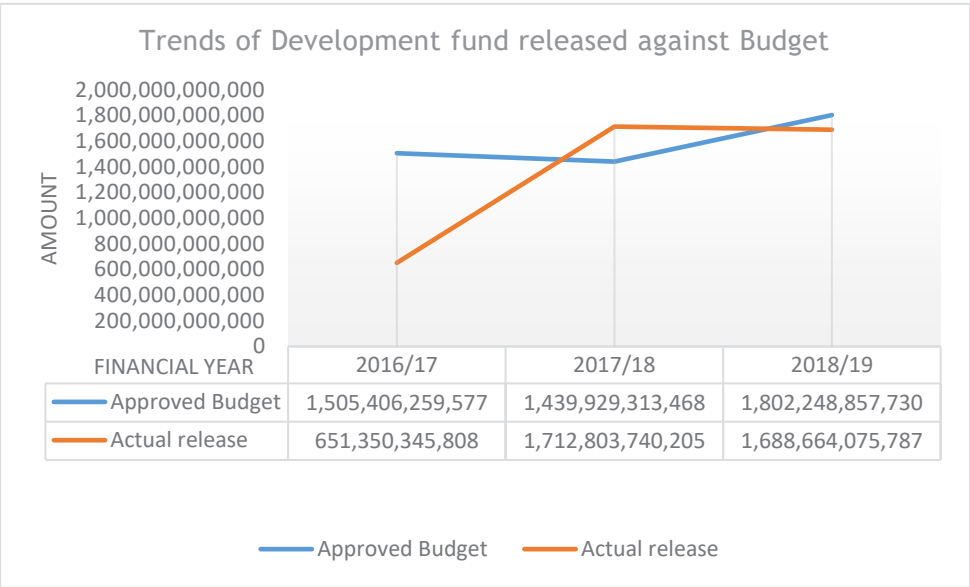
Financial Year	Total Approved Estimates (TZS)	Exchequer Issues Receive (TZS)	(Under)/Over Release of Funds (TZS)	% (Under) / Over Release
2018/2019	1,802,248,857,730	1,688,664,075,787	(113,584,781,943)	(6)
2017/2018	1,439,929,313,468	1,712,803,740,205	272,874,426,737	119
2016/2017	1,505,406,259,577	651,350,345,808	(854,055,913,769)	(57)

*Sources: 2018/2019 Individual financial statements of Agencies*

Compared to prior year, the release of the development grants decreased by 1.4% from TZS 1,712,803,740,205 in 2017/18 to TZS

1,688,664,075,787 in 2018/19. Even though the budget had increased from TZS 1,439,929,313,468 in 2017-18 to TZS 1,802,248,857,730. And this implies the budget increase was not reflected in the fund released.

**Figure 23: Analysis of development funds released for the past two years**



Source: Management letter

The figure above indicates the release of development fund had increased over the past two years; however, the funds released have started to decline again this year. This was a consequent of insufficient government revenue collections.

I recommended to the Ministry of Finance and Planning (Treasury) to establish new source of government revenue base in order to ensure the government budget is adequately financed. Moreover, agencies are advised to improve their internal generated income to reduce reliance on the direct grant from Treasury

**c) Budget for Own Source Collections Not Achieved by TZS 142,893,900,979**

During the financial year 2018/19 I noted that 33 agencies managed to collect a total of TZS 561,017,751,808 against approved budget of

TZS 703,911,652,787 which resulted into under collection of TZS 142,893,900,979 (20%).

Compared to prior year, the agencies performance towards collection of own source revenue increased by 41% from TZS 393,434,851,146 in 2017-18 to TZS 561,017,751,808 in 2018-19. See the table below:

**Table 45: Analysis of Own Source collections**

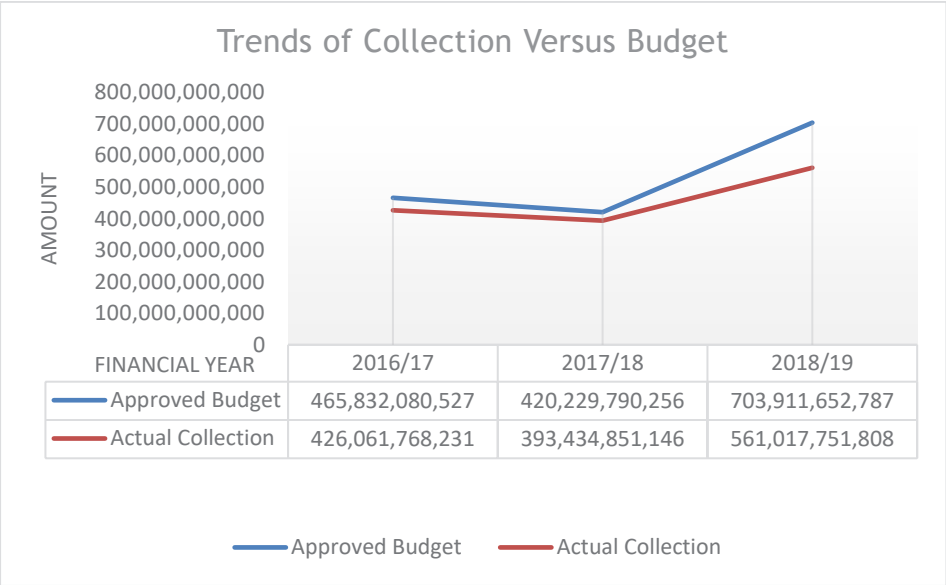
Financial Year	Approved own Source Estimates (TZS)	Actual Revenue Collected (TZS)	under collection (TZS)	% of Under Collection
2018/19	703,911,652,787	561,017,751,808	142,893,900,979	20
2017/18	420,229,790,256	393,434,851,146	26,794,939,110	6
2016/17	465,832,080,527	426,061,768,231	39,770,312,297	9

*Sources: 2018/2019 Individual financial statements of Agencies*

My analysis on individual performances of the agencies indicate that 23 agencies (70%) collected own source revenues below the approved budget, while 10 agencies (30%) collected revenues above the approved budget. Refer Appendix 8.3.

Also, in the period of three years it was observed that own source collections continued to increase; however, the collections is yet to equal the budgeted amount. See the detailed description in the figure below:

**Figure 24: Analysis of own source collections for the past three years**



*Source: Management letters*

**8.2.3 Review of the Revenue Remittance to the Consolidated Fund**  
Public Finance (Remittance of Revenue to the Consolidated Fund) (Public Corporation, Government Agencies and Authorities) (Amendment), Order 2016 (Made under Sect. 11 (3) of Public Finance Act, 2001 (Amended by Finance Act, 2015) require the specified executive agency, public corporation, public authority or public institution which charge or impose and collect fees for services rendered to remit fifteen per-centum of the gross revenue to the Consolidated Fund at the end of every quarter of a financial year.

During the financial year 2018-19, I sampled seven (7) entities and noted that these 7 entities had remitted TZS 33,674,676,917 to the consolidated fund against the required amount of TZS 45,878,950,942 whereby 5 entities had remitted TZS 31,631,489,838 above the required amount of TZS 28,620,349,676 and resulted to over-remittance of TZS 3,011,140,162. While 2 entities were found to remit TZS 2,043,187,079 below the required amount of TZS 17,258,601,266 and resulted to under remittance of TZS 15,215,414,187. Refer Appendix 8.4.

The government has engaged its internal generating revenue to finance major development projects to achieve a competitive economy capable of producing sustainable growth and shared benefits. Therefore, I encourage the entities specified in Public Finance, Order GN 210 of 2016, to remit 15% of the gross collections to the Consolidated Fund.

I also advise all Agencies to design ways of increasing revenue collections and extra income to be allocated to National Account as required by Sec. 12 (2) and (3) of the Executive Agencies Act No 30 of 1997 (revised 2009). Furthermore, the Government is advised to review the law governing remittance to include other operating agencies in order to widen Government revenue base.

#### **8.2.4 Issues Arising From the Audit of Financial Statements of Executive Agencies, Special Funds, Water Basins Boards and Other Government Entities**

##### **8.2.4.1 Outstanding Accounts Payables TZS 1,034,281,306,562**

My review on financial statements for the year ended 30<sup>th</sup> June 2019 noted that the audited executive agencies, water basin boards and the other government entities had account payables worth TZS 1,034,281,306,562.

Out of the reported payables, TZS 722,872,343,713 (70%) was outstanding for 12 months and TZS 311,408,962,849 (30%) for more than 12 months. See details in Appendix 8.5.

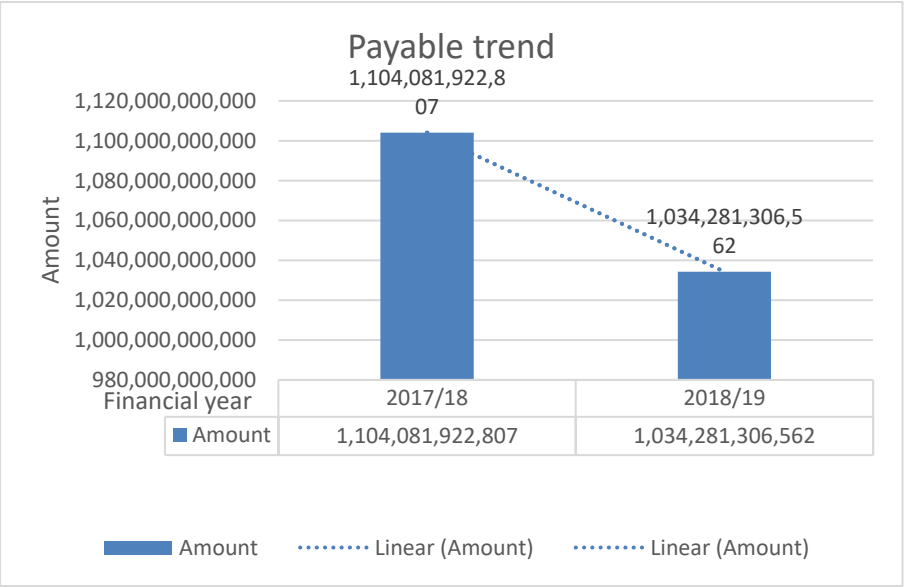
**Table 46: Accounts payables**

Period	Financial year ended 30 <sup>th</sup> June 2019	
	Amount (TZS)	Percentage
Within 12 months	722,872,343,713	70
more than 12 months	311,408,962,849	30
<b>Total</b>	<b>1,034,281,306,562</b>	<b>100</b>

*Source: Individual Financial Statements*

Compared to prior year, the payable has decreased by TZS 69,800,616,245 (6%) from the reported figure of TZS 1,104,081,922,807 in 2017-18. See the figure below:

**Figure 25: Trend analysis of account payables**



The long outstanding payables were understood to emanate from unpredictable release of the budgeted funds in respect of timing, period and amounts, as well as unsatisfactory collections of own source revenues which seriously affect working capital of Government institutions.

Debt accumulation by governments might affect the economy in the way that suppliers and contractors may raise the price to factor in the risk of delays of payments, divert the government resources to offset past obligations and accumulation of interest for delays.

I recommend to the Government to release sufficient fund as per approved budget to finance obligation settlement when fall due. Also, the Government is advised to conduct a comprehensive verification on the reported payables to ensure that are legitimate and have not been inflated, fraudulently claimed or previously settled. Also, the

Accounting officers are advised to emphasize on settlement of the existing payables before entering into new commitments.

#### **8.2.4.2 Outstanding Accounts Receivables TZS 1,320,290,717,755**

My review on financial statements for the year ended 30<sup>th</sup> June 2019 noted that, Executive Agencies, Water Basin Boards and Other Government entities had Account Receivables worth TZS 1,320,290,717,755<sup>28</sup>.

Out of the reported receivables, TZS 706,175,773,529 (53%) was outstanding for 12 months and TZS 614,114,944,226 (47%) for more than 12 months. Refer Appendix 8.6.

**Table 47: Accounts Receivable**

Period	Financial year ended 30 <sup>th</sup> June 2019	
	Amount (TZS)	Percentage
Within 12 months	706,175,773,529	53
more than 12 months	614,114,944,226	47
Total TZS	1,320,290,717,755	100

Source: Individual Financial Statements

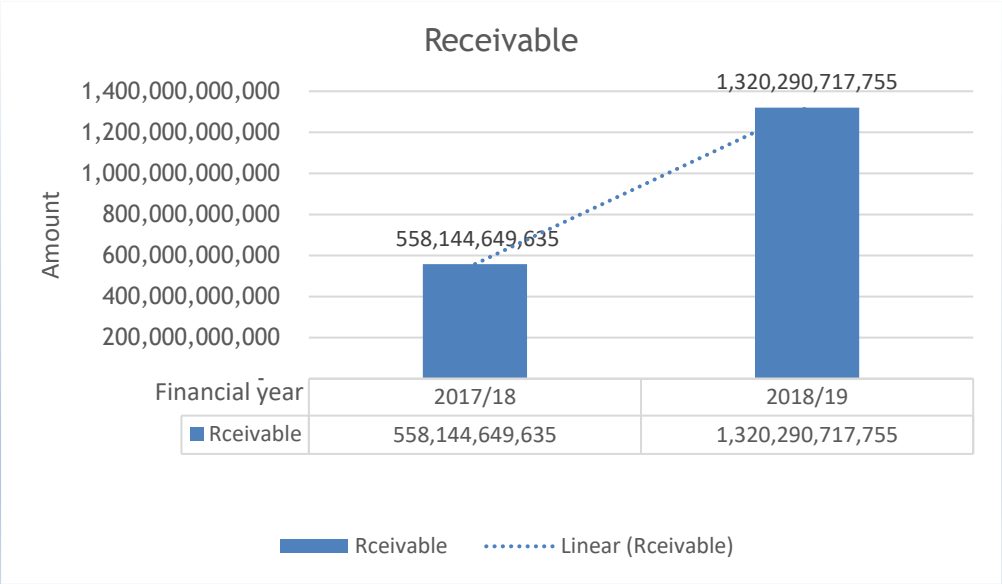
Compared to prior year, I noted the increase of receivables by TZS 762,146,068,120 (137 percent) from the reported figure amounting to TZS 558,144,649,635 in 2017/18.

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<sup>28</sup> *Petroleum Bulk Procurement Agency had outstanding Accounts Receivable of TZS 14,236,123,684 after netting off with the provision for bad debts as shown on Note 11 of the financial statements of TZS 4,101,307,365. I am concerned with this loss incurred of which could have been used to finance the Activities of the Agency. I therefore recommend the Agency to confirm creditworthiness prior to conducting business.*



**Figure 26: Analysis of account receivables**



In my opinion, these significant outstanding receivables could affect the growth of Government institution due to insufficient working capital.

I recommend that institutions must aggressively explore better ways to improving the effectiveness of debt collection by utilizing a combination of debt collection methods such as use of private collection agencies, use of Treasury offset program to collect debt owed between Government institutions (if the program does not exist I advise for its establishment by the Ministry of Finance and Planning) and litigation.

**8.2.4.3 Matters Raised During my Audit of Executive Agencies**

**8.2.4.3.1 Tanzania National Roads Agency (TANROADS)**

**a) Penalties Imposed due to delayed Payments  
TZS 224,025,668,187**

During the audit time of November 2019, I noted TANROADS had outstanding claims from Contractors and Consultants amounting to

TZS 949,979,124,429<sup>29</sup> which includes the Principal debt of TZS 725,953,456,242 and Interest charged due to delayed payments amounting to TZS 224,025,668,187, as shown in Appendix 8.7. These interests were imposed for any late payment made to the Contractors/Consultants as per Sub Clause 51.1 of General Condition of Contract.

Furthermore, I noted delays in paying the contractors/consultants had also resulted into roads project being suspended while the progress of others was slowed down to minimize cash flows problem, which might possibly result into cost overruns for compensating the time lost (idle time).

The management then informed my office that during preparation of budget estimates special attention was given to the allocation of funds for new development projects which have been approved and are considering the priority areas; inclusion of ongoing development projects to the budget estimates; payment of overdue debts to contractors and consultants including compensations to projects affected persons (PAPs). However, due to budget ceilings, few overdue debts were included in the budget estimates, this has contributed much to the accumulation of contractual debts.

I recommend to the Government through the Ministry of Finance and Planning to come up with strategies/policies that will ensure outstanding debts are settled within the contractual timeframe, and also, the Government should emphasize on offsetting the existing debts before deciding on entering into new commitments and proper and realistic budgeting.

**b) Advance Paid to the Contractors not Secured;  
TZS 14,842,607,293**

Sub Clause 59.1 of General Condition of the Contract requires that if stated in the SCC the Employer to make advance payment to the contractor of the amounts stated in the SCC, against provision by the contractor of an Unconditional Bank Guarantee in a form and by a

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*29 Outstanding claims with no interest charges are excluded in this figure.*

bank acceptable to the employer in amounts and currencies equal to the advance payment. The guarantee is to remain effective until the advance payment has been repaid.

Contrary to the above clause, I noted that TANROADS had outstanding advance paid to the contractors amounting to TZS 14,842,607,293 which were not secured by the guarantees. It was discovered that this Advances were secured at the first place, but the Guarantees provided expired before full recovery of the amount paid, however the Contractors were not instructed to extend/renew the same. Details are as shown in the table below

**Table 48:**

**Advance Paid not secured by Guarantee**

Contract No.	Contract Details	Contractor's Name	Guarantee expiry date	Advanced amount	Outstanding Amount
TRD/HQ/1053/2016/17	Upgrading of Mpemba - Isongole Road (50.3KM)	M/S China Geo Engineering Corporation	31/5/2019	10,372,756,997	2,978,998,280
TRD/HQ/1052/2016/17	Upgrading of Tabora - Urambo-Kaliua Road; Urambo-Kaliua road Section (28KM)	M/S Salum Motor Transport Co. M/S Anam Road Work Co and M/S Jossam Company Lt JV	31/12/2019	5,501,204,266	2,794,444,185
TRD/HQ/1054/2016/17	Upgrading of Njombe-Moronga section Lot 1	M/S China Henan International Corporation Group	1/12/2019	15,888,639,013	9,069,164,828
<b>Total</b>					<b>14,842,607,293</b>

Source: Management letter of TANROADS

This is not only contrary to provisions of the contracts but also risk when the contractor chooses to default before recovering in full the advance paid. This might result into loss of taxpayers' funds. Therefore, I recommend to the TANROADS management to enhance supervision and ensure that the advance paid is secured or recovered in full.

#### **8.2.4.3.2 Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA)**

During the review of the agency operations, I noted some deficiencies in the management of five (5) contracts entered with M/S Songoro Marine Transport Ltd for the rehabilitation and supply of ferries as summarized hereunder, and detailed in appendix 8.12.

##### **a) Rehabilitation of MV. Misungwi Ferry at Kigongo - Busisi in Mwanza Region**

In this contract, I noted that the contract was executed beyond the completion time of 30 November 2019; the contractor had failed to produce the resourceful programme of works since commencement date of 30 August 2019 and, advance payment of TZS 153,585,600 had been secured by Bond instead of Bank Guarantee contrary to Clause 54.1 of GCC.

##### **b) Supply of New Ferry for Plying Between Chato - Mharamba and Nkome in Chato District**

In this contract, I noted slow pace in the construction works whereby overall progress stood at 49% while 70% of the Contract time had elapsed. The Contractor had been paid TZS 316,037,343 for providing insurance covers of which were not submitted; the practical programme of work was not produced since project commencement date of 13 May 2019 and; advance payment of USD 114,069.51 was secured by Bond instead of Bank Guarantee contrary to Clause 54.1 of GCC.

**c) Supply of New Ferry for Plying Between Mafia and Nyamisati, Mafia District in Pwani Region**

In this contract, I noted that advance paid to the contractor in respect to foreign component amounting to TZS 449,445,675 had not been secured by bank guarantee and, the contractor had been paid TZS 527,365,178 for providing insurance cover which was not submitted.

**d) Major Rehabilitation of MV - Kigamboni in Dar es Salaam**

During the review of this contract, I noted that the contract was executed beyond the completion time of 29 July 2019 for more than 100 days without deduction of liquidated damage amounting to TZS 109,279,800; Performance Bond amounting to TZS 109,279,800 issued by Metropolitan Tanzania Insurance Company Ltd came to an end on 30 March 2019, however the same was not extended. The contract was signed at TZS 1,092,798,000 against the amount included in the negotiation meeting minutes of TZS 1,067,369,491.53 which resulted into excess of TZS 25,428,508 that was not justified. Besides, the approval from tender board was not obtained contrary to Reg. 110 (5) of PPR, 2013 (as amended 2016) and, the contractor had been paid TZS 15,000,000 for providing insurance cover which was not submitted.

**e) Supply of New Ferry Plying Between Kayenze and Bezi In Ilemela Districts in Mwanza Region**

My review of this contract revealed that the agency had introduced changes on the advance payment rate from 10% to 30% of the contract sum without obtaining approval from tender board and hence paid TZS 816,256,331.61 to the contractor.

It is my opinion that the above identified anomalies were caused by inability of the agency to supervise and monitor the construction projects, which in turn might have caused non-realization of the value for money.

I therefore recommend to the TEMESA management to carry out adequate supervision in all projects under implementation and ensure

that projects are commenced and completed within the agreed timeframe. Also, be capable of designing sound internal controls over the project management and capacitate its staff on procurement and contract management.

#### **8.2.4.3.3 Tanzania Rural and Urban Roads Agency (TARURA)**

TARURA was established through Government Gazette with GN 211 of 12 May 2017, with the aim of providing sustainable and cost-effective maintenance and development of rural and urban roads network to support the social economic development of Tanzania. Tanzania Rural and Urban Road Agency (TARURA) took over operations of the Roads Fund project from Local Government Authorities. During the review of operation of TARURA I noted the following:

##### **a) Loss Incurred Due to Inadequate Procurement and Contract Managements TZS 280,351,400**

During the audit of TARURA in respect of procurement and contract compliance, I noted various losses that resulted from poor procurement decision as well as inadequate supervision during the contract executions as detailed hereunder:

##### **b) Irregular Disqualification of the Lowest Evaluated Bidder Leading to a Loss of TZS 44,956,000**

Through the review of the Tender No: AE/092/2018/2019/KLI/W/40 for Upgrading Mwanga Town roads to Double Surface Dressing at (Maliasili-Sokoni, Kanisani -Ujenzi and Sokoni) I noted that:

TARURA - Kilimanjaro awarded the contract to M/s Checotic Tanzania Ltd on 15 March 2019 at contract price of TZS 413,139,000. However, it was noted in tender evaluation report that the award to M/s Checotic Tanzania Ltd was granted after disqualification of the lowest bidder M/s Bona & Hubert Ltd, who had tendered at the price of TZS 368,183,000, due to providing same resources (key personnel and equipment) as for the other Tender No. AE/092/2018/2019/KLI/W/36. While the awarded tenderer, M/s

Checotic Tanzania Ltd was also found to submit the bid in that Tender No. AE/092/2018/2019/KLI/W/36 and had provided the same equipment for the tender was awarded. Such decision has denied the agency the opportunity of saving TZS 44,956,000 (413,139,000 - 368,183,000) from the lowest bidder and thus contributed to loss.

**c) Loss Incurred Due to Inadequate Procurement Plan;  
TZS 150,377,400**

Sect. 49 (1) of PPA, 2011 (amended 2016) requires a procuring entity to prepare its annual procurement plan in a rational manner and in particular to (a) avoid emergency procurement wherever possible; and (b) aggregate its requirements wherever possible, both within the procuring entity and between procuring entities, to obtain value for money and reduce procurement costs.

I noted that TARURA Headquarter through Contract No: AE/092/2018/2019/HQ/CR/01 had procured 300 units of point of sale (POS) machines at a price of TZS 256,850,100 (TZS 856,167 per unit) and five (5) month later another 2000 units of point of sale machines (POS) were procured at a Price of TZS 709,818,400 (TZS 354,909 per unit) through contract No. AE/092/2018/2019/HQ/CR/25.

I believe that the agency could have saved TZS 150,377,400<sup>30</sup> by aggregating those 300 units of POS machines in the contract No. AE/092/2018/2019/HQ/CR/01 to the later contract with reference No. AE/092/2018/2019/HQ/CR/25 and procure at lowest price of TZS 354,909 per unit instead of TZS 856,167 per unit. It was also noted that those 300 unit of POS machines were procured through emergency procurement which contributed much to the additional cost incurred and such practice was contrary to Sub Sect. 49 (1) (a and b) of PPA, 2011 (amended 2016).

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<sup>30</sup> 300 Units x (TZS 856,167 - TZS 354,909)



**d) Loss Due to Unrecovered Performance Guarantee on Terminated Contract - TZS 54,074,000**

Through the review of the contract No. AE/092/2018/2019/HQ/CR/11 entered between TARURA Headquarter and M/S Climate Consult (T) Ltd for the supply of 1,500 Point of Sale (POS) devices within four (4) weeks from the date of signing the contract of 21 December 2018 I noted that:

The supplier was terminated for fundamental breach of the contract through letter with Ref No. BA.310/312/15/26 dated 1 April 2019, however the performance security with Ref No. CBAT/016/2019 worth TZS 54,074,000 was permitted to expire on 22 April 2019 without forfeiting the same and resulted into a loss.

**e) Loss Emanated From Paying Road Works not Executed TZS 30,944,000**

Through the review of the contract No. AE/092/2019/KG/W/05 entered between TARURA Kigoma and M/s SK Building & Civil Engineering Co. Ltd for the construction of storm water drains (2.08Km) along Ntovyve at Kigoma Ujiji MC at the contract price of TZS 220,791,400 I noted the following:

The employer had approved the variation of TZS 30,944,000 for extending the roads width from 7 meters to 10.5 meters which resulted into the contract sum being revised to TZS 251,735,400. However, during the site visit, I observed that the road was constructed at the width ranging from 6.8 meters to 8.5 meters against the variation requirements of 10.5 meters, while the contractor was paid TZS 251,680,060 out of the revised sum of TZS 251,735,400. This implies the variation proposed was paid for but not exactly executed and hence resulted into loss of TZS 30,944,000.

From the above, it was concluded that the overall loss incurred amounted to TZS 280,351,400 and thus the need to obtain the best

value for money in terms of price, quality and delivery for the procurement made was not achieved.

I therefore urge TARURA management in the execution of their duties, to strive to achieve the highest standards of equity, taking into account the following: (a) equality of opportunity to all tenderers (b) fairness of treatment to all parties; and (c) the need to obtain the best value for money in terms of price, quality and delivery having regard to set specifications and criteria.

**f) Contracts Variation above 15% not Approved by Budget Approving Authority and Tender Board - TZS 188,251,059**

Reg. 110(4) of the PPR, 2013 (Amended 2016) stipulates that,

A contract amendment shall not increase the total contract price by more than fifteen percent of the original contract price without the approval of Budget approving authority.

Similarly, Reg. 110(5) of PPR, 2013 (Amended 2016) states that:

The proposed variations such as additions or deductions which are not incidental to or arising out of the contract, and which alter the scope, extent or intention of the contract shall, in every case, be referred to the appropriate Tender Board for approval before instructions are issued to the tenderer.

Contrary to the above mandate, I noted that TARURA in Mkuranga and Namtumbo District had instructed the execution of contract variations worth TZS 188,251,059 which was above 15 percent of original contract sum prior to obtaining approval from the budget approving authority as well as Tender Board. Refer the table below

**Table 49: Contract variations not approved by Tender board**

S/N	Region	Original Contract sum (TZS)	Revised contract sum (TZS)	Variation (TZS)	% of variation	Description
1	Coast - Mkuranga DC Contr. No: AE/092/CR/2018-19/W/43	584,866,700	494,166,700	90,700,000	16	Rehabilitation of Kimanzichana - Mkamba - Chamgoi Roads
2	Ruvuma - Namtumbo DC Contr. No: AE/092/RVM/2018-19/W/31 Namtumbo DC	81,414,460	178,965,519	97,551,059	120	Construction of Concrete Bridge along Mfuata - Miembeni Primary School-Luegu River - Mgombari Road
<b>Total</b>		<b>666,281,160</b>	<b>673,132,219</b>	<b>188,251,059</b>		

Source: Management letter of TARURA

It was revealed that laxity of the responsible personnel to comply with the mentioned mandate was the main reasons and this might lead into wasteful spending of taxpayers' funds.

I therefore advise the management of TARURA to comply with Sub Reg. 110(4) and (5) of the PPR, 2013 (Amended 2016) and that insist that any notable deviations should be investigated for further action.

#### **8.2.4.3.4 National Food Reserve Agency (NFRA)**

The National Food Reserve Agency (NFRA) is a Public Institution established as executive agency under the Ministry of Agriculture Food Security and Cooperatives of Tanzania for the purpose of guaranteeing national food security during food shortage. During review of NFRA operations, I noted the following:

##### **a) Loss Incurred Due to Relocation of the Construction Site After the Commencement; TZS 691,451,121**

Through the review of the contract No. AE 054/2015/2016/HQ/W/19 entered between National Food Reserve Agency (NFRA) and UNIA ARAJ REALIZACJE.SP. ZO.O of Poland for design, supply, construction, installation, testing and commissioning of Silo Complexes, warehouses and rehabilitation of existing facilities in Lot No. 4, 5 and 8 in Sumbawanga, Mpanda and Babati at the contract price of USD 20,280,806 and duration of 18 months, I noted that:

The Contractor was instructed to relocate to the new site with the location number 806 and 807 from the original site with location number 794 and 795 by the Consultant (Tanzania Building Agency). However, it was observed that some of the construction works amounting to USD 300,530.31 equivalent<sup>31</sup> to TZS 691,451,121 were already executed in the original site such as temporary works, setting out, bushes removal, top soil removal excess soil removal, excavations, concrete grade 20, concrete grade 25, concrete grade

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<sup>31</sup> BOT exchange rate of 1 USD = TZS 2,300.77, dated 28 February 2020 (time of writing this report)

30 fence, demolition of fence, fence to new plot, redesigning, internal roads and external works.

The management had informed my office that the relocation was caused by double allocation of the respective Plot to two Government institutions (TANESCO and NFRA) by Babati Town Council. It was also noted that the same council had issued the Agency with the building permit which allows the agency to conduct environmental and social impact assessment and geotechnical investigation studies of which the result became useless to the new relocated site. For such reasons it was observed that NFRA had invoiced Babati Town Council to compensate the amount, however the cost is yet to be refunded to date.

I am of the view that the loss incurred was due to negligence of the Babati Town Council and I thus recommend to NFRA to quantify the actual loss and the same should be recovered from the Council. Furthermore, I recommend to the PO-RALG to investigate the negligence and disciplinary measures be taken against those responsible.

**b) Funds Borrowed by the Ministry of Agriculture not Refunded; TZS 301,191,597.55**

During review of the Agency operations, I noted that the agency loaned a total amount of TZS 1,120,689,946.52 to the Ministry of Agriculture for the past 9 years. However, it was revealed that only TZS 819,498,348.97 was refunded by the Ministry while TZS 301,191,597.55 was yet to be recovered up to the time of audit august 2019 as detailed in the table below:

**Table 50: Borrowed Funds Not Refunded**

Period of Borrowing	Outstanding Amount (TZS)	%
Within one year	108,279,215.00	36
Over One year to four years	177,489,076.36	59

Period of Borrowing	Outstanding Amount (TZS)	%
Over five years	15,423,306.19	5
<b>Total</b>	<b>301,191,597.55</b>	<b>100</b>

Source: *Management letter of NFRA*

It is my opinion that this regular borrowing of funds from the agencies should be discouraged due to the facts that it limits the achievement of the intended objectives incorporated in the annual budget due to uncertainty surrounding the refunds.

I then recommend the government through Chief Secretary to come up with strong directives to regulate this inter-borrowing between Government institutions; likewise, the Ministry of Agriculture is advised to refund the amount to NFRA.

#### **8.2.4.3.5 Tanzania Building Agency (TBA)**

Tanzania Buildings Agency (TBA) is the government's executive agency under the Ministry of Works (MoW) with a primary mandate of providing quality accommodation to the Government and public servants as well as offering building consultancy services to the Government.

##### **a) Irregularities on the Construction of Government Buildings**

Tanzania Building Agency (TBA) was contracted by other Government Institutions to construct new office buildings at Dodoma Region (Capital City) to facilitate the relocation of government activities. During the review of the project implementation status I revealed some weaknesses on the construction works as summarized below: and detailed in the appendix 8.8.

##### **b) Design and Construction of Office Building for the proposed National Electoral Commission (NEC) Headquarter.**

In this project, I noted the existence of loss amounting to TZS 8,854,624,244.25 from the rejected claims (Variation 1&2), this

claims were rejected because the contractor (TBA) had executed addition works without obtaining the approval from the employer (NEC) as required by Sub Clause 13.3 of GCC. I further noted that the contract was terminated on November 2019 and transferred to SUMA JKT. The implication of this is that the funds obtained from other projects to finance the variation will not be recovered and hence affect other projects' cash flow.

**c) Design Review, Modification and Construction of TANROADS Headquarters Building on Plot No.8, Block 'F' at the Njedengwa Investment Area in Dodoma Municipality**

I noted the progress of works was not convincing as at the time of audit, January 2020, the overall progress stood at 30% while 100% of the Contract time had elapsed. I further noted the contractor TBA was executing the construction works without having valid contract whereby the original contract had expired since 19 December 2019.

**d) Proposed Design and Construction of Head Quarter and Zonal Office for Ethics Secretariat in Dodoma Region**

In this project, I revealed that the construction works commenced on 5 January 2018 while the contract was signed on 14 June 2019 (1.5 years later).

From my previous report, I pointed mismanagement of the construction materials and funds; insufficient number of technical personnel and equipment and; under release of the project funds from the clients were the main reasons for unsatisfactory progress of works. Hence through my previous report I addressed TBA management to design sound internal controls over the project management, however no improvement was observed during the reporting time.

I also noted TBA reputation continued to deteriorate whereby the agency was terminated due to underperformance in two (2) major construction projects which are: the construction of prison's

residential houses at Ukonga and designing and constructing office building for the proposed National Electoral Commission (NEC) Headquarter. This has affected the growth of the Agency toward self-financing.

I therefore recommend to the TBA management to engage its resources towards achieving primary mandate of providing consultancy services to the Government while developing strategies necessary to survive in the construction industry.

#### **8.2.4.3.6 Drilling and Dam Construction Agency (DDCA)**

The Drilling and Dam Construction Agency (DDCA) was created under the Ministry of Water and Irrigation. DDCA came into existence following the Executive Agencies Act. No. 30 of 1997 and was launched on the 26<sup>th</sup> of March 1999. The role of DDCA is to develop sustainable and safe water sources through efficient means and at cost effective price. This objective is in line with the national objective of alleviating poverty and improving the health of people through provision of clean, safe, and adequate water supply to rural and urban population.

##### **a) Abandoned Procured Pump Test Kits for 6 Years; TZS 840,000,000**

During the audit of DDCA non-current assets I noted that the Agency purchased five (5) Pump test kits at the Contract Price of TZS 840,000,000 since 2014, however these pump kits were found to be grounded at head quarter's vehicles yard for almost 6 years.

Upon request of logbooks for the pump test kits, I was told that no logbooks were available for the kits as they were not in use since they were delivered in 2014. These pump test kits were purchased using WSDPI funds for the purpose of testing activities, yet no value has been realized.

The management informed my office that the specification of the pumping test kits was confined to the capacity of electric generators,



crane and its accessories; the trailer was not considered as the major factor for its operations. This resulted on getting pumping test kits mounted on trailers that cannot easily be used in our working environment with undulating and rough terrain.

In my view the procurement process was not properly done as the needs for this equipment and specification requirements were not properly established at that time. This may lead to non-realization of the value for money for the expenditure incurred. Also, conditions of this equipment is going to deteriorating over the time due to wear and tear.

I recommend to DDCA management to look for alternative solution of ensuring the machines are in use to achieve the intended objective. Also, I recommend the investigative authority to establish if there was an aspect of negligence in the procurement stage.

### **8.3 Matters Raised During the Audit of Other Government Entities**

During the audit of Government entities operations, I noted various weaknesses as discussed hereunder:

#### **8.3.1 National Identification Authority (NIDA)**

The National Identification Authority (NIDA) is responsible for registration and issuance of National Identification Cards to Tanzania citizens and legal residents.

##### **a) Low Pace in Issuing National Identification Number and ID Cards**

During the review of the production statistics for the month of February 2020, I noted that NIDA managed to register 21,692,122 persons out of the planned 24,008,729 persons. However out of registered 21,692,122 persons, only 17,100,178 persons were issued with National Identification Number while the remaining 4,591,944 registered persons (equivalent to 21%) were yet to receive their National Identification Number (NIN).

I further noted that out of 17,100,178 persons issued with National Identification Number (NIN), only 5,996,304 ID cards were produced

leaving 11,103,874 persons with ID numbers (equivalent to 65%) yet to receive the ID cards.

After having identified low ID production pace, I then analysed effectiveness of the ID production systems and revealed that NIDA had procured a new ID Personalization Printer from the Supplier M/s Atlantic Zeiser GmbH at a price of Euro 3,304,650 Vide Contract No: EA/061/2018-2019/HQ/G/01-Lot 3 dated 22 July 2019. However, the machine was not installed because the remaining cards inventory were not compatible (well matched) with software installed in the printer machine and hence limited the IDs production.

I am of the view that, delays on issuance of national identification numbers to the eligible citizen restricted them with the access to mobile communication since the registration of SIM Cards requires mobile owner to have NIDA Identification number. And failure to do so, the network service providers were directed to block all unregistered SIM Card from 20 January 2020.

Therefore, I recommend to the management of NIDA to speed up the process of issuing registration number to the registered persons to allow owner of mobile phones to comply with TCRA directives of all cards to register their lines biometrically.

**b) Possible Loss From Advance Paid to the Expired Contract not Recovered; TZS 28,215,446,470**

On 21 April 2011, NIDA entered into a contract agreement with IRIS Corporation Berhad of Malaysia (Contractor) for the Procurement and Supply of Goods and Equipment and the implementation of the National ID system based on Smartcard Technology at contract price of USD 149,956,303 with completion time of 13 September 2016, later revised to 14 March 2018.

During the contract review, I revealed that the Contractor was paid advance amounting to USD 29,991,260 (equivalent to TZS 47,992,080,000) on 16 September 2011. However, it was noted that only TZS 19,776,633,530 was recovered up to the time of audit in

January 2020 leaving TZS 28,215,446,470 not yet recovered. Even though the Contract had expired since 14 March 2018 (2 years ago).

My further audit scrutiny revealed that the Contractor had an outstanding payment claims amounted to USD 5,933,536.56 (equivalent to TZS 13,651,584,240.42) which was not enough to offset in full the outstanding advance amounted to TZS 28,215,446,470.

In my opinion, the deficiency was due to inadequate management of this contract by NIDA and may lead to loss of taxpayers' money if not addressed properly.

The management of NIDA is recommended to offset the outstanding advance of TZS 28,215,446,470 with the unpaid contractor claims of TZS 13,651,584,240.42 and ensure the remaining advance of TZS 14,563,862,229.58 is recovered from the Contractor. Also, the parent Ministry (Home affairs) should ensure the Authority recovers the amount.

#### **c) Loss of ICT Equipment Supporting Biometric Voters Registration (BVR) machines**

NIDA had introduced its offices in various district councils and equip those offices with necessary biometric voters' registration equipment to facilitate national ID registrations activities.

However, my review of the Regional ICT equipment reports revealed that several ICT equipment supporting BVR machines were missing/stolen in various councils, as detailed in the table below:

**Table 51: Loss of Equipment at District NIDA Offices**

S/N	Device stolen	Quantity	Region	Location
1	Laptop	1	Tabora	Kaliua
2	Camera	1	Tabora	Kaliua
3	Solar	1	Tabora	Uyui
4	Camera	1	Tabora	Uyui
5	Disk	1	Tabora	Tabora CBD
6	Laptop	1	Tabora	Tabora CBD

S/N	Device stolen	Quantity	Region	Location
7	Laptop	1	Tabora	Tabora CBD
8	Adaptor	1	Tabora	Tabora CBD
9	Camera	1	Njombe	Njombe DC
10	Camera	1	Njombe	Njombe DC
11	Camera Cannon	1	Iringa	Iringa DC
12	Laptop Lenovo	1	Iringa	Iringa DC
13	Laptop	2	Arusha	Arumeru DC
14	Camera	2	Arusha	Arumeru DC
15	Desktop	1	Arusha	Arumeru DC
16	Extension	2	Arusha	Arumeru DC
17	Dermalog	1	Arusha	Arumeru DC
18	Laptop	9	Arusha	Arumeru DC
19	Camera Canon	4	Arusha	Arumeru DC
Total		33		

Source Management letter of REA:

The management informed my office that the stolen equipment had been reported to PO-RALG responsible to manage the affairs of the District Councils. However, it is known that the existence of non-operation BVR equipment was slowing down the pace of registration exercise.

I therefore recommend NIDA to take immediate action to ensure all equipment lost are replaced in order to resume the registration pace. Also, NIDA is recommended to enhance security of the registration equipment and ensure necessary measures are taken to recover the lost equipment as well as legal actions are taken against responsible personnel for loss of equipment.

### **8.3.2 Rural Energy Agency (REA)**

Rural Energy Agency (REA) is an autonomous body under the Ministry of Energy of the United Republic of Tanzania. Its main role is to promote and facilitate improved access to modern energy services in rural areas of Mainland Tanzania.

### a) Low Pace in Electrified Customers in Rural Areas

REA signed Contracts with various Contractors for Supply and Installation of medium and low voltage lines, Distribution of transformers and connection of customers in un-electrified rural areas in Tanzania Mainland under turnkey phase III round I. The completion period was 24 months.

Review of the progress report of January 2020 together with Site visit conducted in thirteen (13) regions noted that the overall infrastructure construction works were at good stage. However, I noted low pace in connecting customers with electricity whereby, out of 8,462 customers expected to be connected with 3PH, only 625 customers (7%) were connected; and 90,606 costumers expected to be connected with 1PH, only 21,820 customers (24%) were connected while 6 months remaining to the completion time of June 2020. For details refer to the table below:

**Table 52: Status of actual customer connection against contractual scope**

Region	3PH- expected to be connected	Connected		1PH- expected to be connected	Connected	
		Number	%		Number	%
Kilimanjaro	778	5	1%	7,326	668	9%
Singida	864	121	14%	8,660	781	9%
Morogoro	889	55	6%	8,512	1,422	17%
Mtwara	585	22	4%	5,454	1,390	25%
Lindi	533	13	2%	4,795	1,347	28%
Manyara	578	68	12%	5,348	1,715	32%
Tanga	153	77	50%	5,784	1,791	31%
Arusha	126	41	33%	5,428	2,013	37%
Geita	1011	72	7%	11,933	3,552	30%
Mwanza	968	42	4%	8,716	2,201	25%
Kagera	917	8	1%	8,235	1,950	24%
Dodoma	1060	101	10%	10,415	2,990	29%
Total	8462	625	7%	90,606	21,820	24%

*Source: Management letter of REA*

I was informed by the management that the low pace in connecting electricity to customers was attributed to several factors including untimely availability of ABC conductors and readiness of consumers in terms of timely undertaking of in-house wiring and payment of connection fees. However, it is in my opinion that further delays may limit the government objective of electrifying rural areas with affordable energy.

It is therefore recommended to REA to: (a) engage in sensitization programs for creation of awareness to the rural community on benefits of electrification, so that rural economic development will be promoted as a result of the use of electricity; and (b) to request all contractors submit materials delivery schedules and enforce compliance to the contractual obligations by ensuring timely delivery of materials.

**b) Payments of Salaries to Staff not Under Rural Energy Agency Service - TZS 146,021,086.40**

I have reviewed REA payroll for the year 2018/2019 and revealed that an amount of TZS 146, 021,086.40 was paid to four (4) staffs in respect of salaries for the month of June to October 2019. However, those staff were found to have been transferred to other various Government Agencies. It was also noted that the management had delayed to inform PO-PSM to remove those staff in the Agency payroll as evidenced through a letter with reference No: CAB/143/166/01/VOL.II/84 & 96 dated 4 October 2019 and 7 November 2019 respectively. This had contributed much to such nugatory payments.

The management informed my office that the Agency was requested to pay transferred staff since their emoluments were budgeted by the Agency before being transferred to other institutions and their salary levels were higher compared to salaries of the receiving institutions. However, no evidence for the payment requested was availed during the time of audit. In my view, this weakness could result to double

payment of salaries or existence of ghost workers if not addressed properly by the internal control of the Agency.

I therefore recommend to the REA management to ensure adequate control over payroll management. Additionally, the weakness should be investigated by PO-PSM to ensure the staff mentioned are not benefiting by double payment of salaries.

### 8.3.3 Mzinga Holding Company Limited

#### a) Addition Cost Incurred from the Construction Projects TZS 318,150,958.15

During the review of the operations of Mzinga holding Co. Ltd I noted the existence of loss amounted to TZS 318,150,958.15 in four (4) major building construction of government offices at Ihumwa, Dodoma. This loss was due to the project expenditures incurred amounted to TZS 3,494,321,198.15 which exceeded the receipts of TZS 3,176,170,240 as shown in the table below:

**Table 53: Table: Project Revenue and Expenditure**

S/ N	Project	Revised Contract Sum (TZS)	Actual Expenditures Incurred (TZS)	Difference (TZS)
1.	Prime Minister's Office- Ihumwa Dodoma	1,081,644,660.00	1,296,194,434.86	214,549,774.86
2.	Ministry of Minerals- Ihumwa Dodoma	1,026,108,080.00	1,083,610,227.55	57,502,147.55
3.	Ministry of Health- Ihumwa Dodoma	1,068,417,500.00	1,114,516,535.74	46,099,035.74
<b>Total (TZS)</b>		<b>3,176,170,240</b>	<b>3,494,321,198.15</b>	<b>318,150,958.15</b>

Source: Management letter

I was told by the management that the losses incurred was mainly attributed to inaccurate project estimates by the Consultant Tanzania Building Agency and observed another cause was due to inadequate supervision of the projects. In my opinion, if the trend of making losses in executing the projects is not addressed the going concern of the Company is at risk.

I then recommend to the management of Mzinga Holding Co Ltd to factor in all cost associated with the project at realistic market price during tendering stage. Also, I advise the management to review in detail the provided drawings and bill of quantities and raise comment for any deficiencies noted before entering into contractual commitments.

**b) Imprest Issued to Non-Staff Members; TZS 626,881,740**

During the audit I noted that the Company had 35 staff members, however, imprest amounting to TZS 626,881,740 was issued to non-staff's members contrary to regulation<sup>98</sup> of Public Finance regulations to facilitate payment of various expenses on the Company's behalf. Refer to Appendix 8.9.

I was informed by the management that those staff had been seconded from Public service due to the limited number of staff, however no evidence was availed to substantiate the statement provided.

I believe, this deficiency increases the possible risk of loss of government moneys, misappropriation, and lack of accountability.

Therefore, I urge Mzinga Holding Company Ltd to avail evidence for the seconded staff and failure to do so, the same should be recovered.

**c) Under-Payment of VAT to TRA ; TZS 306,848,832.34**

Para 7.1 of Tax Refund Manual of March 2013, states thus:



*In order to mitigate risks in processing tax refunds it is necessary to ensure utmost care and accuracy and provision of high-quality services, refund claims work must be properly organized. It is essential that the detailed working is documented and performed according to the approved procedures.*

During the review of VAT returns (Output against Input tax) from July 2018 to June 2019 I revealed that the Company had net Value Added Tax (VAT) amounted to TZS 306,848,832.34. However, the same was yet to be transferred to TRA as shown in the table below:

**Table 54: Table: Under payment of VAT**

S/N	Details	VAT amount as per Company (input) (TZS)	VAT amount paid by client (output) (TZS)	Differences (TZS)
1	VAT	627,052,049.42	933,900,881.76	306,848,832.34

*Source: Management letter*

I was informed by the management that underpayment of VAT was caused by payment delays from Clients. However, there is a possibility that the VAT moneys were used to finance other activities of the Company of which may result to loss of government revenue or possible penalties imposed on late submission of VAT returns.

I urged the management of Mzinga Holding Co Ltd to transfer Value Added Tax amounted to TZS 306,848,832.34 to Tanzania Revenue Authority (TRA) and also, Tanzania Revenue Authority (TRA) is advised to conduct Tax audits on the Company records to assess the level of non-compliance on Tax issues.

#### **8.3.4 Mzinga Corporation**

##### **a) Strategic Corporate Plan not Put into Action**

Mzinga Corporation has strategic corporate plan of 15 years started from year 2011 to 2026 of which was approved on 05 October 2010. I reviewed the direction of the Corporation towards the established goals under strategic plans and noted that:

The Corporation is carrying out some activities which are not defined in strategic corporate plan such as agriculture activities, Vocation Training Centre, training institution and milling machine while the activities defined in the Strategic Corporate plan were not performed for 8 years (2011 to 2019) as discussed hereunder:

- Para 8.1.2 and 9.3.4 of the Strategic Plan shows that Mzinga Corporation is expected to establish subsidiary companies that will form formidable economic wing, and that subsidiary will be listed in stock exchange market to enable sell of shares. However, one subsidiary company has been registered and is yet to be listed in stock of exchange market.
- Para 7.5 (vii) of Strategic Plan indicates that Mzinga expected to establish research Centre of excellence starting year 2009/2010. However, no Centre was established to date.

I was informed by the management that the implementation of the 15 years Strategic Corporate Plan (2011-2026) becomes difficult due to inadequate development funds from treasury. And due to that It is my believe that the Company is working against the objectives that established it and hence the future of the company is at risk.

*I recommend to the management of Mzinga Corporation to define new strategic plan to incorporate activities not defined before and omit unattained goals in order to provide a clear direction toward the growth of the Corporation.*

#### **8.3.5 Tanzania Police Force Corporation Sole**

##### **a) Lack of Revenue for three Consecutive Years**

TPFCS activities are mainly financed by revenue from various activities such as recreation and welfare funds, lost reports, arms and ammunitions registration and compounded fines, revenue from contracting and consulting works, income from investment, and annual Government budgetary support.

I reviewed the operations of the TPFCS and revealed it lacks revenue for the three consecutive years<sup>32</sup>. I was informed that inadequate preparation of the funding modalities during its establishment was the main reason and as such it inhibited the achievement of intended objectives stipulated in its establishment statement

I therefore advise the Ministry of Home Affairs to assess the relevance of TPFCS and if found of not viable the same is advised to be dissolved.

**8.4 Matters Raised During the Audit of Water Basin Boards**

Water Basin Boards were established in accordance with the Water Utilization (Control and Regulation) Act, 1974 and its subsequent amendments. But the former Act has been replaced with the Water Resources Management Act, 2009.

In the year under audit, I managed to audit 14 Water Boards and the audit observations and recommendations are as follows:

**8.4.1 Short Release of Funds From Water Sector Development Program (WSDP) by TZS 31,299,787,199.39**

In the financial year 2018/2019, 12 Water Basin Boards had received development grants of TZS 13,274,070,420.61 from the Government through WSDP. I analysed the release and noted that the fund was under released by TZS 31,299,787,199.39 (70%) compared to the approved budget of TZS 44,573,857,620. The funds received were able to finance only 30% of the development projects which indicated that the planned development activities were affected by 70% less funds, as shown in the table below:

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<sup>32</sup> 2016/17,2017/18 AND 2018/19

**Table 55: Under release of Exchequer issues**

S/N	Name of the Entity	Approved Budget for Development Grant (TZS)	Actual Development Grant released (TZS)	(Under)/Over Release (TZS)	%
1.	Lake Nyasa Basin Water Board	1,000,000,000.00	578,388,216.00	(421,611,784.00)	(42)
2.	Lake Rukwa Basin Water Board (LRWB)	1,278,241,000.00	799,174,377.00	(479,066,623.00)	(37)
3.	Handeni Trunk Main Water Supply and Sanitation Authority (HTMWSSA)	2,660,000,000.00	2,478,950,306.00	(181,049,694.00)	(7)
4.	Makonde Plateu Water Supply and Sanitation Authority	1,534,392,000.00	877,028,732.00	(657,363,268.00)	(43)
5.	Ruvuma Basin and Southern Coast Water Board	2,205,000,000.00	644,869,802.00	(1,560,130,198.00)	(71)
6.	Rufiji Water Basin Board	5,196,320,620.00	1,377,240,223.61	(3,819,080,396.39)	(73)
7.	Internal Drainage Basin	11,758,254,000.00	726,082,325.00	(11,032,171,675.00)	(94)
8.	Pangani Basin Water Board	3,500,000,000.00	190,428,000.00	(3,309,572,000.00)	(95)
9.	Wami-Ruvu Basin Water Board	13,512,000,000.00	4,196,548,400.00	(9,315,451,600.00)	69
10.	Mugango - kiabakari Water Supply and Sanitation Authority	324,000,000.00	574,402,010.00	250,402,010.00	77

S/N	Name of the Entity	Approved Budget for Development Grant (TZS)	Actual Development Grant released (TZS)	(Under)/Over Release (TZS)	%
11.	Lake Victoria Basin Water Board	605,650,000.00	426,924,000.00	(178,726,000.00)	(30)
12.	Maswa Water Supply and Sanitation Authority (MAUWASA)	1,000,000,000.00	404,034,029.00	(595,965,971.00)	(60)
<b>Total</b>		<b>44,573,857,620.00</b>	<b>13,274,070,420.61</b>	<b>(31,299,787,199.39)</b>	<b>(70)</b>

Source: Management letter

For these Water Basin Boards to continue providing water services to the public, I recommend to the Management of the Ministry of Water and Irrigation to make close follow ups with the Ministry of Finance and Planning for timely release of the WSDP funds.

#### **8.4.2 Maswa Water Supply and Sanitation Authority**

##### **8.4.2.1 Undelivered Float Pump Procured Since March 2017; TZS 76,670,000**

During the audit of the receivables, I noted that on 17 March 2017 the Authority had paid the advance of TZS 76,670,000 to Maji Central Stores in respect of the Supply of Submersible Floating Pump (FGYT H = 25, Q=432 cubic meter per hour, KW 37, RPM 2920) float pump. However, up to the time of writing this report March 2020, the order placed for the pumps was not yet delivered to the Stores for the period of up to 3 years.

The management had informed my office that it had taken some measures by communicating the issue to the supplier together with the Ministry of Water and Irrigation; however, the same was yet to be settled. This meant that the intended objectives were not achieved for all that period. Even if the pumps were to be delivered now, they may not be of use due to changes in the current needs.

I recommend the Maji Central Stores to refund the amount together with prevailing Bank of Tanzania borrowing interest rate from the date when advance was apid up to the date when ythe amount will be recovered. I urge the Ministry of Irrigation to follow the implementation of the recommendation.

#### **8.5 Matters Raised During the Audit of Special Funds**

##### **8.5.1 Roads Fund Board (RFB)**

Roads Fund Board was established with the primary objective of providing sustainable funding for road maintenance to implementing agencies through collection, disbursement and monitoring its utilization for socio-economic wellbeing of the public. During the review of operations of the Roads Fund Board, I noted the following:

**a) Fuel levy and Transit Charges not Transferred to RFB;  
TZS 7,063,022,941**

Fuel levy and transit charges are collected by TRA at the point of discharging fuel importation and Entry point in Customs borders and then transferred to TRA banks accounts. TRA then transfers the same to BOT Roads Fund Account maintained by Treasury and finally the Accountant General (ACCGEN) transfers the funds to Roads Fund Collection account after obtaining the approval from the Commissioner of Budget. This process was designed to ensure compliance with Sub Sect. 4 (2) of the Roads and Fuels Tolls Act, CAP 220 (Revised 2006) which requires all monies collected as roads and fuel tolls to be deposited in the account of the Fund.

Contrary to the above, I noted that as at 30<sup>th</sup> June 2019 Tanzania Revenue Authority (TRA) had collected fuel and roads toll of TZS 769,922,822,057; however only TZS 762,859,799,116 was deposited in the Fund account. Consequently TZS 7,063,022,941 had not been transferred to the fund account up to the end of financial year as detailed in the Table below:

**Table 56: Funds not transferred to RFB TZS**

Details	Amount collected	Amount transferred	Amount not transferred
Fuel levy	747,160,592,365	740,306,382,757	6,854,209,608
Transit charges	22,762,229,692	22,553,416,359	208,813,333
<b>Total</b>	<b>769,922,822,057</b>	<b>762,859,799,116</b>	<b>7,063,022,941</b>

I believe the intended objective of providing sustainable funding for road maintenance could be affected and impact our roads condition.

I therefore recommend to the Ministry of Finance and Planning through ACCGEN Office and Tanzania Revenue Authority (TRA) to transfer TZS 7,063,022,941 to Roads Fund Board.

## **8.6 Matters Raised During the Audit of Regional Referral Hospitals**

On 1 July 2018, the Government had transferred all referral hospitals to the Ministry for Health, Community Development, Gender, Elderly

and Children from the President's Office - Regional Administration and Local Government Authority (PO-RALG) in order to improve quality health services. In this financial year 2018/19 I audited 28 referral hospital and noted major shortcoming facing referral hospitals as detailed in Appendix 8.11 and summarized hereunder:

- The staffing level in the Regional Referral Hospitals is still a matter of concern as I noted during my audit that 18 referral hospitals need 5,047 personnel to meet the required staff complement.
- Referral hospitals are still facing the problem of insufficient medical equipment whereby I noted shortage of 312 medical equipment in 3 referral hospitals. This problem if not addressed will continue to obstruct the provision of quality health services to the public.
- I noted absence of tender boards in 12 referral hospitals which were still depending on RS Tender Board, to approve procurement. In the absence of Tender Boards, some of the procurement made were found to have no approval contrary to Sub Sect. 31 (1) of PPA, 2011 (amended 2016)
- Existence of the rejected claims amounted to TZS 1,483,391,945.19 from NHIF were also noted during my audit of 19 Referral hospitals. It was noted that inadequate internal controls particularly on the awareness of entrusted staff, thoroughly reviewed, and follow up of claims contributed much to these rejected claims.
- In addition, I noted in 3 Regional referral hospitals the existence of the procurement of medicine amounted to TZS 319,529,796 were made without obtaining approval from the Medical Store Department contrary to Reg. 140 (4) and (5) of PPR, 2013 (amended 2016).



The above weaknesses were attributed to; low employment permit provided by PO-PSM to Ministry of Health; insufficient funding from the Treasury to procure medical equipment needed; and inadequate internal control of procurement management and handling of the NHIF refund claims. It is my view that effort is needed to address the noted issues in order to achieve the target of providing quality health services to the public.

I recommend that the Government through the Ministry for Health, Community Development, Gender, Elderly and Children should ensure that the resources in terms of staffing and equipment are adequately made available to the hospitals to facilitate the provision of quality services. Moreover, the Parent Ministry is recommended to communicate with PPRA and provide the directives on establishment of Hospital Tender Boards; and finally I recommend to the referral hospitals to enhance internal controls in order to minimize the risk of NHIF claim forms being rejected for non-compliance.

#### **8.6.1 Cross Cutting Issues Observed During the Audit of Executive Agencies, Special Funds, Water Basins Boards, Other Government Entities and Region Referral Hospitals**

During the audit of Executive Agencies, Water Basin Boards, Government Special Funds and other Government Entities, I noted cross cutting weaknesses on management of expenditure that needed to be addressed. All the weaknesses noted occurred and were reported in my prior year's report. This indicates that there is little improvement in implementing my recommendations.

##### **8.6.1.1 Weakness on Expenditure Management**

On Expenditure management I noted the following non-compliance:

##### **a) Inadequately Supported Expenditure; TZS 2,207,923,905.90**

I noted that 13 Government entities which had inadequately supported expenditure amounting to TZS 2,207,923,905.90 did not comply with Reg. 95 (4) of Public Finance Regulation, 2001 (as revised in 2004). Refer Appendix 8.10. This indicates that the ability to prevent this anomaly is still a matter of concern.

Compared to prior year, I noted the increase of the unsupported payments by 64 percent from TZS 1,347,912,012.83 in 2017-18 to TZS 2,207,923,905.90 in 2018-19. This means that the trend of not complying with finance laws by the entities poses the risk of payments made for, services not rendered, ineligible beneficiaries, and payments resulting from fraud and abuse of power is still growing unabated.

I recommend the improvement of the internal control systems by strengthening oversight and monitoring and improve automated systems in order to minimize wasteful spending resulted from these transactions. By doing so the value for money for the expenditure incurred will be realized and also may reduce misstatements in the financial statements.

**b) Payments Not Supported by EFD Receipts;  
TZS 1,388,736,882.86**

Section 36 of the Tax Administration Act (TAA), 2015 requires a person, who supplies goods, renders services or receives payments in respect of goods supplied or services rendered to issue fiscal receipt or fiscal invoice using Electronic Fiscal Device.

In this year, 12 audited entities had a total payments of TZS 1,388,736,882.86 which were effected without being acknowledged by EFD, as shown in Appendix 8.10. These accounted in the decrease of TZS 6,567,583,223.75 (83%) compared to the prior year amount TZS 7,956,320,106.61. This indicates that entities have responded well to my prior year recommendation. See details in Appendix 8.10.

I still insist in my prior year recommendation to the Government institutions to demand EFD receipts when making payments as required of Section 36 of the Tax Administration Act, 2015; also, the Agencies are urged to discontinue doing business with Suppliers who do not use EFD machines.

**c) Unretired Imprest Issued; TZS 3,278,769,064.56**

As noted from my previous reports, still Government institutions lack proper control over imprest issued and as a result, I discovered that some imprest given to the officers were not retired while no reminder letters were issued to them to retire the same as required by PFR, 2011. This deficiency increases the risk of loss of government moneys, misappropriation, and lack of accountability.

In this year, the total imprest payments amounted to TZS 3,278,769,064.56 in a sample of 12 audited entities were issued. However, the same was not retired, as shown in Appendix 8.10. These payments accounted for the increase of TZS 2,897,821,223.80 (760%) compared to the prior year amount of TZS 380,947,840.76. This indicates that entities have not responded well to my prior year recommendation. Refer to details in Appendix 8.10.

According to Regulation 103 (2) of PFR, 2001, imprest is supposed to be retired within 30 days of the close of the financial year in which the imprest was issued, I recommend that, imprest which were not retired within the prescribed time should be recovered from beneficiaries.

**d) Withholding Tax Not Remitted to TRA TZS 521,458,769.60**

In addition, I noted withholding tax amounted to TZS 521,458,769.60 in respect of four audited entities was not remitted to Tanzania Revenue Authority (TRA) contrary to Sect. 83 of Income Tax Act, 2004; list of entities is shown in Appendix 8.10

**e) Expenditure Made Without Budget Provision**

In a sample of six audited entities had expenditure of TZS 2,438,367,506.98 made out of the approved budget contrary to Reg. 46 (3) of Public Finance Regulation, 2001 as revised in 2004. Refer to Appendix 8.10.

**8.6.1.2 Weakness on Procurement Management**

On Procurement management I noted the following non-compliance instances:

**a) Procurement Not Supported by Framework Agreement;  
TZS 280,998,828**

I noted that two (2) Government Entities procured goods and services amounted to TZS 280,998,828 from other entities without having legal binding Contracts as shown in the table below:

**Table 57: Payments without written agreements**

S/N	Institution	Amount (TZS)	Remarks
1	Pasiansi Wildlife Training (PWTI)	72,293,178	No framework Agreement
2	Agriculture Seeds Agency (ASA)	208,705,650	No framework Agreement
<b>Total</b>		<b>280,998,828</b>	

*Source: Management letters*

In my view, in the absence of contract agreement when disputes arise it could not be legally enforceable.

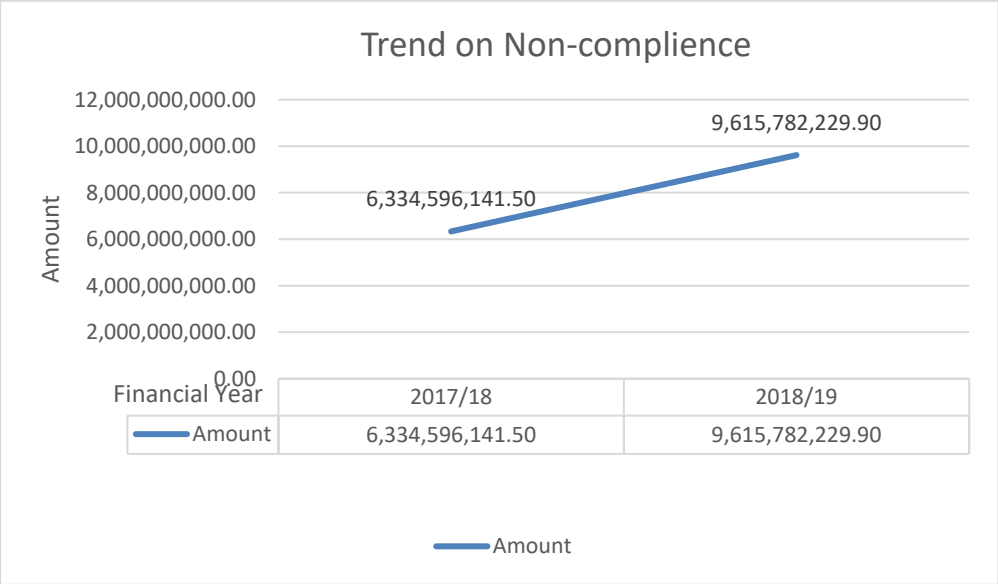
I recommend to the management of the responsible Government entities to ensure any business transactions involving other parties are supported by contracts and; also, to ensure competition during tendering process as per Reg. 163 & 164 of the PPR, 2013. Furthermore, I advise legal officers of the named entities to properly advise management on how to improve controls over contract management.

**8.6.1.3 Overall Weaknesses on Compliance issues**

Overall weakness noted as a result of non-compliance of Public Finance Regulations, 2001 as revised in 2004, Public Procurement Regulations 2013, Income Tax Act 2008 and other Regulations amounting to TZS 9,615,782,229.90 as shown in Appendix 8.10.

This indicates that the overall non-compliance to the above mandates has increased by TZS 3,281,186,088.40 (52 %) from the reported amount of TZS 6,334,596,141.50 in my previous report as the trend indicated in the figure below:

**Figure 27: Trend on Non-Compliance with PFA, PPA & the ITA**



## **CHAPTER NINE**

### **9.0 PROCUREMENT AND CONTRACTS MANAGEMENT**

#### **9.1 Introduction**

Public Procurement is usually one of the largest expenditure component which constitutes budgets of MDAs; hence adherence to laws, regulations, guidelines and circulars on public procurement becomes critical. This chapter is in view of my responsibility on the procurement law, as stated in the Section 48 (3) of the Public Procurement Act (PPA), 2011(as amended in 2016) which specifically require the CAG to include an evaluation and examination of public procurement procedures and processes as well as compliance with procurement laws and regulation in the regularity audits. Apart from my audit, I have included audit findings from PPRA.

#### **9.2 Legal Framework Requirement in the Public Procurement**

Public procurement in Tanzania is governed by the Public Procurement Act No.7 of 2011(as amended in 2016) together with Public Procurement Regulations GN No. 446 of 20<sup>th</sup> December 2013 (as amended in 2016), which decentralizes procurement system and provides mandates for each Procuring Entity to carry out procurement functions within the approved budget and be accountable for all procurement decisions made. Below are the key findings emanating from my audit of procurement and contract management of the audited entities.

#### **9.3 Irregularities Noted in the Contract for Supply of Pole Tents for National Electoral Commission (NEC); TZS 6,306,146,740**

On 11<sup>th</sup> April, 2019 NEC entered into contract No. IE/018/2018-19/HQ/G/18 with M/s YELL LTD for the supply of 2,237 Pole tents worth TZS 6,306,146,740. The pole tents were supposed to be supplied within 60 days from 11<sup>th</sup> April 2019 to 11<sup>th</sup> June 2019 to be used during updating of Permanent Voters' Register. The following anomalies were noted:

**a) Inadequate Tender Valuation and Post Qualification of the Supplier.**

It was expected that effective due diligence or post qualification of supplier to be conducted in order to assess capacity (financial, technical , equipment's ) of the supplier however the same was not done contrary to Sec. 53 of PPA of 2011(as amended in 2016).

**b) Insufficient Pole Tents Specifications and Questionable Quality of Supplied Pole Tents**

It was expected that prior to Tender Evaluation, the required pole tents to be supplied should have been specified with specifications and standards which could have enabled the bidders to quote the price, quality and standards. However, NEC management failed to provide pole tents specification. This is contrary to Standard Tendering document of PPRA which requires Sec.VI & V to include Schedule of Requirements and Technical Specifications respectively.

**c) Attorney General's Comment was not Incorporated in the Contract Document**

Further, Reg.59 (5) of PPR (2013) requires the Accounting Officer, upon receiving the comments or legal advice on the draft contract from the Attorney General to incorporate them in the draft contract before signing. It was noted that Attorney General's Comments were not taken into account as advised.

**d) Delays in Making Advance Payment to the Contractor**

NEC delayed to make payment of 15% as advance payment amounting to TZS 931,000,000 for two months (60 days) which resulted to late delivery of Tent poles for 60 days it was noted that the contractor managed to supply 880 pole tents out of 2237 required pole tent which is equivalent to 39% up to January 2020.

**e) Extension of Time**

Despite a delay of advance payment for 60 days, the supplier requested extension of time but the same was not granted by Tender Board in its meeting held on 6<sup>th</sup> November, 2019 contrary to GCC clause 19.

In this regard, I noted lack of contract management at National Electoral Commission. I recommend to the Management of National Electoral Commission (NEC) to ensure that Value for Money is attained for effective delivery of the Pole tents on time with required quality.

#### **9.4 Procurement of Goods and Services out of Annual Procurement Plan TZS 3,605,775,412**

Eight (8) MDAs/RS/Embassies procured goods and services worth TZS 3,605,775,412 which were not included in the annual procurement plan contrary to Section 49 (2) and (3) of PPA No.7 of 2011(as amended in 2016). Since these procurements were not planned for, it resulted in the use of budgeted resources for unplanned activities. The overspending could throw the institution's budget into disarray and it also made budgetary control difficult. In my view, the lapse was due to improper planning and I recommended that management should carry out proper needs assessment and market surveys so that it can obtain adequate and reliable information to afford proper planning and implementation of procurement plans. Details are provided in the table below

**Table 58: List of entities made procurement outside plan**

<b>Vote</b>	<b>Name of MDA/RS/Embassies</b>	<b>Observation</b>	<b>Amount(TZS)</b>
14	Fire and Rescue Force	Construction of Head Office Building in Dodoma	1,746,146,300
91	Drugs Control and Enforcement Authority	Supply and installation of voice system	13,000,000
98	Ministry of Works, Transport and Communication-Works	Construction of Solid Fence, Landscape, Lift installation and Fixing Aluminium Louvers	945,474,443.75
73	RS Iringa	Construction of various Buildings	196,085,821



Vote	Name of MDA/RS/Embassies	Observation	Amount(TZS)
90	RS Songwe	Procurement and Installation of CCTV and Biometric Time Attendance Registration	11,180,789
2028	Tanzania Embassy in Bujumbura	Procurement of furniture, computers, office equipment, and lawn mower	68,703,599
50	Ministry of Finance	Provision of Security services and Decoration of Office for nanene and sabasaba	166,290,000.00
21	TRA Expenditure	Procurement of various office Supplies.	458,894,460
<b>Total</b>			<b>3,605,775,412</b>

Source: Individual CAG's management letters for the year 2018/19

Compared to 2017/18, there is an increase in non-compliance with procurement plans. During 2017/18 there were no MDAs/RS reported with this irregularity while in the year under review reported Eight (8) MDAs' /RS with irregularities amounting to TZS 3,605,775,412

I recommend adherence to the procurement plans and also urge management to conduct proper needs assessment and market surveys to obtain adequate and reliable information to enable proper planning and implementation of procurement activities.

#### **9.5 Irregularities Noted in Procurement of Battery Cells, Connectors and other Accessories for Replacement in National ICT Broadband Backbone (NICTBB) sites TZS 1,647,512,344.**

I noted that the Ministry of works, Transport & Communications (Vote 62) made payment amounting to TZS 494,253,703 out of

contract price of TZS 1,647,512,344 to TTCL as advance payment for the above mentioned procurements which were supplied by M/S Sagemcom Energy & Telecom Tanzania Limited.

The entire procurement procedures were undertaken by TTCL on behalf of the Ministry. I was concerned with the procurement procedures involved as could not clearly show supervisory role and value for money assurance to the Ministry. I further noted the following anomalies:

- There was no written arrangement between the Ministry and TTCL as to whom should undertake the procurement process;
- There was no evidence that the Ministry was availed with the contract entered between the supplier and TTCL before payments;
- No evidence that the Accounting Officer appointed inspection committee for inspection of the goods supplied; and
- No evidence that the Ministry was availed with a list of replaced obsolete batteries.

I am of the view that there is a possibility of making payments for goods which were not received or received in condition or quantity which do not conform to the pre-determined specifications

I recommend the Ministry in case of procurement of this nature through its MTB and PMU to collaborate in the procurement process to ensure value for money before payment.

**9.6 Procurement of Goods and Services Without Contracts  
TZS 5,460,101,227**

During 2018/2019, I noted Five (5) audited entities failed to avail contract documents in support of various procurements totalling to TZS 5,460,101,227 appearing in their respective financial transactions. Regulation 10(4) of Public Procurement Regulations, 2013(as amended in 2016) specifies that a procuring entity shall ensure that payments due to tenderer are made properly and promptly in accordance with the terms of each procurement contract entered into. Involved entities are enumerated in the table below:

**Table 59: List of entities made procurements without contracts**

<b>Vote</b>	<b>Name of MDA/RS</b>	<b>Observation</b>	<b>Amount(TZS)</b>
38	Tanzania Peoples Defence Forces (TPDF)	Procurement of Combat Suit from M/s 21 <sup>st</sup> Century Textiles Ltd	4,242,319,008
51	Ministry of Home Affairs	Supply and installation of LAN cables	28,667,583
57	Ministry of Defence and National Service	Procurement of Motor Vehicles, Drilling of Dam and Purchase of Office Consumable	245,462,862
57	Ministry of Defence and National Service	Rehabilitation of external reticulation and water tanks at Ngerengere Air Base before signing of contract	737,974,120
39	National Service Force (JKT)	Construction of Playgrounds Melena and Mgulani JKT	205,677,653
<b>Total</b>			<b>5,460,101,227</b>

Source: Individual CAG's management letters for the year 2018/19

I have noted a significant increase in this irregularity within the MDAs/RS whereby in the last year audit, Five (5) audited entities made procurements worth TZS 1,174,767,341 without contracts.

It is therefore important that all procurement transactions must be properly supported with contracts so that any part in default of its obligations is adequately accountable before the law. I recommend MDAs/RS to adequately adhere to the Public Procurement legislations by entering contractual agreements which can be enforceable by the law.

### **9.7 Agricultural Chemicals Procured But Not Distributed Worth TZS 3,341,158,850**

On 18<sup>th</sup> April, 2019, I noted that the Ministry of Agriculture (Vote 43) procured 266,596 litres of agricultural chemicals worth TZS

7,771,262,000 from M/s BAJUTA International (T) Ltd and M/s PEST GUARD Ltd.

A site visit conducted in August 2019 at Dodoma warehouse noted that out of 266,596 litres procured, only 153,418 litres worth TZS 4,330,108,150 were issued for use to farmers and the remaining 113,178 litres worth TZS 3,341,158,850 were yet to be distributed to the intended users.

I am of the view that failure to distribute agricultural chemicals may lead to loss of funds due to high possibility of agricultural chemicals to expire before reaching the targeted beneficiaries.

I recommend the Ministry to provide sufficient reason(s) regarding the significant delay on distribution of agricultural chemicals.

#### **9.8 Procurements Made Without Competitive Tendering TZS 4,643,629,092**

Regulations 163 & 164 of the PPR, 2013 requires procuring entity to obtain quotations from at least three suppliers the aim being price considerations without compromising quality. From nine (9) sampled MDAs/RS goods and services worth TZS 4,643,629,092 were procured from various suppliers without complying with the Regulations stated above. List of entities not complied with the above Regulation is as shown in the table below:

**Table 60: List of entities made procurement without competitive tendering**

<b>Vote</b>	<b>Name of MDA/RS</b>	<b>Observation</b>	<b>Amount(TZS)</b>
38	Tanzania Peoples Defence Forces (TPDF)	Supply of various office consumables	1,232,399,816

<b>Vote</b>	<b>Name of MDA/RS</b>	<b>Observation</b>	<b>Amount(TZS)</b>
57	Ministry of Defence and National Service	Provision of Air tickets and Cleaning Services	132,033,430
39	National Service Force (JKT)	Supply of Tractors	203,100,000
90	RS Songwe	Procurement of Building Materials	113,442,348
63	RS Geita	Supply of spare parts	16,166,254
63	RS Geita	Construction of Various Buildings awarded to one Contractor.	2,084,720,897
47	RS Simiyu	Construction of Busega District Commissioner office	779,869,056
75	RS Kilimanjaro	Provision of services for printing form six mock examination	52,696,420
86	RS Tanga	Maintenance Services at Mkwakwani stadium	29,200,871
<b>Total</b>			<b>4,643,629,092</b>

*Source: Individual CAG's management letters for the year 2018/2019*

The amount of procurement made without competitive tendering has increased from TZS 4,615,040,383 to TZS 4,643,629,092 when compared with last year's audit. In 2017/18 ten (10) MDAs/RS were involved.

I argue management of concerned Ministry, Departments and Regional Secretariats to consider competitive methods of procurement are used prior to award of contracts in the future so as to obtain value for money in all procurement.

Non-compliance with the Procurement Act and its Regulations may mean that no value for money was obtained

### **9.9 Prolonged Procurement Procedures which are Not Compatible with Belgium Environments for Rehabilitation of Head of Mission Residential House and Chancery Office**

It has come to my attention that Tanzania Embassy in Brussels received TZS 945,814,366 equivalent to €352,519.85 in the year 2017/2018 for rehabilitation of Head of Mission residential house, however, up to conclusion of my audit in December, 2019 rehabilitation activities had not started due to the following:

#### **a) Application of Public Procurement Procedures which are Not Compatible with the Host Country**

I noted that the Management of the Embassy and the Parent Ministry insisted on strict compliance with competitive tendering process in disregard to other avenues provided by public procurement legislation. This has been noted to be incompatible with host country environment consequently the process has not yielded desired results and up to the time of audit the embassy has not started renovation.

#### **b) The Prepared Bill of Quantities did Not Aligned with the Requirements of the Host Country**

Correspondences between the Embassy, Parent Ministry and the Prospective bidders noted that most of the bidders withdrawn from this tendering on the ground of language barriers and incompatibility of bill of quantities with the host country.

#### **c) Conditional Requirement of Using Class A Licensed Contractors Not Aligned with Classification Criteria in the Host country**

I also noted that the Parent Ministry insisted involvement of Contractors licensed with Class A for rehabilitation of the aforementioned infrastructures. However, classification criteria in the host country are different where class A contractors are engaged in construction of projects ranging from € 1,000,000 and above which is higher than the work to be done.

Further, I noted that an amount of £ 9,279.66 equivalent to TZS 24,470,463.42 out of the fund received for rehabilitation was spent

to cover per diem for Employees from Tanzania Building Agency (TBA) and the Ministry of Foreign Affairs and East African Cooperation who went to the Embassy to conduct the evaluation of rehabilitation and thus reducing the amount for rehabilitation purpose.

I recommend the management to communicate with Public Procurement Authority (PPRA) for the guidance on the execution of procurement in the foreign countries. I also recommend recovery of £ 9,279.66 equivalent to TZS 24,470,463.42 from beneficiaries spent for unintended activities.

#### **9.10 Delivered Goods Not Inspected; TZS 1,620,940,789**

Pursuant to Regulation 244(1) of PPR 2013( as amended in 2016), the procuring entity on procuring goods or services is required to ensure the said goods are inspected, sampled and tested to confirm whether they meet the standards stipulated in the contract. In addition, Reg. 245 of GN No.446 of 2013 requires the Accounting Officer to appoint a goods inspection and acceptance committee for each tender including call off orders. My test on compliance with these requirements of law at Seven (7) MDAs/RS noted that, the quality assurance for the goods worth TZS 1,620,940,789 was not performed. In other occasions, Accounting Officers did not establish the goods inspection and acceptance committee responsible for inspecting, testing goods and services received from the suppliers. Details are as provided under the table below:

**Table 61: List of MDA with Goods/Services not inspected**

<b>Vote</b>	<b>Name of MDA/RS</b>	<b>Description</b>	<b>Amount(TZS)</b>
39	National Service Force (JKT)	Supply of Double Decker Steel Beds	319,263,270
93	Immigration Services Department	Supply of software and hard ware	1,066,174,918
33	President's Office Ethics Secretariat	Supply of safe deposit lockers with individual 3 wheel combination lock 18 - C type	20,880,000

Vote	Name of MDA/RS	Description	Amount(TZS)
2014	Tanzanian embassy in Beijing, China	Procurement of various Assets	20,451,941
48	Ministry of Lands, Housing and Human Settlements Development	Procurement of Assets (HP Plotter)	40,285,423.73
49	Ministry of Water and Irrigation	Procurement of office supplies and equipment	132,588,787.47
71	RS Coast	Supply of office Consumables	21,296,449
<b>Total</b>			<b>1,620,940,789</b>

*Source: Individual CAG's management letters for the year 2018/2019*

There is an increase in irregularities relating to non-inspection of goods prior to acceptance compared to 2017/18's audit. In the year 2017/18 audit fourteen (14) MDAs/RS reported irregularities amounting to TZS 628,364,144.05 while Seven (7) MDAs/RS with irregularities amounting to TZS 1,620,940,789 have been noted in the year under audit indicating an increase of goods received and services rendered without being inspected.

Receiving goods without inspection by the goods inspection and acceptance committee may create a loophole for acquiring substandard goods or good of low quality, or goods received may not conform to the specifications provided in the purchase contract. I urge Accounting officers to form goods inspection and acceptance committees whenever goods and services are procured.

#### **9.11 Irregularities Noted in Contract for the Construction of Sixteen (16) Courts in Tanzania Worth TZS 10,351,638,077**

The Judiciary of Tanzania (**Vote 40**) entered into contracts with M/S MOLADI TANZANIA LIMITED for the construction of sixteen (16) Courts in Tanzania at a contract sum of TZS 10,351,638,077. GCC Clause 54 & SCC Clause 25 required Advance Payment to contractor to be in the range of 30% to 50% of the contract sum. It was revealed that



M/S MOLADI TANZANIA LTD received an advance payment of TZS 4,836,822,000 for all sixteen (16) projects. However, the following weakness were noted:

M/S MOLADI TANZANIA LIMITED was paid additional advance payment of TZS 1,541,245,700 for materials in all sixteen (16) earmarked projects which were originally not part of the terms and conditions of contract contrary to the above clauses. Besides four (4) projects out of sixteen (16), in Bunda, Kilindi, Katavi and Lindi remained dormant despite being paid advance payment of TZS 1,469,768,705 up to January 2020. I am of the view that there is substantial loss of public resources due to delays in the execution of the contract. Management should closely supervise the contractor to ensure the construction is completed without further delay.

#### **9.12 Stores Items Not Accounted for TZS 5,493,672,834**

Regulations 198 and 203 of the PFR, 2001 requires receipts, issues and physical balances of each item of stores items to be recorded on a separate page of the store's ledger showing details of purchase and issues. During my audit I failed to confirm utilization of store of consumable items and fuel worth TZS 5,493,672,834 procured by eleven (11) audited entities due to non-maintenance of proper records of the procured store in their relevant ledgers after being received.

A comparison of financial year 2017/2018 with the year under review, I noted an increase in poor accountability of stores and fuel in terms of amount involved whereby in the year 2017/2018 store items amounting to TZS 339,232,939 were not accounted for while in 2018/19 the amount involved was TZS 5,493,672,834.

Lapse in store ledgers not only deviates from store accountability but also is indicative of misreporting of store items.

I recommend timely recording of store items to store ledgers be enhanced to ensure efficient use of the resources in providing timely

service to the users. The table below provides the list of entities involved

**Table 62: List of MDA with Goods not accounted in stores.**

Vote	Name of MDA/RS	Observation	Amount(TZS)
59	Law Reform Commission	Various goods	7,426,078.47
35	National Prosecutions Services (NPS)	Procurement of Office Stationeries	28,536,291
38	Tanzania Peoples Defence Forces (TPDF)	Procurement of fuel and various consumables.	5,227,511,318.31
51	Ministry of Home Affairs	Purchase of various consumables	76,284,152
33	President's Office Ethics Secretariat	Purchase of various consumables	16,758,305.09
74	RS Kigoma	Procurement of fuel and Office Stationery	35,806,395
75	RS Kilimanjaro	Procurement of fuel and various Office consumables	11,242,918
86	RS Tanga	Procurement of building materials	21,774,884
2030	Tanzania Embassy in Lilongwe	Procurement of various office Consumables	17,079,891.82
72	RS Dodoma	Procurement of Fuel	29,945,588.94
71	RS Coast	Procurement of various office Consumables	21,307,012
<b>Total</b>			<b>5,493,672,834</b>

*Source: Individual CAG's management letters for the year 2018/2019*

### **9.13 GPSA Procured and Delivered Used Bus Which Does Not Meet Specification TZS 508,288,800**

I noted that Ministry of Natural Resources and Tourism paid GPSA a sum of USD 219,090 (TZS 508,288,800) for the purchase of Scania Gemilang bus.

On 27/11/2018 GPSA CEO notified the Permanent Secretary on collection of the ordered vehicle; however, the Permanent Secretary denied to collect the vehicle ostensibly because the delivered vehicle

did not meet the specifications as per TEMESA's road worthiness report which found that the Scania bus was not brand new as it exceeded 12 months from the date of manufacturing and had mechanical faults to the head lamps (left hand side), steering system and brake system.

On 08<sup>th</sup> October, 2019 the Permanent Secretary Ministry of Finance and Planning wrote a letter to the CEO-GPSA directing CEO-GPSA to return the bus to the supplier for replacement with the brand new bus.

I recommend that management of Ministry of Natural Resources and Tourism in collaboration with GPSA to increase effort on following up replacement of a brand new bus so as to achieve the intended objectives. Apart from that, the Accounting Officers should take disciplinary procedures against officers involved in this procurement and possibly legal action taken against the supplier.

#### **9.14 Procurements not Approved by Tender Board TZS 459,681,496**

Section 35(3) of PPA, 2011(as amended in 2016) and Regulation 55 of PPR, 2013 (as amended in 2016) requires procurement to be approved by the Tender Board. My review on the compliance with the same noted Five (5) MDAs/RS engaged in procurements of goods and services amounting to TZS 459,681,496.56 without approval of the Tender Board as shown in the table below:

**Table 63: List of entities without tender board approval**

<b>Vote</b>	<b>Name of MDA/RS</b>	<b>Observation</b>	<b>Amount(TZS)</b>
62	Ministry of Works, Transport and Communication (Transport)	Procurement of Furniture and ICT Equipment	132,645,832.56.
90	RS Songwe	Procurement of Building Materials	233,023,066

Vote	Name of MDA/RS	Observation	Amount(TZS)
33	President's Office Ethics Secretariat	Rehabilitation of Rest House	29,170,780
54	RS Njombe	Variation Order No. 1 for proposed construction of Njombe Regional commissioner's residential house	43,207,818
96	Ministry of Information, Youth, Culture and Sports	Procurement of photocopier, computer and printer machines	21,634,000
<b>Total</b>			<b>459,681,496.56</b>

*Source: Individual CAG's management letters for the year 2018/2019*

I have noted a significant improvement in the compliance with this legislation within MDAs/RS. The amount of procurement not approved by Tender Board has decreased by 91% from TZS 5,373,435,190.36 reported in the year 2017/2018 to TZS 459,681,496.56.

I reiterate my recommendation that management of public entities to comply with the PPA, 2011 and its Regulations in order to strengthen overall procurement within the MDAs/RS.

#### **9.15 Irregularities noted in the Contract for Revenue Collection at Main National & Uhuru Stadia**

On 12<sup>th</sup> June, 2018 the Ministry of Information, Youth, Culture and Sports (**Vote 96**) entered into contract No. ME/025/2017/2018/CR/04 with M/S Selcom Paytech PLC for provision of electronic ticketing system at the Main National and Uhuru stadia for sports and social events for a period of two years starting from 01<sup>st</sup> July, 2018 to 30<sup>th</sup> June 2020 at a contract price of 4.425% of the total gate collections per sports or social event.

I noted that as part of post qualification of suppliers, the Ministry wrote letters to State house, TanTrade, PCCB, TRA, TAZARA, TRL and TANESCO to seek comments on the history of the two bidders who had qualified for the tender i.e. (M/s Maxcom Africa Ltd and M/s Selecom Paytech PLC). The Government through letter with reference number CAB.105/260/01'A'/20 of 23/03/2018 informed the Ministry not to offer the tender to any of the two bidders. However, the Ministry proceeded to award the contract to M/s Selecom Paytech PLC without considering the recommendation from the Government.

What is more, there is no evidence for existence of IT staff from the Ministry to observe the receipts sold through the Selcom data base and the Ministry does not have mechanism of knowing the actual number of persons who bought tickets for each sport event; they only rely on vender's reports.

I noted that whereas Paragraph 8(ii) of the agreement requires service provider to remit funds to stake holder's account within three days in accordance to agreed ratios, test check made on the games returns, noted that the Service Provider (Selcom) delayed to remit gate collections totaling TZS 66,329,016 for periods from one and half months to six months contrary to contract agreement

The Ministry's failure to have a mechanism for confirming the performance of Vendor's system used to produce gates collections implies that any loss of gates collections cannot be detected.

I recommend the Ministry to strengthen contract management controls in respect of revenue collection at the National and Uhuru Stadia to avoid unnecessary losses to the government on revenue collection. I recommend the Accounting Officer to adhere to the Government directives.

## 9.16 Goods Procured and Paid for But Not Delivered TZS 587,652,750

In Seven (7) MDAs/RS audited, I noted procurement of goods worth TZS 587,652,750 which were not delivered despite the fact that they had been paid for. The contractual agreement provided that the goods were supposed to be delivered ranging from two (2) months to nineteen (19) months, however, up to the time of this audit no goods were delivered contrary to the contract. List of entities made procurement but yet to be delivered is shown in the table below:

**Table 64: List of entities with goods not delivered**

Vote	Name of MDA/RS	Observation	Amount(TZS)
02	Teachers Service Commission	Procured Motor Cycles are yet to be delivered by GPSA	16,427,250
14	Fire and Rescue Force	Delay in delivering procured Office furniture	96,483,200
14	Fire and Rescue Force	Delay in delivering uniforms and ceremonial dresses	113,575,000
42	National Assembly	Library Management System not functioning	216,000,000
93	Immigration Services Department	Procurement of Desk, Shelves, Table and Chairs	98,706,800
85	RS Tabora	Procurement of Office Generator	35,000,000
28	Police Force	Procurement of Home appliances	11,460,500
<b>Total</b>			<b>587,652,750</b>

Source: Individual CAG's management letters for the year 2018/2019

As compared to 2017/18 audit, the number of MDAs/RS reported with this anomaly decreased from thirteen (13) MDAs/RS reported in the 2017/18 to Seven (7) MDAs/RS reported during the year under review; also the amount decreased from TZS 5,356,549,884.76 to TZS

587,652,750 indicating improvement in compliance with this legislation.

I recommend the concerned Accounting Officers of the respective institutions to ensure suppliers comply with the contractual obligations and deliver the goods without further delay.

#### **9.17 Delayed in Completion of Construction Works Worth TZS 22,312,690,753**

Results of my audit indicated that audited entities did not manage well the contracts entered between them and various contractors. This weakness had contributed to the late completion of some of the projects and sometimes substandard performance of the same.

I noted that, eighteen (18) contracts/projects worth TZS 22,312,690,753 from Sixteen (16) audited entities were executed beyond the contractual period. I noted a delay of completion of these projects/contract for the period ranging from one (1) month to twenty (months).

Delays in completion of these projects might lead to costs overruns due to price escalation. Management of the respective entities are advised to comply with the requirements of Regulation 114 Public Procurement Regulations of 2013 in terms of effective management of their procurement contracts. Management need to fast track the process of completing the ongoing delayed projects and ensure their completion without any further delays. I also recommend that Management of the respective entities to make follow up of their funds from the Ministry of Finance and ensure early completion of the projects. I further recommend the award of contract to be done in phases depending on the availability of funds so that no certificate will remain unpaid and attract interest arrears.

Details of these projects/contracts together with the respective institutions are provided under Appendix 9.1.

### **9.18 Irregular Hiring of Aircraft Services Under Emergency Procurement TZS 20,976,000**

I noted that the Ministry of Agriculture, Livestock & Fisheries( **Vote 99**) made payment amounting to TZS 20,976,000 to M/s Fly Safari Air link Ltd in respect of hiring aircraft service for official trip from Dar es Salaam to Mwanza and Geita to attend the National cattle dipping event, which was held on 16<sup>th</sup> December, 2018. The event had a prior arrangement at National level thus did not qualify to be an emergency activity contrary to Sec. 65 of PPA 2011(as amended in 2016).

Hiring private flights instead of available government flights may have resulted higher cost incurred and at the same time denies the government to generate its revenue by using its flights which also have flying routes to Mwanza and nearby areas where the National cattle dipping event was taking place.

The Accounting Officer should give genuine reasons which necessitated the use of emergency procurement option of hiring a private flight instead of using Government flight services.

### **9.19 PPRA Report in Compliance of MDAs with Public Procurement Act,2011(amended 2016) and its Regulations of 2013(as Amended in 2016)**

The Public Procurement Regulatory Authority is a regulatory body established under the Public Procurement Act, 2011 CAP. 410 and charged with the responsibility of regulating and overseeing implementation of the Act. PRA carried out procurement compliance and value for money audits for the procurement conducted during 2018/19. The audits sought to determine whether contracts had been or were being implemented in accordance with contracts provisions and whether objectives and value for money was achieved in spending public funds. Basing on the available resources and criteria for selection of PEs to be audited, PPRA managed to carry out audit to 104 PEs comprising of 43 MDAs.



#### **9.19.1 PMIS Roll Out and Training**

PMIS facilitates online submission of procurement information to the Authority, in line with SCMP. During the year under review, the number of PEs registered to use PMIS increased from 449 PEs (83.15 percent of 540 PEs) to 465 PEs (86.11 percent of all 540 PEs), compared to the previous year. Accordingly, the number of users increased from 1,805 to 2,017 as compared to the preceding year.

#### **9.19.2 Implementation of TANePS**

PPA empowers PPRA to establish a public electronic procurement system so as to enhance transparency, efficiency and effectiveness in the procurement processes. During the year under review, the e-Procurement system branded as TANePS, was piloted in 71 PEs for procurement of CUIS by making use of framework agreements managed by GPSA

#### **9.19.3 Volumes and Value of Awarded Procurement Contracts**

During the financial year 2018/19, procurement audits were conducted to 104 PEs including 5 PEs branches with delegated powers whereby the total number of all sampled and audited procurement contracts was 7,738 with a total value of TZS 9.122 Trillion

#### **9.19.4 Findings on Compliance Audits**

The Authority conducted compliance audits by using an assessment tool that comprises seven performance indicators namely; institutional setup and performance, appropriate preparation and efficiency in implementing the procurement plan, appropriateness of tender processing, appropriateness of contracts management, management of procurement records, use of systems developed by PPRA; and handling of complaints.

On the basis of the seven performance areas, the outcome of the audits for 104 PEs including 5 PE branches with delegated powers assessed in compliance part, attained an overall compliance level of 76 percent, an increase by 2 percent compared to 74 percent

achieved in the last Financial Year 2017/2018 procurement audits. However, the recorded compliance level is below the targeted compliance level of 80 percent which was set by PPRA for the financial year 2018/2019

#### **9.19.5 Value for Money Audit Findings**

During FY 2018/19, PPRA conducted VFM audits in 290 projects worth TZS 8,478.34 billion. Out of 290 audited projects, 10 projects equivalent to 3.45 percent by number were major projects with value of TZS 20 billion and above implemented by two MDAs namely: TANROADS and Ministry of Water. The results are provided under Appendix 9.2.

#### **9.19.6 Investigation on Allegations, Complaints and Reported Cases of Mis-Procurement**

Pursuant to Section 10 of the PPA (2011), PPRA has been given mandate to carry out investigations on tenders/contracts where there are allegations of violation of PPA or its Regulations. During the Financial Year 2018/19, the Authority conducted investigation in two MDAs namely; Tanzania Airports Authority (TAA) and Rural Energy Agency (REA). The results are as shown in the table below:

**Table 65: Investigation on Allegations, Complaints and Reported Cases of Miss-Procurement**

Procuring Entity	Project & Audit Finding
TAA	<p><b>Tender for obtaining an investor for development of a fuel farm and the fuel hydrant system for JNIA TB III(AE-027/2014-2015/JNIA/N/36)</b></p> <ul style="list-style-type: none"> <li>• The investigation revealed Lack of evidence to establish whether the specific tender was published in the Government Gazette by the Minister responsible contrary to Regulation 4 of PPP Regulations of 2013;</li> <li>• Commencing project execution before conducting feasibility contrary to Section 10 of PPP Act of 2010;</li> </ul>

Procuring Entity	Project & Audit Finding
	<ul style="list-style-type: none"> <li>• Not using open competitive method of procurement to obtain an investor and instead only selected list of firms were invited contrary to Section 15(2) of PPP Act of 2011 and Regulation 33 of PPP Regulations of 2013;</li> <li>• No evidence was submitted to establish whether due diligence was conducted contrary to Regulation 34(2) of PPP Regulations of 2011</li> <li>• Three members of tender board participated in the negotiations conducted and also participated in various decisions related to this tender and hence there was no independence on discharging their functions contrary to Regulation 41 of PPA, 2011;</li> </ul> <p>Based on the weaknesses observed on the investigation carried out for the above tenders, the competent authority was advised to direct TAA to seek guidance from the AG office on whether the contract could be closed so as to fulfil the contractual obligations during the construction and operation stage; and since at the time of commencing phase II of the contract for construction of fuel farm, there shall not be a consultant for supervising the construction works, TAA should engage a consultant who shall take that responsibility. The investigation also recommended that, in case the office of the Attorney General will confirm the contract not to be valid, TAA should value all activities already executed by the investor in phase I of the project so as to establish the part which incurred loss and take appropriate action.</p>

## **CHAPTER TEN**

### **10.0 EXPENDITURE MANAGEMENT**

#### **10.1 Introduction**

This chapter describes significant audit observations and recommendations on expenditure management for the financial year ending 30<sup>th</sup> June, 2019. A full understanding of budget planning, preparations, approval and executions is a very essential tool to exercise effective expenditure management. It is therefore through this chapter that Accounting Officers are generally assessed on the compliance with various laws including Budget Act 2015 and Public Finance act 2001(R.E 2004), regulations, directives and government circulars.

Further, this chapter provides feedback on how resources were utilized and managed and the way the Government has strengthened Stewardship, Transparency, Accountability, Good governance in promoting sound financial resource management.

The contents of this chapter are been drawn on sample basis from individual management letters of respective Ministries, independent Department and Embassies as such this chapter highlights significant observations and recommendations resulting from expenditure:

#### **10.2 Expenditure Management for Ministries, Independent Departments and Regional Secretariats**

##### **10.2.1 Irregularities on the Transfer of Fund by Fire and Rescue Force for Construction of Head Office in Dodoma; TZS 1,746,146,300**

I noted that Fire and Rescue Force transferred TZS 1,746,146,300 to Singida Regional Fire Officer via Sub Treasury for construction of Fire and Rescue Force- Head office in Dodoma which was then routed to

Regional Fire Officer Account No 50810008615 with NMB branch for financing the construction of the office building in Dodoma through Force Account. The management responded that TZS 1,746,146,300 was transferred to Singida Sub Treasury due to absence of sub Treasury office in Dodoma.

I could not substantiate the reason for transferring project funds to Singida Region while the Project site is in Dodoma and therefore I remain concerned with the modality of this transfer as Treasury headquarter is in Dodoma which was appropriate for this transfer. Consequently, my audit noted that all payments were made in cash to two officers from Fire and Rescue Force without providing the particulars of work to be performed that could increase risk of carrying huge cash from Singida to Dodoma to pay for casual labour and material. The construction of the building not only lacked schedule of materials but also documentation of project financial transactions was not supported with measurement of work done.

The weaknesses noted above were attributed to inadequate internal control over expenditure management of which if not well strengthened may create a loophole for misuse of Public Money. Further, if not well supervised the use of force account may create a room for misuse of public monies.

I recommend to rectify all irregularities noted on the construction of Head office building and further make follow up by involving investigating organs to attest the accountability of TZS 1,746,146,300.

#### **10.2.2 Irregularities on the Payments Made by Tanzania Police Force for Construction of Buildings; TZS 806,685,000**

Tanzania Police Force received TZS10.7 Billion for construction of 400 houses, Hostel and Class rooms aiming at improving working environment. My review of payments made noted a number of irregularities which need management intervention and rectification as enumerated below:

**a) Labour Charges Paid Seven Months Prior to Procurement of Materials; TZS 355,200,000**

I noted that Tanzania Police force paid TZS 355,200,000 as labour charges in June 2018 while material worth TZS 306,820,983 for the same work were paid in February 2019, almost 7 months after payment of labour charge and the paid materials were also not available at the site as at October 2019.

**b) Labour Charges Paid to Personal Account Instead of the Bonafide Contracted Technician; TZS 145,200,000**

I noted that, through PV No. 9/6 and 15/6 TZS 60 million and TZS 85.2million respectively were credited to the personal account other than the technician who signed the contract to fix grills and plaster for the Police Headquarter building in Dodoma.

**c) Over Payment of Labour Charges for Construction of 30 Houses in Medeli East Dodoma; TZS 92,640,000**

I noted that TZS 260,550,000 was paid as labour charges for construction of 30 Houses in Medeli East Dodoma. Comparison of the rates used to pay against the agreed rates to be used in payments on the schedule of material revealed that TZS 92,640,000 was overcharged contrary to the agreed rates.

**d) Unbudgeted Labour Charges Paid for Construction of 30 Houses in Medeli East Dodoma TZS 105,000,000**

I noted that TZS 105,000,000 was paid as labour charges for beam forming foundation, formwork foundation and linter. However all of these activities and related payments were not part of the schedule of requirements.

**e) Overpayment for Construction of Staff Houses TZS 54,000,000**

I have noted that Tanzania Police Force intended to use six inches blocks for all stages of construction at TZS 1,800 but physical verification noted that the management paid for six inches blocks

but the supplier delivered 5 inches blocks at TZS 1,300 and thus resulting to overcharge of TZS 54,000,000

**Table 66: Overpayment for construction of Staff houses**

Name of the project	Amount overcharged (TZS)
Construction of 20 Houses in Geita	25,000,000
Construction of 50 Nzuguni Houses in Dodoma	29,000,000
<b>Total</b>	<b>54,000,000</b>

**f) Items Paid for But not existing/not supplied for construction of new Police Headquarter Dodoma TZS 54,645,000**

Physical verification noted that there were some items such as 100 doors ,40 Engle valve 0.5 and TANESCO 3 phase main supply that were paid for to the tune of TZS 54,645,000 but do not exist at the site or no any indication/prior preparation for installation of the same

**g) Abandoned Construction Site for construction of new Police Head Quarter**

Physical verification done in November 2019 discovered that activities were stopped and no any technician on site even though all labour charges were already paid

I am of the view that greater chances of misusing the Government fund are likely to prevail hence deterring achievement of the intended objectives and delays in executing activities paid for might create another request of fund and lead to double payment due to lack of follow up.

Management of Tanzania Police Force is recommended to (a) strengthen controls and make follow up by closely supervising the uncompleted works (b) take immediate action to all responsible persons who were paid but no work was performed and (c) Task all committees to play their vital roles which should be well explained in their appointments.

Furthermore, I recommend that the management of Tanzania Police Force to be very keen in using Force Account by making a very close supervision and exercise effective accountability otherwise it may create the loopholes for financial indiscipline.

#### **10.2.3 Exorbitant Costs for Hiring Chairs, Tents and Private Vehicles by Tanzania Peoples Defence Force TZS 489,801,253.13**

I have noted that Tanzania Peoples Defence Force incurred TZS 489,801,253.13 for hiring chairs, tents and Private cars for various military occasions. My concern is that the amount spent could have been minimized or avoided by procuring own chairs, tents and cars as most of these costs are repetitive thus leading to escalating hiring costs each year.

In future management is recommended to procure its own chairs, tents and cars in order to reduce hiring costs and avoid incurring high costs each financial year.

#### **10.2.4 Fraudulent EFD receipt issued to Tanga Regional Secretariat, TZS 70,000,000**

I have noted that the management of Tanga Regional Secretariat paid TZS 29,400,000 to Unit General Supplies Ltd for supplying tracksuits. Furthermore, I noted that, the supplier had previously supplied tracksuits worth TZS 40,600,000 which was altogether acknowledged as TZS 70,000,000 with EFD receipt which was not genuine.

My audit tests through TRA verification system noted that Electronic Fiscal Receipt worth TZS 70,000,000 was not genuinely produced from the suppliers' own EFD machine, contrary to Regulation 22 of Income Tax (Electronic Fiscal Devices) Regulations, 2012. This regulation requires any person who deliberately tampers with or causes Electronic Fiscal Device not to work properly, commits an offence and upon conviction is liable to a fine of Tanzanian shillings not less than one million or to a term of imprisonment not exceeding three months or both.



In my opinion, issuing EFD receipts which was not genuine not only results to a loss of revenue but also receipts undermine the objectives of the Government on revenue collection through tax evasion as the transaction lacked audit trails of suppliers.

I recommend that the management of Tanga Regional Secretariat to inform investigative authority in order to reveal the root cause of the problem. Apart from that the government as a whole should ensure that all payments to suppliers of goods and services are acknowledged using genuine Electronic Fiscal Receipts.

#### **10.2.5 Inappropriate use of Imprest Account by Tanga Regional Secretariat TZS 615,737,000**

Circular No.CE.26/46/01/1/66 of 28<sup>th</sup> November, 2012 provides directives on the use of TISS system and imprest account maintained in the commercial Banks to facilitate un-avoided cash payments. To the contrary, the Tanga Regional Secretariat used imprest account to procure building materials and pay TZS 615,737,000 to various suppliers and contractors that could have been paid through TISS.

I am of the view that making such huge payment through cash may catalyse misappropriation of cash through colluding with suppliers/contractors and thus value for money might not be achieved.

It is my recommendation that all payments are made by using crossed cheques or TISS paid directly to suppliers after complying with procurement procedures and avoid using imprest account.

#### **10.2.6 Fraudulent Transactions at Morogoro Sub Treasury Office; TZS 71,958,000**

My review of financial operations at Morogoro Sub Treasury office encountered one fraudulent incidence that occasioned a loss of TZS 71,958,000 attributed to collusion by officers from Kilosa medical college (COTC) and one official from Sub-Treasury office. Further to that I noted the incidence was reported to the police since 24<sup>th</sup> October, 2018 for investigation but up to the date of audit (September, 2019) the matter was not yet concluded. The

management of Sub Treasury office did not adhere to Section 7(3) (d) and (e) of PFA, 2001(R.E 2004) that aims at ensuring effective internal controls.

I am of the view that if internal controls are not strengthened, the government will continue suffering loss from financial malpractices.

I recommend that the management of Accountant General's Department to make close follow up for proper accountability. Also, Sub treasury offices have to enhance sound functioning of internal controls including effective segregation of duties, timely performance of bank reconciliations, conducting surprise cash count and regular assessment of fraud indicators.

**10.2.7 Inadequately Supported Expenditure;  
TZS 5,060,449,260.43**

I noted that during the financial year 2018/19 39 entities made payments aggregating to TZS 5,060,449,260.43 which were not adequately supported with relevant documents. Absence of these supporting documents has limited my audit scope in authenticating the genuine expenditure made and thus contravening Regulation 95 of Public Finance Regulations of 2001 that requires payments to be fully supported. For more details refer to Appendix 10.1

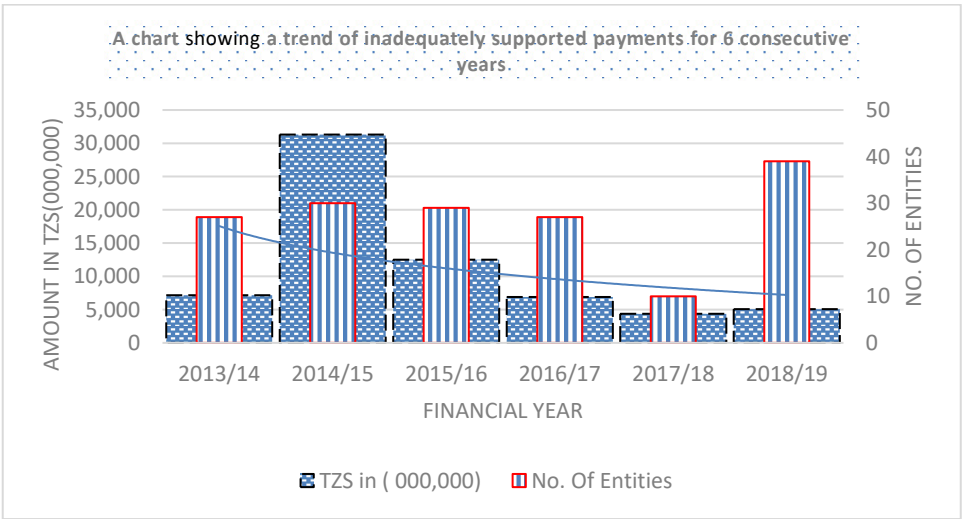
I am of the view that inadequately supported payments have limited my audit scope and thus the validity of the payments made cannot be reasonably substantiated by my audit.

I am recommending that the respective Accounting officers to note that missing payment vouchers are statutorily regarded as cash losses that in return Accountant General has to include them in the Annual Statement of Losses in order that they can be investigated properly by the PAC as per PFR 18(1) (f) & (2) of 2001. Subsequently, Accounting officers are responsible and accountable to avail the questioned documents for verification purposes.

The Accounting officers are also recommended to strengthen internal control on financial records keeping from its initial stage of generating the documents, custody, retrieval and destruction of such documents. Therefore, corrective actions as per PFR 24 should be taken on board.

From the chart below, it can be concluded that despite the fact that the number of entities have been varying over six years, still the inadequately supported payments have been significantly decreasing as shown by the trend line in the figure below. This is an indication that the respective entities have strengthened internal controls over record keeping

**Figure 28: A trend of inadequately supported payments for 6 consecutive years**



**10.2.8 Payment Made Without Being Authorized; TZS 719,479,937.89**

Regulation 88(1) of the Public Finance Regulations of 2001, requires the Accounting Officer or any designated persons to sign/approve all payment vouchers, before payment is done. But to the contrary I have noted that eight audited entities paid TZS 719,479,937.89 without

being authorized. The list of unauthorized payments is tabulated below:

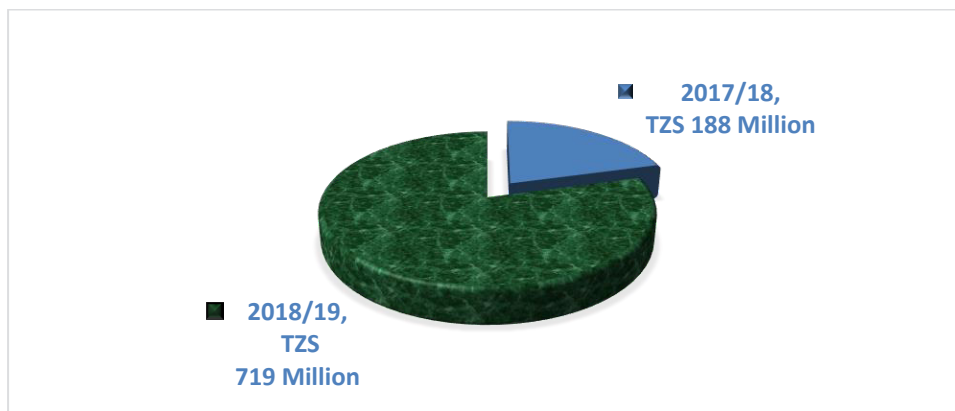
**Table 67: The list of unauthorized payments**

No	Vote	Auditee	Amount(TZS)
1	57	Ministry of Defence and National Service	40,700,573.89
2	2	Teachers Service Commission	15,655,840
3	41	Ministry of Constitution and Legal Affairs	36,021,277
4	003	National land use planning commission	2,205,000
5	77	Mara Regional Secretariat	25,310,000
6	18	UNESCO National Commission	24,043,000.00
7	40	Judiciary of Tanzania	10,570,000
8	72	Dodoma Regional Secretariat	28,088,044
9	5	National Irrigation Commission	536,886,203
<b>Total</b>			<b>719,479,937.89</b>

Source: Individual management letter 2018/19

The information above can be pictorially presented in the figure below:

**Figure 29: Comparisons of unauthorized payments for 2017/18 and 2018/19**



By comparing with previous financial year 2017/18, unauthorized payments have tremendously increased from TZS 188 Million to 719 Million which implies that no adequate efforts have been made to strengthen internal controls over expenditure management.

It is my understanding that unauthorized payments may lead to misuse of public moneys and untrusted staff may make the use of this loophole to make fictitious payments without management knowledge.

I recommend to the responsible Accounting Officers to ensure all payments are appropriately authorized at all levels to mitigate the risks involved with weak internal controls.

#### **10.2.9 Overpayment Expenditure by TZS 459,198,571.87**

Regulation 87 of the PFR of 2001 requires the Officer who signs a voucher to certify accuracy of every detail of payments but to the contrary I have noted that six (6) audited entities paid TZS 459,198,571.87 for purchasing various goods and services above the required amount. The list of entities with overpaid amount is given below in Table No 10.2 below;

**Table 68: A list of entities with overpayment expenditure**

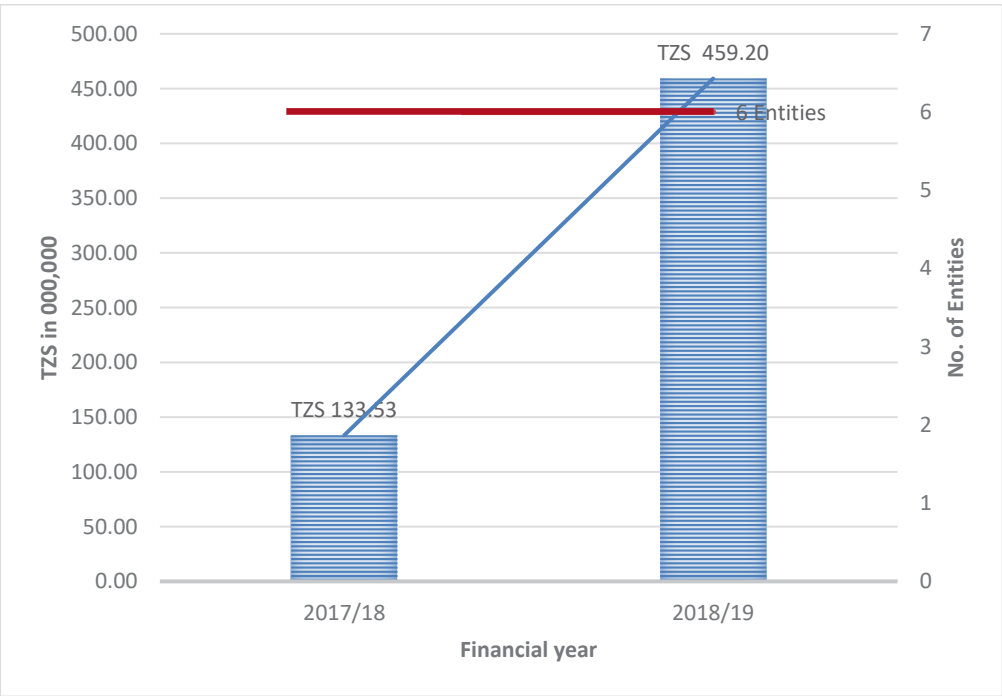
<b>Vote</b>	<b>Name of Auditee</b>	<b>Nature of payment</b>	<b>Amount (TZS)</b>
40	Judiciary of Tanzania	Amount paid above Agreed Contract sum	75,273,219.00
56	President's Office, Regional Administration and Local Government	Excess payment of Security Services	13,121,600.00
86	Tanga Regional Secretariat	Incorrect information sent to the Ministry of education so as to get excess funds for examination	31,620,000
72	Dodoma Regional Secretariat	Overpayment to CRJE East Africa Ltd	7,537,417

Vote	Name of Auditee	Nature of payment	Amount (TZS)
85	Tabora Regional Secretariat	Double payment of VAT on suppliers' payments	22,779,885.87
		Overpayment to the contractor	22,850,228
49	Ministry of Water	Delay on Completion of project and overpayment to Contractor	286,016,222
<b>Total</b>			<b>459,198,571.87</b>

*Source: Individual management letter 2018/19*

From the chart below, it can be concluded that the amount overpaid has increased from TZS 133.53 million to TZS 459.20 million though the number of entities has remained the same. This is an indication that the audited entities have not yet instituted effective internal controls that may eliminate the problem of overpayment.

**Figure 30: Trend of overpayment for two comparable financial years**



It is my view that the overpaid amount was attributed to inadequate internal control over payment processing and non-adherence to budgetary allocations that in return resulted to overpayment.

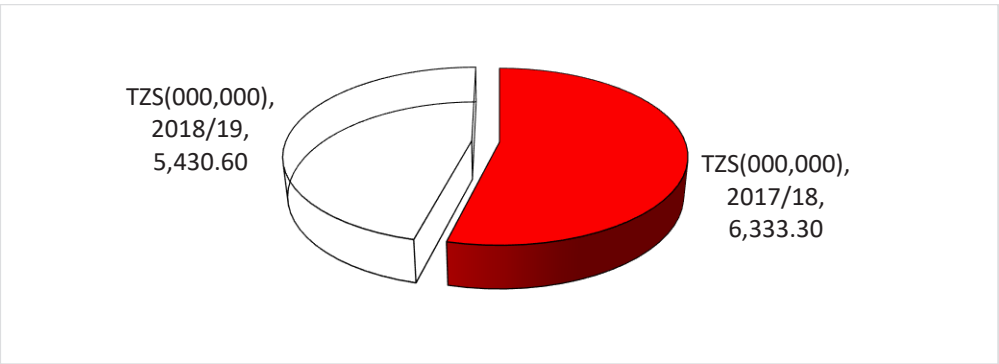
I am therefore recommending that (a) The responsible Accounting Officer to strengthen internal control over payment processing system (b) Make recovery of the overpaid amount. The recovered amount should also be used to meet expenditure as per the approved budget.

**10.2.10 Weaknesses on the Management of Imprests  
TZS 5,430,595,090.29**

Through my review, I noted that 25 audited entities made payments through imprest aggregating to TZS 5,430,595,090.29 which were not appropriately accounted for. As it is generally understood that the

Government uses imprest to pay for small and routine expenses or issue cash in advance for a specific purpose, it is also important to ensure that, its management is carefully taken on board as it may attract deceitful and fraudulent replenishments and thus creating loopholes for misuse of public money. Most of the noted weaknesses are untimely retirement of imprest when they fall due, imprest directly charged to expenditure code and some employees were granted another imprest still in possession of an unretired imprest contrary to Reg. 103 (7) of PFR of 2001 as detailed under Appendix 10.2.

**Figure 31: Comparability of irregularities on the management of imprest for two consecutive financial years**



From the chart above it can be concluded that irregularities for imprest management has decreased from TZS 6,333 million to TZS 5,430 million indicating that there is a slight improvement as compared with previous financial year.

Therefore, I am recommending to the managements of respective entities to ensure imprests are retired immediately after the purpose for which they were issued has been completed and this period should not exceed 14 working days or otherwise the amount outstanding has to be recovered from any salary or other emoluments or from any other amounts due to the imprest holders as required by Regulation 103(2) of PFR, 2001.



### 10.2.11 Withholding Taxes Not Deducted TZS 23,501,217.63

Sec. 83(1)(c)(ii) of Income Tax Act, 2004 (R.E 2019) requires withholding taxes to be deducted on Service fees and contract payments and remit to the Commissioner within seven days after the end of each calendar month any income tax that has been withheld in accordance to Section 84(1) of the same Income Tax Act. However, my audit noted that four (4) entities (List attached below) failed to deduct and remit withholding tax of TZS 23,501,217.63 to TRA as required by tax law.

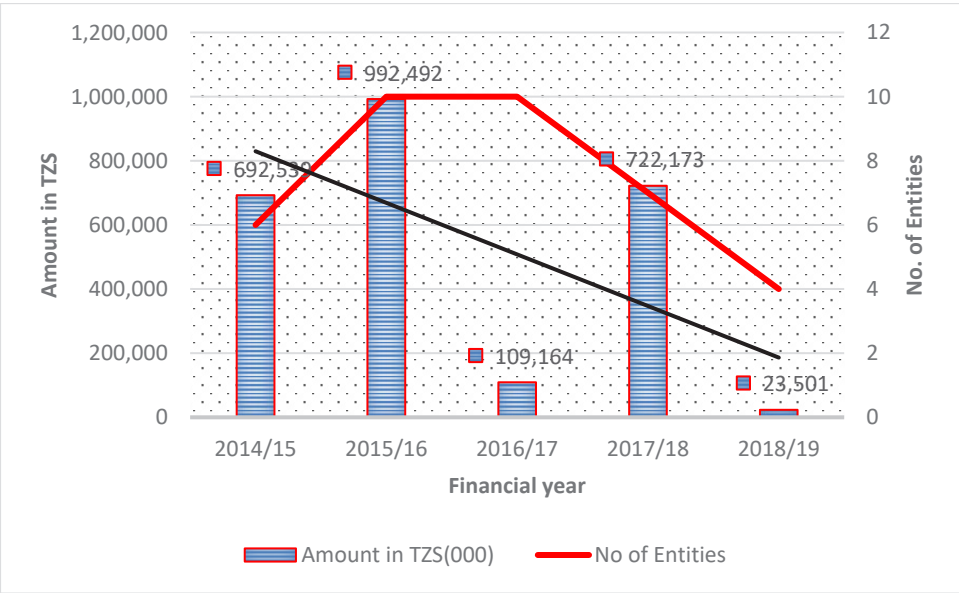
**Table 69: List of entities that did not deduct withholding tax**

S/N	Vote	Name of Auditee	Amount TZS
1	78	Mbeya Regional Secretariat	2,655,338.78
2	65	Prime Minister's Office- Labour, Youth, Employment and Persons with Disability	9,948,150.00
3	30	President's Office and Cabinet Secretariat	3,068,291.85
4	71	Coast Regional Secretariat	7,829,437.00
<b>Total</b>			<b>23,501,217.63</b>

*Source: Individual management letter*

As compared with previous General Report 2017/18 the number of entities not complying with sec. 83(1) has slightly decreased from 7 to 4 entities though the amount not deducted and remitted to TRA has significantly decreased from TZS 722 million to TZS 24 million as presented in the figure below. The comparison of five years indicates that there is up and down movement of number of entities not complying with aforementioned section. Similarly, the amount involved has been moving up and down as presented in the figure below:

**Figure 32: Trend of entities not deducting and remitting withhold taxes for consecutive 5 years**



I am of the view that none compliance with sect 83(1) and sec 84(1) of Income Tax Act makes the questioned entities be statutorily liable to pay the tax that should have been withheld in the same manner and therefore budgetary allocations intended for other approved objectives may be affected at the expense of not complying with tax laws

I recommend that management of respective entities to ensure that the outstanding withheld taxes are paid without delay and in the future withholding tax should be appropriately deducted and remitted to the Commissioner as required by aforementioned citations.

#### **10.2.12 Payments Made Without Demanding Electronic Fiscal Device Receipts (EFD) TZS 895,372,760**

It has come to my attention that TZS 895,372,760 was paid to various suppliers without demanding EFD receipts as required by Section 36 (1) of the Tax Administration Act (TAA), 2015 and Reg. 28(1) of the

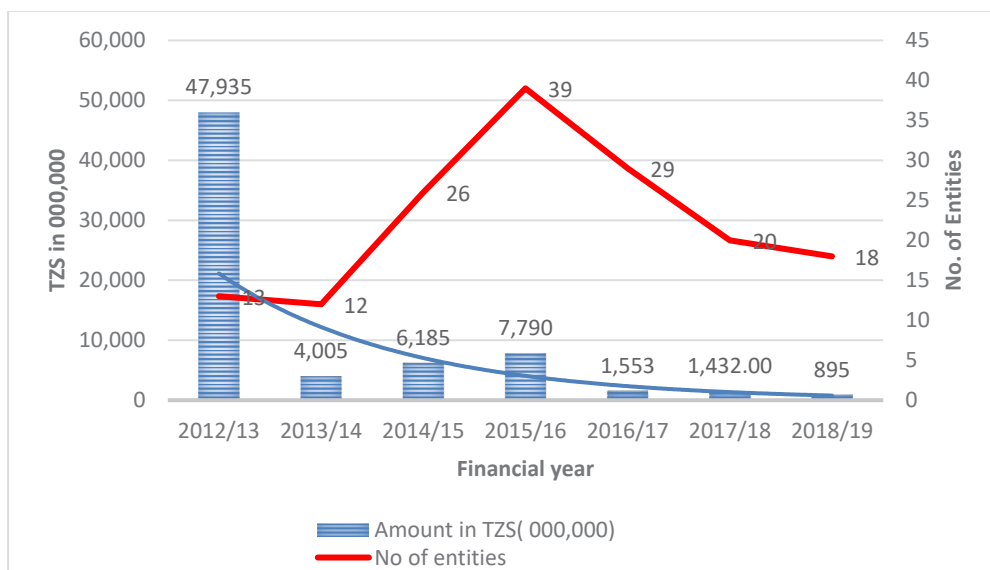
Income Tax (Electronic Fiscal Devices) Regulations, 2012 as shown in the table below. The quoted sections require both the supplier and buyer to issue or demand the EFD receipts respectively on every sale/purchase. My audit scope was therefore limited to authenticate whether those suppliers were registered to issue EFD Receipts.

**Table 70: List of entities that did not demand EFD receipts**

S/N	Vote	Auditee	Amount TZS
1.	1003	Ministry of Foreign Affairs and East African Cooperation Zanzibar Department	21,684,389
2.	2	Teachers Service Commission	1,233,236
3.	31	Vice President Office	89,892,491.67
4.	93	Immigration Services Department	6,592,602
5.	36	Katavi Regional Secretariat	3,808,122
6.	55	Commission for Human Rights and Good Governance	26,199,318.82
7.	37	Prime Minister's Office	3,328,000
8.	83	Shinyanga Regional Secretariat	117,534,986
9.	40	Judiciary of Tanzania	57,301,075
10.	81	Mwanza Regional Secretariat	20,779,120
11.	56	President's Office, Regional Administration and Local Government	86,775,207.77
12.	70	Arusha Regional Secretariat	92,294,962
13.	86	Tanga Regional Secretariat	29,400,000
14.	80	Mtwara Regional Secretariat	122,686,053
15.	52	Ministry of Health Community Development Gender Elderly and Children	101,227,721
16.	72	Dodoma Regional Secretariat	3,694,600
17.	71	Coast Regional Secretariat	98,152,296
18.	79	Morogoro Regional Secretariat	12,788,580

S/N	Vote	Auditee	Amount TZS
Total			940,916,212.26

**Figure 33: Payments not supported with EFD Receipts**



Comparisons on compliance with the aforementioned tax laws over 7 years consecutively indicate that there is a remarkable achievement of demanding and issuing EFD receipts as indicated by exponential trend line above though the number of entities has been moving up and down (Refer pictorially presentation above).

It is my opinion that non-demanding of EFD receipts may create a room for Loss of Government revenue in case the questioned transactions are not declared by the supplier in the tax returns. Further, failure to demand EFD receipts is an offence as per Regulation 50 and 55 of Tax Administration (General) regulations of 2016.

I am therefore recommending that the respective accounting Officers to stop engaging with suppliers who fail to issue EFD receipts or

invoices linked with TRA and ensure that in the future compliance with tax laws should at all times be taken on board.

### 10.2.13 Nugatory Expenditure TZS 948,931,276.65

The government expenditure has to be incurred in such a way that it should give benefit to the community as a whole by ensuring provision of maximum social advantages. But to the contrary I have noted that TZS 948,931,276.65 was fruitlessly and wastefully expended by four (4) audited entities and thus compromising Reg. 21 (2) of PFR, 2001 as no value for money has been enjoyed by the respective entities and such expenditure could be avoided.

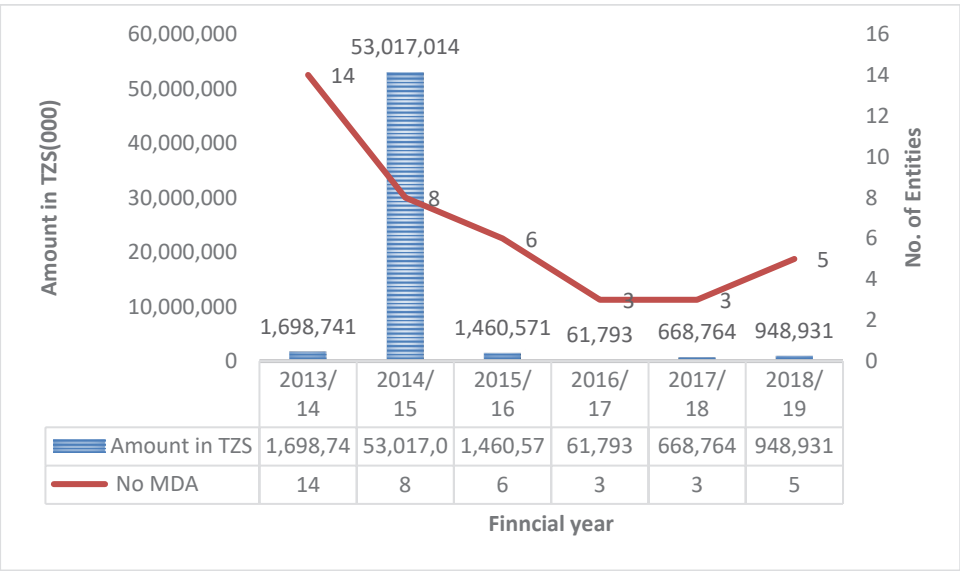
**Table 71: List of Entities with nugatory expenditure**

S/N	Vote	Auditee	Amount (TZS)	Nature of expenditure
1	2	Teachers Service Commission	2,400,000	Payments for accommodation but not used.
2	39	National Service Force	57,515,912.65	Late clearing of procured motor vehicles
3	81	Mwanza Regional Secretariat	3,496,333	Payment for performance security contrary to the special condition
4	85	Tabora Regional Secretariat	41,914,448	Additional costs resulted by stoppage of the works
5	5	National Irrigation Commission	843,604,583	Additional charges for late clearing of construction equipment
<b>Total</b>			<b>948,931,276.65</b>	

Source: Individual management letter 2018/19

By making comparisons over six years, I have noted that the nugatory expenditure has been significantly decreasing at improving rate as pictorially presented in the figure below. The number of entities incurring nugatory expenditure has also been decreasing at improving rate though this year number of entities has moved from three to five while the amount has increased from TZS 668 million to TZS 948 million and thus indicating up and down enhancement of Internal controls.

**Figure 34: Trend of nugatory expenditure for 6 consecutive years**



In my opinion, I believe the incurred nugatory expenditure was attributed to inadequate internal controls over expenditure management of which if not strengthened may create a loophole for misuse of public money. Further, the questioned amount could be used in other activities of high importance towards optimal utilization of taxpayers’ money.

I am recommending the responsible Accounting officers to strengthen internal controls that will ultimately ensure compliance with Reg. 21 (2) of PFR 2001.

#### 10.2.14 Expenditure Charged to Wrong Accounting Codes TZS 1,807,238,083.84

My audit noted that 19 entities expended TZS 1,807,238,083.84 from wrong expenditure codes and thus contravening with Reg 46 (2) of the Public Finance Regulations of 2001 that requires every charge of expenditure and item of income to be classified strictly in accordance with the details of the approved budget as the list attached in the table below

**Table 72: List of entities with wrong expenditure code**

S/N	Vote	Auditee	Amount
1	19	The Office of Solicitor General	49,684,128
2	91	Drugs Control and Enforcement Authority	56,331,374
3	93	Immigration Services Department	7,966,930
4	23	National Housing and Building Research Agency	479,238,848
5	24	Tanzania Cooperative Development Commission	30,726,727
6	9	President's Office - Public Service Remuneration Board	1,280,000
7	94	President's Office Public Service Commission	27,594,106
8	75	Kilimanjaro Regional Secretariat	10,633,600
9	86	Tanga Regional Secretariat	28,100,000
10			37,205,999.84
	95	Manyara Regional Secretariat	45,197,509
11	88	Dar Es Salaam Regional Secretariat	4,287,700
12	80	Mtwara Regional Secretariat	19,476,486
13			12,614,000
	72	Dodoma Regional Secretariat	81,644,400
14	84	Singida Regional Secretariat	25,702,256
15	85	Tabora Regional Secretariat	87,140,358
16	49	Ministry of Water	58,695,310
17	71	Coast Regional Secretariat	5,760,000

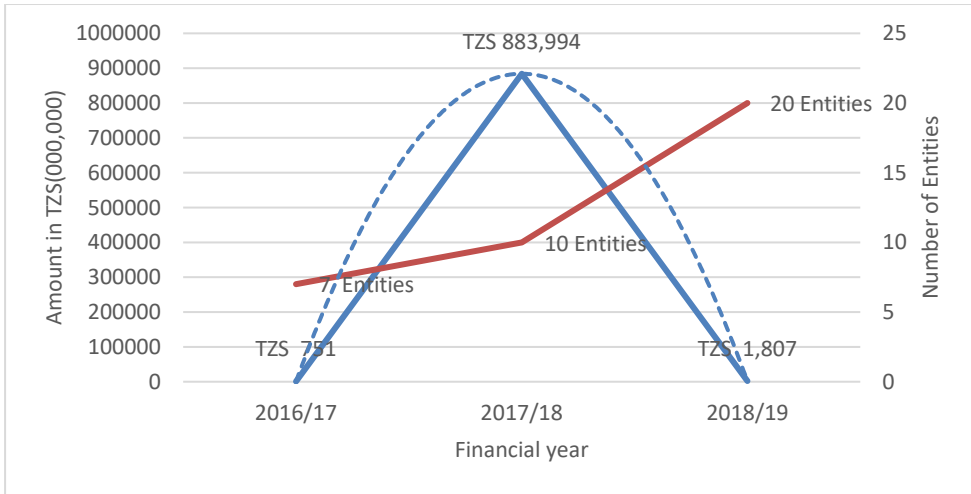
S/N	Vote	Auditee	Amount
18	13	Financial Intelligent Unit	99,308,507
19	34	Ministry of Foreign Affairs and East African Community	638,649,845
<b>Total</b>			<b>1,807,238,083.84</b>

Making payment through wrong codes is not only distorting the rationale for budgeting but also implies misstatement of financial statements of the audited entities.

As compared with previous year, I have noted that the payment charged to wrong expenditure code has significantly decreased from TZS 883,994 million to TZS 1,807 million. This is an indication of improvement in complying with aforementioned section even though the entities involved has increased from 10 to 19 entities as pictorially presented below. A dotted line indicates that from financial year 2017/18 wrong coded expenses was tremendously attributed by Vote 21 of which the same has not occurred in the current financial year.

**Figure 35: expenditure charged to wrong accounting codes for comparable three consecutive years**





I recommend that Accounting Officers should not be authorizing expenditures that do not fall within the approved budget and the Government Financial Statistics (GFS) codes and when deemed necessary, reallocation warrant has to be sought in line with Section 41 of the Budget Act No. 11 of 2015.

#### 10.2.15 Loan Advances Not Refunded; TZS 167,753,068

My audit noted that TZS 167,753,068 was borrowed to meet various expenses with intention of being refunded back. But up to the time of writing this report in February, 2020 the questioned amount was yet to be refunded and thus affecting the intended objectives. The entities involved is hereinafter attached in the table below;

**Table 73: List of entities that did not refund advanced loans**

Vote	Name of Auditee	Description	Amount(TZS)
	Shinyanga Regional Secretariat	Payments from miscellaneous deposit	10,110,680
18	UNESCO National Commission	Borrowed fund for OC from participatory program	96,369,832
70	Arusha Regional Secretariat	Payment from Miscellaneous Deposit Account but no	39,066,256

Vote	Name of Auditee	Description	Amount(TZS)
		specific funds received for the same	
74	Kigoma Regional Secretariat	Deposit account used for private activities	10,990,000
75	Dodoma Regional Secretariat	Borrowed miscellaneous deposit funds	11,216,300
85	Tabora Regional Secretariat	Loans not refunded to Miscellaneous Deposit account	6,173,800
<b>Total</b>			<b>173,926,868</b>

*Source: Individual management letter 2018/19*

Un-refunded amount was attributed to inadequate monitoring and follow up of the borrowed amount.

I am of the view that, some of the activities for which the funds were intended by the respective entities were affected at the expenses of borrowed amount.

I am recommending that the responsible management has to ensure the borrowed funds are refunded and be used for the intended purposes/activities.

### **10.3 Expenditure Management for Embassies**

#### **10.3.1 Exorbitant Rental Charges for Diplomatic Residential Houses TZS 1,016,202,708**

I have noted that Tanzania Embassies in Brasilia, Algiers and Stockholm incurred TZS 1,016,202,708 for renting Diplomatic Residential houses according to Reg.81 of Public Service (Tanzania Foreign Service regulations) of 2016. However, the amount spent could have been minimized or avoided by rehabilitating dilapidated residential houses as these rental charges are repetitive thus leading to escalating costs each year.

**Table 74: List of Embassies paying high rental charges**

Sub-vote	Name of Entity	Details	Amount TZS
2031	Tanzania Embassy in Brasilia	Annual Rental charges for HOM and HOC	274,061,808.00
2036	Tanzania Embassy in Algiers	Rent payments for leased houses	514,095,600.00
2016	Tanzania Embassy in Stockholm	Annual Rental charges for HOM and HOC	228,045,300.00
<b>Total</b>			<b>1,016,202,708</b>

*Source: Individual management letters for 2018/19*

I am of the view that the costs incurred each year if aggregated may suffice rehabilitation of dilapidated residential houses and its related infrastructures.

I recommend that the respective Embassies in collaboration with Ministry of Foreign Affairs and East Africa Community to rehabilitate diplomatic residential houses in order to reduce high renting costs and avoid incurring the same costs each financial year.

### **10.3.2 Inadequately Supported Payments by Various Embassies TZS 645,066,378.66**

I noted that during the financial year 2018/19 four Embassies and one High Commission made payments aggregating to TZS 645,066,378.66 which were not adequately supported with relevant documents contrary to Reg. 95 of Public Finance Regulations of 2001 that requires payments to be fully supported. List of audited entities is illustrated in the table below;

**Table 75: List of Entities with inadequately supported payments**

Sub Vote	Name of Entity	Amount(TZS)
2012	Tanzania High Commission in Ottawa	185,385,775
		17,375,576
2028	Tanzania Embassy in Bujumbura	288,473,810
2009	Tanzania Embassy in Moscow	126,990,386
2016	Tanzania Embassy in Stockholm	16,260,586.66
2017	Tanzania Embassy in Tokyo	10,580,246
<b>Total</b>		<b>645,066,378.66</b>

Source: Individual management letter 2018/19

I am of the view that inadequately supported payments have limited my audit scope and thus the validity of the payments made cannot be reasonably substantiated by my audit.

The management of respective Embassies are recommended to strengthen internal control on financial records keeping from its initial stage of generating the documents, custody, retrieval and destruction of such documents. Therefore, corrective actions as per PFR 24 should be taken on board.

### **10.3.3 Payments Made Without Approval of Authorizing Officer by Tanzania High Commission in Kampala TZS 70,758,790**

I have noted that TZS 70,758,790 was paid without approval of authorizing officer contrary to Reg. 89 (1-2/4) of the Public Finance Regulations of 2001. Failure of management to ensure that the payment vouchers were properly authorized and supported with the necessary attachments in our view, occurred largely as a result of weak supervision in the processing of payments. We were therefore unable to ascertain the genuineness of the payments made by the Tanzania High Commission Kampala.

Payment made without approval by the authorizing Officer may lead to misappropriation of public monies.

Therefore I recommend that in the future all payments should be approved by authorizing authority.

## CHAPTER ELEVEN

### 11.0 ASSETS AND LIABILITIES MANAGEMENT

#### 11.1 Introduction

Government manages large number and diverse assets portfolio across the country and abroad.

I have examined the framework in place for assets management and tested their existence and accuracy of the information to account for and track assets from the time of purchase to disposal. I have concluded that while aspect of assets management framework was in place, there are number of areas where further strengthening is required, some of the gaps identified includes: -

#### 11.2 Abandoned Buildings, Partially Renovated and Undeveloped Embassies, Department and Regional Secretariat Plots

Tanzania Government owns buildings and plots in various countries where Embassies have been established. From forty-two (42) Embassies visited during the year under review, I noted the following:

- i) Fifteen (15) Embassies with abandoned buildings that require major renovations. I noted one case in Tanzania High Commission Maputo where renovation work started and ended half way, has attracted interest to the tune of USD 507, 542.05 due to delayed payment of interim certificate raised by contractor.
- ii) Eight (8) Embassies which were allocated with plots to construct Offices and residential houses without being developed for long time. Suncheon City for instance took back 800 square meters out of 2000 square meters allocated to Tanzania Embassy in Seoul Korea due to failure of developing the area.
- iii) I also noted one Regional Secretariat which has two abandoned buildings in prime areas, as well as one prison building abandoned since 2004.

Details of the above cases are shown in Appendix 11.1 of this report.

### 11.3 Tanzania High Commission in London Abandoned Buildings

Tanzania High Commission in London reported nine (9) buildings with value of GBP 14,223,502, equivalents to TZS 41,931,702,945, Two buildings of which are vacant, one building is inhabitable and six buildings require major renovation as shown in the table below;

**Table 76: Buildings owned by Tanzania High Commission in London which needs Renovation**

location	Post code	Title deed no.	Year acquired	Value in £	Status
3 View Road	N6 4DJ	EGL3137 51	1978	4,500,000	Needs renovation
3 Stratford Place	W1C 1AS	NGL2381 58	2004	6,000,000	Needs renovation
6 Colin deep Garden	NW4 4RU	NGL7065 01	1979	450,000	inhabitable - Needs major renovation
22 Beufort Drive	NW11 6BU	NGL7065 00	1979	551,250	Needs renovation
37 Mill Way	NW7 3OR	NGL7065 03	1981	441,000	Vacant, Needs renovation
74 The Grove	HA8 9QB	MX26116 5	1994	453,127	Vacant, Needs renovation
78 The Avenue	NW6 7NN	NGL7092 95	1979	882,000	Needs renovation
29 Mayfield	NW4 3PY	NGL7092 95	2005	496,125	Needs renovation
17 Denehurst	NW4 3QS	MX 62025	2005	450,000	Needs renovation
<b>TOTAL</b>				<b>14,223,502</b>	

Source: Audited reports for 2018/19

### 11.4 Embassies Plots not developed

I noted undeveloped plots mostly from Embassies due to budget constraints since not all Embassy's budgets are fully implemented at

each financial year. I reported three (3) Embassies in the year 2017/18 as shown in the table below:

**Table 77: Embassies Plots not developed**

Vote	Embassy	Remarks
2026	Tanzania High Commission in Kigali	Kigali owns a plot at Kacyiru North in Kigali City Rwanda, the area of the land is 2,057.57 square meters, the plot was meant for office in respect of Head of Chancery.
2008	Tanzania High Commission in Maputo	Plot ( <b>No. 157/1</b> ) to the Government of Tanzania at Avenue Dos Martires da Machava No.874 over forty-four years ago for the construction of the Chancery and Official Residence.
2005	Tanzania High Commission in Nigeria	2 plots for construction of Chancery and Residential Buildings since 1995 provided by the Nigeria Government
2028	Tanzania Embassy in Bujumbura	Plot with 13,800 square meters at Buterere not developed.
2039	Tanzania Embassy in Seoul Korea	2000 square meters at tourist area of Suncheon National Garden with condition of developing the land within six months since January 2018. 800 square meters were taken back by the Suncheon City.
2034	Tanzania Embassy in Moroni	In 2009 the Government of Comoro offered the Embassy a plot (4,000 square meters) with tittle deed number 3835-DLD for its development and use
2024	Tanzania Embassy in Saudi Arabia- Riyadh	Plot not developed for constructions of Chancery Office and Residence
2029	Tanzania Embassy in Muscat	Non development of Plot No.24 Situated in Diplomatic Quarters in AL-Khuwair

*Source: Audited reports for 2018/19*

In respect of the above issues, I recommend:

- Adherence to contractual terms and conditions, once contract is signed to avoid unnecessary interests, cost overruns, delayed schedules and unsafe working environments. I reported on the same in the financial year 2017/18 where seven (7) Embassy buildings were abandoned and needed major renovation.
- Timely renovation of our Embassy buildings which will benefit the Government from paying high rent for offices and residential houses whilst realizing value for money.
- The Government to establish effective renovation and construction plans for Embassies which may be implemented on phases. By so doing will aid the Government to move the impact from one Embassy to another until all those Embassies facing these challenges are exhausted. Since renovation and construction requires huge amount of money which may not be available at once.

### 11.5 Grounded Motor Vehicles Neither Serviced Nor Disposed off

Physical surveys conducted on 135 Ministries, Departments, RS and Embassies, I noted thirteen (13) Ministries and Departments, eleven (11) RS and four (4) Embassies, had a total of 222 Motor vehicles, 68 motor cycles and eighty nine (89) other equipment grounded, neither serviced nor disposed of in accordance with Reg. 254 (1) of the Public Finance Regulations 2001. The table below shows a list of the respective entities with grounded motor vehicles and other equipment.

**Table 78: Grounded motor vehicles neither serviced nor disposed**

Vote	Ministry/Department/Regional Secretariat/Embassy	Grounded Assets
04	President's Office Records and Archives Management Department	1 lorry truck



<b>Vote</b>	<b>Ministry/Department/Regional Secretariat/Embassy</b>	<b>Grounded Assets</b>
05	National Irrigation Commission	51 Motor vehicles and 86 Other Equipment
16	Attorney General	6 Suzuki Vitara
26	Vice President Private Office	1 Motor vehicle
30	President's Office and Cabinet Secretariat	19 Motor Vehicles. 6 Beyond repair and 13 requiring major repair
31	Vice President's Office	5 Motor Vehicles
34	Ministry of Foreign Affairs	18 Motor Vehicles
36	RS Katavi	2 Motor cycles and 1 Motor vehicle
47	RS Simiyu	3 Motor Vehicles
52	Ministry of Health, Community Development, Gender, Elderly and Children	9 Motor vehicles
53	Ministry of Health, Community Development, Gender, Elderly and Children	Rungemba CDTI 2 Motor Vehicles
61	National Electoral Commission	3 Motor Vehicles with no value
70	RS Arusha	2 Motor vehicles
75	RS Kilimanjaro	10 Motor vehicles and 19 motorcycles
76	RS Lindi	5 Motor vehicles and 13 motorcycles
85	RS Tabora	6 Motor vehicles
86	RS Tanga	7 Motor vehicles
87	RS Kagera	6 Motor Vehicles
89	RS Rukwa	4 Motor Vehicles
90	RS Songwe	8 Motor vehicles
93	Immigration Service Department	13 Motor Vehicles and 19 Motor cycles
95	RS Manyara	15 Motor cycles

Vote	Ministry/Department/Regional Secretariat/Embassy	Grounded Assets
98	Ministry of Works Transport and Communication	3 Construction Equipment
99	Ministry of Livestock and Fisheries	5 Motor vehicles
2002	Tanzania Embassy in Berlin	2 Motor vehicles
2006	Tanzania High Commission in London	1 Motor vehicle
2009	Tanzania Embassy in Moscow	2 Motor vehicles
2021	Tanzania High Commission in Kampala	2 Motor vehicles

*Source: Audited reports for 2018/19*

I recommend Government to implement a procedure of reviewing conditions of all assets annually including motor vehicles and other equipment and record the information in an Asset registers, this will enable Accounting Officers to make informed decisions on replacement and disposal of unserviceable assets.

#### **11.6 Absence of Title Deeds for Government Land and Buildings**

Letter with Ref No.CAB142/626/01/A/42 from Chief Secretary dated 26/09/2014 and letter with Ref No. CNA.32/572/01/96 from Treasury Registrar directed all Government Entities to have Title deeds of their land plots.

I noted out of 135 Entities including Ministries, Departments, Regional Secretariats and Embassies audited, only for those entities which disclosed information on land ownership in the financial statements, ten (10) Entities did not have the title deeds for land and buildings. The table below presents a list of entities which have not acquired title deeds from the Ministry responsible for Land.

**Table 79: Absence of Title Deeds for Government Land and Buildings**

<b>Vote</b>	<b>Ministry/Regional Secretariat/Embassy</b>
42	National Assembly
90	Songwe Regional Secretariat
65	PMO Labor Youth, Employment and Persons with Disability
2015	Tanzania Embassy in Rome Italy
99	Ministry of Livestock and Fisheries (National Insemination Centre - NAIC)
88	Dar es salaam Regional Secretariat, of 11 plots only two had Certificate of Occupancy
80	Mtwara Regional Secretariat
49	Ministry of Water
2025	Tanzania High Commission Pretoria 5 plots since 1995
71	Pwani Regional Secretariat
5	National Irrigation Commission, 24 Plots, in Mwanza, Morogoro, Dodoma, Tabora, Mbeya and Mtwara

*Source: Individual CAG's audit reports for the year 2018/19*

Title deeds not only give a quick updated official record of who owns a land but also serve as an evidence in resolving land conflicts during encroachment. Title deed is proof of legal ownership.

Generally, I noted most of the Ministries and Department allocated with land in Dodoma did not disclose the same in the financial statements.

In this regard, I recommend the Directorate of Government Asset Management under the Ministry of Finance in collaboration with the Ministry of Land and Human Settlement to fast-track the Entities efforts to acquire Certificate of Occupancy.

### **11.7 Lack of Asset Maintenance Plan and Records**

Reg. 276 (1) of the Public Finance Regulation, 2001 (revised 2004) requires the use of log books and maintaining records and history of each vehicle including performance, servicing, overheads, repairs, in sufficient detail for periodic assessments to be made of its performance compared with its cost of upkeep.

Further Para 11 of assets Guideline of 2012 requires Entities to maintain Asset Management Strategy including Asset maintenance plan forms as part of asset management strategy. Asset management is aimed at improving value for money from using public assets.

I examined 135 entities and found out that 18 entities did not prepare assets maintenance plan and maintenance records contrary to Regulation 276 of Public Finance Regulation and Para 11 of assets Guideline of 2012. List of audited entities with the noted irregularity are shown in the table below;

**Table 80: Lack of asset maintenance plan and records**

<b>Vote</b>	<b>Ministry/Regional Secretariat/Embassy</b>
02	Teachers Service Commission
03	National Land Use Planning Commission
05	National Irrigation Commission
26	Vice President Private Office
48	Ministry of Land, Housing and Human Settlement Development
50	Ministry of Finance and Planning
57	Ministry of Defence and National Service
61	National Electoral Commission
67	President's Office Public Service Recruitment Secretariat
75	Kilimanjaro Regional Secretariat
84	Singida Regional Secretariat
85	Tabora Regional Secretariat
88	Dar es salaam Regional Secretariat
89	Rukwa Regional Secretariat
2013	Tanzania Embassy in Paris
2022	Tanzania Embassy in Zimbabwe
2030	Tanzania High Commission in Lusaka
2038	Tanzania Embassy in Khartoum

*Source: Individual CAG's audit reports for the year 2018/19*

I recommend to Ministries, Regional Secretariats and Embassies to comply with Reg. 276 of the Public Finance Regulations as well as Para 11 of the Asset Guidelines of 2012 by having in place Annual Maintenance Plan for the owned/controlled assets, such that

maintenance work is recorded in the log books and other registers. Plans should be updated once maintenance is completed.

### **11.8 Failure to Review the Residual Value and Useful Life of Assets**

The Government Asset Guideline No 6(3) issued by the Paymaster General on 10<sup>th</sup> December, 2012 states that, "if an asset has been fully depreciated but is still being used by the Government, it indicates that the asset's estimated useful life has been under estimated. Therefore, the Government will have to account for a change in estimate using the asset's adjusted estimated useful life".

Also, Para 67 of IPSAS 17, Property, Plant and Equipment requires an entity to perform a review of the residual values and useful life of its assets at least at each reporting date.

I noted that ten (10) Entities failed to review the residual value and useful life of its assets that caused these entities to have significant number of assets with zero book value but which are still in use.

List of audited entities with the mentioned irregularities are summarized in the table below;

**Table 81: Failure to review the residual value and useful life of assets**

<b>Vote</b>	<b>Ministry/Regional Secretariat/Embassy</b>
57	Ministry of Defence and National Service
38	Tanzania Peoples' Defence Force
2020	Tanzania Permanent Mission to UN in Geneva
2008	Tanzania High Commission in Maputo
2024	Tanzania Embassy in Riyadh
41	Ministry of Constitutional and Legal Affairs
2010	Tanzania High Commission in New Delhi
84	Singida Regional Secretariat
2027	Tanzania Embassy Abu Dhabi
34	Ministry of Foreign Affairs

*Source: Individual CAG's audit reports for the year 2018/19*

Failure to review the residual value and useful life of an asset at least each reporting period is non-compliance with IPSAS 17 which may results in

misstatement of the financial statements as well as impair the steps towards achievement of Government goals.

Based on the above matters, I recommend, Ministries/Departments, Regional Secretariat and Embassies to adhere to the requirements of IPSAS 17 and issued Government Asset Guideline No 6(3) in preparation of financial statements.

### **11.9 Assets Purchased and Completed Houses Not in Use TZS 1,659,696,336**

I noted two entities purchased items which were not urgently needed worth TZS 471,257,990. Up to the time of audit, these items were not put into use.

I also noted four entities constructed and completed houses with cost of TZS 1,188,438,346 but not in use for diverse reasons. See the table below for details of assets purchased but not put in use.

**Table 82: Assets purchased not put into use**

<b>Vote</b>	<b>Ministry/Department/RS</b>	<b>TZS</b>	<b>Remarks</b>
59	Law Reform Commission	269,170,136	Computers, photocopiers, printers and furniture
44	Ministry of Industry and Trade	202,087,854	3 laboratory rooms and Plasma Cutting Machine not in use
	<b>SUB TOTAL</b>	<b>471,257,990</b>	
<b>Vote</b>	<b>Completed Houses not in use</b>		
90	Songwe Regional Secretariat	523,233,890	Momba District Commissioner Residential house. Completed not handed over
29	Prison Service Department	58,750,000	Mkuza Prison building completed since 2004
84	Singida Regional Secretariat	533,983,347	Construction of three DC's houses of Mkalama, Ikungi and Manyoni were completed not in use for diverse reasons.

63	Geita Regional Secretariat	72,471,109	One house at Magogo Area
<b>SUB TOTAL</b>		<b>1,188,438,346</b>	
<b>TOTAL</b>		<b>1,659,696,336</b>	

Source: Individual CAG's audit reports for the year 2018/19

I recommend that, it will be the most advantageous if Entities procure assets when urgently needed and not only because there is funds to spend. By so doing, value for money will be obtained as well as operations will be smooth.

Constructing houses which are ultimately not being occupied is wastage of scarce resources where the government is not realising value for money. I recommend better use of financial resource by putting those houses (and other completed houses not reported here) into use once they are ready for use.

#### **11.10 Outstanding Receivables TZS 41,497,847,243**

My audit of Account Receivables revealed 24 entities reporting receivables amounting to TZS 41,497,847,243 when compared to 2017/18 reported receivables of TZS 222,695,169,207, there is a decrease of TZS 181,197,321,964 equivalent to 81 percent. This is a remarkable achievement to be embraced although Tanzania Police Force, Ministry of Health, Prison Service Department and National Land Use Commissions need to exert more efforts into collecting their receivables.

List of audited entities with accrued revenue are summarized in the table below

**Table 83: Outstanding Receivables**

<b>Vote</b>	<b>Ministry/Department/Regional Secretariat/Embassy</b>	<b>Amounts in TZS</b>
57	Ministry of Defence and National Service	164,115,910
2019	Tanzania Embassy in Brussels	30,460,128
14	Fire and Rescue Force	150,000,000

<b>Vote</b>	<b>Ministry/Department/Regional Secretariat/Embassy</b>	<b>Amounts in TZS</b>
29	Prison Service Department	3,800,603,346
38	Tanzania Peoples' Defence Force	54,169,951
53	Ministry of Health, Community Development, Gender, Elderly and Children	753,360,897
2023	Tanzania High Commission Nairobi	8,598,726
003	National Land Use Planning Commission	2,220,575,200
44	Ministry of Industry and Trade	170,000,000
93	Immigration Service Department	146,591,680
04	President's Office Records and Archives Management	1,361,831,435
2040	Tanzania Embassy in Tel Aviv	84,568,440
2029	Tanzania Embassy in Muscat	112,915,368
96	Ministry of Information, Culture, Arts and Sports	606,758,179
48	Ministry of Land, Housing and Human Settlement Development	7,813,398,487
95	Manyara Regional Secretariat	3,250,000
76	Lindi Regional Secretariat	236,786,858
52	Ministry of Health, Community Development, Gender, Elderly and Children	9,530,694,120
72	Dodoma Regional Secretariat	28,535,899
49	Ministry of Water	319,371,768
23	Accountant General's Office	39,543,685
71	Pwani Regional Secretariat	3,600,000
28	Tanzania Police Force	13,468,124,025
50	Ministry of Finance and Planning	389,993,141
<b>TOTAL</b>		<b>41,497,847,243</b>

Government Entities should institute measures and controls on Account receivables to minimize the risk of fraud, errors and loss.



In this regard, I recommend Ministries, Departments and Regional Secretariat to formulate strategies to ensure that uncollected revenues are collected within reasonable time.

I also recommend Accounting Officers with outstanding receivables of more than two years to exert more effort in collecting those debts before they become uncollectible and lead to loss of Government revenue.

### **11.11 Liabilities Management**

Liability management is the practice of maintaining a balance between the maturities of assets and liabilities in order to maintain liquidity. Liability management is an essential component in the management of public funds.

During the year, I reviewed several entities documents and noted weaknesses in liability management which has been reported in previous years' reports as well: -

#### **11.11.1 Contingent Liabilities (Outstanding Legal Cases)**

A contingent liability is a potential liability that may occur in the future, such as pending lawsuits. My audit noted fifteen (15) Government entities with contingent liabilities amounting to TZS 639,940,032,405 pending court decision as shown in the table below;

**Table 84: Contingent liabilities**

<b>Vote</b>	<b>Ministry/Department/Regional Secretariat/Embassy</b>	<b>Amount (TZS)</b>
98	Ministry of Works Transport and Communication	5,026,857,181
36	Katavi Regional Secretariat	38,658,300
89	Rukwa Regional Secretariat	332,130,264
47	Simiyu Regional Secretariat	88,207,920
58	Ministry of Energy	494,704,250,000
69	Ministry of Natural Resources and Tourism	20,984,472,070

<b>Vote</b>	<b>Ministry/Department/Regional Secretariat/Embassy</b>	<b>Amount (TZS)</b>
37	Prime Minister's Office	839,333,738
100	Ministry of Minerals	107,231,342,003
75	Kilimanjaro Regional Secretariat	126,258,649
76	Lindi Regional Secretariat	481,324,370
80	Mtwara Regional Secretariat	357,159,768
85	Tabora Regional Secretariat	51,370,960
49	Ministry of Water	7,007,423,188
50	Ministry of Finance and Planning	1,591,030,508
79	Morogoro Regional Secretariat	1,080,213,485
<b>TOTAL</b>		<b>639,940,032,405</b>

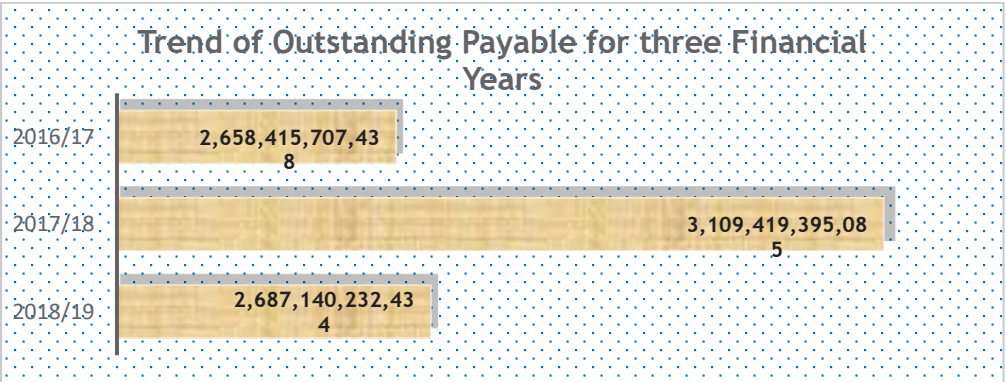
*Source: Audited Financial Statements 2018/19*

In respect of this matter, I recommend that risks from Contingent Liabilities should be managed in a framework where the analysis and measurement of risks forms a basis for developing a risk management strategy and designing effective risk mitigation tools.

#### **11.11.2 Accrued Expenses; TZS 2,687,140,232,434**

My audit noted 82 entities had an outstanding payable balance of TZS 2,687,140,232,434 as at the end of the financial year 2018/19, when compared to the prior year payable balances of TZS 3,109,419,395,085 there is a decrease of TZS 422,279,162,651 equivalents to 14 per cent. Trend of outstanding payable for three consecutive years is as shown in the figure below. Detailed summary is found in Appendix 11.2.

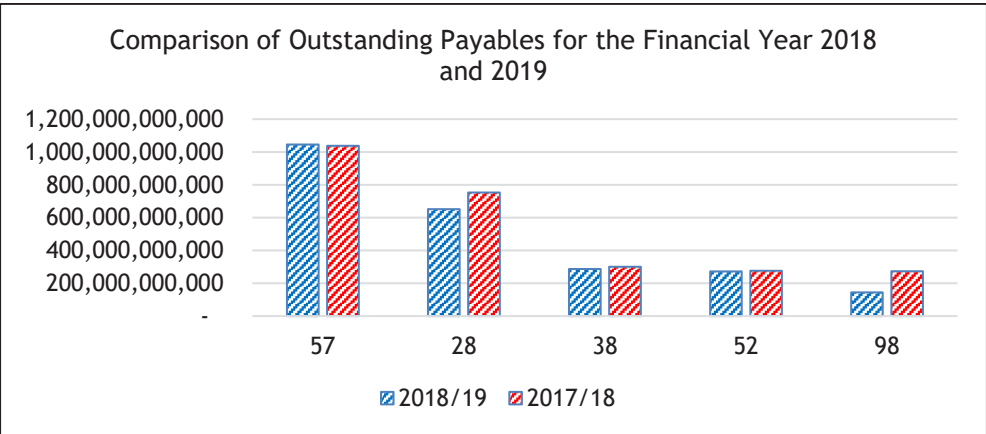
**Figure 36: Trend of Outstanding Payables**



*Source: Audited Financial Statements for 2016/17 to 2018/19*

Ministry of Defence and National Service had an outstanding payable of TZS 1,045,499,689,187, (39%) followed by Tanzania Police Force TZS 651,358,243,645, (24%) Tanzania Peoples’ Defence Force TZS 286,851,148,594, (11%) Ministry of Health TZS 272,629,610,089 (10%) and Ministry of Works Transport and Communication. TZS 144,408,601,208, (5%). Other entities represented by TZS 286,392,939,710 equivalent to 11 percent of the total outstanding payables. These votes had almost the same payable in the year 2017/18 as shown in the figure below;

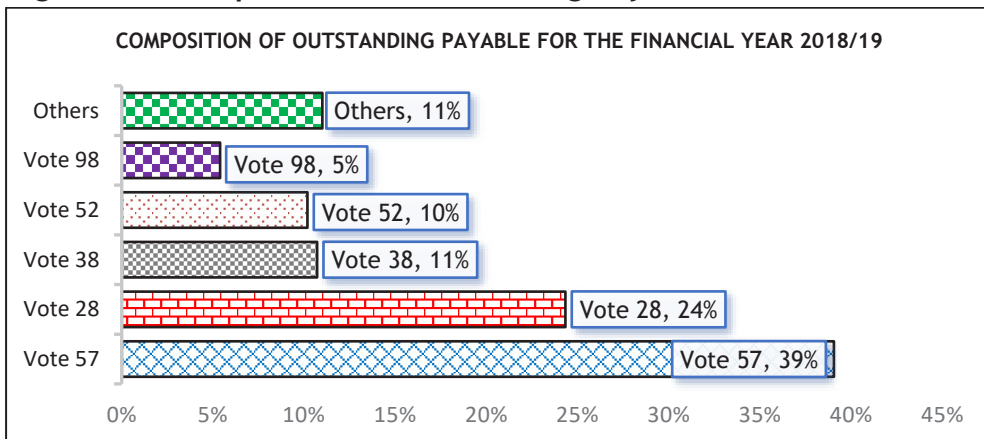
**Figure 37: Comparison of Outstanding Payables**



*Source: Audited Financial Statement for 2017/18 and 2018/19*

Either budget allocated to these entities are not sufficient or there has been delay in releasing funds from Treasury. The same entities had almost the same outstanding payables in the year 2017/18 as shown above.

**Figure 38: Composition of Outstanding Payable**



Source: Audited Financial Statement for 2018/19

### 11.11.3 Reporting on India Hospitals Claims

Ministry of Health, Community Development, Gender, Elderly and Children reported payable of TZS 272,629,610,089 which included outstanding medical bills of TZS 19,174,817,593 from referral hospitals in India. Compared to 2018 outstanding medical bills of TZS 29,172,371,931 there is a decrease of TZS 9,997,554,338 which was paid during the year under review as shown in table the table below;

**Table 85: India Hospitals Claims Movements (Amounts in TZS)**

Opening balance as at 01/07/2018	29,172,371,931
Claims received during 2018/19	0
<b>Total claims</b>	<b>29,172,371,931</b>
Less Payments during 2018/19	9,997,554,338
<b>Outstanding balance 30/06/2019</b>	<b>19,174,817,593</b>

Source: confirmation from the Ministry of Health through a letter with ref No. CA/115/209/01/71 of 6<sup>th</sup> Feb 2020 and a report attached to that letter of September 2019.

There is a decrease of payable related to medical referrals in Indian Hospitals as seen above. The reasons for decrease are attributed to strengthened medical services at Muhimbili Hospital as well as Apollo Hospitals refusing to accept credit referral patients. Number of patients referred to Hospitals in India has also declined tremendously from 139 patients in 2017/18 to 82 patients in 2018/19 equivalents to 41 percent.

#### **11.11.4 Delayed Compensation of Acquired Land for Mchuchuma and Liganga Project TZS 11,037,183,021**

Section 3 (1) (g) of the Land Act of 1999. The Land Acts provides that the payment of compensation should be fair, full and prompt. Regulation 13(2) of Land Regulations, 2001 and Regulation 19(1)-(3) of Village Land Regulations of 2001 states compensations should be paid within six months after valuation, after which, interest is charged at market prevailing rate.

In my audit I noted that land valuation for Mchuchuma and Liganga project was done on August, 2015 and verification was completed by the Chief Government Valuer on July, 2018. The value of land as per valuation report was TZS 7,341,776,639 and TZS 3,695,406,382 for Liganga and Mchuchuma respectively making a total of TZS 11,037,183,021. However, no compensation was made despite the fact that six (6) months had lapsed since verification.

I therefore recommend that payment to beneficiaries for land compensation to be made as per above mentioned Act and Regulations to avoid increased costs from accrued interests. Failure to pay compensation not only increase the compensation amount but also deprive the rights of the beneficiaries since they can no longer develop their land.

## **CHAPTER TWELVE**

### **12.0 SPECIAL AUDIT, AUDIT OF POLITICAL PARTIES**

#### **12.1 Introduction**

This part of the report underlined the significant issues spotted during my audit of the Political Parties and Special Audits. During this year, I have audited all 19 Political Parties and carried out 8 Special audits as outlined below:

#### **12.2 Audit of Political Parties**

My audit of the Political Parties is entrusted by Section 18A of the Political Parties Act CAP 258 (revised 2019) and during my audit the Registrar of the Political Parties submitted the list of nineteen (19) Political Parties with permanent registration for audit purposes. All the nineteen (19) Political Parties have presented their financial statements to my office for audit.

The audit of Political Parties included a general review of financial transactions and internal controls and testing of the accounting records and other supporting evidence to the extent that I considered necessary in order to form an opinion as to whether the financial statements were prepared fairly in accordance with the Public Sector Accounting Standards (IPSAS). In my audit, the followings were disclosed:

##### **12.2.1 Source of Revenue Deposited was not Declared by CUF; TZS 422,990,000**

This financial year 2018/19, I have audited the financial statements of CUF (Civic United Front) from the financial year 2015/16 to 2018/19. In my audit, I reviewed the Bank Statements maintained by CUF from September 2015 to August 2016 and traced series of deposits which totalled TZS 422,990,000. The identified deposits of TZS 414,000,000 were related to the financial year 2015/2016 and TZS 8,990,000 were for the financial year 2016/2017. The cash

deposited were not receipted by CUF, as required by Regulation 4.3 of the CUF Financial Regulations, and the same revenue was not reported in the Statement of Financial Performance for the mentioned periods. I interviewed the CUF management about the source of the fund deposited; however, no clear responses were received.

In this aspect, I failed to determine the legitimacy of the funds deposited. As such, the financial statements prepared and published may mislead the users since the revenue received of TZS 422,990,000 was not reported.

In this context, I recommend the CUF management to receipt all revenue collected from members and subsidies received from Government or donors and the same should be reported in the respective financial statements.

#### **12.2.2 Assets Owned by CUF Were Not Properly Managed**

I reviewed the list of Motor Vehicles owned by CUF and revealed that out of the Sixteen (16) Motor Vehicles owned by CUF, Seven (7) vehicles were listed by the name of CUF while the remained nine (9) vehicles were registered by the names of the CUF members. On a similar occasion, I noted CUF lacked title deeds for the two (2) buildings located in Zanzibar. As a consequence, I was confined to corroborate the ownership of the referred buildings and motor vehicles.

It is my view that CUF would relinquish the right of ownership of the vehicles not registered by the name of CUF, as well as buildings lacked title deeds in the event of a legal contest.

In the light of the above, I recommend the CUF management to secure the title deeds for two (2) buildings situated in Zanzibar and update the vehicle ownership records to reveal the Party's name.

### **12.2.3 Loan Advanced to the One of the Radio Station by CUF was not Refunded; TZS 85,000,000**

In my audit, I noted that the Registered Board of Trustees of CUF enforced the loan agreement of TZS 45,000,000 on 3<sup>rd</sup> January 2017 to one of the Radio Station in Tanga with the understanding of liquidating the referred loan in three (3) years ended 3<sup>rd</sup> January 2020. It also came to my attention that CUF advanced a new additional loan of TZS 35,000,000 on 16<sup>th</sup> February 2018 to the same Radio Station with the repayment arrangement of two (2) years which ended 16<sup>th</sup> February 2020 without settling the former loan, as earlier agreed.

On a similar note, I noticed another loan amounting to TZS 5,000,000 issued on 28<sup>th</sup> May 2019 with a repayment condition of ten (10) days from the receipt date to the same Radio Station. However, all of these loans issued were not secured, and by the time of my audit in January 2020, the whole amount of TZS 85,000,000 issued by CUF as the loan was not recovered. Through my review, I further learned that the mentioned Radio station was represented by three (3) Directors, who are also the Directors at CUF. Under these circumstances, I noted the significant conflict of interest in the effected transactions.

It is my opinion that the Party's resources stemmed from Government subsidies were misused through advancing the unrecovered loan. As a consequence, the value for money have not been realized as scheduled Party's activities were not accomplished as anticipated.

In respect to this matter, I recommend the adequate follow up extended by CUF management to recover the said loan.

### **12.2.4 Doubtful Withdraws of Funds from CUF Bank Accounts; TZS 416,000,000**



My review of various documents noticed that CUF received Government subsidies of TZS 369,378,502.64 on 05th January 2017. I noted that on 06<sup>th</sup> January 2017, CUF made a transfer of TZS 300,000,000 to the Personal Bank Account of one of the Party's member, and the remained balance of TZS 69,000,000 was cashed out on the same date. However, no expenditure records were submitted for my review. Along with this, I also realized a withdraw of TZS 47,000,000 from the CUF Bank account by one of the Party's director without the approval of the Secretary-General, as prescribed by CUF financial regulations. Similarly, no expenditures records were furnished for my scrutiny.

I am concerned with serious weak internal controls at CUF, which permitted the bank transfer and withdrawals of the Party's resources without attention to the Secretary-General who is the Accounting Officer.

My audit at CUF was confined and therefore, I have no assurance on the expenditure incurred by CUF on the amount improperly transferred and withdrawn as the expenditure records were not provided for my review.

In this regard, I recommend the internal controls at CUF intensified, and investigation initiated to establish the accountability of TZS 416,000,000, which its expenditure records were not presented for my scrutiny.

#### **12.2.5 Lack of Agreements for Loan Recoveries Made by CUF; TZS 222,850,000**

I reviewed several payment vouchers at CUF and spotted out payments totalled TZS 222,850,000 were made to various Party's members. I interviewed the CUF management about payments effectuated, and it was clarified that payments effected were for repaying the loans borrowed from the referred Party's members.

However, I requested the evidence to corroborate for loans recovered and the same was not provided for my scrutiny.

I am concerned with weak internal controls that prevailed at CUF Party and the serious misuse of the Party's resources through the plotted schemes.

In respect to this matter, I recommend a comprehensive review of all payments made and in case of any ineligible payments identified should be refunded.

#### **12.2.6 Land Plots 5,261 Owned by CCM Lacked Title Deeds**

I reviewed the assets register maintained by CCM and realized that CCM owns 5,660 land plots across Tanzania Mainland and Zanzibar. However, it came to my attention that out of 5,660 land plots owned, 399 plots have Title Deeds, while the remained 5,261 plots do not have Title Deeds.

It is my concern that if no adequate follow up compelled by CCM in securing the referred title deeds, CCM may forfeit the right of land owned in the event of a legal contest.

I, therefore, recommend to the CCM management to fast track the process for mentioned title deeds secured timely.

#### **12.2.7 Nugatory Expenditure for Compensation made on Illegal Eviction of Tenant on the Sublet Premises by the Jumuiya ya Wazazi (CCM); TZS 60,000,000**

I reviewed the lease agreement signed in 1971 between the Registrar of Building (NHC) and Jumuiya ya Wazazi (by then TAPA) on one of the Houses located at Swahili Mkunguni Street, Kariakoo. In my scrutiny, I noted that Jumuiya ya Wazazi sublet one of its space to one of the Company following the authorization issued by the Ilala NHC Branch Manager in June 2014. On 03<sup>rd</sup> February 2016, Jumuiya ya Wazazi issued the eviction notice to the mentioned Company to be

effective from 01<sup>st</sup> May 2016. Through this notice, the said Company brought complaints to NHC.

I further realized that NHC notified the Jumuiya ya Wazazi that the acted sublet and eviction were both illegal, and the named Company was directed to pay rent to NHC. Despite the fact that NHC cautioned the Jumuiya ya Wazazi not to expel the referred Company. It further came to my attention that Jumuiya ya Wazazi unlawful exiled the named company. As a consequence, the discussed Company intended to file a claim loss of TZS 800,000,000 to the court. However, Jumuiya ya Wazazi outlaid TZS 60,000,000 as loss compensation following an amicable agreement, and the matter was then settled.

It is my opinion that the amount of TZS 60,000,000 paid as a loss compensation is worthless, as no benefits realized by the Jumuiya ya Wazazi from the payments effected.

In respect to this matter, I recommend that the Jumuiya ya Wazazi (CCM) complies with terms and conditions for contracts entered to restrain the loss of funds due to compensation.

#### **12.2.8 Inactive Involvement of CCM in the Jointly Owned Medical Care Company**

In my audit, I noted the Dar es Salaam Regional Executive Committee of CCM (SUKIDAR)<sup>33</sup> signed the contract and one of the Korean Company in 1991 and established a Company for Medical Care. The Company was incorporated in April 1992. Based on the Articles of Agreement, it was agreed that the Board of Directors of the formed Company would have six (6) members, where three (3) directors would be from SUKIDAR (CCM), and the other three (3) members will come from the Korean Company. In my review, I learned that the Board of Directors of the registered Company had no even a single

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<sup>33</sup> SUKIDAR ( *Shirika la Uchumi na Kilimo la Dar es Salaam*)

Director from SUKIDAR (CCM). As such, the management and operations of the formed Company were wholly vested to the Korean Company (Shareholder) in contrast to the terms of the agreement.

I further noted that Article 23.3 of the signed agreement declared the share of profit will base on the number of shares invested after reserving 10 percent of the profit earned, and I became aware that CCM received TZS 92,950,000 and USD 7,500 as dividends from 1993 to 2018 from the funded Company. However, I was confined to ascertain the completeness and correctness of the dividends received since the financial statements of the owned Company available at CCM were from the financial year 2012 to 2014 only.

I am concerned with the ineffective management of the investments owned by CCM, and I am of the view that the dividends received may not be appropriate, as the basis for the determination was not evident during my audit.

In this regard, I recommend the active participation in all investments made by CCM, and there is a need for all contracts be reviewed to sustain the current business environment.

#### **12.2.9 Established Joint Venture Projects not implemented by CCM**

Further, in my audit of CCM documents, I revealed a Joint venture agreement with one of the Company for the Construction of Inland Container Depot (ICD), ten (10), and four (4) storey buildings in different plots owned by CCM in Dar es Salaam in July 2015. Based on the agreed terms, the construction was scheduled to complete within three (3) years, and the named Company would entirely finance the project to an estimated cost of TZS 17,958,565,557.96.

It also came to my attention that the share of interest was reckoned at 30 percent to CCM and 70 percent to the said Company. In addition to the agreed terms, I also realized that the monthly rent of TZS

5,000,000 was to be paid to CCM Temeke by the mentioned Company. However, during my review in January 2020, there was no construction which was ongoing on plots offered by CCM for joint venture, and the said Company did not pay the total monthly rent of TZS 80,000,000 from March 2018 to June 2019, as assented in the said arrangement.

I am concerned with the delays in executing the agreed projects through the signed joint venture agreement, which postponed the considerable share of profit to CCM.

In light of this, I recommend that the CCM management revises the joint venture agreement signed to flourish with the new investment requirements currently practiced by CCM.

#### **12.2.10 Expenditure Outside the Approved Budget by the CHADEMA Governing Council TZS 205,419,100**

In my audit, I noticed CHADEMA expended a total of TZS 205,419,100 for completing various Party's Political activities. However, I learned that an amount of TZS 205,419,100 spent was not in the budget, which was approved by the Governing Council, contrary to the requirement of Section 2.9.4 of the CHADEMA Policies and Procedures Manual (2019 edition).

I am concerned with a lapse of financial internal controls system at CHADEMA Party, as the amount which was not budgeted by the Governing Council may be paid for the activities not related to the Political Party's activities.

In this matter, I recommend to the CHADEMA management to follow the approved Budget by the Governing Council during the implementation of the Party's activities.

#### **12.2.11 Expenditure not Adequately Supported; TZS 2,132,906,798**

During my audit of other eleven (11) Political Parties under listed; I noted a total of TZS 2,132,906,798 which was expended by eleven (11)<sup>34</sup> Political Parties in implementing various Political Parties activities. However, I learned that the payments made were not supported with sufficient records to evidence the carrying out of the referred activities. Details of the Political Parties are shown in the table below:

**Table 86: List of Political Parties with Unsupported Expenditure**

S/N	Name of Political Party	Amount (TZS)
1	NCCR Mageuzi	1,190,250
2	United Democratic Party (UDP)	31,555,000
3	Civic United Front (CUF)- 2016/17	708,917,000
4	Civic United Front (CUF)- 2017/18	628,297,500
5	Civic United Front (CUF)- 2015/16	702,800,000
6	CHADEMA	13,572,750
7	United People's Democratic Party (UPDP)	3,838,000
8	Alliance for Africa Farmer's Party (AAFP)	4,120,000
9	ACT Wazalendo	8,536,500
10	ADC (2017/18 to 2018/19)	20,110,000
11	Union for Multiparty Democracy (UMD)	1,035,000
12	Chama cha Kijamii (CCK)	2,395,000
13	Chama cha Sauti ya Umma (SAU)	6,539,798
	<b>TOTAL</b>	<b>2,132,906,798</b>

*Source: Financial Statements*

I am concerned with weak internal controls prevailed at the named Political Parties, and it is my opinion that payments spent without the attachment of the vital records may be diverted to finance the activities not related to the Political Party's activities.

In this matter, I recommend the internal controls of the mentioned Political Parties to be enhanced for safeguarding the members and Parties resources.

<sup>34</sup> NCCR Mageuzi, CUF, ACT Wazalendo, UDP, UPDP, CHADEMA, AAFP, ADC, UMD, SAU, and CCK

### 12.2.12 Revenue Collected by Ten (10) Political Parties Not Banked; TZS 534,844,248

Section 15 (1) of the Political Parties Act CAP 258 (as revised in 2019) instructs every registered Political Party, through its Trustees, to maintain a bank account, in which all the money received by the Party shall be deposited. In my audit, I noted a total of TZS 534,844,248 was collected by nine (9) Political Parties. However, the fund secured were not deposited in bank accounts operated by the referred Political Parties, in contrast to Section 15 (1) of the Political Parties Act CAP 258 (as revised in 2019). Details are shown in the table below;

**Table 87: Revenue from Political Parties not banked**

S/N	Name of Political Party	Amount ( TZS)
1	NCCR Mageuzi	2,196,000
2	Democratic Party (DP)	2,161,022
3	NRA	5,000,000
4	Chama cha Sauti ya Umma (SAU)	641,000
5	CUF)- 2018/2019	476,736,526
6	UPDP	2,338,000
7	ADA-TADEA	6,406,700
8	ADC- (2017/18 to 2018/19)	14,250,000
9	Chama cha Kijamii (CCK)	25,115,000
	<b>TOTAL</b>	<b>534,844,248</b>

*Source: Financial Statement*

It is my view that the revenue collected and not banked may be misappropriated or diverted to finance activities not related to Political Party's activities.

In light of the above, I recommend to the management of Political Parties mentioned above that the revenue obtained should be receipted and banked, as stated in the Political Parties Act CAP 258 (as revised in 2019).

### **12.2.13 Financial Statements of the Nine (9) Political Parties were Prepared without Following the Applicable Financial Reporting Framework**

Financial Reporting Framework is a set of criteria used to determine measurement, recognition, presentation, and disclosure of all material items appearing in the financial statements prepared. In my audit, I reviewed the financial statements submitted by nine (9) Political Parties for audit purposes. However, I realized that the financial statements presented were prepared without stating clearly the applicable financial reporting framework used in its preparation. List of Political Parties involved are as shown in the table below;

**Table 88: List of Political Parties prepared Financial Statements without Stating Applicable Financial Reporting Framework**

<b>S/N</b>	<b>Name of Political Party</b>
1	Democratic Party (DP)
2	National League for Democracy (NLD)
3	National Reconstruction Alliance Party (NRA)
4	Chama cha Sauti ya Umma (SAU)
5	United People's Democratic Party (UPDP)
6	Alliance for Africa Farmer's Party (AAFP)
7	African Democratic Alliance (ADA-TADEA)
8	Chama cha Ukombozi wa Umma ( CHAUMMA)
9	Union for Multiparty Democracy ( UMD)

*Source: Financial Statement submitted to CAG for audit purposes*

In this aspect, I am concerned with neglect by the stated Political Parties in preparing the financial statements which are not in lined with the IPSAS framework published by the Registrar of the Political Parties. Due to these limitations, I was confined to issue the appropriate audit opinion on the presented financial statements by the mentioned Political Parties.



In respect to this matter, I recommend that the indicated Political Parties to prepare financial statements using the IPSAS framework and harmonize the uniformity and comparability of the financial statements produced by the Political Parties.

#### **12.2.14 Four (4) Political Parties did not Maintain Updated Membership Registers**

Section 8(C) of the Political Parties Act CAP 258 (revised 2019) necessitates all registered Political Parties to update the register regularly by including the list of the members and leaders at each administrative level.

I reviewed the membership registers of the four (4) Political Parties, and I revealed that the membership registers retained by the referred Political Parties were not updated in contrast to Section 8(C) of the Political Parties Act CAP 258 (revised 2019). List of the Political Parties is tabulated in the table below:

**Table 89: List of Political Parties without Updated Membership Register**

S/N	Name of Political Party
1	Tanzania Labour Party (TLP) (2018/2019)
2	Alliance for Change and Transparency ( ACT Wazalendo)
3	United People's Democratic Party (UPDP)
4	Chama cha Ukombozi wa Umma (CHAUMMA)

*Source: Financial Statement*

It is my view that no profound measures embraced by the mentioned Political Parties in updating the member's register. As a consequence, I was confined to establish the legitimacy of the revenue received.

Considering the above, I recommend that the management of the named Political Parties to update the members register and hence acquit to the requirements of Section 8(C) Political Parties Act CAP 258 (revised 2019).

### **12.2.15 Bank Reconciliation Statements were not Prepared by Eight (8) Political Parties**

In my audit, I also reviewed the Financial Regulations of the nineteen (19) audited Political Parties and noted the requirements for the preparation of the Bank Reconciliation Statements on the bank accounts operated by the referred Political Parties. In my scrutiny, I realized that eight (8)<sup>35</sup> Political Parties out of the nineteen (19) audited did not prepare the monthly bank reconciliations in contrast to their Financial Regulations.

I am concerned with deficiencies in internal controls at the identified Political Parties and risk of errors, fraud, and misappropriation of the funds deposited if no reconciliation will be performed.

Regarding this matter, I recommend that the management of the named Political Parties to reinforce internal controls and prepare the monthly bank reconciliation statements to de-escalate the chances of fraud or embezzlement of the member's funds maintained at the bank.

### **12.2.16 Assets Owned by Political Parties were Neither Maintained in Register Nor Declared to the Political Parties Registrar**

I reviewed the Financial Regulations of nineteen (19) audited Political Parties and in my scrutiny, I realized that the Financial Regulations demanded the referred Political Parties to prepare and maintain a register, which would provide the list of all assets owned. However, I learned that four (4)<sup>36</sup> Political Parties did not retain the asset register conversely to their stated Financial Regulations. On a similar note, it came to my attention that assets listed in the UPDP register were not in existence, as the UPDP management declined to indicate the location of the assets inventoried. Further, I pointed out that DP,

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<sup>35</sup> *NCCR Mageuzi, DP, NRA, UDP, CCM( Mtwara Region), CUF, AAFP, and ADA-TADEA*

<sup>36</sup> *DP, NCCR Mageuzi, UDP, and CUF*

CCK and CHAUMMA did not declare the assets owned to the Registrar of the Political Parties, as directed in Section 14(1) (b) (ii) of the Political Parties Act CAP 258 ( as revised in 2019).

I am concerned with the unenforced asset controls revealed at the Political Parties discussed, and I am of the view that the assets kept may be dislocated, abused, or mistreated without management attention.

Taking this into account, I recommend that the management of the named Political Parties to develop the asset register, and the same dispatched to the Registrar of the Political Parties, as stated in Section 14(1) (b) (ii) of the Political Parties Act CAP 258 ( revised 2019).

### **12.3 Special Audits**

My Office carries out the Special Audits in line with Section 29 of the Public Audit Act, 2008 and Regulation 79(1) of the Public Audit Regulations 2009. Special Audits are aimed to examine a specific area of organization activities and are initiated following the request from any individual or entity. The Terms of Reference are prepared by those who requested the audit, and I may modify the Scope when I consider necessary and with the intent to contain the expectations from various Stakeholders, as entrusted in Regulation 80(2) of the Public Audit Regulations 2009.

In this financial year 2018/19, I have conducted eight (8) Special audits where seven (7) of them were carried out at the Public Institutions, and one (1) was undertaken at the Private institution (TGGA), which is the non-government organization. The audit at TGGA was embarked following the request from Her Excellency Vice President of the United Republic of Tanzania, who is the national warden of the TGGA. I have presented the individual reports to all

entities who requested the audits. The list of the Special Audits undertaken are under listed in the table below:

**Table 90: List of the Special Audits Conducted in the financial year 2018/19**

S/N	List of Special Audits
1.	Special Audit on Contract No. AE/008/2015-2016/HQ/C/3 between REA and SMEC International Pty Ltd and Contract No. AE./008/2016-2017/HQ/G/9,10, and 11 between REA and Twenty-Nine (29) Contractors on the Detailed Survey and Detailed Design
2.	Special Audit on the Construction Projects (Ushirika Towers) owned by the Tanzania Federation Cooperatives (TFC)
3.	Special Audit on the Allegations Related to Fund Misappropriation on the Fire and Rescue Force Welfare Fund at the Fire and Rescue Force
4.	Special Audit on the Issued Carrying on Temporary Assignment (CTAs) to Visitors at Dar es Salaam Immigration Department, Immigration Regional Office (Mtwara), and Julius Nyerere International Airport (JNIA)
5.	Special Audit on the Construction of Dormitory and Lecture Hall at Olmotonyi Forestry Training Institute in Arusha
6.	Special Audit on the Developed Joint Venture Project between Tanzania Girl Guides Association (TGGA) and Jafferji Developers Limited from 2010 to 2018
7.	Special Audit on the Committed Expenditure of TZS 8,000,000 at President's Office Public Service Management and Good Governance (POPSM) from 1 <sup>st</sup> July 2019 to 4 <sup>th</sup> November 2019
8.	Special Audit at National Housing and Building Research Agency (NHBRA) from 2010 to 2018

*Source: Special audit reports*

As far as I am concerned, I have underlined all key issues eventuated during my audits as follows:

**12.3.1 Special Audit on Contract No. AE/008/2015-2016/HQ/C/3 between REA and SMEC International Pty Ltd and Contract No. AE./008/2016-2017/HQ/G/9,10, and 11 between REA and Twenty-Nine (29) Contractors on the Detailed Survey and Detailed Design**

I carried this Special audit following the request by PCCB through a letter with reference No. PCCB/HQ/ENQ/66/2018/17 of 17<sup>th</sup> February 2019. The purpose of this audit was to discern the validity of payments made to Twenty-Nine (29) Contractors and ascertain payments made to SMEC INTERNATIONAL PTY LTD (Consulting engineer) if were in line with terms and conditions of the signed Contract. I was further required to determine the occasioned loss by the REA on contracting the new Consulting Engineer (AF MERCADOS EMI S.A) for similar consulting services, which were performed by the former Consulting Engineer (SMEC INTERNATIONAL PTY LTD). My audit was guided by the Terms of Reference released by the PCCB. In this audit, I have noted the following fundamental issues:

**12.3.1.1 REA Revoked the SMEC Consultancy Report in the Tendering Process of Twenty-Nine (29) Contractors for Power Distribution in REA Phase III (1<sup>st</sup> round ) and occasioned the loss of TZS 1,083,301,547.62**

On 20<sup>th</sup> October 2016, Rural Energy Agency (REA) signed the contract No.AE/008/2015-2016/HQ/C/3 with SMEC International Pty Limited for the Provision of Consultancy Services for Detailed Survey, Detailed Design and Preparations of Bidding Documents for Constructions of Medium Voltage (MV) Lines, Distribution to Sub-Stations, Low Voltage and Connection of Customers in 7,893 villages in the Tanzania Mainland at a contract sum of TZS 1,083,301,547.62 (VAT inclusive), out of which a total of TZS 433,320,619.048 was paid by December 2019. The Consultancy report from SMEC International Pty Limited was considered as a significant breakthrough for the entire process of connecting electricity to all planned villages.

That being said above, I noted that the contract duration was six (6) months and anticipated to close in June 2017; however, the contract was then amended and scheduled to complete on 22<sup>nd</sup> October 2018. During my review, I further learned that on 17<sup>th</sup> January 2017, REA and TANESCO utilized the desk information available at their disposal and initiated the tendering of Twenty-Nine (29) Contractors, who were employed to Construct the medium voltage lines, distribute low voltage, and connect electricity to 3,559 villages out of 7,893 planned in REA Phase III (1<sup>st</sup> round and 2<sup>nd</sup> round). The bidding process was effectuated before tabling of the Consultancy Report for REA Phase III (1<sup>st</sup> and 2<sup>nd</sup> round) by SMEC International Pty Limited on 21st June 2018.

It is my concern that the Consultancy Report from SMEC International Pty Limited had a valuable contribution to REA in implementing its objective. Since REA did not use the Consultancy Report prepared by SMEC International Pty Limited in the engagement of Twenty-Nine (29) Contractors for power distribution in 3,559 villages. In this context, I consider the Consultancy Services of TZS 1,083,301,547.63 funded by REA and payable to SMEC International Pty Limited, did not have value for money as the information delivered was not used for intended objectives.

I, therefore, recommend the reasonable disciplinary measures compelled against those involved in the occasioned loss of TZS 1,083,301,547.63 to Rural Energy Agency (REA).

**12.3.1.2 Four (4) Contractors for Rural Power Distribution were Paid TZS 335,707,277 Outside the Agreed Scope of Work in the Original Contract and Before the Revised Addendum**

I noted that REA concluded contracts with Twenty-Nine (29) Contractors for the Power distribution in 3,559 villages for REA Phase III (1<sup>st</sup> round). Through my review, I figured out that the contract sum

for the detailed design and detailed survey was TZS 8,757,543,768.78 (VAT inclusive) on the original contract. However, I noticed the variations, which extended the Contract Sum to TZS 14,025,825,502.88. By December 2019, I spotted out that a total number of TZS 6,356,849,905 (VAT inclusive) was effected to fifteen (15) Contractors, out of Twenty Nine (29) who lodged the claims. Further, my scrutiny to the payments made had identified four (4) Contractors<sup>37</sup>, who were paid TZS 335,707,277 outside the agreed scope in the original contract and before signing the new addendum that had embraced the allowed variations.

It is my view that the payments for works different from the reached agreements may suggest the acts of corruption, fraud, and abuse of power by the REA (Rural Energy Agency) management.

In this respect, I recommend the management of REA (Rural Energy Agency) all the time to implement payments in conformity with the terms and conditions, as capitulated in the contracts.

### **12.3.2 Special Audit on the Construction Projects (Ushirika Towers) Owned by the Tanzania Federation Cooperatives ( TFC)**

The Acting Registrar of the Tanzania Federation of Cooperatives (TFC) enlisted my Office through a letter with reference CFA.64/373/02/99 of 18<sup>th</sup> January 2018 to carry out this Special Audit. I conducted this audit based on the Terms of Reference provided by TFC. The objective of this audit was to confirm and establish the fact of the matter on various claims that relates to Project contracts entered, loans received and their repayments in the construction of the Ushirika Towers. Further, I was inquired to establish the implementations of the developed Properties (Ushirika Towers) as

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<sup>37</sup> *Nipo Group LTD - Mwanza ( TZS 148,090,000) , A2Z Infra Engineering LTD ( TZS 126,076,147), Derm Electrics ( T) LTD -Mara ( TZS 25,541,100) and Derm Electrics ( T) LTD - Tanga ( TZS 36,000,030)*

outlined in the provided Terms of Reference. My audit has noted the following irregularities:

**12.3.2.1 Deficiencies in Project design have Led to the Additional Costs for Automatic Fire Sprinklers- TZS 999,517,100**

During my audit, I noted that the TFC did not install the automatic fire sprinklers, as required by Section 22 (2) of the Fire and Rescue Act 2007. This section requires every building which has a storey the floor of which is more than twenty-four meters above the level of the street or ground surface shall be provided in every room, office, and hall with automatic fire sprinklers. On 30<sup>th</sup> April 2013, the Fire and Rescue Force had inspected the new building (Ushirika Tower) with Twenty (20) storeys , and more than Twenty- Four (24) meters above the level of the ground surface.

Based on this inspection, TFC contracted Dabenco Enterprises Limited on 28<sup>th</sup> December 2013 to set up an automatic fire sprinklers system, at a contract price of TZS 999,517,100 and the installation was expected to complete within two (2) weeks from the date of the contract.

However, I noted that Dabenco Enterprises Limited had sub-contracted the installation works to Lussavara Company Limited, and the works were yet to complete by the time of my audit in September 2019, despite a total of TZS 905,024,562.05 being effected by TFC for the installation works.

I am deeply concerned with the inadequate review of Architectural, Structural, Bills of Quantities, and new building permits for twenty (20) Storeys by the Project Consulting Engineer (ConsAfrica Limited) that led to the omission of a critical project element. I, therefore, viewed the consulting fee of TZS 177,500,000 paid to ConsAfrica Limited on 30<sup>th</sup> April 2010, as the misuse of the TFC member's fund.



In the light of the facts mentioned above, I recommend that the management of TFC to forward the matter of professional negligence induced by ConsAfrica Limited to Architects and Quantity Surveyors Registration Board (AQRB) for the appropriate professional charges.

**12.3.2.2 Certification of Works for Payments by Consulting Engineer (ConsAfrica Limited) was based on the Bills of Quantities (BOQ) without Measuring the Actual Work Performed- TZS 4,001,851,250**

In my audit, I noted that the Project Consulting Engineer (ConsAfrica Limited) approved works valued TZS 22,582,944,452.41, as being executed by the China Civil Engineering and Construction Corporation (CCECC). However, through my verification of the actual works done, I realized that works valued TZS 18,581,093,206.44 were only completed, out of the works valued TZS 22,582,944,452.41 approved for payment.

I scrutinized several Interim Payment Certificates and Bills of Quantities to gather evidence regarding the facts. I became aware that the ConsAfrica Limited endorsed Interim Payment Certificates (IPCs) for payment based on the items listed on the Bills of Quantities (BOQ) but not according to actual work accomplished by the China Civil Engineering and Construction Corporation (CCECC).

On the basis of the facts mentioned above, I am of the view that the payments of TZS 4,001,851,250 made to China Civil Engineering and Construction Corporation (CCECC) were invalid. As, they contradicted to the Condition No. 44 of the General Condition of Contracts (GCC), which instructed the payments to the Contractor based on the actual work done and not according to the itemized lists in the schedule of requirements.

Considering the circumstances mentioned, I recommend that the appropriate professional charges contemplated against ConsAfrica Limited for professional negligence caused, in the course of approving

the invalid payments to China Civil Engineering and Construction Corporation (CCECC) for works not performed and I further recommend the refund of TZS 4,001,851,250 by China Civil Engineering and Construction Corporation (CCECC).

#### **12.3.2.3 Works not Executed Despite Approved for Payments by the Consulting Engineer -TZS 582,864,029**

I reviewed the Interim Payment Certificates (IPCs) and evaluated the works performed on the constructed and refurbished Ushirika Tower buildings. My review underlined the IPC No. 13 of 12<sup>th</sup> September 2014, which ratified works valued TZS 17,057,275,935.85. Of the approved works, I grasped the works valued TZS 582,864,029 which were affirmed by the Consulting Engineer ( Cons Africa Limited), as completed by China Civil Engineering and Construction Corporation (CCECC). However, through my verification, I pointed out that the said works were not executed, despite being approved by the Consulting Engineer (Cons Africa Limited) for payments.

The approval of works that were not performed denoted the deeds of professional negligence conjured by the Consulting Engineer (Cons Africa Limited). As a consequence, the TFC member's fund amounting to TZS 582,864,029 were defalcated by China Civil Engineering and Construction Corporation (CCECC) owing to neglect by the Consulting Engineers (Cons Africa Limited).

In this regard, I recommend the China Civil Engineering and Construction Corporation (CCECC) to refund the amount of TZS 582,864,029 paid for works not executed. Also, the prudent professional measures may be considered against Consulting Engineer (Cons Africa Limited) by Architects and Quantity Surveyors Registration Board (AQRB) for professional negligence caused.

**12.3.2.4 Rental Agreement Between TFC and CRDB Bank at Ushirika Tower was Signed without the involvement of Cooperatives Societies Registrar as Required by Cooperatives Societies Rules, 2004 and Withholding taxes of TZS 288,162,453.02 was not paid by CRDB Bank to TRA**

On 26<sup>th</sup> September 2014, the CRDB Bank signed the rental agreement with UTT-PID and TFC for renting two (2) floors on the old and new building with a space total of 1,613 square meters at a rental price of USD 4,529,304 for the period of forty (40) years, which started on 01<sup>st</sup> January 2015 and would end on 31<sup>st</sup> December 2054. This rental agreement was signed without endorsement by the Registrar of the Cooperatives Societies, as referred in Section 51(1) of the Cooperatives Societies Rules, 2004. I also noted the withholding taxes amounting to USD 316,105.01 equivalent to TZS 547,980,679.05<sup>38</sup> withheld by CRDB Bank; however, the CRDB Bank had paid only TZS 259,818,226.01 to TRA, out of TZS 547,980,679.05 retained, and TZS 288,162,453.02 was not paid by CRDB Bank by the time of my audit in January 2020.

It also came to my attention that the signed rental agreement was not registered to the Registrar of land, as required by Section 8(1) (a) and 8(2)(h) of the Registration of Documents Act R.E 2002, CAP 117. Based on this Section, it is compulsory to register any document evidencing the grant of a lease, or a right of occupancy, for a term of five years or less or from year to year or for periods of less than a year, whether or not the grant includes the initial fixed term.

It is my view that the omission by the CRDB Bank to register the lease agreement to the Registrar of land may prompt the loss of the right of occupancy in the event of a legal contest. Also, I am in a position that the Government has sustained the loss of TZS 288,162,453.02

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<sup>38</sup> USD 1= TZS 1,733.54 of 6 February, 2015

owing to the neglect by CRDB Bank to pay the withholding taxes retained.

In view of the above, I recommend that the management of CRDB Bank to pay the withholding taxes of TZS 288,162,453.02 retained to the Tanzania Revenue Authority (TRA).

### **12.3.3 Special Audit on the Allegations Related to Fund Misappropriation on the Fire and Rescue Force Welfare Fund at the Fire and Rescue Force**

I was assigned by the Permanent Secretary Ministry of Home Affairs through a letter with reference No. CAC.165/182/01/55 of 23<sup>rd</sup> October 2019 to perform the Special audit on the Fire and Rescue Welfare Fund following the allegations on the misappropriation of TZS 122,700,000. These accusations were rooted from the funds received by Fire and Rescue Force from various owners of the facility to carry out the training on fire precaution and management in compliance with the Fire and Rescue Force (Safety Inspections and Certificates) Regulations, 2008. My audit was designed in such a way that I would identify and establish the funds misappropriated based on the Terms of Reference submitted by the Permanent Secretary Ministry of Home Affairs. Through my audit, I noted the following material issues.

#### **12.3.3.1 Fire Training Funds Provided by NMB Bank was Defrauded by Fire Officials - TZS 66,000,000**

On 28<sup>th</sup> January 2019, the National Microfinance Bank (NMB) deposited TZS 73,000,000 into the Fire and Rescue Force Welfare Fund Bank Account No. 0150211312700 with the intent of conducting fire training to NMB staffs in Southern, Northern, Eastern, Coastal, Southern Highlands, Lake and Western Zones. Of the funds banked, a total of TZS 66,000,000 was authorized by the Deputy Commissioner for the mentioned activity, out of which a total of TZS 59,000,000 was aimed at purchasing fire training equipment, while TZS 7,000,000 was allotted for issuing Fire Training Certificates.

I reviewed several records to gather the facts that the remarked training was implemented. In my review, I noted that TZS 66,000,000 was released from the welfare Bank account and cashed out to Fire Regional Accountant (Ilala) to purchase the fire equipment. However, I realized that no fire equipment was purchased. Alternatively, I found the forged fiscal receipts valued TZS 66,000,000 from one of the Supplier's claimed to deliver the reported fire equipment. I interviewed the Officer from NMB Bank and confirmed that the intended training was carried out in Southern and Northern zones, and the fire equipment used were those granted by NMB Bank.

I am firmly concerned with the scene of conspiracy implicated by the Fire and Rescue Force Chief Accountant and Regional Accountant (Ilala). Their acts have swindled TZS 66,000,000 received from NMB Bank for fire awareness training and resulted in the tremendous loss in the Fire and Rescue Force welfare fund.

In this context, I recommend legal and disciplinary proceedings administered against Fire and Rescue Officials who were involved.

#### **12.3.3.2 Welfare Funds were Misappropriated by Fire and Rescue Officials Based on the Pretense that Clients have Deposited the Training Funds into the Welfare Bank Account in Facts no Fund Banked - TZS 14,200,000**

In my review, I learned that Fire and Rescue Officials had withdrawn TZS 14,200,000 from Welfare Fund purported that the funds were deposited by Three (3)<sup>39</sup> clients for Fire Prevention and Precaution Training. I reviewed the Welfare Fund Bank Account to attest the amount banked; however, I became aware that no deposits by the named clients were effected into the welfare fund bank account. Alternatively, I found that one of the clients had Cash-in the Cheques, which was then rejected by the Bank on the ground of endorsement

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<sup>39</sup> *EM Truck ( TZS 4,000,000) , RAJ Investment ( TZS 5,000,000) and Room to Read ( TZS 5,200,000*

irregularity. The Fire and Rescue officials have deliberately deceived their employer and embezzled a total of TZS 14,200,000.

It is my opinion that the Fire and Rescue Force Commissioner for Finance and Administration, Chief Accountant, and Regional Accountant (Ilala) have plotted this scheme and defrauded TZS 14,200,000 from Fire and Rescue Force Welfare Fund and impaired its going concern.

Based on the above deceptions, I recommend the legal and disciplinary measures instituted against all officials who have intentionally implicated the welfare fund.

#### **12.3.4 Special Audit on the Issued Carrying on Temporary Assignment (CTAs) to Visitors at Dar es Salaam Immigration Department, Immigration Regional Office (Mtwara), and Julius Nyerere International Airport (JNIA)**

I executed this Special audit following the request from PCCB through a letter with reference No. PCCB/HQ/ENQ/23/2015/OP3/85 of 26<sup>th</sup> October 2018. I carried this audit such that I would draw inference on various allegations related to the issuance of CTA's Permit to visitors who were involved in the construction of Dangote Cement Factory in 2013 and 2014 at Dar es Salaam Immigration Department, Immigration Regional Office (Mtwara), and Julius Nyerere International Airport (JNIA). I was also inquired to determine if the issued CTA's had followed the procedures stipulated in Reg. 13(1) of the Immigration Regulations of 1997 and further establish the loss occasioned by the Government. In my audit I noted the following material issues:

#### **12.3.4.1 Loss Sustained by the Government due to Issuance of Illegal CTA's Permits, and Unapplied Special Pass and Resident Permits - USD 1,732,450**

The Carrying on Temporary Assignments (CTA's) were the passes issued to any prospective visitor who wishes to enter the United Republic of Tanzania for any temporary assignments not exceeding ninety (90) days, as stated in Reg. 13(1) of the Immigration Regulations 1997.

During my audit, I noticed that 1,663 CTA's permits were issued to 725 visitors at the Immigration Department Headquarters, Mtwara Regional Immigration Office, and Julius Nyerere International Airport (JNIA). However, I learned that out of the 1,663 CTA's Permits released, a total of 414 were legally issued to 397 visitors. In contrast, the remaining 1,249 were illegally issued to 328 visitors, as there were no records at the Immigration Department to ratify their validity. Further, I realized that the referred illegal permits were issued to the visitors who arrived in the United Republic of Tanzania for the first time, and were involved in the construction of Dangote Cement Factory in 2013 and 2014. Due to these illegal permits, the Government had experienced a loss of USD 65,600.

It also came to my attention that 921 CTA's permits for renewal of 488 visitors at Dangote Cement Company were illegally renewed, as there were no records available at the Immigration Department to consent their legitimacy. On top of that, I learned that 629 visitors at Dangote Cement Company had never applied for the Special Pass contrary to the requirements of Reg. 12(1) (b) of the Immigration Regulations of 2002; as a result, the Government occasioned the loss of USD 377,400. Along with this, I also noted 629 visitors did not submit a request for Resident Permit, as referred in Section 18(2) of the Immigration Act 1995; as a consequence, the revenue of USD 1,289,450 was not received by the Government.

Further, I learned that one of the Immigration Officer at Mtwara Immigration Office was involved in processing the illegal CTA's permits to Dangote Cement Company. My review of records at Dangote Cement Company Limited revealed cash of USD 261,600, and TZS 2,000,000 were paid to the named Immigration Officer. However, such monies collected were not surrendered as well as deposited in the Immigration Department Bank accounts. I interviewed the mentioned Immigration Officer, and he confirmed to commit these scams with nine (9) other Immigration Officers at the Mtwara Regional Immigration Office and one of the officers at Dangote Cement Company.

I am concerned with the lack of integrity by Mtwara Regional Immigration Officers through a fraud syndicate twisted, and that implicated the loss of taxpayer's fund of USD 1,732,450.

Concerning this matter, I recommend the legal and disciplinary proceedings carried out to all Immigration Officers who were involved, and the Dangote Cement Company should recover the loss of USD 1,666,850 for the unapplied Special Pass and Resident Permits.

#### **12.3.5 Special Audit on the Construction of Dormitory and Lecture Hall at Olmotonyi Forestry Training Institute in Arusha**

I received a letter with reference No. PCCB/8/3/Vol. LXXII/89 of 4<sup>th</sup> September 2019 from PCCB that inquired my Office to undertake this Special audit. This audit was steered by the Terms of Reference submitted by PCCB and to contain the audit objective. I formulated the appropriate audit procedures that aimed to establish the cost incurred during the construction and assess if the value for money was attained on the constructed buildings by the Olmotonyi Forestry Training Institute in Arusha. My audit noted the following issues:



#### **12.3.5.1 Payments to the Contractor were Made Without Measuring Actual Works Carried Out - TZS 1,903,974,600**

On 25<sup>th</sup> October 2012, the Government of the United Republic of Tanzania signed a Project Agreement with the Norwegian Government for the implementation of the Project related to “Empowering Communities through Training on Participatory Forest Management, REDD+ and climate change initiatives” at Olmotonyi Forestry Training Institute. The Norwegian Government agreed to release Kr. 40,000,000 equivalent to TZS 10,907,596,000 of which TZS 1,800,704,600 was related to the construction of one storey dormitory to accommodate 200 students and one lecture hall. Between 07<sup>th</sup> March 2013 and 23<sup>rd</sup> June 2019, a total of Kr.37,338,467 equivalent to TZS 9,443,063,403.84 was received by the Olmotonyi Forestry Training Institute, which included the funds for the construction of the mentioned buildings.

However, I learned that the Olmotonyi Forestry Institute prepared the Bills of Quantities (BOQ) and engaged the United Builders for the construction of the referred buildings at a contract sum of TZS 2,840,013,090. At the same time, the funds committed by the Norwegian Government was TZS 1,800,704,600. Due to these limitations, I noticed that the scope of works was renegotiated, and parts of works were rescheduled to arrive at the contract sum of TZS 1,800,704,600, which would align with the amount of funds pledged by the Donor and the contract was then finalized on 04<sup>th</sup> July 2016.

Due to the value of the planned works revised, the original work scope was entirely reduced by 36.6 percent, and the agreed amount was redistributed in the ratio 52:48, where 52 percent of works were downsized in the construction of the dormitory to accommodate 100 students instead of 200 students as originally planned. In comparison, the remained 48 percent was allocated in the lecture hall. However, the ground for this proportion was not evidenced during my audit,

despite the fact that the construction of the dormitory room to accommodate 100 students was completed.

My review also revealed that the Consulting Engineer Kapwani Architects was approving the payments to the Contractor (United Builders) based on 52% of the BOQ value agreed without measuring the actual works completed, and there were no measurement sheets maintained. Besides this, I also noted that the Olmotonyi Forestry Institute had effected a total of TZS 1,903,974,600 to the Contractor (United Builders), which included all the approved variations of TZS 103,270,000 which were above the contract price. However, it came to my attention that of the payments made to the Contractor, the works value of TZS 11,697,900 were not executed by the Contractor.

It is my opinion that the approval of TZS 1,903,974,600 made by the Consulting Engineer Kapwani Architects without measuring the actual works executed has resulted in the value for money on the constructed buildings not attained.

I am concerned with the unclear ratio of 52:48 used in the sub-division of the BOQ value, as the basis was not evident during my audit. Alongside this, I also take the view that the Consulting Engineer did not adequately supervise the works executed by the Contractor; as a result, a total of TZS 11,697,900 was effected to the mentioned Contractor for works not completed.

In this regard, I recommend the Contractor (United Builders) to refund a total of TZS 11,697,900 for the works not executed. Along with this, I also recommend the Architects and Quantity Surveyors Registration Board (AQRB) to consider the appropriate professional charges to the Consulting Engineer Kapwani Architects for not acting professionally in advising the Olmotonyi Forestry Training Institute during the subdivision of construction works in a ratio of 52:48 and

for not approving payments of TZS 1,903,974,600 based on actual works performed.

#### **12.3.6 Special Audit on the Developed Joint Venture Project Between Tanzania Girl Guides Association ( TGGA) and Jafferji Developers Limited From 2010 to 2018**

The Tanzania Girl Guides Association (TGGA) is a non-governmental and voluntary association dedicated to the advancement of girls and young women both socially and economically. Her Excellency Vice President of the United Republic of Tanzania, she is the national warden of the TGGA. Therefore, I initiated this Special Audit following the demand from Her Excellency Vice President of the United Republic of Tanzania through a letter with reference No. SH/VP/CAB.14/275/01 of 09<sup>th</sup> April 2019. The purpose of this audit was to gather facts related to joint interests in the developed Three (3) Towers Commercial and Residential Complex Buildings through the joint venture agreement between TGGA and Jafferji Developers Limited. My audit procedures were designed to address the requirements of the Terms of Reference, which were presented by the TGGA. Through my audit, I noted the followings:

##### **12.3.6.1 Weakness in the Management of Joint Venture Project by TGGA**

On 06<sup>th</sup> May 2010, the Registered Trustees of TGGA signed a Joint Venture Agreement with Jafferji Developers Limited. Under this arrangement, it was asserted that the TGGA would grant it's Land Plot No. 1,088 situated in Kibasila, Upanga, Dar es Salaam to the Jafferji Developers Limited. Where a Three (3) Towers Commercial and Residential Complex Buildings will be developed, such an agreement was then revised on 06<sup>th</sup> March 2012 to contain various provisions deemed beneficial for both parties. However, there was no concessional period agreed.

In my review, I noted that the Land Plot provided by the TGGA for the Joint Venture was not valued, despite the fact that Recital D of the Joint Venture Agreement required the TGGA to conduct the valuation of the Land Plot through Chief Government Valuer. I further learned that the tentative Project Costs was not predetermined and jointly agreed between TGGA and Jafferji Developers Limited before signing the Joint venture Agreement. However, through my interview with Director from Jafferji Developers Limited, it was revealed that the construction costs for the developed buildings were TZS 27,582,982,162, although there were no records submitted to evident the value declared.

Along with this, I also realized that the developed Property had no Consulting Engineer, therefore the exercise for determining the correctness of the cost estimates was shortened. My further review of the original and revised joint venture agreements revealed that the mutual interests of TGGA in the developed buildings are 26%, while the Jafferji Developers Limited owns 74%. However, the premise for distribution of the agreed shares was not evident during my audit; as such, I was limited to establish fairness in the share allocation. I interrogated the TGGA officials to corroborate the facts related to the share allocation. However, it was clarified that the agreed shares were those tendered by the Jafferji Developers Limited during the submission of the Project Proposal, and there was no negotiation made between the Parties.

I further learned that TGGA had received a total space of square meters 1,555.17 instead of square meters 2,141.55 in the ground and second floor in one of the towers contrary to the agreed share allocation.

To supplement to the above, I also noted that TGGA engaged the Mohammedi Builders as Property Manager on 01<sup>st</sup> July 2018; however, it came to my attention that the Property Manager (Mohammedi

Builders) did not surrender the rent amount of TZS 204,935,305 collected from February 2018 to June 2019. Along with this, I also realized that the Mohammedi Builders (Project Manager) is the Sister Company to the Jafferji Developers Limited. Therefore, I noticed a significant conflict of interest in the management of the developed Properties. Besides that, I also noted TZS 20,000,000 paid by Jafferji Developers Limited as mobilization costs to TGGA was defrauded by one of the Officers at TGGA.

Further to that, I realized that between May 2010 and May 2019, a total of TZS 1,559,733,000 was effected by the Jafferji Developers Limited to TGGA, as liquidated damage due to the delays in the completion of the developed Properties, as agreed in the Joint Venture Agreement. However, a total of TZS 72,180,000 was not confirmed banked, as no records to evident the banking were submitted for my review.

It is my view that the Registered Board of Trustees of TGGA had lacked the bargaining skills during the evaluation of the Jafferji Developers Limited Project Proposal. As a consequence, I noted no material benefits delighted by the TGGA in the Joint Venture owned.

*In this context, I recommend the Registered Board of Trustees of TGGA to procure the new Property Manager to lessen the prevailed conflict of interest in the management of Property. Along with this, I also recommend the conduct of the valuation to establish the Property value as well as the review of the Joint Venture Agreement should be carried out to embrace the concessional period.*

### **12.3.7 Special Audit on the Committed Expenditure of TZS 8,000,000 at President's Office Public Service Management and Good Governance (POPSM) from 1<sup>st</sup> July 2019 to 4<sup>th</sup> November 2019**

The Permanent Secretary at the POPSM inquired my office through a letter with Reference No. CCD.273/449/01/83 of 04<sup>th</sup> November 2019 to undertake this audit. My audit procedures were designed to establish the facts that TZS 8,000,000, which was provided as additional costs during the Special visits by the Deputy Minister (POPSM) in the regions of Mwanza and Simiyu, was used to cover the breakdown of the Deputy Minister Motor vehicle with registration No. T 505 BNS at a sum of TZS 5,000,000, while the remained TZS 3,000,000 was effected to facilitate additional allowances to Commissioners. At the same time, the Permanent Secretary at the POPSM requested my office to review all the expenditure committed from Other Charges (OC) from July 2019 to November 2019. My entire audit was headed by the Terms of Reference circulated by the Permanent Secretary at the POPSM. In my review, I noted the following critical weakness.

#### **12.3.7.1 Misuse of the Taxpayers Fund under the Pretense of the Car breakdown and additional allowances TZS 5,380,000**

I reviewed the internal files and payment vouchers at POPSM that related to a Special visit by the Deputy Minister POPSM in Mwanza and Simiyu. In his visit, the Deputy Minister was accompanied by Commissioners from POPSM. However, my review revealed that on 04<sup>th</sup> October 2019, the Acting Head of Communication Unit had written an internal memorandum that requested a sum of TZS 9,100,000 claimed to suffice the unanticipated costs emerged from a breakdown of the Deputy Minister Motor vehicle with registration No. T 505 BNS and additional allowances for the days added. The Acting Permanent Secretary approved a total of TZS 8,000,000, where TZS 5,000,000 was allocated to sustain the breakdown. At the same time,

the remained TZS 3,000,000 was allotted to cover per diem allowances to the named Commissioners.

The whole amount was transferred directly to the Personal Bank account of one of the Communication Officers at POPSM. I further learned that the explained vehicle had no major faults rather an AC, which was defected and repaired through special imprests maintained by the driver. At the same time, I revealed the lack of formal requests for the additional days by the Team. Besides that, I learned that an amount of TZS 4,014,383 out of TZS 8,000,000 taken by the named Officer was retired on 25<sup>th</sup> October 2019 while the remained balance of TZS 3,985,617 was not retired. Further, I pointed out that of the unretired amount, the named Officer refunded a total of TZS 2,620,000 on 25<sup>th</sup> October 2019, and the balance of TZS 1,365,617 was yet to be repaid during the time of my audit.

I am of the view that a total TZS 5,380,000 that was not refunded by the named Officer was misused, as there were no official requests of TZS 8,000,000 that was confirmed during my audit.

*In this foregoing, I recommend the appropriate disciplinary measures considered against the named Officer, and a total of TZS 5,380,000 misused should be refunded.*

#### **12.3.7.2 Irregularities on the Amount Spent during the Special Visits by the Deputy Minister in Mwanza and Simiyu; TZS 43,856,000**

I also reviewed the spending of TZS 43,856,000 for the Special visit of Deputy Minister in Mwanza and Simiyu. In my scrutiny, I noted fuels purchased worth TZS 4,048,000 for four (4) vehicles that were used in the tour were not recorded in the logbooks. I further learned that a total of TZS 4,300,000 was paid to one of the officers as imprests; however, no retirement records were subjected for my review. Along with this, I also noted TZS 1,000,000 was spent by one of the officers

for purchasing leaflets to be used during the visits. However, I established that no leaflets were purchased by the referred officer. Further to that, I noted a total of TZS 35,508,000, which was not adequately supported; as such, I was constrained to corroborate the facts that the amount was used in the listed activities.

It is my concern that funds used during the Special Visits by the Deputy Minister in Mwanza, and Simiyu was inappropriately used.

*In this context, I recommend the internal controls at the POPSM improved. Along with this, I also recommend disciplinary measures be administered to four (4) drivers for the gaps in managing fuels, and the named officer should refund a total TZS 1,000,000 for leaflets not purchased.*

#### **12.3.7.3 Deficiencies Highlighted in the Payments Made Out of Other Charges (OC) Funds from July 2019 to November 2019**

Further, I scrutinized the Other Charges (OC) released to the POPSM from Treasury and noted a total of TZS 933,328,000 was received by PSPOM from 01<sup>st</sup> July 2019 to 04<sup>th</sup> November 2019. In my review, I noted payments worth TZS 168,324,628 were effected without the authority of the Chief Accountant. Besides this, I also realized imprests totalling TZS 5,686,900 issued to one of the Officer was not retired by the time of my audit. Moreover, I realized that four (4) vehicles were repaired in the private garages without approval from TEMESA contrast to Reg. 137 (2) of the Public Procurement Act 2013. In the last instance, I noted TZS 4,300,000 was paid to Acting Chief Accountant for the preparation of financial statements. The amount paid included per diems, on transit allowance, and fuel to Dodoma; however, there was no evidence presented during my audit confirmed the attendance of the named accountant in the mentioned activity in Dodoma.



It is my view that internal controls at POPSM are weak. Therefore, there is a risk of the taxpayer's fund being frequently defrauded.

*In these circumstances, I recommend the overhaul of the systems of internal controls at POPSM. Consistent with this, I also recommend disciplinary measures imposed against the Acting Chief Accountant, and the amount of TZS 4,300,000 swindled should be refunded.*

#### **12.3.8 Special Audit at National Housing and Building Research Agency (NHBRA) from 2010 to 2018**

My office conducted this audit following the request from the Permanent Secretary Ministry of Land, Housing and Human Settlements Development through a letter with CEA. 176/297/02/140 of 17<sup>th</sup> April 2018. The purpose of this audit was to gather the facts that related to various allegations on the misappropriation of the taxpayer's fund through the expenditure committed by the Agency from 2010/2011 to 2017/2018. I developed the audit procedures aimed to address the Terms of Reference submitted by the Permanent Secretary. In my audit, the following were spotted.

##### **12.3.8.1 Irregularities Revealed in the Management of the NHBRA Expenditure, Revenue, Procurement from 2010 to 2018**

In my review, I noted the double payments of TZS 113,751,600 for similar activities completed on the construction of one building in Tarime and Morogoro.

In addition, I noticed TZS 16,990,300 was advanced to four (4) employees for attending seminars and workshops in Uganda; however, there were no records submitted to evident the participation of the said training by the mentioned officers. Besides this, I also noted payments worth TZS 3,552,069,844.03, which were not examined by the pre-audit unit; as a consequence, I gathered that the total payments of TZS 2,834,066,632.56, were executed without the adequate supporting documents.

Further to that, it came to my knowledge that five (5) buildings costing TZS 418,999,895 were repaired following the directives from the Permanent Secretary Ministry of Land, Housing and Human Settlements Development. However, there were no contracts signed; as a result, the correctness of the amount remunerated could not be verified.

On the other hand, I revealed items worth TZS 318,672,014.62, which were purchased by the NHBRA; however, there were no records in the ledger books to confirm the receiving of the listed items. On top of that, I noted that the acting allowances to the tune of TZS 141,308,918, were paid without the approval of the Permanent Secretary POPSM contrary to Reg. D.19 (1) and L.16 of the Public Service Standing Orders 2009.

Similarly, I spotted out payments amounting to TZS 1,308,660,394.98, were effected outside the approved budget contrary to Reg. 46(3) of the Public Finance Act 2001 (as revised in 2004). Finally, I established five (5) land plots owned by the NHBRA, which lacked title deeds and twelve (12) revenue collection books, which were not submitted during my review.

It is my concern that the internal controls at NHBRA were weak. As a consequence, there was misuse of the taxpayer's fund and wastage of the public resources.

*In this regard, I recommend a thorough review of the internal controls system at NHBRA. Along with this, I also recommend a refund of TZS 16,990,300 by four (4) named employees who did not attend training in Uganda. An investigation should be initiated on the employees who misplaced the twelve (12) revenue books and caused the NHBRA not to collect the earmarked revenue*

## APPENDICES

**Appendix 2. 1: List of audited entities issued with unqualified opinion**

S/N	Name	Category	2018/19	2017/18	2016/17
1	Teachers Service Commission	2	Unqualified	Qualified	Unqualified
2	PO - Record and Archives Management Department	4	Unqualified	Unqualified	Unqualified with Emphasis of Matters
3	National Irrigation Commission	5	Unqualified	Unqualified with Emphasis of Matters	Unqualified
4	Treasury Registrar	7	Unqualified with emphasis of matters	Unqualified	Unqualified with Emphasis of Matters
5	President's Office Public Service Remuneration Board	9	Unqualified	Unqualified	Unqualified
6	Joint Financial Commission (JFC)	10	Unqualified	Unqualified	Unqualified
7	Judicial Service Commission	12	Unqualified	Unqualified	Unqualified
8	Financial Intelligence Unit	13	Unqualified	Unqualified	Unqualified
9	Commission for Mediation and Arbitration	15	Unqualified	Unqualified	Unqualified
10	Attorney General's Chambers	16	Unqualified	Unqualified	Unqualified
11	UNESCO Commission (Vote 18)	18	Unqualified	Not Audited	Not Audited
12	Office of Solicitor General	19	Unqualified	Not existed	Not existed
13	President's Office - State House	20	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
14	Treasury Department	21	Unqualified	Unqualified with Emphasis of Matters	Qualified
15	Public Debt and General Service Department	22	Unqualified	Qualified	Qualified
16	Accountant General's Department	23	Unqualified	Unqualified	Unqualified
17	Tanzania Cooperatives Development Commission	24	Unqualified	Unqualified	Unqualified
18	Prime Minister's Private Office	25	Unqualified	Unqualified	Unqualified
19	Vice President - Private Office	26	Unqualified	Unqualified	Unqualified
20	Registrar of Political Parties	27	Unqualified	Unqualified	Unqualified
21	Police Force Department	28	Unqualified	Unqualified	Qualified
22	Prisons Service Department	29	Unqualified	Unqualified	Unqualified
23	President's Office - Cabinet Secretariat	30	Unqualified	Unqualified	Unqualified
24	Vice President's Office	31	Unqualified	Unqualified	Unqualified
25	President's Office Public Service Management and Good Governance	32	Unqualified	Unqualified	Unqualified
26	President's Office Ethics Secretariat	33	Unqualified	Unqualified	Unqualified
27	National Prosecution Services	35	Unqualified with emphasis of matters	Unqualified	Unqualified
28	Katavi Regional Secretariat	36	Unqualified with emphasis of matters	Unqualified	Unqualified
29	Prime Minister's Office	37	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
30	Tanzania Peoples Defense Forces (TPDF)	38	Unqualified	Unqualified	Unqualified
31	National Service Force (JKT)	39	Unqualified	Unqualified	Unqualified with emphasis of matters
32	Judiciary of Tanzania	40	Unqualified	Unqualified with Emphasis of Matters	Unqualified
33	National Assembly	42	Unqualified	Unqualified	Unqualified
34	Ministry of Agriculture, Livestock and Fisheries	43	Unqualified	Unqualified	Unqualified
35	Ministry of Industry, Trade and Investments	44	Unqualified	Unqualified	Unqualified
36	Ministry of Education, Science, Technology and Vocational Training	46	Unqualified	Unqualified	Unqualified
37	Simiyu Regional Secretariat	47	Unqualified	Unqualified	Unqualified
38	Ministry of Lands, Housing and Human Settlements Development	48	Unqualified	Unqualified	Qualified
39	Ministry of Finance	50	Unqualified	Unqualified	Unqualified
40	Ministry of Home Affairs	51	Unqualified	Unqualified	Unqualified
41	Ministry of Health, Community Development, Gender Elders and Children	52	Unqualified	Unqualified with Emphasis of Matters	Unqualified
42	Ministry of Health, Community Development, Gender Elders and Children	53	Unqualified	Unqualified	Unqualified
43	Njombe Regional Secretariat	54	Unqualified	Unqualified	Unqualified with other matters

S/N	Name	Category	2018/19	2017/18	2016/17
44	Commission for Human Rights and Good Governance	55	Unqualified	Unqualified	Unqualified
45	PO - Regional Administration and Local Government	56	Unqualified	Unqualified	Unqualified
46	Ministry of Defence and National Service	57	Unqualified with emphasis of matter	Unqualified with Emphasis of Matters	Qualified
47	Ministry of Energy & Minerals	58	Unqualified	Unqualified	Unqualified
48	Law Reform Commission of Tanzania	59	Unqualified	Unqualified	Unqualified
49	Ministry of Trade and Investments	60	Unqualified	Unqualified	Not existed
50	National Electoral Commission (NEC)	61	Unqualified	Unqualified	Unqualified
51	Ministry of Works, Transport and Communication - Transport	62	Unqualified	Unqualified	Unqualified with emphasis of matters
52	Geita Regional Secretariat	63	Unqualified	Unqualified	Qualified
53	Ministry of Livestock and Fisheries (Fisheries Sector)	64	Unqualified	Unqualified	Not existed
54	Prime Minister's Office - Labour, Youth, Employment and Persons with Disability	65	Unqualified	Unqualified	Unqualified
55	President's Office Public Service Recruitment Secretariat	67	Unqualified	Unqualified	Unqualified
56	Ministry of Natural Resources and Tourism	69	Unqualified with emphasis of matter	Unqualified with Emphasis of Matters	Unqualified
57	Arusha Regional Secretariat	70	Unqualified with emphasis of matter	Unqualified	Unqualified
58	Pwani Regional Secretariat	71	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
59	Dodoma Regional Secretariat	72	Unqualified	Unqualified	Unqualified
60	Iringa Regional Secretariat	73	Unqualified	Unqualified	Unqualified
61	Kigoma Regional Secretariat	74	Unqualified	Unqualified	Unqualified
62	Kilimanjaro Regional Secretariat	75	Unqualified	Unqualified	Unqualified with emphasis & other matters
63	Lindi Regional Secretariat	76	Unqualified with emphasis of matter	Unqualified	Unqualified
64	Mara Regional Secretariat	77	Unqualified	Unqualified	Unqualified
65	Mbeya Regional Secretariat	78	Unqualified	Unqualified	Unqualified
66	Morogoro Regional Secretariat	79	Unqualified	Unqualified	Unqualified
67	Mtwara Regional Secretariat	80	Unqualified	Unqualified	Unqualified
68	Mwanza Regional Secretariat	81	Unqualified	Unqualified	Unqualified
69	Ruvuma Regional Secretariat	82	Unqualified	Unqualified	Unqualified
70	Shinyanga Regional Secretariat	83	Unqualified	Unqualified	Unqualified
71	Singida Regional Secretariat	84	Unqualified	Unqualified	Unqualified
72	Tabora Regional Secretariat	85	Unqualified	Unqualified	Unqualified
73	Tanga Regional Secretariat	86	Unqualified with emphasis of matters	Unqualified with Emphasis of Matters	Unqualified
74	Kagera Regional Secretariat	87	Unqualified	Unqualified	Unqualified
75	Dar es Salaam Regional Secretariat	88	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
76	Rukwa Regional Secretariat	89	Unqualified with emphasis of matter	Unqualified	Unqualified with other matters
77	Songwe Regional Secretariat	90	Unqualified	Unqualified	Unqualified
78	Drugs Control and Enforcement Authority	91	Unqualified	Unqualified	Qualified
79	Tanzania Commission for AIDS (TACAIDS)	92	Unqualified	Unqualified	Unqualified
80	Immigration Services Dep	93	Unqualified	Qualified	Qualified
81	President's Office Public Service Commission	94	Unqualified	Unqualified	Unqualified
82	Manyara Regional Secretariat	95	Unqualified with emphasis of matters	Unqualified	Unqualified
83	Ministry of Works, Transport and Communication - Works	98	Unqualified with emphasis of matters	Unqualified with Emphasis of Matters	Unqualified
84	Ministry of Agriculture, Livestock & Fisheries	99	Unqualified	Unqualified	Unqualified
85	Ministry of Minerals	100	Unqualified	Not existed	Not existed
86	Tanzanian embassy in Berlin, Germany	2002	Unqualified	Unqualified	Unqualified
87	Tanzanian embassy in Kinshasa, Congo-democratic republic	2004	Unqualified	Unqualified	Unqualified
88	High commission of Tanzania - Abuja	2005	Unqualified	Unqualified	Unqualified
89	High commission of Tanzania - London	2006	Unqualified	Unqualified	Unqualified
90	Tanzanian embassy in Maputo, Mozambique	2008	Unqualified	Unqualified	Unqualified with emphasis of matters
91	Tanzanian embassy in Moscow, Russia	2009	Unqualified	Unqualified	Unqualified



S/N	Name	Category	2018/19	2017/18	2016/17
92	High commission of Tanzania - New Delhi	2010	Unqualified	Unqualified	Unqualified
93	Permanent mission to the UN- New York	2011	Unqualified	Unqualified	Unqualified
94	High commission of Tanzania - Ottawa	2012	Unqualified	Unqualified	Unqualified
95	Tanzanian embassy in Paris, France	2013	Unqualified	Unqualified	Unqualified
96	Tanzanian embassy in Beijing, China	2014	Unqualified	Unqualified	Unqualified
97	Tanzanian embassy in Rome, Italy	2015	Unqualified	Unqualified	Unqualified
98	Tanzanian embassy in Stockholm, Sweden	2016	Unqualified	Unqualified	Unqualified
99	Tanzanian embassy in Tokyo, Japan	2017	Unqualified	Unqualified	Unqualified
100	Tanzanian embassy in Washington, DC, United States	2018	Unqualified	Unqualified	Unqualified
101	Tanzanian embassy in Brussels, Belgium	2019	Unqualified	Unqualified	Qualified
102	Permanent mission to the UN - Geneva	2020	Unqualified	Unqualified	Unqualified
103	Tanzanian embassy in Kampala, Uganda	2021	Unqualified	Unqualified	Unqualified
104	High commission of Tanzania - Harare	2022	Unqualified	Unqualified	Unqualified
105	Tanzanian embassy in Nairobi, Kenya	2023	Unqualified	Unqualified	Unqualified
106	Tanzanian embassy in Riyadh, Saudi Arabia	2024	Unqualified	Unqualified	Unqualified
107	Tanzanian embassy in Pretoria, South Africa	2025	Unqualified	Unqualified	Unqualified
108	Tanzanian embassy in Abu Dhabi, United Arabia Emirates	2027	Unqualified	Unqualified	Unqualified
109	Tanzanian embassy in Bujumbura, Burundi	2028	Unqualified	Unqualified	Unqualified
110	Tanzanian embassy in Muscat	2029	Unqualified	Unqualified	Qualified

S/N	Name	Category	2018/19	2017/18	2016/17
111	Tanzanian embassy in Lilongwe	2030	Unqualified	Unqualified	Unqualified
112	Tanzanian embassy in Brasilia	2031	Unqualified	Unqualified	Unqualified
113	High commission of Tanzania - Kuala Lumpur	2032	Unqualified	Unqualified	Unqualified
114	Tanzanian embassy in the Hague, Netherlands	2033	Unqualified	Unqualified	Unqualified
115	Tanzanian embassy in Kuwait	2035	Unqualified	Unqualified	Unqualified
116	Tanzanian embassy in Algiers	2036	Unqualified	Unqualified	No opinion
117	Tanzanian embassy in Ankara	2037	Unqualified	Unqualified	No opinion
118	Tanzania embassy in Seoul - Korea	2039	Unqualified	Unqualified	Not existed
119	Tanzanian embassy in Tel Aviv	2040	Unqualified	Unqualified	No opinion
120	Tanzanian embassy in Doha	2041	Unqualified	Unqualified	No opinion
121	Eastern Africa Statistical Training Centre	Agency	Unqualified	Unqualified	Unqualified
122	Tanzania Global Learning Agency (TaGLA)	Agency	Unqualified	Unqualified	Unqualified
123	Tanzania Public Service College (TPSC)	Agency	Unqualified	Unqualified	Unqualified
124	E- Government Agency	Agency	Unqualified	Unqualified	Unqualified
125	Geological Survey of Tanzania	Agency	Unqualified	Unqualified	Unqualified
126	Drilling and Dam Construction Agency (DDCA)	Agency	Unqualified	Unqualified	Unqualified
127	Fisheries Education and Training Agency (FETA)	Agency	Unqualified	Unqualified	Unqualified
128	Livestock Institute Training Agency (LITA)	Agency	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
129	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	Agency	Unqualified	Unqualified	Unqualified
130	Water Institute	Agency	Unqualified	Unqualified	Unqualified
131	Tanzania Forest Service Agency (TFS)	Agency	Unqualified	Unqualified	Unqualified
132	National College of Tourism	Agency	Unqualified	Unqualified	Unqualified
133	Registration Insolvency and Trusteeship Agency (RITA)	Agency	Unqualified	Unqualified	Unqualified with emphasis of matters
134	Tanzania Veterinary Laboratory Agency (TVLA)	Agency	Unqualified	Unqualified	Qualified
135	Tanzania Rural and Urban Roads Agency (TARURA)	Agency	Unqualified	Unqualified	Not existed
136	Bagamoyo College of Art (TaSuBa)	Agency	Unqualified	Qualified	Unqualified
137	Agency for Development of Education Management (ADEM)	Agency	Unqualified	Not Audited	Not Audited
138	Occupational Safety and Health Agency (OSHA)	Agency	Unqualified	Unqualified	Unqualified
139	Tanzania Airport Authorities	Agency	Unqualified	Unqualified	Unqualified
140	Dar es Salaam Rapid Transit Agency (DART)	Agency	Unqualified	Unqualified with Emphasis of Matters	Unqualified
141	Government Chemist Laboratory Authority	Agency	Unqualified	Unqualified	Unqualified
142	Petroleum Bulk Procurement Agent	Agency	Unqualified	Not Audited	Not Audited
143	Tanzania Institute of Accountancy (TIA)	Agency	Unqualified	Unqualified	Unqualified
144	Government Procurement Service Agency (GPSA)	Agency	Unqualified	Unqualified	Unqualified
145	National Food Reserve Agency (NFRA)	Agency	Unqualified	Not Audited	Not Audited

S/N	Name	Category	2018/19	2017/18	2016/17
146	Weights and Measures Agency (WMA)	Agency	Unqualified	Unqualified	Unqualified
147	Agriculture Seeds Agency (ASA)	Agency	Unqualified	Unqualified	Unqualified
148	Tanzania Meteorological Agency (TMA)	Agency	Unqualified	Unqualified	Unqualified
149	Tanzania National Road Agency (TANROAD)	Agency	Unqualified	Unqualified	Unqualified
150	Tanzania Building Agency (TBA)	Agency	Unqualified with emphasis of matter	Unqualified	Unqualified with emphasis of matters
151	Tanzania Government Flights Agency	Agency	Unqualified	Unqualified	Qualified
152	National Housing and Building Research Agency	Agency	Unqualified	Unqualified	Adverse
153	Lake Tanganyika Basin Water Basin	BWB	Unqualified	Unqualified	Unqualified
154	Rufiji Basin Water Board	BWB	Unqualified	Unqualified	Unqualified
155	Ruvuma Basin and Southern Coast Water Board	BWB	Unqualified	Unqualified	Unqualified
156	Lake Nyasa Basin Water Board	BWB	Unqualified	Unqualified	Unqualified
157	Internal Drainage Basin Water Board	BWB	Unqualified	Unqualified	Qualified
158	Wami/Ruvu Basin Water Board	BWB	Unqualified	Unqualified	Qualified
159	Lake Rukwa Basin Water Board	BWB	Unqualified	Unqualified	Unqualified
160	Lake Victoria Basin Water Board	BWB	Unqualified	Unqualified	Unqualified
161	Pangani Basin Water Board	BWB	Unqualified	Unqualified	Qualified
162	Tanzania Forest Fund (TaFF)	Fund	Unqualified	Unqualified	Unqualified
163	Tanzania Wildlife Protection Fund	Fund	Unqualified	Unqualified	Unqualified
164	National Disaster Management Fund	Fund	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
165	Women Development Fund (WDF)	Fund	Unqualified	Unqualified with Emphasis of Matters	Unqualified with emphasis & Other matters
166	Livestock Development Fund (LDF)	Fund	Unqualified	Unqualified	Unqualified
167	Plant Breeders Right Development Fund	Fund	Unqualified	Unqualified	Unqualified
168	National Fund For Antiquities	Fund	Unqualified	Unqualified	Unqualified
169	Empowering Mining Development Fund (EMDF)	Fund	Unqualified	Unqualified	Unqualified
170	Maji Central Stores Revolving Fund	Fund	Unqualified	Unqualified	Unqualified
171	Road Fund Board - Vote 98	Fund	Unqualified	Unqualified	Unqualified
172	Road Fund (PO-RALG)	Fund	Unqualified	Unqualified	Not existed
173	Rural Energy Agency (REA)	Fund	Unqualified	Unqualified	Unqualified
174	Treasury Advance Fund	Fund	Unqualified	Unqualified	Unqualified
175	National Water Investment Fund (NWIF)	Fund	Unqualified	Unqualified	Unqualified with emphasis & Other matters
176	Inspection and Supervision of Cooperative Fund	Fund	Unqualified	Unqualified	Unqualified
177	Agriculture Input Trust Fund (AGITF)	Fund	Unqualified	Unqualified with Emphasis of Matters	Unqualified
178	Wang'ombe Water Supply and Sanitation Authority	NWSSA	Unqualified	Unqualified	Unqualified
179	Handeni Trunk Main Water Supply and Sanitation (HTM)	NWSSA	Unqualified	Unqualified	Unqualified
180	Maswa Urban Water Supply and Sanitation Authority	NWSSA	Unqualified	Unqualified	Not existed

S/N	Name	Category	2018/19	2017/18	2016/17
181	Makonde Plateau Water Supply and Sanitation Authority	NWSSA	Unqualified	Unqualified	Unqualified
182	Mugango/Kiabakari/Butiama	NWSSA	Unqualified	Unqualified	Qualified
183	Institute of Judicial Administration (IJA)	OI	Unqualified	Unqualified	Unqualified
184	Uongozi Institute (Institute of African Leadership for Sustainable Development)	OI	Unqualified	Unqualified	Unqualified
185	Mineral Resources Institute (MRI)	OI	Unqualified	Unqualified	Unqualified
186	Tanzania Livestock Research Institute (TALRI)	OI	Unqualified	Unqualified	Unqualified
187	Veterinary Council of Tanzania	OI	Unqualified	Unqualified	Unqualified
188	Optometry Council	OI	Unqualified	Unqualified	Unqualified
189	Property and Business Formalization Program (MKURABITA)	OI	Unqualified	Unqualified	Unqualified
190	Local Government Loans Board (LGLB)	OI	Unqualified	Unqualified	Unqualified
191	African Peer Review Mechanism (APRM)	OI	Unqualified	Unqualified	Unqualified
192	Law School of Tanzania	OI	Unqualified	Unqualified	Unqualified
193	SUMA JKT - Guard Ltd	OI	Unqualified	Unqualified	Unqualified
194	Nelson Mandela African Institution of Science and Technology	OI	Unqualified	Unqualified with Emphasis of Matters	Unqualified
195	Tanzania Automotive Technology Centre (TATC)	OI	Unqualified	Unqualified	Unqualified with emphasis of matters
196	Tanzania Film Board	OI	Unqualified	Unqualified	Unqualified
197	Pharmacy Council	OI	Unqualified	Unqualified	Qualified
198	Traditional and Alternative Health Practices Council	OI	Unqualified	Unqualified	Qualified

S/N	Name	Category	2018/19	2017/18	2016/17
199	Pasiansi Wildlife Training Institute	OI	Unqualified	Unqualified	Adverse
200	Local Government Training Institute (Hombolo)	OI	Unqualified	Unqualified with Emphasis of Matters	Adverse
201	Forestry Training Institute - Olmotonyi (FTI)	OI	Unqualified	Unqualified	Not existed
202	Town Planners Registration Board	OI	Unqualified	Unqualified	Not existed
203	Ministry of Foregn Affairs and East African Cooperation Zanzibar Department (SY 1003)	OI	Unqualified	Unqualified	Not existed
204	Forest Industries Training Institute (FTI)	OI	Unqualified	Not Audited	Not Audited
205	Tanzania Official Seed Certification Institute	OI	Unqualified	Unqualified	Unqualified
206	Private Hospital Advisory Board	OI	Unqualified	Unqualified	Unqualified
207	Health Laboratories Practitioners Council	OI	Unqualified	Unqualified	Unqualified with emphasis of matters
208	Tanzanai Wildlife Management Authority	OI	Unqualified	Unqualified with Emphasis of Matters	Unqualified
209	SUMA JKT - Cooperation Sole (Headquarters)	OI	Unqualified	Unqualified	Unqualified
210	SUMA JKT - Agrimachinery Industry	OI	Unqualified	Unqualified	Unqualified
211	Jitegeme Secondary School	OI	Unqualified	Not Audited	Not Audited
212	Deep See Fishing Authority	OI	Unqualified	Unqualified	Not existed
213	Kawawa Secondary School	OI	Unqualified	Not Audited	Not Audited
214	Private Health Laboratory Board	OI	Unqualified	Unqualified	Unqualified
215	Mining Commission	OI	Unqualified	Not Audited	Not Audited
216	National Identification Authority (NIDA)	OI	Unqualified	Unqualified	Unqualified

S/N	Name	Category	2018/19	2017/18	2016/17
217	Tanzania Nursing and Midwifery Council (TNMC)	OI	Unqualified	Unqualified	Unqualified
218	Medical Radiology and Imaging Professional Council	OI	Unqualified	Unqualified	Unqualified
219	Prisons Corporation Sole	OI	Unqualified	Unqualified	Unqualified
220	SUMA JKT - Agricultural and Industrial Department	OI	Unqualified	Unqualified	Unqualified
221	SUMA JKT Construction DPT	OI	Unqualified	Unqualified	Unqualified
222	SUMA JKT (Consolidation)	OI	Unqualified	Unqualified	Unqualified
223	Medical Council of Tanganyika (MCT)	OI	Unqualified	Unqualified	Qualified
224	Marine Services Company Limited	OI	Unqualified	Not Audited	Not Audited
225	CHADEMA	PP	Unqualified	Qualified	Qualified
226	ACT-Wazalendo	PP	Unqualified	Qualified	Unqualified
227	Chama cha Mapinduzi (CCM)	PP	Unqualified with emphasis of matter	Unqualified	Qualified
228	Tabora Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
229	Manyara Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
230	Songea Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
231	SEKEU-TOURE Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
232	Katavi Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
233	Songwe Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat



S/N	Name	Category	2018/19	2017/18	2016/17
234	Bombo Regional Referral hospital (RRH) - Tanga	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
235	Mwananyamala Regional Referral Hospital	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
236	Temeke Regional Referral Hospital (RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
237	Iringa Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
238	Maweni Regional Referral Hospital ( RRH) - Kigoma	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
239	Mbeya Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
240	Njombe Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
241	Shinyanga Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
242	Mawenzi Regional Referral Hospital (RHH)- Kilimanjaro	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
243	Amara Regional Referral Hospital (RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
244	Morogoro Regional Referral Hospital (RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
245	Dodoma Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
246	Sumbawanga Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
247	Geita Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
248	Tumbi Kibaha Regional Referral Hospital ( RRH) - Pwani	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat

S/N	Name	Category	2018/19	2017/18	2016/17
249	Singida Regional Referral Hospital ( RRH)	RRH	Unqualified	Audited under Regional Secretariat	Audited under Regional Secretariat
250	TRA - Expenditure	TRA	Unqualified	Unqualified	Unqualified
251	TRA - Revenue	TRA	Unqualified	Unqualified	Unqualified
252	Ministry of Water	49	Unqualified	Unqualified	Unqualified
253	Ministry of Constitutional and Legal Affairs	41	Unqualified	Unqualified	Unqualified

## Appendix 2. 2: Entities and their basis for qualification

Basis of Qualified Opinion	
<b>1. Mzinga Holding Company Ltd</b>	
<ul style="list-style-type: none"> <li>The Statement of Comprehensive Income for the year ended 30<sup>th</sup> June 2019 disclosed a net finance costs of TZS 143,611,814 and motor vehicles repairs and maintenance cost of TZS 26,506,000. However schedules were not availed to confirm the accuracy of the figures disclosed in the financial statements.</li> <li>The reported figure of Revenue from construction and related activities was TZS 9,653,300,158. However, I noted that out of the reported amount only TZS 594,624,589.43 was supported by certificate of completed work which is the basis for determination of construction revenue for a particular year leaving TZS 9,058,675,569 not supported. Therefore I could not confirm the correctness of the revenue figure reported.</li> <li>Prepayments to suppliers in respect of construction materials worth TZS 1,454,835,311 was not supported by list of suppliers and the amount owed by each supplier was not availed despite several request. Therefore I could not confirm the existence and validity of the prepayments balance reported.</li> <li>Mzinga Holding Co. Ltd reported total amount of TZS 9,653,300,158 and TZS 8,791,074,470 as revenue and cost of sales respectively from the construction contracts in the statement of comprehensive income. However the revenue recognized did not adhere to reporting requirement of Para 30 and 40 of IAS11.</li> <li>My review noted unretired imprest amounting to TZS 1,064,562,709.87. However only TZS 915,121,235 was reported in the financial statement leading to understatement of receivables by TZS 149,441,474.87.</li> </ul>	
<b>2. Musoma Regional Referral Hospital</b>	
<ul style="list-style-type: none"> <li>Statement of Financial Performance presented non-tax revenue of TZS 3,755,117,158.82. However review of the analysis, noted that the reported amount has been overstated by TZS 545,230,364.</li> <li>I noted that loss of TZS 117,133,660 due to rejected NHIF claims was not reported in the Statement of Financial Performance as expense.</li> </ul>	

<b>Basis of Qualified Opinion</b>	
<ul style="list-style-type: none"> <li>• I noted overstatement of Property Plant and equipment by TZS 11,997,811 due to wrong calculation for depreciation expenses, contrary to Hospital Accounting Policy.</li> <li>• Included in the Statement of Changes in Net Assets is amount of TZS 3,647,895,065 being opening balance as at 1<sup>st</sup> July, 2018, however this figure could not be traced in the submitted financial statements due to absence of cross-referenced note.</li> <li>• My review of no tax revenue reported in cash flow statement noted TZS 3,100,243,145 was reported as non-tax revenue instead of TZS 2,289,997,053 leading to unreconciled difference TZS 810,246,092</li> </ul>	
<b>3. Tanzania Police Force Corporation Sole (TPFCS)</b>	
<ul style="list-style-type: none"> <li>• TPFCS did not disclose assets in the Financial Statements for the year ended 30<sup>th</sup> June 2019, My review of the handing over statement to the incoming TPFCS management on June 2019, I noted that it included, these assets belonged to TPFCS since its establishment in July 2013. Although the value of these assets were not made known but the limitation of scope is material because the motor vehicles are in operation and the pieces of land are located in the prime areas</li> <li>• TPFCS did not disclose in the Financial Statements assets handled over for its operation since its establishment in July 2013.</li> <li>• I noted payable worth TZS 212,400,000 out of TZS 230,500,000 disclosed in Statement of Financial Position lacked supporting evidence.</li> </ul>	
<b>4. Ardhi Institute Morogoro</b>	
<ul style="list-style-type: none"> <li>• On the statements of changes in net assets, management has added accumulated surplus transferred to or from surplus amounting to TZS 796,828,365.78 without evidence of the adjustment passed.</li> <li>• The amount of Cash and cash equivalent was understated by TZS 66,086,802. The management reported Cash and cash equivalent of TZS 109,083,350.58 whereas, my computation arrived at TZS 175,570,153.33</li> </ul>	

<p><b>Basis of Qualified Opinion</b></p>
<ul style="list-style-type: none"> <li>I was not provided with necessary documents which included bank reconciliation statements, Fixed Asset Register, Stock Taking sheet reports, List of accounts receivables requested during the audit. This limits my scope to verify the correctness of reported balances.</li> </ul>
<p><b>5. Sokoina (Lindi) Regional Referral Hospital</b></p>
<ul style="list-style-type: none"> <li>My review of the Statement of Financial Performance for the year 2018/2019 in comparison to Cash Flow Statement and Payable under Note - 64 to the Financial Statements noted that, according to my re-computation I noted the figure of cash paid for Wages, Salaries and Employee Benefit during the year under review was TZS 540,176,668.35. To the contrary, my review of Cash Flow Statement has noted the sum of TZS 607,979,168.35 has been reported as the figure of cash paid for Wages, Salaries and Employee Benefit. Consequently, I noted understatement of TZS. 90,889,340.30 in the Cash Flow Statement.</li> <li>I noted the figure of cash paid for Supplies and Consumables during the year under review was TZS 635,962,820.65 to the contrary, the Cash Flow Statement reported TZS 654,473,672.83 Consequently, I noted understatement of TZS. 18,510,852.18 in the Cash Flow Statement.</li> </ul>
<p><b>6. Ministry of Information, Culture, Arts and Sports (Vote 96)</b></p>
<ul style="list-style-type: none"> <li>My review of Statement of Changes in Net Assets noted prior year adjustments of TZS 43,434,640.95 for the period ended 30<sup>th</sup> June 2019; and TZS 16,390,948,377.53 being prior year adjustment for the period ended 30<sup>th</sup> June 2018. These reported prior year adjustments were not supported by either disclosure note or restated figures in the Financial Statement.</li> <li>Further review of comparable figures in the Statement of Changes in Net Assets for the period ended 30<sup>th</sup> June, 2018 noted that, the reported surplus in the accumulated surplus/deficit was TZS 16,612,316,609 which differs with the corresponding operating deficit of TZS 645,775,580 for the year ended June 2018 as reported in the Statement of Financial Performance resulting into a misstated difference of TZS 15,966,541,029.08.</li> </ul>

<b>Basis of Qualified Opinion</b>	
	<ul style="list-style-type: none"> <li>Included in the statement of financial position, is TZS 773,426,709.82 being Cash and cash equivalent balance under Note 49 of which TZS 569,766,972.04 relates to miscellaneous deposit. However, review of Treasury reconciliation reports, I noted that the Ministry had Cash and cash equivalent balance of TZS 317,070,052.29 relating to miscellaneous deposit resulted into unreconciled difference of TZS 252,696,919.75.</li> <li>I noted understatement of reported figure of Property, Plant and Equipment by TZS 198,839,534 since amount of TZS 2,305,725,000 has been reported as figure of additions for buildings instead of TZS 2,504,564,534. I also noted that, included in the cash flow statement under cash flow from operating activities is amount of TZS 1,000,000,000 being capital expenditure under note 102, however this figure was supposed to be included in the cash flow statement under line items of cash flow from investing activities.</li> <li>Review of the Ministry's Financial Statements for the year ended 30<sup>th</sup> June 2019, I noted reported balances of public buildings, staff debts, accumulated surplus/deficit and supplies debts totaling TZS 85,610,357,554 while the trial balance showed a total of TZS 53,714,371,658.38 resulting into unreconciled difference of TZS 31,895,985,896.</li> <li>I noted the Ministry of Information, Culture, Arts and Sports owns land plots located at Mabwepande-Dar es salaam, Kinondoni- Dar es salaam and Mtumba-Dodoma which were neither recorded in assets register nor reported in the financial statements as land addition contrary to the requirement of Para 14 and 27 of IPSAS 17.</li> </ul>
	<b>7. Tanzania Embassy in Cairo</b>
	<ul style="list-style-type: none"> <li>The Embassy reported cost of buildings as TZS 614,590,800. The cost of these buildings included the cost of land as they were acquired together. However, the management failed to account for these assets separately contrary to requirement of Para 74 of IPSAS 17.</li> </ul>
	<b>8. Chama cha Kijamii (CCK)</b>
	<ul style="list-style-type: none"> <li>Adequate supporting evidences for payments of TZS 2,395,000 made by CCK during the year under review were not provided. As a result, I was unable to ascertain whether the payments made were accurate, eligible and related to Party activities.</li> </ul>

<b>Basis of Qualified Opinion</b>	
	<ul style="list-style-type: none"> <li>I noted that, payables reported in the Statements of Financial Position under Note 10 amounting to TZS 1,220,000 being rent payable TZS 1,000,000 and Professional fees TZS 220,000 were not supported with source documents such as bills, invoices, claims, demand notes thus their correctness and authenticity could not be ascertained.</li> <li>CCK reported cash and cash equivalents of TZS 119,320 instead of TZS 479,320 hence leading to understatement of TZS 360,000 in the statement of cash flows.</li> </ul>
<b>9. Simiyu Regional Referral Hospital</b>	
	<ul style="list-style-type: none"> <li>My review of the Statement of Financial Performance for the year ended 30<sup>th</sup> June, 2019 recognized Supplies and Consumables amounting to TZS 273,316,104.66 while the Cash Flow Statement showed TZS 182,426,764.36 consequently, understatement of TZS. 90,889,340.30.</li> <li>My review of Statement of Changes in Net Assets noted that, the sum of TZS 8,311,478.38 was reported as 'Capital Fund Received' and was added in the 'Taxpayer's fund'. Thus, Taxpayers fund was overstated by TZS 8,311,478.38</li> </ul>
<b>10. Fire and Rescue Force (vote 14)</b>	
	<ul style="list-style-type: none"> <li>The Fire and Rescue Force is constructing a Head Office building in Dodoma. As at 30<sup>th</sup> June, 2019 an amount of TZS. 1,746,146,300 was spent towards building materials and labor costs. There were no expenditure particulars that I was provided by management to support propriety of the expenditure which has been accounted in the Property, Plant and Equipment as work in process.</li> </ul>
<b>11. Mzingu Corporation</b>	
	<ul style="list-style-type: none"> <li>Reported prepayment figure overstated by TZS 6,682,900: Included in the financial statements under Note 22 is foreign prepayment of TZS 2,518,323,520 of which TZS 6,682,900 relate to local purchases of consumable goods done during the year. Analysis made noted that, the same was delivered and consumed during the year as the result the figure of foreign prepayment has been overstated by TZS 6,682,900 as well as expenses was understated by the same. Therefore the figure of profit has been overstated by the same amount.</li> <li>Failure to submit information and schedule of figures reported in the Financial Statements regardless they were requested vide letter with Reference No. MZ/2019/01 of 12 October, 2019 as a result the scope of audit was limited. The missing information were in respect of the following:</li> </ul>

Basis of Qualified Opinion	
<ul style="list-style-type: none"> <li>- List of Assets added during the year worth TZS 63,960,000 (cost)</li> <li>- List of items making Miscellaneous income amounting to TZS 122,667,100</li> <li>- Schedule of Entertainment cost amounting to TZS 45,972,850</li> <li>- Utility bills amounting to TZS 377,958,480 comprising of Electricity TZS 333,295,860 and Telephone TZS 44,662,620</li> <li>- List of building repaired during the year amounting to TZS 66,991,020</li> <li>- Details of related party transactions amounting to TZS 4,222,855,590</li> </ul>	<ul style="list-style-type: none"> <li>• Mismatch of Financial Statements Figures and General Ledger balances: From the review of the submitted General Ledger for the year ended 30 June 2019 I noted that the reported figures of Magadu social club, other revenue, personal emoluments, land, building, telephone charges and furniture &amp; fittings in the financial statements were different with the balance in the respective Subsidiary Ledgers. I also noted reported figures of UNDP revenue, work in progress, dairy cattle, beehives and trees &amp; plants in the Financial Statements were not in the General Ledger.</li> <li>• The financial statements did not incorporated the Statement of Comparison between Budget and Actual amounts contrary to the requirement of Para 14 of IPSAS 24 which requires an entity to present a comparison of the budget amounts for which it is held publicly accountable and actual amounts, either as a separate financial statement or as additional budget columns.</li> <li>• Failure to comply with the Corporation Policy for allowance on Doubtful Debts: Management has disclosed in the Notes to the financial statements the Corporation policy for provision for doubtful debts. The policy allow to provides 25% as allowance for doubtful debts over two years, 50% for debts of three years, 75 % for debts of four years and 100% for debts above four years. To the contrary management provided only TZS 100,000. I could not establish how they arrived at this figure because I was not provided with supporting Note.</li> </ul>
12. Environmental Health Practitioners Council	
<ul style="list-style-type: none"> <li>• Unexplained difference between the Statement of Comparison of Budget and Actual Amounts and Cash Flow Statement TZS 192,269,030</li> </ul> <p>My review of Statement of Comparison of Budget and Actual amounts noted that, amount of TZS 143,533,200 was reported as actual collections but included in the Cash Flow Statements is amount of TZS 335,802,230 resulting into</p>	



Basis of Qualified Opinion
<p>unexplained difference of TZS 192,269,030. This is contrary to the requirement of Para 21 of IPSAS 1 which elaborates that a Statements of Comparison of Budget and Actual amounts which requires the set of financial statements to have link with each other.</p>
13. Tengeru Institute of Community Development (TICD)
<ul style="list-style-type: none"> <li>• My review of individual employee's personal files and employee claims I noted that, salary arrears amounting to TZS 31,435,069 were not recognized in the financial statements, hence understating the salaries expenses and payables figures by TZS 31,435,069.</li> <li>• My review of Cash Flow Statement noted that, the sum of TZS 1,686,913,000 has been reported as receipts of employees' salaries and supported by Note 32. However, I noted the sum of TZS 1,537,105,640 has been reported as employee's salaries paid and supported by Note 33 without including deduction figure of TZS 149,807,360. Hence, the sum of TZS 149,807,360 has been understated in the Cash Flow Statement.</li> <li>• My review of Statement of Changes in Net Assets noted TZS 7,080,346,741 being an opening figure for net assets instead of TZS 6,939,375,551 resulted into overstatement of reported opening net assets by TZS 140,971,190.</li> <li>• I noted that, the sum of TZS 28,068,312 being amortization of capital grants incorrectly reported in the Statement of Changes in Net Assets instead of Statement of Financial Performance.</li> <li>• My review of Cash Flow Statement noted that, an amount of TZS 28,068,312 being reported as Work in Progress (WIP) and supported by Note 41. However the figure has not been reflected in the Statement of Financial Position.</li> <li>• Overstated figure of taxpayer fund in the Statement of Changes in Net Assets TZS 175,927,535 My review of Statement of Changes in Net Assets noted that, there is movements of taxpayers' funds between the financial year 2018/2019 being TZS 8,055,838,025, and 2017/2018 TZS 7,879,910,490 resulting to increase of TZS 175,927,535. This is contrary to Para 17 of Accountant General Circular No. 6 with reference No.EG.3/102/02/03 of 28<sup>th</sup> May, 2019 on the treatments of taxpayers' Fund which advocated that, after the financial year 2016/2017 the reported figure of taxpayer's fund by Entity shall remain Static. Consequently, the reported figure of taxpayers fund has been overstated by TZS 175,927,535.</li> </ul>

<b>Basis of Qualified Opinion</b>	
	<ul style="list-style-type: none"> <li>• Wrong picking of prior year comparative figures TZS 3,460,973,882.80 My review of financial statements for the year ended 30<sup>th</sup> June, 2019 has noted that, there is wrong picking of prior year figures into Comparative figures with respect to Revenue from non-Exchange Transaction; Total income; Total expenses; Property, plant and equipment; Equity; Loan Board Payments to students as a result creating a cumulative misstatements of TZS 3,460,973,882.80.</li> </ul>
<b>14. Business Registration and Licensing Agency</b>	
	<ul style="list-style-type: none"> <li>• My review of General ledger noted adjustments of TZS 1,145,103,983.82 made without narrations and approval contrary to Reg. 120 of Public Finance Regulations, 2001 which requires adjustment to be authorized or approved by responsible persons.</li> <li>• Receivables not Disclosed in the Financial Statements: I noted that there are five mandatory services offered by the Agency annually which include annual subscription for companies, trademarks, Business names, and Patent right. However my review noted that receivable of TZS 2,682,416,000 emanated from active services were excluded from reported receivable.</li> <li>• Acquired land in Dodoma not Valued: I noted in the financial year 2016/17, BRELA paid TZS 1,664,150 to acquire land in Dodoma. However as at 30<sup>th</sup> June, 2019 the acquired Land was not valued instead the value of land reflected in the financial statements is amount paid to acquire the land not the value of the land contrary to paragraph 14 of IPSAS 17.</li> </ul>
<b>15. Ministry of Foreign Affairs and East African Cooperation (Vote 34)</b>	
	<ul style="list-style-type: none"> <li>• <b>Failure to correct prior years omissions TZS 91,110,623.05</b> Payables amounting to TZS 91,110,623.05 in respect of TANESCO bills for previous years have been reported as payable during the year 2018/2019 instead of restating comparable figures and making appropriate adjustments in the statement of changes in net assets/equity as per requirement of IPSAS 3.</li> <li>• <b>Assets transferred to other entities are included in the reported balance of PPE TZS 661,414,561</b> Assets mainly motor vehicles with historical costs of TZS 661,414,561 (NBV TZS 146,981,013) which had been transferred</li> </ul>

## Basis of Qualified Opinion

to other government institutions are still in the ministry's assets register and have been included in PPE balance reported in the financial statements. Reporting assets which had been transferred to other government entities in the Ministry of Foreign Affairs financial statements is overstatement of PPE, accumulated depreciation and depreciation charge balances.

- **The Ministry land plots have not been recognized in the financial statements TZS 3,896,430,000**  
Ministry of Foreign Affairs and East African Cooperation owns three land plots: plot number 219/50 located at Shaban Robert/Garden Avenue-Dar es salaam ( 2,287m2) valued at TZS3,818,430,000; a plot located at Minister's residential Area D-Dodoma (600 m2) valued at 78,000,000; and a plot located at Mzumbe government city (39,400 m2). These land plots have been omitted in the financial statements. Omission of the value of land amounting to TZS 3,896,430,000 in the financial statements is the evidence that the reported balance of PPE is understated.

- **Unsupported Adjustments in the Financial Statements.**

From the review of the statement of changes in net assets/equity for the year ended 30 June 2019 the audit team noted adjustments which have been made on accumulated surplus but it could not establish the nature of those adjustments and we were not provided with supporting schedules as well as calculations as a result we could not confirm their validity and correctness:

- a) Adjustment in respect to prior years accumulated depreciation amounting to TZS 263,297,494.62 which has been reduced from accumulated surplus at the beginning of the year 2018/2019.
- b) Prior year adjustments amounting to 20,246,940,079.41 has been added to accumulated surplus at the beginning of the year 2018/2019
- c) Also there is an adjustment for prior years accumulated depreciation amounting to TZS 8,814,878,290.03 which is added to accumulated surplus at the beginning of the year 2017/2018

- **Mismatch of PPE costs between assets register and financial statements TZS 322,559,435,408**

My review of PPE movement schedule (note 59) and assets register noted mismatch of PPE costs between assets register and reported PPE costs (note 59). According to assets register the total costs of PPE is TZS 5,187,592,166 while their costs as per financial statement is TZS 327,747,027,574 resulting to un explained difference of TZS 322,559,435,408

## Basis of Qualified Opinion

- **Accounts payable has been understated by TZS 54,832,452.71**  
In December 2018 the Ministry engaged Tanzania Building agency (TBA) (in substance-without formal written agreement) as project consultant. A letter dated 11<sup>th</sup> December 2018 with reference No. GB/109/300/82/18 from TBA to the Ministry raised fee Note No. 1 amounting to TZS 54,832,452.71 likewise, government bill No. 1771835 with the same amount was also raised for the same purpose. The amount was yet to be paid up to the time of writing this report (January 23<sup>rd</sup> 2020). Although the said amount was yet to be paid but it is omitted in the accounts payable reported in the financial statements.
- **Understatement of payables TZS 390,776,654**  
Reported in the Individual Financial statement of embassies (Paris, London& Brussels) includes amount of payables TZS 390,776,654(car loan) which was not reflected in the ministry's financial statements
- **Disposal of PPE TZS 371,168,262.58 not recognized properly**  
Disposal of PPE TZS 371,168,262.58 properly adjusted to PPE schedule. However, no adjustment was passed to accumulated surplus nor accumulated depreciation. Hence the accumulated surplus was understated by the same amount
- **Foreign Exchange Gain/Loss not recognized in the Financial statements**  
Non recognition of foreign exchange loss/gain in the financial statements TZS 571,022,931.81 and TZS 114,129,653 respectively. Hence the financial statements was misstated TZS 685,152,584.81
- **Unexplained variations of other receipts reported in the financial statement TZS 14,747,852,816**  
The first version of Financial Statements -Cash flows statement reported other receipts TZS 1,227,566,006.66 while the final version reported TZS 15,975,418,822.31 resulting to unexplained variation of TZS 14,747,852,816-Delete
- **Unreconciled difference of cash and cash Equivalent - Deposit TZS 4,928,977,947.29**  
I noticed unreconciled balance between the amount reported under Note 49 of Cash and cash equivalent and amount reported in the statement of cash flows-Deposit by TZS 4,928,977,947.29

<b>Basis of Qualified Opinion</b>
<p>Note 49 reported cash and cash equivalent deposit amounting to TZS 13,400,427,051.68 while Cash flow statement - deposit reported TZS 18,329,404,998.98. Hence the balance of deposit in the statement of cash and cash equivalent was misstated by TZS 4,928,977,947.29</p>
<b>16. Tanzania High Commission in Lusaka</b>
<ul style="list-style-type: none"> <li>• The reported PPE balance has been understated</li> </ul> <p>From the review of the financial statements I noted that Tanzania High Commission in Lusaka owns land and buildings, since preparation Embassy financial statements management has been disclosing only the value (NBV) of buildings and omitting the value of lands on the statement of financial position. No disclosure has been made in the financial statements on measures which have been taken by management for determination of the value of their land. Our concern is that omission of the value of land in the financial statements implies that the reported figures of PPEs as well as depreciation have been understated.</p> <ul style="list-style-type: none"> <li>• Failure to disclose the nature of prior year errors</li> </ul> <p>From the review of financial statements I noted that management has restated 90 per cent of comparable figures as per audited financial statements for the year 2017/2018. For instance all items on of the statement of financial performance have been restated; all items of cash flows statements except for cash and cash equivalent at the end of the year have been restated; and six out of twelve items of the statement of financial position have been restated. Management has provided under commentary a schedule which shows audited figures, adjustment made and restated figures. However we noted the following:</p> <p>a) Although management has restated most of figures on the financial statements but no disclosure has been made in the financial statements on the nature of the prior period errors contrary to the requirement of para 54 (a) of IPSAS 3. Therefore we could not establish the reason for restatements and confirm their validity.</p>

<b>Basis of Qualified Opinion</b>	
<ul style="list-style-type: none"> <li>• b) Some figures have been restated in the financial statements but not included in a schedule of restated items for instance cash and cash equivalent, personnel emolument, inventories, accounts payable and deferred income.</li> <li>• The reported figures have not been verified</li> <li>• During the quality review exercise management of the Embassy submitted revised financial statements. The revised financial statements have different figures with those figures audited by the audit team. Due to this fact we cannot give any assurance on the validity and correctness of the reported figures.</li> <li>• Failure to disclose budget information in line with Para 14 (c) of IPSAS 24</li> </ul>	<p>Management has not provided in notes to the financial statements explanations of significant variation between original budget and final budget, also no explanation of significant variation between budget &amp; actual amounts as per requirement of Para 14 (c) of IPSAS 24</p>
	<ul style="list-style-type: none"> <li>• Management has reported exchange loss on the statement of financial performance and has reported exchange gain on the cash flows statement</li> </ul> <p>From the review of financial statements I noted that management has reported the exchange loss of TZS 60,319,838.16 on the statement of financial performance while on the cash flows statement they have reported an exchange gain of TZS 88,027,997.50. No explanation was provided in respect to this inconsistency.</p>
<b>17. Consolidated Financial Statements</b>	
<ul style="list-style-type: none"> <li>• <b>Mismatch of elimination between payables and receivables TZS 789.35 billion</b></li> </ul>	<p>My review of consolidated financial statements noted receivables of TZS 5,392,734,195,600 were eliminated against payables and accruals of TZS 6,182,079,208,670, resulting into uneliminated balance of TZS 789,345,013,070. Management of the Ministry of Finance and Planning was unable to justify the noted mismatch and remained unadjusted. Thus, payables and accruals balance in the consolidated financial position has been misstated by TZS 789,345,013,070.</p>
	<ul style="list-style-type: none"> <li>• <b>Understatement of comparative figure of assets TZS 1,213.89 billion</b></li> </ul>



## **Basis of Qualified Opinion**

My review of PPE and intangible assets (Note 72 & 76) noted that the opening balances of cost and accumulated depreciation differs with the audited closing balance of 2017/18 which resulted into net understatement of TZS 1,202,414,566,000 and TZS 11,474,013,000 for PPE and intangible assets respectively. The cost for PPE was overstated by TZS 395,931,416,000 while intangible assets were understated by TZS 7,934,708,000. Likewise, accumulated depreciation and amortization for PPE and intangible assets were understated by TZS 1,598,345,982 and TZs 3,539,306 respectively.

- **Mismatch of reported addition of PPEs and Intangible Asset TZS 399.26 billion**

My review of PPE and intangible assets (Note 72 & 76) noted monetary addition of TZS 4,849,038,558,000 and TZS 75,483,165,000 respectively. However, these additions were not supported with the individual financial statements. Further, I noted that the mismatch between individual financial statements and consolidated financial statements were attributed to aggregation of additions monetary and non-monetary, fair value adjustment, transfer and disposal. Furthermore, I noted mismatch of TZS 399,263,070,000 between reported total monetary additions in the consolidated cash flow statement of TZS 5,323,784,793,000 against TZS 4,924,521,723,000 in the movement schedules of PPE and intangible assets.

- **Overstatement of Government Securities TZS 1,224.09 billion**

I noted non elimination of government securities (Treasury bills and bonds) owned by subsidiary (BOT) of TZS 1,257,650,150,000 contrary to para 40 (c) of IPSAS 35 which requires elimination in full inter entities assets and liabilities. Also, I noted non-recognition of corporate bonds TZS 33,564,194,000 contrary to the requirement of Para 40(a) of IPSAS 35 which requires the consolidating entity to combine like items of assets, liabilities, net assets, revenue, expenses and cash flows. This has resulted into net overstatement of reported government securities in the consolidated financial statements of TZS 1,224,085,956,000.

- **Non-adjustment of impairment loss computed under Expected Credit Loss Model (IFRS 9) TZS 84,533,877,064**

Basis of Qualified Opinion	
<p>My review of consolidated financial statements (CFS) noted non-adjustment of impairment loss of financial assets computed under expected credit loss (ECL) model of TZS 84,533,877,064. Subsidiaries reporting under International Financial Reporting Standard (IFRS) Framework have adopted IFRS 9 (financial instrument) from 1<sup>st</sup> January 2018 which has changed the computation of impairment loss from incurred loss model to ECL. However, management has neither adopted IPSAS 41 (Financial Instrument) nor adjusted impairment loss of subsidiaries computed under ECL model to align with incurred loss model under IPSAS 29. This is contrary to para 41 of IPSAS 35 which requires adjustment when members of the economic entity use accounting policies other than those adopted in the consolidated financial statements.</p>	
18. Ligula Regional Referral Hospital (RRH)	Inappropriate recognition of recurrent deferred income TZS 158,505,557
<p>Included in the statement of financial position is amount of TZS 158,505,557 being reported as recurrent deferred income under note 71. However this figure relate to exchange transaction, therefore could not be disclosed as per requirement of IPSAS 23.</p>	
Inconsistency reporting of figure for PPE resulting into difference of TZS 356,199,139.84	
<p>Included in the Statement of Financial Position is amount of TZS 14,113,961,804.17 being reported as carrying value of Property, Plant and Equipment under note 59. However its relevant cross referenced note disclosed amount of TZS 14,470,160,944 resulted into difference of TZS 356,199,139.84.</p>	
Unsupported taxpayer's fund TZS 14,996,617,663	
<p>Included in the statement of changes in net assets is amount of TZS 14,996,617,663 being opening balance as at 1<sup>st</sup> July, 2018, however I could not be able trace this figure in the submitted financial statements due to absence of cross-referenced note.</p>	
Inconsistency reporting of non-tax revenue resulting into difference of TZS 83,083,828.99	
<p>Included in the Statement of Financial Performance is amount of TZS 1,745,420,877.51 which has been reported as non-tax revenue under note 31. However its relevant cross referenced note disclosed amount of TZS 1,662,337,048.52 resulted into difference of TZS 83,083,828.99</p>	
Failure to classify expenses in the relevant line items TZS 1,539,545,750.95	



<b>Basis of Qualified Opinion</b>
Included in the Statement of Financial Performance is amount of TZS 1,539,545,750.95 which has been reported as other expenses under note 41. However this figure relate to various items which could be classified in their relevant items. I also noted the same amount of TZS 1,539,545,750.95 has been cross referenced to amount of TZS 1,639,839,538.96 resulted into difference of TZS 100,293,788.01.
<b>Understatement of reported figure of supplies and consumables in the cash flow statement TZS 248,389,386.00</b>
Included in the cash flow statement is amount of TZS 125,796,206.63 being reported supplies and consumable goods under note 20. However re-performed reconciliation noted that, amount of TZS 374,185,592.63 was supposed to be reported as supplies and consumable goods resulting into understatement of the reported figure in the cash flow statement by TZS 248,389,386.00.
<b>19. Bukoba Regional Referral Hospital</b>
<b>Understated figure of cash paid for Supplies and Consumables in the Statement of Cash Flow - TZS 1,283,060,444.14</b>
My review of the Statement of Financial Performance for the year 2018/2019 in comparison to Cash Flow Statement and Payable under Note - 64 to the Financial Statements has noted that, according to my re-computation I noted the figure of cash paid for Supplies and Consumables during the year under review was TZS 2,925,522,217.14 To the contrary, my review of Cash Flow Statement has noted the sum of TZS 1,642,461,773 has been reported as the figure of cash paid for Supplies and Consumables. Consequently, I noted understatement of TZS. 1,283,060,444.14 in the Cash Flow Statement.
<b>20. Tanzania High Commission in Kigali</b>
<b>Revenue overstated by TZS 210,685,317</b>
Included in the statement of financial performance is amount of TZS 210,685,317 being amortization of recurrent revenue. My review noticed that such revenue was not part and parcel of revenue collected during the year, as a result revenue figure was overstated by TZS 210,685,317.
<b>Unreconciled balance of deferred income TZS 60,653,168.68</b>
My computation of deferred income came up with closing balance of TZS 420,725,188.68, however the reported balance was TZS 360,072,020.00 resulting to misstatement (unreconciled balance) of TZS 60,653,168.68

<b>Basis of Qualified Opinion</b>	
<b>21. Mount Meru Regional Referral Hospital</b>	
<b>(i) Unexplained difference of payables figure between statement of financial position and disclosure Note TZS 56,847,462</b>	Included in the Statement of Financial Position is amount of TZS 597,146,370 being reported as payable and cross referenced to Note 64. However its relevant cross referenced Note disclosed amount of TZS 653,993,833 resulted into unexplained difference of TZS 56,847,463.
<b>(ii) Understated reported cash paid figure of supplies and consumables in the cash flow statement TZS 1,119,054,567</b>	Included in the Cash flow Statement is amount of TZS 1,474,648,314 being reported a cash paid figure in respect of supplies and consumables while an audit recomputed figure of cash paid for supplies and consumables of TZS 2,593,702,881, resulting into unreconciled difference of TZS 1,119,054,567.
<b>22. Tanzania Embassy in Moroni (Sub Vote 2034)</b>	
I noted significant misstatements in prior-year (comparative figure) for expenditure resulted to overstatement amounting to TZS 71,324,215 As I conclude my audit in March 2020 the Embassy was yet to revise their financial statement to accommodate the misstatements.	
I could not verify adjustments from TZS 396,964,262 to TZS 379,510,466 made to the Taxpayers' Fund in the statement of changes in net assets for financial year ended 30 <sup>th</sup> June 2019 due to lack of supporting details and journal vouchers. Notwithstanding, Adjustment made on Accumulated surplus/(deficit) for the comparative figure (at 30 June,2018) on the Statement of Changes in net asset amounting to TZS 394,945,128.40 but no disclosure has been made in the financial statements on the nature of the prior period errors contrary to the requirement of para 54 (a) of IPSAS 3. Therefore we could not establish the reason for restatements and confirm their validity.	
Although management has restated Property, Plant and Equipment on comparative figure from TZS 1,411,284,260.60 to TZS 1,282,654,846.00 on the financial statements but no disclosure has been made in the financial statements on the nature of the prior period errors contrary to the requirement of para 54 (a) of IPSAS 3. Therefore we could not establish the reason for restatements and confirm their validity.	

<b>Basis of Qualified Opinion</b>	
<b>23. Tanzania Embassy Khartoum</b>	
<b>Non recognition of land and building in the statements of financial position</b>	
Tanzania Embassy Khartoum has two buildings one at square No. 42 House No.6, Khartoum East, Abu Garja Street, Khartoum for head of mission residence and another at Block No. 6/1 (4) 5A, Elmak Nimir Street, Khartoum West, Khartoum for Chancery. The value of the land and buildings were not recognized in the financial statements under the line item of Property Plant and Equipment (PPE) contrary to para 14 of IPSAS 17.	
<b>Overstatement of the amount of cash and cash equivalent TZS 66,541,659.22</b>	
I noticed that, included in the statement of cash flow and statement of budget is TZS 66,541,659.22 which is disclosed as remittance receivable and correctly reported in the statement of financial position and note 51 of the financial statements, hence the reported cash and cash balance was overstated by TZS 66,541,659.22	
<b>Unreconciled balance of Tax payer's fund TZS TZS 80,162,759.22</b>	
I reviewed the Statement of change in net assets and noted that, Tax Payer's Fund has increased from TZS 80,162,759.22 to TZS 160,325,518.98. However, the amount of Tax Payer's Fund included in the statement of financial position was TZS 80,162,759.22 resulting to unexplained difference of TZS 80,162,759.22	
<b>Overstated Exchequer Issues Reported to the Statement of Financial Performance TZS 91,885,619.61</b>	
The amount of exchequer issues released reported to the statement of F/performance as per Note 66 is TZS 1,065,214,645.03. However, total payments as per cash flows for both recurrent expenditure and acquisition of PPE add up to TZS 973,329,025.42 which should be the amount amortized during the year, hence resulting to unexplained (difference) overstatement of TZS 91,885,619.61	
There is a decrease in receivable (Note 51) by TZS 81,604,621 during the year under review as the reported figure (closing balance ) is disclosed as fund in transit(refer para 2 on page 22 of the F/statements). However, the inflows from receivables not reflected in the Cash flow statement	
<b>Unreconciled Deferred Grant TZS 234,057,245.97</b>	

<b>Basis of Qualified Opinion</b>
Embassy of Khartoum had unreconciled amount of deferred grant TZS 234,057,245.97
<b>24. Ministry of Works Transport and Communication (Communication Sector - Vote 68)</b>
<p><b>1. Salary arrears not recorded in the financial statements TZS 87,040,750</b></p> <p>I noted payable figure of TZS 1,732,501,802 as at 30 June 2019 in the Statement of Financial Position does not include Staff salary arrears totalling TZS 87,040,750 as a result of staff promotions. Therefore, the reported payable has been understated by TZS 87,040,750.</p> <p><b>2. Inappropriate recognitions and presentations of expenditure TZS 960,000,000</b></p> <p>The Ministry had paid a total amount of TZS 960,000,000 in respect of supply and installations of street signage and house numbers in twelve town Councils.</p> <ul style="list-style-type: none"> <li>• The figure of Prepayments for the financial year 2017/18 was understated by TZS 960,000,000. On 25/06/2018 amount TZS 960,000,000 was transferred to VETA for execution of contract but this figure was not reported as prepayment.</li> <li>• My review noted that, amount of TZS 960,000,000 has been reported as Property, Plant and Equipment as disclosed under Note 59 of the Financial Statements for the financial year 2017/18 contrary to the requirements of Para 14 IPSAS 17. I also noted the depreciation was charged to non-existing assets.</li> </ul>

## Appendix 2. 3: Entities and their basis for adverse opinion

Basis of Adverse Opinion	
1. National Land Use Planning Commission (Vote 3)	
<p>The Statement of Cash Flows reported an amount of TZS 2,204,662,874.51 as a decrease in trade and other receivables in the cash inflows and a decrease in payable amounting to TZS 165,900,259.54 in the cash outflows which is not correct treatment under direct method for preparation of Cash Flows Statement. Hence Cash Flows was overstated by TZS 2,370,563,134.05 in total.</p> <p>Taxpayer's fund reported in the Statement of Financial Position includes opening balance of TZS 711,209,456.15, Surplus of TZS 364,691,199.67 and an adjustment of TZS 1,422,077,967.53. However the reported adjusted amount was not justified by the Management and hence Net assets were misstated by an amount of TZS 1,422,077,967.53.</p> <p>The Statement of Financial Position for the year ended 30<sup>th</sup> June 2019 had reported a reserve of TZS 2,862,669,823.02 of which includes Taxpayers fund of TZS 2,497,978,623.35 and Surplus of TZS 364,691,199.67. However, the amount of Surplus was already adjusted and included in the reported Taxpayers fund hence the amount of Surplus was reported twice.</p> <p>The Commission had paid an amount of TZS 424,967,169.37 to Government Procurement Service Agency for procurement of motor vehicles. Up to the time of audit August 2019, the vehicles were not delivered and no any prepayments were recognized in the Statement of Financial Position as at 30 June 2019.</p> <p>I could not authenticate and validate the expenses amounting to TZS 804,324,178.46 equivalent to 18 percent of the total payments, because the payment vouchers were not supported by relevant supporting documents, contrary to Regulation 95(4) of the Public Finance Regulations, 2001 (Revised in 2004).</p>	
2. National Convention for Construction and Reform (NCCR-MAGEUZI)	
<p>The Party failed to maintain the register for Non-current assets. Apart from that, the Party did not conduct annual verification of the same which would be a useful supporting information for establishing the accuracy of the reported Non-current assets worth TZS.169,474,172 in the Statement of Financial Position. Hence unable to ascertain the authenticity of the reported figure.</p>	

## Basis of Adverse Opinion

Failure of management to produce supporting schedule and age analysis of the reported balance amount of TZS 36,659,047 that was under note 6 of the Statement of Financial Position as a result I was not able to confirm whether the amount is properly included in Account Receivable.

Included in payments are expenditure amounting to TZS 1,190,250 that were not supported by third party documentation. There were no alternative procedures that I could perform to obtain sufficient audit evidence regarding these payments and I am therefore unable to confirm whether the amount is properly included in the expenditure.

Management could not provide evidence to support depreciation of Property, Plant and Equipment (PPE) amount TZS 5,624,569 Included in the Statement of Financial Performance the figure.

### 3. Civic United Front (CUF)

#### **Absence of proper Accounting System**

I noted that, CUF did not keep records of business transactions on regular and systematic manner as a result there was no adequate accounting information for reporting purposes. In absence of the adequacy accounting system I could not be able to follow the whole processes in order to provide an assurance on the integrity of financial data provided by the CUF.

#### **Bank reconciliation not performed**

In absence of Bank reconciliation statements I could not be able to ascertain the accuracy of the cash and cash equivalent figure of TZS 255,796,369 reported in the statement of financial position.

I reviewed the Statements of Financial Performance with regards to classifications of expenses items and found that there was no defined chart of accounts for categories of expenses in line with its operations and hence some of the capital expenditure reported as expenses.

Under reporting of Party Investments TZS 56,133,000: I reviewed the Statement of Financial Position for the four years ended 30 June 2019 and I have noted that, the Part had reported an Investment of TZS 1,148,154,149 for the year 2015/2016, TZS 13,542,000 for the year 2016/2017, TZS 42,609,000 for the year 2017/2018 and TZS 25,784,576 for the year 2018/2019. On the

Basis of Adverse Opinion	
	<p>year ended 30 June 2017 an adjustment of TZS 1,148,154,149 was made as write-off Investments. Based on the amount paid annually for Investment from year 2017 to 2019, the expected total amount of Investment at the end of the year 2019 was TZS 81,917,576, however only TZS 25,784,576 was reported results into understatement of TZS 56,133,000.</p> <p><b>Inaccurate information captured in the financial statements</b></p> <p>Other receivables reported an amount of TZS 10,007,000 and was cross referenced by Note 7; however I noted that its corresponding disclosure Notes was Note 6 for Staff advance &amp; Note 7 Other receivables imprest amounting to TZS 11,282,000 resulting into unexplained difference of TZS 1,275,000.</p> <p><b>Statement of Financial Performance;</b></p> <p>Party Meeting reported an amount of TZS 352,905,370 and was cross referenced by Note 5, however on page 11 of the financial statement, I noted that the corresponding Note for Party meeting was disclosure Note 5 with a reported amount of TZS 328,365,370 resulting into unsupported amount of TZS 24,540,000.</p> <p>Administrative Expenses reported an amount of TZS 983,288,997 while its corresponding Note 8 reported an amount of TZS 656,186,337 results into unsupported amount of TZS 327,102,660.</p> <p>Election Expenses reported an amount of TZS 332,560,620 while its corresponding Note 9 reported an amount of TZS 96,060,620 results into unsupported amount of TZS 236,500,000.</p>
	<p><b>4. National League for Democracy (NLD)</b></p> <p>Inaccurate presentation of statement of Changes in Net Assets. The statement does not show properly its components as well as figures pertaining to each component. Further, reported Net Assets in the Statement of Financial Position differs from that reported in the Statement of Changes in Net Assets.</p>
	<p><b>5. Tanzania Embassy in Addis Ababa</b></p> <p><b>Unconfirmed payments in the Cash Flow Statement TZS 564,931,947.50</b></p> <p>My review of the Statement of Financial Performance as well as Cash Flows Statement, noted payments amounting to TZS 564,931,947.50 on the Cash Flows Statement that could not be traced in the other statements including the notes to the financial</p>



## Basis of Adverse Opinion

statements. Furthermore, while conducting audit, I was not provided with evidence to support such payments hence I could not confirm correctness and validity of the figure of TZS 564,931,947.50.

### **Incorrect Deferred Income**

According to Note 30 for Deferred Income-Revenue, the figure to be amortized and recognised as revenue in the statement of financial performance during the year was TZS1,682,939,348.58. However, Management wrongly recognized TZS 1,498,196,464.55 which is the remittance during the year. This has resulted to understatement of revenue by TZS184,742,884.03.

My review of the Statement of Financial Position as at 30 June 2019 and Note 34 to the financial statements noted that, Management reported Deferred Income-Capital of TZS169,055,970.89 for 2018/19 and TZS567,371,697.25 for 2017/2018. However, there were no capital grants received by the Embassy in 2017/2018 and 2018/2019 but Management reported Capital Grants additions of TZS(391,503,707.12) and TZS21,917,307.25 for the years 2018/19 and 2017/18 respectively. I was not provided with supporting evidence in relation to these figures as well as explanation on how they were obtained.

I noted that at the beginning of the financial year, the Embassy had a Deferred Income-Revenue balance of TZS226,928,739.74 and received addition of TZS 1,498,196,464.55 thus making total revenue grants available to be TZS 1,725,125,204. While the whole amount of TZS1, 725,125,204 was supposed to be amortized, Management only amortized TZS 1,498,196,464.55 leaving TZS 226,928,739.74 unamortized for the year 2018/19.

### **Improper disclosure of prior years' errors**

Review of the financial statements noted that comparative figures (2017/2018) for Other receipt and Cash and Cash Equivalent at the beginning of the year in the cash flows statement did not match with figures in the audited financial statements for the year 2017/2018. I further reviewed the Statement of Changes of Net Assets and noted that there were no prior year adjustments. Nevertheless, there was no explanation provided by management in the financial statements in respect to restated figures.

### **Misappropriation of Revenue collected from Visa Fee TZS 485,653,337.54**

The analysis of visa fees revenue for three years indicated collections of TZS 560,545,435 from which TZS 68,636,838.01 was remitted to consolidated fund leaving the amount of TZS 491,908,596.99 unremitted. However, the reported closing balance of cash (unremitted collections) as at 30<sup>th</sup> June 2019 was TZS 6,255,259.45 hence leaving the amount of TZS 485,653,337.54



## Basis of Adverse Opinion

unreported. This amount was neither banked nor cash available at the Office as at the time of audit in January 2020. In addition, no evidence was submitted to show on how these funds were spent. Therefore, I could not confirm its accountability.

### **Understatement of the reported figure of revenue from Visas TZS 11,069,703**

I reviewed Cash flows Statement for the year ended 30 June 2019 as well as receipt books and noted that the reported figure for visa fee revenue of TZS 194, 387,012 had been understated in comparison with revenue of TZS 205,456,715 as per receipt books resulting to understatement of revenue by TZS11,069,703.

### **Five exchequer receipt books missing**

I reviewed counterfoil register for receipt books and found that five (5) exchequer receipt books which were under the custody of financial attaché were missing and subsequently not produced for audit verification.

### **Overstatement of funds transferred to National Reserve Fund TZ 48,002,504.62**

Management reported in the financial statements that, for three years the total amount of TZS116,639,342.63 was transferred to BOT Foreign Affairs Account Number 9921143401. However, I reviewed the BOT bank statement for the same period and found that, the total amount of revenue credited to that account for three years from Tanzania Embassy in Addis Ababa was TZS 68,636,838.01 resulting into overstatement of the reported transfers by TZS 48,002,504.62.

## Appendix 2. 4: Entities and their basis for disclaimer of opinion

Basis of Disclaimer of opinion	
<b>1. Alliance for Africa Farmers Party</b>	
<ul style="list-style-type: none"> <li>The submitted Financial Statements were not prepared in accordance with IPSAS Accrual which could be the basis for evaluation.</li> </ul>	
<b>2. African Democratic Alliance (ADA TADEA)</b>	
<ul style="list-style-type: none"> <li>The submitted financial statements were not prepared in accordance with the requirement of IPSAS accrual basis of accounting which would be the basis for evaluation.</li> </ul>	
<b>3. Chama Cha Ukombozi wa Umma (CHAUMMA)</b>	
<ul style="list-style-type: none"> <li>Management of CHAUMMA did not maintain primary books of accounts and necessary records of incomes and expenditures thus my access to full information of the party's financial information was limited. Therefore, I was unable to ascertain the accuracy and fairness of the information presented in the financial statements.</li> </ul>	
<b>4. Demokrasia Makini</b>	
<ul style="list-style-type: none"> <li>The submitted Financial Statements were not prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis of accounting which would be a basis for evaluation.</li> </ul>	
<b>5. Democratic Party (DP)</b>	
<ul style="list-style-type: none"> <li>I was not able to audit the Financial Statements of Democratic Party because they were prepared on IPSAS Cash basis of Accounting contrary to Para. 5 of Political Parties Financial Accounting Guidelines issued on July, 2018 which requires Political Parties to prepare Financial Statements on IPSAS Accrual basis of Accounting.</li> </ul>	
<b>6. National Reconstruction Alliance (NRA)</b>	
<ul style="list-style-type: none"> <li>I noted that the management prepared only the Statement of Receipts and Payment without indicating the Financial Reporting Framework adopted that deemed to be acceptable for preparation of the Financial Statements. I was therefore unable to determine the basis of forming my audit opinion.</li> </ul>	

Basis of Disclaimer of opinion
<ul style="list-style-type: none"> <li>I noted in the Statement of Receipts and Payments, an income of TZS 9,500,000 of which TZS 5,000,000 was supported by documents to support the source and genuineness of the transactions; while TZS 4,500,000 were not supported by documents and their source was not disclosed in the Financial Statement to substantiate validity and genuineness of the transactions. There were no alternative procedures that I could perform to obtain sufficient audit evidence regarding these income.</li> </ul>
7. Alliance for Democratic Change (ADC)
<ul style="list-style-type: none"> <li>Management did not maintain primary books of accounts thus my access to full information of the party's financial information was limited. Therefore, I was unable to satisfy myself by alternative means concerning the accuracy of the financial statements submitted by Alliance for Democratic Change (ADC) Management.</li> </ul>
8. Chama cha Sauti ya Umma (SAU)
<ul style="list-style-type: none"> <li>I noted that there was no clear documented financial reporting framework to guide the preparation of the financial statements. This is contrary to the NBAA Technical Pronouncement No.3 of 2009 with regards to Tanzania migration to IFRSs, IPSASs and ISAs with effect from 1st July, 2004 which requires every entity in the country, whether small or large to prepare its financial statements in accordance with International Financial Reporting Standards (IFRSs) or International Public Sector Accounting Standards (IPSASs) as the case may be</li> <li>I am of view that the basis for preparation of the financial statements was not clear stated in some instance the financial statements were declared to be prepared under cash basis and in other side the financial statements were declared to be prepared under accrual basis.</li> <li>Addition to the explanation above the Party explanations reported in the statement management responsibilities reported that the financial statements were prepares in conformity with International Financial Reporting Standards (IFRS).</li> <li>The Party failed to provide payments vouchers and their related supporting documents as such I was not able to verify payments of TZS 6,539,789. I was unable to satisfy myself by alternative means concerning the payments made during the year, which are stated in the statement of Income and Expenditure.</li> </ul>

<b>Basis of Disclaimer of opinion</b>	
<ul style="list-style-type: none"> <li>• Payables of TZS 5,679,900 were not supported with any supporting documents as such I was unable to verify whether payables of TZS 5,679,900 was accurate, occurred, complete and relating to the Party activities.</li> </ul>	
<b>9. United Democratic Party (UDP)</b>	
<ul style="list-style-type: none"> <li>• Management of UDP did not maintain primary books of accounts and necessary records of incomes and expenditures thus my access to the party's full financial information was limited. Therefore, I was unable to ascertain the accuracy and fairness of the information presented in the financial statements.</li> </ul>	
<b>10. United Peoples' Democratic Party (UPDP)</b>	
<ul style="list-style-type: none"> <li>• The submitted financial statements were not prepared in accordance with the International Public Sector Accounting Standards which would be the basis of evaluation.</li> </ul>	
<b>11. Tanzania Labour Party(TLP)</b>	
<ul style="list-style-type: none"> <li>• I was not able to audit the Financial Statements of Tanzania Labour Party because they were prepared on International Financial Reporting Standards (IFRS) framework contrary to Reporting Framework acceptable by the Political Parties Registrar which requires Political Parties to prepare financial statements on IPSAS Accrual basis of Accounting. This implies that the Party departed from IPSAS accrual basis of accounting.</li> </ul>	
<b>12. Union for Multiparty Democracy (UMD)</b>	
<p>I was not able to verify Revenue of TZS 4,002,000 and its expenditure reported in the statement of financial performance, as I was not provided with acknowledgement receipts and some of the payments vouchers with a total of TZS 1,035,000 and their related supporting documents. Hence I was unable to satisfy myself by alternative means concerning the financial statements submitted by management of Union for Multiparty Democracy.</p> <p>The Financial statements do not disclose the applicable Financial Reporting Framework, including significant accounting policies such as basis for preparation, Notes and supporting schedules as required by NBAA Technical Pronouncement No.3 of 2009.</p>	

### Appendix 3. 1: Follow up on the implementation of the previous year's audit recommendations

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
1.	2006/07	<b>Weakness in managing Government guarantee</b> The Ministry is advised to go through the Act and regulations by making amendment on the Guarantee Acts and Regulations to suit the current conditions.	Amendment has been made to Debt policy and the Government Loans, Guarantee and Grants Act No. 30 of 1974. All these will be tabled in the Parliament for approval soon. The debt strategy has been amended.	The amended Government loans Guarantees and Grants Act No. 30 of 1974 and review of National debt Strategy (NDS) are still awaited.	Under implementation
2.	2013/14	<b>Inadequate Management of Government Investments and Other Interests</b> The Government to set up a standby investment funds from dividends and miscellaneous revenue in order to safeguard Government investments, and also participate in investment avenues that the Government may deem necessary. Furthermore, I am advising the Government to regularly review investment performance and strategies of the companies in which it has minority shareholdings in order to determine the performance of such investments.	Registrar Act is at the final stage. At present the Cabinet paper proposing enactment of Treasury Registrar Act is waiting to be discussed at Cabinet Meeting. The paper has incorporated all IMTC recommendations.	No current year status	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
3.	2014/15	<p><b>The process of consolidation of financial statements for MDAs, LGAs and GBEs not automated</b></p> <p>The Government should: Configure EPCOR system to automatically consolidate MDAs, LGAs and GBEs Speed up its efforts to integrate the Tanzania Embassies and High Commissions in the EPICOR accounting package so as to enhance their valuation in order to determine the amount of liabilities of retirees and pensioners that is due to Government budgetary controls and credibility of their financial statements Harmonize the database of LGA's and MDA's so as to be able to automatically run their financial statements from the EPICOR system and finally develop advanced means to integrate the financial statements of Government entities that are using EPICOR but their nature of operation necessitated separation of their database.</p>	<p>The Government has managed to consolidate the financial statement for all Public Sector entities which includes LGA, MDAs, and GBEs and the same were audited and published for 2014/15 and 2015/16 consolidated Accounts. Moreover, the efforts of ensuring that the process of consolidation is automated is underway by introduction of the in-house made software which is in the final stages of implementation.</p>	<p>We acknowledge the Efforts made by the Government. However The underway in-house Software is awaited. Likewise we advise the Government to set Timeframe or Implementing the prospective software.</p>	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
4.	2014/15	<b>Absence of actuarial valuation for provision of Government Pension TZS 597.4 billion</b> CAG Recommendation The Government to comply with IPSAS 25 for accounting for employees benefits by conducting actuarial.	The Government is continuing with the efforts of ensuring that actuarial valuation for Pensioners paid by Treasury is conducted. In so doing this activity is budgeted for in the financial year 2017/18	I will assess the Implementation of our Recommendation my next audit	Under implementation
5.	2014/15	<b>Out dated National Debt Strategy and the Government Loans, Grants and Guarantees Act</b> The Government to review the National Debt Strategy and also to ensure the National Debt Management Policy comes into force and also expedite amendments of Government Loans Guarantees, and Grants Act, 1974 (R.E 2004) in order to address challenges of Public debt and Public debt management.	The Government is in the process of reviewing the National Debt Strategy and also to ensure that National Debt Management Policy comes into force and amending Government, Loans Guarantees	No current year updated Response	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
6.	2014/15	<b>Dormant debts -TZS 2,090 billion</b> Government expedites the negotiations with lender countries with a view to determine the debt position and start servicing these debts.	and Grants Act, 1974 (R.E 2004) in order to address challenges of Public debt and Public debt management.  The negotiations with Parish Club (PC VII) bilateral debt relief arrangement with the remaining PAIS Club and Non-Paris Club creditors is going and once the agreement is concluded the dormant accounts in respect will be resolved.	No current year updated Response	Under implementation



S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
7.	2014/15	Special audit on the Financial Statements of the Local Government Reform Programme Phase II (Decentralization by Devolution) - (LGRP II D By D) for the year ended 30th June, 2013  The implementing partners in collaboration with development partner to conduct in-depth investigations of all deficiencies noted.	Based on the new calculation of TZS 5,296,804,582 the Government has started refunding LGRP II money after individual DPs submitting their request. Up to now TZS 2,967,000,003.71 has been paid to Sweden (TZS 1,266,110,550), Germany (TZS 805,533,493.71), Ireland (TZS 508,278,590), and Netherlands (TZS 387,077,370). PO RALG is waiting for requests from two countries from Finland and Japan so that the refund can be effected.	No current year updated Response	Under implementation
8.	2015/16	<b>Results of special audits for NIDA</b> Investigative authority should do a thorough investigation on the identified indicators of fraud as outlined in this audit and appropriate actions be taken against the parties involved.	Investigation was carried out and results were issued. The Government is implementing the recommendation of Investigative Authorities.	Investigation report and evidences of its implementation awaited for verification	Not implemented

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
9.	2015/16	<b>Special audit of GAVI ALLIANCE grant for Measles Rubella for the financial year 2014</b> Apart from strengthening internal controls as a measure to address noted weaknesses in the special audits, disciplinary and legal action should be taken to those officers who have been implicated in such misconduct of misappropriation of Government funds. Action must be taken by Investigative organs like NPS, DCI and PCCB as law enforcement organs.	Government through Ministry of Health has taken disciplinary measures against all officers mentioned in the CAG report. Measures included demotion in rank, and refund of funds. PCCB is still investigating all suspicions pertaining to Rubella campaign, 2014.	Response noted. Verification to be done upon submission of evidence	Not implemented
10.	2016/17	<b>Special audit on revenue collection and plots acquisitions at Immigration Service Department Vote 93</b> i) Management should ensure that all remaining misappropriated funds to a tune of USD 127,184 equivalent to TZS 205 million are refunded and deposited to the respective Government account. ii) Also, appropriate disciplinary and legal measures should be taken to those who were involved in such	i) Government has filed the Criminal Case No. 319 of 2017 at Arusha Resident Magistrate Court for theft of Public money. ii) Government through the Immigration Department has reminded Moses	Management response noted, verification to be done upon submission of evidences	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		transactions from initiation, payments process and approval of the same.	Ndembo, Lukas Mniko and Anne J. Liberty through letter with Ref. No CPF 1767/30 dated 27/04/2018, CPF 1498/54 dated 27/04/2018 and CPF 3482/18 dated 27/04/2018 respectively to recover the loss. iii) Moreover, Government through the Immigration Department with collaboration with electronic Government Agency (eGA), BOT and Ministry of Finance and Planning has established an integrated Immigration control systems through an e-Immigration project		

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
11.	2016/17	<p><b>Special Audit of Tanzania Teachers Union (TTU).</b></p> <p>Managements are urged to strengthen systems of Internal Controls, as the most weaknesses noted originated from existence of inadequate Internal Controls.</p> <p>(i) Apart from strengthening internal controls as a measure to address noted weaknesses in the special audits, disciplinary and legal action should be taken to those officers who did not fulfil their obligations effectively and thus causing losses to the members funds.</p> <p>(ii) Audit Committee should be Established with the primary purpose of providing oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.</p>	for the purpose of minimizing/control losses of revenue.  <i>No response</i>	<i>No response</i>	Not implemented

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		The TTU management should ensure that the established investments of MCBL and Mwalimu House are effectively managed through established Investment policy that will set goals and the means of attainment of the planned goals.			
12.	2016/17	<b>Special Audit at Immigration Service Department</b>  Management should ensure that all remaining misappropriated funds to a tune of USD 127,184 equivalent to TZS 205 million are refunded and deposited to the respective Government account. Also, appropriate disciplinary and legal measures should be taken to those who were involved in such transactions from initiation, payments process and approval of the same.	<i>No response</i>	<b>No response</b>	Not implemented
13.	2016/17	<b>Special Audit at the</b>	The Government has	Management	Under

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p><b>National</b></p> <p><b>Identification Authority (NIDA)</b></p> <p>(i) To recover TZS 402,210,885.02 from BMTL (There after known as Copy Cat Tanzania Ltd) for rental charged on inflated office space.</p> <p>ii) To recover TZS 167,445,671.91 from GIL for extra money paid by using Commercial Banks exchange rate instead of BOT exchange rate as per requirement of the contract.</p> <p>iii) To recover USD 551,500 from</p> <p>Gotham International Limited (GIL) an amount which was paid for activity of Legal Advisory Service which GIL did not perform though was part of the contract but instead the activity was performed by M/S School of Law in partnership with M/S Law Partners for that amount of USD which was again paid by NIDA.</p>	<p>Suspended the contract of the particular building; meanwhile the responsible Management of that contract has been suspended too. Also there is ongoing investigation conducted with various investigations institutions.</p> <p>The Government also, has taken some measures of writing letters to the building owner, asking him to return the improper amount that has been paid to him, as instructed by CAG in his special audit report. The following are the references and dates of the letters (CA 2/182/04/84 of 30th September 2016 and CA 2/182/04/90 of 27th October, 2016).</p> <p>Furthermore, the legal action is on progress to all of them through PCCB.</p>	<p>response noted, verification to be done upon submission of evidences</p>	<p>implementation</p>

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
14.	2017/18	<b>Special Audit of ALAT Funds</b> i) ALAT Management to strengthen systems of Internal Controls, as most of the weaknesses identified originated from failure of Internal Controls and management overriding controls. ii) A thorough investigation, disciplinary and appropriate legal action should be taken to those officers for not fulfilling their obligations effectively and thus causing losses to the ALAT funds.	Measures of strengthening Internal Control have already started by requesting Chief Internal Auditor of PO RALG to include the ALAT in the schedule of Internal Audit quarterly. The Implementation of this measure started in March 2018 whereby the team of Internal Auditors from PO-RALG conducted Debt verifications and transactional audit at ALAT offices. Disciplinary and Legal action already taken to the officers who were proved to cause the losses of the ALAT funds	Management response noted, verification to be done upon submission of evidences	Under implementation
15.	2016/17	<b>Special audit on construction of Transmission and distribution network for Mtwara Energy Project (MEP).</b> i) The total management cost of US\$ 2,696,848 should not be paid by	The Government through the Ministry of energy has written a letter to Wentworth Gas Ltd (M/S Umoja Light Company	Management response noted, verification to be done upon submission of evidences.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>the MEM to Wentworth Gas Ltd as claimed by the Company Ltd.</p> <p>ii) The Ministry of Energy &amp; Mineral Management should deduct from the Property Plant and Equipment costs a total of US\$ 1,768,631 as they are not recoverable under MEP and MICRA as raised by Wentworth Gas Ltd.</p>	<p>Ltd) with reference No. CBD.180/229/01 dated 8th February 2018 to claim the recovery of USD 8,426,819.33. The Ministry is now making follow up to receive the amount from the said Company as early as possible.</p>		
16.	2017/18	<p><b>Inefficiencies in revenue collection</b></p> <p>The Government should strengthen controls over collection of revenue from airport and port departure service charges and other sources and ensure that all revenue leakages are timely plugged.</p>	<p>To ensure that controls on revenue collection in respect of Airport and Port Departure Service charges are enhanced, proposals have been submitted to amend the Airport and Port Departure Service Act to compel Airlines and their Agents to file monthly Revenue Returns of all remittances they make to TRA.</p> <p>Operators have been requested in writing to</p>	<p>Management response noted, verification to be done upon submission of evidences.</p>	Under implementation



S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			<p>attach a list of passengers from whom charges have been collected whenever the remit collected amount.</p> <p>The Strategy in place now is to place TRA Resident Officers in all major Airports and Ports in the country (we have started with JNIA); who will be assigned the duty of overseeing daily collection of Departure Service Charges and perform weekly/monthly revenue reconciliation of remitted charges.</p>		
17.	2017/18	<p><b>Challenges in Revenue Mobilization and Recommendations</b></p> <p>For the past five years TRA has been missing the targets with exception of 2015/2016 and revenue collect. There are various challenges that require Government attention to</p>	<p>(i) The Tax Revenue Appeals Board and the Tax Revenue Appeals Tribunal have increased the number of sessions for hearing of appeals in Dar es</p>	<p>The government response have noted and the government's strategies to institute controls on tax appeals.</p>	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>improve revenue collections which include; ion trend were below the approved estimate by 7.3 percent on average in the past five years. The following recommendations were issued:</p> <p><b>(i) Existence of several pending tax disputes</b> The government should enhance efficiency of the tax appeal organs by allocating required number of human resources and members for TRAT and TRAB; and releasing sufficient funds.</p> <p><b>(ii) Inadequate follow ups on outstanding tax liabilities (tax arrears) and assessed taxes</b> Government should exert more efforts to recover the taxes from the taxpayers. This can be achieved by enhancing the debt management department and strategies at TRA in order to collect on time all taxes as</p>	<p>Salaam where most of the appeals originate and upcountry Regions such as Arusha. The measure will significantly reduce the backlog of pending appeals and expedite recovery of payable taxes. The Court of Appeal has also prioritized tax appeals hence included them in every hearing session.</p> <p><b>(ii)</b> The TRA Debt Management Units have been aligned and worked out collection strategies for follow up and prompt recovery of previous as well as current outstanding taxes. The strategies are based on updated Tax</p>	<p>Likewise, the collection strategies on the outstanding tax liabilities based on updated Tax payers' data will be verified in my upcoming audit.</p> <p>The government responses have been noted, however; the implementation of this strategy will be assessed during our subsequent audits.</p>	

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>they become due and avoid long outstanding taxes in arrears from assessments made.</p> <p>(iii) <b>Improper tax audits and tax assessments done by tax officers.</b> The government should enhance capacity and competency to all officers in the tax audit and tax assessments functions.</p>	<p>payer's data.</p> <p>(iii) follow up and prompt recovery of previous as well as current outstanding taxes. The strategies are based on updated Tax payer's data/records including:-</p> <p>The Government through TRA Management has taken into consideration all CAG Audit queries and recommendations by issuing assessments to all taxpayers whose previous assessments were found with anomalies. Assessments worth TZS 39.5 billion have been issued and</p>		

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			collection of tax thereon is in progress. Moreover, the staff gap and skills is expected to be reduced since TRA has recruited 250 new employees who are currently undertaking induction course at our Institute of Tax Administration (ITA).		
19.	2017/18	<b>Taxes tied up in the appeal machinery pending rulings</b> The Government needs to improve operations and performance of Tax Appeals Organs by allocating and releasing adequate funds for the operations of tax appeal organs, and allocate adequate human resources to enable hearing and concluding of tax cases to take reasonable time.	The Government through Tax Revenue Appeals Board and the Tax Revenue Appeals Tribunal have increased the number of sessions for hearing of appeals in Dar es Salaam where most of the appeals originate and upcountry Regions such as Arusha. The measure will significantly reduce the backlog of pending appeals and expedite	The government response is noted, however, I will keep making follow ups on the improvement on the pending appeal cases during my next audit.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
20.	2017/18	<b>Inefficiency in handling and resolving Tax Objections</b> The Government should expedite handling of tax objection applications in order to resolve the overdue tax objections. This can be done by increasing the number of competent and experienced personnel in Tax Audit Unit and Technical Services Unit; and strengthen its tax assessment process.	recovery of payable taxes. The Court of Appeal has also prioritized tax appeals hence include them in every hearing session and delivered judgments and rulings expeditiously.	I will keep making follow up to ensure that the remaining tax objections are settled.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
21.	2017/18	VAT not paid TZS 4,417,426,199.94, Long outstanding tax arrears TZS 114,463,396,095.22 and Outstanding fines from tax offences TZS 723,311340 The government should exert more efforts in collection of all taxes in arrears. This can be achieved by making arrangement with taxpayers to settle their tax liabilities through installments and enforcing the current tax amnesty for interest and penalties to ensure that all outstanding taxes	34,485,974,108.75, for LTD, 22 objections with monetary value of TZS. 29,496,581,046.85 have been resolved and more effort is being exerted to clear the remaining balance of 32 cases worth TZS. 4,989,393,061.90	I acknowledge the effort made by TRA in ensuring the collection of the outstanding VAT. I still urge the authority to ensure fully collection of the outstanding amount.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		are recovered without further delays.			
22.	2017/18	<b>Weaknesses in tax audits and tax assessments</b> The government should make thorough verification of taxpayers' financial statements, VAT returns analysis, returns of income and other information submitted by taxpayers to ensure that they depict true affairs of taxpayers, and take strict measures according to the law to taxpayers who submit wrong/falsified information. Make close follow ups to taxpayers to ensure that PAYE, SDL and withholding taxes are remitted timely to TRA.	Government has noted the audit recommendation. The management of TRA is compiling the evidences for 76 months which will be submitted to CAG for verification. Also TRA is enhancing in-house training on tax assessment techniques to auditors in order to improve performance.	Submission of mentioned evidences is awaited for verification	Not implemented
25.	2017/18	<b>Assessment over efficiencies in revenue collection</b> <ul style="list-style-type: none"> <li>The Government should strengthen controls in managing the processes and procedures of airport and port</li> </ul>	TZS 972,772,705 and USD 1,495,234 resulted from the difference between number of passengers remitted to TRA in Form AS-1 by Airline Operators	The improvement in the noted inefficiencies in the revenue collection is still assessed to	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>service departure charges by ensuring complete information is obtained and confirmation on remittances are supported by the number of passengers embarking at ports and airports to avoid under remittance by taxpayers;</p> <ul style="list-style-type: none"> <li>• Timely reconcile the details of passengers and revenue collected based on records of Tanzania Airport Authority and Port Authority against remittances made by airline operators and marine service companies;</li> <li>• Ensure airline operators and marine service companies file regular returns to TRA indicating number and details of passengers carried by them (airline operators and marine service companies) embarking from airports, private owned airstrips and ports;</li> <li>• Consider conducting a thorough</li> </ul>	<p>and the records manifested by Airline Operators. The remaining amount of TZS 120,360,000 and USD 1,251,400 were not remitted by seven Operators in various airports including Dar es salaam, Dodoma, Bukoba, Mwanza, Kilimanjaro, Songea, Musoma, Tanga, Kahama Arusha na Iringa. The Management is making reconciliation of the differences noted in form AS-1 submitted to TRA, Airlines Operators and Airport Authorities. To strengthen controls on collections, TRA has stationed Resident Officers on major airports starting with JNIA.</p>	<p>ensure all the mentioned controls are strengthened.</p>	



S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>special review on airport and port departure service charges in order to address noted risks in this area which hamper revenue collections;</p> <ul style="list-style-type: none"> <li>Recover all unremitted airport and port departure service charges from airline operators, Tanzania Airport Authority and Marine Company;</li> </ul>			
26.	2017/18	<p><b>Disposal/transfer of exempted motor vehicles to non-beneficiaries without payment of duties TZS 114,524,502</b></p> <p>a) Government to strengthen controls and make close monitoring of exemptions to motor vehicles to avoid possible misuse by the beneficiaries including disposal or transfer of the same without payment of duties.</p> <p>b) Government to collect taxes of TZS 114,524,502 on the disposed exempted motor vehicles,</p>	Government has noted the auditor's recommendation and will strengthen controls and make close monitoring of exemptions to motor vehicles. The taxes which were not collected will be followed up and evidence for collection will be submitted for audit verification.	The government's response is noted, however, its implementation will be verified during my upcoming audits.	Not Implemented

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		including penalties/fines for non-compliance with the EACCMA Act.			
27.	2017/18	<p><b>Assessment of controls over exempted fuel imported for consumption in mines</b></p> <p>a) Government to recover taxes on exempted fuels transferred to subcontractors and other non-beneficiaries amounting to TZS 401,332,896.</p> <p>b) The Government has to conduct frequent monitoring and inspection of the beneficiaries of the exemptions to ensure beneficiaries and companies adhere to the requirements of the legislations and avoid losses arising from abuses and misuse of tax exemptions.</p>	<p>a) Demand letter with ref TRA/CCE/OPM/11/55 /2018 was issued to Bulyanhulu Gold Mine Ltd demanding the duties and taxes. The Mining Company has disputed and appealed to Tax Revenue Appeals Board vide appeal number 27 of 2019. TRA awaits for TRAB's decision.</p> <p>b) In respect of misuse of tax exemptions, the Government through TRA will continue to conduct frequent monitoring and inspection of the beneficiaries of the exemptions so as to</p>	<p>The government response is noted, the TRAB's decision is awaited. But the TRA is also insisted to ensure effective controls over exemption on fuels are in place.</p>	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
28.	2017/18	<p><b>Weaknesses noted during assessment of Controls over Tax Exemptions on fuel consumed by Strategic Investors</b></p> <p>a) Government has to issue Government Notice on time to avoid companies to operate without Government Notices.</p> <p>b) The Government has to renew Government Notices for exempted fuel on time to avoid controls breakdown that may lead to loss of government revenue when Government Notices are issued retrospectively.</p> <p>(c) Government should thoroughly check the accuracy of quantity of fuel submitted for tax refund by verifying and re-computing figures in the</p>	<p>a) The Government will issue and/or renew Government Notice on time to avoid companies to operate without Notices;</p> <p>b) The Government will continue to check thoroughly, the accuracy of quantity of fuel submitted for tax refund by verifying and re-computing figures in the reports basing on machine (s) hours and rate of consumption before granting tax refunds.</p> <p>c) TRA has issued Demand Note for recovering overpaid tax refunds to</p>	<p>I acknowledge the effort done by TRA by issuing the demand note to ensure collection of the tax from M/s Kagera sugar and M/s Mount Meru Ltd. The recovery will be verified.</p>	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>reports basing on machine (s) hours and rate of consumption before granting tax refunds.</p> <p>d) Government has to conduct a thorough verification of fuel consumed by strategic investors and keep records/evidences before granting approval for payment of tax refunds.</p> <p>e) To recover the overpaid tax refunds of TZS 122,109,804.40 from Kagera Sugar Limited and Mount Meru Millers Limited.</p>	<p>Kagera Sugar and Mount Meru Millers Limited through demand letters with ref. number TRA/CE/OPM/04//2019 and TRA/CE/OPM/05/88/2019 respectively.</p>		
29.	2017/18	<p><b>Ineffective controls over collection of taxes and management of goods under Inland Containers Depot (ICDs)</b></p> <p>a) Make timely follow up with importers/Clearing and forwarding Agents and ensure that all assessment declarations are paid on time, including collection of TZS 4,734,719,220.80 plus any penalty or accrued interest as per</p>	<p>i) Payment information on duties and taxes amounting to TZS. 3,875,869,752 were submitted to the Auditor for verification. Efforts are being made to obtain documentary evidence of payment for the remaining</p>	<p>The government response is noted towards the progress of implementation of my recommendation.</p>	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		<p>requirement of Sec. 249 of the EACCM, 2004.</p> <p>b) Strengthen controls over goods deposited in customs warehouses by ensuring that proper actions are taken to dispose goods timely and in a manner deemed appropriate as required by the law.</p> <p>c) Timely conduct auctions at reasonable prices on all overstayed goods and any other actions deemed reasonable to dispose the overstayed goods.</p>	<p>balance amounting to TZS. 858,849,468.80.</p> <p>ii) Most of the referred transactions were cancelled declarations that did not complete the process. TRA is making efforts to ensure that CFAs complete cancellation of declarations on time, where it is envisaged necessary to cancel.</p> <p>iii) The Government through TRA will strengthen controls over goods deposited in customs warehouses by ensuring that proper actions are taken to dispose goods timely.</p>		

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
30.	2017/18	<p><b>Inadequate controls and monitoring over transit cargo and export goods</b></p> <p>i) Government strengthens controls over transit cargo by complying with transit control procedures to avoid illegal localization and loss of government revenue.</p> <p>ii) Government recovers taxes amounting to TZS 57,748,315,692.68 being taxes on non-exportation transit cargo (dry cargo and fuel).</p> <p>iii) Government recovers VAT of TZS 649,451,067.85 from goods not exported, and to strengthen controls over exported goods such that all customs procedures must be completed before goods are exported.</p>	<p>i) Government through TRA will continue to strengthen controls of transit cargo to ensure the goods reaches the intended destination.</p> <p>ii) The documentary evidence for the clearance of goods with Bond enforce worth TZS. 54,147,684,511.20 have been submitted for verification. Follow-ups are being made to obtain and submit documentary evidence for the remaining balance of TZS. 2,951,180,113.68 for verification.</p> <p>iii) Documentary evidence for the clearance of exports of goods with VAT amounting to TZS. 649,451,067.85 have</p>	<p>The government response is noted towards the progress of implementation of my recommendation.</p>	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			been submitted to auditor for verification.		
31.	2017/18	<b>Misstatement of disbursements due to inadequate Internal Control in Recording and Reporting</b> The government should verify all disbursements from receiving parties/implementing agents prior to recording the same as disbursements in CS-DRMS. Also consider designing controls that will enable accuracy of financial statements data taken from CS-DRMS.	The Government has made some effort to improve internal control over recording and reporting of disbursements. Regarding the mode of receiving disbursement notifications, Government took corrective measures whereby a special team was formed to conduct a study on the best way in respect of disbursement flows. Once the report is ready, proper action will be taken to solve the currently existing challenge.	The government response is noted towards the progress of implementation of my recommendation. However, the report and the actions taken are awaited.	Under implementation
32.	2017/18	<b>Delay in Debt Servicing with Bot- 212.7 billion</b> Government is advised to (i) promptly effect payment of	The Government has set aside funds in financial year 2018/19 and by end of June 2019 the	The government response towards the progress of implementation of	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		liquidity management costs and Interest on overdraft to comply with BOT Act 2006 and MoU. An enhancement to the budget of Vote 22 to accommodate repayment of such charges is the right option going forward, and (ii) consider making necessary amendments to the Bank of Tanzania Act 2006 to allow the Bank set off any government obligations against her share of dividends whenever government has obligations with the BOT. Both measures will enable ever-growing arrears of liquidity management costs and interests to be avoided in future.	obligation will be fully settled upon completion of verification. Regarding amendments to the Bank of Tanzania Act 2006 to allow the Bank set off any government obligations it will be contrary to:- i) Article 135 of the Constitution of the United Republic of Tanzania which requires that, All revenues and moneys raised or received for the purposes of the Government to be paid into and from the Consolidated Fund and; ii) IPSAS 1 which stipulates that, assets and liabilities, and revenue and expenses, may not be offset unless offsetting is permitted or	my recommendation is noted. However, the fund set aside by the government for the FY 2018/2019 to settle the obligation will be verified during next audits.	



S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			required by another IPSAS.		
33.	2017/18	<b>Failure to recognize Payables arising from pension contribution in arrears</b> The government should consider, utilizing its available software including Lawson and GSPP in obtaining real-time data regarding payable statutory contributions and pay the same timely in order to avoid unnecessary arrears to the government and understatement of payables.	Management has noted the concern, and will look into possibility of utilizing the available software to handle the matter.	The government response is noted towards the progress of implementation of my recommendation.	Under implementation
34.	2017/18	<b>Overstatement of terminal benefits by employers - TZS 282,975,824.31</b> Anomalies raise concern over the adequacy of the review mechanism of pension papers, capacity of the preparers and reviewers in terms of competence and experience on pension matters and laws, and documentation of pension files on the side of employers.	The Government will continue to conduct practical training to the Government entities entitled to prepare and review pension papers on matters relating to pension documentation and laws; to improve their capacity and hence	The government response is noted towards the progress of implementation of my recommendation.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
35.	2017/18	<b>Inappropriate Disclosure and Measurement of Equity Investments Held for Trading</b> The previous year's recommendation is reiterated; the Government should measure equity investments held for trading at fair value and disclose key (relevant) information on the acquired shares	accurate pension computation.  The Government through the Office of Treasury Registrar will comply with the requirement of IPSAS 29, Financial Instruments disclosure, to ensure that proper measurements are complied with. Furthermore, the Government is of opinion that, IPSAS implementation is still going on therefore compliance issue is now the priority after the lapse of the transitional period. The Entities with equity investment have been directed to comply with the requirement of the IPSAS 29.	The progress towards implementation of my recommendation is noted.	reiterated

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
36.	2017/18	<b>Non-appointment of the Non-Governmental Organization (NGO) Director</b> The Director and the Board need to be appointed and should be independent from the Ministry by exercising its mandate as stipulated under the NGOs Act No. 24 of 2002 amended by Sec. 4 - 11 of Part IV of the Amendment Act No 11 of 2005 and related regulations for the proper management of the NGOs operations.	The Government will implement the audit recommendation by ensuring that the Director and the Board are appointed so as to exercise its mandate as stipulated under the NGOs Act No. 24 of 2002.	The progress towards implementation of my recommendation is noted.	Under implementation
37.	2017/18	<b>Ministerial Advisory Board not Appointed</b> It is recommended that Ministers responsible, to establish the Ministerial Advisory Boards (MAB) as per the requirement of the Act, for an effective management of agencies in achieving their objectives.	The government through the responsible Ministers will ensure that Ministerial Advisory Boards (MAB) are established as per the requirement of the Act.	The progress towards implementation of my recommendation is noted.	Under implementation
38.	2017/18	<b>Challenges facing NPS in the Implementation of Forfeiture and Recovery Laws</b>	The Government has noted the auditor's recommendation and it	The progress towards implementation of	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		The Government is advised to harmonize government organs/ investigative Agencies with a view to establishing a single legislation recognized in the proceedings of Crime Act (Cap. 256 R.E.2002) which deals with the Assets recovery and Forfeited process.	will consider the possibility and practicality of harmonizing government organs/investigative Agencies with a view to establishing a single legislation recognized in the proceedings of Crime Act (Cap. 256 R.E.2002) which deals with the Assets recovery and Forfeited process.	my recommendation is noted.	
39.	2017/18	<b>Low pace in ID Production due to ineffective contract</b> Therefore, the Government to; (a) settle the unpaid contractor claims without further delays and; (b) evaluate the performance of the contractor and deciding on whether to extend the completion period; or enter into a new contractual agreement with another contractor.	National Identification (NIDA) is on progress to upgrade printing capacity of Identity Cards in its Personalization solution. The upgrade shall involve seamless integration on its current ongoing personalization operation without resulting in any	The government response is noted. Follow up of the speed of ID production will continuously be monitored.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			discernible errors or complications with minimum downtime resulting from the upgrading of Personalization. The upgrade will increase ID Production trend and involve the following: i. The Authority is now pursuing a procurement of new printing machines that can provide a throughput of not less than 9000 cards per hour to meet authority target and current production demand. ii. Running 24 hours shifts on the existing printers so that to increase production hours to accommodate current backlog.		

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
40.	2017/18	Escalating hiring costs of motor vehicles by Tanzania Embassies in Moroni and Brasilia TZS 87,461,046.99 The Government through the Management of the Ministry of	iii. Upgrade/corrective maintenance on the existing printers so that to maintain performance and producing to the level targeted when installed. Upon timely purchasing and installation of new personalization machine the Authority will be able to personalize all qualified applications which have been registered and verified by Immigration Department before the end of the year 2019.	The government response is noted. The matter will be verified during my subsequent audits	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
		Foreign Affairs and East African Cooperation should avoid escalating hiring costs incurred by the Embassies by procuring its own vehicles.	depending on the availability of the resources.		
41.	2017/18	<b>Inadequately Expenditure 4,369,240,033.86.</b> The respective Accounting Officers should take note that missing Payment Vouchers are statutorily regarded as cash losses that in return Accountant General has to include them in the Annual Statement of Losses	The Government through the Accountant General has been issuing Circulars to remind the Accounting officers and Chief Accountants to ensure that all payments made by them are adequately supported. As of recent, the Government issued Circular No. 6 on preparation of financial reports and closure of the financial year 2018/19; where section XXXV emphasizes the need to ensure adequate accounting procedures are adhered to avoid unnecessary audit queries.	The government response is noted. Verification will be done on individual reports to ensure its implementation.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
42.	2017/18	<b>Unclaimed Withholding Taxes Amounting to TZS 722,173,494.09</b> The Management of respective entities to ensure that the outstanding withheld taxes are paid without delay and in the future withholding tax should be appropriately deducted and remitted to the Commissioner as required by aforementioned citations.	The Government will continue to remind the Accounting Officers to ensure that the outstanding withheld taxes are paid without delay, and in the future withholding tax are timely and appropriately deducted and remitted to the Commissioner as required by aforementioned citations.	The government response is noted.	Under Implementation
43.	2017/18	<b>Payments not supported with Electronic Fiscal Devices (EFD) Receipts worth TZS 1,432,407,818.97</b> The respective Accounting Officers should engage with suppliers using EFD machine or invoices linked with TRA and in the future the compliance with tax laws should be observed accordingly.	The Government will keep on reminding Accounting Officers to engage with suppliers using EFD machine or invoices linked with TRA, to comply with tax laws.	The government response is noted.	Under Implementation



S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
44.	2017/18	<b>Abandoned, Partially completed and undeveloped plots</b> The Government should establish effective housing construction plans since; planning plays an important role in ensuring the housing projects are completed within the specified budget. Success is contingent on the availability of funding and the Government commitment to complete the established buildings. I called upon the Government to look for alternative sources of finance in order to accomplish construction of buildings, rehabilitation and development of acquired plots.	The Government has developed 15 years Plan 2017/2018 - 2031/2032 focusing on building, acquisition and rehabilitation of Tanzania Embassies office and residential buildings. Some of projects planned to be implemented are under this Plan includes rehabilitation of Tanzania Missions office and residential buildings in Harare, Zimbabwe, Kampala, Uganda; Beijing, China; Pretoria, South Africa; Cairo, Egypt; Lilongwe, Malawi and Kinshasa, DRC; and Washington DC, USA. It also intends to implement the construction of Ambassador's residence in Addis Ababa, Ethiopia;	The developed plots to all the mentioned embassies and commissions will continuously be assessed.	Under implementation

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			office buildings in Bujumbura, Burundi and office building in Muscat, Oman. In the financial year 2019/2020, the Government through Ministry of Foreign and East Africa co-operation has set aside budget of <b>TZS. 4,000,000,000.00</b> for implementation of various development projects.		
45.	2017/18	<b>Inadequate Maintenance of Asset Register</b> It is advised that the noted Entities should update the Asset register timely so as a proper system of tracking their assets can be established and for proper reporting. An up-to-date fixed asset register serves as audit evidence that need to express opinion on the credibility of a financial statement.	The Government is continuing with the process of enhancing asset recognition and preparation of asset register. In enhancing this, the revised guideline on asset management 2019 was issued and published in the MoFP web site. Follow up on compliance of the guideline and	The follow ups to ensure maintenance of assets register across the government entities will be assessed during my subsequent audits.	Under Implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			preparation of asset register will be expedited.		
46.	2017/18	<b>Neither Disposed off nor serviced Grounded motor vehicles</b> Government is advised to implement a procedure for annual review of the condition of all vehicles and other equipment and to record the information in an Asset register, this will enable Accounting Officers to make decisions on disposal of unserviceable assets or which do not have a useful economic life.	The Government will make follow up to all MDAs on the compliance with the requirement of Public Finance Regulations 253-255 on surveying and disposing un-serviceable assets.	The follow ups will be assessed during my subsequent audits.	Not Implemented
47.	2017/18	<b>Absence of Ownership documents for Government Land and Buildings</b> Director of Government Asset Management under the Ministry of Finance is advised to expedite the Entities efforts to acquire the Title deeds by liaising with the relevant Authorities.	As per Reg. 8 (7) of the Public Finance Act, 2001 and Public Assets Management Guidelines (RE.2019), The Government through Ministry of Finance and Planning vide circular No. 3 of 2016/17 with Ref.	I will make follow ups on the availability of ownership documents for government's lands and buildings.	Under Implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
48.	2017/18	<b>Payments to Supplier above Contract Price USD 148,243.73</b> It is recommended that a refund of additional payments by Supplier and institution of legal and disciplinary measures to NEC officials who colluded with Supplier and misappropriated public money.	EB/AG/FNA/16/VOL. 1/76 dated 27 <sup>th</sup> December, 2016 issued directives to all Accounting Officers in Government institutions including Ministries, Agencies and Regional Secretariats, Local Government Authorities and State Owned Enterprises to ensure that assets are identified, valued and title deeds are obtained from relevant Authorities.	Government's response is noted, I will verify the implementation when the PCCB investigation will be finalized and the disciplinary	Under Implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			<p>11<sup>th</sup> April 2019 to Prevention and Combating of Corruption Bureau (PCCB) to proceed with Legal Procedures for employees who are suspected to collude with supplier. Letter with Ref. No. IE/018/2012/2013/HQ/G/19A/01 dated 13<sup>th</sup> June, 2019 has been written to supplier to account for and provide clarification on the USD 148,243.73 paid over and above the contract value of USD 385,650 paid for the training of technical team that was scheduled to be conducted in the Netherlands but not undertaken.</p>	<p>actions taken to those who are involved in misappropriation of public money.</p>	

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
49.	2017/18	Payment for Construction Works Not Certified by Consulting Engineer TZS 5,482,610,339.86 and fraudulent Payments of TZS 570,508,125 It is recommended the TAA to initiate the investigation on PV. No 10 and 03 before handling project and refund of retention money to the Contractor.	The Government has initiated an Investigation through relevant organs. Though the entire amount overpaid has been deducted from the amount due to the contractor through the settlement agreement dated 29 <sup>th</sup> April, 2019. However the retention money is still not paid until the completion of investigation.	The government's response is noted, the matter will be verified after submission of investigation report and respective disciplinary actions taken.	Under Implementation
50.	2017/18	Different Prices were charged for Similar AFIS Gadgets and leading to Overpayment of TZS 556,647,610 Legal and disciplinary measures should be taken against all responsible officers who contributed to the loss of TZS 556,647,610.	The case is under investigation by different Government Agencies and once the investigation report is out the proper measures will be taken accordingly.	The government's response is noted, the matter will be verified after submission of investigation report and respective disciplinary actions taken.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
51.	2017/18	<b>No Training for 30 Experts Costing TZS 604,390,244</b> The training of 30 experts finalized by M/s Lugumi Enterprises Limited or refund training costs paid.	MS Lugumi Enterprises has been instructed to train 30 experts as stipulated in contract number ME.014/PF/2011/2012/G/12 Lot 1 or refund TZS 604,390,244 paid to him.	The government's response is noted, I am waiting for the delivery mentioned service(s) as per contractual terms and/or refund of the money.	Under implementation
52.	2017/18	<b>Missing 58 Dell Optiplex Monitors with 22 Inches Model L2250p costing TZS 159,166,100</b>  Legal and disciplinary measures be instituted against Forensic Unit officials for failure to maintain custody of 58 Dell Optiplex Monitors.	MS Lugumi Enterprises has written the commitment letter with no reference Number dated August 01, 2018 to Permanent Secretary/Ministry of Home Affairs committing himself to replace all 271 Dell Optiplex Monitors With 22 Inches.	The government's response is noted, I am waiting for the delivery the items questioned.	Under implementation
53.	2017/18	<b>Payment to supplier for service not executed TZS 3,304,000,000</b> The completion of maintenance and support services by the M/S Lugumi Enterprises Limited to twenty six (26) regions as stated in the signed contract.	MS Lugumi Enterprises has been instructed to complete the service maintenance as stipulated in contract No ME.014/PF/2011/2012/G/12 Lot 1	The government's response is noted, I am waiting for the delivery mentioned	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
54.	2017/18	<p><b>Payments for Undelivered 213 Dell Monitors "22" Inches ("L2250P 22" Wide Hybrid 0282 TCO-5.0 1680X105075Hz) Costing TZS 431,658,635</b></p> <p>The Tanzania Police Force not to accept delivery of these monitors as they are virtually incompatible with the AFIS. M/S Lugumi Enterprises Limited be required to refund TZS 195,221,682.</p>	<p>Lugumi Enterprises has been ordered to refund TZS. 195,221,682 paid to him for undelivered 213 Dell Monitors "22" inches as per contract No.ME.014/PF/2011/2012 /G/12.</p>	<p>The government's response is noted, I am waiting for the delivery the items questioned.</p>	Under implementation
55.	2017/18	<p><b>Payments for Police Uniforms not delivered to Police Quarter Master Store TZS 16,660,000,000</b></p> <p>The refund by the M/S Daissy General Traders for uniforms not delivered and the imposition of legal and disciplinary measures to all police officials involved in</p>	<p>The investigation for this case is underway by different Government agencies and once the investigation report is out the proper measures will be taken accordingly.</p>	<p>The government's response is noted, the matter will be verified upon completion of investigation and respective actions.</p>	Under Implementation



S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
56.	2017/18	<p><b>Irregularities noted in the procured 777 Ashok Leyland vehicles USD 29,606,100</b></p> <p>There should be replacement of 22 Vehicles worth USD 572,506 found defective and rejected by the Tanzania Police Force and immediate delivery of remained 280 vehicles worth USD 6,759,648 and spare parts worth USD 5,510,429 as such avoiding recurring commitment charges on the unutilized loan balance of USD 13,477,570.30. Also, the Government should always analyze all loans critically and desist from loans with commercial terms that seem to be expensive. Moreover, encourage the National and Debt Management Committees to act professionally and apply all procedures stipulated in Government loans,</p>	<p>The 22 Vehicles are in process to be returned back to the owner namely Ashok Leyland. Tanzania Revenue Authority has issued guideline stipulated with the letter with Ref. Na. TRA/CE/CSC/C.20/6 dated 30<sup>th</sup> May, 2019 directing the procedure to be followed.</p>	<p>The government's response is noted, however; the delivery of 22 vehicles is awaited to be verified.</p>	Not Implemented.

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
57.	2017/18	<b>Payments to Supplier above Contract Price USD 148,243.73</b> It is recommended that refund of additional payments by Supplier and institution of legal and disciplinary measures to NEC officials who colluded with Supplier and misappropriated public money.	Due to most of the stall involved being retired from civil servant services, the Management of NEC has wrote a letter with a reference number CJB.152/237/01 dated 11th April 2019 to Prevention and Combating of corruption Bureau (PCCB) to proceed with legal procedures for employees who are suspected to collude with supplier, Another letter with reference number E/015/2012/2013/HQ/G /19A/01 dated 43t5 June 2019 has been wrote to Supplier to	Government's response is noted, I will verify the implementation when the PCCB investigation will be finalized and the disciplinary actions taken to those who are involved in misappropriation of public money.	Under implementation

S/N	Financial Year	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response	Status
			account for and provide clarification on the USD 148,243.73 paid over and above the contract value and USD 385,650 paid for the training of technical team that was scheduled to be conducted in the Netherland but not undertaken.		

### Appendix 3. 2: Follow up on the implementation of the PAC's Directives

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
1.	2011/12	Repayment of Government debt to PSPF  The Government was directed to settle immediately accrued debt by PSPF so as to alleviate future financial burden in servicing prospective retirees.	The Government directed the Internal Auditor General to verify all debts due to Social Security Schemes such as PSPF, LAPF, NSSF and GEPF of which the verification process is at final stage of Completion. All verified debts will be consolidated to in order to determine total debts due. The Government is underway to issue Treasury bills to all Social Security Schemes within this financial year.	The government responses are noted. We will assess the implementation during our next Audit.	Under implementation
2.	2011/12	Investigation for allegations on the Construction of VIP lounge at Julius Nyerere International Airport (JNIA)  PAC directed the Government through its organs like PCCB to	The Government of Tanzania paid a total of TZS 1,042,286 ,911.00 only in the whole project and; In that view the Government did not get a loss of 9.0 Billion as indicated by PAC.	Criminal investigation are yet to be concluded as directed by PAC	Under implementation.

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		undertake criminal investigation in respect of individuals alleged to be involved in causing loss of more than TZS 9.0billion to the Government and take appropriate legal action.			
3.	2014/15	Insufficient funds for Public Investments The PAC recommended Establishment of special investment fund under the Treasury Registrar by using retention scheme so that the money in that fund may be used as capital to invest or acquire additional shares in institutions under	The PAC directives are taken into account. The office of Treasury Registrar has included the recommendations of establishing special investment fund to the cabinet paper which is proposing enactment of new TR act.	There were no updated response from the Government for current year status	Under implementation

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		which the Government holds shares			
4.	2015/16	Long outstanding account receivable for SUMA JKT by various individuals and Institutions The Government to conduct thorough scrutiny so as to identify the procedures used in providing credit facility of tractors to various individuals and Institutions. The SUMA JKT AUCTION MART for the Government to take strict measures according to the terms of credit facility contracts so as to collect overdue receivables. The Government to take strict measures of eliminating	Up to 30 February 2018, National Service Corporation Sole had total outstanding Accounts Receivables of TZS. 47,249,129,569. The follow-up Measures were taken by SUMA JKT to ensure effective collection of Accounts Receivable;  The Management has established the SUMA JKT AUCTION MART for the purpose Of strengthening debts collection mechanism.  The management has shortlisted the names of members of the Parliament (Debtors) to Assembly Clerk in order to	Management response noted. Follow ups to be made on next year audit	Under implementation

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		shortfalls in providing credit facility and individuals who will be found guilty in the respective credit facility.	deduct in their salaries as directed by PAC with reference letter SUMA JKT 187- 1 (CEO) on date 03 November 2017.  The management has shortlisted all names of Civil servant (debtors) to the Paymaster General in order to deduct in their salaries and Pension as directed by PAC with reference letter SUMA JKT 187.2/CEO dated 03 November 2017.  The Management has improved internal management by increasing the number of professionals Accountants, Lawyers, Market and procurement officers in order to increase efficiency in the Project.		
5.	2015/16	Misuse of Public monies in Association of Local Authorities (ALAT) TZS 523,929,646.06  The Government is advised to take legal and	Disciplinary and Legal action have already been taken to the officers who were proved to cause the losses of the ALAT funds. ALAT through Executive Committee Meeting held in	Management response noted. Follow ups to be made next year audit.	Under implementation

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		disciplinary measures to all officers who were involved in this malpractice.	31 January, 2018 to 2 February, 2018 recommended/approved the disciplinary and Legal action to be taken. The status is as follow: vi) Accountant charged and suspended from working (Disciplinary action is on progress) Termination of contracts of three officers (Legal, Research and Financial Manager); and Firing of two officers (EX-Secretary General and Information and communicating officer). Furthermore, the legal action is on progress to all of them through PCCB.		
6.	2015/16	Un refunded money collected by TRA on behalf of other MDAs The Government through Ministry of Finance to fully implement Legal condition and regulation	In efforts to improve Government Revenue collection, the Government made decision for some sources of revenue to be collected by TRA considering level of efficiency and systems that are already developed within TRA. Further, it should	Management response noted. Follow ups to be made next year audit	Under implementation



S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		concerning revenue collected by TRA and then refund the same to the respective institution.	remember that the Government abolished the Retention system in 2016/17 following enactment of Budget Act No. 11 of 2015 phase 58(a) to (c) which emphasize that all Government revenue should be collected and remitted to the Government. Consolidated Account and that the respective institutions will be disbursed with funds in accordance with their approved budget.		
7.	2017/18	Presence of large amounts of tax revenue collected by the Tanzania Revenue Authority (TRA) due to a number of factors such as inaccurate	Following this decision, allocation of funds to all MDAs will be done in accordance with their approved budget.  The TRA Debt Management Units have been aligned and worked out collection strategies for follow up and prompt recovery of previous as well as current outstanding taxes. The strategies are based on updated Tax payer's data	The government response have noted and the government's strategies to institute controls on tax appeals. Likewise, the	Under implementation

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		tax estimates as well as tax disputes which are not timely resolved.		collection strategies on the outstanding tax liabilities based on updated 'Tax payers' data will be verified in my upcoming audit.	
8.	2017/18	Unsatisfactory management of the specific construction and renovation contracts in the Ministry of Education, Science and Technology, which resulted to an increase in construction costs that led to losses to the Government under the following areas Construction of dining hall at Mpuguso teachers college TZS 3,814,349,468.	Permit for construction was granted on 4/9/2019 and the construction work in progress Construction activities are at final stage of completion for lot 2 and expected to be handed over on 28/02/2020 by Contractor M/S Lukolo  At Kitangali TC, Contractor M/S Engineering Construction ltd has handed over teachers houses and the houses are already occupied, The construction activities for lot 2 at Kitangali TC are at final stage of completion.	At Mpuguso TC, Management response has been noted. Follow up on construction of assembly hall will be made on 2019/2020	Under Implementation

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		Construction and renovation of Kitangali Teachers College TZS 2,167,873,042. Construction and renovation of Shinyanga Teachers College TZS 4,891,555,788,	At Shinyanga TC, Construction activities are at final stage of completion for and expected to be handed over on 31/3/2020 by Contractor M/S Afrig Engineering & Construction Co Ltd.		
9.	2017/18	Delays in Implementation of Tanzania Building Agency's Projects (TBA). TBA has to improve and strengthen supervision and management of Projects to ensure that all projects are commenced and finalized within the agreed timeframes of the Contract; and; TBA has to design effective mechanisms for the	No up response	The current review of the TBA projects indicates that most of the projects are still in progress in progress, therefore, I am of the view that, the progress to improve and strengthen project supervision and internal controls is	Under implementation

S/N	Financial Year	PAC Directives	Response by Government	Audit comments	Status
		management of internal controls in the implementation of projects especially in the area of expenditure management, building materials and human resources to speed up the implementation of the Projects.		still a challenge to TBA.	

#### Appendix 4. 1: Estimates, Exchequer issues and Actual Expenditure for Supply Vote

VOTE	MINISTRIES	APPROVED ESTIMATES	EXCHEQUER ISSUED AND RECEIVED	ACTUAL EXPENDITURE	(UNDER)/OVER RELEASE	UNUTILIZED FUND/(OVER UTILIZATION)
26	Vice President	6,777,655,920.05	6,206,361,578.05	6,145,236,151.25	(571,294,342.00)	61,125,426.80
31	Vice President's Office	10,002,082,523.28	8,539,126,919.61	8,531,796,448.07	(1,462,955,603.67)	7,330,471.54
34	Foreign Affairs & Inter-Cooperation	170,877,596,563.55	138,176,767,123.24	134,376,081,255.68	(32,700,829,440.31)	3,800,685,867.56
37	Prime Minister's Office	17,427,714,000.00	12,277,917,980.00	12,277,905,813.33	(5,149,796,020.00)	12,166.67
41	Constitutional and Legal Affairs	7,147,831,721.00	7,102,853,455.00	7,101,620,455.00	(44,978,266.00)	1,233,000.00
43	Agriculture, Food Security & Cooperative	68,171,440,331.90	60,471,709,174.23	60,105,258,437.43	(7,699,731,157.67)	366,450,736.80
44	Ministry of Industry, Trade and Investment	26,138,137,394.00	25,925,864,154.00	25,924,644,154.24	(212,273,240.00)	1,219,999.76
45	National Audit Office	62,190,532,057.00	47,405,405,757.00	47,387,087,104.00	14,785,126,300.00)	18,318,653.00
46	Education and Vocational Training	481,218,847,692	459,501,018,087.10	57,859,213,800.00	(21,717,829,604.90)	1,641,804,287.10
48	Lands and Human Settlement	48,264,474,527.10	40,210,277,951.10	40,157,517,257.92	(8,054,196,576.00)	52,760,693.18
49	Water and Irrigation	24,363,869,000	21,145,327,351	21,040,755,657.02	(3,218,541,649.00)	104,571,693.98
50	Finance	72,507,403,444.95	71,141,795,650.22	69,910,134,574.64	(1,365,607,794.73)	1,231,661,075.58
51	Home Affairs	20,567,678,000.00	18,589,311,130.05	18,589,311,130.05	(1,978,366,869.95)	0.00
52	Health and Social Welfare	362,728,907,732	361,976,018,460	361,976,018,461.00	(752,889,272.00)	-1.00
53	Community Development, Gender & Children	28,057,976,592.00	22,303,643,861.60	22,269,010,629.41	(5,754,332,730.40)	34,633,232.19
56	Regional Administration & Local Government	43,524,438,364	35,575,296,951	35,551,560,373.03	(7,949,141,413.00)	23,736,577.97
57	defense and National Service	19,827,132,646.00	16,711,032,156.95	16,711,032,156.95	(3,116,100,489.05)	0.00

VOTE	MINISTRIES	APPROVED ESTIMATES	EXCHEQUER ISSUED AND RECEIVED	ACTUAL EXPENDITURE	(UNDER)/OVER RELEASE	UNUTILIZED FUND/(OVER UTILIZATION)
58	Energy	28,230,870,306.34	23,461,595,367.34	23,022,467,785.88	(4,769,274,939.00)	439,127,581.46
60	Ministry of Industry, Trade and Investment	20,084,987,750.42	20,062,968,748.42	20,057,748,734.00	(22,019,002.00)	5,220,014.42
62	Works, Transport and Communication -Transport	92,468,885,005.37	89,949,434,991.61	89,936,884,181.07	(2,519,450,013.76)	12,550,810.54
64	Ministry of Livestock Development and Fisheries- Fisheries	14,816,400,000	14,296,981,787	14,287,182,387.00	(519,418,213.00)	9,799,400.00
65	Labour, Employment & Youth Development	14,648,110,287.74	12,107,173,689.80	12,085,530,190.25	(2,540,936,597.94)	21,643,499.55
68	Works, Transport and Communication- Communication	4,503,347,754.97	3,904,840,030.97	3,902,584,164.49	(598,507,724.00)	2,255,866.48
69	Natural Resources And Tourism	86,332,766,543.15	60,970,439,198.66	60,941,979,303.65	(25,362,327,344.49)	28,459,895.01
96	Information , Culture And Sports	32,292,414,450	29,277,375,444	29,241,576,056.31	(3,015,039,006.00)	35,799,387.69
98	Works, Transport and Communication -Works	43,907,615,755.20	42,601,134,846.85	42,597,223,709.49	(1,306,480,908.35)	3,911,137.36
99	Livestock Development And Fisheries-livestock	33,268,397,125.48	27,706,139,362.71	27,703,875,602.46	(5,562,257,762.77)	2,263,760.25
100	Ministry Minerals	41,937,561,332.00	34,802,306,862.00	34,768,445,863.27	(7,135,254,470.00)	33,860,998.73
<b>REGIONS</b>						
36	Katavi	4,039,988,573.00	3,119,178,174.00	3,081,075,973.62	(920,810,399.00)	38,102,200.38
47	Simiyu	4,767,712,088	4,569,434,197	4,543,600,577.13	(198,277,890.60)	25,833,620.00
54	Njombe	5,206,443,303	4,095,241,102	4,095,184,705.43	(1,111,202,201.00)	56,396.57
63	Geita	5,861,386,144	4,654,332,733	4,654,332,733.00	(1,207,053,411.00)	0.00
70	Arusha	12,538,482,432	7,961,279,217	7,961,279,216.66	(4,577,203,215.34)	0.00

VOTE	MINISTRIES	APPROVED ESTIMATES	EXCHEQUER ISSUED AND RECEIVED	ACTUAL EXPENDITURE	(UNDER)/OVER RELEASE	UNUTILIZED FUND/(OVER UTILIZATION)
71	Pwani	6,727,099,000	5,804,033,673	5,804,033,673.00	(923,065,327.00)	0.00
72	Dodoma	12,227,077,855	8,291,380,428	8,291,349,970.46	(3,935,697,427.00)	30,457.54
73	Iringa	9,486,856,400.00	6,559,887,714.00	6,557,887,454.40	(2,926,968,686.00)	2,000,259.60
74	Kigoma	6,827,630,567	5,114,746,807	5,086,646,886.00	(1,712,883,760.00)	28,099,921.00
75	Kilimanjaro	11,492,202,317	7,718,450,319	7,714,475,741.28	(3,773,751,998.00)	3,974,577.72
76	Lindi	7,728,533,734.53	5,461,757,983.52	5,452,607,983.52	(2,266,775,751.01)	9,150,000.00
77	Mara	8,859,324,381	5,446,834,081	5,388,364,933.47	(3,412,490,300.00)	58,469,147.53
78	Mbeya	9,261,970,027.00	5,680,503,413.00	5,680,145,986.00	(3,581,466,614.00)	357,427.00
79	Morogoro	14,885,001,622	9,843,160,380	9,841,920,395.07	(5,041,841,242.00)	1,239,984.93
80	Mtwara	7,755,486,264.00	7,280,396,967.71	7,280,396,967.71	(475,089,296.29)	0.00
81	Mwanza	10,796,042,527	6,288,447,585	6,274,456,926.00	(4,507,594,942.00)	13,990,659.00
82	Ruvuma	10,873,506,943.24	6,966,389,809.94	6,891,043,208.94	(3,907,117,133.30)	75,346,601.00
83	Shinyanga	7,656,607,552.00	5,296,562,649.00	5,296,562,649.00	(2,360,044,903.00)	0.00
84	Singida	9,044,515,445	6,422,555,063	6,244,905,751.74	(2,621,960,382.00)	177,649,311.26
85	Tabora	11,427,547,440	6,396,130,672	6,391,433,175.50	(5,031,416,768.00)	4,697,496.50
86	Tanga	11,464,546,311	8,227,754,411	8,172,301,578.14	(3,236,791,900.00)	55,452,832.86
87	Kagera	10,636,489,640	6,967,543,640.00	6,967,543,640.00	(3,668,946,000.00)	0.00
88	Dar es Salaam	5,024,914,848.81	4,474,593,973.81	4,438,211,182.76	(550,320,875.00)	36,382,791.05
89	Rukwa	4,310,644,617.00	3,719,467,807.00	3,651,280,043.51	(591,176,810.00)	68,187,763.49

VOTE	MINISTRIES	APPROVED ESTIMATES	EXCHEQUER ISSUED AND RECEIVED	ACTUAL EXPENDITURE	(UNDER)/OVER RELEASE	UNUTILIZED FUND/(OVER UTILIZATION)
90	Songwe	3,766,345,835	3,419,064,464	3,419,064,463.93	(347,281,371.12)	0.00
95	Manyara	7,098,253,200	5,099,993,012	5,095,006,180.87	(1,998,260,188.00)	4,986,831.13
<b>COMMISSIONS</b>						
2	Teachers Service Commission	12,515,260,000.00	9,721,861,000.00	9,721,163,400.00	(2,793,399,000.00)	697,600.00
3	National Land Use and Planning Commission	2,081,926,000.00	1,685,964,200.00	1,685,964,200.00	(395,961,800.00)	0.00
4	PO Records and Archive management	2,969,632,000.00	2,235,119,000.00	2,232,622,016.00	(734,513,000.00)	2,496,984.00
5	National Irrigation Commission	9,227,065,691.82	9,041,053,891.82	8,866,453,191.67	(186,011,800.00)	174,600,700.15
7	Treasury Registrar	54,880,917,300.00	17,429,883,108.78	17,429,883,108.78	(37,451,034,191.22)	0.00
9	Secretariat of Public Remuneration Board	2,148,943,816.82	1,730,162,967.15	1,730,162,967.15	(418,780,849.67)	0.00
10	Joint Finance Commission	2,155,075,000.00	1,739,624,128.00	1,738,904,223.33	(415,450,872.00)	719,904.67
12	Judiciary Commission Service	1,104,731,800	1,063,697,862	1,062,341,932.14	(41,033,938.00)	1,355,929.86
13	Financial Intelligent Unit	2,121,805,800	2,121,805,800	2,093,984,915.62		27,820,884.38
15	Commission for Mediation and Arbitration	3,941,928,298.00	3,210,072,747.00	3,029,235,930.17	(731,855,551.00)	180,836,816.83
18	UNESCO Commission	666,855,000.00	516,980,000.00	516,980,000.00	(149,875,000.00)	0.00
24	Cooperative Development Commission	8,656,906,619.68	7,174,868,223.68	7,173,298,223.68	(1,482,038,396.00)	1,570,000.00
55	Human Rights & Governance	4,960,863,000.00	4,941,210,000.00	4,902,275,083.71	(19,653,000.00)	38,934,916.29
59	Law Reform Commission	3,207,993,400.00	2,937,932,600.00	2,793,731,239.73	(270,060,800.00)	144,201,360.27
61	Electoral Commission	23,915,311,338.00	22,583,309,434.36	22,576,893,012.00	(1,332,001,903.64)	6,416,422.36



VOTE	MINISTRIES	APPROVED ESTIMATES	EXCHEQUER ISSUED AND RECEIVED	ACTUAL EXPENDITURE	(UNDER)/OVER RELEASE	UNUTILIZED FUND/(OVER UTILIZATION)
91	Drugs Control Commission	5,939,553,055.00	5,939,553,055.00	5,916,561,998.94		22,991,056.06
92	Tanzania Commission for AIDS (TACAIDS)	2,630,285,862.52	2,246,959,562.52	2,246,959,562.62	(383,326,300.00)	0
94	Public Service Commission	4,403,479,000.00	3,950,351,185.58	3,950,112,277.83	(453,127,814.42)	238,907.75
<b>DEPARTMENTS WITHIN RESPECTIVE MINISTRIES</b>						
14	Fire and Rescue Force	39,555,216,986.00	36,894,612,786.00	36,894,247,127.92	(2,660,604,200.00)	365,658.08
16	Attorney General	9,985,880,926.00	7,805,786,926.00	7,789,843,787.16	(2,180,094,000.00)	15,943,138.84
19	Office of Solicitor General	5,430,655,578.00	3,841,676,778.00	3,828,443,222.89	(1,588,978,800.00)	13,233,555.11
20	President's Office State House	22,644,912,748	21,763,439,814.83	21,763,439,811.96	(881,472,933.17)	2.87
21	The Treasury	527,183,833,776.14	444,946,720,170.03	443,886,179,464.35	(82,237,113,606.11)	1,060,540,705.68
22	Public Debt and General Services	9,604,970,217,632	9,113,777,738,935	9,100,996,634,657.25	(491,192,478,697.00)	12,781,104,277.75
23	Accountant General's Office	57,382,649,905	51,369,108,037	48,713,069,909.00	(6,013,541,868.00)	2,656,038,128.00
25	Prime Ministers	7,649,193,186.91	7,171,002,686.91	7,170,953,306.82	(478,190,500.00)	49,380.09
27	Registrar of Political Parties	20,562,705,646	20,152,766,370	18,261,728,634.03	(409,939,276.00)	1,891,037,735.97
28	Home Affairs - Police Force	727,248,829,388	715,042,312,188	713,567,977,753.77	(12,206,517,200.00)	1,474,334,434.23
29	Prisons (Ministry of Home Affairs)	225,592,221,910.00	214,886,309,616.28	213,734,828,142.47	(10,705,912,293.72)	1,151,481,473.81
30	President Office and Cabinet Secretariat	439,514,579,045.02	439,266,984,602.46	439,266,915,746.85	(247,594,442.56)	68,855.61
32	President's Office - Public Service Management	32,629,096,895.00	30,505,108,975.67	29,983,719,293.57	(2,123,987,919.33)	521,389,682.10
33	President's office Ethics Secretariat	8,558,001,592.14	7,659,723,224.14	7,635,069,210.00	(898,278,368.00)	24,654,014.14

VOTE	MINISTRIES	APPROVED ESTIMATES	EXCHEQUER ISSUED AND RECEIVED	ACTUAL EXPENDITURE	(UNDER)/OVER RELEASE	UNUTILIZED FUND/(OVER UTILIZATION)
35	Public Prosecution Division	16,532,536,118.90	14,568,829,358.90	14,556,380,817.13	(1,963,706,760.00)	12,448,541.77
38	Defense	1,453,687,740,486.14	1,412,556,473,151.59	1,412,556,473,151.59	(41,131,267,334.55)	0.00
39	The National Service	356,832,344,110.00	352,725,872,130.42	352,725,872,130.42	(4,106,471,979.58)	0.00
40	Judiciary	111,572,133,160.72	107,467,815,724.54	107,467,815,724.32	(4,104,317,436.18)	0.22
42	National Assembly	117,205,487,000.00	114,010,286,347.00	113,932,125,517.78	(3,195,200,653.00)	78,160,829.22
67	Public Service Recruitment Secretariat	2,942,184,295.00	2,504,601,049.24	2,489,558,157.61	(437,583,245.76)	15,042,891.63
93	Immigration Department	67,133,298,524.69	54,095,550,025.00	54,002,889,273.42	(13,037,748,499.69)	92,660,751.58
TOTAL		16,104,391,935,777.60	15,140,562,366,008.40	15,109,626,485,957.70	(963,829,569,769.25)	30,935,880,050.40
Amount in TZS Billions		16,104.39	15,140.56	15,109.63	(963.83)	30.94

## Appendix 4. 2: Estimates, Exchequer issues and Actual Expenditure for Development Vote (Amount in billions TZS)

VOTE	MINISTRIES	Approved estimate (TZS)	Exchequer issue received (TZS)	Actual Expenditure (TZS)	(Under)/ Over release (TZS)	Unutilized Fund/(Over utilization)
31	Vice President's Office	5,063,340,000	2,411,619,538.44	2,411,619,538	(2,651,720,462)	
34	Foreign Affairs & Inter. Cooperation	11,400,000,000			(11,400,000,000)	
37	Prime Minister's Office	36,391,441,000.00	20,697,840,907.09	20,697,840,907	(15,693,600,093)	
41	Constitutional and Legal Affairs	4,176,217,734	2,703,684,617.00	2,703,684,617	(1,472,533,117)	
43	Agriculture, Food Security & Cooperative	100,247,187,349.30	58,822,416,642.83	58,507,281,654	(41,424,770,706)	315,134,988
44	Ministry of Industry, Trade and Investment	93,024,525,000	13,259,221,314.00	13,259,221,314	(79,765,303,686)	
45	National Audit Office	13,712,092,000	2,340,930,884.00	2,340,930,884	(11,371,161,116)	
46	Education and Vocational Training	925,139,762,146.63	767,157,032,138.49	766,531,835,269	(157,982,730,008)	625,196,870
48	Lands and Human Settlement	30,537,602,000	16,858,308,152.46	16,858,307,771	(13,679,293,848)	382
49	Water and Irrigation	671,504,113,290	436,127,604,775.00	436,125,583,223	(235,376,508,515)	2,021,552
50	Finance	27,050,427,086.45	10,956,721,151.72	10,934,125,793	(16,093,705,935)	22,595,359
51	Home affairs	70,558,077,005.20	65,443,077,005.20	65,443,077,005	(5,115,000,000)	
52	Health and Social Welfare	569,789,272,370.33	274,163,321,956.53	273,350,122,463	(295,625,950,414)	813,199,493
53	Community Development, Gender & Children	4,913,845,000	1,804,881,701.00	1,804,881,701	(3,108,963,299)	-
56	Regional Administration & Local Government	368,505,389,644	303,356,437,766.00	303,356,437,766	(65,148,951,878)	-
57	Defence and National Service	220,000,000,000	192,950,241,361.42	192,950,241,361	(27,049,758,639)	-
58	Energy and Mineral	1,960,341,000,000	1,535,361,612,996.86	1,535,359,280,363	(424,979,387,003)	2,332,634

VOTE	MINISTRIES	Approved estimate (TZS)	Exchequer issue received (TZS)	Actual Expenditure (TZS)	(Under)/ Over release (TZS)	Unutilized Fund/(Over utilization)
60	Ministry of Industry, Trade and Investment	7,000,000,000.00	380,531,173.00	380,531,173.00	(6,619,468,827)	-
62	Works, Transport and Communication -Transport	2,303,053,115,253	1,040,231,253,087.67	1,040,231,253,088	(1,262,821,862,165)	-
	Ministry of Livestock Development and Fisheries- Fisheries	7,126,680,000	5,226,350,660.00	5,226,350,660.52	(1,900,329,340)	(1)
65	PO Labour, Youth, employment and Disability	18,900,000,000.00	17,321,195,980.00	12,066,957,111	(1,578,804,020)	5,254,238,869
67	President's Office- Public Service recruitment secretariat	750,000,000.00	498,226,249.66	460,374,058.66	(251,773,750)	37,852,191
68	Works, Transport and Communication-Communication	15,000,000,000.00	3,670,500,020.00	3,670,500,019	(11,329,499,980)	
69	Natural Resources And Tourism	29,978,082,000	314,473,108.50	314,473,109	(29,663,608,892)	
96	Information , Culture And Sports	8,700,000,000	5,318,683,678.00	5,286,812,928	(3,381,316,322)	31,870,750
98	Works, Transport and Communication -Works	2,016,646,348,370.56	1,905,982,331,000.44	1,905,968,310,194	(110,664,017,370)	14,020,806
99	Livestock Development And Fisheries-livestock	5,000,000,000	2,173,188,086.00	2,173,188,086	(2,826,811,914)	
100	Ministry of Minerals	50,432,978,963	34,938,221,349.37	34,936,857,948	(15,494,757,614)	1,363,401
<b>REGIONS</b>						
36	Katavi	4,783,539,000	2,376,377,373.00	2,348,051,116	(2,407,161,627)	28,326,257
47	Siriyu	6,217,109,197	4,569,435,197	4,510,476,086.23	(1,647,674,000)	58,959,111
54	Njombe	5,062,500,000	2,062,978,842.00	1,769,487,783	(2,999,521,158)	293,491,059
63	Geita	4,745,052,000	3,236,998,096.00	3,236,998,096	(1,508,053,904)	
70	Arusha	2,389,153,490	1,587,939,521.00	519,860,321.28	(801,213,969)	1,068,079,200

VOTE	MINISTRIES	Approved estimate (TZS)	Exchequer issue received (TZS)	Actual Expenditure (TZS)	(Under)/ Over release (TZS)	Unutilized Fund/(Over utilization)
71	Pwani	4,607,831,000	2,430,601,172.00	2,429,895,532	(2,177,229,828)	705,640
72	Dodoma	10,385,026,808	2,634,782,244.73	2,265,079,267	(7,750,244,563)	369,702,978
73	Iringa	2,631,496,000	1,181,381,800.00	1,169,039,014	(1,450,114,200)	12,342,786
74	Kigoma	3,377,132,812	1,382,043,960.00	583,280,134	(1,995,088,852)	798,763,826
75	Kilimanjaro	3,107,569,000	1,740,697,700.00	1,740,697,700.00	(1,366,871,300)	
76	Lindi	2,143,138,000	1,421,190,034.34	1,421,190,034	(721,947,966)	
77	Mara	2,488,196,000	1,017,307,209.00	1,015,058,824	(1,470,888,791)	2,248,385
78	Mbeya	2,640,473,000	1,559,435,176.00	1,558,710,563	(1,081,037,824)	724,613
79	Morogoro	1,869,431,400	762,922,111	762,137,181	(1,106,509,289)	784,930
80	Mtwara	7,755,486,264	1,632,175,600.00	1,632,175,600	(6,123,310,664)	
81	Mwanza	3,971,995,000	2,537,819,025.00	2,528,614,902	(1,434,175,975)	9,204,123
82	Ruvuma	2,399,723,000	2,399,723,000.00	2,398,851,501		871,499
83	Shinyanga	12,323,888,000	1,503,708,901.00	1,503,708,901	(10,820,179,099)	
84	Singida	2,537,647,938	2,438,469,544.00	2,438,469,544	(99,178,394)	
85	Tabora	2,537,185,768	2,409,222,768.00	2,404,168,403	(127,963,000)	5,054,365
86	Tanga	4,338,225,000	4,145,217,716.00	4,138,753,142.48	(193,007,284)	6,464,574
87	Kagera	3,087,135,674	2,054,338,536.00	2,005,157,136.35	(1,032,797,138)	49,181,400
88	Dar es Salaam	3,544,999,000	1,759,638,700.23	1,759,071,740	(1,785,360,300)	566,960

VOTE	MINISTRIES	Approved estimate (TZS)	Exchequer issue received (TZS)	Actual Expenditure (TZS)	(Under)/ Over release (TZS)	Unutilized Fund/(Over utilization)
89	Rukwa	1,948,057,600	1,721,132,220.50	1,718,845,137	(226,925,380)	2,287,083
90	Songwe	4,652,922,000	2,755,022,768.00	2,755,022,767	(1,897,899,232)	1
95	Manyara	3,217,891,000	1,489,521,200.00	1,489,521,200.00	(1,728,369,800)	-
<b>COMMISSION</b>						
3	National Land Use and Planning Commission	5,000,000,000	2,000,000,000.00	2,000,000,000	(3,000,000,000)	-
4	Records and Archives Management Department	5,178,872,000.00	2,218,548,368.89	2,218,548,365.89	(2,960,323,631)	3
5	National Irrigation Commission	17,520,458,000	6,283,399,280.43	5,802,708,325	(11,237,058,720)	480,690,956
7	Treasury Register	2,000,000,000	999,895,000.00	927,245,085	(1,000,105,000)	72,649,916
13	Financial Intelligent Unit	248,363,000.00			(248,363,000)	-
55	Human Rights & Governance Commission	1,796,938,000	1,323,088,234.00	1,323,088,234	(473,849,766)	(0)
61	National electoral commission	53,104,924,388	53,104,924,388.00	53101362697		3,561,691
92	Tanzania Commission for AIDS (TACAIDS)	10,300,000,000	6,898,909,697.50	6,898,909,698	(3,401,090,303)	-
<b>DEPARTMENTS WITHIN RESPECTIVE MINISTRIES</b>						
14	Fire and Rescue Force	4,500,000,000	3,000,000,000.00	1,100,000,000	(1,500,000,000)	1,900,000,000
16	Attorney General	2,000,000	1,000,000.00		(1,000,000)	1,000,000
19	Office of Solicitor General	248,363,000			(248,363,000)	
21	The Treasury	400,088,011,604	70,090,544,085.00	70,081,041,763	(329,997,467,519)	9,502,322
23	Accountant General's Office	7,100,000,000	6,929,722,442.00	6,838,128,692	(170,277,558)	91,593,750

VOTE	MINISTRIES	Approved estimate (TZS)	Exchequer issue received (TZS)	Actual Expenditure (TZS)	(Under)/ Over release (TZS)	Unutilized Fund/(Over utilization)
28	Home Affairs - Police Force	10,749,851,000	7,000,000,000.00	7,000,000,000	(3,749,851,000)	-
29	Prisons (Ministry of Home Affairs)	5,035,831,000.00	1,273,800,000.00	1,273,792,000	(3,762,031,000)	8,000
30	President Office and Cabinet Secretariat	176,765,409,387.42	153,320,121,307.66	153,320,121,307	(23,445,288,080)	
32	President's Office - Public Service Management	10,939,000,000	10,786,626,775.00	10,786,626,775	(152,373,225)	
33	Ethics Secretariat	4,049,999,999.67	1,736,645,546.91	1,736,645,547	(2,313,354,453)	
38	Defense	8,000,000,000.00	3,346,034,214.00	3,346,034,214	(4,653,965,786)	
39	The National Service	6,000,000,000	7,000,000,000.00	7,000,000,000	1,000,000,000	
40	Judiciary	35,973,722,000.00	23,676,889,912.22	22,837,041,466	(12,296,832,088)	839,848,447
42	National Assembly	8,906,608,500	8,194,108,500.00	8,194,108,500	(712,500,000)	0
93	Immigration Department	10,000,000,000			(10,000,000,000)	-
<b>TOTAL</b>		<b>10,467,212,652,043</b>	<b>7,144,464,245,467.09</b>	<b>7,131,237,804,297</b>	<b>(3,322,748,406,576)</b>	<b>13,226,441,170</b>
<b>Amount in Billion</b>		<b>10,467.21</b>	<b>7,144.46</b>	<b>7,131.24</b>	<b>(3,322.75)</b>	<b>13.23</b>

# Appendix 5. 1: TRA Outstanding prior year's audit recommendations

No	Year	Customs and Excise Department	Large Taxpayers Department	Tax Investigation Department	Domestic Revenue Department	Total
1	2001/2002	1	-	-	-	1
2	2002/2003	-	-	-	-	-
3	2003/2004	-	-	-	-	-
4	2004/2005	2	-	-	-	2
5	2005/2006	4	-	-	-	4
6	2006/2007	3	-	-	-	3
7	2007/2008	5	1	-	1	7
8	2008/2009	1	2	-	2	5
9	2009/2010	2	2	-	2	6
10	2010/2011	1	4	-	1	6
11	2011/2012	2	5	-	-	7
12	2012/2013	1	6	-	2	9
13	2013/2014	2	6	-	4	12
14	2014/2015	13	13	-	6	32
15	2015/2016	15	7	6	13	41
16	2016/2017	15	7	4	19	45
	<b>Sub Total</b>	<b>67</b>	<b>53</b>	<b>10</b>	<b>50</b>	<b>180</b>
17	2017/2018	62	17	10	14	103
	<b>Total</b>	<b>129</b>	<b>70</b>	<b>20</b>	<b>64</b>	<b>283</b>



## Appendix 5. 2: Trend of revenue collection for Tanzania and Other EAC Countries, 2014/15-2018/2019

	Financial years [All figures in TZS Million]				
Details	2014/15	2015/16	2016/17	2017/18	2018/19
Targeted Collections	12,078,015	13,220,252	15,293,899	17,365,052	18,332,665
Actual Collections	10,743,765	13,238,045	14,271,382	15,405,441	15,764,661
(under) /over collection	(1,334,250)	17,793	(1,022,517)	(1,959,611)	(2,568,004)
(under) /over collection in %	(11)	0.13	(6.69)	(11.28)	(14.01)
<b>Tax-Yield (Tax/GDP);</b>					
Tanzania	11.60%	12.90%	13.20%	12.80%	11.4%
Uganda	12.30%	12.80%	14.00%	14.20%	15.4%
Kenya	18.70%	18.80%	19.30%	18.50%	15.5%
Rwanda	15.10%	16.10%	15.20%	15.80%	16.3%
Burundi	13.70%	13.00%	13.40%	13.00%	14.8%

Source: TRA Statistics, 2014-2019

### Appendix 5. 3: Consolidation of Controlled Entities' Financial Statements lacking ownership

S/N.	NAME OF ENTITY
1.	Ngorongoro Conservation Area Authority
2.	National Board of Accountants and Auditors (NBAA)
3.	Tanzania Insurance Regulatory Authority
4.	College of Business Education
5.	National Economic Empowerment Council
6.	Tanzania Commission of Science and Technology
7.	Tanzania Institute of Education (TIE)
8.	National Insurance Corporation of Tanzania Limited
9.	Itigi District Council
10.	Meru District Council
11.	Chunya District Council
12.	Ilala Municipal Council
13.	Musoma District Council
14.	Newala District Council
15.	Lindi District Council
16.	National Environment Management Council
17.	TEA Research Institute of Tanzania
18.	Institute of Rural Development Planning Dodoma
19.	Compliance Audit of Institute of Social Work
20.	Tanzania-Mozambique Centre for Foreign Relations

S/N.	NAME OF ENTITY
21.	National Institute of Transport
22.	Kibiti District Council
23.	Ushetu District Council
24.	President's Office Regional Administration and Local Government
25.	Commission for Human Rights and Good Governance
26.	Ministry of Health, Community development, gender elderly and children
27.	Office of the Solicitor General
28.	President's Office and Cabinet Secretariat and State House
29.	Ministry of Minerals
30.	Ministry of Foreign Affairs and East African Cooperation
31.	Vice President Office
32.	President's Office Public Service Management and Good Governance
33.	Prime Minister's Office Labour, Youth, Employment and Persons with Disability
34.	Handeni Town Council
35.	Nanyumbu District Council
36.	Moshi District Council
37.	Serengeti District Council
38.	Simiyu District Council
39.	Moshi Municipal Council
40.	Mafia District Council
41.	Tanzania Meat Board (TMB)

S/N.	NAME OF ENTITY
42.	Institute of Accountancy Arusha (IAA)
43.	National Institute for Productivity (NIP)
44.	Tanzania Sisal Board (TSB)
45.	Tanzania Agriculture Development Bank (TADB)
46.	Tanzania Postal Bank (TPB)
47.	Tanzania Investment Bank (TIB)
48.	MZUMBE University
49.	EWURA
50.	Public Procurement Appeal Authority
51.	TTCL - PESA
52.	TTCL - TRUST
53.	DUWASA
54.	Tanzania Investment Bank - RASILIMALL
55.	National Health Insurance Fund (NHIF)
56.	National Social Security Fund
57.	UTT AMIS
58.	State Mining Corporation (STAMICO)
59.	National Bureau of Statistics
60.	Small Enterprises Loan Fund (SELF) Microfinance
61.	Tanzania Education Authority (TEA)
62.	Muhimbili University of Health Allied Science (MUHAS)

S/N.	NAME OF ENTITY
63.	Jakaya Kikwete Cardiac Institute (JKCI)
64.	Institute of Finance Management (IFM)
65.	Arusha Technical College (ATC)
66.	Vocational Education Training Authority (VETA)
67.	Mwalimu Nyerere University of Agriculture and Technology
68.	Procurement and Supplies Professional and Technician Board (PSPTB)
69.	Tanzania Communication Regulatory Authority (TCRA)
70.	SUGAR BOARD
71.	Land Transport Regulatory Authority (LATRA)
72.	Tanzania Coffee Board (TCB)
73.	MARINE - Reserve
74.	Tanzania Pytherium Board - Pytherium (TPB)
75.	Petroleum Upstream Regulatory Authority (PURA)
76.	TANESCO
77.	MUHIIMBI National Hospital
78.	TTCL
79.	DAWASA
80.	Cashewnut Industry Development Trust Fund (CIDTF)
81.	Air Tanzania Corporation Limited (ATCL)
82.	EWURA Consumer Consultative Council
83.	Tanzania Fertilizer Company (TFC)

S/N.	NAME OF ENTITY
84.	SUMATRA Consumer Consultative Council
85.	Tanzania Railway Corporation (TRC)

## Appendix 6. 1: Entities with Internal Audit weaknesses

S/N	Vote	Name of Entity	Weakness
<b>MDAs</b>			
1	61	National Electoral Commission	<ul style="list-style-type: none"> <li>Internal Audit Unit had only six (6) Internal Auditors instead of eight Auditors</li> </ul>
2	TR 003	National Land Use Planning Commission	<ul style="list-style-type: none"> <li>No Internal Audit Unit established.</li> </ul>
3	33	President's Office Ethics Secretariat	<ul style="list-style-type: none"> <li>Unit has three(3) staff instead of (5) five staff as per staff establishment</li> </ul>
4	18	UNESCO National Commission	<ul style="list-style-type: none"> <li>No Internal Audit Unit established</li> </ul>
5	05	National Irrigation Commission	<ul style="list-style-type: none"> <li>Internal Audit Unit had only one staff member</li> </ul>
<b>Regional Secretariat</b>			
1	90	Songwe	<ul style="list-style-type: none"> <li>The Unit has one (1) staff instead of three (3) as required by establishment</li> <li>Insufficient funds allocation.</li> </ul>
2	47	Geita	<ul style="list-style-type: none"> <li>The Unit has two (2) staff member instead of three (3) as required by staff establishment.</li> <li>The Unit has no transport facility.</li> </ul>
3	87	Kagera	<ul style="list-style-type: none"> <li>The Unit has one (1) staff instead of three (3) as required by establishment</li> <li>Insufficient facilities to support their work such as Computers and transport facilities</li> </ul>
4	47	Simiyu	<ul style="list-style-type: none"> <li>The Unit has two (2) staff instead of three (3) as required by establishment.</li> <li>The Unit had no transport facility.</li> </ul>
5	88	Dar es salaam	<ul style="list-style-type: none"> <li>The Unit has two (2) staff instead of three (3) required by establishment.</li> </ul>

S/N	Vote	Name of Entity	Weakness
6	76	Lindi	<ul style="list-style-type: none"> <li>• Lack of appropriate transport facilities.</li> <li>• The Unit has two (2) staff instead of three (3) as required by establishment.</li> <li>• Insufficient budget allocation</li> </ul>
7	95	Manyara	<ul style="list-style-type: none"> <li>• The Unit has two (2) staff instead of three (3) staff required by establishment.</li> <li>• Insufficient budget allocation</li> </ul>
8	86	Tanga	<ul style="list-style-type: none"> <li>• Insufficient budget allocation.</li> <li>• Lack of working tools like computer.</li> </ul>
9	72	Dodoma	<ul style="list-style-type: none"> <li>• Internal audit unit has deficiency of one auditor.</li> <li>• Lack of appropriate transport facilities such as Motor vehicle.</li> </ul>
10		Tabora	<ul style="list-style-type: none"> <li>• The Unit has one (1) staff instead of three (3) staff required by establishment.</li> </ul>
11	71	Pwani	<ul style="list-style-type: none"> <li>• The Unit had (two) 2 staff instead of (three) 3 as required by establishment.</li> <li>• Lack of appropriate transport facilities such as Motor vehicle.</li> <li>• Insufficient budget allocation.</li> </ul>

#### Agencies

1		Agricultural Seed Agency	<ul style="list-style-type: none"> <li>• There was only one staff attached to the Agency instead of three (3) staff that correspond to the Agency's staff establishment.</li> </ul>
2		Tanzania Laboratory Agency Veterinary	<ul style="list-style-type: none"> <li>• The Unit has only one Internal Auditor to carry out all activities, instead of the required two.</li> </ul>

#### Other Institutions

1		Mzinga Corporation	<ul style="list-style-type: none"> <li>• Internal Audit Unit has two (2) Internal Audit staff instead of (5) required.</li> </ul>
2		Pasiansi Wildlife Institute(PWTI) Training	<ul style="list-style-type: none"> <li>• No Internal Audit function established within the Entity.</li> </ul>



S/N	Vote	Name of Entity	Weakness
3		Tanzania Technology Centre Automotive	<ul style="list-style-type: none"> <li>There is only one Internal Auditor while the required number is two (2) auditors</li> </ul>
4		Institute of Judicial Administration (IJA) Lushoto	<ul style="list-style-type: none"> <li>Internal Audit unit has only one Internal Auditor instead of three (3) auditors</li> </ul>
5		Tanzania Livestock Research Institute	<ul style="list-style-type: none"> <li>No Internal Audit Function established within the Entity.</li> </ul>
6		Mining Commission	<ul style="list-style-type: none"> <li>Lack of approved Internal Audit charter.</li> </ul>

*Source: Management letters*

## Appendix 6. 2: Entities with deficiencies in Audit Committee

S/N	Vote	Name of Entity	Deficiencies
<b>MDA's</b>			
1	TR 003	National Land Use Planning Commission	<ul style="list-style-type: none"> <li>No Audit Committee established</li> </ul>
2	12	Judicial Service Commission	<ul style="list-style-type: none"> <li>Two members of the Audit Committee are also the members of Tender Board.</li> </ul>
3	68	Ministry Of Works, Transport And Communication- Communication Sector	<ul style="list-style-type: none"> <li>The tenure of Audit Committee member expired since 31 April 2019</li> </ul>
4	04	President Office Records and Archives Management Department	<ul style="list-style-type: none"> <li>The Audit committee met twice instead of four meeting required as per Reg.32 of PFR of 2001(revised 2004) requirement.</li> </ul>
5	94	President's Office-Public Service Commission	<ul style="list-style-type: none"> <li>A copy of Annual report on audit committee functions was not submitted to the Controller and Auditor-General</li> </ul>
6	09	President's Office - Public Service Remuneration Board	<ul style="list-style-type: none"> <li>Audit committee did not prepare annual report on their functions as require by Reg.32 (1)(g) of PFR of 20</li> </ul>
7	67	President's Office- Public Service Recruitment Secretariat	<ul style="list-style-type: none"> <li>No evidence that the Audit Committee reviewed and approved the final accounts before they were submitted for annual audit and no copy of report which was submitted to audit including the Annual Report on its functions as required by Regulation 32 (1) of the PFR 2011.</li> </ul>
8	18	UNESCO National Commission	<ul style="list-style-type: none"> <li>No Audit Committee established</li> </ul>
9	96	Ministry of Information, Culture, Arts and Sports	<ul style="list-style-type: none"> <li>Audit committee did not prepare annual report on their functions as required by Reg.32 (1)(g) of PFR of 20</li> </ul>

S/N	Vote	Name of Entity	Deficiencies
10	96	Ministry of Information, Culture, Arts And Sports	Audit committee did not prepare annual report on their functions as required by Reg.32 (1)(g) of PFR of 20
11	05	National Irrigation Commission	<ul style="list-style-type: none"> <li>The Audit committee met twice instead of four times as per Reg. 32 of PFR of 2001 (revised 2004) requirement.</li> </ul>
<b>Regional Secretariat</b>			
1	47	Simiyu	<ul style="list-style-type: none"> <li>No evidence that the Committee provides advice to the Accounting Officer on the preparation and review of financial statements of the Regional Secretariat as per Regulation 32(1) (f) of the Public Finance Regulations, 2001 (Revised, 2004).</li> </ul>
2	74	Kigoma	<ul style="list-style-type: none"> <li>Audit Committee conducted only one meeting for the financial year 2018/2019 instead four meeting required.</li> </ul>
3	54	Njombe	<ul style="list-style-type: none"> <li>The Audit Committee did not review the effectiveness of the internal and financial controls, accounting practices and audit processes. Contrary to the requirement of charter</li> </ul>
4	81	Mwanza	<ul style="list-style-type: none"> <li>Secretariat has four (4) audit committee members but all are from within the organization without any member from outside the Secretariat.</li> </ul>
5	76	Lindi	<ul style="list-style-type: none"> <li>Composition of the committee is not in line with requirement of required laws and regulations. Chairperson has to be a member from another entity which is not the case.</li> <li>Audit committee did not prepare annual report on their functions.</li> </ul>

S/N	Vote	Name of Entity	Deficiencies
			<ul style="list-style-type: none"> <li>Conducted only one meeting during the audited year instead of four (4) meeting required.</li> </ul>
6	80	Mtwara	<ul style="list-style-type: none"> <li>There was no evidence to confirm that Audit Committee reviewed financial statements in terms of compliance with prescribed accounting framework.</li> </ul>
7	72	Dodoma	<ul style="list-style-type: none"> <li>Committee did not prepare its annual report of their functions.</li> </ul>
8	85	Tabora	<ul style="list-style-type: none"> <li>The audit committee did not prepare an annual report on its functions, contrary to its charter requirement.</li> </ul>
9	71	Pwani	<ul style="list-style-type: none"> <li>In 2018/19 the Audit committee conducted only one meeting which was instead of having four meetings in each financial year.</li> </ul>

#### Agencies

1		The Eastern Africa Statistical Training Centre (EASTC)	<ul style="list-style-type: none"> <li>The committee did not perform annual self-assessment on its main activities to ensure that the audit committee is meeting its objectives efficiently and effectively.</li> </ul>
2		Tanzania Veterinary Laboratory Agency	<ul style="list-style-type: none"> <li>The Committee conducted only one meeting contrary 4 meeting required by Reg.32 (1) (a) of the PFR 2001(amended 2004</li> </ul>
3		Tanzania Global Learning Agency	<ul style="list-style-type: none"> <li>Audit Committee met once in four quarters contrary to the requirements regulation.</li> </ul>

#### Other Institution

1		Mzinga Corporation	<ul style="list-style-type: none"> <li>The committee did not make a follow up on implementation of the matters reported by the internal audit unit and those reported by the Controller and Auditor General.</li> </ul>
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S/N	Vote	Name of Entity	Deficiencies
			<ul style="list-style-type: none"> <li>Committee met three times instead of meeting quarterly as per requirement of Regulation 32 (1) of Public Finance Regulations (Revised 2004).</li> </ul>
2	TR 105	Town Planners Registration Board	<ul style="list-style-type: none"> <li>No establishment of Audit Committee</li> </ul>
3		Tanzania Automotive Technology Centre	<ul style="list-style-type: none"> <li>Audit Committee did not review risk management and related policies that poses a risk that some controls might be ineffective and some risks might have not been controlled.</li> </ul>
4		Institute of Judicial Administration (IJA) Lushoto	<ul style="list-style-type: none"> <li>The audit Committee has not performed risk assessment, and review of the effectiveness of internal control mechanism as provided in Audit Committee guideline. annual audit committee report was not prepared and submit to the Controller and Auditor General</li> </ul>
5		Nelson Mandela-African Institution of Science and Technology	<ul style="list-style-type: none"> <li>Audit Committee met only twice for the whole financial year instead of meeting at least once a quarter as required by regulation.</li> </ul>
6		Local Government Training Institute	<ul style="list-style-type: none"> <li>Tenure of Audit committee was expired on 30 April 2018 since that time audit committee members were yet to be appointed.</li> </ul>
7	TR 06	Ardhi Institute Morogoro	<ul style="list-style-type: none"> <li>Audit committee not established</li> </ul>
8		Marine Services Company Ltd	<ul style="list-style-type: none"> <li>No Risk Management Policy prepared</li> </ul>

Source: Management letters

### Appendix 6. 3: HIV and AIDS Reduction

S/N	Vote	Name of Entity	Deficiencies
<b>MDA's</b>			
1	19	The Office of Solicitor General	<ul style="list-style-type: none"> <li>No activity for HIV and AIDS reduction conducted by the offices to its staff.</li> </ul>
2	93	Immigration Services Department	<ul style="list-style-type: none"> <li>There were no strategies in place (including trainings and workshop) to ensure the staff are aware of non-communicable diseases contrary to the requirement of Circular No. 2 of 2014.</li> </ul>
3	04	President Office Records and Archives Management Department	<ul style="list-style-type: none"> <li>There were no strategies in place (including trainings and workshop) to ensure the staff are aware of non-communicable diseases contrary to the requirement of Circular No. 2 of 2014</li> </ul>
4	32	President's Office - Public Service Management And Good Governance	<ul style="list-style-type: none"> <li>Lack of health facilities such as BP Machines, Glucometer, Weight Machines contrary to the requirement of circular No. 2 of 2014.</li> </ul>
5	40	Judiciary of Tanzania	<ul style="list-style-type: none"> <li>No appointed committee dealing with HIV &amp; AIDS infections and non-communicable diseases for the year 2018-19</li> </ul>
<b>Agencies</b>			
1		Tanzania Government Flight Agency	<ul style="list-style-type: none"> <li>No budget to support staff living with HIV &amp; AIDS.</li> </ul>
<b>Other Institutions</b>			
1		Uongozi Institute	<ul style="list-style-type: none"> <li>HIV &amp; AIDS focal person not appointed</li> <li>No approved budget for the HIV &amp; AIDS to prevent and support services to staff living with HIV &amp; AIDS</li> </ul>
2		National Identification Authority	<ul style="list-style-type: none"> <li>No strategies in place including trainings and workshop organized for its staff awareness of non-communicable diseases contrary to the requirement of Circular No. 2 of 2014</li> </ul>

#### Appendix 6. 4: Entities with Risk Management deficiencies

S/N	Vote	Name of Entity	Deficiencies
<b>MDA's</b>			
1	56	Local Government Loans Board	<ul style="list-style-type: none"> <li>• Lack of Corporate Strategic Plan</li> <li>• Lack of LGLB Business Plan</li> </ul>
2	15	Commission for Mediation and Arbitration (CMA)	<ul style="list-style-type: none"> <li>• Lack of documented Risk Management Policy</li> </ul>
3	68	Ministry of Works, Transport and Communication-Communication Sector	<ul style="list-style-type: none"> <li>• Lack of documented Risk Management Policy</li> </ul>
4	27	Registrar of Political Parties	<ul style="list-style-type: none"> <li>• Risk management frame work was not implemented</li> </ul>
5	100	Ministry of Minerals	<ul style="list-style-type: none"> <li>• Non - Existence of Risk Management Policy and Risk Register</li> </ul>
6	23	The Accountant General's Department	<ul style="list-style-type: none"> <li>• Non implementation of the Risk Management Framework</li> </ul>
<b>Regional Secretariat</b>			
1	74	Kigoma	<ul style="list-style-type: none"> <li>• Risk registers not established.</li> </ul>
2	82	Ruvuma	<ul style="list-style-type: none"> <li>• No risk assessment reports.</li> </ul>
3	95	Manyara	<ul style="list-style-type: none"> <li>• Risk assessment not performed</li> </ul>
4	86	Tanga	<ul style="list-style-type: none"> <li>• Non perform a risk assessment</li> </ul>
<b>Agencies</b>			
1		The Eastern Africa Statistical Training Centre (EASTC)	<ul style="list-style-type: none"> <li>• Risk assessment not performed</li> </ul>
2	23	National Housing and Building Research Agency	<ul style="list-style-type: none"> <li>• No disaster recovery plan, business continuity plan, and risk management policy in place</li> </ul>

S/N	Vote	Name of Entity	Deficiencies
3		Tanzania Government Flight Agency	<ul style="list-style-type: none"> <li>• Lack Disaster Recovery Plan</li> </ul>
<i>Other Institutions</i>			
1		Mzinga Holding Company	<ul style="list-style-type: none"> <li>• Lack of the company strategic plan</li> </ul>
2		SUMAJKT Agricultural and Industrial Segment	<ul style="list-style-type: none"> <li>• Business Strategic Plan Document not updated</li> </ul>



#### Appendix 6. 5: Information and Communications Technology Deficiencies

S/N	Vote	Name of Entity	Deficiencies
<b>MDA's</b>			
1	93	Immigration Services Department	<ul style="list-style-type: none"> <li>• Lack of data backup system and restoration during critical situation</li> </ul>
2	09	President's Office - Public Service Remuneration Board	<ul style="list-style-type: none"> <li>• No evidence provided on backups performed and stored established</li> <li>• Non-establishment of the ICT Steering Committee</li> </ul>
3	96	Ministry of Information, Culture, Arts and Sports	<ul style="list-style-type: none"> <li>• No IT strategic committee</li> <li>• No backup and retention strategy of its electronic data</li> </ul>
4	23	The Accountant General's Department	<ul style="list-style-type: none"> <li>• Non-utilization of Assets Management Module in the Epicor system.</li> </ul>
<b>Agencies</b>			
1		Rural and Urban Roads Agency	<ul style="list-style-type: none"> <li>• Lack of ICT Policy</li> </ul>
2		Tengeru Institute of Community Development (TICD)	<ul style="list-style-type: none"> <li>• Lack of ICT Steering Committee</li> </ul>
3		Tanzania Global Learning Agency	<ul style="list-style-type: none"> <li>• Absence of IT Policy, ICT Strategic Plan, Business Continuity Plan and disaster recovery site.</li> </ul>
<b>Other Institution</b>			

S/N	Vote	Name of Entity	Deficiencies
1		African Peer Review Mechanism-Tanzania	<ul style="list-style-type: none"> <li>• Lack of EPICOR system</li> </ul>
2		National Identification Authority	<ul style="list-style-type: none"> <li>• Lack of ICT Policy.</li> </ul>
<b>Regional Secretariat</b>			
1	36	Katavi	<ul style="list-style-type: none"> <li>• There are no fire extinguishers, UPS in several computers and standby generator in case of power cut.</li> </ul>
2	78	Mbeya	<ul style="list-style-type: none"> <li>• There is no register to track RS's ICT equipment such as laptops, desktops and other related ICT equipment for their safeguarding and to facilitate technical support including regular updates of anti-virus and other program.</li> </ul>
3	47	Simiyu	<ul style="list-style-type: none"> <li>• Non-maintenance of IT registers for keeping equipment's and its accessories</li> </ul>
4	54	Njombe	<ul style="list-style-type: none"> <li>• No approved IT strategic plan.</li> </ul>
5	82	Ruvuma	<ul style="list-style-type: none"> <li>• Absence of the ICT steering committee, Disaster recovery plan</li> </ul>
6	95	Manyara	<ul style="list-style-type: none"> <li>• EPCOR not interfaced with Strategic Budget Allocation System</li> </ul>
7	86	Tanga	<ul style="list-style-type: none"> <li>• Non approval of ICT policy</li> </ul>
8	71	Pwani	<ul style="list-style-type: none"> <li>• Inadequate allocation of staff in the Information and Communication Technology Unit needs where by only three staffs available instead of six needed.</li> </ul>
<b>Embassies</b>			
1	2022	Tanzania Embassy - Harare	<ul style="list-style-type: none"> <li>• Unavailability of EPICOR/IFMIS</li> </ul>

*Source: Management letters*

### Appendix 7. 1: Shortage of staffs

S/N	Vote	Vote Description	Required Staff	Available staff	Shortage
1	35	National Prosecutions Services	5,912	660	5,252
2	15	Commission for Mediation And Arbitration	401	121	280
3	31	Vice President Office	195	135	60
4	70	Arusha Regional Administrative Secretariat	373	217	156
5	54	Njombe Regional Administrative Secretariat	305	124	181
6	53	Ministry of Health, Community Development, Gender, Elderly and Children	898	553	345
7	59	The Law Reform Commission	51	36	15
8	61	National Electoral Commission	160	87	73
9	98	Ministry Of Works, Transport And Communications	358	295	63
10	26	Vice President Office	39	18	21
11	36	Katavi Regional Administrative Secretariat	254	92	162
12	78	Mbeya Regional Administrative Secretariat	273	171	102
13	73	Iringa Regional Administrative Secretariat	270	152	118
14	89	Rukwa Regional Administrative Secretariat	254	147	107
15	90	Songwe Regional Administrative Secretariat	276	98	178
16	12	Judicial Service Commission	13	2	11
17	27	Registrar of Political Parties	51	34	17
18	55	Commission for Human Rights And Good Governance	40	6	34
19	47	Geita Regional Administrative Secretariat	324	152	172
20	87	Kagera Regional Secretariat	360	187	173
21	77	Mara Regional Administrative Secretariat	246	146	100
22	47	Simiyu Regional Administrative Secretariat	311	138	173
23	9	President Office-Public Service Remuneration Board	30	19	11
24	83	Shinyanga Regional Administrative Secretariat	132	45	87
25	67	President's Office- Public Service Recruitment Secretariat	130	76	54

S/N	Vote	Vote Description	Required Staff	Available staff	Shortage
26	18	UNESCO National Commission	62	24	38
27	52	Ministry of Health Community Development, Gender, Elderly And Children	198	139	59
28	13	Financial Intelligence Unit	51	21	30
29	72	Dodoma Regional Administrative Secretary	392	154	238
30	74	Kigoma Regional Administrative Secretariat	355	143	212
31	75	Kilimanjaro Regional Administrative Secretariat	427	225	202
32	76	Lindi Regional Administrative Secretariat	293	159	134
33	80	Mtwara Regional Administrative Secretariat	100	49	51
34	81	Mwanza Regional Administrative Secretariat	262	193	69
35	82	Ruvuma Regional Administrative Secretariat	337	180	157
36	84	Singida Regional Administrative Secretariat	315	154	161
37	85	Tabora Regional Administrative Secretariat	265	179	86
38	95	Manyara Regional Administrative Secretariat	345	179	166
39	94	President's Office-Public Service Commission	165	122	43
40	07	Treasury Registrar	155	124	31

Embassies					
S/N	Sub Vote	Sub Vote Description	Required	Available	Shortage
41	2018	Tanzania Embassy In Washington, D.C	4	0	4
42	2030	Tanzania High Commission in Lilongwe	7	2	5
43	2010	Tanzania High Commission in New Delhi	9	4	5
44	2004	Tanzania Embassy in Kinshasa	6	3	3
45	2007	Tanzania High Commission - Lusaka	7	3	4
46	2029	Tanzania Embassy in Muscat	6	3	3
47	2006	Tanzania High Commission in London	10	5	5

S/N	Vote	Vote Description	Required Staff	Available staff	Shortage
48	2008	Tanzania High Commission in Maputo	17	11	6
49	2035	Tanzania Embassy in Kuwait	5	3	2
50	2040	Tanzania Embassy Tel Aviv, Israel	5	1	4
51	2042	Tanzania Embassy in Cuba	5	1	4
52	2020	Tanzania Permanent Mission to The United Nations in Geneva	13	4	9
53	2011	Permanent Mission of The URT to The UN - New York	10	4	6
54	2037	Tanzania Embassy in Ankara, Turkey	5	1	4
55	2032	Tanzania High Commission in Kuala Lumpur	9	4	5
<b>Total</b>			<b>15,496</b>	<b>5,805</b>	<b>9,691</b>

**Appendix 8. 1: Actual Collection against Total approved recurrent and development estimates**

S/N	Agencies	Total Approved Budget (TZS)	Actual Collections from Own Source (TZS)	(Under)/ Over Collection
<b>A. Agencies with insufficient collections to finance its budget</b>				
1	Tanzania Meteorological Agency (TMA)	33,693,901,594	10,330,320,641	(23,363,580,953)
2	Government Procurement Service Agency (GPSA)	15,330,000,000	6,891,293,472	(8,438,706,528)
3	Water Institute	11,896,352,558	3,978,938,408	(7,917,414,150)
4	E-Government Agency	10,326,695,261	4,684,376,097	(5,642,319,164)
5	National Food Reserve Agency (NFRA)	40,877,897,220	35,891,533,773	(4,986,363,447)
6	Geological Survey of Tanzania (GST)	5,082,606,512	573,983,827	(4,508,622,685)
7	Government Chemist Laboratory Agency	6,734,762,640	470,513,000	(6,264,249,640)
8	National College of Tourism (NCT)	6,303,719,242	2,161,658,580	(4,142,060,662)
9	National Housing and Building Research Agency (NHBRA)	4,222,567,085	734,686,350	(3,487,880,735)
10	Eastern Africa Statistical Training Centre	3,761,850,244	782,683,748	(2,979,166,496)
11	Agriculture Seeds Agency (ASA)	3,674,036,000	1,553,011,000	(2,121,025,000)

S/N	Agencies	Total Approved Budget (TZS)	Actual Collections from Own Source (TZS)	(Under)/ Over Collection
12	Fisheries Education and Training Agency (FETA)	2,550,000,000	981,313,564	(1,568,686,436)
13	Taasisi ya Sanaa na Uramaduni Bagamoyo (TaSUBA)	1,612,445,000	470,513,000	(1,141,932,000)
14	Dar es Salaam Rapid Transit Agency (DART)	41,741,887,323	4,915,064,614	(36,826,822,709)
	<b>Sub Total A.</b>	<b>187,808,720,679</b>	<b>74,419,890,074</b>	<b>(113,388,830,605)</b>
<b>B.</b>	<b>Agency with the ability to finance its budget</b>			
1	Tanzania Global Learning Agency (TAGLA)	583,200,000	1,037,092,899	453,892,899
2	Agency for Development of Education Management (ADEM)	2,991,268,135	3,672,097,527	680,829,392
3	Tanzania Veterinary Laboratory Agency (TVLA)	1,237,212,691	2,337,870,687	1,100,657,996
4	Registration, Insolvency and Trusteeship Agency (RITA)	4,589,949,634	6,891,293,472	2,301,343,838
5	Livestock Training Agency (LITA)	583,034,347	3,082,446,879	2,499,412,532
6	Tanzania Public Service College (TPSC)	4,721,824,000	11,622,353,500	6,900,529,500
7	Tanzania Electrical, Mechanical and Services Agency (TEMSA)	31,250,313,383	38,269,113,834	7,018,800,451



S/N	Agencies	Total Approved Budget (TZS)	Actual Collections from Own Source (TZS)	(Under)/ Over Collection
8	Occupational Safety and Health Authority (OSHA)	3,662,201,000	14,342,823,000	10,680,622,000
9	Tanzania Government Flights Agency (TGFA)	3,624,690,605	14,599,660,113	10,974,969,508
10	Tanzania Airports Authority (TAA)	31,588,353,530	45,656,776,062	14,068,422,532
11	Tanzania Institute of Accountancy (TIA)	4,684,932,000	22,503,282,659	17,818,350,659
12	Weights and Measures Agency (WMA)	5,673,424,000	23,957,061,222	18,283,637,222
13	Drilling and Dam Construction Agency (DDCA)	4,806,487,754	6,891,293,472	2,084,805,718
14	Tanzania Building Agency (TBA)	17,872,072,000	100,714,518,774	82,842,446,774
15	Tanzania Forestry Service Agency (TFSA)	27,796,832,000	130,794,203,736	102,997,371,736
16	Business Registrations and Licensing Agency (BRELA)	596,399,900	22,771,662,443	22,175,262,543
	<b>Sub Total B.</b>	<b>146,262,194,979</b>	<b>449,143,550,279</b>	<b>302,881,355,300</b>
	<b>General Total (A+B)</b>	<b>334,070,915,658</b>	<b>523,563,440,353</b>	<b>189,492,524,695</b>

Source: Management letters

## Appendix 8. 2: Approved budgets against actual funds received for recurrent and development

S/N	Agencies	Approved Recurrent Budget	Actual Recurrent Funds received	Approved Development Budget	Actual Development Funds received
1	Drilling and Dam Construction Agency (DDCA)	3,306,487,754	1,046,711,240	1,500,000,000	-
2	Fisheries Education and Training Agency (FETA)	1,991,268,135	1,713,693,396	1,000,000,000	-
3	Tanzania Veterinary Laboratory Agency (TVLA)	937,212,691	637,971,305	300,000,000	128,018,086
4	Livestock Training Agency (LITA)	483,034,347	494,109,134	100,000,000	-
5	Eastern Africa Statistical Training Centre	3,761,850,244	3,350,174,694	-	-
6	Occupational Safety and Health Authority (OSHA)	3,662,201,000	2,205,145,000	-	-
7	Registration, Insolvency and Trusteeship Agency (RITA)	3,159,525,000	1,981,887,769	1,430,424,634	2,236,207,244
8	Tanzania National Roads Agency (TANROADS)	582,535,575,000	494,265,902,000	1,447,242,021,000	1,428,804,095,000
9	Taasisi ya Sanaa na Utamaduni Bagamoyo (TASUBA)	1,612,445,000	998,926,000	-	-
10	E-Government Agency	6,326,695,261	3,453,865,427	4,000,000,000	5,000,000,000

S/N	Agencies	Approved Recurrent Budget	Actual Recurrent Funds received	Approved Development Budget	Actual Development Funds received
11	Tanzania Forestry Service Agency (TFSA)	27,796,832,000	16,653,071,526	-	-
12	Tanzania Global Learning Agency (TAGLA)	583,200,000	549,424,640		
13	Tanzania Public Service College (TPSC)	4,721,824,000	4,775,505,300	-	-
14	Agriculture Seeds Agency (ASA)	1,248,187,000	940,339,000	2,425,849,000	1,253,182,000
15	Geological Survey of Tanzania (GST)	5,082,606,512	4,104,747,284	-	-
16	Tanzania Building Agency (TBA)	17,872,072,000	4,375,560,692	-	-
17	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	10,860,921,383	6,255,048,388	20,389,392,000	3,918,704,900
18	Tanzania Government Flights Agency (TGFA)	3,624,690,605	4,460,837,774	-	3,834,478,951
19	Tanzania Meteorological Agency (TMA)	13,693,901,594	11,150,102,979	20,000,000,000	18,924,050,518
20	Weights and Measures Agency (WMA)	5,673,424,000	3,251,639,000	-	-
21	National Housing and Building Research Agency (NHBRA)	4,222,567,085	1,376,908,900	-	-

S/N	Agencies	Approved Recurrent Budget	Actual Recurrent Funds received	Approved Development Budget	Actual Development Funds received
22	Dar es Salaam Rapid Transit Agency (DART)	1,772,706,558	1,651,662,227	39,969,180,765	29,470,822,255
23	Government Procurement Service Agency (GPSA)	15,330,000,000	13,942,100,000		
24	Tanzania Airports Authority (TAA)	25,588,353,530	23,284,850,488	6,000,000,000	4,205,711,860
25	National College of Tourism (NCT)	6,303,719,242	2,635,752,533	-	-
26	Tanzania Rural and Urban Road Agency (TARURA)	210,075,277,411	75,477,601,946	231,478,906,431	173,512,351,191
27	Tanzania Institute of Accountancy (TIA)	4,684,932,000	4,641,576,666	-	-
28	Government Chemist laboratory Agency	6,734,762,640	4,398,129,000	-	-
29	Water Institute	5,026,152,558	2,764,118,300	6,870,200,000	1,293,593,443
30	National Food Reserve Agency (NFRA)	22,931,413,220	17,872,782,535	17,946,484,000	15,736,621,000
31	Development of Education Management (ADEM)	1,991,268,135	1,151,841,000	1,000,000,000	-
32	Business Registrations and Licensing Agency (BRELA)			596,399,900	346,239,339

		Approved Recurrent Budget	Actual Recurrent Funds received	Approved Development Budget	Actual Development Funds received
S/N	Agencies				
	Total	1,003,595,105,905	715,861,986,143	1,802,248,857,730	1,688,664,075,787

Source: Management letters



### Appendix 8. 3: Revenue Actual Collection Against approved estimate

S/N	Agencies	Approved Budget for Own Source Collections (TZS)	Actual Collections from Own Source (TZS)	(Under)/Over Collection (TZS)
<b>A. Agencies collected below the Budgeted</b>				
1	Tanzania Building Agency (TBA)	144,622,045,173.00	100,714,518,774.00	(43,907,526,399.00)
2	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	61,798,427,169.00	6,891,293,472.00	(54,907,133,697.00)
3	Tanzania Government Flights Agency (TGFA)	26,553,100,500.00	14,599,660,113.00	(11,953,440,387.00)
4	Drilling and Dam Construction Agency (DDCA)	13,824,911,483.00	6,852,938,850.00	(6,971,972,633.00)
5	Dar es Salaam Rapid Transit Agency (DART)	9,996,569,196.00	4,915,064,614.00	(5,081,504,582.00)
6	Tanzania Airports Authority (TAA)	50,064,517,106.00	45,656,776,062.00	(4,407,741,044.00)
7	Agency Development of Education Management (ADEM)	7,631,696,665.17	3,672,097,527.02	(3,959,599,138.15)
8	Tanzania Public Service College (TPSC)	14,751,103,000.00	11,622,353,500.00	(3,128,749,500.00)
9	Tanzania National Roads Agency (TANROADS)	43,112,450,000.00	40,863,136,000.00	(2,249,314,000.00)
10	Agriculture Seeds Agency (ASA)	3,421,513,000.00	1,553,011,000.00	(1,868,502,000.00)

S/N	Agencies	Approved Budget for Own Source Collections (TZS)	Actual Collections from Own Source (TZS)	(Under)/Over Collection (TZS)
11	Government Chemist laboratory Agency	25,335,017,986.00	23,957,061,221.71	(1,377,956,764.29)
12	Tanzania Institute of Accountancy (TIA)	23,826,867,000.00	22,503,282,659.12	(1,323,584,340.88)
13	National Housing and Building Research Agency (NHBRA)	2,027,416,251.00	2,161,658,580.00	134,242,329.00
14	Tanzania Meteorological Agency (TMA)	11,560,000,000.00	10,330,320,641.00	(1,229,679,359.00)
15	Tanzania Global Learning Agency (TAGLA)	1,980,901,867.00	1,037,092,899.00	(943,808,968.00)
16	Livestock Training Agency (LITA)	3,977,286,500.00	782,683,748.00	(3,194,602,752.00)
17	Government Procurement Service Agency (GPSA)	11,330,000,000.00	10,446,610,000.00	(883,390,000.00)
18	Eastern Africa Statistical Training Centre	1,427,957,244.00	782,683,748.00	(645,273,496.00)
19	National College of Tourism (NCT)	2,553,474,600.00	2,161,658,580.00	(391,816,020.00)
20	Registration, Insolvency and Trusteeship Agency (RITA)	7,204,401,000.00	6,891,293,472.00	(313,107,528.00)
21	Fisheries Education and Training Agency (FETA)	1,200,000,000.00	3,672,097,527.02	2,472,097,527.02

S/N	Agencies	Approved Budget for Own Source Collections (TZS)	Actual Collections from Own Source (TZS)	(Under)/Over Collection (TZS)
22	Tanzania Veterinary Laboratory Agency (TVLA)	1,650,000,000.00	470,513,000.00	(1,179,487,000.00)
23	Business Registrations and Licensing Agency (BRELA)	25,391,064,000.00	22,771,662,443.00	(2,619,401,557.00)
	Sub Total A.	495,240,719,740.17	322,537,805,987.87	(147,311,849,752.30)
<b>B.</b>	<b>Agencies collected beyond their Budget for own source</b>			
1	Occupational Safety and Health Authority (OSHA)	14,342,823,000.00	14,342,823,000.00	-
2	Taasisi ya Sanaa na Utamaduni Bagamoyo (TaSUBA)	427,000,000.00	470,513,000.00	43,513,000.00
3	Geological Survey of Tanzania (GST)	371,000,000.00	573,983,827.00	202,983,827.00
4	Water Institute	3,231,559,750.00	3,978,938,408.00	747,378,658.00
5	Weights and Measures Agency (WMA)	22,525,866,198.00	24,006,842,954.50	1,480,976,756.50
6	E-Government Agency	2,701,609,505.00	4,684,376,097.00	1,982,766,592.00
7	Tanzania Forestry Service Agency (TFSA)	126,498,300,174.00	130,794,203,736.00	4,295,903,562.00



S/N	Agencies	Approved Budget for Own Source Collections (TZS)	Actual Collections from Own Source (TZS)	(Under)/Over Collection (TZS)
8	Tanzania Rural and Urban Road Agency (TARURA)	11,147,850,000.00	16,027,904,339.00	4,880,054,339.00
9	Petroleum Bulk Procurement Agency	5,284,265,500.00	7,708,826,685.23	2,424,561,185.23
10	National Food Reserve Agency (NFRA)	22,140,658,920.00	35,891,533,773.00	13,750,874,853.00
	<b>Sub Total B.</b>	<b>208,670,933,047.00</b>	<b>238,479,945,819.73</b>	<b>29,809,012,772.73</b>
	<b>General Total</b>	<b>703,911,652,787</b>	<b>561,017,751,808</b>	<b>(142,893,900,979)</b>

Source: Management letters

#### Appendix 8. 4: Agencies which remitted funds to the Consolidated Account

S/N	Agencies	Annual Collections	Required transfer amount (15% of Collections)	Transferred Amount to Treasury	(Under)/over transferred
<b>Agencies did not remit the required amount</b>					
1	Tanzania Building Agency	100,714,518,774	15,107,177,816	543,187,079	(14,563,990,737)
2	Occupational Safety and Health Authority (OSHA)	14,342,823,000	2,151,423,450	1,500,000,000	(651,423,450)
	Sub Total 1	115,057,341,774	17,258,601,266	2,043,187,079	(15,215,414,187)
<b>Agencies which remitted above the requirement</b>					
1	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	6,891,293,472	1,033,694,021	1,035,551,338	1,857,317
2	Weights and Measures Agency (WMA)	24,006,842,955	3,601,026,443	3,733,912,231	132,885,788
3	Tanzania Forest Fund	6,338,328,570	950,749,286	1,150,000,000	199,250,714
4	Business Registrations and Licensing Agency (BRELA)	22,771,662,443	3,415,749,366	3,820,922,270	405,172,903
5	Tanzania Forestry Service Agency (TFSA)	130,794,203,736	19,619,130,560	21,891,104,000	2,271,973,440
	Sub Total 1	190,802,331,176	28,620,349,676	31,631,489,838	3,011,140,162

S/N	Agencies	Annual Collections	Required transfer amount (15% of Collections)	Transferred Amount to Treasury	(Under)/over transferred
	<b>Total</b>	<b>305,859,672,950</b>	<b>45,878,950,942</b>	<b>33,674,676,917</b>	<b>(12,204,274,025)</b>

Source : Financial statement

## Appendix 8. 5: Lists of Entities Accounts Payable

S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
A. Agencies				
1	Drilling and Dam Construction Agency (DDCA)	1,279,981,396	409,657,099	1,689,638,495
2	Fisheries Education and Training Agency (FETA)	44,243,650	-	44,243,650
3	Tanzania Veterinary laboratory Agency (TVLA)	441,084,730	218,569,359	659,654,089
4	Livestock Training Agency (LITA)	-	184,953,723	184,953,723
5	Eastern Africa Statistical Training Centre	261,966,874	33,481,265	295,448,139
6	Occupational Safety and Health Authority (OSHA)	-	-	-
7	Registration, Insolvency and Trusteeship Agency (RITA)	-	-	-
8	Tanzania National Roads Agency (TANROADS)	591,071,216,000	193,135,102,000	784,206,318,000
9	Taasisi ya Sanaa na Utamaduni Bagamoyo (TaSUBA)	25,096,425	145,193,575	170,290,000
10	Tanzania Electrical, Mechanical and Services Agency (TEMSA)	11,791,953,260	14,422,653,985	26,214,607,245
11	Tanzania Building Agency (TBA)	16,888,364,359	8,905,380,452	25,793,744,811
12	Tanzania Government Flight Agency	615,595,573	4,548,046,353	5,163,641,926
13	Weights and Measures Agency (WMA)	322,726,094	325,967,431	648,693,525
14	National Housing and Building Research Agency (NHBRA)	94,395,041	20,365,347	114,760,388
15	Tanzania Global Learning Agency (TAGLA)	366,705,285	340,923,151	707,628,436
16	Dar es Salaam Rapid Transit Agency (DART)	963,920,729	71,652,651	1,035,573,380

S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
17	Tanzania Forestry Service Agency (TFSA)	553,414,557	-	553,414,557
18	Agriculture Seeds Agency (ASA)	1,454,069,000	606,119,000	2,060,188,000
19	Tanzania Airports Authority (TAA)	4,134,515,991	1,766,272,930	5,900,788,921
20	Tanzania Meteorological Agency (TMA)	540,991,607	-	540,991,607
21	National College of Tourism (NCT)	448,015,300	328,083,046	776,098,346
22	Water Institute	460,588,235	518,389,203	978,977,438
23	Government Chemist Laboratory Authority	863,224,656	673,342,375	1,536,567,031
24	Government Procurement Services Agency	3,062,741,347	16,813,653	3,079,555,000
25	Geological Survey of Tanzania	31,081,465	73,156,716	104,238,181
26	Tanzania Rural and Urban Roads Agency (TARURA)	18,460,314,345	5,538,246,745	23,998,561,090
27	E-Government Agency	1,124,215,111	2,514,430,414	3,638,645,525
28	Tanzania Public Service College (TPSC)	547,375,279	81,995,685	629,370,964
29	Tanzania Institute of Accountancy (TIA)	958,372,601	759,192,000	1,717,564,601

S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
30	National Food Reserve Agency (NFRA)	427,691,237	556,357,417	984,048,654
31	Agency for Development of Education Management (ADEM)	310,270,021	6,017,819	316,287,840
32	Business Registrations and Licensing Agency (BRELA)	208,049,638	171,301,343	379,350,981
B. Water Basin Boards				
1	Lake Nyasa Basin Water Board	17,004,718	176,066,244	193,070,962
2	Lake Rukwa Basin Water Board	65,141,552	61,734,555	126,876,107
3	Lake Tanganyika Basin Water Board	35,656,912	123,000,000	158,656,912
4	Handeni Trunk Main Water Supply and Sanitation Authority	444,911,357	118,889,656	563,801,013
5	Mugango-Kiabakari Water Supply and Sanitation Authority	613,610,044	10,981,228	624,591,272
6	Lake victoria Basin Water Board	93,196,552	-	93,196,552
7	Maswa Water Supply and Sanitation Authority (MAUWASA)	276,080,619	128,874,930	404,955,549
8	Makonde Plateau Water Supply	973,315,651	773,209,204	1,746,524,855
9	Rufiji Basin Water Board	227,211,688	-	227,211,688
10	Internal Drainage Basin Water Board	-	-	-

S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
11	Wanging'ombe Water Supply and Sanitation Authority	776,153,000	21,486,000	797,639,000
12	Pangani Basin Water Board	-	-	-
13	Wami-Ruvu Basin Water Board	5,142,111,640	146,500,000	5,288,611,640
14	Ruvuma Basin and Southern Coast Water Board	17,897,300	12,288,881	30,186,181
C. Other Institutions				
1	Institute of Judicial Administration (IJA)	15,509,988	196,403,559	211,913,547
2	African Peer Review Mechanism (Tanzania)	-	33,757,804	33,757,804
3	Private Health Laboratories Board	341,270,635	51,209,739	392,480,374
4	Mzinga Corporation	4,623,982,798	6,167,800,863	10,791,783,660
5	Mzinga Holding Company Ltd	951,113,877	3,900,567,430	4,851,681,307
6	Pasiansi Wildlife Training Institute	-	-	-
7	Prisons Corporation Sole	31,537,719	1,335,193,787	1,366,731,506
8	SUMA JKT - National Service Construction Department	10,862,823,000	-	10,862,823,000

S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
9	SUMA Agriculture and Industrial segment	-	208,696,000	208,696,000
10	SUMA JKT Guard Limited	2,948,903,650	637,216,350	3,586,120,000
11	National Service Corporation Sole (SUMA HQ)	15,797,000	76,020,000	91,817,000
12	Tanzania Automotive Technology Centre	264,472,204	235,542,467	500,014,671
13	Tengeru Institute of Community Development (TICD)	-	-	-
14	Tanzania Wildlife Management Authority	-	-	-
15	Town Planners Registration Board	1,969,149	18,400,000	20,369,149
16	Tanzania Livestock Research Institute	349,045,020	1,442,563,199	1,791,608,219
7	Roads Fund Board (RFB)	14,805,393,000	11,126,826,000	25,932,219,000
18	Maji Central Store Revolving Fund (MCSRf)	84,204,900	1,218,156,468	1,302,361,368
19	Advance Fund	1,330,295,448	2,437,118,453	3,767,413,900



S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
20	Local Government Training Institute (HOMBLO)	203,925,321	46,297,292	250,222,613
21	National Identification Authority	1,287,938,767	21,289,257,271	22,577,196,038
22	Tanzania Wildlife Protection Fund	22,001,268	-	22,001,268
23	Nelson Mandela African Institution of Science and Technology	414,898,000	2,816,970,976	3,231,868,976
24	Pharmacy Council	15,799,138	-	15,799,138
25	Tanzania Police Force Corporation Sole	3,900,000	226,600,000	230,500,000
26	Tanzania Livestock Research Institute (TALIRI)	349,045,020	1,442,563,199	1,791,608,219
27	Roads Fund Board	14,805,393,000	11,126,826,000	25,932,219,000
28	Marine Services Company Ltd	1,045,382,000	6,711,317,000	7,756,699,000
29	Jitegemee Secondary School	814,176,000	617,587,000	1,431,763,000
30	Tanzania Nursing and Midwifery Council	-	101,376,560	101,376,560
31	Mwananyamala Regional Referral Hospital	681,439,178	-	681,439,178

S/N	Entities	Less than 12 months	Above 12 months	Total (TZS)
32	Environmental Health Practitioners Council	31,768,000	-	31,768,000
33	Tanzania Wildlife Protection Fund	22,001,268	-	22,001,268
34	Tanzania Film Board (TFB)	100,000,000	-	100,000,000
35	Local Government Loans Board (LGLB)	13,887,527	-	13,887,527
	<b>Total Payables</b>	<b>722,664,294,075</b>	<b>311,237,661,506</b>	<b>1,033,901,955,581</b>

## Appendix 8. 6: Lists of Entities Accounts receivable

S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
<b>A. Agencies</b>		<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
1.	Drilling and Dam Construction Agency (DDCA)	2,103,413,889	987,039,712	3,090,453,601
2.	Fisheries Education and Training Agency (FETA)	196,356,423	18,544,626	214,901,049
3.	Tanzania Veterinary Laboratory Agency (TVLA)	189,793,839	73,324,269	263,118,108
4.	Livestock Training Agency (LITA)	218,107,573	34,391,630	252,499,203
5.	Eastern Africa Statistical Training Centre	179,999,434	452,235,291	632,234,725
6.	Tanzania National Roads Agency (TANROADS)	157,198,026,000	15,487,183,000	172,685,209,000
7.	Taasisi ya Sanaa na Utamaduni Bagamoyo (TaSUBA)	16,695,000	21,465,000	38,160,000
8.	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	16,435,869,503	17,104,264,181	33,540,133,684
9.	Tanzania Building Agency (TBA)	49,395,133,872	1,697,974,675	51,093,108,547

S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
10.	Tanzania Government Flight Agency	27,239,099,911	28,429,965,083	55,669,064,994
11.	Weights and Measures Agency (WMA)	1,160,574,355	642,089,762	1,802,664,117
12.	National Housing and Building Research Agency(NHBRA)	231,280,588	813,773,197	1,045,053,785
13.	Tanzania Global Learning Agency(TAGLA)	37,343,000	121,243,423	158,586,423
14.	Dar es Salaam Rapid Transit Agency(DART)	2,473,000,806	2,486,055,463	4,959,056,269
15.	Tanzania Forestry Service Agency(TFSA)	72,040,450	-	72,040,450
16.	Agriculture Seeds Agency(ASA)	339,630,000	897,549,000	1,237,179,000
17.	Tanzania Airports Authority(TAA)	11,107,098,397	5,457,537,725	16,564,636,122
18.	Tanzania Meteorological Agency(TMA)	2,132,521,780	34,232,200	2,166,753,980
19.	Water Institute	-	-	-
20.	National College of Tourism (NCT)	360,966,340	85,170,365	446,136,705
21.	Government Chemist Laboratory Authority	4,561,952,800	3,971,529,162	8,533,481,962
22.	Government Procurement Services Agency	1,404,963,519	3,778,060,481	5,183,024,000
23.	Geological Survey of Tanzania	10,030,000	91,040,362	101,070,362
24.	Tanzania Rural and Urban Roads Agency (TARURA)	721,560,259	3,995,880,722	4,717,440,981
25.	E-Government Agency	1,808,481,801	2,158,909,199	3,967,391,000

S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
26.	Tanzania Institute of Accountancy (TIA)	2,908,025,479	3,635,408	2,911,660,887
27.	Tanzania Public Service College(TPSC)	585,287,352	22,032,917	607,320,269
28.	National Food Reserve Agency (NFRA)	235,804,088	170,525,687,401	170,761,491,489
29.	Agency for Development of Education Management (ADEM)	47,221,000	47,794,850	95,015,850
30.	Petroleum Bulk Procurement Agency	3,415,471,807	10,820,651,877	14,236,123,684
		31.		
32.	Lake Nyasa Basin Water Board	86,435,742	599,671,130	686,106,872
33.	Lake Rukwa Basin Water Board	27,175,142	346,866,981	374,042,123
34.	Lake Tanganyika Basin Water Board	92,600,842	515,461,209	608,062,051
35.	Handeni Trunk Main Water Supply and Sanitation Authority	98,629,999	84,386,260	183,016,259
36.	Mugango-kiabakari Water Supply and Sanitation Authority	660,000	116,357,187	117,017,187
37.	Lake victoria Basin Water Board	1,244,710,315	367,841,377	1,612,551,692

S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
38.	Maswa Water Supply and Sanitation Authority (MAUWASA)	87,427,055	154,238,571	241,665,626
39.	Makonde Plateau Water Supply	-	668,363,328	668,363,328
40.	Rufiji Basin Water Board	6,293,318	21,751,042	28,044,360
41.	Internal Drainage Basin Water Board	29,424,306	42,607,694	72,032,000
42.	Wanging'ombe Water Supply and Sanitation Authority	34,709,000	79,051,000	113,760,000
43.	Pangani Basin Water Board	380,901,000	664,835,000	1,045,736,000
44.	Wami-Ruvu Basin Water Board	52,329,338	441,538,904	493,868,242
45.	Ruvuma Basin and Southern Coast Water Board	6,978,282	58,677,800	65,656,082
46.				
47.	Institute of Judicial Administration (IJA)	277,773,507	165,436,470	443,209,977
48.	Private Health Laboratories Board	9,751,036	500,559,339	510,310,375
49.	Local Government Loans Board (LGLB)	1,015,097,335	4,165,176,358	5,180,273,693
50.	Mzinga Corporation	1,188,693,067	4,984,112,775	6,172,805,842
51.	Mzinga Holding Company Ltd	1,177,581,296	5,043,900,672	6,221,481,968
52.	Optometry Council	19,447,500	12,513,750	31,961,250
53.	Pasiansi Wildlife Training Institute	-		-
54.	Prisons Corporation Sole	2,100,940,354	5,824,119,164	7,925,059,518
55.	Medical Radiology and Imaging Professional Council (MRIPC)	4,200,000	7,600,000	11,800,000

S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
56.	SUMA JKT - National service construction Department	5,014,797,000	-	5,014,797,000
57.	SUMA Agri Machinery Project	3,619,753,000	35,100,049,000	38,719,802,000
58.	SUMA JKT Guard Limited	4,978,544,280	1,386,003,843	6,364,548,123
59.	SUMA JKT Agricultural and Industrial Department	121,501,000	1,260,626,000	1,382,127,000
60.	National Service Corporation Sole (SUMA HQ)	230,000,000	955,395,000	1,185,395,000
61.	Tanzania Automotive Technology Centre	255,630,640	704,133,737	959,764,377
62.	Tanzania Film Board (TFB)	28,000,000	-	28,000,000
63.	Tengeru Institute of Community Development (TICD)	198,024,088	262,695,345	460,719,433
64.	Environmental Health Practitioners Council (EHPC)	162,684,000	-	162,684,000
65.	Nelson Mandela African Institution of Science and Technology	1,030,427,725	6,119,912,854	7,150,340,579
66.	Tanzania Wildlife Management Authority	-	-	-
67.	Town Planners Registration Board	42,526,084	17,300,000	59,826,084
68.	Livestock Development Fund	3,220,000	40,896,335	44,116,335
69.	Empowerment Mining Development Fund (EMDF)	72,970,400	431,195,697	504,166,097
70.	Women Development Fund (WDF)	-	805,059,460	805,059,460

S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
71.	National Management Disaster Fund	-	487,148,192	487,148,192
72.	Tanzania Wildlife Protection Fund	303,406,181	-	303,406,181
73.	Pharmacy Council	94,244,965	322,037,057	416,282,022
74.	Maji Central Store Revolving Fund (MCSRf)	94,185,000	434,991,989	529,176,989
75.	Plant Breeders' Right Development Fund	61,782,614	68,147,407	129,930,022
76.	Roads Fund Board (RFB)	12,929,463,000	104,345,602,000	117,275,065,000
77.	Advance Fund	6,205,788,584	82,554,934,094	88,760,722,678
78.	Local Government Training Institute (HOMBOLO)	281,280,727	1,187,314,019	1,468,594,746
79.	National Identification Authority	276,239,754	28,486,148,057	28,762,387,811
80.	Nelson Mandela-African Institution of Science and Technology (NM-AIST)	1,030,427,725	6,119,912,854	7,150,340,579
81.	Tanzania Official Seed Certification Institute (TOSCI)	92,882,000	994,957,000	1,087,839,000
82.	Tanzania Livestock Research Institute (TALIRI)	-	-	-
83.	Rural Energy Agency (REA)	369,854,713,422	7,153,298,077	377,008,011,500



S/N	Entities	Receivable less than 12 months	Receivable Above 12 months	Total
84.	Ardhi Institute Morogoro (ARIMO)	86,899,650	911,399,242	998,298,892
85.	Inspection and Supervision Cooperative Fund (ISCF)	75,393,574	472,023,399	547,416,974
86.	Marine Services Company Ltd	59,680,000	279,876,000	339,556,000
87.	Mining Commission	3,524,455,330	38,030,191,574	41,554,646,904
88.	Jitegemee Secondary School	2,625,000	59,369,000	61,994,000
89.	Mwananyamala Regional Referral Hospital	413,313,906	-	413,313,906
90.	Tanzania Wildlife Protection Fund	303,406,181		303,406,181
91.	<b>Total Receivables</b>	<b>706,175,773,529</b>	<b>614,114,944,226</b>	<b>1,320,290,717,755</b>

## Appendix 8. 7: Interest charged on unpaid Claims of Consultants and Contractors

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Backlog Rehabilitation of Mlandizi - Chalinze	CHICO	3,579,225,082	584,146,849	4,163,371,931
Kyamyorwa - Buzirayombo	CHINA GEO	6,220,839,262	602,173,527	6,823,012,788
Uyovu-Bwanga	SINOHYDRO	12,752,329,845	10,016,656,405	22,768,986,250
Bwanga-Biharamulo	SINOHYDRO	31,304,487,350	11,134,116,867	42,438,604,218
Malagarasi Bridge and Associated approach roads	HANIL ENG	-	459,915,044	459,915,044
Kidahwe-Uvinza-Illunde	CHICO	-	382,495,632	382,495,632
Tabora - Ndonon (42km)	CHICO	3,798,962,709	2,500,416,134	6,299,378,843
Ndonon - Urambo (52 Km)	CCECC	27,813,816,174	2,499,938,677	30,313,754,851

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Kaliua - Kazilambwa (56km)	CHICO	19,393,714,906	2,594,122,689	21,987,837,595
Marangu - Rombo Mkuu	Genral Nile	-	3,002,069,604	3,002,069,604
Rombo Mkuu - Tarakea	Genral Nile	-	1,160,860,034	1,160,860,034
Kia - Mererani	CHICO	9,969,999,877	10,060,734,806	20,030,734,683
	LEA International Ltd in Joint Venture with LEA Associates South Asia PVT Ltd of India in association with M/s Doch Ltd	285,638,339	252,905,620	538,543,958
	Sanya Juu - Alerai (32.2km)	16,757,020,785	2,910,670,766	19,667,691,551
	Dumila - Kilosa - Mikumi (Dumila - Ludewa section)	893,570,819	2,266,285,499	3,159,856,318
	Sumbawanga - Kasanga Port	23,625,013,801	5,709,652,238	29,334,666,039

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Construction of Sibiti Bridge along Ulemo - Gumanga - Sibiti road	HAINAN INTERNATIONAL	1,696,644,013	1,264,997,085	2,961,641,098
Construction of Kilombero bridge Morogoro	CRG15	4,098,237,068	5,163,495,181	9,261,732,249
Kavuu Bridge along Majimoto-Inyonga	RM-Katavi	-	46,088,342	46,088,342
Construction of Momba Bridge		6,383,676,647	1,166,102,839	7,549,779,486
New Wami Bridge (Construction)	Power Construction Corporation of China, Ltd	12,979,815,052	59,523,300	13,039,338,352
Isaka - Ushirombo (Rehabilitaion)	CHICO	-	9,745,223,730	9,745,223,730
Ushirombo- Lusahunga (Rehabilitation)	STRABAG	16,482,611,020	2,115,910,469	18,598,521,489
	SMEC (Consultant)	1,881,192,190	807,482,389	2,688,674,579

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Tabora - Nyahua Sect.	CFTECH	58,464,783,400	22,371,680,544	80,836,463,944
	CES	-	1,515,693,559	1,515,693,559
Manyoni-Itigi-Chaya	SINOHYDRO	2,571,253,566	2,421,504,397	4,992,757,963
Nyahua -Chaya	CHICO	10,521,342,828	42,599,380	10,563,942,208
Kifuru - Kinyerezi (4km)	ESTIM	3,892,475,821	11,858,940	3,904,334,760
Kifuru - Kinyerezi (3.6 km) Phase 3	ESTIM	1,374,190,092	10,641,059	1,384,831,151
Tanki Bovu - Goba (9km)	ESTIM	-	236,014,394	236,014,394
Tegeta Kibaoni - Goba	MECCO	727,736,494	489,708,202	1,217,444,696
Tabora - Sikonge (30km)	CICO	18,634,753,824	413,709,974	19,048,463,797
Mto wa Mbu - Loliondo (Waso - Sale Jct Section - 50km)	CHINA WUYI CO. LTD	13,799,698,436	1,379,464,064	15,179,162,500

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Upgrading to DSD of Kikusya - Iipinda - Matema (Tenende-Matema) road -34,6 km.	China New Era International Engineering Corporation	21,217,952,369	13,740,975,977	34,958,928,346
Puge - Tabora	SINOHYDRO	12,171,840,207	6,963,487,356	19,135,327,564
Sumbawanga-Kanazi Road	JIANGX	42,566,778,920	8,855,534,992	51,422,313,912
Kanazi - Kizi - Kibaoni Road	HUNAN	50,069,102,496	6,949,244,882	57,018,347,378
	NICHOLAS ODWYER	2,744,969,762	2,283,083,106	5,028,052,868
Sitalike Mpanda	China Railway 7 Group	11,062,692,016	5,364,451,698	16,427,143,714
Mpanda - Ifukutwa - Vikonge	China Railway 7 Group	11,364,932,133	2,058,877,952	13,423,810,085
Nyanguge - Musoma/Kisesa Bypass ( Musoma-Mwanza border)	CHICO	18,210,661,302	2,185,429,535	20,396,090,836

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Kisesa Bypass	NYANZA	736,385,077	1,477,723,132	2,214,108,209
Kisoro - Bulamba (51km)	NYANZA	1,051,275,643	92,000,733	1,143,276,376
	DOCH	219,008,059	321,720	219,329,779
	CCECC	-	1,177,518	1,177,518
Magole - Turiani -Mzihla Road	CCECC	-	1,177,518	1,177,518
Mwigumbi - Maswa - Bariadi - Lamadi ( Lot 3: Bariadi - Lamadi )	CCCC	29,893,331,524	7,546,527,801	37,439,859,325
Mwigumbi - Maswa - Bariadi - Lamadi ( Lot 1: Mwigumbi - Maswa )	CHICO	29,246,830,923	9,432,429,669	38,679,260,592
	KYONGDONG	-	644,680,505	644,680,505
Mwigumbi - Maswa - Bariadi - Lamadi ( Lot 2: Maswa -Bariadi )	CHICO	33,738,983,124	1,217,945,322	34,956,928,446
LOT 1 : Kidahwe - Kasulu (50km)	CR15G	16,136,982,623	260,089,647	16,397,072,270
Mafia Airport Access Road	CHICO	2,177,566,693	755,000,000	2,932,566,693

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Mpemba - Isongole (50.3 Km)	China Geo-Engineering Corporation (CGC)	18,685,428,073	1,218,707,921	19,904,135,994
Kagoma - Lusahunga (Construction)	CHICO	-	14,118,569,923	14,118,569,923
Singida - Katesh (Lot 1)	SINOHYDRO	-	962,970,379	962,970,379
Dareda - Minjingu (Lot 3)	CHICO	-	3,822,622,295	3,822,622,295
Lot 1: Njombe - Moronga Section (53.9KM)	CHICO	19,366,062,415	1,579,166,710	20,945,229,125
Lot 2: Moronga - Makete Section (53.5KM)	China Railway 7 Group	19,701,572,639	1,716,907,534	21,418,480,173
Lwanjilo - Chunya Sect.	CCCC	-	54,731,128	54,731,128
Chunya - Makongolosi Sect.(39km)	CR15G	5,283,460,853	218,462,841	5,501,923,694
Msoga - Msolwa (Chalinze Bypass)	RM - COAST	-	521,507,327	521,507,327



Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Itoni - Ludewa - Manda (Lot 2: Lusitu Mawengi 50km)	Cheon Kwang Engineering & Construction Co. Ltd	10,690,562,241	1,693,588,409	12,384,150,650
Iringa - Migori (Lot 1)	SILETCO	412,512,597	280,584,569	693,097,165
Fufu escarpment - Dodoma (Lot 3)	CCCC	755,584,148	2,769,149,765	3,524,733,914
Dodoma - Mayamaya	SINOHYDRO	7,234,141,697	8,651,734,627	15,885,876,324
Mayamaya - Mela	CHICO	22,133,949,349	1,858,515,431	23,992,464,780
Mela - Bonga	CRZG	1,802,349,892	1,372,483,555	3,174,833,447
Bonga - Babati and Kondo access	CHICO	-	1,279,656,190	1,279,656,190
LOT A: Nantumbo-Kilimaseera	China Railway 7 Group	1,400,368,995	469,839,355	1,870,208,350
LOT C: Matemanga-Tunduru	CCECC	1,788,085,987	596,028,662	2,384,114,649
	CHICO	6,695,662,647	57,943,732	6,753,606,379

Name of the Road Project	Contractor /Consultant	Principal Amount (TZS)	Interest (TZS)	Total Out. Am
Mtwara - Newala - Masasi Road; Lot 1: Mtwara - Mniyata Section (50km)	Dott Services	12,673,843,480	3,392,428,940	16,066,272,421
<b>TOTAL - ROADS WORKS</b>		721,135,907,282	221,863,439,078	942,999,346,360
Construction of Mwanza Airport	Beijing Construction Engineering group Co. Ltd	4,817,548,960	2,162,229,109	6,979,778,068
<b>TOTAL - AIRPORTS</b>		4,817,548,960	2,162,229,109	6,979,778,068
<b>TOTAL - OUTSTANDING</b>		725,953,456,242	224,025,668,187	949,979,124,429

## Appendix 8. 8: Irregular noted in Construction project contracted to TBA

S/N	Contract Details	Audit findings
1.	Employer:-Ethics Commissioner, President's Office-Ethics Secretariat Contr. No: IE/022/2015/2016/W/02/3 Contr. Details: <b>Proposed Design and Construction of Head Quarter and Zonal Office for Ethics Secretariat in Dodoma Region</b> Contr. Sum: TZS 9,064,275,060 Sign Date: 14 June, 2019 Completion Date: 3 January 2019	<b>Execution of works before entering into Contract Agreement.</b> I noted that, the execution of the project commenced on 5 January 2018, however the contract was signed on 14 June 2019 which is 1.5 years later.  <b>Uneven of the value of works executed and amount received from Clients.</b> I noted that TBA had executed value of works of TZS 1,037,605,276 vide IPC 2 dated 28 December 2018, however only TZS 477,613,263 was received as Advance payment. This poses the Agency to the risk of using other funds to finance this project.
2	Employer: Tanzania National Roads Agency Contr. No: MOA/2017/2018/HQ/W Contr. Details: <b>Design review, Modification and Construction of TANROADS Headquarters Building on Plot No.8, Block 'F' at the Njedengwa Investment Area in Dodoma Municipality</b> Contr. Sum: TZS 30,130,776,828.07 Sign Date: 19 September 2017 Completion Date: 19 December 2019 (Incl. of DLP)	<b>Poor Progress of the Work</b> During the Site visit conducted on January 2020 I noted the overall progress of works stood at 30% while 100% of the Contract time had lapsed. I further noted the Contractor TBA is executing the works without having valid contract since the expiration time of 19 December 2019.  This was contributed by inadequate supervision of the project where by TBA had; delayed to submit inception report and final design which was submitted on 14 December 2017 instead of agreed date of 19 October 2017; failed to produce resourcefully programme of works; failed to produce 16 monthly progress reports as of to January 2020

S/N	Contract Details	Audit findings
		only one progress of August 2018 was submitted and; Incorrect certification of the valuation of works carried out and completed of which IPC 2 was rejected by Employer due to error and not supported by measurement sheet.
3.	<p>Employer: National Electoral Commission  Contr. No: IE/018/2016-2017/HQ/W/01  Contr. Details: <b>Design and construction of office building of the proposed NEC HQ</b>  Contr. Sum: TZS 11,042,120,517.02 (Phase 1)  Sign Date: 1 July 2017  Completion Date: 30 June 2018  Termination Date: November 2019  (<b>Note:</b> The contract was terminated due to underperformance)</p>	<p><b>Loss of TZS 8,854,624,244.25 from the rejected claims due to executing addition works not approved by NEC.</b>  I noted TBA had executed addition works (variation) amounting to TZS 8,854,624,244.25 before obtaining the Employer approval of which the claims for the variation made was rejected by the Consultancy (Ardhi University Consultancy Unit) as per Sub Clause 13.3 of GCC.</p> <p>The management informed my office that the field re-measurement was conducted in-order to establish the project cost which propose changes of foundation design from sub-basement to full basement to the Main building and also includes fourth floor which was skipped during preparation of BOQ. However the proposed variation where not presented to the employer for approval.</p> <p>The termination of this contract on November 2019 and shifted to SUMA Jkt, it implies that the Agency had incurred a loss of TZS 8,854,624,244.25 of which was obtained from other activities funds with the expectation of a refunds and hence serious affect implementation of those activities. I have a view that further termination is expected in affected projects.</p>

Source: *TBA Management letters*

## Appendix 8. 9: Imprest issued to non - staff members

DATE	PV No	CHQ No.	AMOUNT (TZS)	A/C No
20/07/2018	82/7	093325	3,615,000.00	8601
06/07/2018	53/7	093291	2,300,000.00	8601
20/09/2018	29/9	116679	5,000,000.00	8605
17/09/2019	20/9	116666	2,100,000.00	8605
11/07/2018	16/7	116546	3,445,000.00	8605
11/07/2018	15/7	1166545	4,392,000.00	8605
06/07/2018	14/7	116544	4,875,000.00	8605
04/07/2018	6/7	116535	4,900,000.00	8605
17/12/2018	2371	00378	4,640,000.00	8607
05/12/2018	2296	00372	4,900,000.00	8607
09/07/2018	42/7	093283	3,234,000.00	8601
14/09/2018	10/9	093372	1,555,000.00	8601
20/09/2018	23/9	093385	4,314,000.00	8601
05/10/2018	19/9	093419	1,515,000.00	8601
23/10/2018	55/10	093456	3,145,000.00	8601
18/01/2019	66/1	093581	1,500,000.00	8601
18/01/2019	91/1	093597	3,148,000.00	8601
-	20/2	093621	1,384,400.00	8601
-	-	093623	1,200,000.00	8601
31/4/2019	15/4	093708	12,316,000.00	8601
31/4/2019	8/4	093700	2,126,840.00	8601
25/04/2019	39/4	093726	2,352,000.00	8601
10/05/2019	11/5	093749	4,522,000.00	8601

DATE	PV No	CHQ No.	AMOUNT (TZS)	A/C No
24/05/2019	42/5	093779	1,149,500.00	8601
07/06/2019	7/6	093786	4,478,000.00	8601
07/06/2019	6/6	093785	4,500,000.00	8601
12/10/2018	17/10	116769	2,000,000.00	8605
17/10/2018	23/10	116775	5,000,000.00	8605
19/10/2018	28/10	116781	5,000,000.00	8605
22/10/2018	33/10	116786	5,000,000.00	8605
22/10/2018	24/10	116787	5,000,000.00	8605
24/10/2018	40/10	116793	5,000,000.00	8605
22/10/2018	30/10	116783	2,275,000.00	8605
09/01/2019	53/1	00987	50,000,000.00	8606
10/01/2019	57/1	000991	50,000,000.00	8606
14/01/2019	61/1	000994	50,000,000.00	8606
14/01/2019	63/1	000997	50,000,000.00	8606
18/01/2019	68/1	001002	50,000,000.00	8606
18/01/2019	69/1	001003	50,000,000.00	8606
22/01/2019	75/01	001009	5,000,000.00	8606
24/01/2019	80/1	001014	50,000,000.00	8606
24/01/2019	81/1	001016	50,000,000.00	8606
24/01/2019	85/1	001019	50,000,000.00	8606
30/01/2019	93/1	001027	50,000,000.00	8606
<b>Total</b>			<b>626,881,740.00</b>	

### Appendix 8. 10: Weaknesses noted during audit of government expenditures

S/N	Institution	Amount (TZS )
	<b>Insufficient Supported Expenditure contrary to the requirements of Reg. 95 (4) of Public Finance Regulation, 2001 revised 2004</b>	
	National Housing and Building Research Agency	62,910,771.08
	Tanzania Global Learning Agency(TAGLA)	58,105,764.86
	Tanzania Automotive Technology Centre (TATC)	194,586,562.00
	Forest Industries Training Institute (FITI)	650,039,020.00
	Nelson Mandela African Institution of Science and Technology	79,203,749.49
	SUMAJKT Agricultural and industrial segment	248,033,146.00
1	Pharmacy Council	63,507,925.00
	Mount Meru referral hospital	49,000,000.00
	Maji Central Store Revolving Fund (MCSRf)	45,399,200.00
	Mwananyamala Regional Referral Hospital	39,420,590.47
	National Water Investment Fund (NWIF)	369,234,000.00
	Medical Council of Tanganyika (MCT)	254,120,455.00
	Prison Corporation Sole	94,362,722.00
	<b>Sub Total 1</b>	<b>2,207,923,905.90</b>
2	<b>Imprest issued yet to be retired contrary to the requirements of Reg. 103 of the Public Finance Regulation of 2001 revised 2004</b>	
	Mzinga Corporation	273,649,490.00

S/N	Institution	Amount (TZS )
	Mzinga Holding Company Ltd	1,064,562,709.87
	UONGOZI Institute	9,750,611.50
	Fisheries Education and Training Agency (FETA)	2,745,000.00
	Tanzania Wildlife Protection Fund	303,406,181.00
	National Housing and Building Research Agency	43,380,300.00
	National Management Disaster Fund	12,208,000.00
	Nelson Mandela African Institution of Science and Technology	155,463,680
	Tengeru Institute of Community Development (TICD)	19,035,610.00
	Ardhi institute	965,754,117.50
	Rural Energy Agency	186,535,692.69
	Medical Council of Tanganyika (MCT)	397,741,352.00
	<b>Sub Total 2</b>	<b>3,278,769,064.56</b>
	<b>Payments made not acknowledged by EFD receipts contrary to the requirements of Regulation 28 (1) of Income Tax of 2012 (Electronic Fiscal Devices</b>	
	Nelson Mandela African Institution of Science and Technology	28,814,816.00
	Songwe Designated Regional Referral Hospital	62,695,404.00
	Amana Regional Referral Hospital	48,492,925.00
3	SUMAJKT Agricultural and industrial segment	158,714,648.00
	Katavi Regional Referral Hospital	58,147,176.00
	Iringa Regional Referral Hospital	141,597,108.00



S/N	Institution	Amount (TZS )
	Temeke regional referral hospital	35,109,566.00
	National Food Reserve Agency	49,799,752.40
	Ardhi institute	31,120,960.00
	Tanzania Institute of Accountancy(TIA)	193,980,311.46
	Local Government Training Institute (LGTI)	79,499,016.00
	Jitegemee Secondary School	500,765,200.00
	<b>Sub Total 3</b>	<b>1,388,736,882.86</b>
	<b>Un-budgeted Expenditure contrary to Reg. 46 (3) of Public Finance Regulation, 2001 revised 2004</b>	
	Tanzania Wildlife Management Authority (TAWA)	351,008,632.00
	Tanzania Forest Services Agency	720,158,135.00
	Simiyu Regional Referral Hospital	43,852,208.00
4	Shinyanga Regional Referral Hospital	59,344,643.00
	Maji Central Store Revolving Fund (MCSRf)	22,870,000.00
	Tabora Referral Hospital	64,750,687.98
	Drilling and Dam Construction Agency (DDCA)	1,176,383,201.00
	<b>Sub Total 4</b>	<b>2,438,367,506.98</b>
	<b>Withholding tax not deducted and remitted to TRA contrary to Section 83 of Income Tax Act, 2008</b>	
5	Mzinga Holding Company Ltd	59,879,252.27
	Forest Industries Training Institute (FITI)	33,784,920.66
	Tanzania Electrical Mechanical and Electronics Services Agency (TEMESA)	392,959,596.67

S/N	Institution	Amount (TZS )
	Pharmacy Council	34,835,000.00
	Sub Total 5	521,458,769.60
Grand Total (1-5)		9,615,782,229.90

### Appendix 8. 11: Weaknesses noted in Referral Hospitals

S/N	Institution	Shortage of Staff	Shortage of Equipment	Non Establishment of TB	Procurement Not approved by MSD	Rejected Claim by NHIF
1	Maweni Regional Referral Hospital(MRRH)	441	144	X	199,165,824.00	107,587,535.00
2	Mbeya Regional Referral Hospital			X		53,883,300.00
3	Songwe Designated Regional Referral Hospital	416	16		15,284,472.00	
5	Amana Regional Referral Hospital	114		X		124,803,450.00
6	Mount Meru referral hospital	229				133,788,835.00
7	Katavi Regional Referral Hospital	477	152	X		63,820,014.00
8	Ligula Regional Referral Hospital	418		X		66,049,145.00
9	Sokoine Regional Referral Hospital	183		X		106,044,081.00
10	Manyara referral hospital	461				69,737,083.00
11	Iringa Regional Referral Hospital	52		X		34,027,915.00
12	Musoma Regional Referral Hospital					130,764,820.00

S/N	Institution	Shortage of Staff	Shortage of Equipment	Non Establishment of TB	Procurement Not approved by MSD	Rejected Claim by NHIF
13	Njombe Regional Referral Hospital	78				
14	Mwananyamala Regional Referral Hospital	146		X		72,132,675.00
15	Bukoba Regional Referral Hospital	428				103,050,045.00
16	Sekou-Toure Regional Referral Hospital	327				80,982,540.00
17	Songea Regional Referral Hospital	65		X		28,176,435.00
18	Tabora Regional Referral Hospital					32,751,735.00
19	Tanga Regional Referral Hospital	338		X		87,792,045.00
20	Temeke regional referral hospital	266		X		78,803,177.00
21	Tumbi Region Referral Hospital	359		X	105,079,500.00	57,758,220.00
22	Mawenzi Referral Hospital	249				51,438,895.00

S/N	Institution	Shortage of Staff	Shortage of Equipment	Non Establishment of TB	Procurement Not approved by MSD	Rejected Claim by NHIF
	Total	5047	312		319,529,796.00	1,483,391,945.00
	No. of questioned hospitals	19	3	12	3	19

Source: Referral hospitals Management letter

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## Appendix 8. 12: Irregularities noted on the Rehabilitation and Supply of ferries

S/N	Contracts Information.	Audit findings
1.	<p>Contr. No: AE/006/2017-18/HQ/W/30</p> <p>Contr. Details: Rehabilitation of MV. Misungwi Ferry at Kigongo - Busisi in Mwanza Region</p> <p>Contractor: M/s Songoro Marine Transport Ltd.</p> <p>Contr. Sum: TZS 783,600,000</p> <p>Signed Date: 30 August 2019</p> <p>Completion time: 30 November 2019.</p>	<p><b>I. Contract executed beyond the Completion time.</b></p> <p>During the audit time of January 2020 I noted that the Overall progress was at 20% while 100% of the Contract time lapsed. The reasons for project delays was not mentioned during my audit despite of several request.</p> <p><b>II. Failure to submit programme of works</b></p> <p>I noted that the Contractor had failed to produce the practical programme of work since the project commencement and the employer had not withheld TZS 200,000 per the day for the submission delay contrary to SCC Clause 16 and GCC Clause 30.3.</p> <p><b>III. Advance Payment secured by Bond instead of Bank Guarantee contrary to Clause 54.1 of GCC - TZS 153,585,600</b></p> <p>Advance Payment Bond No: 010/130/1/00344/19, dated 13/08/2019 issued by Star General insurance Tanzania ltd had expired since 06/08/2020.</p>

S/N	Contracts Information.	Audit findings
2.	<p>Contr. No: AE/006/2018-19/HQ/G/36</p> <p>Contr. Details: <b>Supply of New Ferry for Plying Between Chato - Mharamba and Nkome in Chato District</b></p> <p>Contractor: M/s Songoro Marine Transport Ltd</p> <p>Contr. Sum: TZS 3,519,200,075</p> <p>Signed Date: 13 May 2019</p> <p>Completion time: 13 March 2020.</p>	<p><b>I. Slow pace in the Construction works</b></p> <p>During the audit time of January 2020 I noted a slow progress of work which stood at 49% of total production while 70% of the Contract time had elapsed. This resulted to the works equivalent to 51% of the contract sum yet to be furnished for inspection and delivery.</p> <p><b>II. Over-payment made to the Contractor for Insurances not submitted - TZS 316,037,343</b></p> <p>I noted that TEMESA paid TZS 316,037,343 to the Contractor for providing Insurance covers of which were not submitted contrary to Sub Clause 14.1 of GCC. The pay item for the provision of the Insurance is required to be paid after the submission of the Insurance policy.</p> <p><b>III. Failure to submit programme of works</b></p> <p>I noted that the Contractor had failed to produce the practical programme of work since the project commencement and the employer had not withheld TZS 200,000 per the day for the submission delay contrary to SCC Clause 16 and GCC Clause 30.3.</p> <p><b>IV. Advance Payment secured by Bond instead of Bank Guarantee contrary to Clause 54.1 of GCC - USD 114,069.51</b></p> <p>Advance Payment Bond No: 010/130/1/00330/2019, dated 06/05/2019 issued by Star General insurance Tanzania Ltd expired since 04/05/2020.</p>

S/N	Contracts Information.	Audit findings
3.	<p>Contr. No: AE/006/2018-19/HQ/G/07</p> <p>Contr. Details: <b>Supply of New Ferry for Plying Between Mafia and Nyamisati, Mafia District In Pwani Region</b></p> <p>Contractor: M/s Songoro Marine Transport Ltd</p> <p>Contr. Sum: TZS 788,902,280.50 &amp; USD 1,941,450</p> <p>Signed Date: 30 April 2019</p> <p>Completion time: 30 February 2020.</p>	<p><b>I. Advance paid not supported by Bank Guarantee - TZS 449,445,675</b></p> <p>I noted that the advance paid to the Contractor in respect to foreign components of TZS 449,445,675 (USD 194,145 at exchange rate of 2315 TZS per USD) had not secured by a Guarantee contrary to Clause 18.1 of the GCC.</p> <p><b>II. Over-payment made to the Contractor for Insurances not submitted - TZS 527,365,178</b></p> <p>I noted that TEMESA paid TZS 527,365,178 to the Contractor for providing Insurance covers of which were not submitted contrary to Sub Clause 14.1 of GCC.</p>
4.	<p>Contr. No: AE/006/2017-18/HQ/W/CN-33</p> <p>Contr. Details: <b>Major Rehabilitation of MV - Kigamboni in Dar es Salaam.</b></p> <p>Contractor: M/s Songoro Marine Transport Ltd</p> <p>Contr. Sum: TZS 1,092,798,000</p> <p>Signed Date: 9 December 2018</p> <p>Completion time: 24 February 2019, revised to 29 July 2019.</p>	<p><b>I. Liquidated damage not deducted - TZS 109,279,800</b></p> <p>During the audit time of 4 January 2020 I noted that the Contract was executed beyond the Completion time of 29 July 2019 for more than 100 days without deduct liquidated damage amounted to TZS 109,279,800 (0.1% X 100 days (max. days) X TZS 1,092,798,000) as per 52.1 of the GCC.</p> <p><b>Performance bonds expired not extended.</b></p> <p>I noted that the Performance Bond amounting to TZS 109,279,800 issued by Metropolitan Tanzania Insurance Company Ltd with Policy no P/11ST1001/2018/7103/000384 dated 11<sup>th</sup> October 2018 came to an end on 30 March 2019. However the same was not extended hence exposed the project execution vulnerable to potential risk in case of the Contractor defaults.</p>



S/N	Contracts Information.	Audit findings
		<p><b>II. Unjustifiable variation of Contract price which lacks approval from Tender Boards - TZS 25,428,508</b></p> <p>During the audit I noted that before the contract was signed the contractor had provide the Agency with the discount which had reduce Tendered price to TZS 1,259,496,000 VAT Inclusive as evidenced by negotiation meeting held on 25 April 2018.</p> <p>Later on, the project was exempted with Value Added Tax (18%) and reduced further the agreed price to TZS 1,067,369,491.53 of which was required to be accommodated in the Contract agreement.</p> <p>To the contrary, the Agency had include in the Contract the Price of TZS 1,092,798,000 against the required amount of TZS 1,067,369,491.53 and resulted to the addition price of TZS 25,428,508 which was not justified as well as obtain approval from tender board as per Sub Reg. 110 (5) of PPR, 2013 (as amended 2016).</p> <p><b>III. Over-payment made to the Contractor for Insurances not submitted - TZS 15,000,000</b></p> <p>I noted that TEMESA paid TZS 15,000,000 to the Contractor for providing Insurance covers of which were not submitted contrary to Sub Clause 14.1 of GCC.</p> <p><b>IV. Failure to submit programme of works</b></p> <p>I noted that the Contractor had failed to produce the practical programme of work since the project commencement and the employer had not</p>

S/N	Contracts Information.	Audit findings
5	<p>Contr. No: AE/006/2017-18/HQ/G/CN-18</p> <p>Contr. Details: <b>Supply of New Ferry Plying Between Kayenze And Bezi In Illemela Districts In Mwanza Region</b></p> <p>Contractor: M/s Songoro Marine Transport Ltd</p> <p>Contr. Sum: TZS 678,532,908.90 &amp; USD 892,501.83</p> <p>Signed Date: 29 August 2018</p> <p>Completion time: 5 June 2019.</p>	<p>withheld TZS 200,000 per the day for the submission delay contrary to SCC Clause 16 and GCC Clause 30.3.</p> <p><b>I. Introduced Changes on the Advance payment rate from 10% to 30% without obtain approval from Tender board - TZS 816,256,331.61.</b></p> <p>I noted that, the Agency has paid the advance payment of TZS 816,256,331.61 vide Cheque No. 000535 and 000534 dated 12 December, 2018 being 30% of the contract sum contrary to the advance of 10% of the contract sum as stated in Clause 18 of SCC. I further noted that this variation of the contract terms was put into practice without obtain Tender board approval as required by Reg. 110 (5) of PPR, 2013 (as amended 2016).</p> <p><b>II. Failure to submit programme of works</b></p> <p>I noted that the Contractor had failed to produce the practical programme of work since the project commencement and the employer had not withheld TZS 200,000 per the day for the submission delay contrary to SCC Clause 16 and GCC Clause 30.3.</p>

Source: TEMESA Management letter

### Appendix 9. 1: Delayed completion of construction works

Vote	Name of MDA/RS and Observation	Amount (TZS)
92	Tanzania Commission for AIDS (TACAIDS)	Construction of Roadside Wellness Centre at Dumila 138,329,500
39	National Service Force (JKT)	Construction of Infrastructures for various Military Camps 6,000,000,000
93	Immigration Services Department	Implementation of Integrated Financial Management System (IFMS) Epicor 263, 863,921
90	RS Songwe	Construction works for Regional Office block, RC and RAS Residential houses 1,516,025,183
68	Ministry of Works, Transport and Communication	Supply, installation & commissioning of broadband optic fibre cable network connectivity 977,460,514
68	Ministry of Works, Transport and Communication	Manufacture and supply of 44,900 house number plates for 12 councils 269,400,000
68	Ministry of Works, Transport and Communication	Supply and installation of street signage and house numbers in twelve town councils 960,000,000
87	RS Kagera	Construction and renovation of Houses and Offices for DC's, DAS's and RC and extension of maternity ward 2,534,229,120
47	RS Simiyu	Construction of Simiyu Regional Commissioner's Office 5,718,387,926
81	RS Mwanza	Construction of Regional Commissioner's residential house 182,670,000
82	RS Ruvuma	Rehabilitation of Regional Commissioner's Office & Construction of District Commissioners Office Nyasa PHASE II 670,000,000
96	Ministry of Information, Youth, Culture and Sports	Rehabilitation of Buildings at African Liberation House in Dar es Salaam 1,353,244,060

Vote	Name of MDA/RS and Observation	Amount (TZS)
96	Ministry of Information, Youth, Culture and Sports	58,730,000
70	RS Arusha	320,264,118
88	RS Dar es Salaam	1,618,149,133
84	RS Singida	2,499,097,976
49	Ministry of Water and Irrigation	1,568,669,760.90
50	Ministry of Finance	413,095,451.62
21	TRA Expenditure	1,653,267,510.7
<b>Total</b>		<b>22,312,690,753</b>

## Appendix 9. 2: VFM assessment for major projects implemented 2018/2019

Procuring Entity	Project & Audit Finding
TANROADS	<p><b>Contract No. TRD/HQ/1004/2018/19 for Widening of Morogoro Road Section (Kimara - Kibaha) to Six Lanes Dual Carriageway - Phase I: Kimara - DSM/Coast Boarder Section (19km) including Construction of Kibamba, Kiluvya and Mpiji Bridges;</b></p> <ul style="list-style-type: none"> <li>Arrangement of supervision team was improper because the proposed Project Manager Resident Engineer, and Pavement/Materials Engineer who were full time employees of Tanroads Consulting Unit have other demanding full time roles.</li> <li>The audit also noted that on 7th May, 2019 the employer's laboratory had not been operational because the contractor was yet to supply lab equipment.</li> <li>Payments are delayed contrary to clause 14.7 of GCC which is attracting interest charges.</li> </ul> <p>Based on the weaknesses observed, TANROADS was directed to ensure that the laboratory is functional; contractors are paid according to their contracts. The Ministry of Finance and Planning is advised to examine the existing system on issuance of tax exemption to address existing weaknesses so as to avoid claims by contractors against the Government on idle time spent by contractors.</p> <p><b>Contract No. TRD/HQ/1004/2018/19 for Construction of Ubungo Interchange and associated works</b></p> <ul style="list-style-type: none"> <li>Inadequate designs were prepared which led to inadequate cost estimates;</li> <li>procurement process took 693 days from confirmation of funds availability to contract signing which is considered too long; there is shortage of supervision staff at site; and management of exemption of VAT and other duties is likely to increase project costs in terms of idle time spent by the contractor while waiting for issuance of Government Notice (GN).</li> </ul>

Procuring Entity	Project & Audit Finding
	<p>TANROADS was directed to ensure that adequate designs are prepared in future procurements; procurement process is administered in an efficient manner to avoid unnecessary delays.</p>
	<p><b>Contract No. TRD/HQ/1007/2018/19 for Construction of New Salender Bridge Project</b></p> <ul style="list-style-type: none"> <li>• Procurement process took 451 days from confirmation of funds availability to contract signing which is considered too long;</li> <li>• management of exemption of VAT and other duties is likely to increase project costs in terms of idle time spent by the contractor while waiting for issuance of Government Notice (GN);</li> </ul> <p>Based on the weaknesses observed; TANROADS was directed to administer procurement process in an efficient manner to avoid unnecessary delays;</p>
	<p><b>Contract No. TRD/HQ/1047/2018/19 for Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure - Phase 2, Lot 1: Road Works (20.3km) including Two Flyovers and 29 Bus Stations along Kiliwa Road (From CBD Kariakoo to Mbagala</b></p> <ul style="list-style-type: none"> <li>• Value for money audit conducted revealed that, tender board approved the tender documents before were finalized by the consultant;</li> <li>• Procurement process took 291 days from confirmation of funds availability to contract signing which is considered too long;</li> <li>• Tender was awarded beyond the bid validity period contrary to section 71 of PPA 2011.</li> </ul> <p>Based on the weaknesses observed, TANROADS was directed to ensure that the tender board is approving the complete tender documents; to improve efficiency of procurement process and tenders are awarded within the bid validity period.</p>

Procuring Entity	Project & Audit Finding
	<p data-bbox="1059 477 1159 1652"><b>Contract No. TRD/HQ/1009/2018/19 for Construction of Dar es Salaam Bus Rapid Transit (BRT) Infrastructure - Phase 2, Lot 2: Building Works for Mbagala Depot, Terminals and Feeder Stations</b></p> <ul data-bbox="838 477 1013 1747" style="list-style-type: none"> <li>• The value for money audit results indicated that procurement process took 257 days from confirmation of funds availability to contract signing which is considered too long</li> <li>• The delay was due slow procurement and delayed compensation attributed to delays in project commencement.</li> </ul> <p data-bbox="690 477 758 1747">Based on the weaknesses observed, Tanroads was directed to ensure that procurement process is administered in an efficient manner to avoid unnecessary delays.</p>
<b>MOWI</b>	<p data-bbox="542 477 612 1652"><b>Contract No. ME-011/2015-2016/W/03 for Construction and Completion of Orkesumet Water Supply Project II - Lot II; Contract No: ME-011/2015-2016/W/03</b></p> <ul data-bbox="327 477 502 1747" style="list-style-type: none"> <li>• Value for money audit conducted revealed that, the User Department initiated procurement process before designs were completed.</li> <li>• The tender was awarded outside the bid validity period contrary to Section 71 of PPA 2011.</li> </ul>

Procuring Entity	Project & Audit Finding
	<ul style="list-style-type: none"> <li>• Failure by the contractor to conduct campaigns against Sexually Transmitted Infections (STI) and Sexually Transmitted Diseases (STD) including HIV/AIDS;</li> <li>• Insurance cover stated under clause 13 of GCC was not provided by the contractor and the performance security submitted by the contractor expired on 5th November, 2018</li> <li>• Payments to the contractor are delayed contrary to clauses 14.2 and 14.7 of GCC;</li> </ul> <p>Based on the weaknesses observed, the Ministry was directed to ensure that procurement processes are initiated after completion of the preparation of tender document including designs; contracts are awarded within tender validity period; the Ministry to ensure that works projects commence on time; the contractor submits insurance cover as provided in the contract; the contractor is timely paid as per contract terms and conditions.</p>



# Appendix 10. 1: List of entities with inadequately supported payments

S/N	Vote	Name of the audited entity	Amount(TZS)
1.	2	Teachers Service Commission	32,730,213.85
2.	123	Tanzania Film Board	2,898,090
3.	14	Fire and Rescue Force	9,392,000
4.	29	Prisons Service Departments	41,264,000
5.	31	Vice President Office	63,916,502.38
6.	42	National Assembly	77,563,389.04
7.	39	National Service Force	71,825,500
8.	78	Mbeya Regional Secretariat	186,874,289
9.	89	Rukwa Regional Secretariat	2,783,000
10.	3	National land use planning Commission	8,264,760
11.	27	Registrar of Political Parties	804,324,178.46
12.	4	President's Office-Records and Archives Management Department	9,602,604.71
13.	23	National Housing and Building Research Agency	9,431,866.56
14.	12	Judicial Service Commission	26,571,546.12
15.	51	Ministry of Home Affairs	62,910,771.08
16.	73	Geita Regional Secretariat	1,495,000
17.	83	Shinyanga Regional Secretariat	694,492,164
			59,155,373
			117,423,507

S/N	Vote	Name of the audited entity	Amount (TZS)
18.	67	President's Office-Public Service Recruitment Secretariat	9,500,000
19.	9	President's Office - Public Service Remuneration Board	37,075,000
			20,542,907.59
20.	94	President's Office Public Service Commission	268,964,080.73
21.	96	Ministry of Information, Culture, Arts and Sports	12,607,120
			23,308,000
22.	18	UNESCO National Commission	43,230,000
23.	48	Ministry of Lands, Housing and Human Settlements Development	256,056,612.90
24.	32	President's Office-Public Service Management and Good Governance	86,632,916.95
25.	40	Judiciary of Tanzania	416,149,328.40
26.	74	Kigoma Regional Secretariat	79,289,362
			53,858,596
27.	81	Mwanza Regional Secretariat	23,200,000
28.	56	President's Office, Regional Administration and Local Government	127,567,793
29.	70	Arusha Regional Secretariat	15,368,080
30.	86	Tanga Regional Secretariat	11,208,000
31.	75	Kilimanjaro Regional Secretariat	16,351,554
32.	95	Manyara Regional Secretariat	8,009,160
33.	88	Dar Es Salaam Regional Secretariat	50,175,492
34.			37,855,000

S/N	Vote	Name of the audited entity	Amount (TZS)
	76	Lindi Regional Secretariat	27,443,465
35.	52	Ministry of Health Community Development Gender Elderly and Children	86,098,187.66
36.	49	Ministry of Water	572,440,996
			88,462,500
37.	72	Dodoma Regional Secretariat	31,895,000
			220,924,850
38.	85	Tabora Regional Secretariat	87,817,000
			20,000,000
			36,464,496
39.	71	Coast Regional Secretariat	9,035,007
<b>Total</b>			<b>5,060,449,260.43</b>

**Appendix 10. 2: List of entities with weaknesses on imprest management**

S/N	Vote	Name of Auditee	Amount	Nature of noted weaknesses
1	57	Ministry of Defence and National Service	438,778,147.13	Payments from Imprest Bank Account without writing Payment Voucher
			160,868,320	Unretired imprest
2	51	Ministry of Home Affairs	58,550,651	Outstanding imprest
3	16	Attorney General Chambers	7,535,920	Delays in retirement of imprest
4	2	Teachers Service Commission	2,898,090	Overdue imprest
5	41	Ministry of Constitution and Legal Affairs	29,668,217	Mismanagement of imprest
6	60	<i>Ministry of Industry and Trade</i>	28,297,858	Long overdue imprest
7	003	National land use planning Commission	654,297,500	Imprests charged direct to expense accounts before being retired and not recorded in the Imprest register
			2,076,129,995.46	Unretired imprests
8	73	Iringa Regional Secretariat	2,700,240	Imprest directly charged to expenditure item code
9	44	Ministry of Industry and Trade	170,000,000	Outstanding imprest
10	38	Tanzania Peoples Defence Force	36,312,137	Unretired imprests and other irregularities
11	25	Prime Minister's Private Office	30,000	Unretired imprests
12			43,380,300	Overdue imprest

S/N	Vote	Name of Auditee	Amount	Nature of noted weaknesses
	23	National Housing and Building Research Agency	44,260,800	Imprest charged directly as expenses
13	73	Geita Regional Secretariat	1,533,000	Imprest not retired
		President's Office Public Service Commission	14,146,600	Imprest not fully retired and not issued to the personal responsible for accountability
14	94		13,501,343	Imprest not retired
		Ruvuma Regional Secretariat	11,595,000	Imprest issued prior clearance of previous imprest
15	82		11,910,000	Imprest lately retired
16	18	UNESCO Commission	124,974,000	Imprest paid to non imprest holder
17	48	Ministry of Lands, Housing and Human Settlements Development	1,114,685,708.70	Imprest not retired
			9,295,735	Various anomalies on imprest issuance
18	54	Njombe Regional Secretariat	13,349,520	Imprest charged direct to expenditure code
			10,000,000	Improper issuance of imprest
19	70	Arusha Regional Secretariat	8,587,025	Outstanding imprest in EPICOR system
20	75	Kilimanjaro Regional Secretariat	960,000	Imprest not retired
21	86	Tanga Regional Secretariat	31,681,000	Imprest charged directly as expenses
		Ministry Health, Community Development, Gender, Elderly and Children	141,665,038	Imprest paid out of EPICOR system
22	52		48,181,783	Imprest not retired

S/N	Vote	Name of Auditee	Amount	Nature of noted weaknesses
23	85	Tabora Regional Secretariat	29,180,348	Imprest charged directly as expenses
24	49	Ministry of Water	75,836,814	Imprest charged direct to expenditure code
25	72	Dodoma Regional Secretariat	10,604,000	Imprest charged directly as expenses
			5,200,000	Imprest not retired
<b>Total</b>			<b>5,430,595,090.29</b>	

## Appendix 11. 1: Buildings requiring major renovation

Sub Vote / Vote	Embassy/RS/Department
2020	Tanzania Permanent Mission to UN in Geneva Geneva on Plot No.5277 49 Chemin d'Ecogia 1290 Versoix Geneva worth TZS 3,271,344,381 observed that the building needs major renovation due to its bad condition, large part of the roof leaks and has developed big cracks on walls and fungus to the roof, wall and floor. Also, leakage on sewage system which has become old therefore need major repair or replacement.
2023	Tanzania High Commission Nairobi A house in Plot No. RL 209/13678 with 8,094 square meters located in prime area at Upper Hill - Nairobi which is abandoned due to its bad condition beyond repair.
2026	Tanzania High Commission in Kigali two houses at plot number 428 15 and plot number 722. Since condition of two houses is bad the High Commission is recommended to renovate those houses.
2008	Tanzania High Commission in Maputo Located at Av. Dos Martires da Marhaba 852 and it has nine stories, The Government of Tanzania and Messrs Constructors do Montego signed contract agreement on 17 January 2012 for rehabilitation of that building for contract amount of USD 2,107,028.89. Contract Sum has been revised three times to USD 3,104,701.75 and sum of USD 2,702,684.42 has been paid to contractor being 87.1% of the revised contract sum. Delays in effecting payment has accrued interest to the tune of USD 507,542.05 as per letter to Permanent Secretary of the Parent Ministry referenced ADM_23/2018 of January 2018.
	Tanzania Embassy in Bujumbura

Sub Vote / Note	Embassy/RS/Department
2028	Plot No. 648/A Ruhero I in Bujumbura, abandoned building
2004	Tanzania Embassy in Kinshasa
	Staff house located at Av. Okito No.33 Binza Pegeon Ngaliema, Head of Chancery residential house located at Av.Roi Baudouin No.90 Gombe and Office Building located at No.142 Baulevard de 30 Juin Gombe. USD 138,642.60 was released for renovation since 2018 June. Renovation has not started.
2016	Tanzania Embassy in Stockholm
	Two residential houses Plot No.28 Massygen and 35 Vedettvagen.
2030	Tanzania High Commission in Lusaka
	Embassy owns 10 Houses and the following weaknesses noted: - 1) Chancery building is in bad condition, with several leakages, therefore, needs immediate repairs; 2) Three houses are occupied by embassy officials, one used by the Head of Mission as temporary residence, and the two used by embassy officials, all were found to be in poor conditions 3) The remaining seven properties are in very bad condition and therefore unfit for human occupancy. All these houses are located in prime areas.
2038	Tanzania Embassy in Khartoum
	Building at Square No.42, House No.6 Khartoum East, Abu Garia Street for Ambassador residency and Block 6/1/4/5A Elmak Nimir Street Khartoum West for Chancery, needs major renovation.
2011	Permanent Mission to the UN in New York



Sub Vote / Vote	Embassy/RS/Department
	<ol style="list-style-type: none"> <li>1. One building located at 30 over hill Road, Mount Vernon Westchester Country, NY 10551, New York. Formerly the building was used as the residential house for the Ambassadors. Building needs major renovation</li> <li>2. Another building, The Chancery building located at 307E 53rd Street, New York, NY 10022, have 6 floors. The 1st and 4th floors have been vacant since December 2017. 4th floor needs minor renovation before renting while 1st floor is in good condition.</li> </ol>
2018	Tanzania Embassy in DC
	Old chancery building located at 2139 R Street N.W. Washington D.C 20008 acquired since 1977. Vacated since 2009. Needs major renovation.
2025	Tanzania High Commission Pretoria
	House No.58 situated in adenvale 5th Street in Johannesburg, South Africa, the house was under attention of High Commission from 2005 to 2019 when it was returned to ATCL. Recently the house is habited with unknown indigenous and needs major renovation.
	House No. 846 situated at Thomas Street, Arcadia in Pretoria, South Africa, previously owned by the Revolutionary Government of Zanzibar. the house recently owned by the Tanzanian Government although no official documents was provided to substantiate the transfer.
	These two houses are abandoned
	Tanzania High Commission in Lilongwe

Sub Vote / Vote	Embassy/RS/Department
2030	<ol style="list-style-type: none"> <li>1. The Residential apartments were in bad condition with loads of leakages calls for immediately repairs</li> <li>2. One apartment plot No. 10/536 which was used by the Head of Mission before are in bad condition such that it is unsuitable for human settlement. House is abandoned waiting major renovation.</li> </ol>
2022	Tanzania High Commission in Harare
	<ol style="list-style-type: none"> <li>1) The official building and the Residential apartments were in bad condition with loads of leakages which calls for immediately repairs</li> <li>2) One house on plot No. 91, Churchill Avenue Residential is in bad condition such that it is unsuitable for human settlement.</li> </ol>
29	Prison Service Department
	Mkuza Prison unfinished Prison office worth TZS 92,053,950 since 2004.
88	RS Dar es salaam
	Abandoned two houses on plot No. 96/1, Ada Estate and another one at Mikocheni area.

*Source: Audited reports for 2018/19*

## Appendix 11. 2: Accrued Expenses

Vote	Ministry/Department/Regional Secretariat/Embassy	Amount (TZS)
57	Ministry of Defence and National Service	1,045,499,689,187
28	Tanzania Police Force	651,358,243,645
38	Tanzania Peoples' Defence Force	286,851,148,594
52	Ministry of Health, Community Development, Gender, Elderly and Children	272,629,610,089
98	Ministry of Works Transport and Communication	144,408,601,208
29	Prison Service Department	99,494,174,767
39	National Service	32,483,543,887
43	Ministry of Agriculture	16,720,268,921
49	Ministry of Water	15,298,830,664
48	Ministry of Land, Housing and Human Settlement Development	12,125,539,924
93	Immigration Service Department	10,922,337,695
34	Ministry of Foreign Affairs	9,836,770,521
14	Fire and Rescue Force	4,829,423,690
25	Prime Minister's Private Office	4,203,349,838
46	Ministry of Education, Science and Technology	4,044,135,112
30	President's Office and Cabinet Secretariat	3,956,425,531
65	PMO Labor Youth, Employment and Persons with Disability	3,558,096,115
5	National Irrigation Commission	3,208,183,131
26	Vice President Private Office	3,138,761,203

Vote	Ministry/Department/Regional Secretariat/Embassy	Amount (TZS)
94	President's Office Public Service Commission	3,061,959,516
69	Ministry of Natural Resources and Tourism	2,560,612,778
53	Ministry of Health, Community Development, Gender, Elderly and Children	2,499,286,907
56	PO RALG	2,493,615,118
24	Tanzania Cooperative Development Commission	2,490,566,488
58	Ministry of Energy	2,461,094,189
23	Accountant General Office	2,321,026,048
31	Vice President's Office	2,102,852,146
96	Ministry of Information, Culture, Arts and Sports	2,098,015,325
35	National Prosecution Services	2,035,414,440
72	Dodoma Regional Secretariat	1,862,425,459
99	Ministry of Livestock and Fisheries	1,738,787,150
2015	Tanzania Embassy in Rome	1,737,145,660
68	Ministry of Works Transport and Communication	1,732,501,802
41	Ministry of Constitutional and Legal Affairs	1,719,373,135
37	Prime Minister's Office	1,703,586,979
76	Lindi Regional Secretariat	1,497,256,415
80	Mtwara Regional Secretariat	1,429,806,650
70	Arusha Regional Secretariat	1,415,250,609
89	Rukwa Regional Secretariat	1,365,228,284

Vote	Ministry/Department/Regional Secretariat/Embassy	Amount (TZS)
47	Simiyu Regional Secretariat	1,231,655,108
2009	Tanzania Embassy in Moscow	1,132,409,116
86	Tanga Regional Secretariat	1,073,733,287
100	Ministry of Minerals	1,030,656,267
61	National Electoral Commission	1,029,390,876
64	Ministry of Livestock and Fisheries	1,001,945,034
32	President Office Public Service Management	930,486,085
84	Singida Regional Secretariat	905,334,218
95	Manyara Regional Secretariat	904,147,075
55	Commission for Human Rights and Good Governance	900,578,181
67	President's Office Public Service Recruitment Secretariat	875,792,577
2034	Tanzania Embassy in Moroni	848,069,180
2020	Tanzania Permanent Mission to UN in Geneva	845,401,618
51	Ministry of Home Affairs	765,126,475
87	Kagera Regional Secretariat	758,774,514
2019	Tanzania Embassy in Brussels	734,221,327
26	Vice President's Private Office	729,148,049
74	Kigoma Regional Secretariat	706,960,118
77	Mara Regional Secretariat	686,468,748

Vote	Ministry/Department/Regional Secretariat/Embassy	Amount (TZS)
63	Geita Regional Secretariat	668,280,824
73	Iringa Regional Secretariat	648,796,712
78	Mbeya Regional Secretariat	635,243,371
33	President's Office Ethics Secretariat	621,313,483
62	Ministry of Works Transport and Communication	614,030,767
88	Dar es salaam Regional Secretariat	569,384,259
71	Pwani Regional Secretariat	541,106,724
36	Katavi Regional Secretariat	475,826,538
27	Registrar of Political Parties	462,463,184
75	Kilimanjaro Regional Secretariat	426,818,002
91	Drug Control and Enforcement Authority	400,392,380
60	Ministry of Industry and Trade	344,898,590
2025	Tanzania High Commission Pretoria	343,760,242
16	Office of Attorney General	269,705,405
85	Tabora Regional Secretariat	265,214,217
92	TACAIDS	191,416,535
2013	Tanzania Embassy in Paris	188,023,194
90	Songwe Regional Secretariat	130,885,434
003	National Land Use Planning Commission	120,471,747

Vote	Ministry/Department/Regional Secretariat/Embassy	Amount (TZS)
002	Teachers Service Commission	119,589,160
TR 23	National Housing and Building Research Agency	114,760,388
04	President's Office Records and Archives Management	105,195,486
TR 123	Tanzania Film Board	100,000,000
12	Judicial Service Commission	61,442,258
59	Law Reform Commission	54,065,551
09	President's Office Public Service Remuneration Board	28,478,393
TR 105	Town Planners Registration Board	20,369,149
2040	Tanzania Embassy in Tel Aviv	8,954,508
<b>TOTAL</b>		<b>2,690,514,123,174</b>

Source: Audited Financial Statements 2018/19