



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



THE ANNUAL GENERAL REPORT OF THE CONTROLLER AND
AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE, 2014

CENTRAL GOVERNMENT (CG)

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Ref. No.FA.27/249/01/2013/14

Date: 26th March, 2015

Your Excellency Dr. Jakaya M. Kikwete,
The President of the United Republic of Tanzania,
State House,
P.O. Box 9120,
1 Barack Obama Road,
11400 DAR ES SALAAM.

RE: Submission of the annual General Report of the Controller and Auditor General on the financial statements of the Central Government for the financial year ended 30th June, 2014

Pursuant to Article 143(4) of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), and Section 34 (1) (c) of the Public Audit Act No. 11 of 2008 gives the Controller and Auditor General the mandate to audit all the public accounts of the United Republic of Tanzania.

I have the honour and respect to submit to you the General Audit Report on the Ministries, Departments and Agencies of Central Government for the financial year ended 30th June, 2014 for your information and necessary action.

I have provided constructive recommendations which if implemented can mitigate the incidence of irregularities and substantially improve financial accountability in the Government.

I submit.

Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

**Office of the Controller and Auditor General
National Audit Office of the United Republic of Tanzania**

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

The statutory duties and responsibilities of the Controller and Auditor General are under Article 143 of the Constitution of the URT of 1977 (amended from time to time) and further elaborated in Sect.10 (1) of the Public Audit Act No. 11 of 2008.

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To provide efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

Our Core Values are:-

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Innovation: We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization

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List of Abbreviations and Acronyms

AAG	Assistant Auditors General
ACBF	African Capacity Building Foundation
AccGen	Accountant General
ADC	Alliance for Democratic Change
ADEM	Agency for Development of Education Management
ADS	Administrative Sector
AfDB	African Development Bank
AFP	Tanzania Farmers Party
AFROSAI-E	African Organization of Supreme Audit Institutional- English Speaking Countries
AGITF	Agriculture Input Trust Fund
AGR	Annual General Report
AMCOS	Agriculture Marketing Co-operative Society
APP	Annual Procurement Plan
APPT	African Progressive Party of Tanzania
Maendeleo	
APRM	African Peer Review Mechanism
ASA	Agriculture Seeds Agency
ATCL	Air Tanzania Company Limited
BOQ	Bill of Quantities
BoT	Bank of Tanzania
CAG	Controller and Auditor General
CCK	Chama cha Kijamii (CCK)
CCM	Chama cha Mapinduzi
CCTV	Closed Circuit Television
CDTI	Community Development Training Institute
CEO	Chief Executive Officer
CG	Central Government
CHADEMA	Chama cha Demokrasia na Maendeleo
CHAUMA	Chama cha Ukombozi wa Umma

CHAUSTA	Chama cha Haki na Ustawi
CKL - Net	Country Level Knowledge Network
CRDB	CRDB Bank Plc
CS-DRMS	Commonwealth Secretariat-Debt Recording and Management System
CUF	Chama cha Wananchi
DAG	Deputy Auditor General
DART	Dar es Salaam Rapid Transport (DART)
DDCA	Drilling and Dam Construction Agency
DDH	Designated District Hospitals
DGAM	Directorate of Government Assets Management
DMO	Debt Management Office
DP	Democratic Party
DSA	Debt Sustainability Analysis
DW	Director of Wildlife
e GA	E-Government Agency
EFD	Electronic Fiscal Device
EPS	Economic and Productive Sector
ESCB	Energy Sector Capacity Building
FETA	Fisheries Education and Training Agency
GBEs	Government Business Entities
GCLA	Government Chemistry Laboratory Agency
GIZ	German International Cooperation
GN	Government Notice
GoT	Government of Tanzania
GPSA	Government Procurement Services Agency
GST	Geological Survey of Tanzania
H.E	His Excellency
HCMIS	Human Capital Management Information System
IACB	Institute of Arts and Culture Bagamoyo

IALSD	Institute of African Leadership for Sustainable Development
IFAC	International Federation of Accountants
IFMS	Integrated Financial Management System
IFRS	International Financial Reporting Standards
IJA	Institute of Judicial Administration - Lushoto
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISCF	Inspection and Supervision of Cooperative Fund
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
JNIA	Julius Nyerere International Airport
LDF	Livestock Development Fund
LGA	Local Government Authorities
LGTI	Local Government Training Institute (Hombolo)
LITA	Livestock Institute Training Agency
LPO	Local Purchase Order
LRMS	Land Rent Management System
LST	Law School of Tanzania
MAFSC	Ministry of Agriculture, Food Security and Cooperatives
MCS	Maji Central Store
MDAs	Ministries, Departments and Agencies
MDEF	Mineral Development Empowerment Fund
MFAIC	Ministry of Foreign Affairs and International Cooperation
MoF	Ministry of Finance
MoHSW	Ministry of Health and Social Welfare
MSD	Medical Store Department
MTEF	Medium Term Expenditure Framework
NA	National Accounts

NAIVS	National Inputs Voucher Scheme
NAO	National Audit Office
NAOT	National Audit Office of Tanzania
NCCR - MAGEUZI	National Convention for Construction and Reform
NDRF	National Disaster Relief Fund
NDS	National Debt Strategy
NFA	National Fund for Antiquities
NFRA	National Food Reserve Agency
NHBRA	National Housing and Building Research Agency
NHIF	National Health Insurance Fund
NIDA	National Identification Authority
NLD	National League for Democracy
NM-AIST	Nelson Mandela African Institute of Science and Technology
NRA	National Reconstruction Alliance
NSSF	National Social Security Fund
OPRAS	Open Performance Review and Appraisal System
OSHA	Occupational Safety and Health Agency (OSHA)
PA	Public Authorities
PA&S	Performance Audit and Specialized Audit
PAA	Public Audit Act No. 11 of 2008
PAC	Public Accounts Committee
PAR	Public Audit Regulations
Para	Paragraph
PBFP	Property and Business Formalization Programme (MKURABITA)
PBRF	Plant Breeders Right Fund
PCCB	Prevention and Combating of Corruption Bureau
PCT	Pharmacy Council of Tanzania
PE	Procuring Entities
PFA	Public Finance Act

PFMRP	Public Financial Management Reform Programme
PFR	Public Finance Regulations
PMG	Paymaster General
PMIS	Procurement Management Information System
PMO-RALG	Prime Minister's Office - Regional Administration and Local Government
PMU	Procurement Management Unit
PO-PSM	President's Office Public Service Management
PPA	Public Procurement Act
PPE	Property, Plant and Equipment
PPF	Parastatal Pensions Fund
PPP	Public Private Partnership
PPR	Public Procurement Regulation
PPRA	Public Procurement Regulatory Authority
PSAs	Production Sharing Agreements
PSPF	Public Service Pensions Fund
PWPF	Tanzania Wildlife Protection Fund
PWTI	Pasiansi Wildlife Training Institute
REA	Rural Electrification Agency
RFB	Roads Fund Board
RITA	Registration Insolvency and Trusteeship Agency
RPC	Regional Police Commander
RS	Regional Secretariat
SAU	Chama cha Sauti ya Umma
SDU	System Development Unit
Sect.	Section
SES	Service Sector
SNAO	Swedish National Audit Office
SOS	Social Sector
SPD	SMART Partnership Dialogue

SPM	Single Point Mooring
SSRA	Social Security Regulatory Authority
TAA	Tanzania Airports Authorities
TADEA	Tanzania Democratic Alliance
TaESA	Tanzania Employment Service Agency (TAESA)
TANROADS	Tanzania Roads Agency
TASUBA	Taasisi ya Sanaa Bagamoyo
TATC	Tanzania Automative Technology Centre
TB	Tender Board
TBA	Tanzania Buildings Agency
TCLA	Tanzania Chemistry Laboratory Agency
TCRA	Tanzania Communications Regulatory Authority
TEMESA	Tanzania Electrical, Mechanical and Services Agency
TFF	Tanzania Forest Fund
TFS	Tanzania Forestry Service Agency
TGFA	Tanzania Government Flights Agency
TGLA	Tanzania Global Learning Agency
TIA	Tanzania Institute of Accountancy
TIC	Tanzania Investment Centre
TIN	Taxpayer's Identification Number
TLP	Tanzania Labour Party
TMA	Tanzania Meteorological Agency
TMAA	Tanzania Minerals Audit Agency (TMAA)
TNMC	Tanzania Nurses and Midwives Council
TPA	Tanzania Ports Authority
TPSC	Tanzania Public Service College
TRA	Tanzania Revenue Authority
TSSU	Technical Support Services Unit
TTSA	Tanzania Tree Seeds Agency

TVLA	Tanzania Veterinary Laboratory Agency
TWPF	Tanzania Wildlife Protection Fund
TZS.	Tanzania Shillings
UDP	United Democratic Party
UMD	Union for Multiparty
UN	United Nations
UPDP	United Peoples Democracy Party
URT	United Republic of Tanzania
USAID	United States Agency for International Development
VAH	Voluntary Agency Hospitals
VAT	Value Added Tax
VT	Vote
WDF	Women Development Fund
WDMI	Water Development and Management Institute
WETCO	Western Tobacco Co-operative Union
WMA	Weights and Measures Agency

Foreword

It gives me great pleasure to present my inaugural annual general audit report for Ministries, independent Departments and Government Executive Agencies (MDAs) as the Controller and Auditor General of the United Republic of Tanzania since my appointment as CAG by his Excellency Dr. Jakaya M. Kikwete, the President of the United Republic of Tanzania.



Prof. Mussa J. Assad

This audit work has been conducted in the environment where the government is responsible for resources raised from taxpayers and other sources for use in the services delivery to citizens. These MDAs are accountable for their management and performance, on collection and use of resources to deliver necessary services.

The report will help to create the conditions and to reinforce the expectation that MDAs and public servants will perform their functions effectively, efficiently, ethically and in accordance with laws and regulations.

Last year the Government prepared financial statements using International Public Sector Accounting Standard accrual basis of accounting. The adoption of accrual basis of accounting and new version of Epicor 9.05 has also required that my staff should obtain trainings and specialized IT training and be provided with relevant tools to audit using this computerized accounting system. NAOT has managed to cope with modern and emerging trends and evolving financial reporting framework, introduced new auditing methodology whose implementation and practice require training to audit staff.

This report is being submitted to the President of the URT in accordance with Article 143 of the Constitution of the United Republic of Tanzania (revised 2005) and Section 34(1) & (2) of the Public Audit Act No.11 of 2008.

Pursuant to Article 143(2) (c) of the Constitution of the URT, the Controller and Auditor General shall, at least once every year, audit and issue an audit report in respect of the accounts of the Government of the United Republic, the accounts managed by all officers of the Government of the United Republic, the accounts of all Courts of the United Republic and the accounts managed by the Clerk of the National Assembly.

Under Article 143(4) of the Constitution of the URT, the Controller and Auditor General is required to submit to the President of the URT every report he makes pursuant to the provisions of Sub Article (2) of the same Article. Upon receipt of such reports, the President shall direct the persons concerned to submit these reports before the first sitting of the National Assembly, preferably before the expiration of seven days from the day the sitting of the National Assembly began.

Operational independence of my office has greatly improved following the enactment of the Public Audit Act No. 11 in 2008 and the Public Audit Regulations (GN.47) of 2009. However, in accordance with international standards and best practice, there is need for further improvement in terms of control of salaries and recruitment of staff to enable me to effectively fulfil my Constitutional mandate.

It is worth noting that while my office reports on any non-compliance with various laws, rules and regulations and on weaknesses in internal control systems across the public sector entities and in particular the Central Government, the ultimate responsibility for the maintenance of an effective and adequate system of internal control and a compliant financial management framework lies with each Accounting Officer.

The Parliament and the Tanzanian citizens look up to the Controller and Auditor General for assurance in regard to financial reporting and public resources management in the public sector in relation to efficiency and effectiveness of programs administration. My office contributes through recommendations given towards improvements in the public sector performance. In this regard, the Central Government and my office each has a role to play in contributing to Parliamentary and public confidence building in public resources management. However, while the roles of

Public Sector entities and NAO may differ, the desire for efficient collection and utilization of public resources remains a common ground.

In order to meet the expectations of the Parliamentarians' and the public at large, NAO continuously reviews its audit approaches and processes to ensure that the audit coverage provides an effective and independent review of the performance and accountability of public sector entities. Moreover, we seek to ensure that our audit coverage is well targeted and addresses priority areas so as to maximize our contribution in improving public administration. Since our work acts as a catalyst in improving financial management, we continue to discuss with our auditees on contemporary issues and developments that impact on public sector management, particularly financial reporting and good governance.

I hope that the National Assembly will find the information in this report useful in holding the Government to account for its stewardship of public funds and its delivery of improved public services to Tanzanians. In this regard, I will appreciate to receive feedback from the users of this report on how to further improve it in the future.



Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam,

March, 2015

Acknowledgements

I would like to express my deepest appreciation to his Excellency Dr. Jakaya M. Kikwete, the President of the United Republic of Tanzania, for appointing me as the Controller and Auditor General of the United Republic of Tanzania. Thank you so much for this constitutional opportunity and I am confident that I will perform this duty with due diligence and high level of professionalism.

I would like to acknowledge the cooperation by personnel and Management of the MDAs/RS that my staff audited nationwide and internationally. I also extend my gratitude to my Management and officers for their goodwill and restraint that has enabled me to meet statutory reporting deadline of submitting the report to H.E the President of URT on or before 31st March, 2015. I am also thankful to the Executive, all persons, institutions and stakeholders who have contributed in diverse ways to the production of this report.

I would like also to thank members of the Parliamentary Oversight Committee - the Public Accounts Committee, dialogue of excellent quality, their sense of dedication to public interest for their proposed recommendations, comments, directives and suggestions during the hearing of Accounting Officers. As an institution charged with providing assurance and confirming credibility in respect of how public funds have been utilized, we pay critical attention to the accountability role the Committee plays in facilitating common understanding of the Controller and Auditor-General's mandate to both internal and external stakeholders.

I would also like to acknowledge the work done by the Division of Government Assets Management under the Ministry of Finance for preparing and submitting reports on stock verification for the sampled MDAs and RSs for the financial year 2013/14 that highlighted issues which feature in this report.

I am equally indebted to all other stakeholders including the Minister for Finance, the Paymaster General, and Public Procurement Regulatory Authority under the Ministry of Finance for their cooperation and provision of vital information needed for the preparation of this report. I

would also like to thank the Printer for expediting the printing of this report for its timely submission.

Furthermore, I would like to acknowledge with much appreciation the crucial role of the donor community particularly the Government of Sweden through SIDA and SNAO, the World Bank through the PFMRP Project, the African Development bank (AfDB), GIZ, USAID, Government of China and all well-wishers who have contributed immensely towards the transformation of my office. Their contributions in developing human resources, IT systems and physical assets of our office have had tremendous impact on our success.

Last but not least, with gratitude I would like to acknowledge and appreciate the excellent job done by my predecessor, Mr. Ludovick S. L. Utouh who had spent eight years as CAG. Thank you so much for all you did to further improve visibility and effectiveness of the National Audit Office of the United Republic of Tanzania.

I remain at your service and the service of the nation as we commit ourselves to promote accountability on the use of public resources in the country.

Executive Summary

Introduction

This executive summary highlights specific issues detailed in this report which need the attention from the Government, Parliament and respective managements of Central Government entities to ensure efficiency and effectiveness in their operations. This report includes audit findings that were considered to hamper the performance of MDAs and RS drawn from individual audit reports. Generally, it includes issues which are considered significant and require appropriate action. The highlighted issues are as follows:

i) General trend of audit opinions

The statutory audit on the financial statements for the year 2013/14 which comprised of 87 Votes, 34 Tanzania Missions Abroad, 32 Agencies and 23 Special Fund and other Institutions has been completed.

The following **Table No.1** shows the outcome of the audit opinion issued including the general trend. Detailed analysis of 2013/14 and trend audit opinions issued for a period of five years are in Chapter Two of this report.

Table 1: Trend of audit opinion for the last five years

	Opinions	Unqualified		Qualified		Adverse		Disclaimer		Total Auditee
		Total	%	Total	%	Total	%	Total	%	
Years	2009/10	78	76%	21	21%	2	2%	1	1%	102
	2010/11	99	93%	8	7%	0	0%	0	0%	107
	2011/12	103	95%	5	5%	0	0%	0	0%	108
	2012/13	85	73%	30	26%	1	1%	1	1%	117
	2013/14	166	94%	9	5%	1	1%	0	0%	176

The Adverse Opinion was issued to National Consolidated Accounts. The financial statements of the National Consolidated Accounts do not fairly present actual financial position because they are not in conformity with the provisions of IPSAS accrual basis of accounting and the information is inadequately disclosed on the following grounds:

- Omission of Controlled Entities from the Consolidated Financial Statements
- Consolidation of Entities with Different Accounting policy and dates

Generally, there has been a significant improvement in audit opinions as compared to the previous years. Entities issued with unqualified opinion increased from 85 to 166 entities, representing an increase of 95% as compared to last year's results. While entities issued with qualified opinion decreased by 70% from 30 to 9. The details are in chapter two and further shown in **Annexure No.1 to 4**

ii) Implementation of the Previous Audit Recommendations

Effective follow up on audit recommendations is essential to get the full benefit of audit work. I made a follow up on the implementation of my recommendations on the individual audit reports issued to each of the Accounting Officers of the MDAs/RSs. A total of 2,228 audit recommendations were issued to 119 MDAs and 25 RSs. Out of 2,228 audit recommendations, 846 (38%) were fully implemented, 653 (29%) were under implementation, 681 (31%) were not implemented and 48 (2%) were overtaken by events. Only 38% of audit recommendations were fully implemented this indicates unsatisfactory performance.

In my last year's general report I had 22 outstanding audit recommendations that needed Government response. I received responses from PMG in which 15 issues were cleared and 7 issues are still outstanding.

In this report, there are a total of 26 outstanding audit recommendations which require Government action. This indicates an increase of 4 (18%) audit recommendations

compared to last financial year. Detailed observations are in chapter three of this report.

iii) Follow up on the PAC Report

In this report, there are 10 outstanding recommendations issued by PAC. Seven recommendations were issued in previous years and three were issued in January, 2015. On 28th January, 2015 the Paymaster General responded to PAC report which was tabled in the National Assembly in January, 2015. Follow up on the implementation of PAC recommendations is on-going. Detailed observations are in Chapter Three of this report.

iv) Delays in release of funds

There have been notable delays in release of funds from Treasury and from development partners for implementation of development projects. This has led to delayed implementation or non-implementation of earmarked projects and an increase in project costs as well as having huge amounts of unspent balances at the year end.

During the year under review, development funds to the tune of TZS.1,888,911,542,533 which is 38% of the approved estimates were not released while TZS.19,229,865,085 equal to 1% of the released funds were not spent.

TZS.400,259,001,766 of Recurrent account equal to 4% of the approved estimates were not released while TZS.8,279,275,815 of the released funds were not spent equal to 0.09%.

Development funds amounting to TZS.1, 259,031,558,670 equal to 40% of the released development funds for MDAs and RSs and recurrent funds amounting to TZS.2,187,509,171,733 equal to 23% of the released recurrent funds for MDAs and RSs were released in the fourth quarter of the financial year. Detailed findings are in chapter four of this report.

v) Weaknesses on consolidated Financial Statements

It has come to my attention that the government consolidates financial statements from controlled entities. However, the

controlled entities apply a different accounting framework and policies and use different reporting dates. Detailed observations are in chapter five of this report.

vi) Inadequate Management of Government Investments and other Interests

I have noted dwindling of government investments in other entities and at times, government shares were either diluted or at risk of being diluted. This was due to government's failure to inject extra funds when needed for recapitalization as substantiated in shares in African Development Bank(AfDB), NBC) Ltd, ATCL, TAZARA, TTCL, TRL which faced acute shortages of capital.

vii) Tanzania Revenue Authority

The approved annual collection estimates/target for 2013/14 by Tanzania Revenue Authority was TZS.10,914 billion of which TZS.9,996 billion was collected. However, my analysis of Revenue mobilisation for the year under audit indicates that, revenue budget estimates were not met this year by 8.4%, a matter that has been occurring for the past four years with exception of 2011/2012.

Consequently, cash management has become the main tool of managing public expenditure. Due to shortfalls in cash disbursements, MDA's and LGA's have regrettably failed to implement a number of activities. If revenue budget are realistic, then there has to be contractual or performance obligations on the part of the TRA to meet those targets. It was not evident that this was actually happening and failures have been tolerated. This ought not to be the case. Apart from that, a slow pace of handling tax appeals, malpractices in the processing and utilization of exemptions, customs processing fees, tax assessments and the existing tax Laws and Regulations in the country were other challenges that hampered the Authority's efforts in optimizing revenue collections. Detailed findings are in chapter five of this report.

However, there are quick wins to be immediately gained through plugging of revenue leakages and efficiency improvements. For example, it is conceded that the Government provides the biggest part of private sector business and yet a number of business are not in compliant with the VAT Act that requires use of EFD machines and issuance of EFD receipts. This fight has been left to TRA alone. If the Government were to decide and state that the Central and Local Government would no longer be allowed to trade with any business that do not use EFD machines and issue EFD receipts, I believe the compliance would immediately improve VAT collections and indirectly the corporate taxes too will be enhanced.

There are areas that for many years the TRA has not adequately ventured to collect taxes. One of this is rental income. Property development is one of the major growing area over the past 20 years. A database of landlords and their properties has not been prepared and accessed by TRA to mobilise taxes from this source. This should be done by the Government without further delay.

viii) Assessment of the Internal Control System

In this report I have included weaknesses observed over evaluation of internal control systems that were found to be material and worth to be included in my annual report. Internal control is a key element of the MDAs, which needs improvement. I noted that Internal Audit and audit committees underperformed due to inadequate staffing, resources, and inadequate composition of audit committees. It was also noted that most of the MDAs/RS had no documented IT policy and IT Disaster Recovery Plans. Details of these observations are in Chapter Six of this report.

ix) Weaknesses in Human Resource Management and Payroll

On reviewing Human Resources and Payroll, I noted anomalies in payments related to employees who were no longer in service, shortage of a total of 9,670 staff in MDAs/RS, some MDAs having public servants acting in a vacant post for a period exceeding six months, public servants not confirmed on

due dates, employees receiving net salaries below the allowable statutory limit, unclaimed salaries not deposited into relevant Accounts, foreign service allowance and rent were paid to retired officers in the five Tanzania Missions abroad without valid employment contract. Detailed observations are in chapter seven of this report.

x) Weaknesses in management of Government Executive Agencies

In year 2013/14 I had included a specific chapter in this report for issues identified in audit of Government Executive Agencies, special funds and other government institutions. Audit results indicated existence of financial irregularities in observing legislative laws. There are thirty seven (37) Government Executive Agencies. Several irregularities have been highlighted in Chapter Eight showing lack of probity and propriety or the extent of noncompliance with or deviation from laws and regulations. Deficiencies noted include, unsupported payments, accumulation of liabilities, receivables not collected, relief funds not properly managed, lack of ownership documents of land and buildings. Details are found in chapter eight of this report.

xi) Weaknesses in Procurement and Contract Management

While efforts have been made by Government to enhance procurement regulations and procedures across the public sector through implementation of my previous recommendations together with PPRA's recommendations, there are indications that some entities are not sufficiently diligent in ensuring compliance with public procurement procedures in the areas of approving tenders, contract management, inadequate record keeping in the procurement process, noncompliance with annual procurement plan, goods inspection and acceptance committees not established. These are detailed in chapter nine of this report.

xii) Weaknesses in expenditure management

In this financial year, I have once again noted weaknesses in the following areas; unsupported payments of TZS.39,117,335,237 included in this category are (Missing

payment vouchers, Missing fiscal receipts, Payments made not supported by acknowledgement receipt) also, there are budget issues such as payments charged to wrong expenditure codes- TZS.1,833,544,597 and expenditure made out of the approved budget of TZS.4,956,081,490; Long outstanding Imprests- TZS.291,531,914; Overpayment-TZS.440,721,740; Nugatory expenditure - TZS.924,558,029; The funds used for unintended activities- TZS.1,562,946,574; These weaknesses are detailed under Chapter Ten of this report. My review on the use of Electronic Fiscal Device revealed that most of companies or sole traders are not using the device in generating fiscal receipts. As such several payments adding to TZS.4,419,662,152 were not supported by electronic fiscal device receipts.

xiii) Weaknesses in Asset Management

Asset management is one area with a lot of challenges and needs smart strategies to undertake to achieve the intended objective. Review of the various assets undertaken by the MDAs revealed, a number of anomalies as presented in chapter eleven:-

I noted grounded assets in 11 MDAs as compared to 17 MDAs in the last financial year, 8 audited entities reported land and buildings without title deeds which confirm rights and obligation of the reported Property Plant and Equipment, 29 buildings in 8 Tanzania missions abroad which are in bad conditions and in need of repairs and three plots in Maputo-Mozambique, Lilongwe-Malawi and Moroni-Comoro which were not developed and various irregularities in stores management on 11 MDAs.

xiv) Weaknesses in Liability Management

I noted accumulation of liabilities in 59 MDAs and 23 RS of TZS.772,508,290,161 which is an increases of TZS.272,979,53,582 (55%) when compared to the balance of TZS.499,528,776,579 in the previous financial year (i.e 30th June, 2013). I noted expenditure arrears at the end of the year were not re-budgeted in the next budget cycles of MDAs. This

leads to liabilities accumulation since current budget will be used to settle unbudgeted liabilities of prior years.

On exceptional case, liabilities included medical bills to Indian's hospitals amounting to Indian Rupee 605,014,043 equivalent to TZS 16,940,393,204 as at 31 January, 2015. Apart from that, there are 83 legal cases with a total of TZS.599,473,932,835 under 12 audited entities pending decision against various companies and individuals whereby some cases have been outstanding for more than 10 years and there are no court notifications on the date of hearing. Detailed observations are in Chapter Eleven of this report.

xv)Matters arising from Special Audit

During the year 2013/2014 I carried out eight (8) special audits. The reports for eight special audits have been issued separately to the relevant authorities concerned. Key findings and recommendations from the special audits conducted are in chapter twelve of this report. Salient issues raised from the special audits are summarized below:

- A special audit of the entire system of procurement processes of agricultural inputs for tobacco industry under Western Tobacco Cooperative Union - Tabora (WETCO) noted that suppliers were given tenders without submitting the bids and without approval from the Tender Board Committee. Lack of proper record keeping and circumvention of accounting procedures. In addition there was no good governance as I noted conflict of interest in the whole process of procurement for the contractors.
- A special audit conducted on the construction of State Reception Building (VIP lounge) at Julius Nyerere International Airport in the financial year 2006/07 - 2011/12 noted that, the contract for construction of State Reception Building (VIP Lounge) was not made available for review. According to the valuation report from valuer of the government buildings, the State Reception Building (VIP Lounge) up to May, 2014 had a value of TZS.3,072,000,000 different from TZS.12,000,000,000 as earlier reported.

Tanzania Airport Authority made procurement of goods worth TZS.283,803,729 without competitive quotations and goods worth TZS.737,240,842 without adhering to Public Procurement Act.

- A special Audit was undertaken in the Ministry of Foreign Affairs and International Co-operation on Challenges facing Tanzania Missions Abroad for the financial years 2010/11, 2011/12 and 2012/13 noted that budgets were prepared without considering actual requirements of Missions, budget ceiling did not consider expenditure items for up keeping costs such as electricity, heating system and motor vehicle fuel and Development funds were inadequate and were not allocated for rehabilitation of buildings.
- A special audit on the implementation of the contracts for construction of Chalinze Water Supply - Phase Two noted delay in completion of contracts, lack of Feasibility study report, various defects in the design and drawings of the project, weakness in the preparation and analysis of the contracted work and cost, Interim certificates paid without showing the work completed, Water infrastructure handed over but not tested and Interest claimed for delaying payments to contractors was TZS.3,897,283,923.
- A special audit on funds used to publicize budgets of various Ministries after being approved by the National Assembly in the financial year 2011/12 and 2012/13 noted publication expense of TZS.2,545,517,367 for speeches of approved budget for 21 Ministries and 5 Institutions for the financial years 2011/12 and 2012/13, I noted that there is lack of legislations that govern publication of approved budget in Newspapers.
- A special audit undertaken in the Ministry of Works on the validity of the approved fund of TZS.252,975,000,000 for special road construction projects. I noted that the information presented to the Parliament on the Special Road Construction Projects No.4168 worth TZS.252,975,000,000 was not accurate as these funds were used to pay contractors and consultants' outstanding contractual liabilities.
- A special audit conducted on the financial statements of the Global 2013 SMART Partnership Dialogue (SPD) for the

period of nineteen months from July, 2012 to January, 2014 noted procurement worth TZS. 614,626,341 was made out of the approved procurement plan. Non adherence to the approved budget for air-tickets and procured office equipment were delivered after completion of dialogue.

- A special audit of the SUMA JKT Project on purchase of Tractors and Agricultural Implements for the period starting from July, 2010 to 30th April, 2014 noted that M/S ESCORT LTD was awarded a tender to supply tractors, agricultural implements and other services at a contract Price of USD.40, 000,000 while the supplier had submitted bid price of USD.35,526, 412 resulting into unexplained difference of USD.4,473,589. Procurement of 2,114 tractors and 4,450 agricultural implements were made by SUMA JKT, but did not fully go through the stipulated procurement procedures. I noted loss of TZS.261,029,531 occasioned by removal of parts from five (5) tractors and parts of 16 Power tillers.

Summary of Recommendations

For audit of 2013/14 I have the following general recommendations for the purpose of better service delivery to the public:

Implementation of the Previous Audit Recommendations

The government in collaboration with Accounting Officers should put more efforts to ensure that the issued audit recommendations are attended. There is need to strengthen internal control systems which are a major cause of a number of issues reported. In addition, Accounting Officers are advised to prepare management action plans of the intended remedial actions on the issues pointed out.

Delays in release of funds

In order to tackle the challenge of late release of approved funds, the government is advised to align Exchequer Issues with budget and revenue collections to avoid release of funds close to the end of the financial year. By so doing, it is expected that planned activities will be implemented according to the approved timetable.

Weaknesses on consolidated Financial Statements

The government is urged to ensure that the accounting frameworks of the controlled entities are harmonized to be compatible with IPSAS Accrual as well as consolidate all controlled entities in order to give a true and fair view of its financial position.

Inadequate Management of Government Investments and other Interests

Government set up a standby investment fund from revenue received from dividends and miscellaneous revenues in order to build up investible fund for equity investments whenever companies in which government has stake need to recapitalize or participate in other investment avenues that the Government may wish to invest. This can entail government to allow Treasury Registrar Office retain all collections

Weaknesses in tax exemption and use of EFD machines

Government strengthen tax exemption monitoring Mechanisms, Management of TRA strengthen audit and investigation process to reduce tax disputes, a strategy session to be held to discuss specific areas and approaches for enhancing revenue mobilisation in Tanzania and the court system expedite handling of tax appeals.

Also, ensure that TRA collects fines from all users of EFD who failed to use the gadget in their business. I also advise the government to issue directives to all government institutions to stop dealing with suppliers who are not using EFD machines

Weaknesses in human resource management and Payroll

The government is advised to ensure that anomalies pointed out do not exist and all Accounting Officers do perform data cleaning for all employees and their status being updated in the LAWSON system and ensure that salaries paid are recovered from respective non-existing officers, the Public Service Management to ensure that recruitment of new staff is in line with manpower level and confirmation of staff acting in vacant posts is done at the right time in order to enhance quality service delivery to the community. Also, Accounting Officers strengthen internal control

system over employees' loans. For retired officers at the missions abroad personal effects are transported and replacement done immediately to fill the vacant posts at the respective missions.

Appraise of Agencies, special funds and other government institutions

The government departments are advised to pay all dues owed to several Agencies. On issues of noncompliance with public procurement laws, Accounting Officers are urged to ensure compliance with laws and reporting frameworks in order to promote transparency in financial accountability within the Government executive Agencies, special funds and other institutions.

Weaknesses in Procurement and Contract Management

Basing on the summary of findings reported in this report, I generally recommend that management of MDAs should ensure they fully comply with PPA of 2011 and its Regulations of 2013. The procurement pillars (AO, PMU, TB, EC and User department) should act independently in relation to their functions and powers stipulated under PPA 2011.

The Chief Executive Officers (CEOs) and Procurement Management Units (PMUs) of MDAs should ensure Annual Procurement Plans (APPs) are prepared and no procurement should be made without approval of Tender Boards. Goods and services before being accepted should undergo quality assurance inspection. I further recommend that the MDAs should always comply with the requirements of procurement law on the application of competitive bidding and selection of suppliers.

Weaknesses in asset management

The government is advised to ensure that all assets are safeguarded, have maintenance /repair plans for buildings and dispose all unserviceable assets to avoid future loss. To have rights and obligation on government assets, all MDAs/RS are advised to apply for ownership documents from appropriate authorities, and the government is urged to set aside funds for developing plots owned by respective Tanzania missions abroad.

Outstanding Liabilities

The government is urged to release funds as per approved budget in order to reduce accumulation of huge liabilities which might expose MDAs to the risk of litigation and reduce its credibility worthiness.

Contingent liabilities

All Accounting Officers in collaboration with Attorney General Chambers are advised to make close follow up to ensure early settlement of pending legal proceedings in order to avoid and/or minimize associated expenses; make a provision against any possible liabilities in the budget for next year so that it can be able to pay in case it loses the case; avoid decisions that may lead to the accumulation of contingent liabilities that could otherwise have been avoided and ensure that control over contingent liabilities is strengthened.

Weaknesses in expenditure Management

The Ministerial Advisory Board of respective Agencies and the Accounting Officers of all MDAs should ensure that payments are properly authorized and adequately supported by relevant documents as this will significantly improve expenditure management and tracking mechanism of MDAs.

Special Audits

- AMCOS is advised to comply with Public Procurement Laws and Regulations in all kinds of procurements. I advise the Government to conduct comprehensive investigations by referring the matters to investigation authority and take appropriate action against the officers concerned.
- I recommend that, any developments at airports need careful consideration to enable effective functioning. The government needs to maintain robust internal control systems over the assets acquired. System of documentation should be improved to ensure complete, integrity and availability of information.
- I urge the Government to ensure that the budget funding provisions to Tanzania overseas missions are sufficient to meet its financial obligations.
- Procuring entities need to have assurance of funds flow before entering into construction contracts. Government to give

Contractors construction assignments which are equivalent to their capacity. Architectural designs for projects like Chalinze Water Supply to be reviewed by competent professionals before inviting bids from contractors.

- Government to prepare guidelines that will give directions on the publication of the approved budget in the newspapers and the media at large.
- Tenders for the construction of new roads to be in line with the funds allocated in the relevant financial year. Ministries together with TANROADS are advised to improve accounting units and ensure that registers of claims are prepared and reconciliation between trucking sheets prepared by project engineers and claim registers are regularly performed.
- SUMA JKT is urged to strengthen internal controls system over procurement of goods and services to ensure adherence to public procurement laws and regulations.

CHAPTER ONE

BACKGROUND AND GENERAL INFORMATION

1.0 Introduction

This chapter presents general information about the audit process, statutory requirements to execute the audit and intervention between the auditor and the auditees.

1.1 Audit Mandate and Rationale for Audit

Controller and Auditor General Mandate establishes and defines the purpose, authority, responsibility and scope of activities for the auditor in the United Republic of Tanzania

1.1.1 Audit Mandate

By virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (amended from time to time) and Sect.10 of the Public Audit Act No 11 of 2008, the Controller and Auditor General is the statutory auditor of all Government revenues and expenditures, his mandate are as per the following **Table No.2:**

Table 2: Mandate of the CAG

Criteria	Mandate
Article 143 (2) (C) of the Constitution of the URT, 1977	Requires the Controller and Auditor General to audit and issue audit report at least once every year in respect of the financial statements prepared by Accounting Officers of the Government of the United Republic of Tanzania, financial Statements of all Courts of the United Republic of Tanzania and financial statements prepared by the Clerk of the National Assembly.
Article 143 (3) of the Constitution of the URT, 1977	The Controller and Auditor General and every employee of the Government who is authorized by him shall have the right to examine books records, statements of accounts, reports and all other documents concerning any type of account referred to in Article 143 (2).
Sect. 10 (2)(a) of the PAA No. 11, 2008	Requires the Controller and Auditor General to satisfy that all audited financial statements have been kept in accordance with generally accepted accounting principles as required by relevant laws.

<p>Sect. 34 of the PAA No.11, 2008 and Reg. 88 of the PAR, 2009</p>	<ul style="list-style-type: none"> • Requires the Controller and Auditor General after examination of all financial statements to prepare and submit an annual general report. • The Controller and Auditor General shall submit the annual general report to the President of United Republic of Tanzania by 31st March each year and shall be tabled by the Minister or appropriate Minister to the National Assembly within seven days of the next sitting of the National Assembly.
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Source: Constitution of the URT of 1977, PAA No.11 of 2008 & PAR of 2009

1.1.2 Rationale for Audit

This part provides guiding information on audit aim, objectives, methodology, scope and audit standards.

1.1.2.1 Audit Objective

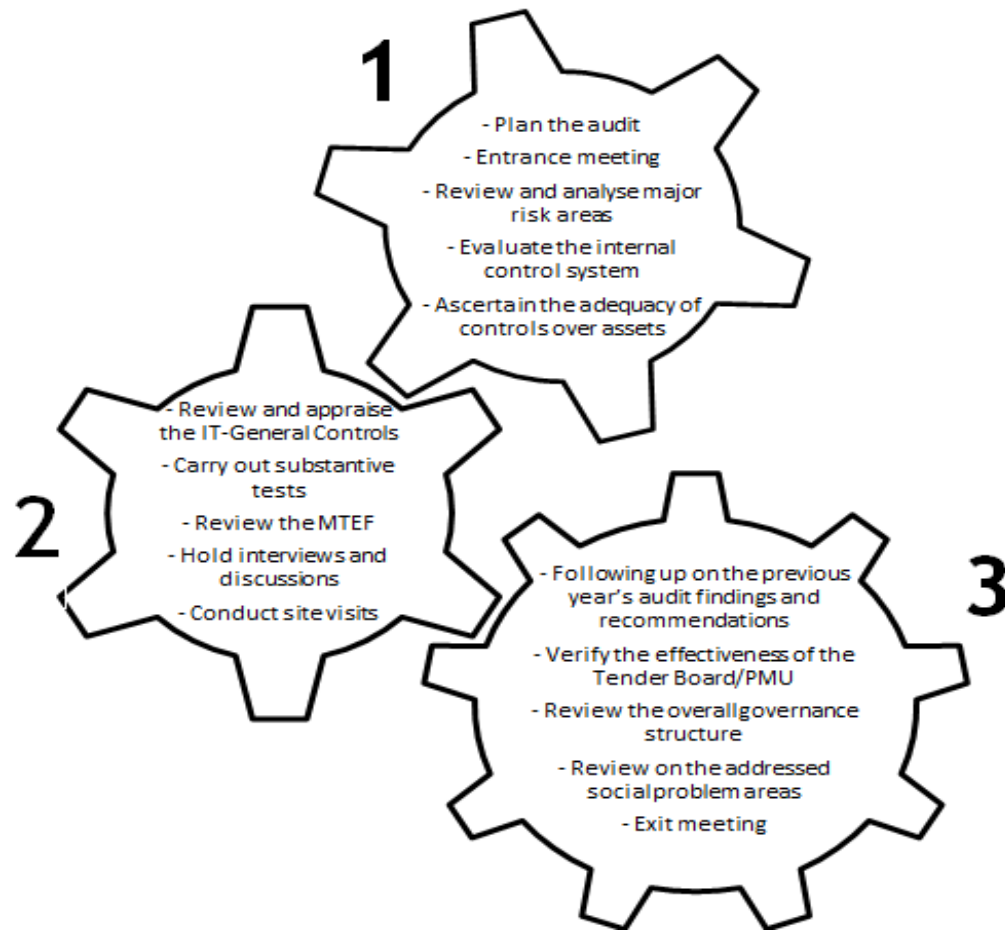
The main objective of conducting the audit is to enable the Controller and Auditor General to express an independent audit opinion on the financial statements of Ministries, Independent Government Departments, Agencies, Regional Secretariats, Tanzania Revenue Authority, Tanzania Mission Abroad, other government institutions and Consolidated Financial Statements for the year ended 30th June, 2014.

Also, to establish whether the financial statements were prepared in all material respects, in accordance with the International Public Sector Accounting Standards (IPSAS) accrual basis of accounting.

1.1.2.2 Audit Methodologies

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. My audit procedures can be described using the following **Figure No.1:**

Figure 1: Audit Methodologies



Source: Individual CAG's audit reports for the year 2013/14

1.1.2.3 Audit Scope

This audit covered the evaluation on the effectiveness of financial accounting and internal control systems over various activities of the Central Government entities. 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.

As an auditor, I am not required to specifically search for fraud and errors, therefore, my audit cannot be relied upon to disclose all such matters. However my audit was planned in such a way that I would have reasonable expectations of detecting material errors and misstatements in the financial statements resulting from

irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of the respective entity.

1.2 Applicable Auditing Standards and Reporting Procedures

This part describes the applicable auditing standards used during the audit of the year 2013/14 for the Central Government entities together with the reporting procedures for the audit reports.

1.2.1 Applicable Auditing Standards

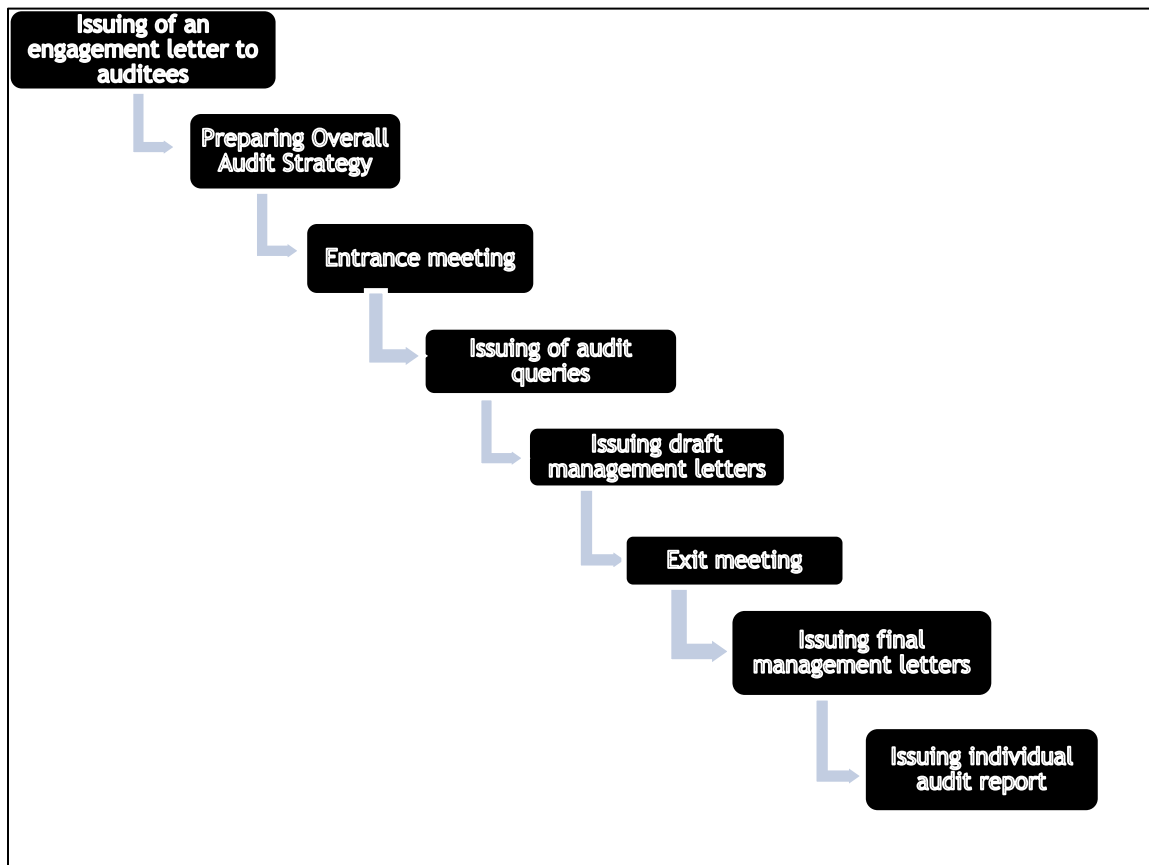
National Audit Office of Tanzania is a member of the International Organization of Supreme Audit Institutions (INTOSAI), the African Organization of Supreme Audit Institutions (AFROSAI), and the African Organization of Supreme Audit Institutions - English Speaking Countries (AFROSAI-E). Knowledge and information sharing among member SAIs has enabled NAOT to have a wide area of learning and sharing experiences and expertise in public sector auditing.

This audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI), to provide reasonable assurance as to whether the financial statements are free from material misstatement.

1.2.2 Reporting Procedures

Communication is necessary throughout the audit process. Smooth communication with the management of the audited entities is the source of my achievement on what is presented in this report. In summary, **Figure No.2** below depicts audit steps followed in the course of audit of Central Government;

Figure 2: Audit Procedures for the year 2013/14



Source: Individual CAG's audit reports for the year 2013/14

1.3 Number of Auditees and NAOT's Setup

This part of the report explains the number of auditees during the audit of the financial year 2013/14 as well as the NAOT's Setup.

1.3.1 Number of Auditees

During the year 2013/14, a total number of 176 Auditees under Central Government were audited; these auditees can be categorized together with their equivalent percentages of their total number as per the following **Table No.3** and **Figure No.3**:

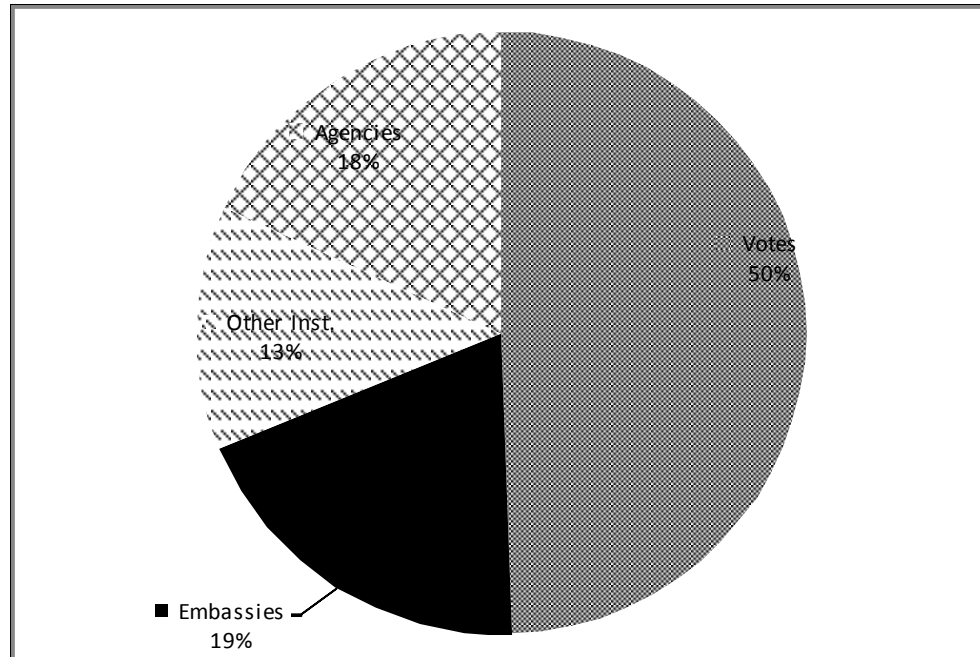
Table 3: Composition of total Auditees for the year 2013/14

Category	Total	Per%
Votes	87	49.4%
Embassies	34	19.3%
Other Inst.	23	13.1%
Agencies	32	18.2%
Total	176	

Source: Individual CAG's audit reports for the year 2013/14

The above **Table No.3** on the composition of the total auditees for the financial year ended 2013/14 can be presented using Pie Chart **Figure No.3** below;

Figure 3: Percentage of composition of auditees (by category) for the year 2013/14



Source: Individual CAG's audit reports for the year 2013/14

In addition, I have not audited financial statements from 2 Government Executive Agencies as per reasons below:

- Business Legislation and Licensing Authority (BRELA) - Its financial statements were not submitted because there was problem on accounting system (EPICOR).
- Kigamboni Development Agency (KDA) - Its financial statements were not submitted because it has not started its operations since its formation in the year 2012.

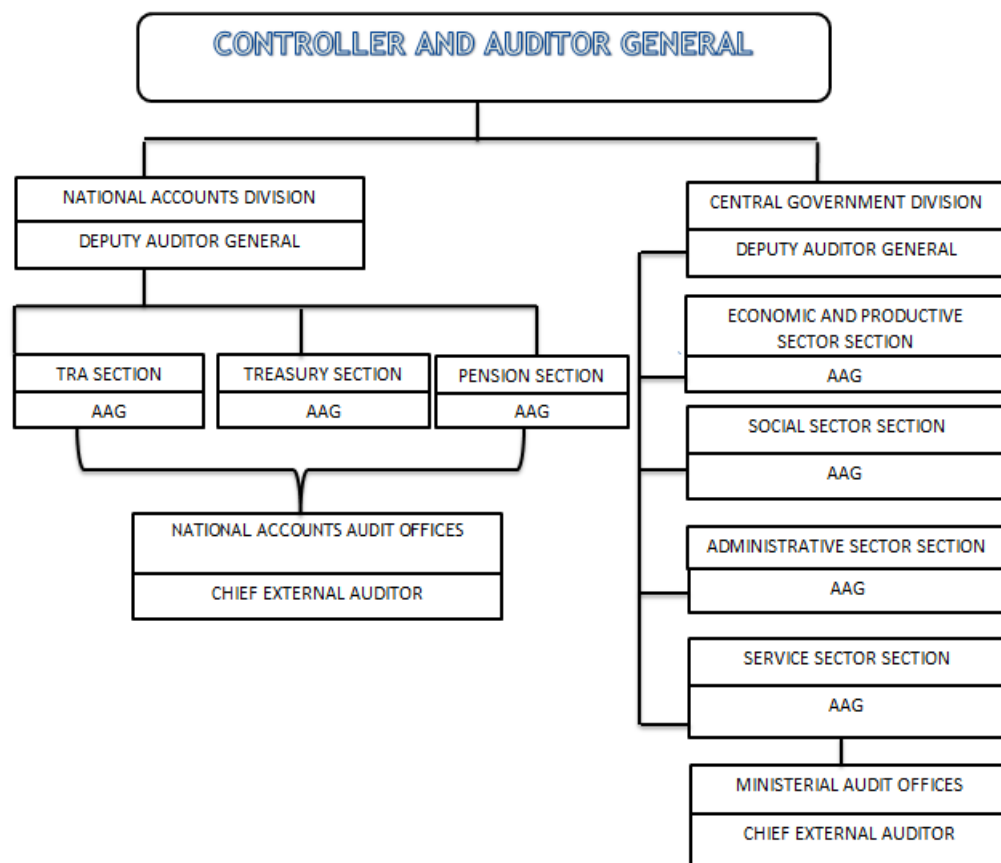
For, Tanzania Foods and Drugs Authority (TFDA) - the audit has been concluded and reported to the Annual Audit Report for the Public Authorities and Other Bodies for the year 2013/14.

1.3.2 NAOT's Setup

Framework of the organization nurtures the sharing of expertise and experiences among auditors. Audit work is done by audit teams headed by team leaders and supervised by Chief External Auditors (CEAs) who report to the Assistant Auditor Generals (AAGs).

It has been useful to group auditees into small manageable locations named Sectors which are headed by AAGs who report to Deputy Auditors General (DAGs) who in turn report directly to the Controller and Auditor General. The extract NAOT organogram is as shown in **Figure No.4** below:

Figure 4: Extract NAOT's Organogram for the year 2013/14

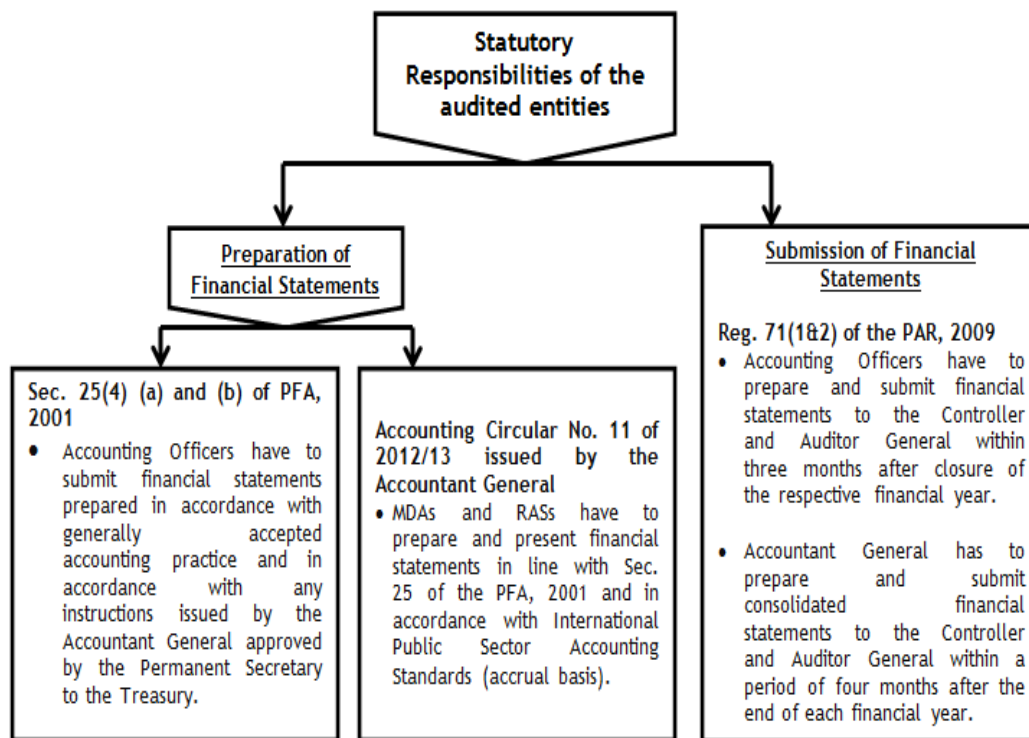


Source: Approved NAOT's Organisation Structure

1.4 Statutory Responsibilities of the Auditees

Statutory responsibilities of the audited entity in the preparation and submission of financial statements can be elaborated with the aid of the following **Figure No.5:**

Figure 5: Statutory Responsibilities of the Auditees



Source: PFA of 2001, PAR of 2009 & Acc. Circular No. 11 of 2011/13

1.5 Financial Statements

A complete set of financial statements prepared according to IPSAS - accrual basis include the following components:

- i. Statement of financial position;
- ii. Statement of financial performance;
- iii. Statement of changes in net assets/equity;
- iv. Cash flows statement;
- v. Statement of comparison of budget and actual amount and
- vi. Accounting policies and notes to the financial statements.

CHAPTER TWO

AUDIT OPINION

2.0 Introduction

To comply with statutory requirements, it is my obligation to give an assurance to stakeholders of the Central Government entities whether financial statements prepared present fairly, in all material respects, the financial position of the respective Central Government entities as at the specific date and their financial performance and cash flows for the period then ended.

2.1 Definition of Audit Opinion

An audit opinion expresses a view as to whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework. The opinion also has to state whether there is adequate disclosure of information relevant to the proper understanding of the financial statements or not.

The auditor's opinion on the financial statements:

- Enhances the credibility of the financial statements; but
- Does not guarantee the future viability of the entity; and
- Does not guarantee that, the entity is free of fraud.

2.2 Types of Audit Opinions

According to the International Standards of Supreme Audit Institutions (ISSAIs) the following **table No.4** describes types of audit opinions.

Table 4: Types of Audit Opinions

Audit Opinion	Circumstance	Status for the Year 2013/14
Unqualified Opinion (ISSAI 1700.16)	The financial statements are prepared, in all material respects and in accordance with the applicable financial reporting framework.	A total number of 166 equivalent to 94% of the total auditees were issued with unqualified audit opinion as per Table No.5 and Annexure No.1-4
Qualified Opinion (ISSAI 1705.7)	The financial statements prepared contain misstatements due to the disagreements with management or limitation of scope which is neither material nor pervasive and	A total number of 9 equivalent to 5% of the total auditees were issued with qualified audit

Audit Opinion	Circumstance	Status for the Year 2013/14
	except for the effect of those misstatements, financial statements were prepared, in all material respects, in accordance with the applicable financial reporting framework	opinion as per Table No.5 and Annexure No.1-4
Adverse Opinion (ISSAI 1705.8)	The effect of a disagreement is so material and pervasive to the financial statements that the auditor concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements	The Consolidated Financial Statements was issued with adverse audit opinion.
Disclaimer of Opinion Paragraph (ISSAI 1705.9;10)	When the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence and accordingly is unable to express an opinion on the financial statements.	No auditee, a disclaimer of opinion paragraph were included in their audit report.

Source: ISSAI & Individual CAG's audit reports for the year 2013/14

2.3 Emphasis of Matters and Other Matters Paragraph

Emphasis of matters and other matters paragraphs as detailed in the Table No.5 below, entail to send additional communication through audit reports when the auditor considers it necessary to draw users' attention to a matter or matters

Table 5: Emphasis of Matters and Other Matters Paragraphs

Emphasis of matters paragraph	Other Matters paragraph
<ul style="list-style-type: none"> Significant uncertainty, the resolution of which is dependent upon future events not under the direct control of the entity, and that may affect the financial statements; Material inconsistency in other information included in the annual report, where an amendment is necessary and the entity refuses to make the amendment; or Matter affecting the financial statements that is presented or disclosed in the financial statements and that is of critical importance to users' understanding of the financial statements. 	<ul style="list-style-type: none"> Matters other than those presented or disclosed in the financial statements that, in the auditor's judgment, are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report; Control weaknesses; or Non-compliance with laws and regulations.

Source: ISSAI

During the year of audit, a total number of 29 equivalent to 16% of the total auditees were issued with unqualified audit opinion and in addition, paragraphs of Emphasis of Matter and/or Other Matters were added as per Table No.6 and Annexure No.1-4

2.4 Analysis of Audit Opinions for Central Government for the year 2013/14

Audit opinions issued for the year ended 2013/14 for Central Government entities can be analysed using the following **Table No.6** below;

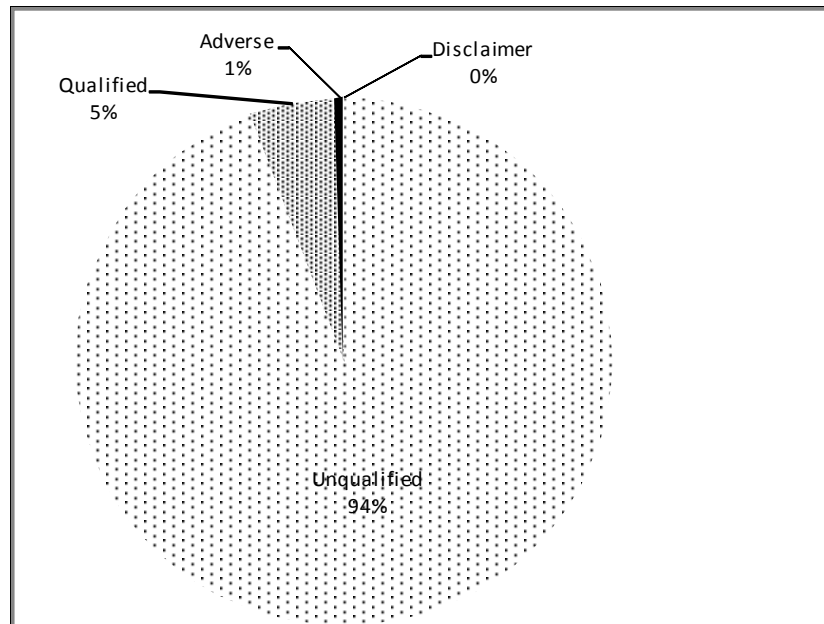
Table 6: *Analysis of Audit Opinion for Central Government for the year 2013/14*

	Opinions	Unqualified		Qualified		Adverse		Disclaimer		Total Auditee
		Total	%	Total	%	Total	%	Total	%	
Years	2009/10	78	76%	21	21%	2	2%	1	1%	102
	2010/11	99	93%	8	7%	0	0%	0	0%	107
	2011/12	103	95%	5	5%	0	0%	0	0%	108
	2012/13	85	73%	30	26%	1	1%	1	1%	117
	2013/14	166	94%	9	5%	1	1%	0	0%	176

Source: *Individual CAG's audit reports for the year 2013/14*

The above **Table No.6** on the analysis of the audit opinion for the year 2013/14 for the Central Government entities' financial statements can be presented by **Figure No.6** below;

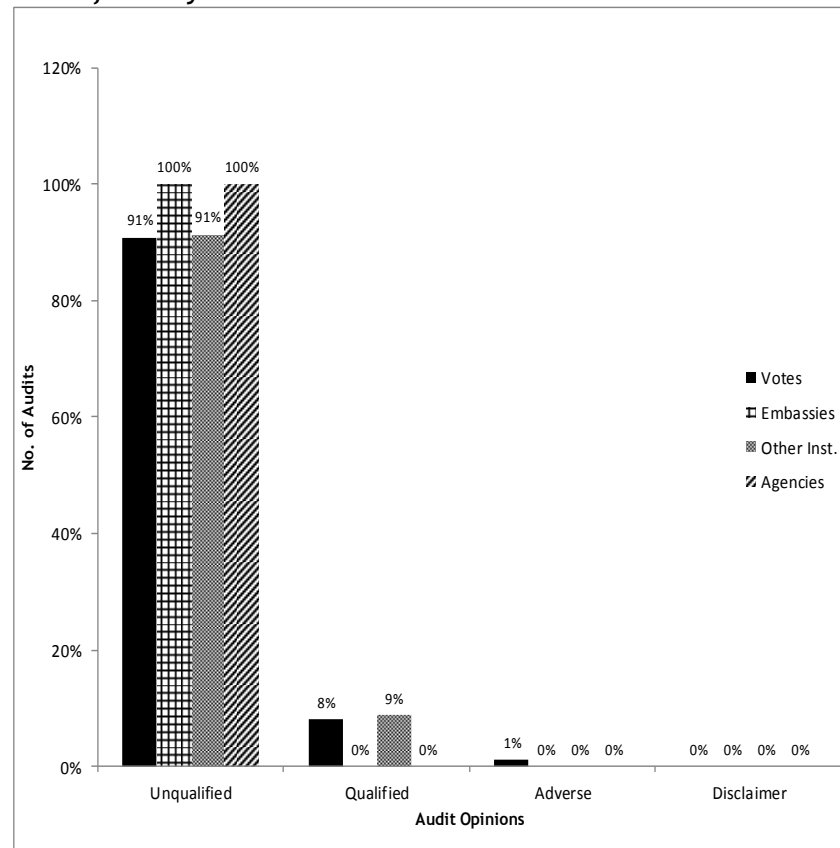
Figure 6: Pie Chart on the analysis of audit opinions issued for the year 2013/14



Source: Individual CAG's audit reports for the year 2013/14

Also the above **Table No.6** on the analysis of the audit opinion for the year 2013/14 for the Central Government entities (by category) can be presented by **Figure No.7** below;

Figure 7: Bar Charts - Comparison (by entities' category) of audit opinions issued for the year 2013/14



Source: Individual CAG's audit reports for the year 2013/14

The above bar chart; **Figure No. 7** shows that, for the year 2013/14 Embassies and Agencies were the most leading entities in the well prepared and presented financial statements according to the financial reporting framework for Central Government Entities followed by Votes and Other Institutions which still needs improvement in the preparations of financial statements according to the financial reporting framework.

2.5 Basis for Modified Audit Opinion

As per **Table No.6** above, there were a total number of 9 Central Government entities; Kagera RS, Geita RS, Iringa RS, Mwanza RS, Ministry of Health and Social Welfare, Ministry of Home Affairs, Public Debt Department, Pasiansi Wildlife Training Institute and Pharmacy Council of Tanzania, issued with qualified audit opinions. A list of entities issued with qualified audit opinion with their respective basis are as shown in the **Annexure No.28**:

Also, Consolidated Financial Statements were issued with Adverse audit opinion due to the following basis:

i. Consolidation of Entities with Different Accounting Dates without Making Adjustments.

I noted that the consolidated financial statements for the year ended 30 June 2014 consisted of government controlled entities which have different accounting period from the controlling entity contrary to Para 47 of IPSAS 6 which requires the consolidated entities to be of the same reporting date.

Furthermore, I noted that no adjustments were made to the financial statements of controlled entities contrary to IPSAS 6, para 48 requirements.

ii. Omission of Controlled Entities from the Consolidated Financial Statements

The set of consolidated financial statements for the year 2013/2014 has not included four entities which include Suma JKT Company (included but without figures), Tanzania Nurses and Midwife Council (TNMC) and Business Registrations and Licensing Agency (BRELA) and Unit Trust of Tanzania (UTT), contrary to the requirement of Para 20 of IPSAS 6.

2.6 Trend of Audit Opinion for the past five years (2009/10 to 2013/14)

Trend of Audit Opinion Issued for a period of five years from the financial year 2009/10 to the financial year 2014/15 for Central Government entities can be analysed in the following **Table No.7:**

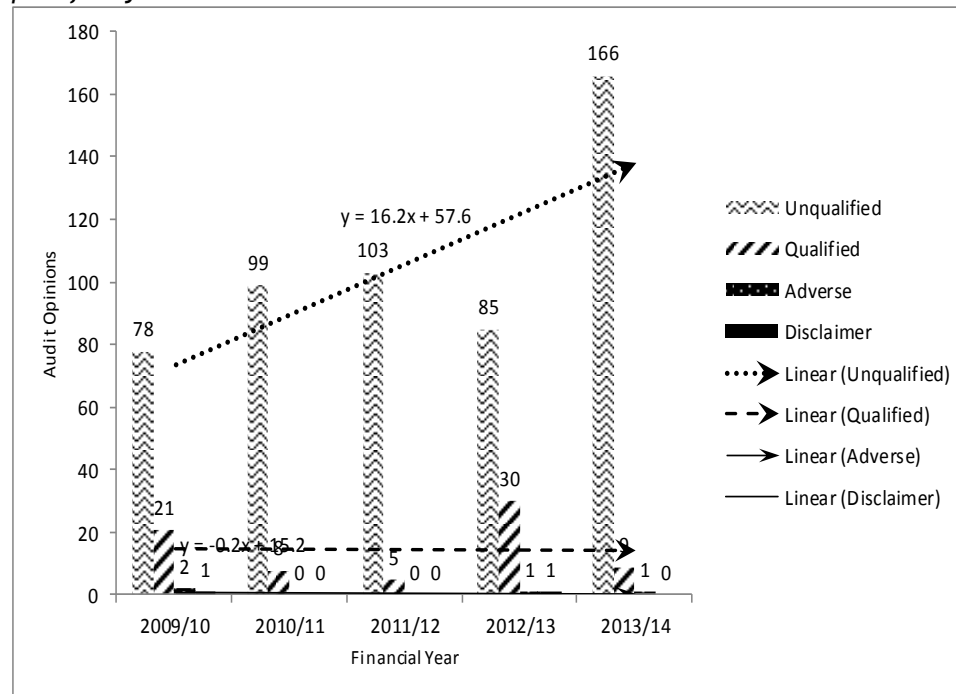
Table 7: Trend of audit opinion issued for the past five years

	Category	2009/10					2010/11					2011/12					2012/13					2013/14				
		Unqualified	Qualified	Adverse	Disclaimer	Total	Unqualified	Qualified	Adverse	Disclaimer	Total	Unqualified	Qualified	Adverse	Disclaimer	Total	Unqualified	Qualified	Adverse	Disclaimer	Total	Unqualified	Qualified	Adverse	Disclaimer	Total
Opinion	Votes	49	19	2	1	71	67	8	0	0	75	73	3	0	0	76	56	28	0	1	85	79	7	1	0	87
	Embassies	29	2	0	0	31	32	0	0	0	32	30	2	0	0	32	29	2	1	0	32	34	0	0	0	34
	Other Inst.	0	-	-	-	0	0	-	-	-	0	0	-	-	-	0	0	-	-	-	0	21	2	0	0	23
	Agencies	0	-	-	-	0	0	-	-	-	0	0	-	-	-	0	0	-	-	-	0	32	0	0	0	32
	Total	78	21	2	1	102	99	8	0	0	107	103	5	0	0	108	85	30	1	1	117	166	9	1	0	176
Per-%	Votes	69%	27%	3%	1%	100%	89%	11%	0%	0%	100%	96%	4%	0%	0%	100%	66%	33%	0%	1%	100%	91%	8%	1%	0%	100%
	Embassies	94%	6%	0%	0%	100%	100%	0%	0%	0%	100%	94%	6%	0%	0%	100%	91%	6%	3%	0%	100%	100%	0%	0%	0%	100%
	Other Inst.	-	-	-	-	-	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91%	9%	0%	0%	100%
	Agencies	-	-	-	-	-	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%	0%	0%	0%	100%
	Total	76%	21%	2%	1%	100%	93%	7%	0%	0%	100%	95%	5%	0%	0%	100%	73%	26%	1%	1%	100%	94%	5%	1%	0%	100%

Source: Individual CAG's audit reports for the years 2009/10, 2010/11, 2011/12, 2012/13 & 2013/14

The above analysis on the trend of audit opinion for the period of five years from 2009/10 to 2014/15 can be presented using bar Charts as well as linear forecast trend lines in the **Figure No.8** shown below;

Figure 8: Bar Charts and Trend lines - Trend of audit opinions issued for the past five years



Source: Individual CAG's audit reports for the years 2009/10, 2010/11, 2011/12, 2012/13 & 2013/14

The above analysis **Table No.7**, linear forecast trend lines and Bar graph **Figure No.8** above show that:

- Unqualified Opinion:** there is a positive relationship between the unqualified opinion issued and the number of financial years from 2009/10 to 2013/14. This means that, as time increases the number of entities issued with unqualified opinion increases.
- Qualified Opinion:** For the year 2013/14 there is a decrease of number of Qualified Opinion issued from 30 to 9 equivalent to 70% as compared to the number of Qualified Opinion issued during the year 2012/13.

Generally, from the above analysis on the trend of audit opinion for a period of five years, it can be noted that, there is an improvement in the preparation of financial statements for the Central Government's entities following transition towards the implementation of IPSAS accrual basis of accounting in the preparation of financial statements.

CHAPTER THREE

FOLLOW UP ON THE IMPLEMENTATION OF PREVIOUS YEARS' AUDIT RECOMMENDATION

3.0 Introduction

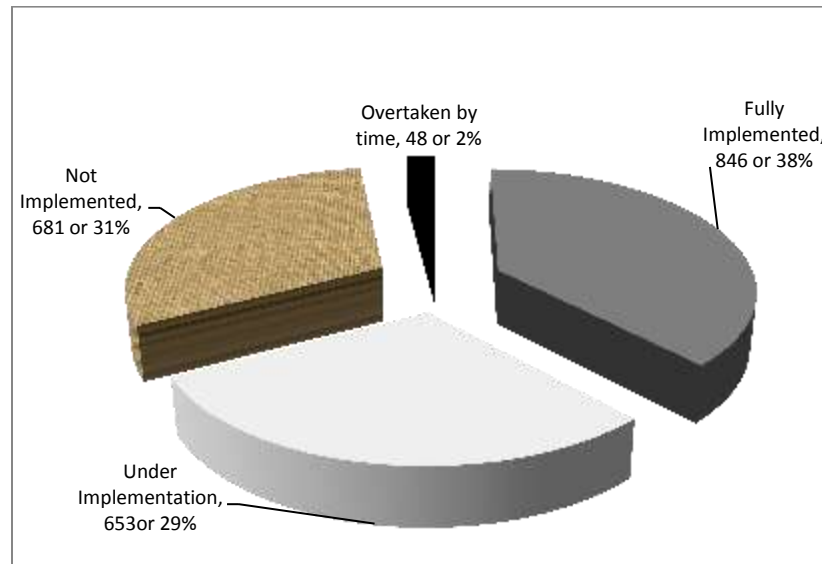
This chapter presents the implementation status of the previous years' CAG's audit recommendations on individual reports, general report and follow up on the implementation of the PAC's recommendations. It summarises audit recommendations along with the status of corrective actions the MDAs and RSs taken to implement my recommendations.

3.1 Follow up on the implementation of the previous years' CAG's audit recommendation on individual audit reports

A review was carried out on the status of implementation of previous year's audit recommendations on individual reports where by 30 MDAs, 23 RSs and 23 Embassies had outstanding quantitative issues of TZS.1,292,399,778,599, JPY.17,089,499,858, £.79,568, €.221,968 and US\$.57,662,248 as indicated in **Annexure No.5**.

Further analysis shows that 89 MDAs and 25 RSs had a total of 2,228 outstanding audit recommendations. The status of implementation of recommendations is as shown in the **Figure No.9** below;

Figure 9: status of implementation of CAG's audit recommendations on individual reports



Source: Individual CAG's management letters for the year 2013/14

Generally, there are slow pace and inadequate strategies to implement outstanding audit recommendations.

To enhance accountability and transparency in the management of public resources, I urge Accounting Officers to ensure outstanding audit recommendations are implemented timely in order to minimize reoccurrence.

Accounting Officers to prepare management action plan and responses on individual reports within twenty one days from the date of tabling general report to the National Assembly; submit to PMG and the same be copied to the Controller and Auditor General.

3.2 Follow up on the implementation of the previous years' CAG's audit recommendation on CAG's Annual General Reports

The Public Audit Act No. 11 of 2008 requires the Paymaster General to submit a copy of consolidated responses and action plan to the Controller and Auditor General.

Structured response in respect of general report for the year 2012/13 were submitted to the CAG by the Paymaster General

through a letter with ref No. C/DE.85/229/01/72 of 30th August, 2014.

The Central Government had 22 outstanding issues presented in the Central Government Annual General Report for the year 2012/13. In this report for the year 2013/14, Central Government has 28 outstanding issues, an increase of 6 outstanding issues compared to 2012/13.

A verification of the PMG responses was carried out. The status of the issues pointed out in my annual general report for the year 2012/13 is as shown in the **Annexure No.6**.

3.3 Follow up on the implementation of the PAC's recommendations

Section 40 (3) of the PAA No. 11 of 2008 requires Accounting Officers and PMG to consider observations and recommendations of the Parliamentary Oversight Committee while responding to the CAG's annual audit reports.

The Chairman of the PAC presented observations and recommendations concerning the accounts of the Central Government for the financial year ended 30th June, 2013 to the National Assembly on January, 2015 and the Government responded on 28th January, 2015. Status of implementation of PAC's recommendation is indicated in the **Annexure No.7**.

I acknowledge support received from the PAC, by taking necessary actions on recommendations that I make in my reports which makes my statutory responsibilities being useful.

It is very important that all matters raised by the PAC are well handled and all recommendations are properly implemented by executing actions plan.

By Implementing PAC's recommendations, the Government will be in a position of maximizing its revenue collection, controlling budgets and expenditures and will bring about better accountability of public resources.

CHAPTER FOUR

PUBLIC FINANCE MANAGEMENT

4.0 Introduction

This part presents issues noted during audit for the year 2013/14 in relation to the revenue collection and funding analysis together with retention scheme.

4.1 Revenue Collection and Funding Analysis

The Government budget is approved on cash basis and it covers financial year from 1st July to 30th June each year. Budget approved by the Parliament includes all activities within the Government of United Republic of Tanzania. The approved budget for the financial year 2013/14 was TZS.18,248.98 Billion.

4.2 Key Issues noted from the audit of Public Finance Management

This part of the report presents in summary the results of audit of revenue collection and funding analysis, budget execution, exchequer issues and amount spent for the Central Government entities for the year 2013/14.

4.2.1 Overview of Revenue Collection Performance

During the year under audit 2013/14 total Government revenue estimates were TZS.18,248.98 billion comprising of TZS.12,574.95 billion to be spent on recurrent expenditure and TZS.5,674.03 billion for development expenditure.

Sources of revenue to finance the budget include Tax revenue, Non Tax Revenue, Finance Income, Internal borrowings, External Borrowing and Assistance.

Total actual revenue collections from identified sources amounted to TZS.16,304.29 billion indicating under collection of TZS.1,583.54 billion equivalent to 9 percent excluding revenue from Local Government Own Sources.

Out of the collected revenue TZS.12,491.66 billion was released as exchequer issues for recurrent and TZS.3,578.67 billion as development expenditure. However out of exchequer issues released, TZS.4,747.66 billion (TZS.3,928.84 billion for MDAs,

TZS.44.99 billion for RS and TZS.774.82 billion for LGAs) was released on the fourth quarter to include recurrent and development vote accounts which affected budget implementation.

In the financial year 2013/14 actual revenue collected from tax revenue was TZS.9,289 billion (89%) against estimated target of TZS.10,412.94 billion showing under collection of TZS.1,123.94 billion equal to 11 percent of the total approved estimates.

Non tax revenue collected during the year was TZS.532 billion (83%) against estimated target of TZS.639.68 billion, showing under collection of TZS.107 billion equivalent to 17 percent of the approved estimates.

Actual income received from financing activities was TZS.108.71 billion (88%) against approved budget of TZS.123.75 billion, whereas TZS.15.04 billion equivalent to 12 percent of the approved estimates was not received.

Actual Internal Borrowing was TZS.3,289.41 billion against approved estimates of TZS.1,699.86 billion which is TZS.1,589.55 billion equal to 94 percent above the approved estimates.

Actual External Borrowing and Assistance received in 2013/14 was TZS.3,084.93 billion against approved estimates of TZS.5,011.6 billion. External assistance amounting to TZS.1,926.67 billion which is 38 percent of the approved estimates was not received. The trend of revenue collection for three consecutive years is as presented in the **Table No.8** below.

Table 8: Trend of revenue collection for three years (amounts in Bil.)

2013/2014				
Item	Approved Estimates TZS	Actual collection TZS	Variance Over/ (Under) TZS	% of uncollected revenue
Tax revenue	10,412.94	9,289.00	-1,123.94	(10.8)
Non tax revenue	639.68	532.24	-107.44	(16.8)
Finance income	123.75	108.71	-15.04	(12.2)
Internal borrowings	1,699.86	3,289.41	1,589.55	93.5
External Borrowing and Assistance	5,011.60	3,084.93	-1,926.67	(38.4)
TOTAL	17,887.83	16,304.29	-1,583.54	(8.9)
2012/2013				
Item	Approved Estimates TZS	Actual collection TZS	Variance Over/ (Under) TZS	% of uncollected revenue
Tax revenue	8,432.29	8,052.29	-380.01	(4.5)
Non tax revenue	644.58	419.56	-225.02	(34.9)
Finance income	72.26	61.59	-10.66	(14.8)
Domestic borrowings	1,632.00	2,492.71	860.71	52.7
External Borrowing and Assistance	4,410.81	3,992.17	-418.64	(9.5)
Total	15,191.94	15,018.33	-173.62	(1.1)
2011/2012				
Item	Approved Estimates TZS	Actual collection TZS	Variance Over/ (Under) TZS	% of uncollected revenue
Tax revenue	6,229	6,415	186	3.0
Non tax revenue	693	720	27	3.9
Finance income	205	208	3	1.6
Internal borrowings	1,204	1,639	435	36.1
External Borrowing and Assistance	5,195	3,168	-2,027	(39.0)
Total	13,526	12,150	-1,375	6.0

Sources: TRA audited financial statements, individual audited financial statements of Public Debt and General Services, Ministry of finance audited financial statements of 2013/2014 and General report of 2012/2013.

The trend of tax revenue estimates in the financial year 2013/14 has increased by 24 percent and 67 percent compared to the estimates in the financial year 2012/13 and 2011/12 respectively, consequently there has been an increase in the actual collection of revenue by 15 percent and by 45 percent when compared with revenue collected in the financial year 2012/13 and 2011/12 respectively.

In the financial year 2013/14 Non tax revenue estimates declined by 0.8 percent and by 8 percent when compared with estimates in the financial year 2012/13 and 2011/12 respectively. However, Non tax revenue actual collections increased by 27 percent and declined by 26 percent when compared with the actual

collections in the financial year 2012/13 and 2011/12 respectively.

Finance income estimates in the financial year 2013/2014 increased by 71 percent and declined by 39 percent when compared with approved estimates in the financial year 2012/13 and 2011/12 respectively. Actual finance income increased by 77 percent and declined by 48 percent when compared with the financial year 2012/13 and 2011/12 respectively.

Actual Internal borrowings increased by 32 percent and external borrowing and assistance declined by 23 percent in the financial year 2013/14 when compared to the financial year 2012/13.

Despite the fact that, revenue estimates increased and actual revenue increased in the year under review, budget performance was not favourable since most of the targets were not achieved especially in the collection of domestic revenue. (i.e. Tax and Non Tax revenue).

Finance Income and Non Tax income is having downward upward movement. Under collection of revenue implies that budgeted expenditure could not be wholly financed. The trend for three consecutive years is as summarized in the **Table No.9** below.

Table 9: Trend of budget analysis for three years (Amount in Bil.)

Item	Approved Estimates TZS			D	E	% of D	% of E
	2013/14 (A)	2012/13 (B)	2011/12 (C)	variance (A - B)	variance (A - C)		
Tax revenue	10,412.94	8,432.29	6,228.84	1,980.65	4,184.10	23.49	67.17
Non tax revenue	639.68	644.58	692.74	-4.9	-53.06	-0.76	-7.66
Finance income	123.75	72.26	204.87	51.49	-81.13	71.26	-39.6
Internal borrowings	1,699.86	1,632.00	1,204.26	67.86	495.6	4.16	41.15
External Borrowing and Assistance	5,011.60	4,410.81	5,195.18	600.79	-183.58	13.62	-3.53
TOTAL	17,887.83	15,191.94	13,525.90	2,696	4,362		
Item	Actual collection TZS			D	E	% of D	% of E
	2013/14 (A)	2012/13 (B)	2011/12 (C)	variance (A - B)	variance (A - C)		
Tax revenue	9,289	8,052	6,415	1,237	2,874	15.36	44.81
Non tax revenue	532	420	720	113	-188	26.86	-26.07
Finance income	109	62	208	47	-99	76.5	-47.77
Internal borrowings	3,289	2,493	1,639	797	1,650	31.96	100.65
External Borrowing and Assistance	3,085	3,992	3,168	-907	-83	-22.73	-2.63
TOTAL	16,304	15,018	12,150	1,286	4,154		

Sources: TRA audited financial statements, individual audited financial statements of Public Debt and General Services, Ministry of finance audited financial statements of 2013/2014 and General report of 2012/2013.

4.2.2 Comparison of Exchequer Issues released and the Approved Budget for Supply Accounts.

Approved estimates for recurrent expenditures in the year under review for MDAs and RS was TZS.9,959.81 billion which shows an increase of TZS.1,359.93 billion equivalent to 16 percent increase when compared with previous year's budget of TZS.8,599.88 billion.

Review of MDAs and RS financial statements noted that TZS.9,559.55 was released as recurrent expenditure being 95.98 percent of the approved estimates, thus, TZS.400.26 billion was not released equals to 4 percent of the approved estimates.

However, there is an increase in exchequer issues released by TZS.1,275.14 billion equal to 15 percent when compared with last year exchequer issues released. Exchequer issues released for supply vote account in the financial year 2012/13 was TZS.8,284.42 billion against approved budget of TZS.8,599.88 billion showing under release by TZS.315.46 billion equivalent to 4 percent of the approved estimates.

Exchequer issues not released for supply vote accounts in financial year 2013/14 affected implementation of recurrent activities. **Table No.10** shows the approved estimates and actual releases. Further details of approved budget and actual releases are as shown in **Annexure No.8** for each MDA.

Table 10: Exchequer issues released against estimates for Supply vote accounts (Amounts in Bil. TZS)

Financial Year/Items	Approved estimates	Exchequer Released	Unreleased funds
2013/14 (A)	9,959.81	9,559.55	400.26
2012/13 (B)	8,599.88	8,284.42	315.46
2011/12 (C)	9,214.89	8,687.23	527.66
Variance (A - B)	1,359.93	1,275.14	
Variance (A - C)	744.93	872.32	

Source: Individual audited financial statements of MDAs and RS.

4.2.3 Comparison on the Actual Exchequer Issues released and the Actual Expenditure for Supply Votes

Audit results indicate that actual recurrent expenditure for the financial year 2013/14 amounted to TZS.9,551.28 billion against exchequer issues released of TZS.9,559.55 billion resulting to unspent funds amounting to TZS.8.28 billion equivalent to 0.09 percent of the funds released.

There is an increase of actual expenditure by TZS.1,302 billion in the financial year 2013/14 when compared with the actual expenditure reported in the financial year 2012/2013. **Table No.11** shows exchequer issues released and actual expenditure. Further analysis is as shown in **Annexure No.8**.

Table 11: Exchequer issues released and actual expenditure for supply vote (Amount in Bil. TZS)

Financial Year/Items	Exchequer Released	Actual expenditure	Unspent funds
2013/14 (A)	9,559.55	9,551.28	8.28
2012/13 (B)	8,284.42	8,249.28	35.14
2011/12 (C)	8,687.23	8,685.28	1.96
Variance (A - B)	1,275.14	1,302.00	
Variance (A - C)	872.32	866.00	

Source: Individual audited financial statements of MDAs and RS.

Supply vote account shows an overall increase in spending in the financial year 2013/14 compared to the financial year 2012/13.

4.2.4 Comparison between the Actual Exchequer Issues released and the Approved Budget for Development Votes

Approved estimates for Development expenditures in the year under review were TZS.5,035.94 billion which shows an increase of TZS.810.47 billion equivalent to 19 percent increase when compared with previous year's budget of the TZS.4,225.48 billion.

Review of MDAs and RS financial statements noted TZS.3,147.03 billion was released as development expenditure being 63 percent of the approved estimates, thus, TZS.1,888.91 billion was not released equals to 38 percent of the approved estimates.

However, exchequer issues released decreased in by TZS.100.49 billion as compared to financial year 2012/13 exchequer issues released for the same. Refer to **Table No.12** below and **Annexure No.9** showing analysis of exchequer issues releases against approved estimates.

Table 12: Analysis of Exchequer issues released for Development vote (Amount in Bil. TZS)

Financial Year/Items	Approved estimates	Exchequer Released	Unreleased funds
2013/14 (A)	5,035.94	3,147.03	1,888.91
2012/13 (B)	4,225.47	3,247.53	977.95
2011/12 (C)	4,311.01	3,384.43	926.58
Variance (A - B)	810.47	(100.49)	
Variance (A - C)	724.93	(237.40)	

Source; Individual audited financial statements of MDAs and RS.

Exchequer issues not released for development vote affects implementation of development activities and increases expenditure arrears since contractor's certificates if they remain unpaid for a certain period of time they start to accrue interests which become a huge financial burden to the Government in future.

4.2.5 Exchequer Issues received compared with Actual Expenditure for Development Vote Account

Audit results indicate that actual exchequer issues released for development vote in the financial year 2013/14 amounted to TZS.3,147.03 billion whereas actual spending was TZS.3,127.8

billion resulting into an unspent balance of TZS.19.23 billion equal to 0.61 percent of the released fund.

There is a decrease of actual spending in the financial year 2013/14 by TZS.75.3 billion when compared with last year's spending. **Table No.13** below and **Annexure No.9** show analysis of exchequer issues releases against actual expenditure.

Table 13: *Analysis of exchequer issues released for development vote (Amount in Bil. TZS)*

Financial Year/Items	Exchequer Released	Actual expenditure	Unspent funds
2013/14 (A)	3,147.03	3,127.80	19.23
2012/13 (B)	3,247.53	3,203.10	44.43
2011/12 (C)	3,384.43	3,376.30	8.14
Variance (A - B)	(100.49)	(75.30)	
Variance (A - C)	(237.40)	(248.49)	

Source: Individual audited financial statements of MDAs and RS.

Development vote account shows an overall decrease in spending in the financial year 2013/14 compared to the financial year 2012/13. However, TZS.1,259.03 billion was released in the fourth quarter therefore affected budget implementation.

Strengthening and improving macro-control to ensure stable and fairly rapid economic development, compliance with Acts, Regulations and different Circulars could help increase Government revenue above the targets set.

Revenue performance over the past three years shows a gradual increase in domestic revenue estimates coupled with an increase in actual collections. Drastic measures are deemed crucial in this regard, which include, increasing domestic revenue collections, enforcement of laws at hand and adjusting the budget structure to affordable levels.

The Government has to prepare realistic budgets, disburse funds as approved by the parliament which will foster budget execution and minimize budget reallocations. Further improvements are needed in revenue forecasting both local and foreign funding including suppliant Development Partners to make their grants on time.

4.2.6 Comparison of Non-Tax Revenue collections and approved budget

The approved budget for non-tax revenue for MDA, RS and Embassies for the financial year 2013/14 was TZS.639,631 million, TZS.49 million and TZS.17,152 million respectively. Actual collections were TZS.532,221 million, TZS.14 million and TZS.21,069 million for MDA, RS and Embassies respectively.

For MDAs there was under collection of TZS.107,410 million equal to 17 percent of the approved budget, Embassies reported over collection of TZS.3,917 million equal to 23 percent above the approved budget and Regional Secretariat reported under collection of TZS.35 million equal to 71 percent of the approved budget.

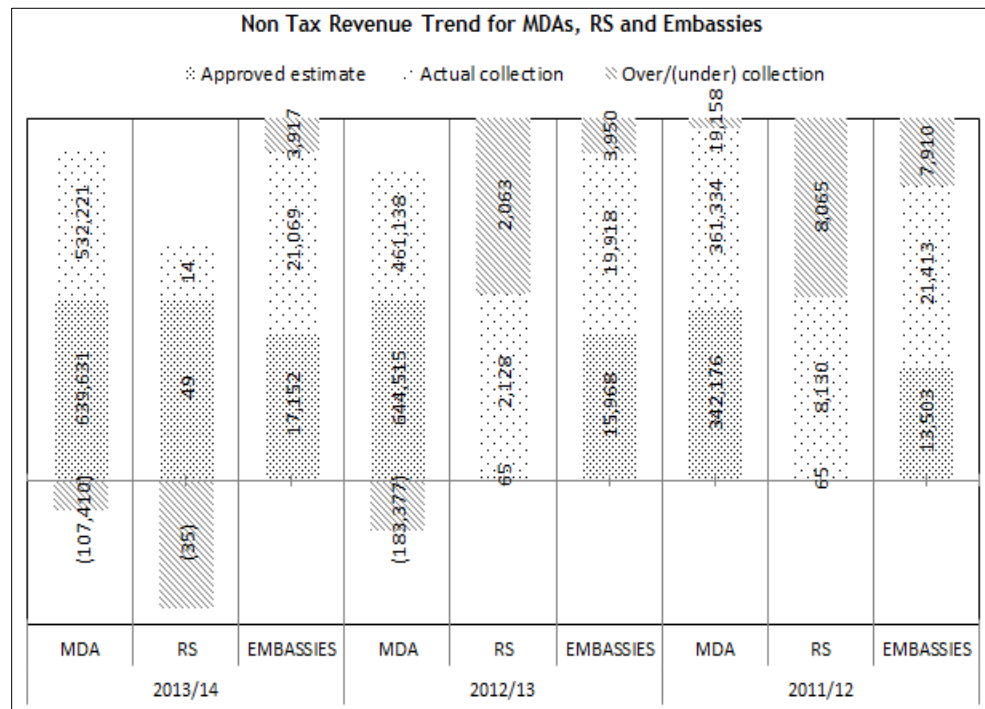
The approved budget for non-tax revenue for MDA, Embassies and RS for the financial year 2012/13 was TZS.644.51 billion, TZS.15.97 billion and TZS.0.65 billion, respectively. Actual collections was TZS.461.14 billion, TZS.19.92 billion, and TZS.2.13 billion, respectively. **Table No.14** below shows trend for Non-Tax Revenue for the past three years:

Table 14: Trend of non-tax revenue for three years (Amount in Bi. TZS)

Financial Year	Description	Approved estimate	Actual collection	Over/ (under) collection	% of actual vs estimates	% of estimates vs uncollected
2013/14	MDA	639,631	532,221	-107,410	83.21	-16.79
	RS	49	14	-35	28.93	-71.07
	Embassies	17,152	21,069	3,917	122.84	22.84
2012/13	MDA	644,515	461,138	-183,377	71.55	-28.45
	RS	65	2,128	2,063	3,273.85	3,173.85
	Embassies	15,968	19,918	3,950	124.74	24.74
2011/12	MDA	342,176	361,334	19,158	105.6	5.6
	RS	65	8,130	8,065	12,507.69	12,407.69
	Embassies	13,503	21,413	7,910	158.58	58.58

Source: Individual audited financial statements of MDAs and RS.

Figure 10: Non Tax Revenue Trend for MDAs, RS and Embassies



Source: Individual audited financial statements of MDAs and RS.

Non tax revenue trend has been varying from year to year and the performance is up and down for MDAs and RS. Embassies have been performing better year after year as seen from the above table and graph presentations.

Although Non tax revenue estimates have been varying slightly its actual collections has been increasing from year to year which shows more revenue from the same source can be collected if measures instituted by the Government are enforced within the Government, this includes the use of EFD machines in collection of non-tax revenue.

Regional Secretariats have shown up and down movement of estimates as well as actual collection for three years as seen from above graph in actual collections. Embassies are performing better every year.

The revenue budgets of embassies are either understated or unrealistic. During the year under review, embassies performed the best in collection of non-tax revenue.

The Government is advised to institute more measures in collecting non tax revenue especially at ministerial level. Departments and Agencies under parent ministries should be supervised by the respective ministries to meet their revenue estimates, since non tax revenue helps in financing recurrent expenditures.

Ministries should motivate department and agencies under it to collect revenue as per budget by rewarding them accordingly.

4.3 Issues on Retention scheme

This part of report present issues noted under retention scheme during audit of the year 2013/14:

4.3.1 Un-reimbursed TZS 32.74 billion from retention scheme

The government has an arrangement with some Ministries, Departments and Agencies to deposit revenue collected into the Consolidated Accounts and a percentage of that revenue will be reimbursed under retention scheme.

Those Ministries includes; Ministry of Land, Housing and Human Settlement Development, Ministry of Natural Resources and Tourism, Ministry of Education and Vocation Training, Ministry of Energy and Minerals and Ministry of Community Development, Gender and Children.

From the revenue collected, agreed proportion is reimbursed to the respective Ministries/department under the retention scheme agreement.

During the audit process it came to my notice that the amount of TZS.32.74 billion were not reimbursed; including retention money for the Ministry of Land, Housing and Human Settlement Development and Immigration and Services Department TZS.23.07 billion and TZS.9.67 billion respectively were not remitted to the respective Ministry and department. Summarized analysis is shown in the **Table No.15** below:

Table 15: Retention Scheme analysis (Amount in Bil.)

MINISTRIES/Department	Approved estimates TZS	Actual collection TZS	Retention percentage	Amount to be retained TZS	Amount remitted to Consolidated account TZS	Amount retained/ reimbursed TZS	Un-reimbursed amount TZS	% of (Over)/ Under collection
Lands and Human Settlement	100.05	47.89	100	47.89	47.89	24.82	23.07	52.13
Energy and Mineral	220	176.05	96	169.01	176.05	169.01		19.98
Natural Resources And Tourism	84.45	73.28	37	27.11	45.81	27.11	-	13.23
Fire and Rescue Force	35.38	19.96	37	7.38	19.96	7.38	-	43.60
Home Affairs-Police force	17.99	25.17	33	8.31	25.17	8.31	-	(39.86)
Immigration Department	84.19	87.33	47	41.05	87.33	31.38	9.67	(3.74)
Community Development, Gender & Children	1.58	1.02	93	0.95	0.07	0.95	-	35.55

Source; Individual audited financial statements of MDAs and RS

Except for Ministry of Home Affair - Police Force and Immigration Services Department, other Ministries under retention scheme underperformed between 13.23 percent and 52.13 percent as seen from the **Table No.15** above.

The government has to implement the retention scheme policy by retaining/reimbursing funds to the appropriate MDAs based on their collections and agreements. This reimbursement will enable respective MDA to implement their targets which in turn will increase future collections.

Ministries and Departments under retention scheme are urged to collect Non tax revenue to meet the target set.

CHAPTER FIVE

NATIONAL ACCOUNT ISSUES

5.0 Introduction

In this chapter I present issues noted during the audit in relation to the National Accounts which include; the Consolidated National Accounts, Tanzania Revenue Authority, Treasury Registrar, Public Debt and Pre-audit of Terminal Benefit payments.

5.1 Audit of the Consolidated Financial Statements

5.1.1 Introduction

The Government of United Republic of Tanzania has adopted the use of the International Public Sector Accounting Standards accrual basis of accounting in the preparation of Financial Statements with effect from 1st July, 2012. The Government therefore prepared its first IPSAS compliant Consolidated Financial Statements for the financial year ended 30 June 2013.

However, the Government managed to consolidate the Central Government Financial Statements only, and did not consolidate those of Local Government Authorities and Government Business Enterprises.

This year, the Government has consolidated all of its controlled entities except Air Tanzania Corporation, Suma JKT Company, Tanzania Nurses and Midwife Council (TNMC) and Business Registrations and Licensing Agency (BRELA).

5.1.2 Preparation of Consolidated Financial Statements

Following the decision to migrate to IPSAS accrual basis of accounting for the accounting period starting from 1st July, 2012, the Government is required to consolidate its financial statements and that of the controlled entities in compliance with IPSAS 6 and Section 25 of the Public Finance Act 2001.

Despite the good intention of the Government towards increasing transparency and accountability, the consolidation of financial statements for entities controlled by the Government has been

faced by a number of challenges in the course of its implementation. These challenges include but not limited to:

5.1.2.1 Differing Accounting Frameworks of the Controlled Entities

The spectrum of the controlled entities has varied the accounting frame works. While the Central Government which is a controlling entity uses IPSAS Accrual basis of accounting, some of the controlled entities such as Tanzania Standard News Papers, Tanzania Postal Bank, Tanzania Ports Authority and many others apply IFRS as their reporting frame work.

In absence of careful harmonization of the frameworks of the controlled entities with that of the reporting entity, the Consolidated Financial Statements are prepared on incompatible information. This diminishes the fairness of the balances reported on the Consolidated Financial Statements.

In addition, I noted various public entities with varying accounting policies. Consolidating such entities without harmonization of the accounting policies leads to unfair presentation of balances on the Consolidated Financial Statements.

I recommend management of the respective entities to ensure the accounting frameworks of the controlled entities are harmonized to be compatible with IPSAS as the framework used by the Government in reporting. Furthermore, the Government is advised to formulate accounting policies that will be circulated and adopted to all public entities.

5.1.2.2 Consolidation of Entities with Different Accounting Dates without Making Adjustments.

Upon review of the Consolidated Financial Statements for the United Republic of Tanzania for the year ended 30 June 2014, I noted that, the consolidated financial statements include some Government controlled entities which have reporting dates different from the reporting dates of the controlling entity contrary to Para 47 of IPSAS 6.

Furthermore, I noted that, no adjustments were made on the Financial Statements of controlled entities to harmonize the

reporting dates with that of the controlling entity. A summary of consolidated entities with different reporting dates is provided under **Annexure No.10**.

I understand that on 9th January, 2015, the Government issued a Treasury Circular No. 11 of 2014/15 regarding changes in accounting period and Treasury Circular No. 12 of 2014/25 on Application of proper accounting standards for preparation of Financial Statements with a view to smoothen consolidation of Government entities' Financial Statements.

This initiative needs to be closely followed up to ensure that the entities to be consolidated have uniform reporting dates. In turn, the burden of adjustment of reporting dates during consolidation process will be reduced.

Given the pointed out situation, the Government is advised to enforce the use of the issued Circulars so that all Government entities adopt uniform reporting dates, and reduce the complications involved in the adjustments of the reporting dates.

5.1.2.3 Use of Un-audited Financial Statements in the Preparation of Consolidated Financial Statements

During a period one month after the submission of the individual Financial Statements, the Consolidated Financial Statements are due for submission. It is evidenced that audit of the consolidated financial statements starts while the audit of individual financial statements is still in progress.

This implies that the consolidation is done on un-audited financial statements which are subject to a number of adjustments. This poses a big challenge in tracking the adjustments proposed to the individual financial statements which are normally not reflected in the Consolidated Financial Statements.

Eventually, this leads to greater discrepancies between the figures reported on the individual statements and the figures actually reported in the consolidation of the financial statements. As a result, the Consolidated Financial statements might not show a true and fair view of the affairs of the Government.

I recommend the government to review the submission deadline of Consolidated Financial Statements in line with provisions of Section 25 of PFA 2001 with a view of extending the submission deadline to 31st January, a period of seven (7) months after the year end. This requires to be done after careful consideration of workload for consolidation and the duration for audit of individual financial statements of the separate entities.

5.1.2.4 Automating the Process of Consolidation of Financial Statements for LGAs and MDAs

Consolidated Financial Statements are prepared on the basis of separate financial statements of the reporting entity, its controlled entities, joint ventures and associates using the consolidation procedures prescribed by the accounting standards. While preparing consolidated financial statements, the financial statements of the controlling entity and its controlled entities are combined line by line, by adding together like items of assets, liabilities, net assets, revenue, and expenses.

I reviewed the current process of preparation of consolidated financial statements and noted that the accounting software in use by the government has not been configured to perform consolidation of separate financial statements.

Currently, the government uses Microsoft Excel to perform consolidation. This process involves manual input of data from individual financial statements to the Excel. By so doing, the integrity of data produced by the spread sheets has a high possibility of having errors and more time is required to consolidate the financial statements.

While I acknowledge some challenges in the consolidation of financial statements, particularly for some GBEs which are not using Epicor, but there is an opportunity for the government to automate the consolidation processes for the Central Government (MDAs) and Local Government Authorities (LGAs) and later on extend to include all other entities.

A system driven consolidation process for LGAs and MDAs (to begin with) will to a greater extent reduce the chances of errors and mistakes and will enhance easy tracking and update of adjustments to reflect the accurate and update balances at all times.

I recommend the government to consider reconfiguration of Epicor system to be able to consolidate the Central and Local Government Authorities Financial Statements. Also, the government is advised to configure a template that will be used by Government Business Enterprises not using Epicor for preparation of data for input into a system that will be configured to perform consolidation.

5.1.2.5 Investment in Associates and Joint Ventures not accounted for in the Consolidated Accounts

The government has four (4) joint ventures where it owns 50 percent of shares and twenty seven (27) associates where it owns 20 to 50 percent of controlling interests as summarized in **Annexure No.10**.

IPSAS 7 and 8 on government investments in associates and joint ventures respectively requires the government to consider these investments in its consolidated financial statements. These standards provide guidance on how to include them in the Consolidated Government Accounts.

To the contrary, I noted that Consolidated Financial Statements of the government as of 30th June 2014 do not include government investments in associates and joint ventures. With such an omission, the Consolidated Financial Statements might not present a true and fair view.

Subsequent to the year end, the government issued a Treasury Circular No. 11 of F/Y 2014/2015 to all Accounting Officers regarding changes in accounting policies and preparation of Consolidated Financial Statements. This Circular mandates the entities to use equity method when consolidating their investments in associates and joint ventures.

I recommend that all investments in joint ventures and associates be consolidated in proportion to the government interests in line with applicable standards.

5.1.2.6 Un-consolidated Financial Statements

During audit scrutiny of Consolidated Financial Statements for the year 2013/2014, I realized that the set of Consolidated Financial Statements presented is not exhaustive due to non-inclusion of some entities. Some of the entities not included in the Consolidated Financial Statements are Unit Trust Tanzania (UTT), Suma JKT Company, Tanzania Nurses and Midwife Council (TNMC) and Business Registrations and Licensing Agency (BRELA). Non-inclusion of the controlled entities distorts the overall presentation of the financial statements.

I recommend that the government to strive to consolidate all controlled entities in order to achieve completeness of the government financial position.

5.2 Audit of Tanzania Revenue Authority

5.2.1 Introduction

Tanzania Revenue Authority (TRA) was established by Act No.11 of 1995 as amended by Act No.8 of 1996 with responsibilities of administering and collecting tax revenue on behalf of the Government.

The Authority prepares two separate sets of financial statements, one for revenue and the other for expenditure. TRA financial statements are prepared by using the International Financial Reporting Standards (IFRS) while revenue statements are prepared under the International Public Sector Accounting Standards (IPSAS) - Cash basis of accounting.

5.2.2 Revenue Collections Analysis

This section provides a brief summary of revenue outturn of Tanzania, comparative analysis of revenue collection across East African States, highlights of the long outstanding taxes in disputes pending Court ruling and finally it offers my recommendations on each specific issues of my concern.

5.2.3 Revenue Outturn in Tanzania

During the year under audit I noted that the Authority collected a total of TZS.9,997 billion against the set target of TZS.10,914 billion reflecting an under collection of TZS.917 billion equivalent to 8.4% of total estimates or targets. **Table No.16** below indicates total Revenue collection from both the Mainland and Zanzibar.

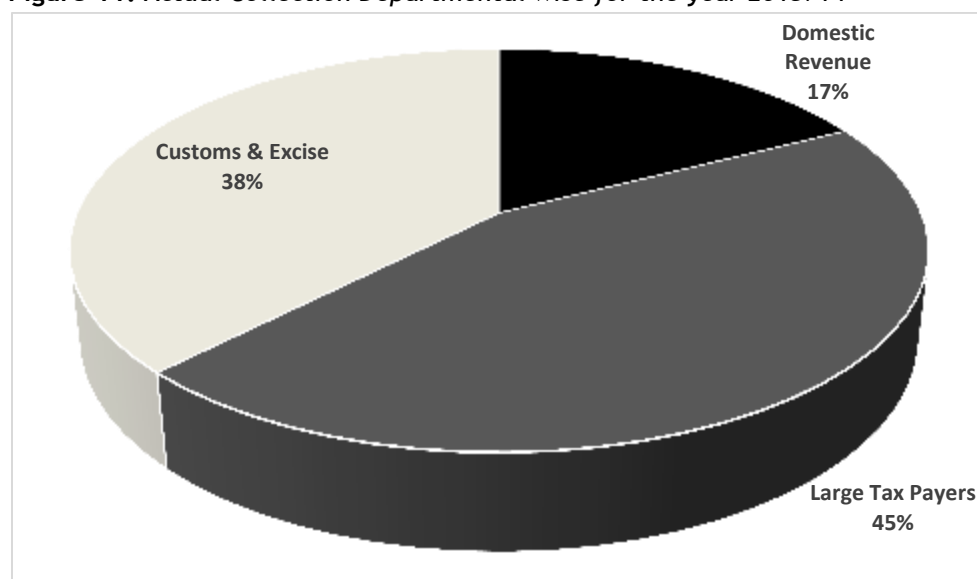
Table 16: Total Revenue collections for 2013/ 14 (Billions TZS)

Department (Billions)	Estimated Collection	Actual Collection	Over/ (Under) Collection	Under collection in %
Domestic Revenue	1,975.41	1,745.49	(229.92)	(11.64)
Large Tax Payers	4,690.24	4,491.64	(198.61)	(4.23)
Customs & Excise	4,248.17	3,759.52	(488.65)	(11.50)
Grand Total (excl. Tax Vouchers)	10,913.82	9,996.64	(917.18)	(8.40)

Source: Individual CAG's audit reports for the year 2013/14

Generally, collections from all three departments missed the targets for the year under review. However, the Large Tax Payer Department (LTD) recorded the lowest under collection of 4.23% as compared to Customs and Excise Department (CED) and Domestic Revenue Department (DRD) with under collection of 11.50% and 11.64% respectively. The figure below shows that LTD accounts for 45% share of actual collection which has the largest share, followed by CED with 38% share and DRD with 17% ranked the last for this year.

Figure 11: Actual Collection Departmental wise for the year 2013/ 14



5.2.4 Tax Efficiency and Revenue Performance Trend

The trend of revenue collections over the past five years, in average, was below the approved estimates with exception of the year 2011/12 where actual collections exceeded the target by 4%. Although there was an upward movement of the revenue efficiency (Tax to GDP ratio/tax yield) over the past three years to 16.9% recorded in the current year but this tax-to-GDP ratio was below the strategic target yield of 19.9% that the Authority aspires to achieve by 2018.

Despite amiss to the yield target, the Authority has recorded an improvement in tax-to-GDP ratio by about 1% up as compared to the yield of 16% registered a year ago. **Table No.17** below shows the trend of tax collection over the past five years.

Table 17: Overall revenue collection performance for Tanzania (Millions TZS)

Years	2009/10	2010/11	2011/12	2012/13	2013/14
Targets	4,919,169	5,721,831	6,329,413	7,978,158	10,957,001
Actual	4,516,674	5,443,592	6,586,585	7,912,304	10,026,659
Ratio of Actual/Target	92%	95%	104%	99%	92%
Tax Yield (Tax/GDP)					
Tanzania			15.80%	16.00%	16.90%
Kenya					22.10%
Rwanda					14.90%
Uganda					13.30%
Burundi					13.60%

Source: TRA Statistics, 2014

From the budget variance analysis, the actual collection as percentage of estimates was 96%, in average, over the past five years which is below the target but the current year's collection record seemed to be the least in the row as the under collection reached the highest at 8%.

TRA argues that, the Government's decision to abolish a sim card tax and excise duty on funds transfers have had negative impact on the Authority's performance since the new sources were already factored in its annual estimates for the year 2013/14. This raised my concerns over the identification mechanisms for the new tax sources, forecasting and enforcement of such taxes.

On the other hand, the comparative analysis of tax efficiency for all East African States shows that the Authority ranks second behind Kenya and she is better off, in terms of tax-to-GDP ratio, than that of Rwanda, Uganda and Burundi. A casual comparison of the trend in Kenya, 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.

I therefore, recommend that the Government ensure tax enforcement measures are given high priority to avoid similar disruptions in revenue collections in future and the Authority put more efforts to improve its tax efficiency.

5.2.5 Long Outstanding Cases at the Tax Revenue Appeal Board and Court of Appeal of Tanzania - TZS 1,716 billions

During my audit, I noted that TRA has long outstanding cases at the Tax Revenue Appeals Board and Court of Appeal of Tanzania amounting to TZS.1,716 Billion of which TZS.261 Billion are stuck at the Court of Appeal of Tanzania and the remaining balance of TZS.1,455 billion awaiting ruling at the Tax Revenue Appeals Board as summarized in **Table No.18** below:

Table 18: Summary of outstanding cases at the Tax Revenue Appeal Board and Court of Appeal of Tanzania

S/N	YEAR	CASES AT TAX APPEALS BOARD		CASES AT COURT OF APPEALS		GRAND TOTALS	
		(USD)	(TZS "000")	(USD)	(TZS "000")	(USD)	(TZS "000")
1	2002	-	24,519,199	-	-	-	24,519,199
2	2003	-	7,051,800	-	-	-	7,051,800
3	2004	15,008,720	26,912,582	-	-	15,008,720	26,912,582
5	2005	11,502,492	2,482,708	-	21,355,407	11,502,492	23,838,115
6	2006	-	1,671,961	-	234,295	-	1,906,256
7	2007	-	35,356,744	7,999,826	2,879,720	7,999,826	38,236,464
8	2008	10,000	14,333,378	-	17,118,181	10,000	31,451,559
9	2009	-	70,925,132	-	-	-	70,925,132
10	2010	1,505,426	132,931,042	-	1,576	1,505,426	132,932,618
11	2011	215,211,223	18,715,164	-	80,386,487	215,211,223	99,101,650
12	2012	13,446,396	111,823,457	1,702,971	25,317,358	15,149,367	137,140,815
13	2013	315,059,470	2,048,313	26,042,542	50,981,458	341,102,012	53,029,770
	Total	571,743,727	448,771,480	35,745,340	198,274,481	607,489,066	647,045,961
	Exchange rate Applied					TZS.1760/USD	1:01
	The revenues tied up on appeals in TZS Equivalent in "000"					1,069,180,757	647,045,961
A	Total revenue tied up on long standing appeals (TZS Billions)					1,716.23	
B	Budget for the year 2013/14(TZS billions)					18,249	
C	Percentage of tax revenue tied up as % of Budget (A/B *100%)					10%	
D	Nominal GDP for 2013/14 (TZS Billions)					55,619.08	
E	Percentage of tax revenue tied up as % of GDP					3%	

Generally, the analysis in the table above shows that the potential tied up revenues on appeals is 10 percent of the total revenue estimates, and 3% of the nominal GDP, for the year 2013/14. Thus, the value of taxes in dispute at the Tax Revenue Appeals Board and Court of Appeals of Tanzania is high and cost the Government resources to run cases for such a long time and, at times, loss of revenue when appellants become bankrupt before their appeals are resolved.

I therefore recommend that (a) hearings of these cases be expedited by the Court System, and (b) for a long lasting solution I propose the Government set up an Independent Complaints Commission to expedite the handling of appeals and (c) the Management of TRA strengthen and improve the audit and investigation process in order to reduce tax disputes between the Revenue authority and the Taxpayers.

5.2.6 Management of tax exemptions and tax collections

This sub section covers two major issues on the management of tax exemptions and revenue collection in Tanzania. The part one covers issues of tax exemptions and the second part includes other key issues which I consider to be worth reporting in my General Annual Report for this year:

5.2.6.1 Tax Exemptions for the year under review TZS.1,834.097 billion

The Government of Tanzania through Tanzania Revenue Authority (TRA) granted tax exemptions to a specified activity such as investment in capital goods for a certain period to attract FDI and/or promote specific economic policies, such as to encourage investment in certain sectors, improve relationship with other nations through exemptions to diplomatic missions and humanitarian grounds.

Such exemptions are offered in accordance with the applicable Laws and Regulations. Indeed, exemptions are legal but without stringent controls, the loopholes in the existing laws, collusive and abusive practices, and inadequate oversight and monitoring mechanisms offer an opportunity for unnecessary loss of tax revenue through such exemptions.

The Revenue Statements of the Authority for the year ended 30th June, 2014 reported tax exemptions of TZS.1,834.097 billion (3.3% of the GDP) granted to various categories of institutions and individuals (2012/13: TZS.1,515.607 Billion).The trend shows an increase of TZS.318.49 billion equivalent to 21% of the reported amount in the previous financial year.

Had the exempted revenue of TZS.1,834.097 billion been collected, the total collection would have been TZS.11,724.07 billion instead of TZS.9,889.97 billion which is above the estimated target of TZS.10,809 billion. The increasing trend, therefore, poses a negative impact on the overall revenue performance. Details of exemptions by beneficiaries are as shown in **Annexure No.11**.

5.2.6.2 Comparative Analysis of Tax Exemptions

The ratio of tax exemptions to GDP increased from 2.10 percent in 2009/2010 to 4.39 percent in 2011/2012 before decreasing to 3.13 and 3.30% percent in the financial years 2012/13 and 2013/14 respectively. **Table No.19** indicates that the level of tax exemptions, on average, is 3 percent of GDP over the past five years.

Table 19: Trend of Tax Exemptions to GDP Ratio, 2010-2014 (Million TZS)

Year/	Nominal GDP	Total Tax Exemptions	Exemptions to GDP In %
2009/10	31,316,224	653,653	2.10
2010/11	35,026,679	1,016,320	2.90
2011/12	41,125,313	1,806,204	4.39
2012/13	48,385,100	1,515,607	3.13
2013/14	55,619,077	1,834,097	3.30

Source: TRA Financial Statements and statistics, 2010-2014.

From the above analysis, the level of tax exemptions as percentage of GDP over the past five years was 3% of GDP, in average, which is still higher than the target of 1% of the GDP or 5% of the total collected revenues (based on PAC proposal). Such exemptions in the past five years reached the highest of 4.39% of the GDP in 2011/12 followed with a 3.3 percent of GDP under the year of review (19% of tax collections for 2013/14). However, my review noted that there is no standard guideline in terms of policy as to what level of exemptions should the country maintain at any given time.

The increasing trend has attracted concerns from the public and other stakeholders over the level, utilizations, and impact of exemptions in the country's economy. Some argue that revenue forgone through exemptions is too high, fail the country and rank the least to investors when they make investment decisions so it is not a key determinant as such. Others are concerned with abuses of exemptions by unscrupulous persons. As a result of these public outcries, the President and PAC requested my office to carry out the review of exemptions with a view to establishing whether exemptions were in compliance with regulatory framework governing tax exemptions, proper utilization of the exemptions and whether the exemptions have had positive economic impact to the nation's economy and recommend to the

Government on proper management of the exemptions in this country.

The following are key issues emanating from my audit of tax exemptions granted in the financial year 2011/12 to 2012/13.

**a) Exempted fuel transferred to other companies
TZS.22,325,178,728**

Our review of the utilization of exempted fuels for mining companies noted two companies, M/S. Geita Gold Mines and Resolute Tanzania Limited, transferred the exempted fuel to sub-contractors who were not eligible for such exemptions. The total tax exemptions of the transferred fuels amounted to TZS.22,325,178,728 of which TZS. 22,305,069,488 related to M/S. Geita Gold Mines Ltd and TZS. 20,109,240 for Resolute Tanzania. Transferring of exempted fuels to non-beneficiary companies is contrary to Government Notice No. 480 published on 25th October, 2002. The Government Notice requires the remission to cease to have effect if the exempted fuel is used for other purposes or is transferred, sold or disposed off in any way to another person not entitled to benefit from similar privileges.

I therefore recommend that the Management of TRA recover taxes on the fuels transferred to sub-contractors of TZS. 22,305,069,488 and TZS. 20,109,240 from the M/s. Geita Gold Mines Ltd and Resolute Tanzania Limited respectively, and submit to auditors the monthly utilisation report for April 2013 from M/s. Geita Gold Mines Ltd which was not produced during audit.

**b) Abuse of Tax Exemptions by Kiliwarrior Expeditions Ltd
TZS.392,701,602**

During financial years 2011/2012 and 2012/2013 Kiliwarrior Expeditions Ltd of P.O. Box 12339, Arusha holder of TIC certificates of incentives No. 030863 and 030863-1 had imported twenty eight (28) motor vehicles with tax exemptions amounting to TZS. 465,235,220.

Our site visit found that the company had only two (2) motor vehicles, one with registration number T721 AFM acquired on 10/01/2005 and the other with registration number T461 AUU acquired on 30/04/2008; both of which were not among the imported and exempted vehicles for the period under review.

Further, Management of TRA-Arusha informed us that some of the imported motor vehicles were registered and being used by people who are not entitled to the incentives. TRA blocked renewal of road licences for five (5) motor vehicles and managed to recover exempted taxes of TZS. 72,533,618 out of TZS. 465,235,220 leaving the balance of TZS.392,701,602 unrecovered. However, the central issue is why TRA could not prevent registration of the motor vehicles to users other than the importer. In our view, the ineffective control environment (processing and monitoring mechanisms over tax exemptions) and potential collusion, paved the way for unscrupulous businessmen to abuse the tax exemptions for their personal gains and defeat the economic objectives for such incentives.

I therefore recommend the Management of TRA (a) recover taxes from the M/s Kiliwarrior Expeditions Ltd, and (b) strengthen the control environment over the exempted motor vehicles by ensuring that motor vehicles exempted are strictly not registered by users other than the importer.

c) Exemptions granted to ineligible beneficiaries - TZS.53,399,565

Kilemakyar Mountain Lodge Limited was given Certificate of incentives No. 031753 for expansion of Lodges Project in Karatu - Arusha in farm No. 2531 at Changarawe Village. Review showed that the company imported three motor vehicles for the expansion of the project with total exempted tax of TZS. 72,641,973 at different periods in 2011/12 and 2012/13 financial years as shown in the **Table No.20** below:

Table 20: Exemptions granted to ineligible beneficiaries

S/N	Date	Reg No.	Imported Cars	Chassis No.	Reg. No.	Exemptions (TZS)
1	29/12/11	R120526	Used BMW X5	WBAZW420 90L465446	T647BYB	39,145,406
2	22/06/12	R057812	Used Toyota Land Cruiser Prado	JTEBZ29J1 00012725	T630CBB	14,254,160
3	14/03/13	R026995	Brand New Hyundai Santa	KMHSU81C SDU072516	T680CHX	19,242,407
Total						72,641,973

Site verification to the project could not find any vehicle. However, Management of the company informed the audit team that it imported only Brand New Hyundai Santa which was, at the time of the visit, in Dar es Salaam and that the management was not aware of the other two vehicles. This being the case, the Government lost tax revenue amounting to TZS. 53,399,565 through tax exemptions granted to unknown beneficiaries through importing BMW X5 and Land Cruiser Prado.

I recommend that management of TRA (a) investigate and recover the taxes of the two vehicles then institute legal proceedings against the culprits, and (b) strengthen the control environment over the exempted motor vehicles by ensuring that motor vehicles exempted are strictly not registered by users other than the importer.

5.2.7 Other Issues on Management of Revenue Collections

5.2.7.1 Missing re-export evidence on temporary importations attracting taxes amounting TZS.835,974,894,955

My review of Asycuda ++ for the period of 2013/14 failed to evidence the exit from the country of 6,316 temporarily imported goods and equipment whose period of stay had expired contrary to Section 117(3) of East Africa Customs Management Act (EACMA), 2004. The total taxes payable for such temporary imports would amount to TZS. 835,974,894,955. Goods and other equipment temporarily imported might be diverted to the

domestic market (home use) and hence deny tax revenue to the Government.

I recommend government through management of TRA (a) the investigate on the temporary imported goods and equipment with a view to recovering the said amount tax and (b) put sound controls in place to monitor all temporary imports and ensure that they are not diverted for home usage.

**5.2.7.2 Uncollected Customs Processing Fees (CPF)
TZS.511,501,388**

During my audit for the financial year 2013/14 I observed that, British Gas (BG Company) conducting Gas and Oil exploration activities in Mtwara region did not pay Customs Processing Fees amounting to TZS. 511,501,388. The company failure to pay the Customs Processing Fees might lead to loss of revenue that will negatively affect the authority from achieving its set targets and the Government in meeting its set objectives.

I therefore recommend management of TRA carry a thorough investigation to all Gas and Mining companies with a view to determine such companies paid their CPF and recover all unpaid fees.

**5.2.7.3 Special reliefs granted twice on the same Proforma
invoice - USD 326,078 (Equivalent TZS.540,598,195)**

My examination of the special VAT Reliefs granted during the year under review 2013/14 noted that, M/S. Swala Oil and Gas (T) Ltd was granted two special VAT Reliefs of USD 163,039 each during procurement of 20 Seismic project-Seismic Data line billing on the strength of the same proforma invoice No.478 of 30.09.2013.

It was observed that, tax reliefs' review mechanisms over supporting documents were not adequately done something which paved the way to this anomaly. **Table No.21** below shows the details of reliefs granted based on the same proforma invoice.

Table 21: special reliefs granted on the same proforma invoice

Serial no.	TIN	18% VAT (USD)	Proforma invoice No.	Suppliers
18/10/2013	115-280-066	163,039	478 of 30/9/13	Polaries Seismic(T) Ltd
10/10/2013	115-280-066	163,039	478 of 30/9/13	Polaries Seismic(T) Ltd
Total		326,078		

I therefore recommend that management of TRA recover USD.163,039 which was granted to M/S Swala Oil and Gas (T) Ltd and ensure proper controls are in place to prevent the recurrence of such anomalies.

5.2.7.4 Assessed taxes not collected TZS.33,149,386,548

Review of tax investigation register for the year 2013/14 indicates that TZS.33,149,386,548 was assessed by TRA - Tax Investigation Department and sent to regional offices for collection. Such cases were noted in sampled visited tax regions of Kinondoni, Ilala, Temeke and Mwanza.

However, the assessed amounts remain uncollected up to the time of audit in November, 2014. Long outstanding assessed taxes were attributed to inadequate recovery mechanisms on the part of the Regional Offices for Tanzania Revenue Authority.

I therefore recommend management of TRA ensure all regional offices collect all outstanding taxes as assessed by the Tax Investigation Department.

5.2.7.5 Under assessment of taxes TZS.28,531,795,324 and \$329,149 (TZS.29,077,484,868)

During the audit of the financial year 2013/14, I noted under-assessment and under-payment of taxes amounting TZS.28,531,795,324 and USD.329,149.

My computations and review of the established taxes for the sample taxpayers' files, documents and payment particulars as per TRA records, noted that tax officials under assessed the taxes payable of the taxpayers by that amount. In my view the under assessments might be attributed to inadequate review

mechanisms over tax assessments or deliberate act by the tax officers and hence, denied the Government its rightful revenue.

I am of the opinion that management of TRA institute and ensure functioning of the quality review mechanism in the assessment of taxes so as to early identify shortfalls in the tax assessments.

5.2.7.6 Uncollected fines for not using EFDs TZS.368,900,000

Section 20 of the Electronic Fiscal Device (EFD) Regulation, 2010 requires any person who is required to use electronic fiscal device and fails to do so for reasons beyond the provisions of the Regulations, to pay fine of not less than 3,000,000 or to imprisonment for a term not exceeding twelve months, or both.

However, my review of the monthly performance reports for the financial year 2013/14 revealed that, fines amounting to TZS.440,793,600 were imposed to traders for failure to use Electronic Fiscal Device in generating fiscal receipts but only TZS.71,893,600 out of that sum which is equivalent to 16 per cent was paid by defaulters leaving balance of TZS.368,900,000 unpaid.

In my view failure to recover fines may encourage the non-use of EFD machines by eligible persons and this signal inadequacy of the recovery measures by the Regional Managers.

Management of TRA is recommended to ensure that it charges and collect fines from all defaulters and ensures a proper collection mechanism is in place for timely collection of the established fines and penalties in order to increase the compliance rate.

5.3 The Office of Treasury Registrar

5.3.1 Introduction

The TRO was established by Treasury Registrar (Powers and Functions) Act Cap.370 of 2002 (R.E. 2010). The TRO is mandated to keep under permanent review the business and affairs of all persons and bodies of persons in respect of which the Treasury Registrar holds any property or any interest in them.

The Treasury Registrar Office (TRO) has a duty to manage Government investments and interests in public corporations and other entities.

The Office of Treasury Registrar is therefore responsible for holding all investments comprised of the paid up capital of Government Business Entities (GBEs) as well as private investments where the Government owns shares or interests in trust for the Government of the United Republic of Tanzania. In the subsequent sections I will present issues relating to the management of government investments and governance issues on the GBEs.

5.3.1.1 Inadequate Management of Government Investments and other Interests

During the audit for the year 2013/14, I noted dwindling Government investments in other entities and at times, Government shares were, either diluted or at risk of being diluted. This was due to government's failure to inject extra funds when need for recapitalization of those companies arose as substantiated by the following cases:

- (a) The Government of the United Republic of Tanzania was allocated shares in African Development Bank (AfDB) during the Annual Meeting of 2012 in which members were required to increase their share capital valued at USD.32.0518 million which was payable in instalment basis.

However, it was further noted that, the government missed the payment due dates and failed to pay on time the second instalment amounting to USD.2.66 million. As a result, 2,967 shares in AfDB which belonged to the Government of Tanzania were forfeited during the year 2013/14.

- (b) The government shares in NBC (1999) Ltd are at a risk of being diluted if the government fails to exercise "share call option" amounting to TZS 22.53 billion" by 31st March, 2015 following a shortfall in Capital Adequacy Ratio (CAR) at NBC (1999) Ltd. This arose because the funds needed to increase government shares towards the dwindling capital in NBC were not

budgeted for in 2012/13. Unfortunately, repayment fund for government's call option was again not budgeted for 2014/15 something which raised concerns from the PAC which then had to intervene on this matter in November 2014.

For the case on hand, I observed that the Government reached a share call option agreement with ABSA (majority shareholder of NBC) for capital injection following the deterioration of NBC's core capital and need for recapitalization as per directive of Bank of Tanzania. This agreement put the government in dire circumstance as failure to exercise her call option would lead to dilution of government's shares in NBC in favour of ABSA.

My further review of the Treasury Registrar' Report dated November, 2014 observed that the Bank's capital deficit was greatly attributed to inefficiencies of management of NBC which is under management contract of ABSA.

However, the consequences of such mismanagement are shared with the government of Tanzania something which might also happen in other similar companies if remedial measures are not taken now.

- (c) On the other hand, most of the GBEs such as ATCL, TTCL, TAZARA, TRL and the like face acute shortage of capital and some cannot survive without government subsidies. Although the causes for their current state may be debatable but their strategic importance to the country is indisputable. The later has always been a factor for government financial intervention on the struggling GBEs.

In all these cited cases, the lack of a standby investment fund did not do well to the Government and the Office of Treasury Registrar (TRO) itself. With this trend, strategic shareholders in other similar companies would be tempted to take advantage of the Government's budgetary constraints and opt for recapitalization when they see the government is under critical budgetary limitations so that they dilute the government ownership in their companies. I am therefore, of opinion that the

absence of investment funds limits restructuring of strategic GBEs and leads to likely share dilutions in companies where government has interest.

5.3.2 Inadequate involvement of the Treasury Registrar in the Annual General Meetings

During my audit also I noted that, TRO was not adequately participating in the Annual General Meetings (AGMs) of companies where government has minority shares and had no policy and monitoring mechanisms in place to review, recommend and safeguard government shares including minority interests in non-performing investments. I am of view that in the absence of adequate government representation in these companies, the government is missing an opportunity to contribute to key decisions which might have impact on the status of the investment ownership and associated interests.

In light of the investment management role of TRO, I also assessed the financial muscles of Treasury Registrar Office and noted that the TRO highly depends on the government subventions which are always meagre to manage the vast government investment portfolios under its custody worth TZS. 19,367.47 Billion as of 30 June 2014. Of course, TRO also collects the dividends, miscellaneous receipts and contributions from corporations under its control (TZS.108.71 billion which was collected in the year under review) but such collections do not help the TRO as it lacks retention scheme for the moment, and therefore all collections are surrendered to the government as revenue. Consequently, the ability of TRO in discharging its mandate is limited.

Lack of government investment funds on top of the aforementioned limitations, makes the TRO to be helpless when companies in which government has interests need to recapitalize. Such financial limitations subject all government interests and investments in those companies to be in a very high risk of being lost or diluted and eventually loss of strategic interests of the government and country at large. In my opinion for the government to be able to get rid of the noted challenges

in the management of its investment in shares and other interests the following measures have to be taken:

- a) Government set up a standby investment fund from revenue received from dividends and miscellaneous revenues in order to build up investible fund for equity investments whenever companies in which government has stake need to recapitalise or participate in other investment avenues that the Government may wish to invest. This can entail government to allow TRO retain all collections for a specified period (say four to five years) and thereby sustain through my recommendation below.
- b) The government through Ministry of Finance introduce the retention scheme for the TRO in order to set up the proposed investment fund. The scheme can also serve as performance measurement tool for the treasury registrar which will enable the Government to assess the ability of the Registrar in mobilizing revenue from its investments.
- c) Management of TRO regularly review the investment performance and strategies of the companies in which the Government has minority shareholdings in order to determine the suitability of such investments for the Government. Based on the proposed Annual Minority Shareholdings' Review Report, TRO will be able to come up with a keep or an exit strategy on each of these companies which will safeguard Government and public interests.
- d) Management of TRO institute a system that will ensure the Government is properly represented and participating in the decision making of companies in which the Government has shares for the benefit of the public. This will help to ensure the Government participates adequately in the Annual General Meetings and other decision making meetings.

5.3.3 Management of Debts and Payables under TRO

I have reviewed the financial obligations of the Treasury Registrar's office for the period that ended on 30 June 2014. The review intended to assess the readiness of the office to take up new responsibilities that were previously entrusted to the Ministry of Finance and the defunct Consolidated Holding Corporation. I further reviewed how well the office manages loans and

guarantees issued by the Government to Parastatals and corporate bodies, loan registers and data bank on investments in Government Institutions and ability to service debts under its portfolio.

It was also revealed that the defaulted guarantees and many of non-investment debts that are contracted by the Government are eventually transferred to TRO. Of late, debts originating from compensations, pensions and Court rulings on claims not related to investments were transferred to TRO from Ministry of Finance. Also, the expired guarantees in the TRO's records which in substance are already public debts could not be transferred to appropriate department which accounts for public debts due to lack of relevant instruments (Bonds).

Conversely, I noted that all of non-investment debts which create financial pressure to the TRO, are serviced through the Consolidated Funds. The total payables of this nature amounted to TZS 721.28 billion excluding the expired guarantees of about USD 61.7107 million. I am therefore concerned with the ability of TRO to settle the huge liabilities which neither relate to core functions of TRO nor match with available budget. In my view the nature of these obligations warrants to be placed under Public Debt and General Services for ease of accounting and management (Debt Management Division). On this basis, I recommend the following actions to be taken:

- The Government restructure and reclassify non-investment debts and expired guarantees to Public Debt and General Services to enable the Government have structured management and repayment. This can be done by the Government issuing bond that will serve as instrument for recoding and servicing such debts under the appropriate vote.
- Management of TRO update records of its liabilities and prepare adequate budget annually to settle the remaining obligations that relate to its investment functions as and when they fall due. This will avoid further accumulation of debts.

5.3.4 Governance of GBEs and Mandate of Treasury Registrar

My review of the mandate, powers and functions of the TRO noted that there are various Acts and statutes that exist in relation to the management of the Government Business Entities (GBEs), statutory corporations, investments acquisition holding and liquidating government assets. In my opinion the multiplicity of laws creates difficulties in the management of investments.

On the governance aspect, I noted one major weakness that is worth-reporting which is non-adherence to the principles of corporate governance especially in the appointments of Board of Directors and Chief Executives. Some Boards still have members of parliament and staff of TRO despite my several calls to end this matter a thing that brings conflict of interests and violates practices of good corporate governance. At times, Parent Ministries intervene in the performance and Corporate Governance of GBEs. In my view, the Parent Ministries had to only focus on policy and regulatory issues and parliamentarians had to only play an oversight role.

On those grounds, I recommend the following remedial measures to enhance corporate governance of state owned enterprises and an effective functioning of Treasury Registrar.

- a) The Government fast track the preparation of the Treasury Registrar Act to allow TRO deal with the performance and Corporate Governance issues and parent Ministers to only focus on policy and regulatory issues.
- b) I reiterate my recommendation issued in the Audit report for the Public Authorities and other Bodies for 2012/13 that, Members of Parliaments and staff of TRO should not be members of the Board of Directors in the Government Business Entities to avoid conflict of interests and improve corporate accountability that is vested in GBEs through their respective Boards of Directors and parent Ministries restrain from intervening in the operations and governance of the GBEs.

I believe that if the government implements these recommendations, the huge potential that is locked in the state owned enterprises and institutions will be unlocked.

5.4 Audit of Public Debt

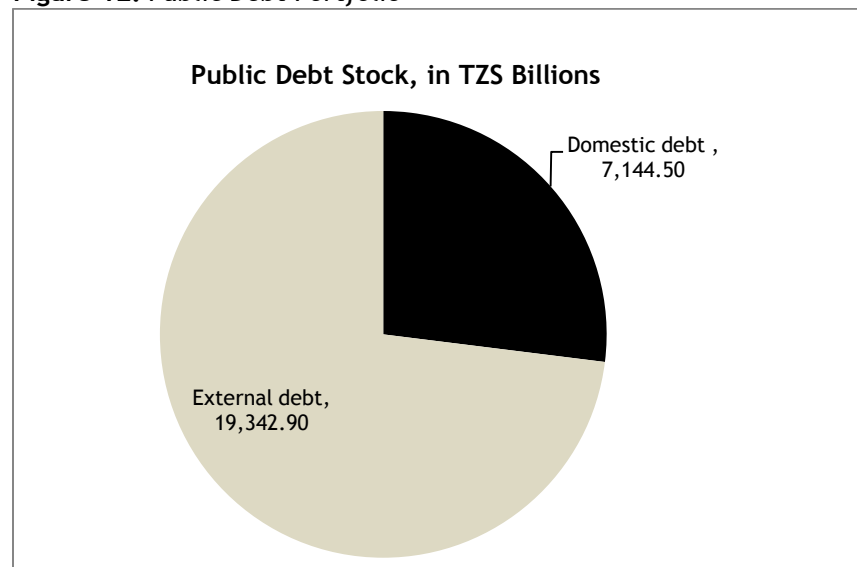
5.4.1 Introduction

According to Ministry of Finance, Public debt is defined as the current outstanding obligations for which the Central Government and its branches are responsible. Public Debt is governed by the Government Loans, Guarantees, and Grants Act No. 30 of 1974 (R.E 2004) whereby Sect. 3 and 6 give the authority to the Ministry of Finance to borrow and issue guarantees on behalf of the Government.

5.4.2 Public Debt Portfolio

Tanzania's total public debt as at 30 June, 2014 stood at TZS.26,487.4 billion. The Public Debt Portfolio is made up of Domestic debt stock worth TZS.7,144.5 billion and the External debt stock valued at TZS.19,342.9 billion as depicted in the **Figure No.12** below;

Figure 12: Public Debt Portfolio



During the year, total disbursements from financiers were TZS.6,374.3 billion while debt servicing cost was at TZS.3,240.1 billion equivalent to 17.8 percent of the government's Approved Cash collections.

Public debt is continuously on the rise, a fact that is attributed to year by year mismatch on government revenue and expenditure, conversion of liquidity paper and borrowing for development

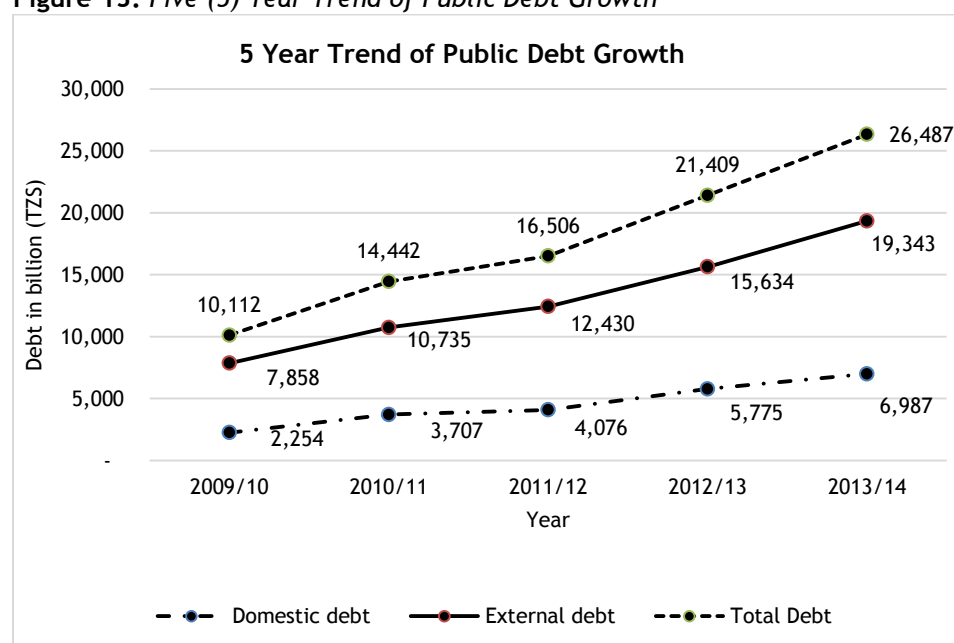
projects. The following **Table No.22** and **Figure No.13** illustrate the 5 year trend of both domestic and external debt of the country.

Table 22: Five (5) Year Trend of Public Debt Growth

	2009/10	2010/11	2011/12	2012/13	2013/14
Domestic Debt, TZS billion	2,254	3,707	4,076	5,775	7,145
External Debt, TZS billion	7,858	10,735	12,430	15,634	19,343
Total Public Debt, TZS billion	10,112	14,442	16,506	21,409	26,487

Source: Audited Financial Statements Vote of 22

Figure 13: Five (5) Year Trend of Public Debt Growth



5.4.3 Domestic Public Debt Portfolio

The domestic debt portfolio includes marketable and non-marketable instruments of varying maturities such as Bonds and Stock, T-Bills, and un-securitized debt. Tanzania's domestic debt stock at the end of June 2014 reached TZS.7,144.5 billion, compared to TZS.5,775.1billion realized in the financial year 2012/2013. This was an increase of TZS.1,370.3 billion equivalent to 19.2 percent of the debt registered in the previous year. The increase for domestic debt is due to borrowing shortfalls on external sources as well as issuance and conversion of liquidity paper to financing paper. Likewise, continuous domestic revenue

mismatch with government spending compels the government to issue securities (Treasury Bills and Bonds) for budget support.

Commercial banks dominate the domestic debt portfolio by holding a higher percent of the traded government securities. Proportion of domestic debt owed to commercial banks has been growing steadily for the past 3 years. In the financial year 2013/14, commercial banks stake on government domestic security was 51.5 percent while debt owed to Central bank accounted for 21.1 percent as summarized in the **Table No.23** below;

Table 23: Three (3) Year's Domestic debt portfolio

Lenders	2011/12		2012/13		2013/14	
	TZS, Billion	Percentile	TZS, Billion	Percentile	TZS, Billion	Per%
Bank of Tanzania	1,172.80	25.8	1,443.50	24.9	1,571.80	21.1
Commercial banks	2,100.20	46.2	2,771.60	48	3,679.40	51.5
Pension Funds	704.6	15.5	808.4	14	1,078.80	15.1
Insurance	254.6	5.6	288.7	5.5	500.1	7
Others	250	5.5	346.4	5.6	242.9	3.4
Non-Bank Financial Institutions	3.6	1.4	115.4	2	71.4	1
Total	4,485.90	100%	5,774.20	100%	7,144.50	100%

Source: MKUKUTA Annual Report & Financial Statements of Vote 22

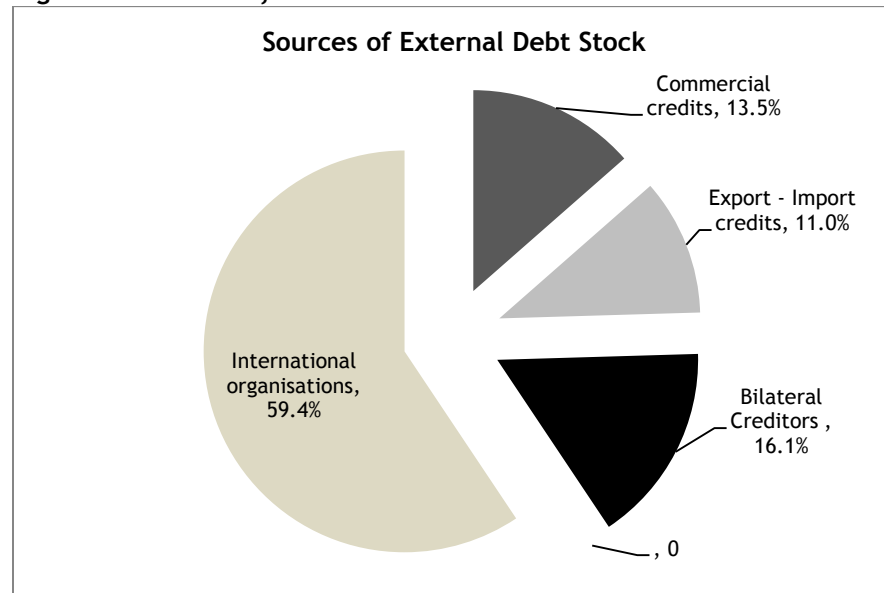
I wish to call upon the government to enhance the secondary market in order to facilitate participants to trade their securities subsequent to initial acquisition from the primary market. Commercial banks' occupancy of 51.5 percent in the domestic debt stock is crowding out the market by incapacitating private investors who would otherwise prefer to buy securities at the primary market and trade them in the secondary markets.

5.4.4 External Public Debt Stock

As at 30th June, 2014 the External Public Debt stock was TZS.19,342.9 billion equivalent to 73.1 percent of the total public debt. Such debt stock increased by TZS.3,708.6 billion, equivalent to 23.7 percent of the external debt of TZS.15,634.2 billion reported in 2012/13. However, only a sum of TZS.3,084.9 billion was received from External sources against budgeted

amount of TZS.3,855.2 billion. The composition of External debt stock by source is shown in the **Figure No.14** below;

Figure 14: Sources of External Debt Stock



My further analysis noted that the loan proceeds from external debt were mainly directed towards financing development projects in line with MKUKUTA.

My review noted that the rise of external debt was mainly attributed to borrowings from Multilateral sources such as IDA amounting TZS.1,641.2 billion to support various development and social projects including Second Power and Gas Sector (TZS 165.9 billion), Transport Sector (TZS.271.3 billion), Water sector (TZS.210.7 billion), and Poverty reduction (TZS.140.5 billion).

In addition, the government received funds from bilateral sources worth TZS.93.9 billion and External Non Concessional Borrowings (ENCB). Loan proceeds from ENCB came from various sources such as Export Credit Arrangement for TZS.918.4 billion for key projects like MUHAS rehabilitation (TZS.24 billion), Natural Gas Processing Plant and Pipeline project (TZS.510.8 billion), Mnazi Bay and Songosongo Natural Gas (239.8 billion) to mention a few.

The government received funds from Commercial banks of TZS.431.4 billion including Term Facility Agreement from Credit

Suisse (TZS.406.8 billion), Hong Kong Shanghai Bank - HSBC TZS.12.5 billion, and Danske Bank TZS.12.1 billion of which were directed to development project like Tanzam Highway, generation of 60MW at the Power plant in Nyakato Mwanza. A detailed analysis for the loan proceeds is availed in **Annexure No.12**.

5.4.5 Non-Inclusion of Government Guarantees in the Debt Stock

I have observed government guarantees issued to Service Delivery Institutions such as National Identification Authority (NIDA) and Bunge. However, the guaranteed amount was not included in the reported Public debt stock.

In addition, there were defaulted guarantees being serviced by the government, but did not form part of the public debt portfolio.

In my view, such guarantees in economic reality qualify to be actual liabilities to the government and accounted for as such under Vote 22 - Public Debt and General Services.

5.4.6 Un-reconciled Balance between the Government and Bank of Tanzania TZS.20.6 Billion

A review of payments made to Bank of Tanzania (BOT) by the government in respect of Liquidity management costs and interest on Net Deficit position during the financial period 2012/13 and 2013/14 revealed the un-reconciled difference of TZS.20.6 billion.

The Accountant General's Department verifies the invoices received from BoT in respect of liquidity management costs and pays only the portion found to be correct without reconciling with BoT. This resulted to un-reconciled difference of TZS.20.6 billion as illustrated in the **Table No.24** below;

Table 24: Un-reconciled balances between GoT and BoT

	Invoiced by BOT TZS (million)	Verified by GovernmentTZS (million)	Paid by the Government TZS (million)	Un-reconciled difference, TZS (million)
	A	B	C	A-B
Liquidity Mgt Cost	41,746.80	30,793.80	30,793.80	10,952.90
Interest charges on net deficit position part of F/Y 2011/12 and 2012/13	62,232.40	53,223.50	50,000.00	9,008.80
Interest charges on net deficit position part of F/Y 2012/13 and 2013/14	44,301.10	43,647.70	30,000.00	653.7
Total				20,615.50

I advise the Accountant General's Department to reconcile all invoices submitted by the Bank of Tanzania and resolve the discrepancies before making payments.

5.4.7 Performance Assessment of Government Securities in Domestic Market

According to the Issuance Plan 2013/2014 on government securities prepared by the Bond Market Development Committee, the government planned to borrow TZS.1.904 trillion (face value) from domestic market for budget financing and rollover costs. For budget financing, the government planned to borrow up to 1 percent of GDP which was consistent with Policy Support Instrument (PSI) under IMF equivalent to TZS.618.6 billion (face value) and TZS.1.286 trillion to finance redemption of government securities. However, during the execution of the plan, I noted the following anomalies:

a) Significant variation in Treasury Bills Financing.

Para 3.0 of the Issuance Plan, 2013/2014 reveals that the government planned to issue Treasury bills of TZS.997 billion (face value) to finance rollover. However, actual borrowing in face value up to May 2014 was TZS.2,262 billion leading to significant variations of around 125 percent. Treasury Bills that were issued solely for rollover were TZS.1,680 billion far above the plan (nearly 2 times). In addition, liquidity papers of TZS.580.9 billion (at face value) were converted to be Financing Papers. However, I was informed by Accountant General's Department that the variation was due to significant understatement of the rollover cost for the year something

which raises the question on the reliability of the rollover issuance plan and consequently rendering the plan to be merely meaningless.

b) Net domestic financing exceeded the ceiling.

The Policy Support Instrument under IMF ceiling for 2013/14 alongside the Issuance Plan for 2013/2014 agreed by the government borrowings for budget financing not to exceed 1 percent of the GDP equivalent to TZS.618.6 billion. However, review of the budget execution report shows that the actual net domestic financing for the year was TZS.976.7 billion above the pre-set ceiling by 58 percent. I was informed by management that the ceiling was later on revised but we could not obtain evidence to support the revised ceiling.

c) Over domestic borrowings

The government planned to borrow TZS.1,904 billion (face value) from domestic market for new budget financing and rollover cost. However, actual domestic borrowing was TZS.3,169 billion leading to variation of 66.4 percent. This variation has impact on the entire budget implementation since other resources will be reallocated to finance the unplanned interest expenses.

d) Uneven Maturity Structure of the Government debt stock

The present maturity profile of the government domestic securities is uneven and largely frontloaded with securities of shorter maturities. In order to lengthen government securities and reduce roll-over risks, the government through the Issuance Plan 2013/14 opted for longer term bonds so that maturing obligations can be rolled over to years where redemption burden is low.

However, when reviewing the implementation of this strategy, I noted that Treasury Bills and 2-Year Bonds dominated the security market hence increasing short term redemption burden to the government.

I recommend the government to carefully assess the needs for new budget financing and rollover costs during the

budgeting process. Also, ensure debt instruments are issued with longer maturities to smoothen the yield curve. Likewise, develop domestic market by diversifying investor's base and promoting secondary market to be able to attract investors with preference on long term securities.

5.5 Pre-Audit of Terminal Benefit Payments

This part of the report presents salient features noted during pre-audit of Terminal Benefit payments for the year 2013/14.

5.5.1 Introduction

Pre-audit of terminal benefit payments is carried out by virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania (URT) 1977 (Revised 2005) and Sections 29 and 5 (a) of the Public Audit Act No. 11 of 2008 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 for Terminal Benefit payments in particular.

5.5.2 Purpose of the Pre-Audit

The purpose of this audit is to observe 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 pension payments 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.

5.5.3 Pre - Audit Coverage

The findings and recommendations contained in this report, do not cover public servants whose Terminal Benefit payments are

processed by the Public Service Pension Fund (PSPF). The pre-audit were done on Terminal Benefit payments involving:

- Public servants, with mixed service, military officers and other ranks, teachers, and intelligence officers.
- Contract payments for political leaders, non-citizens, re-appointed retired officers and citizens first appointed beyond 45 years of age.
- Compassionate gratuity for non-pensionable public servants, and
- Gratuity for rank and file police soldiers.

5.5.4 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 2013/14 as follows:

5.5.4.1 Performance Outturn

During the year 2013/14, the office conducted the pre-audit exercise with 70 files on hand brought forward from the previous year - 2012/13.

For the year under review, a total of 4,738 retirees' files were submitted for examination out of which 4,764 files were examined and approved, 200 files equivalent to 5% of all files available for audit were returned to the respective Accounting Officers requiring corrections, and 44 files were still under examination as at 30th June, 2014 as summarized on the **Table No.25** below:-

Table 25: Number of retirees' files

Details	Files
Balance on 1 st July, 2013	70
Received during the year	4,738
Available for audit	4,808
Examined	4,764
Balance on 30th June, 2014	44

5.5.4.2 Inaccurate Calculation of Terminal Benefits

My review of pension paper files this year noted that Terminal Benefit payments of some pension papers files which were submitted for pre-audit were wrongly computed. Out of 4764 pension files examined, 355 files were noted with overstatements

which in total amounted to TZS.982,514,159 while 283 files were noted to be understated by a total amount of TZS.281,456,311 as shown in the **Tables No.26 and No.27** below:-

Table 26: Terminal Benefit overstated

S/N	Subject	No. of cases	Amount (TZS)
1	Period overstated	156	458,289,494
2	Overstated Salary	101	313,598,270
3	Wrong calculations	26	89,761,932
4	Understated NSSF	43	48,217,808
5	Understated Liabilities/Loan	29	72,646,655
	Total	355	982,514,159

Table 27: Terminal Benefit understated

S/N	Subject	No. of cases	Amount (TZS)
1	Period understated	191	156,020,781
2	Understated Salary	63	38,313,356
3	Wrong calculations	20	79,852,140
4	Overstated NSSF	8	7,127,076
5	Overstated Liabilities/ Loan	1	142,959
	Total Amounts	283	281,456,312

On the basis of the above analyses, payments of Terminal Benefits if not pre audited, would have given rise to total loss of TZS.982,514,159 to the Government whereas pensioners would have suffered a total underpayment of TZS.281,456,311.

Therefore, this would have ended up with a net loss, in aggregate, of TZS.701,057,848 to the Government. Thus, such savings were part of value addition of my office to the United Republic of Tanzania and explain how the weaknesses on the part of the Accounting Officers could cost both the Government and Pensioners if no pre-audit were conducted.

5.5.4.3 Unnecessary Delays in Processing Terminal Benefits

In the conduct of pre audit of Terminal Benefits, I observed non-remittance of pension contributions by employer to PSPF in respect of certain retirees in some of the service period. As a consequence, such non-remittance contributed to the delay in the processing of Terminal Benefits to the public servants in the country and cost a great deal of resources to the Government in terms of penalties.

In my opinion penalties and unnecessary hardships to retirees could have been avoided if employers remitted contributions on time.

Another reason for unnecessary delays which is worth-reporting is that, some employers submit pension papers which were not adequately supported to back up payment computations. In such situations, my office had to ask employers to re-submit the missing documents and, at times, result into back and forth process. Hence, delay in payments of pensions to beneficiaries.

From the above anomalies I recommend to the Government that;

- The Ministry of Finance carry out a study to establish the amounts of overdue and un-remitted pension contributions in all MDAs, LGAs and Public Corporations in order to ensure they are paid. This will call for public employers to re-budget unpaid contributions and settle in the next budget of 2015/16.
- The Paymaster General and all Accounting Officers ensure all organisations under their jurisdiction timely remit pension contributions of their staff to Pension Funds in order to avoid delays in processing pensions together with penalties.
- Pension processors adhere to pension computation procedures insuring all necessary documents are attached and all the pension computation policies are observed.

5.5.4.4 Contribution Arrears As a Result of Wrong Filling of Employees Data TZS.299,978,036

Government circular with Ref No: EC/AG/120/08/64 dated 14 May, 2009 requires all employers to ensure that employees are entered in the payroll data sheet accurately and statutory deductions are submitted to Pension Funds in time. In addition, Accounting Officers who cause delays in statutory contributions should bear responsibilities of paying penalty resulting from late payment of statutory contributions

I observed that remittance of contributions revealed arrears of TZS.299,978,035.88 as at the end of the year as summarized in **Annexure No.13**. These arrears resulted from contributions not remitted by Accounting Officers in time and contributions paid on a different salary from actual salary of the contributor.

Discussion with management informed that delay in submission of contributions is due to wrongly filled employees' data sheet in the LAWSON system. On such circumstances, I am of the view that wrong filling of employees' data by Accounting Officers exposes the government to payment of unnecessary penalties and hence denies statutory retirement benefits to affected employees.

I advise Accounting Officers to fill employees' data accurately in the LAWSON system and submit contributions to Pension Funds on time.

5.5.4.5 Unrealistic Budget Preparation by Pension Unit

The approved budget for Pension Unit for the year 2013/14 was TZS.278,687,743,200, the actual expenditure was TZS.265,043,381,052 leaving a balance of unspent amount of TZS.13,644,362,148 equivalent to 4.9 percent.

On the other hand I observed a pension provision of TZS.462,654,552,605 for the F/Y 2014/2015 resulting to the difference of TZS.183,966,809,406 representing an increase of 66 percent compared to the previous year approved budget.

Further review of the budget preparation mechanism for the Pension Unit identified the following weaknesses:

- Out of all clients it is only TPDF that provide some inputs for the budget.
- There is no formal medium of communication used to gather data from the client departments.
- Pension Unit prepares its budget by adding increments on the previous year's budgets.

In this regard, I am of the view that pension provisions are not realistic as no evidence was given by clients with exception of TPDF to support new retirees' pension provision. In addition, the significant increase of pension provision for the year 2014/2015 could not be justified.

I advise the government to strengthen budgeting system by incorporating inputs from the client departments.

CHAPTER SIX

INTERNAL CONTROL SYSTEMS

6.0 Introduction

This chapter highlights audit findings from the Central Government entities relating to various elements of internal controls including; performance of Audit Committees, performance of the Internal Audit Functions, IT - General Controls, risk assessment process as well as fraud prevention and controls.

6.1 Key issues from the assessment of Internal Control Systems

The following are the summary of findings from the audit of 2013/14:

6.1.1 Weaknesses in Performance of Internal Audit Units

Regulation 28 (1) of the Public Finance Regulations, 2001 requires Accounting Officers of each entity under Central Government to establish and maintain an effective Internal Audit Units.

As a result of the review of performance of Internal Audit Units in the Central Government entities for the year 2013/14, the following **Table No.28** summarises anomalies noted from most of the entities.

Table 28: Weaknesses in performance of Internal Audit Units

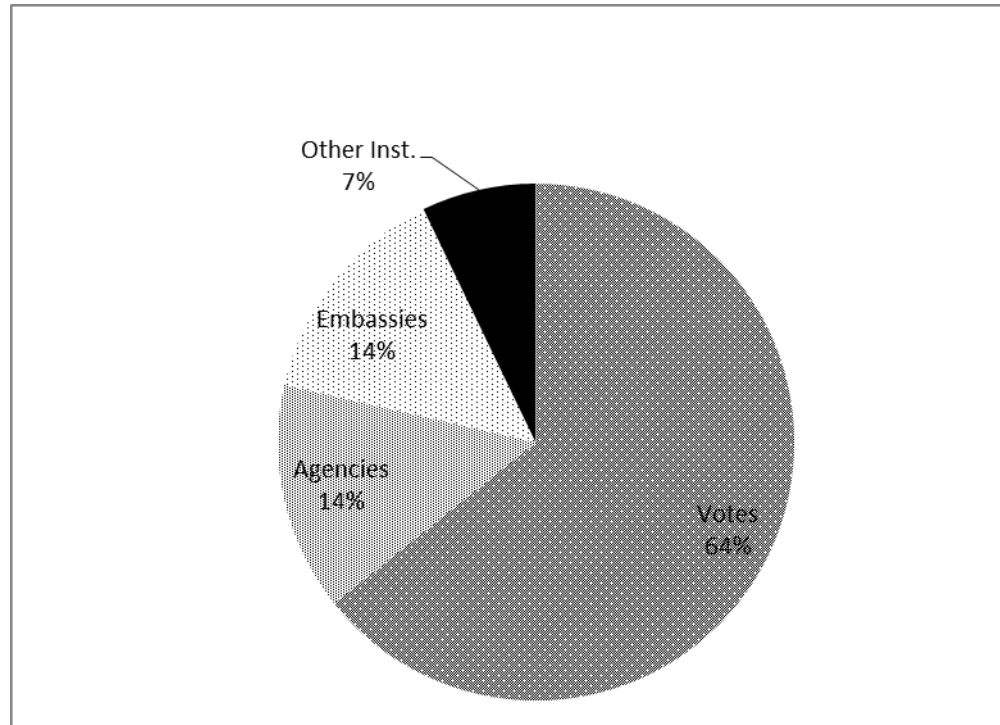
Performance of Internal Audit Units	▪	Some of audit components were not audited by the Internal Audit Function
	▪	Internal Audit Units Understaffed
	▪	Internal Auditors recommendations are not acted upon by the management
	▪	Approved Internal Audit Charter not in place
	▪	Inadequate financial resources to assist Internal Audit Functions in performing its functions efficiently
	▪	The unit is lacking working tools such as computers and motor vehicle

Source: Individual CAG's audit reports for the year 2013/14

The following **Figure No.15** presents percentage of weaknesses in performance of Internal Audit Units obtained from different entities under the Central Government, whereby; 64% of all the

weaknesses were originated from Votes, 14% were from Agencies, 14% were from Embassies and 7% of weaknesses were from other institutions. **Annexure No.14-17** shows in details the list of entities with weaknesses in performance of Internal Audit Units.

Figure 15: *Pie Chart - Entities with weaknesses in performance of Internal Audit Units*



Source: *Individual CAG's audit reports for the year 2013/14*

From the above **Figure No.15** it is recommended that, Central Government strengthen performance of its Internal Audit Functions on Votes. Sufficient financial resources together with working tools as well as compliance with staff establishment (staffing level) is recommended.

6.1.2 Anomalies in Performance of Audit Committees

Reg.30 of the Public Finance Regulations, 2001 requires each entity under the Central Government to have an audit committee.

During review on the performance of the Audit Committees in the Central Government entities for the year 2013/14, the following anomalies were noted as per **Table No.29** from most of the entities.

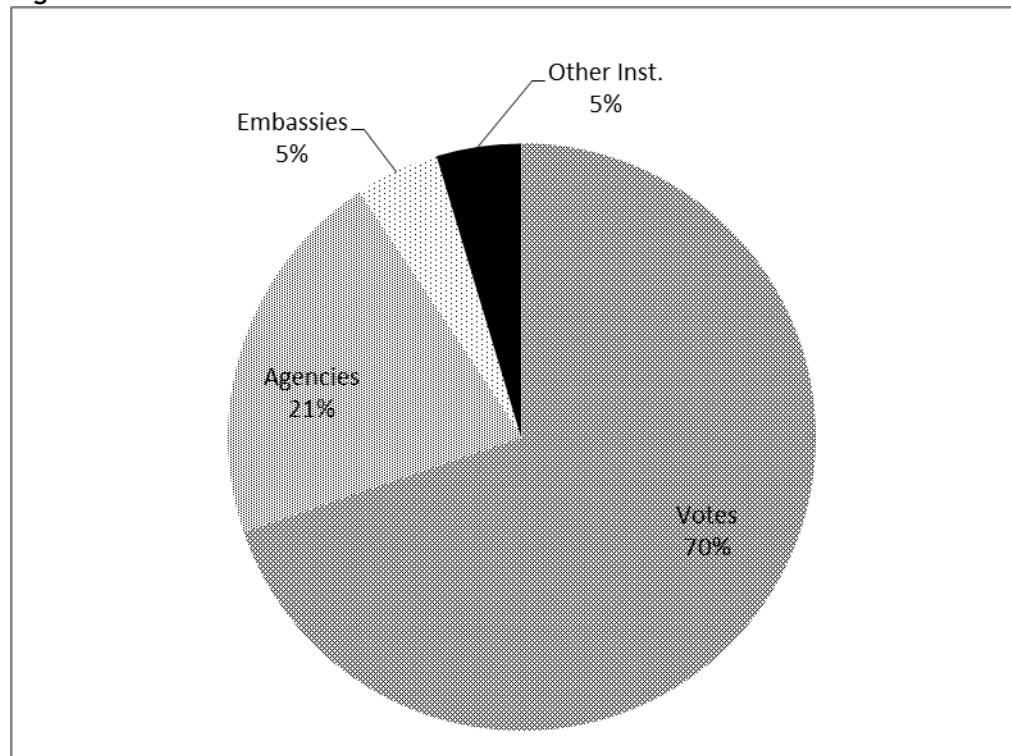
Table 29: Anomalies in the Performance of Audit Committees

Performance of Audit Committees	▪ Non preparation of audit committee's annual report
	▪ Quarterly meetings not conducted and minutes not kept
	▪ Annual and Strategic Plans not approved by the Committee
	▪ Audit Committee meeting not communicated to CAG
	▪ To some entities, Audit Committee not established
	▪ Composition of members of the Audit Committee not adequate
	▪ Financial Statements not reviewed by the Audit Committee

Source: Individual CAG's audit reports for the year 2013/14

The following **Figure No.16** presents percentage of anomalies in Audit Committees noted from different entities under the Central Government, whereby; 70% of all anomalies were originated from Votes, 21% were from Agencies, 5% were from Embassies and 5% of anomalies were from other institutions. Details of entities with anomalies in Audit Committee are as shown in **Annexure No.14-17**.

Figure 16: Pie Chart - Entities with anomalies in Audit Committee



Source: Individual CAG's audit reports for the year 2013/14

From the above **Figure No.16** it is recommended that, Central Government strengthen performance of its Audit Committees on Votes. Issuance of circulars and directives to enhance regular

meetings, communication with the CAG as well as compliance with legal requirements on the establishment and composition of members of the audit committees is recommended.

6.1.3 Anomalies on Risk Assessments Processes

Risk management is an inherent part of an entity's controls framework to manage business risks, as it involves understanding the organizational objectives, identifying, analysing and assessing risks associated with achieving such objectives and consistently developing and implementing programmes/procedures to address identified risks.

As part of the audit, a review on the risk assessment processes was done to the Central Government entities for the year 2013/14, the following **Table No.30** summarises weaknesses noted from the review;

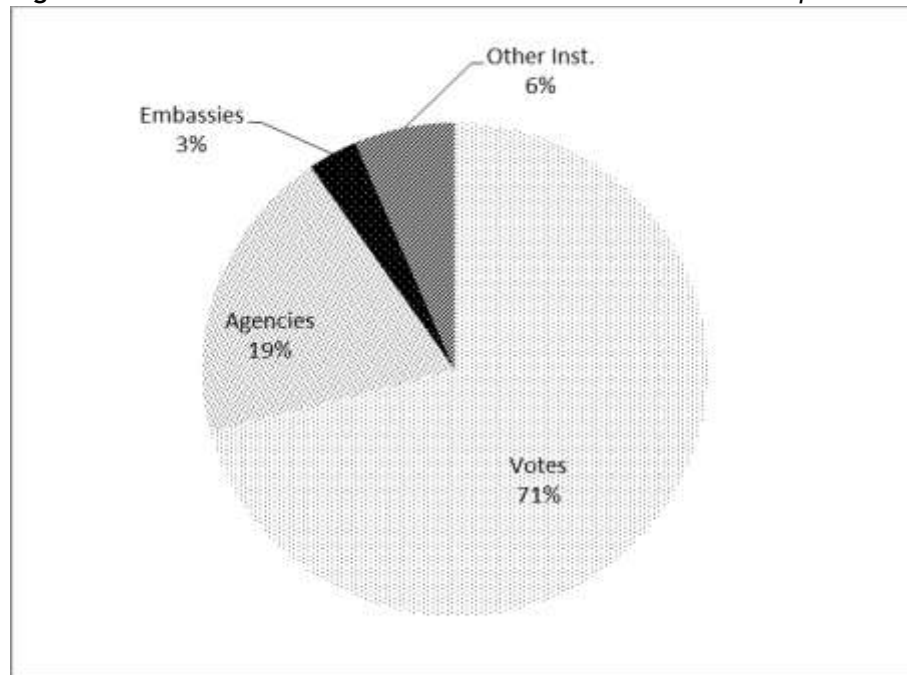
Table 30: Anomalies on the risk assessment processes

Risk Management Processes	▪ Risk management strategies not maintained
	▪ Approved Risk Register not in place
	▪ Absence of the approved risks management Policy
	▪ Risk Assessment not performed regularly
	▪ Risk Management Framework not maintained

Source: Individual CAG's audit reports for the year 2013/14

The following **Figure No.17** presents percentage of anomalies in risk assessment processes obtained from different entities under the Central Government, whereby; 71% of all anomalies were originated from Votes, 19% were from Agencies, 3% were from Embassies and 6% of anomalies were from other institutions. Details of entities with anomalies in risk assessment processes are as shown in **Annexure No.14-17**.

Figure 17: Pie Chart - Entities with anomalies in risk assessment processes



Source: Individual CAG's audit reports for the year 2013/14

From the above **Figure No.17** it is recommended that, Central Government strengthen performance of its Risk Assessment Processes on Votes. Regular review of risk assessment and documentation of risks assessed in the register, adherence to established policies as well as framework is recommended.

6.1.4 Irregularities in IT - General Controls

The Integrated Financial Management Information System (IFMIS) software is a financial management solution used by the Government of Tanzania which has been customized from the standard EPICOR client-server software in order to meet the transaction processing requirements.

The review were done to determine the effectiveness of Information Technology General Controls for the overall operations of Central Government entities and their ability to meet business objectives with the aim of ascertaining as to whether controls to protect the IT applications are in place and are operating effectively. The following **Table No.31** summarises issues noted from the review of IT-GC in the Central Government entities for the year 2013/14;

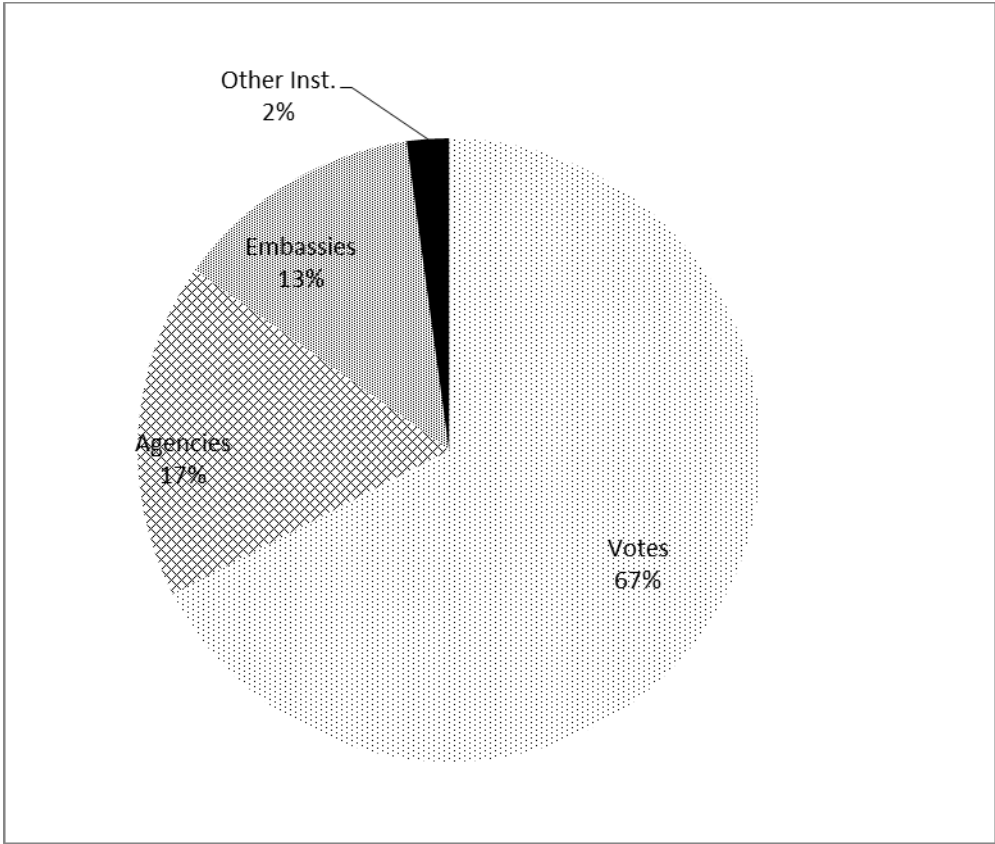
Table 31: Issues noted from the review of IT-General Controls

IT - General Controls	▪ Non maintenance of Data Recovery Plan/Business Continuity Plan
	▪ Inadequate backup procedures and restoration of critical systems and applications
	▪ EPICOR 7 and EPICOR 9 are both used simultaneously
	▪ Case Management and SMS system not effectively utilized
	▪ IT Unit Understaffed
	▪ Training program for ICT not enhanced
	▪ Some of EPICOR module not fully utilized; e.g Asset & Inventory
	▪ IT Strategic Committee and IT Steering Committee not established
	▪ Approved IT Security Policies not maintained
	▪ Approved IT Strategic Plan not in place
	▪ Lack of integration between the different information management systems (e.g. LAWSON and IFMIS)
	▪ Ant virus are not updated regularly
	▪ Fire extinguishers and standby generators not in place
	▪ Inadequate Physical Access Control to sensitive areas
	▪ Service Level Agreement with ICT service provider TTCL not in place
	▪ Accounting System is operating under manual accounting system

Source: Individual CAG's audit reports for the year 2013/14

The following **Figure No.18** presents percentage of irregularities in IT - General Controls obtained from different entities under the Central Government, whereby; 67% of all irregularities were originated from Votes, 17% were from Agencies, 13% were from Embassies and 2% of weaknesses were from other institutions. **Annexure No.14-17** shows in details on the list of entities with irregularities in IT - General Controls.

Figure 18: Pie Chart - Entities with irregularities in IT - General Controls



Source: Individual CAG's audit reports for the year 2013/14

From the above **Figure No.18**; It is recommended that Central Government entities define a good ICT Governance Framework that will enable the alignment of ICT strategic decisions, investments and plans with the organization wide strategy. The governance framework should prioritize the formulation of an ICT Steering committee, an ICT Strategic plan and an ICT organization structure that will enable the achievement of the strategies and plans.

6.1.5 Weaknesses in Fraud Prevention and Control

The aim of fraud assessment is to provide assurance to the stakeholders that entities have a suitable framework in place to assist in preventing and dealing with fraud and to identify areas for improvement.

The following **Table No.32** presents weaknesses in Fraud assessment obtained from seven entities under the Central

Government. **Annexure No.14-17** shows in details on the list of entities with irregularities in Fraud Preventions Controls.

Table 32: Weaknesses in Fraud assessment

Fraud Assessment	▪	Fraud Prevention Plan not documented
	▪	No documented process in place for identifying and responding to the risk of fraud.
	▪	Forgery, inflated Bills of Quantities (e.g. Procurement of Hospital equipment) and misappropriation of the hospital Assets

Source: *Individual CAG's audit reports for the year 2013/14*

In Summary

Review was made from the Central Government entities on the effectiveness of the Internal Control Systems and its components i.e. Performance of the Audit Committees, Performance of the Internal Audit Functions, ITGC, Risk Assessment Management as well as Fraud Prevention Process.

The following **Table No. 33** analyses percentage of issues noted during audit of the financial year 2013/14 from different entities under the Central Government;

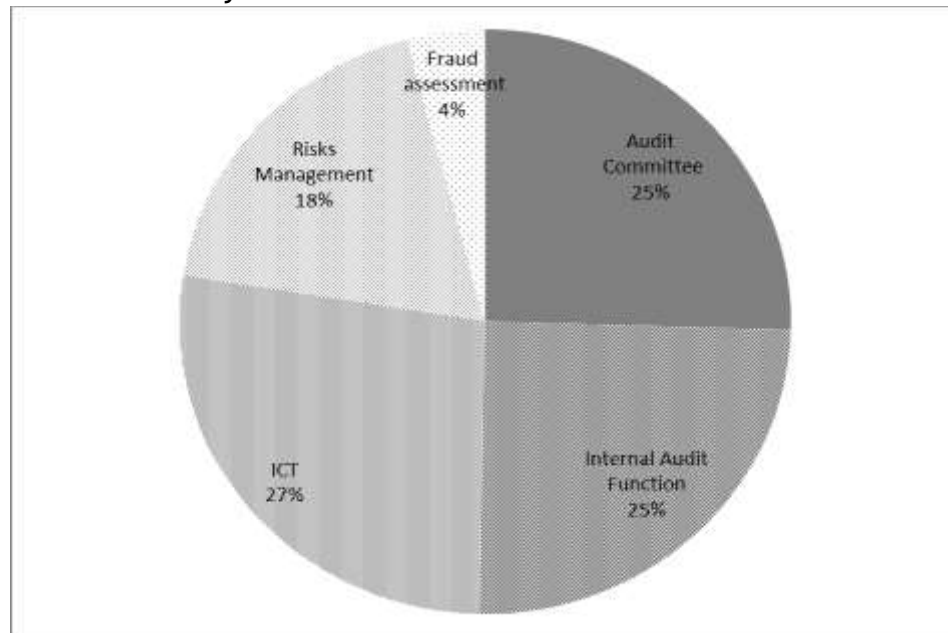
Table 33: Overall analysis of anomalies noted on Internal Control Systems for the year 2013/ 14

Analysis on the anomalies noted during review of effectiveness of Internal Control Systems in Central Government for the year 2013/14							
	S/N	Category	Votes	Agencies	Embassies	Other Inst.	Total
Anomalies	1	Anomalies in Performance of Audit Committee	30	9	2	2	43
	2	Weaknesses in Internal Audit Functions	27	6	6	3	42
	3	Irregularities in Information and Communication Technology	31	8	6	1	46
	4	Anomalies in Risks Prevention Management	22	6	1	2	31
	5	Weaknesses in Fraud assessment and management	7	0	0	0	7
		Total	117	29	15	8	169
Per%	1	Anomalies in Performance of Audit Committee	70%	21%	5%	5%	25%
	2	Weaknesses in Internal Audit Functions	64%	14%	14%	7%	25%
	3	Irregularities in Information and Communication Technology	67%	17%	13%	2%	27%
	4	Anomalies in Risks Prevention Management	71%	19%	3%	6%	18%
	5	Weaknesses in Fraud assessment and management	100%	0%	0%	0%	4%
		Total	69%	17%	9%	5%	100%

Source: Individual CAG's audit reports for the year 2013/ 14

The above analysis on the anomalies noted during the review of the Internal Control Systems in the Central Government entities for the year 2013/14 **Table No.33** can be presented using Pie Chart **Figure No. 19** (Percentage of irregularities by components of Internal Control Systems) and **Figure No. 20** (Percentage of irregularities noted in the Internal Control Systems by entities' categories) below;

Figure 19: Pie Chart - Overall Percentage of irregularities by components of Internal Control Systems

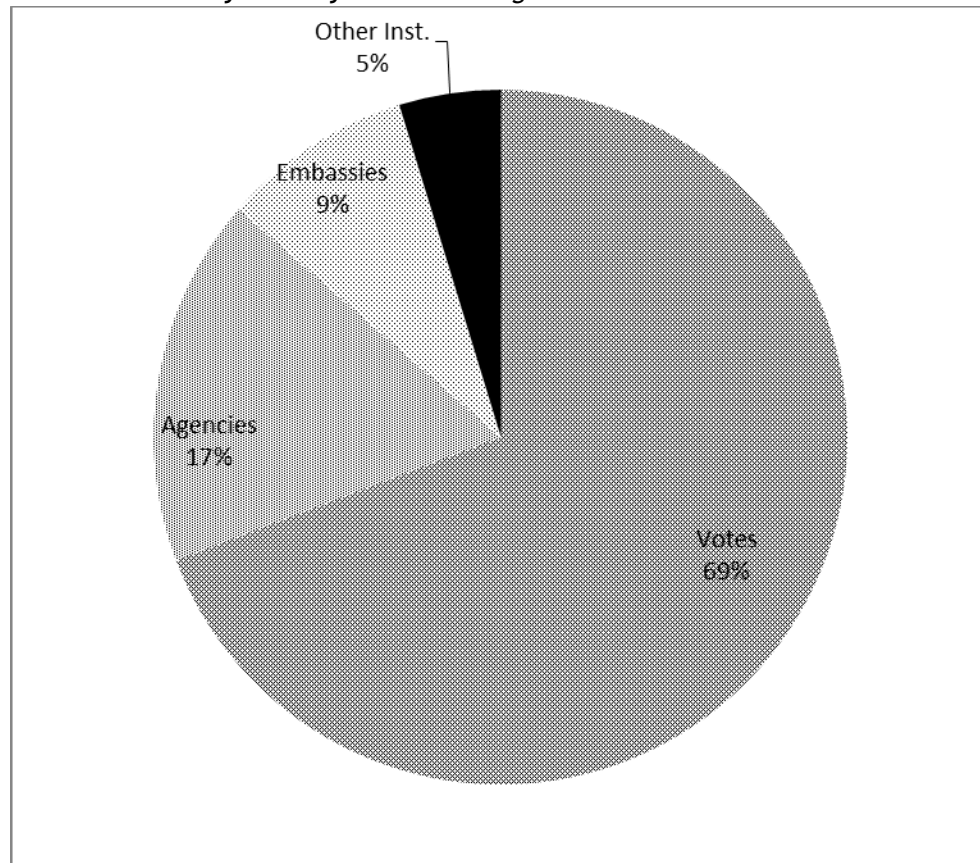


Source: Individual CAG's audit reports for the year 2013/14

Pie Chart, **Figure No.19** above shows that; weaknesses in performance of Audit Committees, performance of Internal Audit Functions together with IT - General Controls makes 77% of all irregularities in the Internal Control Systems while 22% of irregularities were caused by poor risk management processes (18%) as well as inadequate controls on the risk assessment processes (4%).

Central Government entities have to strengthen its Audit Committees, Internal Audit Units as well as ICT general Controls. Compliance to the laws and regulations together with best practice are recommended.

Figure 20: Pie Chart - Overall Percentage of irregularities noted in the Internal Control Systems by entities' categories



Source: Individual CAG's audit reports for the year 2013/14

The above Pie Chart, **Figure No.20** presents the overall percentage of irregularities noted from the internal control systems under the Central Government entities, whereby; 69% of all irregularities were originated from Votes, 17% were from Agencies, 9% were from Embassies and 5% of irregularities were from other institutions.

I recommend the Government to strengthen its internal control systems so as give assurance to her stake holders on the performance of its internal audit functions, audit committees, IT-General Controls and other controls.

CHAPTER SEVEN

HUMAN RESOURCE AND PAYROLL MANAGEMENT

7.0 Introduction

This part of the report presents audits conducted on the Human Resource and Payroll management to the Central Government entities for the year 2013/14.

7.1 Human Resource Management

The Human Resource (HR) Audit is a process of examining policies, procedures, documentation, systems, and practices with respect to an organization's HR functions. In general sense, human resources audit is a review of an employer's formal and informal systems and procedures to determine whether they meet current and projected practical needs, and whether they provide sufficient protection from legal liability.

7.2 Payroll management

In a payroll audit, the auditor inspects all the documentation related to payroll, verifying and identifying gaps between payroll and personnel records, employees with incomplete payroll records, deductions which do not match to contributions, and so on. Internal controls over payroll should be sufficient to ensure accuracy of data as well as detection and prevention of fraud.

7.3 Key issues raised from the audit of Human Resources and Payroll Management

The following are the summarized issues raised from the audit of Human Resource and Payroll management from the Central Government entities for the year 2013/14.

7.3.1 Payments of salaries to employees who were no longer in service TZS.141,387,963

I noted payments of salaries amounting to TZS.141,387,963 from seven (7) entities as shown in the **Table No.34** below in respect of retired, terminated and absconded employees without being detected and deleted from payroll timely after expiry of their service contrary to Sect. 17 of Public Service Retirement Benefits Act No.2 of 1999.

Table 34: Salaries paid to non-existing employees

S/N	Vote No.	Name of Auditee	Amount (TZS.)
1	52	Ministry of Health and Social Welfare	74,475,500
2	83	RS Shinyanga	24,150,992
3	37	Prime Minister's Office	13,584,400
4	79	RS Morogoro	10,635,415
5	86	RS Tanga	10,371,206
6	93	Immigration Services Department	6,216,050
7	51	Ministry of Home Affairs	1,954,400
		Total	141,387,963

Source: Individual CAG's audit reports for the year 2013/14

I recommend the Accounting Officers of the above mentioned auditees to ensure salaries paid to the respective employees who are no longer in service are recovered and submitted to Treasury.

7.3.2 Shortage of 9,668 Staff

During review of human resource management from 9 Ministerial Departments, 14 RS and 6 Overseas Missions, staff establishment level were 18,027 but during review it was noted existing number of staff were 8,359 resulting to a shortage of 9,668 staff equivalent to 54% of number of staff required.

Insufficient number of staff has a negative impact to the sustainability of government operations on service delivery. The detailed number of shortage of staff to the respective auditees is as shown in the **Annexure No.18**.

Inadequate number of staff affects performance of the respective entities in terms of delivery of service to the community. Therefore, I recommend PMO-RALG and Public Service Recruitment Secretariat to ensure allocation of new qualified staff to fill the vacant posts in order to enhance quality of service delivery to the community.

7.3.3 Public servants acting in vacant posts for a period exceeding six months.

Paragraph D24 (3) of the Standing Orders for the Public Service of 2009 requires a public servant not to act in a vacant post for a period exceeding six months.

Review of human resource management from 5 Regional Secretariats, 2 Overseas Missions and 3 Ministerial Departments noted that, 28 officers are acting in various positions for a period

of more than six months contrary to the above requirement without being confirmed.

Acting for a position for a long time compromises good governance to the respective entities. Details of vacant posts held by officers who were not confirmed for a period exceeding six months are shown in **Annexure No.19**.

I recommend the government to ensure that the respective entities in collaboration with the President's Office - Public Service Management and the Permanent secretary Ministry of Finance confirm the qualified acting officers or appoint new officers with qualifications to manage the vacant posts.

7.3.4 Public servants not confirmed on due dates

Order number D 45 of the Public Service Standing Order, 2009 on the confirmation on first appointment states that "(1) A public servant shall be eligible to be confirmed in his office at the end of the probationary period subject to satisfactory performance and conduct. (2) On confirmation, a public servant shall cease to be on probation and becomes permanent and pensionable public servant subject to the provisions of the pension laws.

Also, Sect. 6 (b) of the Public Service Act No. 8 of 2002 requires Regional Administrative Secretary to be the authority in respect of the appointment, confirmation and discipline of public servants other than those appointed by the President.

However, in a sample of selected RS; I noted 473 employees who have not been confirmed for their employment, though their probation period had already expired as shown in the **Table No.35** below:

Table 35: 473 employees not confirmed

S/N	Vote	Name of RS	Employees
1)	80	RS Mtwara	268
2)	70	RS Arusha	115
3)	77	RS Mara	90
Total			473

Source: Individual CAG's audit reports for the year 2013/14

Since non-confirmation in time after probation period demoralizes the respective employees' working morale, I recommend the government to ensure MDAs and RS perform data cleaning for all employees and their status being updated in the LAWSON system.

7.3.5 Staff receiving net salaries below the allowable statutory limit

Section 3 of the Debt Recovery Act No.7 of 1970 requires employees to receive not less than one third of their monthly gross salaries.

Also, Order F.12 of Standing Orders (2009) considers payment of salaries below set limit as a serious economic embarrassment to employees.

Furthermore, letter with Ref. No.C/CE.45/271/01/1/87 of 19/03/2009 provide limit as approved by President's Office - Public Service Management (i.e. 1/3 of the Gross Salary).

Audit noted that a total of 314 employees from 9 MDAs and 3 RS were paid their salaries below statutory limit allowed by PO-PSM as summarised in the **Table No.36** below. In this regard employees are living below the minimum approved net pay allowable by law which may impair service delivery and could demoralize employees.

Table 36: Employees with net salaries below the statutory limit

S/N	Vote	Name of Auditee	No. of Employees
1	29	Prisons Service Department	99
2	93	Immigration Services Department	73
3	39	National Service (JKT)	35
4	77	RAS Mara	27
5	52	Ministry of Health and Social Welfare	24
6	46	Ministry of Education and Vocational Training	19
7	70	RAS Arusha	8
8	86	RAS Tanga	8
9	34	Ministry of Foreign Affairs and International Cooperation	6
10	50	Ministry of Finance	6
11	21	Treasury	5
12	91	Drugs Control Commission	4
		Total	314

Source: Individual CAG's audit reports for the year 2013/14.

The government is advised to ensure respective entities adhere to the prescribed limit by ensuring that employees are granted loans which are commensurate with employee's salary scales.

Also, I urge the concerned Accounting Officers to strengthen internal control systems over employees' loans and clear their outstanding loans before they apply for new loans and enhance the use of LAWSON software to overcome this anomaly and any defaulter to be administratively dealt with.

7.3.6 Unclaimed salaries not deposited into relevant Account TZS.121,844,254

Accounting Circular No.3 of 2013/2014 with reference No.EB/AG/485/01/VOL.III/57 dated 28th May, 2014 requires Accounting Officers to ensure that unpaid salaries are deposited into the unclaimed Salary Account No.9921141201 maintained at the Bank of Tanzania. Any deposit needs to be made through Tanzania Inter-bank Settlement System (TISS) and for those who are not using TISS; a transfer letter is used.

The review on selected sample of one Ministry and two RS (Njombe and Rukwa) revealed that there were unclaimed salaries amounting to TZS.121,844,254 in the year which was not remitted to Treasury in line with the above noted circular as summarised in the **Table No.37** below:

Table 37: Unclaimed salaries not deposited into the relevant Account

S/N	Vote	Name of Auditee	Amount(TZS)
1	49	Ministry of Water	92,166,972
2	89	RS Rukwa	19,830,953
3	54	RS Njombe	9,846,329
		Total	121,844,254

Source: Individual CAG's audit reports for the year 2013/14

Retaining unclaimed salaries for a quite long time may result into misappropriation of the same. It is non-compliance to directives and guidelines issued by the Ministry of Finance. The Government through Paymaster General is advised to ensure that all Accounting Officers comply with directives and guidelines issued by the Ministry of Finance and surrender unclaimed salaries to Treasury without delay.

7.3.7 Unrealistic dates of birth for employees recorded in the Treasury Master Payroll

According to Section C (1) of Standing Orders of 2009, full and accurate particulars and records of service of all public servants

must be maintained at the President's Office, Public Service Management and at the public servant's respective organization headquarters.

Review of selected sample of two Ministries and one RS over Lawson System and personal files for the year ended 30th June, 2014 at the Ministry of Health and Social Welfare (Vote 52) and RS Mwanza noted that, records for 77 staff and 2 staff respectively showed that they were born on 1st February, 1900. This implies that the retirement date for these staff would have been on 02/01/1960.

Also review of payroll data, at RAS Arusha (Vote 70) revealed that, dates of birth for nine (9) employees are unrealistic due to the fact that two (2) employees date of birth were recorded as 1900 while seven (7) were recruited with an age below 18 years (which is minor) contrary to section 5(3) of Labour Relations Act 2004 which prohibit recruitment of children. In that sense there was no proof that the employed staff meets the requirement for employment and particulars of these staff were not complete and accurately posted in the system.

I recommend the government to ensure all records of employees are correctly entered into the system to avoid misunderstanding to the users of information.

Also all Accounting Officers are advised to ensure records at their respective offices are reconcile with Treasury master payroll data.

7.3.8 Lack of funds to transport personal effects

Out of 34 Tanzania Missions Abroad audited, four missions had four retired employees who could not return back home as the Government had insufficient funds to transfer their personal effects contrary to the Standing Order No. J 8 (I) Appendix J/I, and Reg. 71 (1) of Tanzania Foreign Service Regulations, GN no. 394 of 18/10/2013. The missions are as shown in the **Table No.38** below:

Table 38: Missions with retired officer yet to return back home

S/N	Vote	Name of the Mission	Retirement date/period
1	2001	Tanzania Embassy in Addis Ababa	February 22, 2014
2	2003	Tanzania Embassy in Cairo	March 4 ,2014
3	2004	Tanzania Embassy in Kinshasa	March 28, 2014
4	2008	Tanzania High Commission in Maputo	19 months up to Feb 2015

Source: Individual CAG's audit reports for the year 2013/14.

The Ministry of Foreign Affairs and International Cooperation is advised to make budgetary provision to cover transportation costs and ensure that retired employees transport their personal effects timely after their retirement.

7.3.9 Payment of Foreign Service Allowance and Rent to Retired Officers without Valid employment Contract TZS.543,796,737

A sample of four Tanzania Missions had officers working with the embassies without valid employment contracts consequently; TZS.543,796,737 was paid as Foreign Service allowances and rental house charges.

These retired officers remained in the office due to the fact that the Government had insufficient funds for transporting their personal effects after attaining retirement age. The following **Table No.39** shows list of embassies;

Table 39: List of embassies with retired officers

S/N	Name of Auditee	Description	Amount (TZS)
1	Tanzania Embassy in Kinshasa (Vote 2004)	Retired on 28/03/2014 (Foreign Service Allowance for 10 months)	130,868,872
2	Tanzania Embassy in Kinshasa (vote 2004)	Retired on 28/03/2014 (House Rent for 10 months)	41,225,000
3	Tanzania High Commission in Maputo (Vote 2008)	The retired officer has now about nineteen months (19) since he retired up to the time of Audit (February, 2015), the office incurred a total of USD.124,165.16 equivalent to TZS.204,101,448.35 as his entitlements although he has retired. This is three times more than the required amount for shifting the officer's family and personal effects.	204,101,448
4	Tanzania High Commission in Ottawa, Canada (vote 2012)	Retired on 12 th December, 2011 and given a two years' contract ended 12 th December, 2013. After the expiry of the tenure of the contract, the Ambassador worked as the representative of the Government of the United Republic of Tanzania in Ottawa Canada for the duration of twelve months without contract	137,513,455
5	Tanzania Embassy in Washington DC	worked with the Embassy without valid contract for three (3) months (February, 2014 to April 2014)	30,087,962
			543,796,737

Source: Individual CAG's audit reports for the year 2013/14.

Since this is due to shortage of funds for moving personal effects and delay of the appointing authority to nominate on time an officer who will replace the retirees, I recommend to the government that:

- Instead of paying Foreign Service Allowance to retiree, Ministry of Foreign Affairs and International Cooperation should consider the same amount to facilitate transportation of personal effects (the moving costs).
- Ministry of Foreign Affairs and International Cooperation study the environment and apply to the President's Office Public Service Management for the extension of the employment of the retired officers pending availability of funds for payment of moving costs.
- Ministry of Foreign Affairs and International Cooperation prepare database of its staff that are due for retirement and succession plan which will ease replacement of the retired officers.

7.3.10 Unpaid gratuities to the Local Staff TZS.13,263,345

I noted instances whereby Local based staff at the Embassy of Tanzania in Cairo were not paid TZS.13,263,435 as annual gratuity to local based staff. A total of TZS.13,263,435 of which TZS.7,095,230 were for the period ended December, 2013 whereas TZS.6,168,115 were for the period ended June, 2014. The whole amount of TZS.13,263,345 was yet to be paid to the 11 beneficiaries as gratuity due and payable as of 31st January, 2015.

I recommend to the government to ensure prompt payments of gratuity as and when they were due to enhance accountability and efficiency of Embassy's operations.

CHAPTER EIGHT

GOVERNMENT EXECUTIVE AGENCIES AND OTHER INSTITUTIONS

8.0 Introduction

This chapter covers audit results of thirty two (32) Government Executive Agencies, twelve (12) Special Funds, thirteen (13) other Institutions and political parties.

The chapter highlights specific issues which need attention of the Government, Parliament, Ministerial Advisory Board and management of the respective auditees to ensure efficient functioning of their operations.

8.1 Salient Audit Findings on Government Executive Agencies

The following are the salient audit findings for Government Executive Agencies for the year 2013/14.

8.1.1 Weaknesses on Budgeting and Financing

8.1.1.1 Dependency on Government Subvention

The sources of funds for the Agencies' budget are the own source revenue and government grants (recurrent and development). Performance of each of these sources of funds has a bearing on the performance of the total funds available for the Agencies' budget.

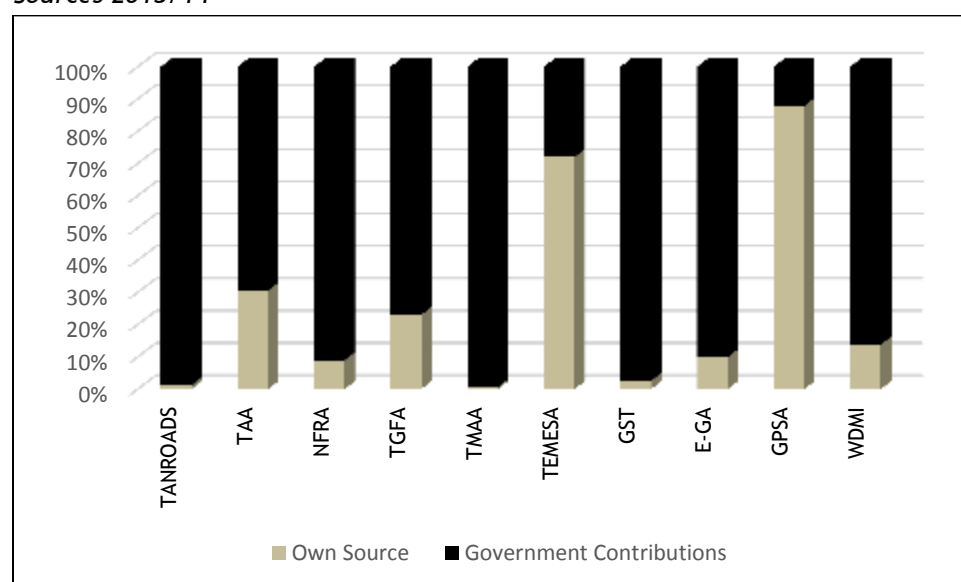
For the year under review, the total revenue estimates for Agencies amounted to TZS.1,995,813,296,630 out of which TZS.1,626,924,694,244 equivalent to 82% was expected to be financed by Government grants and TZS.368,888,602,386 equivalent to 18% were expected to be financed by revenue from own sources. Details are as shown in **Annexure No.31**.

Agencies dependency on Government Subvention is contrary to the spirit of Section 12 (2)(a) of the Government Executive Agency Act of 1997 which requires Executive Agencies to perform their functions in accordance with modern Commercial principles and shall ensure that, as far as possible, their revenue are sufficient to meet their expenditure properly chargeable to revenue. The overall projection of the sources of budget finance is higher than actual realization leading to persistent fiscal deficit. Improving performance of the various sources of funds including own source revenue is deemed crucial to ensure fiscal balance.

In the financial year 2013/14 total actual collection was TZS.1,360,424,225,204 equivalent to 68 per cent of the total revenue estimates resulted to a shortfall of TZS.635,389,071,426 equivalent to 32 per cent of the revenue budget not collected as at the end of the year 2013/14.

The following Histogram shows the relationship between government and own source contribution to Agencies that received Government subsidy TZS.5 billion and above during the year 2013/14.

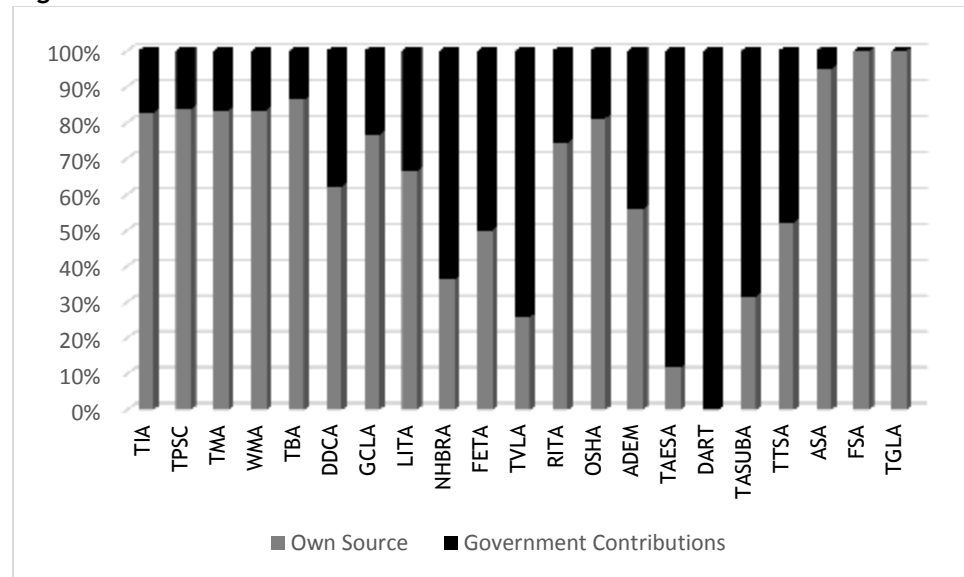
Figure 21: Revenue Contribution to Agencies between Government & Own Sources 2013/14



From the histogram it can be seen clearly that TANROADS and TMAA are leading in the list with 99% of their funds contributed from the government, whereas TEMESA and GPSA are leading the list of own source contribution with 69% and 92% respectively. The reason is that some agencies are spending while others have revenue potentials.

The histogram below shows the relation between the Government and own sources contribution to Agencies that received government subsidy less than TZS.5 billion during the financial year 2013/14.

Figure 22: Revenue Contribution between Government & Own Source 2013/14



In the category of Agencies that received less than five billion during the financial year 2013/2014, Dar es Salaam Rapid Transport Agency (DART) received 100% funding from the Government whereas Tanzania Forest Services (TFS) and the Tanzania Government Laboratory Agency (TGLA) were 100% financed from their internal revenue sources. Thus, it can clearly be seen that Agencies to a large extent still depend on the central government to fund their activities.

Having seen the above comparison and in order for the Agencies to be able to stand alone financially, I recommend the government to give Agencies more autonomy of collecting revenue.

The Agencies should be able to identify and increase non tax base on own sources of revenue and perform their activities more efficiently and effectively, and hence relieve the government of activities that can be implemented by the agencies.

8.1.1.2 Under collection of own source revenue TZS.72,186,497,165

In the financial year 2013/14 actual revenue collected by the Agencies from own sources was TZS.296,702,105,221 as compared to the target of TZS.368,888,602,386 showing under collection of

TZS.72,186,497,165 equivalent to 20 percent of approved revenue.

The government subsidies amounted to TZS.1,063,722,119,983 equivalent to 78% and own sources at TZS.292,702,105,221 equivalent to 22% of total collections. This makes it difficult for the Agencies to meet their own financial obligations and settle their own liabilities without depending on funds from the government.

Generally, Agencies cannot sustain from their own revenue sources thus the revenue base should be reviewed to include the untapped revenue sources.

I advise the Government to put forward strategies that will enable Institutions and MDAs to which agencies provide Services to be provided with enough budgetary provisions hence enable them settle their dues timely, this would enable Agencies to invest in modern technology and hence provide the required standard of services.

8.1.1.3 Approved Funds not released TZS 563,202,574,261 for recurrent and development expenditure

Approved estimates for recurrent and development expenditures in the year under review for Agencies was TZS.1,626,924,694,244. Review of Agencies' financial statements noted that, in total; TZS.1,063,722,119,983 was released by the government (TZS.505,449,374,902 was recurrent expenditure and TZS.558,272,745,081 was development expenditure) being 65 percent of the approved estimates, thus, TZS.563,202,574,261 was not released equals to 35 percent of the approved estimates.

There was insufficient release of funds and most of the Agencies funds allocated are not sufficient to meet basic operation expenses which imply that, earmarked activities were not effectively implemented.

Because of these challenges, there is a risk for the Agencies failing to meet their objectives. The government has to strengthen financial management and budgetary controls in all

Agencies as a mechanism of effectively monitoring their expenditures. Details are as shown in Annexure 32 and 33.

8.1.1.4 Delays in Release of Government contribution TZS.523,923,237

I noted that Tanzania Global Learning Agency (TGLA) had not implemented its projects on a Country Level Knowledge Network (CLK Net) because the government had not timely released its contribution of TZS 523,923,237 (USD 316,020).

However the project was partially implemented as the African Capacity Building Foundation (ACBF) had honoured its contribution amounting to USD.500, 000.

In that case I recommend to government that, it should honour its financial obligations to Agencies so as not to compromise the Agencies prospect for achieving expected objectives of sustaining the Country - Level Knowledge Network project

8.1.2 Weaknesses in Procurement Processes

The Procurement process entails managing the ordering, receipt, review and approval of products from suppliers, as well as the overall management of supplier relationships to ensure continued customer service. The following are noted issues related to procurement processes:

8.1.2.1 Deficiencies in Procurement Processes

Deficiencies identified in procurement processes relate to three (3) Agency's failures to effectively perform the following procurement processes according to procurement laws and regulations as summarized in the **Table No.40** below:

Table 40: Weaknesses under Procurement

Criterion	Audit findings	Agency	Amount TZS
Section 67 of the Public Procurement Act of 2011	Procurement without Competitive Bidding	RITA	55,488,800
Section 49 of the public procurement Act, 2011 and Regulation 70 of public procurement regulations 2013 Budget limit	Procurement made out of the Procurement Plan	GST	58,715,660
		WDMI	122,644,480
		Total	236,848,940

I recommend to Agencies to comply with Procurement legislations as required in order to get the required value for money from the procurement processes and avoid inefficiencies that might crop out of non-complying with the procurement procedures.

8.1.2.2 Contracts Not Produced

On reviewing contract documents, I noted that Tanzania Building Agency and TANROADS failed to submit Contract for the Construction of block of flats at SIDA Kinondoni and Arusha for contract sum of TZS.4,211,278,740 and several contract documents for contract sum of TZS.19,079,000,000 (Ubungo bus Terminal kigogo-TZS.11,440,000,000, Kawawa Road-Msimbazi valley-Twiga Junction TZS.7,639,000,000) respectively.

I could not authenticate procurement processes and transactions pertaining to the missing contracts as the supporting documentation either did not exist or could not be found as a result of inadequate document management.

There is a laxity of Agencies' managements in securing and safeguarding their accountable documents. This has an impact of limiting the scope of audit.

The problem of missing accountable documents is one of the indicators of ineffective internal control system. This has been a continuous repeating problem with the majority of the Agencies for a long time.

I would like to remind the management of the Agencies on their primary responsibility in ensuring that, accountable documents like contracts are properly safeguarded

8.1.3 Weaknesses in Assets Management

According to IPSAS 17 non-current asset is any resource controlled by an entity, from which the Management expects to derive economic benefits or use for service delivery to the general public over a period extending beyond one financial year. In this year I noted weaknesses over fixed asset management as summarized below:

8.1.3.1 Lack of Fixed Asset Registers

My review of internal control system of seven (7) Agencies, I noted that there were no formally documented Fixed Asset Register in the following agencies:

- a) Tanzania Building Agency (TBA);
- b) Weight and Measures Agency (WMA);
- c) National Agency and Building Research Agency (NHBRA);
- d) Institute of Arts and Culture-Bagamoyo;
- e) Fisheries Education and Training Agency (FETA);
- f) Agriculture Seeds Agency (ASA)
- g) Tanzania Institute of Accountancy (TIA)

Fixed Asset Registers support the amount of PPE reported in individual's Agencies financial statements. I was not able to confirm the accuracy and completeness of assets value as the Fixed Asset Register was not maintained and updated.

I advise Agencies to ensure they establish and maintain fixed Asset Register in order to comply with legislation governing management of public assets, keep track of details of each fixed asset, and ensure control and preventing misappropriation of assets.

8.1.3.2 Non Valuation of Assets

My review of Assets Management in Agencies noted instances where assets have been depreciated to zero value but still in good condition and in use, this raises concerns over the applicable depreciation rate on the assets in use. However, contrary to Para 44 IPSAS 17, five Agencies have not revalued their assets to reflect their fair value as shown in **Table No.41** below.

Table 41: Agencies with Assets Not Revalued having zero value

S/N	Name of the Agency	Details
1	DART	Motor vehicles
2	Tanzania Building Agencies (TBA)	Assets acquired from the government on its establishments
3	Tanzania Global Learning Centre (TGLA)	Motor vehicles & Furniture
4	Tanzania Chemistry Laboratory Agency (TCLA)	564 Units of various assets with a unit value
5	Agriculture Seeds Agency (ASA)	12,945.98 Hectors of land

Presentation and reporting of assets without current values reduces or increases the value of assets reported in the financial statements and does not reflect the real situation of Agency's owned assets as at the year end.

The respective Agencies are advised to revalue all of their assets so as to obtain the fair value to be incorporated in the preparation of reliable financial statements.

8.1.3.3 Lack of Ownership Documents for land and buildings TZS.7,756,510,071

The Government Executive Agencies manage significant infrastructures and community assets such as roads, buildings, properties, equipment that are meant to deliver services to the public.

However, I noted six selected Agencies that they own assets without rights and obligations as per **Table No.42** below.

Table 42: Agencies own Lands and Buildings without Ownership Document

S/N	Name of the Agency	Details	Value of Assets Owned in TZS
1	Tanzania Building Agencies (TBA)	Land and Buildings	7,733,010,071
2	TEMESA	Land	23,500,000
3	Institute of Arts and Culture-Bagamoyo	Land & Buildings	Not known
5	Tanzania Building Agencies (TBA)	Title Deeds for TBA flats at Chimala	Not known
6	Agriculture Seeds Agency (ASA)	12,945.98 Hectares were owned by the ASA without having title deeds	Not known
Total			7,756,510,071

I advise the government through the Ministry of Land, Housing and human settlements development to assist Agencies in ensuring that they process and obtain title deeds for their properties so that they legally own.

8.1.3.4 Unutilized Assets TZS.697,342,500

Audit results on physical verification of assets in three (3) Agencies noted that assets worth TZS.697,342,500 were procured by the Agencies but not yet put to use by the respective Agencies

and hence no economic earnings have been realized by the agencies. Agencies having assets not in operational are as listed in the **Table No.43** below.

Table 43: Agencies having assets not in operational

S/N	Name of the Agency	Details	Amount in TZS
1	Registration, Insolvency and Trusteeship Agency (RITA)	Printing of Under 5 years Forms U5BRI	219,000,000
2	Government Chemist Laboratory Agency (GCLA)	Chemicals	283,305,360
3	Agricultural Seeds Agency (ASA)	Laboratory Equipment	195,037,140
Total			697,342,500

I advise the Management of Agencies to ensure that they put the assets into use for services delivery of if expired then write - off processes should be initiated.

8.1.3.5 Outstanding Receivables TZS.245,466,456,485

With regards to Agencies, outstanding receivables reduce their growth potential by forcing them not to fully implement their plans including recurrent and development plans.

As at 30th June, 2014, nineteen (19) Agencies had outstanding accounts receivable of TZS.245,466,456,485. This condition implies that, agencies' working capital tied up to its debtors.

For instance, National Food Reserve Agency (NFRA) is mandated to procure and store emergency food stock to the tune of 150,000mt that should suffice addressing a food disaster for three (3) months period regarded enough to order and secure food imports from abroad.

The Disaster Management Department under the Prime Minister's Office is responsible to distribute food relief to the affected areas free and sometimes at subsidized price consequently, the department is the largest debtor of the National Food Reserve Agency (NFRA) who is not paying liabilities timely. I observed in the account receivables comprised of mainly value of grain issued to the Disaster Management Department as food aid between 2007/08 and 2013/14.

The existing financial reporting system requires NFRA to disclose, in the books of accounts, all food grain issued from its warehouses as sales regardless of the purpose.

I am concerned with the recoverability of these amounts as they remain outstanding for a long period without being collected. List of debtor for each agency is summarized in **Table No.44** below;

Table 44: Outstanding Receivable for Selected Agencies

S/N	Name of Agency	Amount TZS
1	National Food Reserve Agency (NFRA)	163,149,355,176
2	Tanzania Building Agency	30,655,085,884
3	Tanzania Government Flights Agency	20,468,989,957
4	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	17,830,213,267
5	Weights and Measures Agency	3,520,674,967
6	Agricultures Seeds Agency	1,874,723,048
7	Occupational Safety and Health Agency (OSHA)	1,793,984,727
8	Government Chemistry Laboratory Agency	1,341,468,725
9	Tanzania Meteorological Agency (TMA)	1,029,613,482
10	Tanzania Public Service College	879,868,618
11	Tanzania Institute of Accountancy (TIA)	835,010,355
12	Drilling and Dam Construction Agency	747,032,290
13	Registration Insolvency and Trusteeship Agency (RITA)	641,593,437
14	Tanzania Global Learning Agency	418,014,168
15	E- Government Agency	91,811,726
16	Tanzania Veterinary Laboratory Agency (TVLA)	77,764,833
17	National Housing and Building Research Agency	57,370,570
18	Dar es Salaam Rapid Trans (DART)	29,768,394
19	Water Development and Management Institute	24,112,861
	TOTAL	245,466,456,485

Source: Individual respective Agency's Management Letters

Huge outstanding receivable may affect the level of the Agencies' working capitals and ultimately hamper implementation of the planned activities in the scheduled time due to liquidity problems.

I urge the Government Executive Agencies to ensure timely follow up of outstanding debtors in order to meet its strategic objectives.

Since 83% of National Food Reserve Agency's trade debtors (TZS.136.53 billion) are due to the Disaster Management Department, the Agency's management should liaise with the Permanent Secretary of Ministry of Agriculture Food Security and Cooperatives and the Permanent Secretary of Prime Minister's office together with Permanent Secretary Ministry of Finance to agree on mechanism of recovery of the ever increasing debt. In addition, all authorities dealing with disaster management in the Country should strengthen institutional coordination so as to build on existing synergies in order to avert the threat of disaster.

8.1.4 Weakness in Liability

8.1.4.1 Outstanding Payables TZS.919,133,767,703

Out of the reviewed agencies, nineteen (19) Agencies had an outstanding payable balance of TZS.919,133,767,703. Delay in disbursement of funds from the central government makes it difficult to plan procurement and honour payment for the same. Funds may come towards the end of the financial year and may be so meagre relative to the total requirement to the extent that financial obligations are not paid timely.

Huge balances of outstanding liabilities may adversely affect the implementation of the Agencies planned activities for the next financial years and may affect the Agency reputation from the supplier's perspective. TANROADS had the largest proportion (95%) of the total liabilities. List of Agencies with outstanding financial obligations is as shown in the **Table No.45** below:

Table 45: Agencies with outstanding financial obligations

S/N	AGENCIES	Amount in TZS
1	Tanzania National Road Agency (TANROAD)	877,076,570,588
2	National Food Reserve Agency (NFRA)	18,198,776,258
3	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	9,554,507,025
4	Tanzania Meteorological Agency (TMA)	3,905,839,997
5	Tanzania Building Agency	3,096,672,149
6	Geological Survey of Tanzania	2,959,060,616
7	Government Chemistry Laboratory Agency	1,097,542,027
8	Water Development and Management Institute (WDMI)	835,874,610
9	Registration Insolvency and Trusteeship Agency (RITA)	694,147,254

S/N	AGENCIES	Amount in TZS
10	Tanzania Institute of Accountancy (TIA)	429,180,303
11	Tanzania Global Learning Agency	266,853,093
12	Dar es Salaam Rapid Trans (DART)	250,870,887
13	Agriculture Seeds Agency (ASA)	233,402,559
14	Tanzania Employment Service Agency	221,417,597
15	Institute of Arts and Culture - Bagamoyo	109,030,900
16	Tanzania Public Service College	96,917,777
17	E- Government Agency	78,966,062
18	Agency for Development of Education Management (ADEM)	19,958,000
19	National Housing and Building Research Agency	8,180,000
	Total	919,133,767,702

Source: *Respective Agency's Management Letters*

Late payment of contracts generally provide for punitive interest charges on invoiced amounts that are not settled within the allowed timeframe. The penalties are legally enforceable. They add to the cost of the contract and diversion of resources. For instance, the 2014/15 budget circular recognizes that, arrears will be carried forward from the previous year and requires that these be settled as first call on the new budget thus diverting resources from the planned activities for the financial year 2014/15.

I advise, the Government to liaise with the Agencies' Accounting officers to identify causes of debts accumulation that hinder Agencies to achieve their development plans. The Government is to ensure that the budget funding provisions to Agencies are sufficient to meet financial obligations.

8.1.4.2 Litigation claims against the Agencies TZS.125,328,062,447

I noted that, three (3) Agencies had cases in the courts of law which involved settlement of TZS.125,328,062,447 in case they lose the cases. In addition corresponding contingent assets as at the reporting date were not matching the level of the contingency liabilities. In the event where cases are ruled in favour of the client they may have adverse financial impact in the operation of the Agencies. A summary of Agencies with contingent liabilities is shown in the **Table No.46** below:

Table 46: Agencies with Contingency Liabilities

S/N	AGENCIES	Amount in TZS
1	Tanzania Airport Authority	73,698,538,584
2	TANROADS	51,461,523,863
3	TEMESA	168,000,000
Total		125,328,062,447

Source: Individual Management Letters

I advise the government through the Attorney General Office and the Ministry of Constitutional and Legal Affairs to provide all the necessary legal support to Agencies to ensure timely conclusion of cases in courts of laws. The Government through the Attorney General Chambers should work actively and defensively to win and finalise the numerous pending cases.

In addition Agencies are advised to strictly comply with prevailing laws and regulations as well as contracts agreement entered with other parties to avoid repeated disputes with service providers.

8.1.5 Weaknesses noted in Expenditure Management

Most deficiencies identified in the audit of Agencies on expenditure Management include the following;

8.1.5.1 Unsupported Payments TZS.1,834,653,623

Regulation 95 (4) of the Public Finance Regulations, 2001 requires every payment vouchers to be properly supported and clearly states that a payment voucher which is incomplete because its supporting documents are missing, shall be regarded as missing voucher.

A total of ten (10) Agencies were noted to have unsupported payments totaling TZS.1,834,653,623. Tanzania Forest Services Agency having the largest proportion of 33% followed by Tanzania Public Service College (TPSC (20%) and TEMESA (19%), the rest of the Agencies shared the remaining (7%).

Lack of supporting documents for payments limit my audit scope. List of Agencies with unsupported payments is as provided in **Table No.47** below;

Table 47: Agencies with unsupported payments

SN	AGENCY	Amount TZS
1	Tanzania Forestry Service Agency	612,639,600
2	Tanzania Public Service College	366,231,815
3	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	353,451,015
4	Registration Insolvency and Trusteeship Agency (RITA)	262,267,973
5	Geological Survey of Tanzania	136,633,656
6	Fisheries Education and Training Agency (FETA)	47,612,800
7	Drilling and Dam Construction Agency	35,353,696
8	Government Chemistry Laboratory Agency	12,932,267
9	Dar es Salaam Rapid Trans (DART)	4,509,000
10	Tanzania Employment Service Agency	3,022,600
	Total	1,834,653,623

In the absence of supporting documentation I could not authenticate transactions relating to the missing payment vouchers. I would like to remind the Chief Executive Officers on their primary responsibility in ensuring that, payments are properly supported with adequate documentation.

8.1.5.2 Imprest not retired TZS.724,553,473

In the financial year 2013/14, I noted that nine (9) Agencies had outstanding imprest amounting to TZS.724,553,473. However, up to the time of this audit November, 2014 the reported un-retired imprest was still outstanding contrary to Regulation 103(1) of the Public Finance Regulations of 2001 (revised 2004) which requires imprest to be retired within 14 days after the completion of the respective activities. List of Agencies with outstanding imprest is shown in **Table No.48** below;

Table 48: Agencies with Outstanding Imprest

S/N	Agencies	Amount TZS
1	Drilling and Dam Construction Agency (DDCA)	397,049,070
2	National Housing and Building Research Agency(NHBRA)	175,381,200
3	Tanzania Forestry Service Agency (TFSA)	54,936,660
4	Agriculture Seeds Agency (ASA)	32,539,900
5	Tanzania Minerals Audit Agency (TMAA)	22,124,500
6	Dar es Salaam Rapid Trans (DART)	20,118,985
7	Fisheries Education and Training Agency (FETA)	12,382,280
8	Tanzania Airport Authorities (TAA)	7,652,700
9	Geological Survey of Tanzania (GST)	2,368,178
	Total	724,553,473

Sources: Management letters

I advise the Accounting Officers of the Agencies in all sectors to ensure compliance to Financial Regulations on early retirement of imprests after completion of activities.

8.1.6 Weaknesses noted under Human Resource Management

The most pervasive deficiencies identified in my review of Agencies' human resources management relates to shortage of staff and long outstanding vacant posts in the Agencies.

8.1.6.1 Shortage of Staff and Long Outstanding Vacant Posts in Agencies

Establishment of Government Executive agencies has created many new posts; therefore the number of required staff has increased and substantial numbers of vacancies have been developed.

However, assessment of manpower level in a sample of five (5) agencies, shows that existing number of staff is less than the required number as per establishment by a shortage of 775 staff as presented in **Table No.49** below;

Table 49: Agencies with Shortage of Staff

S/N	Title	No of Staff Required	Existing Staff	Deficit of Staff
1	Drilling and Dam Construction Agency (DDCA)	135	99	36
2	Tanzania Building Agency (TBA)	529	324	204
3	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	1167	684	483
4	Institute of Arts and Culture - Bagamoyo (TASUBA)	106	54	52
5	Tanzania Institute of Accountancy (TIA)	304	170	134
	Total	1937	1161	775

Source: Individual Management Letters

Shortage of staff should be communicated timely to respective authority including PO-PSM. It is recommended to the Management of the Agencies in collaboration with the President's Office Recruitment Secretariat to ensure that possible measures are taken to resolve the problem so as to increase efficiency and effectiveness of the Agency's operations.

8.2 Salient Audit Findings on Audit of Special Funds (Ring Fenced Funds)

The following are the salient audit findings for Special Funds (Ring Fenced Funds) for the year 2013/14. A list of Special Funds and their respective operational objectives is shown in **Annexure No.29**.

8.2.1 Summary of Irregularities on Special Funds Audit

The financial year 2013/14 special funds audit results indicated existence of financial irregularities in observing legislative laws. Several irregularities have been highlighted in this report.

The irregularities show lack of probity and propriety or the extent of non-compliance with or deviation from laws and regulations as summarized in the **Table No.50** below:

Table 50: Irregularities on Special Funds Audit

Criterion	Audit findings	Special funds	Amount TZS
Reg. 24 of EFD regulation of 2010	Noncompliance issues as payments were not supported with Electronic Fiscal Device receipts	TFF RFB TWPF	19,032,632 213,759,341 91,645,707
Sub Total			324,437,680
Reg. 95(4) of the Public Finance Regulations of 2001	Noncompliance issues as payments were not adequately supported	TFF NRF NFA MDEF RFB TWPF	24,836,797 100,980,450 24,317,800 266,153,000 43,844,508 88,950,120
Sub Total			549,082,675
Budget limit	Procurement above the procurement plan	AGITF	43,457,534
	Reallocation of road funds not approved	RFB	42,624,460
Sub Total			86,081,994

On the issue of Noncompliance to legislation 24 on EFD regulation of 2012, I recommend the government to issue directives to all other government institutions to stop dealing with suppliers who are not using the EFD machines. In addition, continue to provide awareness program so as to spearhead voluntary compliance.

On the issue of Reg. 95(4) of the Public Finance Regulations of 2001, payments without supporting documents, I recommend that all monies not properly accounted for should be retrieved from

the defaulting officers and/or their supervisors and appropriate sanctions applied. In addition ensure that internal controls are strengthened within all institutions affected.

On the issue of adherence to the budget limit, and the annual procurement plan, I advise the funds management to ensure compliance with the procurement legislations.

8.3 Salient Audit Findings on Audit of Other Government Institutions

The following are the salient audit findings for 13 Other Government Institutions for the year 2013/14. A list of other government institutions and their respective operational objectives is shown in **Annexure No.30**

8.3.1 Long outstanding loan to students TZS.7,583,712,118

Law School of Tanzania had for six years an accumulated uncollectable loan advanced to students of TZS 7,583,712,117.98 up to financial year ending to 30th June 2014.

However, from 2011/12 to date the government decided to convert loans to subsidy for subsequent years. Student loans were issued without written procedures and contractual loan agreement

8.3.2 Irregularities under Expenditure management TZS.839,855,985

Payment vouchers bearing total TZS.279,871,280 were not adequately supported in respect of the Pharmacy Council of Tanzania, Local Government Training Institute (Hombolo).

Also, Electronic Fiscal Device Receipts were not demanded, this amounted to TZS.559,984,705 at Local Government Training Institute (Hombolo)

8.3.3 Irregularities on Budget issues

The main observation regarding budgeting and expenses control is on large variances in the revenue and expenditure budgets; an indication that some of the budgets are not realistic.

8.3.4 Receivable not timely collected and liabilities not paid

On one hand Five (5) institutions had total TZS.1,317,814,128 as receivables in respect of business operations. The audited entities

are Pasiansi Wildlife Training Institute, Nyumbu, Institute of Judicial Administration, Maji Central Store and Law School of Tanzania. On the other hand, the same institutions had outstanding liabilities of TZS1,509,749,326.

8.3.5 Non-compliance with Public procurement laws

Audited entities; Nelson Mandela African institute of science and technology, Tanzania Nurses and Mid Wives Society, and Tanzania Automotive Technology Centre (TATC) (Nyumbu) had instances of non-compliance with procurement legislations which translated into procurement out of annual plan for TZS.419,757,141

The list of the institutions with their related summary of findings are summarised in the **Table No.51** below.

Table 51: institutions with their related summary of findings

S/N	Criterion	Audit findings	Other institutions	Amount TZS
1	Reg. 24 of EDF regulation of 2010	Non-compliance issues as payments were not supported with EFD fiscal receipts	Local government training institute (Hombolo)	559,984,705
2	Reg. 95(4) of the Public Finance Regulations of 2001	Noncompliance issues as payments were not adequately supported	The Pharmacy Council of Tanzania	256,710,580
			Local government training institute (Hombolo)	23,160,700
Sub Total				839,855,985
3	Budget limit	Procurement above the procurement plan	Nelson Mandela African institute of science and technology	30,035,460
			Tanzania Nurses and Mid Wives Society	364,116,660
			Tanzania Automotive Technology Centre (TATC) (Nyumbu)	25,605,021
Sub Total				419,757,141
7	Credit Limit	Receivables not timely collected	Pasiansi Wildlife Training Institute	26,000,000
			Nyumbu	668,165,000
			Institute of Judicial Administration Lushoto	442,259,651
			Law School of Tanzania	181,389,477
Sub Total				1,317,814,128
8	Credit Limit	Accumulation of liabilities	Pasiansi Training Institute	153,969,880
			Nyumbu	355,150,444
			Institute of Judicial Administration Lushoto	1,000,629,002
Total				1,509,749,326

From the above observations, I recommend the following:

- The Chief Executive Officers of the respective Public institutions should ensure that payments are properly authorized and adequately supported by relevant documents as this will significantly improve expenditure management and tracking mechanism within the institution.
- Chief Executive Officers of the respective Public institutions should ensure that revenue is timely billed to customers, collected, and accurately recorded in the books of account to ensure completeness of revenue collection and improve security over cash collections to avoid any loophole for misappropriation of public funds and accumulation of receivables.
- On the issue of procuring goods and services that are not in institutions annual procurement plans, I advise the government to ensure compliance to all procurement legislations and the budget.
- It is recommended that lending procedures are consolidated into an integrated loan strategy aimed at reducing late payment and default in loan portfolios.

8.4 Audit of Political Parties

According to section 14 (1) (b) (i) of the Political Parties Act No. 5 of 1992 incorporating the amendments made by Act No. 7 of 2009 requires every political party which has been fully registered to submit to the Registrar of political parties an annual statement of the accounts of the political party audited by the Controller and Auditor General and the report of the account.

However, a total of twelve (12) out of twenty one (21) political parties were audited for FY from 2009/2010 to 2012/2013 financial years and I have concluded the audit of the following political parties;

1. Chama cha Mapinduzi (CCM)
2. Chama cha Demokrasia na Maendeleo(CHADEMA)
3. Chama cha Wananchi (CUF)
4. National Convention for Construction and Reform (NCCR-MAGEUZI)
5. Tanzania Labour Party (TLP)
6. National Reconstruction Alliance (NRA)
7. Union for Multiparty (UMD)
8. African Progressive Party of Tanzania (APPT-MAENDELEO)
9. National League for Democracy (NLD)
10. Alliance for Democratic Change (ADC)

11. Chama cha Sauti ya Umma (SAU)
12. Chama cha Ukombozi wa Umma (CHAUMMA)

Nine (9) political parties did not submit financial statements for audit purpose including the following;

1. United Peoples Democracy Party (UPDP),
2. Tanzania, Democratic Alliance (TADEA),
3. United Democratic Party (UDP),
4. Demokrasia Makini (MAKINI),
5. Chama cha Hakina Ustawi (CHAUSTA),
6. Democratic Party (DP),
7. Jahazi Asilia,
8. Tanzania Farmers Party (AFP)
9. Chama cha Kijamii (CCK)

Audit opinion issued for Political Parties

Audit opinions were issued to the audited accounts of the Political Parties. The following is the audit outcomes:

The **Table No.52** below is a summary of the types of audit opinions issued to Political Parties on the financial statements for the year ended 30th June, 2010, 2011, 2012 and 2013.

Table 52: Audit Opinion issues to Political Parties for four years

S/N	Party	2009/10	2010/11	2011/12	2012/13
1	CCM				Qualified
2	CHADEMA			Qualified	Qualified
3	CUF	Qualified	Qualified	Qualified	
4	NCCR				Qualified
5	TLP				Qualified
6	NRD	Disclaimer	Disclaimer	Disclaimer	Disclaimer
7	UMD	Disclaimer	Disclaimer	Disclaimer	Disclaimer
8	ADC				Disclaimer
9	APPT	Disclaimer	Disclaimer	Disclaimer	Disclaimer
10	NLD	Disclaimer	Disclaimer	Disclaimer	Disclaimer
11	SAU		Disclaimer	Disclaimer	Disclaimer
12	CHAUMMA			Qualified	Qualified

For this financial year 2013/14 audit of political parties is on progress as there was a delay in submitting financial statements for audit. The audit report will be out after completion of audit.

It is recommended that; in order to ensure and enhance disclosure, presentation and comparability of political parties'

performance; the registrar of political parties should liaise with the Accountant General to come up with guidance on preparation of political parties financial statements.

The adoption of a common reporting framework of accounting will also lead to consistency and uniformity of recording transactions and preparation of the financial statements of the political parties.

CHAPTER NINE

PROCUREMENT AND CONTRACTS MANAGEMENT

9.0 Introduction

This chapter summarises audit findings relating to procurement and management of contracts from the audit of MDAs/RS during the year under review.

9.1 Newly introduced Public Procurement Act No.7 of 2011 and its Regulations of 2013

The Public Procurement Act No. 7 of 2011 (PPA 2011) was officially operationalized effective from 15th December, 2013 through GN. No. 445 of 13th December, 2013. Section 107 (3) of Public Procurement Act of 2011 puts an end of the use of Public Procurement Act No. 21 of 2004 together with its Regulations of 2005.

It is therefore important to realize that as from 15th December, 2013 Procuring Entities were required to carry out procurements using Public Procurement Act of 2011 together with Public Procurement Regulations GN. No. 446 of 20th December 2013.

During the review period, in order to take care of transitional issues under the repealed Public Procurement Act of 2004, PPRA issued a circular pursuant to Sections 107 and 108 of Public Procurement Act of 2011 to clarify how issues initiated under the repealed law would be finalized.

According to this circular, all issues which were initiated under Public Procurement Act of 2004 but were still pending by 13th December 2013 were to be finalized by such Act.

9.2 Major issues identified on Procurement Management

Based on this year's audit and the last years, I observed that procurement has continued to be an area with challenges in ensuring best value for public monies.

While efforts have been made by Government in enhancing compliance with Procurement laws and Regulations across the

public sector through implementation of my previous recommendations together with PPRA's recommendations, there are indications that some entities are not sufficiently diligent in ensuring compliance with procurement laws in the areas that I have audited.

I observed instances of non-compliance with procurement rules and regulations in ensuring transparency, fair competition, and value for money.

In order to ensure compliance within MDAs/RS, Section 48 (3) of the Public Procurement Act (PPA), 2011, requires the auditor of each public entity to state in the annual audit report whether or not the audited entity has complied with the procurement law and its Regulations. The Procurement irregularities noted for the year under audit were as follows:

9.2.1 Irregularities with the Annual Procurement Plan TZS.204,346,797

Regulation 69 (3) of PPR, 2013 requires procuring entity to forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already programmed in the annual work plan and included in the annual estimates.

Audit results of four MDA/RS, three MDAs made procurement worth TZS.196,583,061 out of annual procurement plan and one mission abroad made procurement worth TZS.7,763,736 without having annual procurement plan, making a total irregularities of TZS.204,346,797 contrary to the above regulation. Details of irregularities with the annual procurement plan are summarized in the **Table No.53** below:

Table 53: Entities with irregularities on annual procurement plan

S/N	VT No	Name of MDA/RS	Description	Amount(TZS)
1	97	Ministry of East Africa	Expenditure out of the annual procurement plan	96,940,255
2	29	Prison's Service Department	Expenditure incurred over and above the budget and procurement plan	63,450,000
3	80	RS Mtwara	Fuel Procured in excess	36,192,806

			of budgeted amount	
4	2027	Tanzania Embassy in Abu Dhabi	Procurement Made Without Having a Procurement Plan	7,763,736
			Total	204,346,797

Source: Individual CAG's management letters for the year 2013/14

There is significant decrease in the irregularities with the annual procurement plan as compared to last year audit, whereby, the value of irregularities for the year 2012/13 for 3 MDAs was TZS.2,748,885,871, a decrease of TZS.2,544,539,074 compared to irregularities obtained for the year 2013/14. This shows that Government has positively implemented my recommendation to a large extent.

I recommend compliance with the Annual procurement plan as well as improvement in procurement Management supervision to ensure accountability and transparency in the Public procurements.

I also recommend that the MDAs/RS to ensure that a procurement plan is prepared annually to support its approved budget and programmes.

9.2.2 Procurements not approved by Tender Board TZS.760,868,514

A sample of ten (10) of MDAs/RS audited, four (4) MDAs and six (6) RS made procurement of goods and services without approval of the Tender Board contrary to Section 35 (3) of PPA, 2011 and Regulation 55 of PPR of 2013. The number of MDAs/RS which made procurements without approval of the Tender Board has increased to ten (10) when compared to one entity in the audit of 2012/13.

MDAs/RS which entered into various contracts worth TZS.760,868,514 without Tender Board approval are shown in the **Table No.54** below:

Table 54: Entities with Procurement made without Tender Board approval

S/N	Vote	Name of MDA/RS	Amount(TZS)
1	94	President's office public service commission	282,788,898
2	48	Ministry of Land and Human Settlement	213,331,441
3	28	Police Force Department	85,158,950
4	81	RS Mwanza	52,225,487

5	84	RS Singida	48,712,103
6	36	RS Katavi	44,529,472
7	2015	Tanzanian Embassy in Rome, Italy	14,089,157
8	77	RS Mara	13,958,006
9	31	Vice president's Office	6,075,000
Total			760,868,514

Source: Individual CAG's management letters for the year 2013/14

Making procurements without Tender Board approval might lead to awarding contracts to incompetent suppliers or contractors thus transparency, efficiency and effectiveness would not be achieved.

As mandated in Section 35 of the PPA, 2011, I recommend the Management of the respective MDAs/RS to strictly adhere to the procurement process by fully involving the Tender Boards so that null and void contracts are eliminated.

9.2.3 Procurements made without Competitive Quotations TZS.144,484,478

As required by Regulations 163 & 164 of the PPR, 2013, Procuring entities involved in procurement of goods and services through National shopping shall do so by obtaining price quotations from at least three suppliers.

During review on compliance with these Regulations, I noted that three entities procured goods and services worth TZS.144,484,478 directly from single supplier without inviting competition from at least three suppliers. **Table No.55** below analyses entities which made procurements without competitive quotation:

Table 55: Entities made procurements without competitive tendering

S/N	VT No.	Name of MDA/RS	Amount(TZS)
2	39	National Service(JKT)	76,820,000
3	2030	Tanzania high commission in Lilongwe	39,914,478
1	88	RS Dar Es Salaam	27,750,000
Total			144,484,478

Source: Individual CAG's management letters for the year 2013/14

Overall, there has been a reduction in the number of auditees with findings on procurement made without competitive tendering as compared to the year 2012/13 as the number of entities with findings on uncompetitive procurement processes for

the year under review was three (3) as compared to nine (9) entities during the year 2012/13.

Since procurement without competition might lead to uncompetitive awards for the supply of goods and services, and value for money not being achieved, I recommend all Accounting Officers to comply strictly with the public procurement laws.

Also to ensure transparency and value for money in the public procurements I recommend Procuring Entities to adhere to competitive tendering.

9.2.4 Goods received without inspection TZS.534,899,396

It is the requirement of Reg. 244 & 245 of the PPR, 2013 that, Accounting Officers have to establish the goods inspection and acceptance committee responsible for inspecting, testing goods and services received from the suppliers.

However, during the year I observed a sample of six (6) entities procured goods and services worth TZS.534,899,396 not subjected to acceptance and inspection committees. Details of goods received without inspection are summarized in the **Table No.56** below:

Table 56: Entities received Goods without inspection

S/N	Vote	Name of MDA/RS	Description	Amount(TZS)
1	6	President's Delivery Bureau	Goods received without Inspection and Acceptance Committee reports	314,884,678
2	29	Prison Service Department	Goods received without inspection	155,110,000
3	83	RS Shinyanga	Goods procured without being inspected by Goods Inspection and Acceptance Committee	23,997,370
4	84	RS Singida	Non-performance of inspection after Motor vehicles service and repair	17,261,501
5	81	RS Mwanza	Repair of motor vehicle not supported by inspection reports	16,145,847
6	79	RS Morogoro	Goods Purchased without Inspection and Acceptance Committee	7,500,000
Total				534,899,396

Source: Individual CAG's management letters for the year 2013/14

Receiving goods without inspecting by the goods inspection and acceptance committee may provide a loophole for acquiring substandard goods or good of low quality, or goods received may not confirm with the specifications provided in the contract.

9.2.5 Inadequate record keeping in the procurement process

Record keeping in public procurement is one of the mandatory requirements of Public Entities who engage in procurement as indicated in Section 61 (1) of the Public Procurement Act, 2011.

Accordingly a procuring entity shall maintain a record of its procurement proceedings in which it is involved, including decisions taken and the reasons for it and such record shall be kept for a period of not less than five years from the date of completion of the contract and be made available when required to the Minister and the Controller and Auditor-General.

Documentary records, both in print and electronic formats, are essential for efficient and effective management of procurement activities. Also records provide evidence in support of decisions and actions taken in the procurement process, and, provide an audit trail for verification of transparency, accountability and adherence to PPA, 2011.

I noted that ten inclusive of (7) MDAs and 3 RS audited did not comply with the above requirement as detailed in the **Table No.57** below:

Table 57: Entities with inadequate record keeping in the procurement processes

S/N	Vote	Name of MDA/RS	Description
1	77	RS Mara	Inadequate keeping of contracts and project information and records
2	75	RS Kilimanjaro	Annual procurement implementation reports not prepared
3	35	Director of Public Prosecution	Improper maintenance of fuel register
4	96	Ministry of Information, Youth, Culture and Sports	Contracts improperly recorded in the contract register
5	48	Ministry of Land and Human Settlement	Monthly progress reports for PMU and Tender Board not prepared
6	72	RS Dodoma	Non maintenance of contract register
7	2034	Tanzania Embassy in Moroni, Comoro	Absence of procurement plan and its implementation report
8	2025	Tanzania Embassy in Pretoria, South Africa	Absence of procurement implementation report
9	2008	Tanzania High Commission in Maputo, Mozambique	Absence of procurement plan and its implementation report
10	2002	Tanzania Embassy in Berlin, Germany	Lack of Procurement Plan

Source: Individual CAG's management letters for the year 2013/14

Efficient record management is essential to ensure effective storage, retrieval and use with due regard to security, integrity and confidentiality. I therefore recommend all procurement transactions be properly authorized and fully supported by proper documentary evidences/ records to keep track of information for future references.

9.2.6 Procurement of goods and services without contracts TZS.134,071,510

In spite of the requirement under Section 75 of the PPA, 2011 that, Tender Board shall approve the recommendation and, authorize the Procuring Entity to accept the tender and award a contract in the form specified in the tender document. However, seven (7) entities procured goods and services worth TZS.134,071,510 from suppliers/contractors without contractual agreements as listed in the **Table No.58** below:

Table 58: Entities made procurement without contract

S/N	VT No	Name of MDA/RS	Observation	Amount(TZS)
1	2030	Tanzania high Commission in Lilongwe, Malawi	Payments made via an expired contract	57,284,539
2	96	Ministry of Information, Youth, Culture and Sports	Doubtful procurement of services without contract	29,778,571
3	27	Registrar of Political Parties	Rental contract not reviewed periodically	14,640,000
4	35	Director of Public Prosecution	Office Rented without contract	14,288,400
5	57	Ministry of Defense and National Service	Payments made without signed contracts	9,080,000
6	63	RS Geita	Missing valid contract for Hiring of motor vehicles for transportation of STD VII Examination papers and other Documents	4,700,000
7	35	Director of Public Prosecution	Services Procured without Contract	4,300,000
Total				134,071,510

Source: Individual CAG's management letters for the year 2013/14

It is therefore imperative 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.

In order to address cases of breaches of the Public Procurement laws by contracting MDAs/RS, I recommend MDAs/RS to adequately adhere to the Public Procurement legislations by entering contractual agreements which can be enforceable by the law.

9.2.7 Procurement of Goods and Services through Imprest TZS.65,806,202

Regulation 166 of the PPR of 2013 mandates that, a micro procurement may be conducted by a procuring entity that purchases directly from established supermarkets, shops or drug stores, or similar establishments if the value of such procurement does not exceed the limit set out in the Seventh Schedule to these Regulations.

A procuring entity may use petty cash, imprests or purchase cards to effect payments under micro procurement. The limit of application for minor value allowed is up to TZS.5,000,000.

Audit test conducted in MDAs and RS noted that imprests/cash to the tune of TZS.65,806,202 as shown in **Table No.59** were issued to staff for procurement of goods and services as shown in the table below contrary to Regulation 166 and seventh schedule of Public Procurement Regulations 2013.

Table 59: Entities made procurement through imprest

S/N	Vote	Name of MDA/RS	Observation	Amount(TZS)
1	36	RS Katavi	Procurements made by use of Cash	24,885,202
2	38	Tanzania People's Defense Force	Procurement beyond the allowable imprest limits	19,000,000
3	80	RS Mtwara	Procurement made through Imprest	14,430,000
4	86	RS Tanga	Payments made on cash instead of Cheque basis to suppliers	7,491,000
Total				65,806,202

Source: Individual CAG's management letters for the year 2013/14

I recommend strict compliance with the provisions of the Public Procurement law to ensure transparency and value for money in procurement transactions.

9.2.8 Procurement of goods and services from unapproved suppliers TZS.519,022,745

Nine (9) MDAs/RS violated Regulation 131 (5) of the Public Procurement Regulations, 2013 which mandates public institutions to procure goods and services from the approved suppliers.

To the contrary, I noted that procuring entities obtained goods and services valued at TZS.519,022,745 from unapproved suppliers. Included in this category are Medical supplies worth TZS.250,763,634 which were procured without approval of the MSD contrary to Regulations 140 & 141 of the PPR, 2013.

It was further revealed that Repair and Maintenance of Motor vehicles worth TZS.26,722,737 were not approved by TEMESA

contrary to Regulation 137 of the PPR, 2013. Details are provided in the **Table No.60** below:

Table 60: Entities made procurement from unapproved suppliers

S/N	Vote	Name of MDA/RS	Description	Amount(TZS)
1	85	RS Tabora	Improper procurement of medicines from suppliers other than MSD	152,500,014
2	82	RS Ruvuma	Procurement made from unapproved supplies	142,641,152
3	81	RS Mwanza	Unconfirmed Procurement of Medical and Hospital Supplies made out of MSD	83,387,220
4	36	RS Katavi	Procurement of goods made from unapproved suppliers	65,066,430
5	81	RS Mwanza	Procurement made from unapproved suppliers	33,828,792
6	87	RS Kagera	Procurement of Medical supplies made from the private supplier without obtaining confirmation of out of stock from MSD	14,876,400
7	63	RS Geita	Repair and Maintenance of Motor vehicle made from unapproved Garage	12,814,800
8	55	Commission for Human Rights and Good Governance	Repair/Service of Motor Vehicles without prior approval from TAMESA	9,021,578
9	41	Ministry of Justice and Constitutional Affairs	Repair and maintenance of motor vehicles without being channeled to TEMESA	4,886,359
Total				519,022,745

Source: Individual CAG's management letters for the year 2013/14

I recommend strict compliance with the provisions of the Public Procurement legislations to ensure transparency and value for money in procurement transactions.

9.2.9 Goods and works procured and paid for but not delivered TZS.857,879,731

In four (4) MDAs and two (2) RS sampled, I noted procurement of works and goods worth TZS 857,879,731 which were not delivered despite the fact that they had been paid for. The contractual agreement provided that the assets/goods were supposed to be delivered between April and July, 2014 to the contrary the supplier failed to comply with contractual agreement up to the date of the conclusion of audit in December, 2014 as summarized in **Table No.61** below:

Table 61: Goods procured and paid for but not yet delivered

S/N	Vote	Name of MDA/RS	Observation	Amount(TZS)
1	46	Ministry of Education and Vocational Training	Undelivered motor vehicles	443,485,463
2	73	RS Iringa	Debits made by MSD without supply of medicines to the Iringa Referral Hospital	150,312,900
3	61	National Electoral Commission	Equipment Paid for but not Delivered	86,800,000
4	40	Judiciary of Tanzania	Advance Payment for installation of Digital Court Recording equipment paid but not delivered	85,111,557
5	81	RS Mwanza	Payments made for unimplemented electrical Wiring Installation in Nyamagana District Commissioner's Office Block.	47,169,811
6	52	Ministry of Health and Social Welfare	Unconfirmed Receipt of Goods	45,000,000
Total				857,879,731

Source: Individual CAG's management letters for the year 2013/14

There were instances of non-compliance with contractual obligation on the part of the supplier; consequently failure may amount to deduction of liquidated damages or non-delivery of items.

I advise the concerned Accounting Officers to ensure suppliers comply with the contractual obligations and deliver the goods without further delay.

9.2.10 Weaknesses in the implementation of the contracts/projects

The managements at the MDAs/RS continued to have procurement irregularities which contravened with provisions in the procurement laws.

I noted thirty three (33) procurement contracts/projects awarded by 15 MDAs and 18 RS which were yet to be completed as at June, 2014 despite scheduled completion periods of 2 to 18 months as indicated in the contracts document.

Lack of satisfactory progress on implementation of projects was attributed largely to delayed releases of warrant of funds by the Ministry of Finance. I expressed my concern that due to the delay, inflationary trends and escalating prices of materials and labour might cause the total cost of the entire project to far exceed the approved project cost.

I also noted irregularities in the grant of Advance Payments and non-deduction of liquidated damages in three (3) contracts audited.

In addition nine (9) contracts/projects were not implemented in line with general conditions in the respective contract agreements. The details of the audited projects/contracts are provided in the **Annexure No.20**.

I recommend that sustained efforts be made to retrieve the outstanding liquidated damages and advance payment from the contractors.

I also recommend that Management of the respective entities to be more vigorous in their pursuit of funds from the Ministry of Finance to ensure early completion of the projects. I expressed the view that, in future, consideration should be given to awarding such contracts in phases so that they can be paid for, properly managed and completed on schedule. This would help the Government to prevent avoidable costs due to project variations and time lapse.

9.2.11 PPRA Report in Compliance of MDAs with Public Procurement Act, 2011 and its Regulations of 2013

In view of its mandate under Section 9(1) (i) of the Public Procurement Act, 2011, the Public Procurement Regulatory Authority (PPRA) carried out procurement audits in seventeen MDAs.

The audit objective was to determine whether the procedures, processes and documentations for procurement and contracting were in accordance with the provisions in the PPA, 2011, its Regulations, 2013 and the standard documents prepared by PPRA

and that procurement carried out achieved the expected economy and efficiency (value for money for the allocated resources), and the implementation of contracts conformed to the terms thereof.

On the basis of the performance criteria established by the Authority, MDAs have made a remarkable improvement in compliance from 66% to 71% when compared to last year's procurement audit results. However the recorded average compliance level is below the targeted compliance level of 72% which was set for the year 2013/14.

The assessment of the individual performance areas indicated that the performance was above the targeted level of compliance on two performance areas namely:

- a) Institutional setup and performance with a score of 74%;
- b) And tender processing with a score of 76%.

However, the performance was below the targeted level of compliance on the criterion as shown in **Table No.62** below:

Table 62: PPRA's level of compliance with PPA, 2011 and PPR, 2013

Criterion	Percentage of compliance
Preparation and implementation of procurement plans	69
Contracts management and implementation	63
Management of procurement records	53
Implementation of systems prepared by PPRA	23

Source: PPRA Report

a) Roll out of Procurement Management Information System (PMIS)

PMIS, a web-based system, was developed to facilitate online submission of information to PPRA from Procuring Entities such as APP and monthly and quarterly reports. As observed in the previous years, the majority of the procuring entities are still not complying with the requirement for submitting procurement information through the PMIS and SCM developed by PPRA.

The analysis of the audit findings indicated an overall compliance of 24% on the implementation of systems

prepared by PPRA. Specific weaknesses included the following: 39% of the audited Procuring Entities did not comply with the requirement for submission of APP to PPRA; 95% of the audited Procuring Entities did not comply with the requirement for submission of contract completion reports; 90%, 81% and 65% of the audited Procuring Entities did not submit monthly procurement reports, quarterly procurement reports and annual procurement reports respectively.

The reasons cited for low compliance included the following; that the systems are not user friendly, inadequate staff within PMUs, lack of internet facilities, lack of computers, and lack of knowledge in implementing the systems.

b) Notable weaknesses by PPRA during the Procurement Audits of MDAs

The following **Table No.63** presents weaknesses noted by the PPRA during the Procurement Audits of MDAs to the respective MDAs:

Table 63: Notable weaknesses by PPRA during procurement audit of MDAs

S/N	Procuring entity	Audit finding
1	Ministry of Home Affairs	The Chairperson of Ministerial Tender Board (MTB) is the Commissioner General of Tanzania Prisons (CGP) who is also the Accounting Officer of Delegated Organ at Tanzania Prisons Department. This contradicts the requirement for independence of functions and responsibilities.
2	Ministry of Natural Resources and Tourism	Some MDAs proceeded with procurement without involving PMU and TB. For instance all procurement of Air Travel Services was contracted through LPOs directly without approval of respective TB contrary to Section 31(1) and (2) of PPA 2004.
3	Ministry of Home Affairs	The APP was not adhered to. For example the planned procurements were only 94 packages for the entire Ministry, but during implementation the number rose to 796. The motor vehicles at Police Force under Single Source did not appear in the APP contrary to Section 45 (b) of PPA and Reg; 46 (10), and 49(1) of GN No; 97 of 2005.
4	Government Procurement Services Agency	Observed weaknesses in evaluation of tenders. Suppliers were awarded contract for Supply of goods without submitting Notarized Power of Attorney and provided 60 days instead of 90 days as their tender validity period. This is contrary with Section 65 of PPA and Reg. 9 (c) and (d), 14 (5), 15 (14), 20 (b) and 90(4) of GN No. 97 of 2005 and Regulation 211 of GN No. 446 of 2013.
5	RS Lindi	Based on the engineer's estimate, criteria not contained in the tender documents tender was awarded to supplier whose bid was 2% above the Engineers Estimate instead of bidder with tender below Engineers Estimate by 5%.
6	National Electoral Commission	Standard quotation documents were not used for procurements valued up to TZS 80,000,000 instead bidders were invited to submit Proforma Invoices.

Source: Individual CAG's management letters for the year 2013/14

The above analysis of the audit results indicated that RS Lindi had a poor performance in complying with PPA and PPR. Although it was previously audited and provided with recommendations to assist in complying with the procurement law, the audit results show that, the recommendations provided were ignored. The records on audit results confirm that the performances in the year 2012/2013 was 31.07% and 50.8% in the year 2013/2014

On the basis of the compliance audit findings, the following is recommended;

- All the Procuring Entities with good performance be commended for their performance and all Accounting Officers, TB Chairmen and Heads of PMUs of the Procuring Entities with poor performance be summoned before the Board of Directors of PPRA to give reasons for the poor performance and to discuss strategies to address the observed shortfalls.
- Accounting Officers of the Procuring Entities with poor performance be required to show cause why the Authority should not recommend to the competent Authority to temporarily transfer their procurement functions to another procuring entity due to the observed persistent breach of the Public Procurement Act and Regulations. This recommendation is pursuant to the provision under Section 20(1) (d) of the PPA, 2011.
- All Procuring Entities with performance below the 72% compliance target be required to organize training to their staff on the application of PPA, Regulations and, guidelines and systems prepared by the Authority. The training should be conducted by PPRA and be tailored to each Procuring Entities (or a group of Procuring Entities) depending on the weaknesses observed during the audits. The cost for the training should be met by the respective Procuring Entities.
- Furthermore, the Accounting Officers of the respective Procuring Entities should be required to submit action plans/ strategies within three months of communicating the audit reports, aimed at ensuring full compliance to PPA and PPR.
- On the weaknesses observed in the implementation of PPRA's procurement information management systems, PPRA is currently assessing critically the causes for non-compliance for the purpose of improving the systems in order to make them more user friendly.

In general avoiding the noted shortcomings will enable the procurement and supplies professionals to contribute to the economic success and optimal utilization of the scarce resources, poverty alleviation, improvement of the livelihood of the individuals and the public as a whole.

9.2.12 Anomalies in procurement and stores management observed by Directorate of Government Assets Management Division (Stock Verifier)

Pursuant to Reg. 239-249 of the Public Finance Regulations 2001 empowers the Government Stock Verifier to carry out Independent Stock Verification in the stores of MDAs/RS and report the results thereon. During the year under review, Government Stock Verifier conducted stock verification exercise on 14 Ministries, 6 Independent Departments and 10 Regional Secretariats.

Generally, the stock verification exercise sought to determine whether the Accounting Officers are adequately discharging their own responsibilities for the correctness of stocks and stores records. I have included the stock verification report in my audit reports as mandated by Regulation 245(3) of the Public Finance Regulations 2001 that “The stock verifier shall retain one copy of the report for his own record and send one copy each to the Accounting Officer concerned, the Permanent Secretary, Accounting General and Controller and Auditor-General”.

On reviewing the report I noted that there is significant decrease in anomalies compared to previous year; Overall anomalies worth TZS.20,103,289,577 were noted in the previous year compared to TZS.7,526,447,299 reported in the year under audit. Summary of findings is described in the **Table No. 64** below:

Table 64: *Analysis of findings from stock verifier report*

S.N	Findings	Amount (TZS)
1	Un receipted issues of stores	1,897,749,286
2	Uncounted purchases of stores	1,741,881,261
3	Unsupported receipt of stores	1,459,237,538
4	Unsupported issues of stores	552,857,697
5	Unaccounted inventories	426,564,160
6	Fuel not accounted for	415,277,753
7	Unaccounted receipts	313,494,449

S.N	Findings	Amount (TZS)
8	Un posted issues of stores	196,401,132
9	Deficient of stores	137,277,660
10	Outstanding stores on loan	104,525,530
11	Non-competitive procurement	70,152,767
12	Undelivered stores	65,785,420
13	Maintenance and repair of Government vehicles to private garage without prior approvals of TEMESA	43,462,572
14	Unaccounted issues of stores	39,186,874
15	Obsolete/ dormant/ unserviceable stores	30,250,000
16	Doubtful sale of motor vehicles	11,600,000
17	Un posted receipts of stores	10,177,800
18	Un transferred balances of stores	6,745,400
19	Unreported loss of computer	2,520,000
20	Improper posting	1,300,000
	Total	7,526,447,299

Source: Stock Verifier Report for the year 2013/14

Detailed analysis of the 14 Ministries, 6 Independent Departments and 10 Regional Secretariats are provided in **Annexure No.21**.

In order to minimize or avoid loss of stores through theft, misappropriation or spurious expenditure I advise concerned Accounting Officers to strengthen internal control systems by ensuring that all store items and fuel purchased are properly recorded or logged and made available for inspection when so demanded.

CHAPTER TEN

AUDIT OF EXPENDITURE MANAGEMENT

10.0 Introduction

This year's audit like previous one has once again noted inadequacy expenditure management which has led to the recurrence of the weaknesses mentioned hereunder. Broader reasons for inadequate expenditure management across MDAs/RSs may include:

- Shortage of financial management skills within the MDAs/RSs
- Deficiency of accountability and oversight from senior officials
- Inappropriate and/or uncommitted leadership
- Inefficient internal controls required to support sound financial management and corporate governance principles.

Generally, among other solutions, I do advise the PMG in collaboration with IAG to provide appropriate trainings to operational staff, management and oversight committees to ensure a clear understanding of the requirements of an effective governance framework, consequently the output of those trainings should be formalized through timely evaluation and signing of codes of ethics and conduct.

10.1 Key audit findings from the audit of expenditure management

In this section, I present the main audit findings resulted from the review of expenditure management identified during audit of MDAs and RS for the financial year 2013/14.

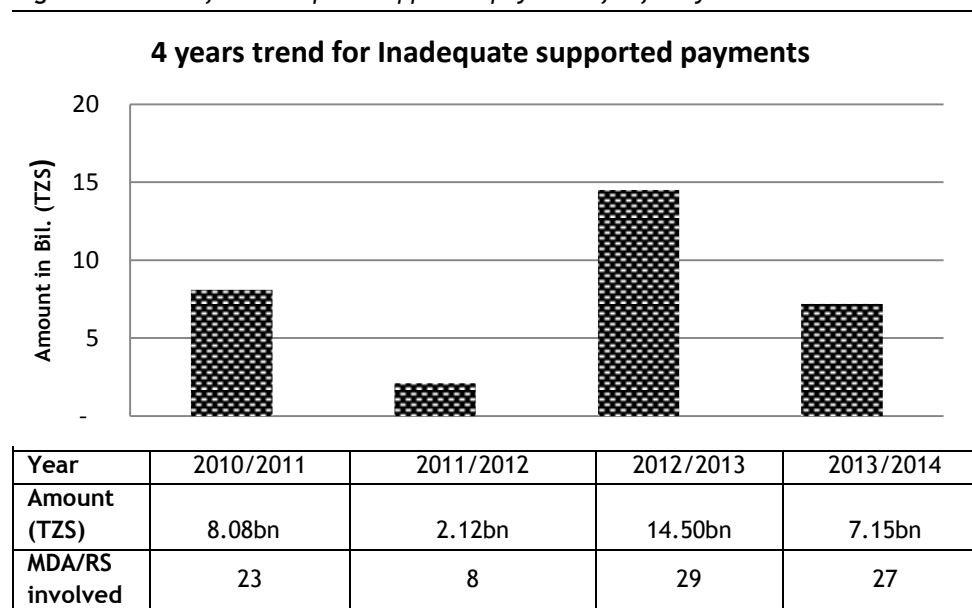
10.1.1 Inadequately supported payments-TZS.7,154,790,996

Regulation 95 (4) of the Public Finance Regulations, 2001 states that a payment voucher which is incomplete because its supporting documents are missing shall be regarded as a missing voucher.

During the year under review I noted seventeen (17) MDAs and ten (10) RSs made payments amounting to TZS.7,154,790,996 whose supporting documents were missing contrary to Reg.86 (1) of the Public Finance Regulation, 2001 as detailed in **Annexure No.22**.

In the absence of supporting documents, I could not be able to ascertain the authenticity of those payments hence, scope limitation. Summarized results of payments inadequately supported for the past four (4) years are shown in the **Figure No.23** below:

Figure 23: Trend for inadequate supported payments for four years



From the table above, Compared to the year 2012/13, the amount of unsupported payments for the year 2013/14 has decreased by TZS.7.2Bil from TZS.14.5Bil to TZS.7.3Bil, while entities involved had also decreased from 29 to 27 respectively; this indicates that, controls to ensure proper accounting records are demanded before payments are effected.

I recommend the accounting Officers of responsible MDAs and RS to continue strengthening the pre-audit units and other relevant controls to ensure that all payments are authenticated by proper supporting documents.

10.1.2 Missing payment vouchers - TZS.125,163,277

Reg. No.86 (1) of the Public Finance Regulation, 2001 requires expenditure in all public money to be properly vouched, to the contrary, payment vouchers with their supporting documents amounting to TZS.125,163,277 were not produced for audit verification.

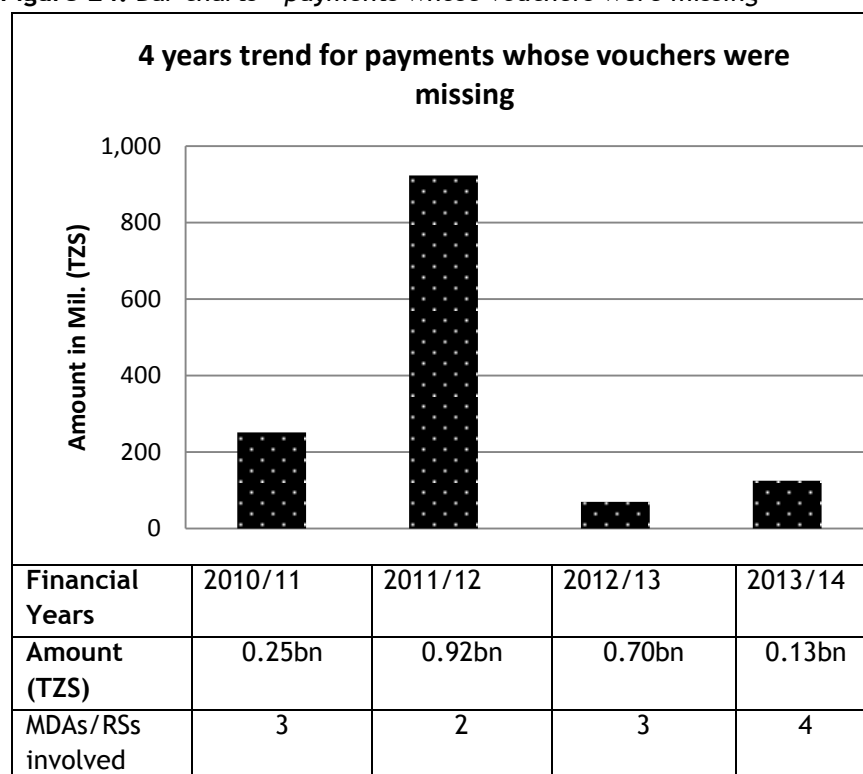
In absence of the payment vouchers and their supporting documentation, the legitimacy, nature, type and purpose of the expenditure of TZS.125,163,277 could not therefore be ascertained. The following **Table No.65** shows entities with missing payment vouchers;

Table 65: Entities with missing payment vouchers

S/N	Vote No.	Name of RS	Amount (TZS)
1	Vote 81	RS-Mwanza	89,142,188
2	Vote 95	RS-Manyara	29,522,807
3	Vote 85	RS-Tabora	3,498,282
4	Vote 89	RS-Rukwa	3,000,000
Total			125,163,277

Summarized results of payments inadequately supported for the past four (4) years are given in the graph and table below for comparison purposes:

Figure 24: Bar charts - payments whose vouchers were missing



From the graph and the table above, the trend shows that the problem of missing vouchers has been relatively increased in

2013/2014 (TZS 125,163,277) compared to the amount involved in 2012/13 (TZS 70,195,394), also the number of entities involved has increased to 4 this year from 3 last year.

However, Persistence of this weakness gives a picture of ineffective Internal Control Systems; therefore I would like to remind the management of MDAs and RS that it is their primary responsibility to establish sound Internal Control Systems to ensure all accountable documents including vouchers are properly safeguarded.

10.1.3 Missing Electronic Fiscal Devices Receipts TZS.4,095,224,472

Reg. 28(1) of the Income Tax (Electronic Fiscal Devices) Regulations, 2012 requires every purchaser to demand and retain the fiscal receipt or invoice in his possession and shall upon request made by the Commissioner or any officer authorized by the Commissioner, produce the said receipt to the Commissioner or such authorized officer.

To the contrary, some of the MDAs and RSs offices did not demand and retain fiscal receipt for every purchase made during the year and thus committed an offence and upon conviction as per Reg. 24 of the Income Tax (Electronic Fiscal Devices) Regulations, 2012 will be liable for payment of twice of the amount of the tax evaded.

In addition, by not demanding fiscal receipts the respective government entities assist the respective business owners to evade tax and hence cause the government to lose a substantial amount of revenue annually.

During the year 2013/14, I noted 5 RS and 7 MDAs with payments amounting to TZS.4,095,224,472 without fiscal receipts from various suppliers as summarized in the **Table No.66** below:

Table 66: Entities with missing fiscal receipts

S/N	Vote No.	Name of MDA/RS	Amount (TZS)
1	Vote 61	National Electoral Commission (NEC)	1,892,166,696
2	Vote 23	Accountant General's Department	1,061,444,795
3	Vote 89	RS-Rukwa	317,910,623
4	Vote 56	PMO - RALG	173,134,675
5	Vote 69	Ministry of Natural Resources and Tourism	131,283,467
6	Vote 95	RS-Manyara	126,537,614
7	Vote 73	RS-Iringa	111,402,702
8	Vote 86	RS-Tanga	90,745,647
9	Vote 54	RS-Njombe	78,632,406
10	Vote 40	Judiciary of Tanzania	67,562,047
11	Vote 66	President's Office Planning Commission	44,403,800
Total			4,095,224,472

Table 67: Comparison of missing fiscal receipts between two years

Year	Amount (TZS)	MDA/RS involved
2012/13	47,935,509,285	13
2013/14	4,095,224,472	12

From the **Table No.67** above, it shows that payments with missing fiscal receipts have decreased substantially from TZS.47,935,509,285 to TZS.4,095,224,472 a decrease of TZS.43,840,284,813 equivalent to of 91%. The efforts made by the government to achieve this success are highly appreciated.

I advise the Government to continue providing education on the voluntary compliance with the Income Tax (Electronic Fiscal Devices) Regulations, 2012 and use of EFD machine which would directly increase revenue if every purchase will be accompanied with EFD receipts.

I also recommend that the government discontinue doing business with suppliers who do not use EFD machines.

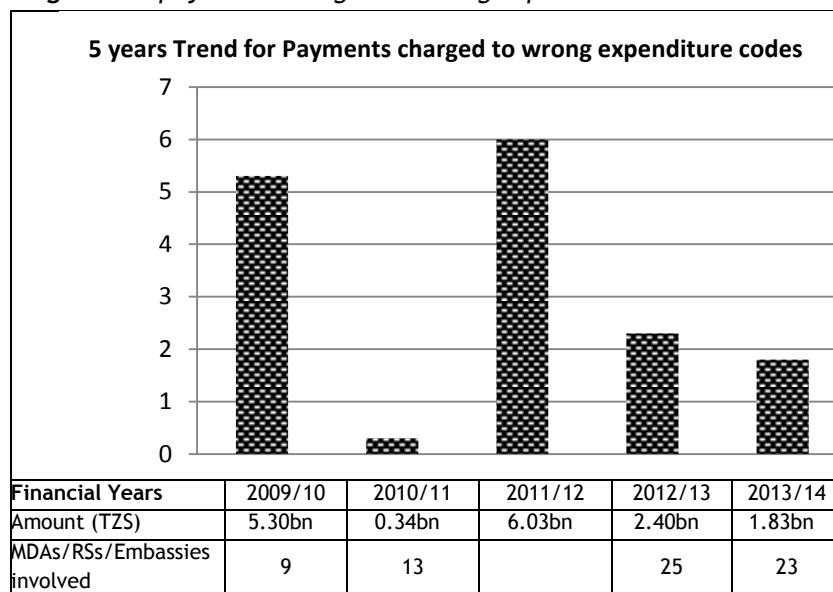
10.1.4 Payments charged to wrong expenditure codes TZS.1,833,544,597

During the year under audit, I noted that, fifteen (15) MDAs and eight (8) RS did not adhere to MTEF Budget provisions and Government Financial Statistics contrary to Reg. 51(1-8) of the Public Finance Regulations, 2001 as such of TZS.1,833,544,597 as

shown in **Annexure No.23** were charged to wrong expenditure items without proper authority for reallocation.

This signifies diversion of funds to other expenditure items may affect implementation of planned activities. Summarized results of payments charged to wrong expenditure codes for the past four (4) years are given in the **Figure No.25** below:

Figure 25: payments charged to wrong expenditure codes



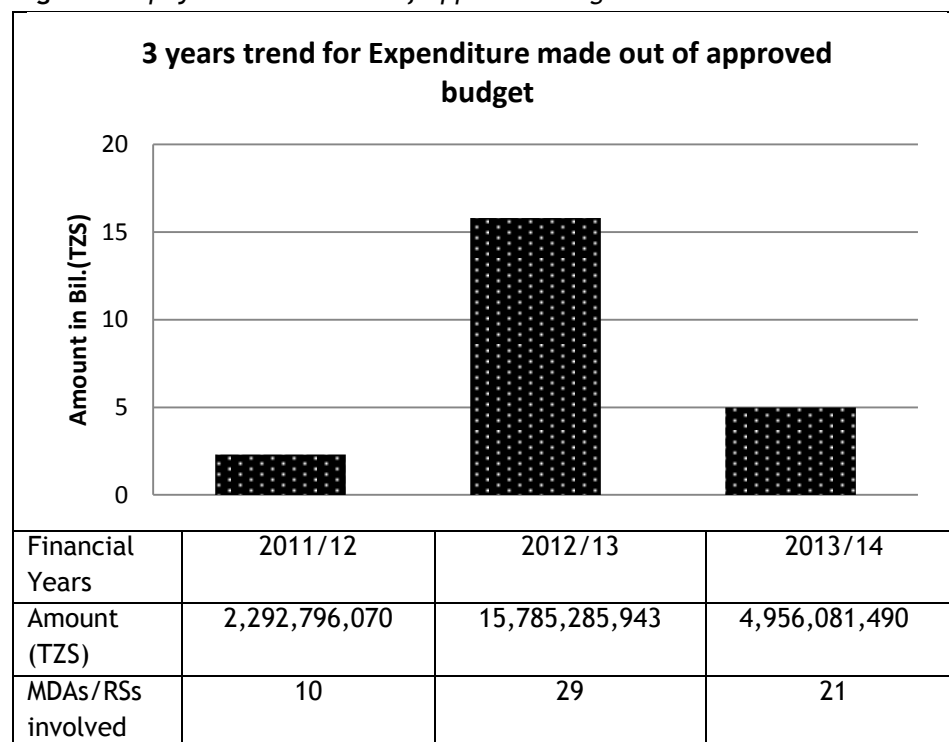
There has been an overall decrease over deviation of funds for the past four years; however I advise Accounting Officers in future to refrain from reallocating funds and adhere to MTEF budget and the Government Financial Statistics codes. Whenever such deviation is inevitable and in line with authority reallocation warrant has to be considered.

10.1.5 Expenditure made out of the approved budget TZS.4,956,081,490

I noted during the course of the audit that, 16 MDAs and 5 RS paid TZS.4,956,081,490 for various activities. However these expenditure was incurred out of the approved budgets without seeking relevant authorization contrary to Section 46 (3) of the Public Finance Regulation, 2004 as detailed in **Annexure No.24**.

This implies that some planned activities could not be implemented as budgeted. Summarized results of such payments made out of approved budget compared to the past three years are given in the **Figure No.26** below:

Figure 26: payments made out of approved budget



The analysis from the **Figure No.26** above depicts that, the Number of MDAs and RSs that incurred such expenditure decreased from 29 in 2012/13 to 21 in the year 2013/14.

This shows that there is improvement in implementing budget commitment controls. I suggest that the management of responsible MDAs and RS to make sure that realistic budget are established and complied with accordingly.

10.1.6 Long outstanding Imprests TZS.291,531,914

Regulation 103 of the Public Finance Regulations, 2001 requires imprests to be retired as soon as the necessity for them ceases to exist, to the contrary as at 30th June 2014 ten (10) MDAs and one (1) RS had outstanding imprests amounting to TZS.291,531,914.

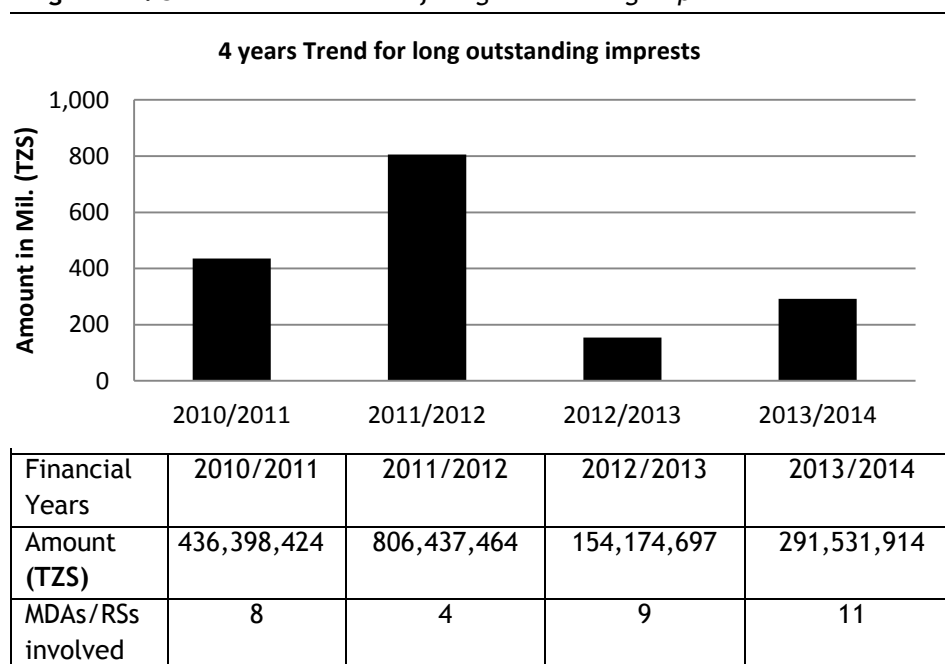
Non-retirement of imprest may infer misuse of funds and non-accomplishment of the intended purpose. The MDAs and RSs involved are as shown in the **Table No.68** below:

Table 68: Entities with Long outstanding imprests

s/n	Vote no.	Name of MDA/RS	Amount (TZS)
1	Vote 42	National Assembly	85,116,810
2	Vote 97	Ministry of East African Cooperation	71,080,779
3	Vote 57	Ministry of Defense and National Service	65,672,727
4	Vote 40	Judiciary of Tanzania	35,102,477
5	Vote 34	Ministry of Foreign Affairs and International Cooperation	10,321,160
6	Sub Vote 2019	Embassy of Tanzania-In Brussels-Belgium	5,802,537
7	Vote 51	Ministry Of Home Affairs	5,791,000
8	Vote 38	Tanzania People's Defense Force (TPDF)	5,562,424
9	Vote 83	RS-Shinyanga	3,941,400
10	Vote 56	PMO - RALG	3,140,600
Total			291,531,914

Analysis of long outstanding imprests for the past four (4) years is given in the **Figure No.27** below:

Figure 27: Summarized results of long outstanding imprests



The trend compared to the last year, shows an increase in value of the long outstanding imprest by TZS.137,357,217 equivalent to 89%, meanwhile the No. of MDAs and RSs involved has increased from 9 to 11.

Therefore, I do recommend managements of MDAs and RS to insure imprests are retired immediately after the purpose for which they were issued has been completed and this period should not exceed two weeks or otherwise the amount outstanding should forthwith 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

10.1.7 Overpayments to various activities TZS.440,721,740

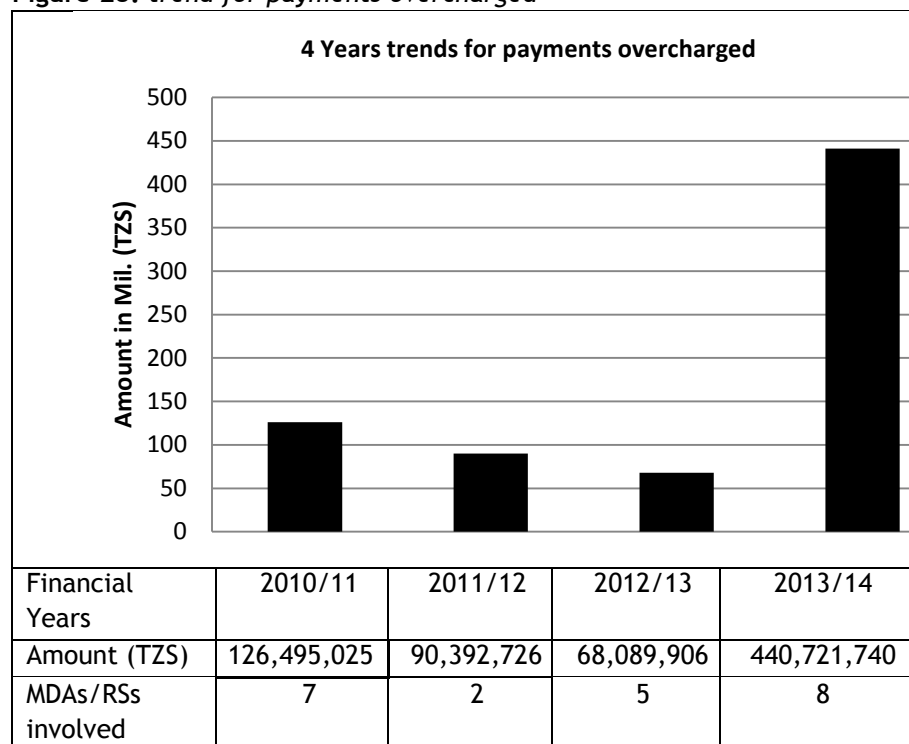
During year under review, I noted various payees were overpaid money totalling TZS.440,721,740 in three (3) RSs and five (5) MDAs. These overpayments led to payments for unexecuted works or activities thus deprived the state of immediate use of resources for other public financial business as summarized in the **Table No.69** below:

Table 69: Overpayments to various activities

S/N	Vote	Description	Overpaid Amount (TZS)	Description
1	Vote 78	RS-Mbeya	268,356,163	Being Logistic charges for items under vertical group (i.e. TB medicines, ALU for malaria treatment and ARV) the costs of which already fully paid by donors.
2	Vote 41	Ministry of Justice and Constitutional Affairs	24,359,633	Double payment on purchase of the motor vehicle worth TZS 24,359,633
3	Vote 73	RS-Iringa	17,911,155	Excessive monthly water bills from IRUWASA in respect of the Iringa Regional Commissioner's residence compared to prevailing water bill charges of neighbourhoods
4	Vote 56	Prime Minister's Office Regional Administration and Local Authorities (PMO - RALG)	12,948,545	TZS.10,278,045 relates to amount overpaid to suppliers of goods and services and TZS.2,670,000 relates to overpayment of allowances and other staff claims
5	Vote 33	President's Office - Ethics Secretariat	9,470,034	Overpaid amount during purchase of a motor vehicle (Toyota 4WD-Hard Top) above invoice price
6	Sub Vote 2025	High Commission of Tanzania- Pretoria-South Africa	9,375,560	Overpayment of monthly insurance premium above prescribed rate in the contract/policy
7	Vote 63	RS-Geita	6,765,000	Double payments of utility and housing allowances to the officers entitled to be paid utilities and housing allowances
8	Vote 92	Tanzania Commission for AIDS (TACAIDS)	5,427,970	Overpayment above invoice price to provider of catering services
Total			440,721,740	

Analysis of payments overcharged for the past four (4) years are given in **Figure No.28** below:

Figure 28: trend for payments overcharged



Since trend for payments overcharged significantly increased compared with past years, the concerned Accounting Officers are advised to pursue the recovery of the overpayments.

10.1.8 Nugatory expenditure - TZS.1,698,741,394

As defined by Regulation 21 of the PFR, 2001 Nugatory payment is fruitless and wasteful expenditure that was made in vain and that could have been avoided had reasonable care been taken.

In this case, my review of payment vouchers and related records revealed that; twelve (12) MDAs and two (2) RSs as detailed in **Annexure No.25** had fruitless expenditure amounting to TZS.1,698,741,394 as summarized in the **Table No.70** below:

Table 70: Comparison for Nugatory expenditure

	2012/2013	2013/2014
Amount (TZS)	687,169,796	1,698,741,394
MDAs/RSs involved	10	12

Since the comparison shows a significant increase of nugatory expenditure in 2013/14 by TZS.1,011,571,598. I recommend the

Managements of the respective MDAs & RS to strengthen systems of their Internal Control Systems.

10.1.9 Funds used for unintended activities TZS.1,562,946,574

Total value of TZS.1,476,838,894 as detailed in **Annexure No.26** had not been properly charged to intended activities contrary to Regulation 115 of the Public Finance Regulations, 2001 which requires the voted funds to be applied only to the purpose for which they were intended, to do otherwise may lead to misappropriation and purpose for which the funds were intended may not be achieved.

Analysis of payments made for unintended activities for two years is as shown in the **Table No.71** below:

Table 71: Comparison of funds used for unintended activities

Year	2012/13	2013/14
Payment Amount	1,770,390,504	1,562,946,574
	17	18

From the **Table No.71** above, the payments for unintended activities have slightly decreased by TZS.293,551,610 equivalent to 17% compared to last year 2012/13.

However, to ensure that all funds as approved by Parliament were received and used exclusively and judiciously for eligible expenses as per approved budget and consistent with the provisions of existing laws, regulations and prescribed procedure, I advise the management of audited entities to strengthen budgetary controls from its preparation to its execution, any deviations should be identified, documented and dealt with accordingly.

However, in order to make sure that the intended activities are achieved, I recommend all monies used for unintended activities be refunded back and used for the purpose for which they were intended.

10.1.10 Payments made not supported by acknowledgement receipt TZS.27,742,156,492

During the year under review I noted payments amounted to TZS.27,742,156,492 were made by 3 RSs and 1 MDA to various payees.

However, these payments were not authenticated as having been received by the intended recipient as relevant acknowledgement receipts were not availed for audit verification contrary to Regulation 95 (4) of the Public Finance Regulations of 2001. The details are as shown in the **Table No.72** below:

Table 72: *Entities made payments not supported by acknowledgement receipt*

s/n	Vote	Name of MDA/RS	Amount (TZS)
1.	Vote 57	Ministry of Defence and National Service	27,698,489,526
2.	Vote 73	RS-Iringa	34,056,966
3.	Vote 86	RS-Tanga	3,600,000
4.	Vote 87	RS-Kagera	3,450,000
5.	Vote 80	RS-Mtwara	2,560,000
Total			27,742,156,492

In the absence of the acknowledgment receipts, it is not possible to confirm that the monies were actually received by a bonafide payee(s)

CHAPTER ELEVEN

ASSETS AND LIABILITIES MANAGEMENT

11.0 Introduction

This part of the report intends to present a summary of key audit findings with the respective recommendations from the audit of assets management and liabilities for the year 2013/14.

11.1 Audit of Assets Management

Audit of assets management for the year 2013/14 concentrated on the review of existence, disclosure, recognition, classification, rights and obligation, account for, value for money on all Non-Current Assets and all Current Assets presented in the respective entities' financial statements.

The following is a summary of various weaknesses noted during audit of assets management within MDAs and RS for the year under review;

11.1.1 Grounded Motor Vehicles

In the selected sample of 5 RS, 3 Ministries and 3 Tanzania Missions Abroad; I noted 380 grounded motor vehicles which have reached the end of their useful life and some beyond economical repair. The Accounting Officers are yet to undertake disposal procedure in accordance with Regulation 254 (1) of the Public Finance Regulations 2001. **Table No.73** below shows a list of the respective entities with grounded motor vehicles.

Table 73: MDAs/RS with grounded motor vehicles

S/N	Vote No.	Name of MDA/RS	Number of grounded asset	Description of Assets
1	28	Police Force Department	333	Motor vehicles
2	86	RS Tanga	16	14 motor cycles and 2 motor vehicles
3	38	Tanzania Peoples Defence Forces	11	Motor vehicles
4	72	RS Dodoma	5	Motor vehicles
5	89	RS Rukwa	5	3 Motor cycles and 2 Motor vehicles
6	75	RS Kilimanjaro	4	Motor vehicles
7	2015	Tanzania Embassy in Rome	2	Motor vehicles
8	36	RS Katavi	1	Motor vehicle
9	31	Vice President's Office	1	Motor vehicle
10	2007	Tanzania High Commission in Lusaka Zambia	1	Motor vehicle
11	2022	Tanzania Embassy in Harare	1	Motor vehicle
		Total	380	

Source: Individual CAG's audit reports for the year 2013/14

Since there is possibility of loss of government properties through dumping or stealing of spare parts I recommend the Government to ensure assets which are in good condition are repaired and dispose unserviceable assets to avoid future loss.

11.1.2 Land and buildings not accounted separately

IPSAS 17(74) requires land and buildings to be accounted separately because land has an unlimited useful life and therefore is not depreciated while buildings have a limited useful life and therefore are depreciable assets.

Review made on the statement of Plant, Property and Equipment to a sample of three entities noted value of land and buildings which are wrongly classified as one category contrary to the above requirement. The **Table No.74** below analyses entities that have not accounted land and buildings separately:

Table 74: entities not accounted land and buildings separately

S/N	Vote	Name of MDA/RS	Amount (TZS)
1.	96	Ministry of Information, Youth, Culture and Sports	39,109,000,000
2.	95	RAS Manyara	9,310,318,311
3.	92	TACAIDS	6,093,591,866

Source: Individual CAG's audit reports for the year 2013/14

The Government is advised to ensure that Accounting officers disclose separately Land and buildings in the financial statements.

11.1.3 Overstatement of Intangible Assets by TZS.46,751,382,233

Paragraph 16 of IPSAS 31 define an Intangible Asset as an identifiable non-monetary asset without physical substance.

Paragraph 129 of IPSAS 31 allows the recognition of Intangible Assets retrospectively.

I noted that Ministry of Finance (Vote 50) reported Intangible Assets under the Statement of accumulated (from previous years including 2013/14) consulting costs related to MCC financed infrastructures of TZS.46,751,382,233. The Item disclosed does not meet the definition of Intangible Assets and for that matter

they should be expensed as per the requirement of Para.18 of IPSAS 31.

Absence of comprehensive information for assets may result into incomplete Fixed Assets and hence amount of PPE reported in the statement of financial position mislead users of information. I recommend the government to make efforts in making sure that, Accounting Officers comply with paragraphs 8 and 129 of IPSAS 31

11.1.4 Assets not disclosed in the Financial Statements

I noted RAS Kigoma (Vote 74) received assets from UNDP and PMO - RALG which were pending for valuations and were not recognized in the statement of financial position. Details of these assets are as shown in the **Table No.75** below:

Table 75: Unrecognized Assets

S/N	Item	Received From
1.	Toyota Land Cruiser Station Wagon DFP 3264	UNDP
2.	Toyota Land Cruiser Station Wagon DFP 3908	UNDP
3.	Toyota Land Cruiser Station Mark II DFP 7994	PMO - RALG
4.	Toyota Double Cabin STK 8512	PMO - RALG
5.	Nissan Patrol STK 6543	PMO - RALG

Source: Individual CAG's audit reports for the year 2013/14

On reviewing Tanzania National Health Strategy which was developed to transform Tanzanian health care system by leveraging ICT to improve Health and Social Welfare for all Citizens, I noted the existence of six systems software owned and controlled by the Ministry of Health and Social Welfare (Vote 52) which were not disclosed as intangible as shown in **Table No.76** below.

Table 76: Intangible Assets not disclosed

S/N	System	Function	Department
1	District Health Information System	Collect HMIS Data from District Level	DPP - M & E Unit
2	Human Resource for Health Information System (HRHIS)	Collect Health Human Resource information	DHR
3	Training Institute Information System (TIIS)	Collects Students, Human Resource and assets from Health Training Institutions	DHIR
4	Health Facility Registry (HFR)	Collects information of all health facility (functions, status and location)	DCS & ICT
5	Electronic Integrated	Collects immediate and	DPS -

	Decease Response Surveillance and Response (Eidsr)	weekly reports from health facility level	Epidemiolog y Unit
6	Electronic Logistic Management Information System (Elmis)	Collects medicine logistics from MSD to district level	Pharmacy

Source: Tanzania National Health Strategy July, 2013 - June, 2018

Since non-disclosure of these assets leads into understatement of assets, I recommend to the government to ensure that all Accounting Officers disclose all assets in the financial statements.

11.1.5 Misclassification of transfer of funds to Institutions TZS.12,810,825,703

IPSAS 17 requires items of property, plant and equipment to be recognized as assets if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

The Ministry of Health and Social Welfare together with Treasury transferred funds of TZS.7,865,825,703 and TZS.4,945,000,000 respectively to their respective Independent Reporting Institutions. The Transfer of funds was classified as PPE in their respective statement of financial position contrary to the above requirement.

Since statement of financial position is not reliable and may mislead users of information, I advise the Government to ensure Accounting Officers rectify the noted misclassification in the Chart of accounts to separate items of recurrent and capital nature in the Epicor system which form items presented in the face of financial statements.

11.1.6 Lands and buildings lacking ownership documents

During audit of seven sampled entities I noted land and buildings owned without title deeds which confirm rights and obligation of the reported Property Plant and Equipment. In the absence of documents for ownership confirmation, I could not confirm whether the assets are actually owned by the respective MDAs/RS. This implies that the respective entities do not have legal ownership of the lands and buildings.

Title deeds for land and buildings owned by the Government have so far not been acquired despite my previous recommendation. The following **Table No.77** presents a list of entities lacking ownership documents of land and buildings.

Table 77: Entities lacking ownership documents of land and buildings

S/N	Vote	Name of MDA/RS
1.	26	Vice President- Private Office
2.	35	Directorate of Public Prosecutions
3.	55	Human Rights and Good Governance Commission
4.	59	Law Reform Commission of Tanzania
5.	96	Ministry of Information, Youth, Culture and Sports
6.	85	RS Tabora
7.	86	RS Tanga
8.	2030	Tanzania High Commission in Lilongwe

Source: Individual CAG's audit reports for the year 2013/14

The government is advised to ensure all MDAs/RS obtain ownership documents in order to safeguard government assets.

11.1.7 Fixed Asset Register not updated regularly

Regulation 265 (2) of the Public Finance Regulations, 2001 requires dates and other details of all movements of items and changes in the location of items must be recorded as they occur.

Also, accounting circular No.3 of 2013/2014 on closure of accounts for the Financial year 2013/2014 requires Accounting Officers to ensure that their Fixed Assets Register reflects the total values that are recognized in the Statement of Financial Position.

However, the Fixed Asset Registers from three audited entities as indicated in the **Table No.78** below were not reliable, as the ledger balances differed from the balances reported in the register.

Table 78: Entities with un-reconciled balances between the FA register and account balances

S/N	Vote No.	MDA/RS	Assets (S/O financial position) (TZS)	Assets (Fixed Assets register) (TZS)	Difference (TZS)
1.	92	TACAIDS	9,023,570,352	9,284,031,877	260,461,525
2.	37	Prime Minister's Office	31,808,947,203	31,747,844,097	61,103,106
3.	63	RS Geita	2,012,781,204	2,008,947,954	3,833,250

Source: Individual CAG's audit reports for the year 2013/14

I noted further that Fixed Asset Registers from 9 MDAs, 8 Tanzania Missions Abroad and 2 RS were not updated regularly as shown in the following **Table No.79**:

Table 79: Entities not update Fixed Asset Register regularly

S/N	Vote	Name of MDA/RAS
1.	14	Fire and Rescue Force Department
2.	21	Treasury
3.	26	Vice President's Private Office
4.	31	Vice President's Office
5.	33	President's Office - Ethics Secretariat
6.	50	Ministry of Finance
7.	52	Ministry of Health and Social Welfare
8.	61	National Electoral Commission
9.	98	Ministry of Works
10.	72	RS Dodoma
11.	83	RS Shinyanga
12.	2002	Tanzania Embassy in Berlin
13.	2003	Embassy of Tanzania in Cairo
14.	2005	Tanzania High Commission in Abuja
15.	2009	Tanzania Embassy in Moscow
16.	2013	Tanzania Embassy in Brasilia
17.	2014	Tanzania Embassy in Beijing, China
18.	2015	Tanzania Embassy in Rome
19.	2029	Tanzania Embassy in Muscat

Source: *Financial Statement, Asset register and cash book for the 2013/14*

I recommend to the government to ensure that, Asset Registers are regularly reconciled to the balances in the general ledger and PPE disclosed in the financial statement is supposed to agree with amount shown in the Fixed Asset Register and all Accounting Officers of the respective reporting entities do comply with Regulation 265 (2) of PFR, 2001 in updating Fixed Assets Registers regularly.

11.1.8 Non-Current Assets worth TZS.10,614,563,419 not coded

Asset inventory and control systems help entities to manage their physical capital and allow them to make more informed decisions regarding physical inventory, such as when to repair or replace items. It also helps to track and prevent theft of assets.

Other benefits of using an asset management system with asset tags include: Maximizing employee and equipment efficiency,

reducing equipment downtime through better planning, preventing theft and enhancing security of items and it helps meet possible compliance requirements.

During audit I noted 5 MDAs, 3 Tanzania Missions Abroad and 1 RS maintained assets which were not coded as shown in the **Table No.80** below:

Table 80: Entities with Assets not coded

S/N	Vote	Name of MDAs/RS/Mission	Amount(TZS)
1.	52	Ministry of Health and Social Welfare	9,492,472,682
2.	6	President's Delivery Bureau (PDB)	621,382,863
3.	2034	Tanzania Embassy in Moroni	160,499,237
4.	39	National Service (JKT)	125,000,000
5.	2025	Tanzania High Commission in Pretoria	95,748,770
6.	16	Attorney General's Chambers	51,756,100
7.	70	RS Arusha	50,540,800
8.	2008	Tanzania High Commission in Maputo	9,115,367
9.	62	Ministry of Transport	8,047,600
Total			10,614,563,419

Source: Asset register

I recommend to the government to ensure that all assets under MDAs and RS are coded.

11.1.9 Insufficient Funds for Rehabilitation of Government Buildings and development of Government Plots in Tanzania Missions Abroad

a) Insufficient funds for rehabilitation of government buildings

The Government has not allocated sufficient funds to rehabilitate houses in 8 sampled Tanzania Overseas Mission. Also, the Government does not have repair and maintenance plan for Tanzania Mission's houses as the result buildings are exposed to risk of dilapidation. Of the 34 Tanzania missions abroad audited, 8 being 23 per cent had buildings in poor conditions that need rehabilitation as shown in the **Table No.81** below:

Table 81: Government buildings abroad in poor condition

S/N	Vote	Name	House in bad condition
1.	2002	Tanzania Embassy in Berlin	Chancery building
2.	2007	Tanzania High Commission in Lusaka Zambia	House No. 5200 United Nations Avenue; No. 488A 31 Leopards Close; No. 3821 Manda Hill; No. 6829 Katima Mulilo; No. 10E, 377A

			Chitemwiko Close; No. 127 Mwambula Road; No. 131 Mwambula Road; No. 126 Mwambula Road; No. 130 Mwambula Road;
3.	2008	Tanzania High Commission in Maputo	Head of Mission residential and Head of chancery residential house
4.	2019	Tanzania Embassy in Brussels	Embassy's Office Premises and the Head of Mission's residence
5.	2022	Tanzania Embassy in Harare Zimbabwe	23 Baines Avenue, 13 broad lands Road, 7 Chalfont Road, 6 Allan Wilson, 7 Alum Close, 8 Glen Helen way, 6 Wrentham, 91 Churchil Avenue
6.	2023	Tanzania High Commission in Nairobi Kenya	Tanzania High Commission in Nairobi Kenya represents Sudan, Southern Sudan, Seychelles and Eritrea. The buildings which are owned by the Government of Tanzania in Khartoum Sudan which are in bad condition are: Ambassador's residence building and The chancery building.
7.	2025	Tanzania High Commission in Pretoria South Africa	845 Government Avenue -Arcadia, Pretoria; 147 Nicolette Street, Mayers Park-Pretoria; 846 Thomas Street, Arcadia, Pretoria (SMZ House) and Edenvile - Johannesburg (ATC House)
8.	2030	Tanzania High Commission in Lilongwe Malawi	Residential house of Ambassador; House occupied by financial attaché; and house occupied by Head of Chancery

Source: Individual CAG's audit reports for the year 2013/14

Buildings not rehabilitated immediately may cause further defects and damages that may call for major repair. This demoralizes and affects efficiency of the Mission's staff in carrying out their daily activities as representatives of Tanzania abroad and may tarnish the image of Tanzania.

b) Development of government plots in Tanzania Missions Abroad

The Government owns land plots that are yet to be developed in plot No. 157/1CT Maputo, Mozambique, Plot for Chancery building in Lilongwe, Malawi and plot No. 38 A 11 CA for Diplomatic quarter in Moroni, Comoro

The government is advised to have repair and maintenance plans for Missions buildings and to set aside funds to be allocated in a development budget for major repair of government buildings abroad.

I recommend the government to develop owned plots and for the case of limited funds, the government through the Ministry of Foreign Affairs and International Cooperation has to think strategically about constructing a fence so as to safeguard the assets.

11.1.10 Non-current Assets worth TZS.240,112,734 procured but not put in use

2 MDAs procured non-current assets worth TZS.240,112,734 to enhance service delivery. However, these assets are not yet put into use. The description of items and audited entities are explained in the **Table No.82** below;

Table 82: Entities with assets not put into use

Vote	Name of MDA	Description of Assets	Amount TZS
28	Police Force	A newly built police post building	92,442,734
46	Ministry of Education and Vocational Training	Printing machines Kisomo (Press) Mwanza	73,910,000
28	Police Force	73 Units of electronic shooting camera	73,760,000
Total			240,112,734

Source: Individual CAG's audit reports for the year 2013/14

Since value for money has not been realized and the intended objective has not been achieved, the government is advised to ensure these non-current assets are put into use.

11.1.11 Stores not accounted for TZS.329,406,602

The goals of Government store management are to protect stored items from loss, damage, theft or wastage and to manage the reliable movement of consumable supplies from source to users in the most economical and expeditious way.

However, a sample of eight involving five MDAs and four RS could not account for store purchases of TZS.329,406,602 contrary to Regulation 198 of the Public Finance Regulations, 2001.

Audit results indicated that non-accountability of stores in MDAs/RA has increased by 123 compared to the last year audit. With the expenditure of such large sums of public funds on the purchases of stores it is essential that timely recording of the same is done in the store ledgers and that there is an efficient use

of the resources in providing a timely service to the users of the stores. Details of stores not accounted are summarized in the **Table No.83** below:

Table 83: Entities with Stores not accounted for

S/N	Vote No	Name of MDA/RS	Observation	Amount(TZS)
1)	94	President's office public service commission	Stores not taken on ledger charges	81,766,820
2)	29	Prison's Service Department	Lack of utilization and accountability records of procured fuels	80,000,290
3)	39	National Service(JKT)	Stores not accounted for	70,226,000
4)	2006	Tanzania High Commission in London	Procured furniture and equipment not taken in master inventory	55,108,126
5)	73	RS Shinyanga	Utilization records for medicine issued to dispensing unit not confirmed	13,588,700
6)	74	RS Kigoma	Items procured but not taken on ledger charge	13,070,600
7)	35	Director of Public Prosecution	Fuels Deposits and Issues not recorded in fuel register	10,850,418
8)	83	RS Shinyanga	Anomalies noted in procurement and utilization of stationeries	3,429,168
9)	70	RS Arusha	Stores not taken on ledger charge	1,366,480
Total				329,406,602

Source: Individual CAG's audit reports for the year 2013/14

I recommend the government to improve compliance with the stated Regulations as well as improvement in internal control systems over stores Management and supervision to ensure accountability by officers entrusted with public funds.

I also recommend all stores not properly accounted for be accounted for the proper maintenance of the Government assets.

11.1.12 Irregularities in stores management TZS.1,296,926,176

For MDAs/RS storekeeping procedures are governed by the Public Finance Regulations of 2001, Part XIV (Public Stores) contains provisions for receipts and custody of stores, stocktaking requirements and disposal of the absolute stores.

Audit appraise of the Stores management functions of MDAs/RS in particular; recording keeping, Internal controls, segregation of duties, procedure on receipt of stores Custodian of Stores, Stores requisitions and issue vouchers.

I noted that 6 MDAs and 5 RS issued fuel from stores. Store worth TZS.51,086,512 were issued without being recorded in the log books of the respective motor vehicles, fuel worth TZS.8,778,338 were issued to private cars without obtaining approval of the accounting officer, there were excessive consumption of fuel worth TZS.17,520,375.83, inadequate control over fuel Issuance worth TZS.50,443,660, inadequate controls of funds transferred to GPSA Dodoma Depot of TZS.26,400,000 and stores worth TZS.1,142,697,291 remained dormant in the stores. Details of irregularities in store management are summarized in the **Table No.84** below:

Table 84: Entities with irregularities in store management

S/N	VT No	Name of MDA/RS	Irregularities	Amount(TZS)
1)	32	President's Office Public Service Management	Stores issued from without issue vouchers and stores remained idle for long period without being issued	1,029,243,969
2)	29	Prison's Service Department	Dormant Stores	61,596,372
3)	66	President's Office Planning Commission	Inadequate Control over Fuel Issuance	50,443,660
4)	55	Commission for Human Rights and Good Governance	Procured items Remaining Idle in the store	42,682,000
5)	95	RS Manyara	Fuel issued from ledgers but not recorded into log books, Fuel issued to motor vehicles but utilization not confirmed due to absence of log books and Excessive consumption of fuel	30,209,355
6)	87	RS Kagera	Utilization of fuels not confirmed into vehicle log books	29,936,017
7)	97	Ministry of East Africa	Inadequate controls of funds transferred to GPSA Dodoma Depot	26,400,000
8)	94	President's office public service commission	Stores could not be located	9,174,950
9)	63	RS Geita	Fuel issued to private cars	8,778,338

			without approval from accounting officer	
10)	70	RS Arusha	Fuel issued but not recorded in the logbooks	7,046,015
11)	89	RS Rukwa	Fuel procured through imprest not verified to be recorded in Logbooks	1,415,500
Total				1,296,926,176

Source: Individual CAG's audit reports for the year 2013/14

In order to minimize or avoid loss of stores through theft and misappropriation, I advise Management of the respective entities to strengthen supervisory controls over stores by ensuring all store items are properly recorded.

11.2 Audit of Liabilities

IPSAS 1 on Presentation of Financial Statements states that *“Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.”*

Some of the characteristics of a liability include: a form of borrowing, personal income that is payable, a responsibility to others settled through the transfer of assets, a duty obligated to another without avoiding settlement, and a past transaction that obligates the entity.

The following are summaries of issues noted in connection to liabilities for the year 2013/14:

11.2.1 Contingent liabilities (Outstanding legal case)

On reviewing contingent liabilities I noted that from a sample of seven MDAs and 5 RS there were 83 legal cases pending decision against various companies and individuals of TZS.599,473,932,835 these will have significant financial impact on the operations of the MDAs and RS. Some cases are at hearing stage and others at mediation stage.

I also noted that some cases have been outstanding for more than 10 years and there are no court notifications on the date of hearing. The Ministry of Energy and Mineral had large proportion of 82 per cent, followed by Ministry of Works by 13 per cent and the third is Ministry of Natural Resources and Tourism by 4 per

cent. Entities with outstanding legal cases are as shown in the Table No.85 below.

Table 85: Entities with outstanding legal cases

S/N	Vote	Name of MDA/RAS	Number of case	Amount involved (TZS)
1)	58	Ministry of Energy and Minerals	4	482,964,399,000
2)	98	Ministry of Works	29	79,384,269,062
3)	69	Ministry of Natural Resources and Tourism	20	22,003,214,827
4)	43	Ministry of Agriculture, Food Security and Cooperative	5	9,120,207,722
5)	37	Prime Minister's Office	6	2,400,000,000
6)	50	Ministry of Finance	12	1,580,092,326
7)	95	RAS Manyara	1	714,000,000
8)	46	Ministry of Education and Vocational Training	1	678,440,898
9)	81	RAS Mwanza	1	500,000,000
10)	89	RAS Rukwa	2	109,000,000
11)	75	RAS Kilimanjaro	1	12,900,000
12)	70	RAS Arusha	1	7,409,000
Total			83	599,473,932,835

Source: Individual Audit Reports for the FY 2013/14; Case register of outstanding legal cases

There is a risk of incurring nugatory expenditure by the MDAs/RAS resulting from fines which may be charged by the court if MDAs/RAS lose these cases, in addition there are lot of expenses that are incurred by MDAs/RS in making follow up of these cases. I recommend the government to;

- Ensure Accounting Officers of respective MDAs/RAS in collaboration with Attorney General Chambers make close follow up to ensure early settlement of pending legal proceedings in order to avoid and/or minimize associated expenses and make a provision against any possible liabilities in the budget for next year so that it can be able to pay in case it loses the case.
- Avoid decisions that may lead to the accumulation of contingent liabilities that could otherwise have been avoided and ensure that control over contingent liabilities is strengthened.
- Through the Attorney General work actively and defensively to win and finalize the numerous pending court cases.

11.2.2 Accumulation of liabilities TZS.772,508,290,161

As at 30 June, 2014 59 MDAs and 23 RS had an outstanding accounts payable balance of TZS.772,508,290,161 an increase of TZS.272,979,513,582 (55%) when compared to the balance of 30th June, 2013 of TZS.499,528,776,579.

Accumulation of financial obligations may affect the execution of the planned activities in the subsequent years as funds may be utilized to settle outstanding liabilities.

The largest proportion is from Police Force with 21 per cent of total liabilities, the second is Ministry of Health and Social Welfare with 18 per cent of total liabilities followed by the Tanzania Peoples' Defence Force with 10 per cent of total liabilities.

An exceptional case, the Ministry of Health and Social Welfare had quantum of medical bills to the Government from hospitals in India that the Government sends patients. Recent records show outstanding medical bills of Indians Rupee 605,014,043 equivalent to TZS 16,940,393,204 as at 31 January, 2015. List of entities with financial obligations that has been incurred by the government for which payment is overdue is as shown in **Annexure No.27**.

A huge increase in accounts payable without efforts to settle them impairs good contractual relationship between MDAs/RS and their suppliers and employees and might lead to inefficiency of service delivery to the public. MDAs/RS might face legal action as a result of failure to meet maturing obligation in time. I recommend the government to;

- Ensure funds are released as per approved budget in order to reduce accumulation of huge outstanding accounts payables which might subject to the risk of litigation and reduce its credibility worthiness, re-budget all overdue payables in the budget of the coming year in order to clear them with certainty and avoid dispute with suppliers and other stakeholders.

- Review its budget processes to ensure a realistic budget is formulated in a way that, it meets the planned activities and overall requirements.

CHAPTER TWELVE

SPECIAL AUDITS

12.0 Introduction

In this chapter, I present the main audit findings identified while carrying out special audits for the financial year 2013/14.

12.1 Special Audits for the Year ended 2013/14

The special audits were undertaken in accordance with Section 29 of the Public Audit Act, 2008 and Regulation 79(1) of the Public Audit Regulation, 2009.

In this year, eight special audits were conducted in different Central Government entities as listed below;

- Special audit of the entire system of procurement processes of agricultural inputs for tobacco industry under Western Tobacco Cooperative Union - Tabora (WETCO)
- Special audit on the construction of State Reception Building (VIP lounge) at Julius Nyerere International Airport in the financial year 2006/07 to 2011/12.
- Special Audit of Ministry of Foreign Affairs and International Co-operation on Challenges facing Tanzania Missions Abroad for the financial years 2010/11, 2011/12 and 2012/13.
- Special audit on the implementation of the contracts for construction of Chalinze Water Supply - Phase Two
- Special audit on Funds Used to Publicise Various Ministry's Budgets after being Approved by the National Assembly in the financial year 2011/12 and 2012/13.
- Special audit of the Ministry of Works on the validity of the approved fund of TZS.252,975,000,000 for special road construction projects.
- Special audit on the financial statements of the Global 2013 SMART Partnership Dialogue (SPD) for the period of nineteen months from July, 2012 to January, 2014
- Special audit of the SUMA JKT Project on purchase of Tractors and Agricultural Implements for the period starting from July, 2010 to 30th April, 2014

Key issues from the special audits are summarized below, however individual special audits reports have been issued to respective authorities in accordance with Regulation 81 of the Public Audit Regulations, 2009:-

12.1.1 Special audit of the entire system of procurement processes of agricultural inputs for tobacco industry under Western Tobacco Cooperative Union - Tabora (WETCO)

This special audit was carried out on the entire system of procurement which includes; importation, receipt and distribution of agricultural inputs for tobacco industry under Western Tobacco Co-operative Union (WETCU) -Tabora covering financial periods 2010/2011, 2011/2012 and 2012/2013. Key findings are as follows:

- The review of the entire system of distribution of agricultural inputs in the Tobacco industry indicated that the procurement of transporters was done on restrictive tendering basis of which the methods of selecting those transporters (distributors) were not clear. Suppliers were given tenders without submitting the bids and without approval from the Tender Board Committee. Some of the suppliers were given the contract at the rate per tonne opposed to the agreed price instructed by APPEX.
- Agriculture Marketing Co-operative Society (AMCOS) visited did not prepare areas for planting of trees. Records and reports were not kept on how much seedlings were needed per AMCOS per farmer, how much were procured and distributed per Agriculture Marketing Co-operative Society (AMCOS) per farmer. Reports and records on how many trees grew and their associated loan per AMCOS per farmer were not kept.
- The whole process of construction of warehouses including procurement of the contractors was not in accordance with procurement law and regulations. Warehouses visited were below standard as some collapsed before being used.
- Absence of the records of how much has been paid to contractors per Agriculture Marketing Co-operative Society (AMCOS) and respective payment documents.
- Most of the payment instructions to the banks were done by WETCU operation manager who was not the signatory and without knowledge of the WETCU management. Also,

respective Agriculture Marketing Co-operative Society (AMCOS) of which their accounts were debited were not aware.

- The whole process of procurement for the contractors was done by CRDB Tabora officials and the one who was given the tender for construction of warehouses was the CRDB staff who is a blood brother of the Executive Director of the Euro Services (the contractor). Also, the sub-contractor of Euro Services on building warehouses was the husband of the officer who was Assistant Regional Registrar. The Assistant Regional Registrar signed off these contracts as a witness. This implies absence of good governance and conflict of interest in the whole process of procurement for the contractors.

Recommendations

- I advise AMCOS to comply with Public Procurement Laws and Regulations in all kinds of procurements
- I recommend the government to hold managers accountable and responsible for the decision made in this procurement process and CRDB responsible for accepting the payment instructions from the officer who was not the signatory.
- I urge the Government to set minimum qualification for the management of the AMCOS as the current situation revealed that, most of the AMCOS management are standard seven leavers which cast doubt of the level of management of the funds and loans and AMCOS in general.
- I advised the Government to conduct comprehensive investigations by referring the matters to investigation authorities.

12.1.2 Special audit on the construction of State Reception Building (VIP lounge) at Julius Nyerere International Airport from the financial year 2006/2007 to 2011/2012

The Construction of State Reception Building (VIP Lounge) started in May, 2009 and was completed in October, 2010 whereby the Financier and Employer was M/S China Sonangol International Limited (CSIL), the project supervisor was M/S Beijing CECD Supervision & Consulting Co. Ltd and the Main Contractor was M/S Beijing Construction Engineering Group Co. Ltd.

The Contract price was USD 7.5 million such that USD 6 million equivalent to 80% to be contributed by M/S China Sonangol International Limited (CSIL) and USD 1.5 million equivalent to 20% to be contributed by Tanzania Airport Authority. Summary of key audit findings were as follows:

- China Sonangol International Limited (CSIL) contributed USD.4,102,639 equivalent to TZS.5,335,359,318 equivalent to 59.3% and not TZS.9,000,000,000 as stated in the contract. The difference being TZS.3,664,640,682 equivalent to 40.7% not contributed by CSIL.
- Government contribution on the construction of State Reception Building (VIP Lounge) was TZS.869,485,164 equivalent to 29% and not TZS.3,000,000,000 as stated earlier. The difference being TZS.2,130,514,836 equivalent to 71% not contributed by the government.
- The contract for construction of State Reception Building (VIP Lounge) was not made available for review. This implies that, the contractor M/S Beijing Construction Engineering Group Co. Ltd and the financier M/S China Sonangol International Limited (CSIL) did not handover contract documents to the Government as a result the actual construction cost paid by the financier could not be determined.
- According to the valuation report from valuer of the government buildings, the State Reception Building (VIP Lounge) up to May, 2014 had a value of TZS 3,072,000,000 different from TZS 12,000,000,000 as stated earlier hence cause a difference of TZS.8,928,000,000. The building value of TZS 3,072,000,000 is less by TZS.2,263,359,325 than the offer of grant from CSIL for State Reception Building (VIP Lounge) of RMB 27,980,000 equivalent to TZS 5,335,359,318.
- Tanzania Airport Authority made procurement of goods worth TZS.283,803,729 without competitive quotations contrary to Regulation No.68(4)-(5) of PPR, 2005. Also, I noted irregular procurement of goods worth TZS.737,240,842 without adhering to Public Procurement Act.

Recommendation

I recommend that, any developments at airports need careful consideration to enable effective functioning. The government

needs to maintain a robust internal control system over the assets acquired. The system of documentation should be improved to ensure complete, integrity and availability of information.

12.1.3 Special audit of Ministry of Foreign Affairs and International Co-operation on Challenges facing Tanzania Missions Abroad for the financial years 2010/11, 2011/12 and 2012/13.

Review by the Public Accounts Committee (PAC) on the accounts of the Ministry of Foreign Affairs and International Cooperation Accounts which includes Tanzania Missions discovered late releases of funds to Tanzania Missions Abroad, inadequate collection of revenue in Missions as well as poor condition of properties of the government located in various Missions.

In the light of issues noted above, the Public Accounts Committee (PAC) ordered special audit to be conducted to find out the source of challenges facing Missions and come up with the best way to resolve problems affecting Missions' performance. Special audit conducted noted the following challenges:

- Budgets were prepared without considering real requirements of Missions, as a result Missions were unable to pay for all necessary services and consequently, have some debts and sometimes services like utilities were disconnected. Budget ceiling did not consider expenditure items for up keeping costs such as electricity, heating system, motor vehicle fuel and travel expenses.
- Some Missions prepared low revenue estimates to be met easily to conceal the real potential they have in revenue collection.
- Inadequate revenue collection due to poor strategies in promoting our nation abroad; Most of the tourists and visitors who come to Tanzania travel and obtain visas on arrival; honorary consulates or consulates were not opened in cities identified to have a large number of guests who visit Tanzania; Visa sticker machines were not used, which implies inadequate control over revenue collection.
- Buildings were not renovated for a long time as a result tenants opt to shift to somewhere else.

- Development funds were inadequate and were not allocated for rehabilitation of buildings, maintenance of vehicles and purchase of office furniture.
- Lack of funds to pay officers to transport personal effects after completion of service tenure. Some foreign officers continued to be paid Foreign Service allowances while they have already retired.
- Normally, overseas missions submit budgetary requirements to the Ministry of Foreign Affairs and International Cooperation annually. However, these budgetary requirements for the financial years were not met by the Government since the Ministry of Finance issues a budget ceiling which is normally lower than the budgetary requirement.

Recommendations

- Overseas missions face financial challenges due to bureaucracy on release of funds. I recommend that, it is high time now to make adequate appropriations through special vote to be known as Overseas Mission Vote Account.
- I urge the Government to ensure that the budget funding provisions to Tanzania overseas missions are sufficient to meet its financial obligations.

12.1.4 Special audit on the implementation of the contracts for construction of Chalinze Water Supply - Phase Two

This special audit was requested by the Government authorities via letter referenced No.CAB446/626/01/36 dated 24th November, 2012 and CAB 446/626/01/63 dated 16th January, 2014 after noting shortcomings in implementation of construction contracts as highlighted in the Public Procurement Regulatory Authority (PPRA) report.

This special audit focused on verifying as to whether Public Procurement Act and its regulation were adhered to during implementation and management of construction contracts.

The contract for construction of Chalinze Water Supply - Phase Two was designed to cover nine Packages; Package F&H, Package 1 to 6 and J (Covering Package F&H; lot 1-6 and J). Summary of deficiencies noted are described below;

(a) Delay in completion of contracts

Inadequate contract management leading to delayed completion of project between eighteen months (18) and thirty six months (36) and led to termination of contract.

(b) Lack of Feasibility study report

Feasibility study was supposed to be conducted before commencement of Chalinze Water Project. However, the report was not produced for audit after request. Hence, the audit could not confirm whether the results of feasibility study were adhered to during project implementation.

(c) Various defects in the design and drawings of the project.

Examination of architecture report and design prepared by the consultant, I noted the work was substandard which led to numerous alterations and addendums and increased contract sum from time to time.

(d) Consultant weaknesses noted

Consultant who was also Supervisor of the contractor for the construction of package H and F had significant weaknesses which included; Not being present on site for a long time, monthly progress reports on construction not prepared and submitted to the employer(Ministry of Water) as required contractually, changing of transmission pipelines from the iron pipes to plastic contrary to the requirements of the contract and failure to take appropriate measures in time including advising the employer accordingly on unsatisfactory performance of the contractor(Mega Builders Limited) who also had no qualification to undertake such a big contract due to standards set by Engineer's Registration Board.

(e) Weaknesses noted in implementing packages F and H

The two Packages F and H despite of having differences were contracted under one contract No. MTB/TenderNo.ME-011/2008-01/W/02 and both were signed on 14th August, 2009 and contractor was given the site on 29th September, 2009 to be completed on or before March 2011, however this was not the case.

Extension of six (6) months was given still the contract could not be completed in time and the infrastructures were substandard which led to termination of contract by the Ministry of Water on 19th February, 2013 and the remaining work contracted to another contractor M/S Badr East African Enterprise Ltd via contract No.011/2008/2009/W/02 at contract sum of TZS.5,843,395,800.

The contract was signed on 5th November, 2013 and was expected to be completed in May 2014. The contract was not completed on time and the contractor had already submitted addendum of TZS.2,872,324,078 for additional work equivalent to 49% of the original value of the contract.

This indicates weakness in the preparation and analysis of the contracted work and cost.

(f) Interim certificates paid without showing the work completed

I noted that interim payment certificates were paid to contractors without costs analysis associated with the work done that is bill of quantities (BOQ) and the same was approved by a consultant. The value of these certificates were USD.5,255,842 (Equivalent to TZS.6,832,594,600)

(g) Water infrastructure handed over but not tested

Water Infrastructure package J and lot No. 6 has been completed and handed over to the Ministry of Water but have not been tested for the quality due to lack of pump house, generator house and water pumps and generators have not been procured in Ubena zomози and Mbwewe centers where each Centre has a water storage tank of 450 cubic meters.

(h) Interest for delaying payments to contractors TZS.3,897,283,923

The consultant (supervising engineer) Seureca Newt submitted estimates of interest claims amounting to TZS.3,897,283,923 (US\$ 2.8million) arising from delays in payment of contractors' interim certificates almost 307 days for package 1 to 6

Taking into consideration weaknesses pointed out above I recommend:

- Government to give Contractors construction assignments which are equivalent to their capacity. These capacities are as per their registration categories prescribed by the Contractors Registration Board (CRB). This will help the procuring entities to avoid substandard assignments, hence rescuing losses to the Government.
- Architectural designs for projects like Chalinze Water Supply to be reviewed by competent professionals before inviting bids from contractors. This will help the procuring entities from having huge changes of contract value, hence effecting project implementation because of insufficient budget to handle frequent changes after changing designs.
- Procuring entities strengthen follow-ups to ensure consultants are being monitored and they are implementing their responsibilities as per the assigned agreements. Prompt actions need to be taken against consultants who do not deliver as per the contract and employer's expectations.
- Procuring entities need to have assurance of funds flow before entering into construction contracts. This will help the procuring entities to timely effect payments and avoid interest charged by contractors as penalty for late payment, hence unnecessary extra cost of the project.

12.1.5 Special audit on Funds Used to Publicise Various Ministry's Budgets after being Approved by the National Assembly for the financial years 2011/12 and 2012/13

This audit has been conducted following a letter with reference No.BC.50/188/01 dated 9th October, 2013 from the office of the Parliament of the United Republic of Tanzania requesting the Controller and Auditor General (CAG) to perform special audit to determine the amount of money spent by the government on the publication of the budget speech from various Ministries for the financial years 2011/12 and 2012/13. Summary of key audit findings are as follows:

- I noted publication expense of TZS.2,545,517,367 for speeches of approved budget for 21 Ministries and 5 Institutions for the financial years 2011/12 and 2012/13, whereby amount spent on budget publication in the financial year 2011/12 was TZS.1,131,608,828 and in the financial year 2012/13 was TZS.1,413,908,539, the later amount is more than 25% of the money spent in the previous financial year of 2011/2012.
- Lack of legislations that govern publication of approved budget in Newspapers.
- An approved and accredited list of Media that publishes the Ministries approved budget not made available for audit.
- I noted that there is no guideline and circular to provide ceiling of publication regarding frequency, timing, number of media and amount to be spent.

The government is advised to prepare a guideline that will give directions on the publication of the approved budget in the newspapers.

12.1.6 Special audit of the Ministry of Works on the validity of the approved funds of TZS.252,975,000,000 for special road construction projects.

The special audit for the Ministry of Works (Vote 98) focused on verification of TZS.252,975,000,000 approved for Special Road Construction Projects which were used to pay contractors and consultants' outstanding liabilities. Key audit findings are as follows;

- The information presented to the Parliament on the Special Road Construction Projects No.4168 worth TZS.252,975,000,000 was not reliable as these funds were used to pay contractors and consultants' outstanding contractual liabilities.
- TANROADS re-allocates funds received from the Ministry of Works without informing the Ministry and documents used for re-allocation were not submitted for review.
- A sum of TZS.175,279,428,818 was transferred to TANROADS development account. However out of this amount TANROADS incurred expenditure of TZS.3,048,365,229 for which details and supporting documents were not produced for review.

- A sum of TZS.13,385,089,124 was spent on maintenance of District Roads which receive allocation of funds from Road Funds Board. Also, I noted that some of the projects were not in the approved budget for the year 2010/2011 and other projects were paid by TANROADS more than what has been allocated without showing the source of funds.
- A total of TZS.6,596,312,084 were shown in the report of outstanding contractual liabilities submitted to the Ministry of Work by the Chief Executive of TANROADS, but these contractual liabilities were already paid by TANROADS Regional Offices.
- Morogoro Regional Manager's office paid a total of TZS.1,116,010,174 to settle outstanding contractual liabilities resulted from construction of Makutano Bridge which is on a private road owned by Sugarcane Company. The bridge is also not in use.
- It was noted that, the budgetary requirements for the Ministry of Works were not met by the Government since the Ministry of Finance issues a budget ceiling which is normally lower than the budgetary requirement.

Recommendation

- Government is advised to continue signing new contracts of road construction after careful consideration of the available ability to pay existing debts to the contractors to avoid the growth of these debts in the future and become a burden to the nation.
- Government is advised to adhere to the agreements made between it and contractors in order to avoid interest payments in case contractors take legal action from violating the provisions set out in the contracts.
- Tenders for the construction of new roads to be in line with the funds allocated in the relevant financial year as may be defined in the procurement plan of the year.
- Ministries together with TANROADS are advised to improve accounting units and ensure that register of claims are prepared in order to be able to know all claims of the contractors and consultants.
- Ministry together with TANROADS are advised to ensure that payment information in the tracking sheets prepared by Project Engineers, monthly progress reports, claim register and Payment Vouchers are reconciled.

12.1.7 Special audit on the financial statements of the Global 2013 SMART Partnership Dialogue (SPD) for the period of nineteen months from July, 2012 to January, 2014

I carried out a special audit on the financial statements of the Global 2013 Smart Partnership Dialogue (SPD) which was hosted by the Ministry of Foreign Affairs and International Cooperation (MFAIC) for the period of nineteen months from July 2012 to January 2014.

This special audit on the Global 2013 Smart Partnership Dialogue has been conducted following a request received from the Government Authorities. Summary of key audit findings were as follows:

- The payments of TZS.187,478,000 was made to M/S Simply Computers Tanzania Ltd for supply of office equipment. Four photocopiers were delivered on 9th September, 2013 after completion of dialogue. The Global 2013 Smart Partnership Dialogue took place from 28 June to 31 July 2013.
- Non adherence to the approved budget for air-tickets. The approved budget for air tickets was TZS.21,000,000 but the actual amount of TZS.186,998,268 was spent for air-tickets; thus resulting into over expenditure of TZS.165,998,268.
- The Ministry (MFAIC) management planned and approved procurement of goods and services of TZS.974,054,600, however audit noted procurement worth TZS.614,626,341 equivalent to 63% out of the approved procurement plan.

Recommendation

- I recommend that, procuring entities recognize their involvement in a major function of the national economy in which a large amount of government money is spent through procuring of goods, works and services.
- Use of procurement plan to mobilize resources and reduce wasteful expenditure of public funds is advised.

12.1.8 Special audit of the SUMA JKT Project on purchase of Tractors and Agricultural Implements for the period starting from July, 2010 to 30th April, 2014

The special audit on the SUMA JKT project on purchase of tractors and agricultural implements was carried out responding to the request from the Permanent Secretary Ministry of Defence and National Service. The summaries of key audit findings are as follows;

- The supplier M/S ESCORT LTD was awarded a tender to supply tractors, irrigation pumps, agricultural tools and other services at a contract Price of USD.40,000,000. This supplier submitted bid price of USD.35,526,412 resulting into unexplained difference of USD.4,473,589.
- I noted gaps in procurement of 1,846 tractors and 4,450 agricultural implement as documentations on tender advertisements, opening of tender and minutes of Tender Board meeting were missing.
- SUMA JKT procured 268 tractors worth USD.4,334,560 equivalent to TZS.7,082,678,800 from Lucky Export without having a written contract. This is non-compliance with Public Procurement Act and its Regulations.
- Inadequate implementation of the contract between SUMA JKT and ESCORT LTD for the procurement of 1,846 tractors and 4,450 agricultural implements, as a result tractors assembling garage worth USD.883,362 were not constructed at TACT - Nyumbu.
- No documentations were provided to prove the amount of USD.1,102,800 spent to train SUMA JKT and Nyumbu (TACT) staff on how to assemble and repair tractors, irrigation pumps and agricultural tools in accordance with clause 2.3(a) and (b) of the contract.
- Absence of specific area or store for keeping tractors and agricultural implements resulting to destruction of tools and equipment due to rain and sun-burn eventually tools and equipment got trust. 31water pump worth TZS.177,181,242 were destroyed by fire.
- A total loss of TZS.261,029,531 which was caused by removal of parts from five (5) tractors valued TZS.125,989,531 and parts of 16 Power tillers valued TZS.135,040,000

- The Accounting Officer did not appoint goods inspection and acceptance committee, hence substandard spare parts worth USD.88,728 equivalent to TZS.149,507,000 were delivered by supplier M/S ESCORT Company.
- Sale proceeds for Tractors and agricultural implements sold for TZS 6,676,711,168 on credit to 117 customers were yet to be collected for elapse of more than three years.
- A total loss of TZS.19,652,138 due to sales of tractors and agricultural implements below the approved price; one tractor was sold for TZS.1,000,000 instead of TZS 16,480,952 and one planter which was supposed to be sold at TZS.5,171,186 instead it was sold for TZS.1,000,000.
- Ministry of Defence and National Service received TZS.5,171,325,331 from Treasury in favour of the SUMA JKT tractors and agricultural implements Project. I noted that, out of this amount documents supporting expenditures of TZS.498,920,299 were not produced by the Ministry of Defence and National Service.
- The project had inadequately supported expenditures of TZS3,265,740,402.
- The Project implementation faced a lot of challenges concerning Project preparation, administrative and supervision. However, SUMA JKT failed to make preparation on how to undertake the Project. Project identification and preparation was not carefully done while it is a crucial stage in setting benchmark and criterion for Project implementation, evaluation and monitoring.

Recommendation

- Management of tractor's project under SUMA JKT should make follow up on tender evaluation process and report which was not submitted for audit verification and claim unexplainable excess amount of USD 4,473,588.52 paid to M/S ESCORT LTD.
- Management of SUMA JKT should strengthen internal controls over procurement of goods and services to ensure adherence to procurement laws and regulations. Further, management should consider taking appropriate action against those responsible for irregularities noted in respect of procurement of 2,114 tractors and 4,450 agricultural implement.

- Management of SUMA JKT to strengthen supervision and monitoring of tractor's project activities and ensure construction of tractor's assembling garage and area for keeping tractors and agricultural implements at TACT - Nyumbu.
- Accounting officers should establish goods inspection and acceptance committee. And, take appropriate action on the officers concerned with a loss of TZS.261,029,531 caused by removal of parts of tractors and power tillers.
- Management should establish computerized accounting system and prepare debt collection policy and revenue collection strategy. In addition, management should make follow up on accounts receivables.

CHAPTER THIRTEEN

GENERAL CONCLUSION AND RECOMMENDATIONS

13.0 Introduction

In this report I have consolidated the audit outcomes of MDAs and RS for the year 2013/14. All matters reported in this report had been brought to the attention of the respective Accounting Officers for action. The Accounting Officers and Officers of MDAs and RS are required to prepare responses and action plan of the intended remedial actions on the CAG's audit recommendations and submit them to the Paymaster General as per requirement of the Public Audit Act No.11 of 2008.

In response to the 2013/14 audit outcomes, generally, I have noticed commitments of the government to intensify efforts in implementation of my recommendations evidenced by the increase in number of unqualified opinions issued to the respective auditees as referred to Chapter two of this report.

However, despite these improvements, the audit outcomes for this year shows that there are still some weaknesses identified in the preceding chapters of this report which call for immediate intervention from the Accounting Officers by continuing to strengthen internal control systems that will prevent future recurrence. In this regard, I have made the following conclusions and recommendations:

13.1 Non implementation of previous year's recommendations

There were significant matters reported in my previous year's audit report which were either partly implemented or not implemented at all as highlighted in chapter three of this report.

Recommendation

The respective Accounting Officers and the Ministerial Advisory Boards should exert more efforts to ensure that the outstanding previous audit recommendations are timely implemented to bring efficiency in the operations of the MDAs.

13.2 Tanzania Revenue Authority

13.2.1 Inadequate tax exemption monitoring mechanisms

This audit uncovered malpractices in the processing and utilization of exemptions, customs processing fees and tax assessments in the country.

There were cases whereby ineligible beneficiaries fraudulently obtained tax exemptions through registration of vehicles by users other than importers. Such instances were common in the tourism industry and charitable organizations which signified there were potential collusions by the granting officials of the respective authorities.

Other cases include diversion of the exempted goods to other uses and non-qualifying companies this was noted in the mining sector, oil and gas companies, duty free shops and TIC certificate holders. Thus tax exemptions assessments are more prone to abuse and constitute a major source of the loss of Government revenue.

Recommendation

I therefore recommend that the government;

- Establish a tax exemption monitoring Unit which will be responsible for controlling and ensuring compliance with legislations requirements and making follow ups over the utilization of tax exemptions while liaising with other authorities responsible for granting exemptions, and
- Review its tax exemption laws with a view to reducing loopholes in exemptions. In addition, government ensures that tax exemptions do not exceed 1% of the GDP or 5% of the tax revenue collected.

13.2.2 Delay in handling tax appeals

My audit noted a major weakness in the way tax appeals are handled as there are taxes tied up in appeals at the Tax Revenue Appeals Board and Court of Appeals of Tanzania worth TZS.1.7 trillion up to the time of writing this report, January, 2015.

In my view, the value of tax pending ruling is considerably high and any delay in resolving such cases burdens the government in

terms of running costs and loss of revenue when the appellants become bankrupt before the ruling of appeals is made.

Recommendation

I therefore recommend the Government to expedite handling of tax appeals given the importance of taxes in the economy.

13.2.3 Weakness on revenue management

My review observed that management of tax collections were not effective and adequate. TRA did not collect customs processing fees from Oil and Gas Companies, special relief were granted twice on the same profoma invoice, assessed taxes, penalties and fines were not collected by the Authority and re-export evidences on temporary importations were missing. Thus, inefficiencies in revenue collection and management denied government its rightful revenues.

Recommendation

On this ground, I recommend TRA to conduct a thorough investigation to all Oil and Gas companies including Mining companies to determine the extent of the unpaid Customs processing Fees and take recovery measures and, in future, ensure Customs processing Fees are paid by all eligible companies without amiss.

13.3 Consolidation of Entities with Different Reporting Date and Accounting Framework

During audit review of the Consolidated Financial Statements I have noted that, some entities such as BRELA, SUMA JKT were not consolidated in the financial statements of the URT. In addition to that, I further noticed consolidated entities with different reporting dates and accounting framework being consolidated in the financial statements of the United Republic of Tanzania.

Recommendation

The government ensures that;

- The accounting frameworks of the controlled entities are harmonized to be compatible with IPSAS Accrual.
- All its controlled entities are consolidated in order to give a true and fair view of its financial position.

13.4 Public Debt and General Services

13.4.1 Uneven Maturity Structure of the Government debt stock

The present maturity profile of the government domestic securities (stock) is uneven and largely frontloaded with securities of shorter maturities. In order to lengthen government securities and reduce roll-over risks, the government through the Bond Market Issuance Plan 2013/14 opted for longer term bonds so that maturing obligations can be rolled over to years where redemption burden is low.

However, when reviewing the implementation of this strategy, I noted that Treasury Bills and 2-Year Bonds dominated the security market hence increasing short term redemption burden to the government. This was contrary to the Issuance Plan, as well the National Debt Strategy, 2002.

Recommendation

I am therefore recommending the government to enhance domestic market and create appetite on securities with longer maturities.

13.4.2 Non-Inclusion of Government Guarantees in the Debt Stock

I observed government guarantees issued to Service Delivery Institutions such as National Identification Authority (NIDA) but not included in the reported Public debt stock.

In addition, there were defaulted guarantees being serviced by the government, but did not form part of the public debt portfolio. In my view, such guarantees in economic reality qualify to be actual liabilities to the government and accounted for as such under Vote 22 - Public Debt and General Services.

Recommendation

I recommend the government to adhere to best practice and record guarantees issued to Service Delivery Institution as part of its debt portfolio. Moreover, the government appoint Commissioners and key personnel of the recently approved Debt

Management Division so that debts and guarantees can be effectively managed, reported, and serviced.

13.5 Inadequate Management of Government Investments and Other Interests

I have noted deteriorating government investments in other entities and at times, government shares were, either diluted or at risk of being diluted due to government's inability to inject extra funds when need for recapitalization arose. On the other hand, most of the strategic GBEs such as ATCL, TTCL, TAZARA, TRL and the like face acute shortage of capital and some cannot survive without government subventions.

In all these cited cases, the lack of investment fund is complicating government position when there is a need for recapitalization. With this trend, strategic shareholders in other similar companies would be tempted to take advantage of the Government's budgetary constraints and opt for recapitalization so that they dilute the government ownership in their companies.

I therefore, recommend 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.

13.6 Delay in release of Funds and under releases

There have been notable delays in release of funds from Treasury and probably from development partners for implementation of development projects. This has led to delayed implementation or non-implementation of earmarked projects and increase in project costs as well as having huge amounts of unspent balances at the year end.

During the year under review, development funds to the tune of TZS.1,888,911,542,533 were not released while TZS.19,229,865,085 of the released funds were not spent.

TZS.400,259,001,766 of Recurrent account were not released while TZS.8,279,275,815 of the released funds were not spent.

Development funds amounting to TZS.1,259,031,558,670 equal to 40.01% of the released development funds for MDAs and RSs and recurrent funds amounting to TZS.2,187,509,171,733 equal to 22.88% of the released recurrent funds for MDAs and RSs were released in the fourth quarter of the financial year.

Recommendation

In order to tackle the challenge of late release of approved funds, the government is advised to align Exchequer Issues with budget and revenue collections to avoid release of funds close to the end of the financial year.

By so doing, it is expected that planned activities will be implemented according to the approved timetable. In order for the Government to reduce reliance in the external assistance for implementation of the national development plans, the government is encouraged to explore alternative internal sources of revenue. Details of findings are in chapter four of this report.

13.7 Weaknesses in Human resources and payroll management

Review of Human Resource Management has revealed weaknesses in some MDAs such as lack of proper maintenance of employees' records, payments related to employees who were no longer in service, Public servants not confirmed on due dates, staff receiving net salaries below the allowable statutory limit, payment of foreign service allowance and rent to retired officers without valid employment contracts, unclaimed salaries not deposited into relevant Account

Recommendation

- Given the shortfall reported in human resource management, Accounting Officers are advised to effectively use Lawson system and ensure that personnel records are properly maintained at the same time names of retired officers timely deleted from the payroll, outstanding loans are cleared before they apply for new loans.

- I also advise the management of MFAIC to cease immediately the payments of Foreign Service allowances and rent to the retired officers and make arrangement for immediate return of the respective officers to their place of domicile.

13.8 Weaknesses in Assets Management

Audit of assets management for the year 2013/14 concentrated on the review of existence, disclosure, recognition, classification, rights and obligation, presentation, utilization of Non-Current Assets and all Current Assets presented in the respective entities' financial statements.

Weaknesses have been presented in detail in chapter eleven of this report which includes Grounded Non-Current Assets which have reached the end of their useful life and beyond repair without taking action for disposal; land and buildings not accounted for separately as per requirement of IPSAS 17 (74); lands and buildings lacking ownership documents; and Fixed Asset Registers not updated regularly.

Recommendation

- Since the pace for valuation of asset, preparation of asset register, and codification of asset seems to have stagnated, I advise the PMG to expedite the process and ensure that all of the above mentioned crucial activities are completed before year 2016/17 which is the deadline for full adoption of IPSAS Accrual.
- In addition to the trainings which also have to be conducted I advise the PMG to issue guidelines on how properly Asset Registers should be maintained and updated, emphasis should be made on how valuation should be done, depreciation basis, codification and regular updating of Fixed Assets Registers.
- Furthermore, I advise the government to consider the use of computerized systems which are compatible and have a direct link with the prevailing IFMS (i.e EPICOR) for asset management to avoid multiple reporting and risks of transferring data from one system to another.
- The Government is advised to ensure that Accounting

officers account separately Land and buildings so as to ascertain the value of land and to easily apply the depreciation only to depreciable asset. In addition, the government is advised to ensure all MDAs/RS obtain ownership documents in order to safeguard government assets.

- I do also advise the government to take appropriate action with regard to disposal of grounded assets beyond repair in accordance with the laws and regulations in order to save salvage value which can be realised from disposal proceeds.

13.9 Management of Government Executive Agencies

In year 2013/14 I have included a specific chapter in this report for issues identified in audit of Government Executive Agencies, special funds and other government institutions.

Audit results indicated existence of financial irregularities in observing legislative laws. Several irregularities have been highlighted in chapter eight showing lack of probity and propriety or the extent of non-compliance with or deviation from laws and regulations.

Also all agencies are still depending on government as source of income for paying personnel emoluments, recurrent and development expenditures.

Recommendation

- On collection of receivables, Agencies are advised to have stringent and strict policies on the collection.
- Since most of debtors are government departments, the Paymaster General is advised to issue directives to concerned agencies to pay their dues.

13.10 Accumulation of liabilities

This year's audit results shows increase of liabilities by more than 50% which is alarming and calls for immediate intervention. I am of view that, cash budgeting system also contributes to the accumulation of expenditure arrears. Design of cash budget system should involve deliberate measures that will overcome its

current adverse effects while maintaining its strength to match with performance budgeting and the MTEF.

I noted expenditure arrears at the end of the year were not re-budgeted in the next budget cycles of MDAs. This will lead to liabilities accumulation since current budget will be used to settle unbudgeted liabilities of prior years. Of TZS.1,691,751,088,761 the reported outstanding liabilities, TZS.1,076,686,798,505 are liabilities above 90-days.

Without efforts to settle them, they will impair the credit worthiness of MDAs/RS against suppliers and employees and might lead to inefficiency of service delivery to the public. Also there are chances that MDAs/RS might face legal action as a result of failure to meet maturing obligations in time. On exceptional case, liabilities included medical bills to Indian hospital amounting to Indians Rupee 605,014,043 equivalent to TZS.16,940,393,204 as at 31 January, 2015

Recommendation

I advise the government to increase revenue collections, minimize government spending and subsequently the saving should be budgeted to pay outstanding debts. The government has to pay special attention on timely settlement of medical bills from abroad hospital.

13.11 Contingent liabilities (Outstanding legal cases)

On reviewing contingent liabilities I noted that from a sample of 10 MDAs and 5 RS there were 83 legal cases pending decision against various companies and individuals, these will have significant financial impact on the operations of the MDAs and RS.

Recommendations

With regard to the outstanding legal cases I recommend that, Accounting Officers of respective MDAs/RAS in collaboration with Attorney General Chambers make close follow up to ensure early settlement of pending legal proceedings in order to avoid and/or minimize associated costs of losing the cases.

13.12 Special Audit Conducted

In chapter twelve (12) of this report, I presented the main audit findings identified while carrying out eight (8) special audits for the financial year 2013/14. The following are the conclusions and recommendations from the Special Audits conducted;

13.12.1 Special audit of the SUMA JKT Project on purchase of Tractors and Agricultural Implements for the period starting from July, 2010 to 30th April, 2014.

Implementation of this project experienced several challenges on weak project management caused by execution of project without adhering to project write up; initially tractors were to be sold by cash but later the tractors were sold on credit without considering the cost of debt collection in tractors' selling price. Also, the audit noted several weaknesses in procurement of these tractors.

Recommendation

- The government should assess the financial capacity of the project, human resource capacity, and technical capacity to find out any weaknesses and subsequently provide assistance accordingly.
- Management of the tractors' project under SUMA JKT should strictly enforce compliance with the relevant procurement laws and regulations to ensure that contractual obligations of both parties are implemented accordingly, all identified unimplemented contractual obligations should be implemented or else associated costs should be reimbursed to the employer.

13.12.2 Special audit of the entire system of procurement processes of agricultural inputs for tobacco industry under Western Tobacco Cooperative Union - Tabora (WETCO)

The process of procurement for the contractors was marred by absence of good governance and conflict of interest, Suppliers were given tenders without submitting the bids and without approval from the Tender Board Committee.

The whole process of construction of warehouses including procurement of the contractors was not in accordance with procurement law and regulations. Warehouses visited were below standard as some collapsed before being used.

Recommendations

- The government through the Ministry of Agriculture is advised to strengthen its supervision function by ensuring existence of good governance in operation of Cooperative Unions.
- I advise the Government to set minimum qualifications for the management of the Agriculture Marketing Co-operative Societies (AMCOS) as the current situation revealed that, most of the AMCOS management have low educational levels which cast doubt of the level of management of the funds and loans and AMCOS in general. Also, compliance with procurement legislations is recommended.

13.12.3 Special audit of Ministry of Foreign Affairs and International Co-operation on Challenges facing Tanzania Missions Abroad for the financial years 2010/11, 2011/12 and 2012/13.

Special audit conducted noted that there was unrealistic budget preparation because budgets were prepared without considering actual requirements of Missions. Some of the expenditure components not budgeted includes motor vehicles maintenance, purchase of fuel, water and electrical charges. Hence affecting implementation of the missions' objectives.

Recommendations

- I recommend that, it is high time now to make adequate appropriations through special vote to be known as Overseas Mission Vote Account.
- I urge the Government to ensure that the budget funding provisions to Tanzania overseas missions are sufficient to meet its financial obligations.

13.12.4 Special audit on the implementation of the contracts for construction of Chalinze Water Supply - Phase Two

Summary of deficiencies noted include delay in completion of contracts, Feasibility study report was not produced for audit after request.

I noted various deficient in the design and drawings of the project, inadequate performance of the consultant hence failure to take appropriate measures in time including advising the employer accordingly on unsatisfactory performance of the contractor (Mega Builders Limited) who also had no qualification to undertake such a big contract due standard set by Engineers' Registration Board, the Contractor is registered under class six while the work required class IV, III, II and I.

Furthermore, I noted Interim certificates paid without showing the work completed, water infrastructure handed over but not tested, Interest for delaying payments to contractors TZS.3,897,283,923

Recommendations

- Contractors should be awarded construction assignments which are equivalent to their capacity prescribed by the Contractors Registration Board (CRB).
- Architectural designs for projects like Chalinze Water Supply to be reviewed by competent professionals before inviting bids from contractors.
- Procuring entities should strengthen follow-up to ensure consultants are being monitored and they are implementing their responsibilities as per the signed agreements. Procuring entities need to have assurance of funds flow before entering into construction contracts to avoid unnecessary extra costs of the project such as penalty for late payment

13.12.5 Special audit of the Ministry of Works on the validity of the approved funds of TZS.252,975,000,000 for special road construction projects

The special audit for the Ministry of Works (Vote 98) focused on verification of TZS.252,975,000,000 approved for Special Road Construction Projects which were used to pay contractors and consultants' outstanding liabilities.

The information presented to the Parliament on the Special Road Construction Projects No.4168 of TZS.252,975,000,000 was not reliable as these funds were used to pay contractors and consultants' outstanding contractual liabilities.

It was also noted that, the budgetary requirements for Ministry of Works were not met by the Government since the Ministry of Finance issues a budget ceiling which is normally lower than the budgetary requirements.

Recommendations

- Budget is prepared by considering actual activities to be implemented.
- The Government only continue signing new contracts of road construction after careful consideration of the available ability to pay existing debt to the contractors to avoid the growth of these debts in the future.

13.12.6 Special audit on the financial statements of the Global 2013 SMART Partnership Dialogue (SPD) for the period of nineteen months from July, 2012 to January, 2014

I noted non-compliance with budgetary provision as the approved budget for air tickets was TZS.21,000,000 but the actual amount of TZS.186,998,268 was spent for air-tickets; thus resulting into over expenditure of TZS.165,998,268. In addition, procurement worth TZS.614,626,341 equivalent to 63% were made out of the approved procurement plan

Recommendation

I recommend that, procuring entities recognize their involvement in a major function of national Interest in which a large amount of government money is spent through procuring of goods, works and service. Hence, include respective Procurements in the procurement plan.

13.13 Inadequate Procurement Management

In my audit I noted that the status of compliance with the Public Procurement Act, 2011 and its Regulation of 2013 is still not satisfactory.

Most of the MDAs/RS procure goods and works out of annual procurement plan, contracts are entered by MDAs/RS without

competitive bidding and evaluation process, goods and services procured without approval of the Tender Board and goods received without being inspected.

In general MDAs/RS do not have adequate administration and monitoring mechanisms to ensure that procurement and the contracting processes for goods and services attain value for money in meeting planned MDAs/RS objectives.

Recommendation

Basing on the summary of findings reported in this report, I generally recommend that management of MDAs/RS should ensure they fully comply with PPA of 2011 and its Regulations of 2013. Also, MDAs have to implement recommendations issued by PPRA and the Stock Verifier.

13.14 Inadequate Budget Management

The trend of Tanzania's national budget has shown a progressive growth over years in both revenues and expenditures. However the growth in revenues and funding in general appears to lag behind the desired expenditure for achieving substantial economic growth.

Due to this mismatch between limited resources available and the ambitious need for rapid economic development, the nation has found itself in dilemma of operating unrealistic budgets every financial year. Generally the Government has for many years not been able to fill the gap of what is desired and what is affordable. Persistence underperformance of the budget which impliedly introduces expenditure prioritization depending on the actual amount released rather than approved budget. Delaying of disbursing funds from the Ministry of Finance makes it difficult to plan procurements and honor payment for the same.

Development budget has inadequate performance compared to recurrent budget. This has led to delayed implementation and completion of development projects at national and sub-national level which leads to more implementation cost than originally planned. I also noted too much post budget adjustments due to

actual revenue performance being lower than expectations to accommodate unexpected expenditures.

Recommendations

- Budget ceiling should be realistic and subject to regular reviews. Measures are taken to minimize delays in disbursement of funds from Ministry of Finance.
- Ongoing projects are considered prior to new projects in disbursement of funds.
- Boost Government revenue by increasing tax compliance so that revenue will grow and capture uncollected tax revenues and expand the current potential tax bases.
- I advise the Government to use IFMS EPICOR generated LPOs to avoid awarding contracts to suppliers/consultants/contractors in the absence of budget and accord first priority on implementation of ongoing projects and ensure availability of funds before signing the contracts.
- The Government institute mechanism of capturing expenditure arrears at the year end and ensure that those arrears are re-budgeted in the next budget cycle of MDAs. This approach will minimize the magnitude of liabilities accumulation.

13.15 Expenditure management

My review of expenditure management has revealed that, some MDAs have weak expenditure management systems which lead to some of the payments being made without proper authorization, some not adequately supported by relevant documents, missing electronic fiscal device receipts, overpayment, nugatory expenditure and Payments made not supported by acknowledgement receipts. These weaknesses are detailed under chapter ten of this report.

Recommendations

- Accounting Officers of MDAs/RAS/Missions are encouraged to continue strengthening the internal controls system of their organizations including capacity building trainings.

13.16 Electronic Fiscal Device not in use

My review on the use of Electronic Fiscal Device revealed that most of companies or sole traders are not using the device in

generating fiscal receipts. This has been noted by TRA having disclosed fines amounting to TZS. 440,793,600 imposed to traders for failure to use Electronic Fiscal Device in generating fiscal receipts but only TZS.71, 893, 600 out of that sum which is equivalent to 16 per cent was paid by defaulters leaving balance of TZS. 368,900,000 unpaid. Also, several payments adding to TZS 4,419,662,152 were not supported by fiscal receipts

Recommendation

On the issue of Non-compliance to Regulation 24 of the Income Tax (EFD) Regulations, 2012, I recommend the government to issue directives to all other government institutions to stop dealing with suppliers who are not using the EFD machines. In addition, continue to provide awareness program so as to spearhead voluntary compliance.

ANNEXURES

Annexure 1: List of Votes with their respective Audit Opinion Issued for the Year 2013/14

S/N	Vote No.	Name of the Vote	Opinion Issued for the Year 2013/14
1	Vote No. 6	Presidential Delivery Bureau	Unqualified Audit Opinion
2	Vote No. 7	Office of Treasury Registrar	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
3	Vote No. 8	Constitutional Review Commission	Unqualified Audit Opinion
4	Vote No. 9	President's Office Public Service Remuneration Board	Unqualified Audit Opinion
5	Vote No. 10	Joint Financial Commission	Unqualified Audit Opinion
6	Vote No. 12	Judicial Service Commission	Unqualified Audit Opinion
7	Vote No. 13	Financial Intelligence Unit	Unqualified Audit Opinion
8	Vote No. 14	Fire and Rescue Forces	Unqualified Audit Opinion
9	Vote No. 15	Commission for Mediation and Arbitration	Unqualified Audit Opinion
10	Vote No. 16	Attorney General's Chamber	Unqualified Audit Opinion
11	Vote No. 20	President's Office State House	Unqualified Audit Opinion
12	Vote No. 21	Treasury Department	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
13	Vote No. 22	Public Debt and General Service Department	Qualified Audit Opinion
14	Vote No. 23	Accountant General's Department	Unqualified Audit Opinion
15	Vote No. 24	Cooperative Development Commission	Unqualified Audit Opinion
16	Vote No. 25	Prime Minister's Office - Private Office	Unqualified Audit Opinion
17	Vote No. 26	Vice President's Private Office	Unqualified Audit Opinion
18	Vote No. 27	Registrar of Political Parties	Unqualified Audit Opinion
19	Vote No. 28	Police Force Department	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
20	Vote No. 29	Prisons Service Department	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
21	Vote No. 30	President's Office Cabinet Secretariat	Unqualified Audit Opinion
22	Vote No. 31	Vice President Office	Unqualified Audit Opinion
23	Vote No. 32	President's Office Public Service Management (PO - PSM)	Unqualified Audit Opinion
24	Vote No. 33	President's Office Ethic Secretariat	Unqualified Audit Opinion
25	Vote No. 34	Ministry of Foreign Affairs and International Cooperation	Unqualified Audit Opinion
26	Vote No. 35	Director of Public Prosecution (DPP)	Unqualified Audit Opinion
27	Vote No. 36	Katavi Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
28	Vote No. 37	Prime Minister's Office	Unqualified Audit Opinion
29	Vote No. 38	Tanzania People's Defence Force (TPDF)	Unqualified Audit Opinion
30	Vote No. 39	National Service (JKT)	Unqualified Audit Opinion

31	Vote No. 40	Judiciary of Tanzania	Unqualified Audit Opinion
32	Vote No. 41	Ministry of Justice and Constitutional Affairs	Unqualified Audit Opinion
33	Vote No. 42	National Assembly	Unqualified Audit Opinion
34	Vote No. 43	Ministry of Agriculture Food Security and Cooperatives	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
35	Vote No. 44	Ministry of Industries and Trade	Unqualified Audit Opinion
36	Vote No. 46	Ministry of Education and Vocational training	Unqualified Audit Opinion
37	Vote No. 47	Simiyu Regional Secretariat	Unqualified Audit Opinion
38	Vote No. 48	Ministry of Land and Human Settlement	Unqualified Audit Opinion
39	Vote No. 49	Ministry of Water & Irrigation	Unqualified Audit Opinion
40	Vote No. 50	Ministry of Finance	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
41	Vote No. 51	Ministry of Home Affairs	Qualified Audit Opinion
42	Vote No. 52	Ministry of Health and Social Welfare	Qualified Audit Opinion
43	Vote No. 53	Ministry of Community Dev. Women and Children	Unqualified Audit Opinion
44	Vote No. 54	Njombe Regional Secretariat	Unqualified Audit Opinion
45	Vote No. 55	Commission for Human Rights and Good Governance	Unqualified Audit Opinion
46	Vote No. 56	Prime Minister's Office Regional Administration and Local Authorities (PMO - RALG)	Unqualified Audit Opinion
47	Vote No. 57	Ministry of Defence and National Service	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
48	Vote No. 58	Ministry of Energy & Minerals	Unqualified Audit Opinion
49	Vote No. 59	Law Reform Commission of Tanzania	Unqualified Audit Opinion
50	Vote No. 61	National Electoral Commission (NEC)	Unqualified Audit Opinion
51	Vote No. 62	Ministry of Transport	Unqualified Audit Opinion
52	Vote No. 63	Geita Regional Secretariat	Qualified Audit Opinion
53	Vote No. 65	Ministry of Labour & Employment	Unqualified Audit Opinion
54	Vote No. 66	President's Office Planning Commission	Unqualified Audit Opinion
55	Vote No. 67	President's Office Public Service Recruitment Secretariat	Unqualified Audit Opinion
56	Vote No. 68	Ministry of Communication Science and Tech	Unqualified Audit Opinion
57	Vote No. 69	Ministry of Natural Resources and Tourism	Unqualified Audit Opinion
58	Vote No. 70	Arusha Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
59	Vote No. 71	Coast Regional Secretariat	Unqualified Audit Opinion
60	Vote No. 72	Dodoma Regional Secretariat	Unqualified Audit Opinion

61	Vote No. 73	Iringa Regional Secretariat	Qualified Audit Opinion
62	Vote No. 74	Kigoma Regional Secretariat	Unqualified Audit Opinion
63	Vote No. 75	Kilimanjaro Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
64	Vote No. 76	Lindi Regional Secretariat	Unqualified Audit Opinion
65	Vote No. 77	Mara Regional Secretariat	Unqualified Audit Opinion
66	Vote No. 78	Mbeya Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
67	Vote No. 79	Morogoro Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
68	Vote No. 80	Mtwara Regional Secretariat	Unqualified Audit Opinion
69	Vote No. 81	Mwanza Regional Secretariat	Qualified Audit Opinion
70	Vote No. 82	Ruvuma Regional Secretariat	Unqualified Audit Opinion
71	Vote No. 83	Shinyanga Regional Secretariat	Unqualified Audit Opinion
72	Vote No. 84	Singida Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
73	Vote No. 85	Tabora Regional Secretariat	Unqualified Audit Opinion
74	Vote No. 86	Tanga Regional Secretariat	Unqualified Audit Opinion
75	Vote No. 87	Kagera Regional Secretariat	Qualified Audit Opinion
76	Vote No. 88	Dar es Salaam Regional Secretariat	Unqualified Audit Opinion
77	Vote No. 89	Rukwa Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
78	Vote No. 91	Drugs Control Commission	Unqualified Audit Opinion
79	Vote No. 92	Tanzania Commission for AIDS (TACAIDS)	Unqualified Audit Opinion
80	Vote No. 93	Immigration Services Department	Unqualified Audit Opinion
81	Vote No. 94	Public Service Commission	Unqualified Audit Opinion
82	Vote No. 95	Manyara Regional Secretariat	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
83	Vote No. 96	Ministry of Information, Youth, Culture and Sports	Unqualified Audit Opinion
84	Vote No. 97	Ministry of East African Cooperation	Unqualified Audit Opinion
85	Vote No. 98	Ministry of Works	Unqualified Audit Opinion
86	Vote No. 99	Ministry of Livestock & Fisheries Development	Unqualified Audit Opinion
87	N/A	Consolidated financial statements	Adverse Audit Opinion

Annexure 2: List of Agencies with their respective Audit Opinion Issued for the Year 2013/14

S/N	Name of the Agency	Opinion Issued for the Year 2013/14
1	E- Government Agency	Unqualified Audit Opinion
2	Registration Insolvency and Trusteeship Agency (RITA)	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
3	Tanzania Forestry Service Agency	Unqualified Audit Opinion
4	Tanzania Global Learning Agency	Unqualified Audit Opinion
5	Tanzania Public Service College	Unqualified Audit Opinion
6	Tanzania Tree Seeds Agency	Unqualified Audit Opinion
7	Agriculture Seeds Agency	Unqualified Audit Opinion
8	Drilling and Dam Construction Agency	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
9	Fisheries Education and Training Agency (FETA)	Unqualified Audit Opinion
10	Geological Survey of Tanzania	Unqualified Audit Opinion
11	Livestock Institute Training Agency (LITA)	Unqualified Audit Opinion
12	National Food Reserve Agency	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
13	Tanzania Airport Authorities	Unqualified Audit Opinion
14	Tanzania Building Agency	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
15	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
16	Tanzania Government Flights Agency	Unqualified Audit Opinion
17	Tanzania Meteorological Agency	Unqualified Audit Opinion
18	Tanzania National Road Agency (TANROAD)	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
19	Tanzania Veterinary Laboratory Agency (TVLA)	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
20	Water Development and Management Institute	Unqualified Audit Opinion
21	Weights and Measures Agency	Unqualified Audit Opinion
22	National Housing and Building Research Agency	Unqualified Audit Opinion
23	Agency for Development of Education Management	Unqualified Audit Opinion
24	Government Chemistry Laboratory Agency	Unqualified Audit Opinion
25	Institute of Arts and Culture - Bagamoyo	Unqualified Audit Opinion
26	Occupational Safety and Health Agency	Unqualified Audit Opinion
27	Tanzania Employment Service Agency	Unqualified Audit Opinion
28	Tanzania Minerals Audit Agency (TMAA)	Unqualified Audit Opinion
29	Dar es Salaam Rapid Transit Agency (DART)	Unqualified Audit Opinion
30	Government Procurement Services Agency (GPSA)	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
31	Tanzania Food and Drugs Agency (TFDA)	Unqualified Audit Opinion
32	Tanzania Institute of Accountancy (TIA)	Unqualified Audit Opinion

Source: Individual CAG's audit reports for the year 2013/14

Annexure 3: List of Other Institutions with their respective Audit Opinion Issued for the Year 2013/14

S/N	Names of other Institutions	Opinion Issued for the Year 2013/14
1	Property and Business Formalization Program (MKURABITA)	Unqualified Audit Opinion
2	Institute of Judicial Administration	Unqualified Audit Opinion
3	Law School of Tanzania	Unqualified Audit Opinion
4	National Fund For Antiquities	Unqualified Audit Opinion
5	Pasiansi Wildlife Training Institute	Qualified Audit Opinion
6	Tanzania Forest Fund	Unqualified Audit Opinion
7	Tanzania Wildlife Protection Fund	Unqualified Audit Opinion
8	Uongozi Institute	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
9	Agriculture Input Trust Fund	Unqualified Audit Opinion
10	Inspection and Supervision of Cooperative Fund	Unqualified Audit Opinion
11	Livestock Development Fund (LDF)	Qualified Audit Opinion
12	Road Fund Board	Unqualified Audit Opinion
13	African Peer Review Mechanism	Unqualified Audit Opinion
14	Office of the Constituent Assembly	Unqualified Audit Opinion
15	Hombolo Local Government Training Institute	Unqualified Audit Opinion
16	Tanzania Automotive Technology Centre	Unqualified Audit Opinion
17	National Relief Fund	Unqualified Audit Opinion
18	Pharmacy Council of Tanzania	Unqualified Audit Opinion
19	Tanzania Nurses and Midwives Council	Unqualified Audit Opinion
20	Tengeru College of Development Training Institute	Unqualified Audit Opinion
21	Women Development Fund	Unqualified Audit Opinion
22	Road Fund Project under the Prime Minister's Office, Regional Administration and Local Government	Unqualified Audit Opinion
23	Mining Development Empowerment Fund	Unqualified Audit Opinion

Source: Individual CAG's audit reports for the year 2013/14

Annexure 4: List of Tanzania Embassies with their respective Audit Opinion Issued for the Year 2013/14

S/N	Sub Vote No.	Name of the Embassy	Opinion Issued for the Year 2013/14
1	2001	Tanzanian Embassy in Addis Ababa, Ethiopia	Unqualified Audit Opinion
2	2002	Tanzanian Embassy in Berlin, Germany	Unqualified Audit Opinion
3	2003	Tanzanian Embassy in Cairo, Egypt	Unqualified Audit Opinion
4	2004	Tanzanian Embassy in Kinshasa, Congo-Democratic Republic of	Unqualified Audit Opinion
5	2005	High Commission of Tanzania - Abuja	Unqualified Audit Opinion
6	2006	High Commission of Tanzania - London	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
7	2007	High Commission of Tanzania - Lusaka	Unqualified Audit Opinion
8	2008	Tanzanian Embassy in Maputo, Mozambique	Unqualified Audit Opinion
9	2009	Tanzanian Embassy in Moscow, Russia	Unqualified Audit Opinion
10	2010	High Commission of Tanzania - New Delhi	Unqualified Audit Opinion
11	2011	Permanent Mission to the UN - New York	Unqualified Audit Opinion
12	2012	High Commission of Tanzania - Ottawa	Unqualified Audit Opinion
13	2013	Tanzanian Embassy in Paris, France	Unqualified Audit Opinion
14	2014	Tanzanian Embassy in Beijing, China	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
15	2015	Tanzanian Embassy in Rome, Italy	Unqualified Audit Opinion
16	2016	Tanzanian Embassy in Stockholm, Sweden	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
17	2017	Tanzanian Embassy in Tokyo, Japan	Unqualified Audit Opinion
18	2018	Tanzanian Embassy in Washington, D.C., United States	Unqualified Audit Opinion
19	2019	Tanzanian Embassy in Brussels, Belgium	Unqualified Audit Opinion
20	2020	Permanent Mission to the UN - Geneva	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
21	2021	Tanzanian Embassy in Kampala, Uganda	Unqualified Audit Opinion
22	2022	High Commission of Tanzania - Harare	Unqualified Audit Opinion
23	2023	Tanzanian Embassy in Nairobi, Kenya	Unqualified Audit Opinion
24	2024	Tanzanian Embassy in Riyadh, Saudi Arabia	Unqualified Audit Opinion
25	2025	Tanzanian Embassy in Pretoria, South Africa	Unqualified Audit Opinion with Emphasis of Matters and/or Other Matters Paragraph
26	2026	Tanzanian Embassy in Kigali, Rwanda	Unqualified Audit Opinion
27	2027	Tanzanian Embassy in Abu Dhabi	Unqualified Audit Opinion
28	2028	Tanzanian Embassy in Bujumbura	Unqualified Audit Opinion
29	2029	Tanzanian Embassy in The Hague	Unqualified Audit Opinion
30	2030	Tanzanian Embassy in Lilongwe	Unqualified Audit Opinion
31	2031	High Commission of Tanzania - Kuala Lumpur	Unqualified Audit Opinion
32	2032	Tanzanian Embassy in Brasilia	Unqualified Audit Opinion
33	2033	Tanzanian Embassy in The Hague, Netherlands	Unqualified Audit Opinion
34	2034	Tanzanian Embassy in Moroni, Comoro	Unqualified Audit Opinion

Source: Individual CAG's audit reports for the year 2013/14

Annexure 5: Outstanding Matters

S/N	Vote/ Sub Vote		TZS	FOREX
1	N/A	TRA	967,171,880,376	USD 56,186,207
2	57	Ministry of Defence and National Service	113,660,032,542	-
3	46	Ministry of Education and Vocational training	92,437,331,068	-
4	52	Ministry of Health and Social Welfare	34,998,099,144	-
5	72	Dodoma	9,991,961,854	-
6	81	Mwanza	7,723,013,005	-
7	21	Treasury	7,560,000,000	JPY 17,089,499,858.00
8	29	Prisons Service Department	6,981,570,088	-
9	74	Kigoma	4,532,848,072	-
10	034-2014	Beijing	3,654,946,427	-
11	99	Ministry of Livestock & Fisheries Development	3,572,628,566	-
12	38	Tanzania People's Defence Force (TPDF)	2,921,254,812	-
13	7	Treasury Registrar	2,644,223,645	USD 496,598.98
14	034-2017	Tokyo	2,449,562,114	-
15	034-2002	Berlin	2,379,829,594	EURO 6,528
16	034-2015	Rome	1,944,381,642	EURO 3,000
17	034-2006	London	1,859,723,419	POUND 79,567.82
18	034-2013	Paris	1,686,112,998	-
19	73	Iringa	1,683,576,113	-
20	43	Ministry of Agriculture Food Security and Cooperatives	1,338,905,336	-
21	034-2005	Abuja	1,289,501,460	-
22	034-2016	Stockholm	1,217,893,521	-
23	70	Arusha	1,179,122,475	-
24	85	Tabora	1,171,131,800	-
25	82	Ruvuma	1,106,262,285	-
26	56	PMO -RALG	1,091,845,009	-
27	87	Kagera	1,085,128,853	-
28	034-2029	Muscat	787,100,718	-
29	80	Mtwara	777,679,822	-
30	28	Police Force Department	768,568,294	-
31	95	Manyara	732,501,941	-
32	034-2030	Lilongwe	716,669,070	-
33	78	Mbeya	713,227,108	-
34	76	Lindi	700,178,009	-
35	83	Shinyanga	675,498,001	-
36	71	Coast	600,725,706	-
37	65	Ministry of Labour & Employment	568,939,707	-
38	89	Rukwa	480,173,254	-
39	69	Ministry of Natural Resources and Tourism	478,659,186	USD 903,862.40
40	034-2009	Moscow	447,226,311	-
41	034-2031	Brasilia	396,491,837	-
42	63	Geita	379,321,946	-
43	84	Singida	357,981,591	-
44	96	Ministry of Information, Youth, Culture and Sports	308,328,471	-

45	034-2018	Washington	298,438,339	-
46	034-2010	New Delhi	252,920,000	-
47	034-2027	Abu Dhabi	210,310,084	-
48	034-2025	Pretoria	207,885,201	-
49	50	Ministry of Finance	193,965,881	-
50	86	Tanga	184,294,057	-
51	37	Prime Ministers Office	157,047,276	-
52	36	Katavi	142,172,994	-
53	79	Morogoro	139,549,247	-
54	49	Ministry of Water & Irrigation	132,598,919	-
55	32	President's Office Public Service Management (PO - PSM)	124,273,914	-
56	25	Prime Minister's Office - Private Office	121,069,212	-
57	034-2022	Harare	117,950,657	-
58	034-2007	Lusaka	116,742,480	-
59	88	Dar es Salaam	114,000,000	-
60	034-2024	Riyath	97,722,020	-
61	034-2021	Kampala	95,183,992	-
62	51	Ministry of Home Affairs	93,469,100	-
63	93	Immigration Services Department	83,344,000	USD 75,580
64	92	Tanzania Commission for AIDS (TACAIDS)	80,278,917	-
65	40	Judiciary of Tanzania	65,892,631	-
66	034-2001	Addis Ababa	38,989,755	-
67	98	Ministry of Works	29,402,371	€ 54,254.00
68	27	Registrar of Political Parties	27,742,098	-
69	77	Mara	17,447,021	-
70	23	Accountant General's Department	12,040,000	-
71	47	Simiyu	8,205,000	-
72	61	National Electoral Commission (NEC)	5,656,393	-
73	94	Public Service Commission	5,541,400	-
74	34	Ministry of Foreign Affairs	2,047,923	-
75	034-2023	Nairobi	1,560,528	-
76	034-2003	Cairo	0	EURO 158,185.49
TOTAL TZS and USD			1,292,399,778,599	USD57,662,248.38
			TOTAL £	£ 79,567.82
			TOTAL €	€ 221,967.49
			TOTAL ¥	¥ 17,089,499,858.00

Annexure 6: Follow up of the implementation of the previous years' CAG's General Report

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	2006/2007		
1	Weakness in managing government guarantees 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		Amended Government loans, Guarantees and Grants Act No.30 of 1974 and review of National Debt Strategy (NDS) is awaited
2	Outstanding Commodity Import Support We still insist the Ministry to exert more effort in collaboration with the debt collector to enforce recovery of the outstanding amount of JPY 16,699,499,858 and communicate the progress reached so far for audit review.		Not fully implemented
	2008/2009		
3	Misclassification of direct loan issued by Government as guarantees PMG has to submit approved restructuring agreement entered between Flowering Companies and Government of Tanzania and Loan repayment schedule plus any evidence showing that the repayment of the loans by these companies has started.		Under implementation
	2010/2011		
4	Outstanding liabilities and commitment TRA need to increase revenue collection and Treasury should be releasing funds on time to facilitate implementation of budgeted activities.	<ul style="list-style-type: none"> The Government will make more effort to enhance revenue collection strategies to facilitate implementation of budgeted activities, through; Continuation of formalization of the informal sector in order to incorporate it 	The matter is under implementation. Follow up on management actions to be made.

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		<p>in the tax base.</p> <ul style="list-style-type: none"> Public Institutions, Government Agencies and Authorities which collect non- tax revenue to remit all revenues collected through the retention schemes to the Government Consolidated Fund. Ministries, Independent Departments, Regions, Municipalities, City Councils, Agencies and Authorities that collect fees and charges are directed to introduce Electronic Fiscal Devices - EFDs in order to minimize leakage of revenue. An executive agency established under the Executive Agency Act, a public corporation established under the Public Corporations Act, a public authority or public institution shall submit its revenue and expenditure budget to the Paymaster General for scrutiny and approval. 	
5	Assets not recorded in the fixed assets register PMG has to provide schedule showing phases for implementing this recommendation. Assets register need to be in full use before fully adoption of IPSAS Accrual in year 2016/2017.	Assets Management Software (Tracking Software - SAGE) had been installed as a verification and updation tool. Training for the same has been conducted and the updation of Assets Register will start in the year 2014/2015	I advise PMG to expedite the fixed assets register preparation process and ensure that the register is ready and complete before full adoption of IPSAS Accrual in year

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
			2016/2017
	2011/2012		
6	ATCL debt <ul style="list-style-type: none"> I recommend disciplinary action be taken against officials who were involved in committing the government to such unfruitful deal which has resulted to the Government being exposed to pay for the accumulated debt of USD 41,466,177.16 established on 26/10/2012; and Since on 26/10/2012 the outstanding debt had accumulated to USD 41,466,177.16 from USD 39,000,000 on 26/10/2011, the Government should negotiate this debt with Wallis Trading Company for a possibility of cancellation on the grounds that the government receives no value from the deal. 		The matter is under PCCB investigation
7	Unsupported payments for medical treatments abroad TZS 488,144,343 The Accounting Officer of the Ministry of Health and Social Welfare should improve internal control over the Ministry's expenditure and ensure that all requested relevant supporting documents for treatment abroad are submitted for audit verification.		Under implementation
	2012/2013		
8	Procurement Management <i>Audit noted recurrence of weaknesses in procurement</i>		Under implementation. This is long term involving all

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p><i>function. Hence recommended:</i></p> <ul style="list-style-type: none"> Government through PPRA has to conduct several seminars with the aim of building capacity of PMUs, Tender Boards, Accounting Officers and User Departments on the importance of complying with the Public Procurement Act and its regulations. Also it is important to have Procurement Information Management Systems (PIMS) in effective operation. This system is hosted by PPRA. PPRA has to make sure that this system is user friendly to end users so that MDAs/RS can easily use this system to improve procurement activities. 		stakeholders.
9	<p>Unattended Shortage of Workforce in MDAs and RS</p> <p>Audit noted huge shortage of staff as compared to the establishment levels within MDAs/RSs. Hence recommended:</p> <ul style="list-style-type: none"> The PO-PSM should revisit the establishment levels of MDA and RS and come up with the ideal required level. Accounting Officers of MDAs and RS should work hard to ensure that they are equipped with sufficient and qualified number of staff. Shortage of staff should be communicated to the respective authorities including PO-PSM. 		Not fully implemented
10	<p>Salaries paid to non - Exiting Employees</p> <p>After noted existence of salaries being paid to non-existing employees. Hence recommended:</p>		The Government is making efforts to timely delete terminated

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<ul style="list-style-type: none"> To avoid such losses in future, Accounting Officers of the respective MDAs/RS should check their payrolls periodically to confirm validity of all entries. Communication should also be enhanced to ensure that names of retirees, absconders or terminated employees are deleted from payrolls once they cease to be in employment, Apart from that, Accounting Officers should ensure unclaimed salaries in respect of employees who are no longer in public service for one reason or another are surrendered timely to Treasury as per given instructions, Furthermore, Accounting Officers should ensure that Human Capital Management Information System (LAWSON) is fully utilized in order to obtain the anticipated value for money in installing the software package. 		employees from payrolls once they cease to be in employment. I am optimistic that the weakness will cease in the near future.
11	Expenditure Management After observing various weaknesses in expenditure management I recommend that: Accounting Officers of MDAs/RS/Missions should ensure all payments are authenticated by proper authorities and proper supporting documents in line with the requirement of Regulation 95(4) of the Public Finance Regulations of 2001. Internal checks need to be strengthened including strengthening the pre-audit functions.		Not fully implemented
12	Operation of Embassies Various weaknesses were pointed out in operations		Not fully implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>of overseas Missions. Hence recommended that: The respective Embassies/High Commissions, in collaboration with MFAIC should cease paying Foreign Service allowances to the retired officers who were in the missions and make arrangement for immediate repatriation to their place of domicile. I also recommend that management/relevant authority should consider recovery of the amount paid to this staff,</p> <ul style="list-style-type: none"> Embassies/High Commission's management should communicate with the MFAIC for the need of replacement of home based staff who overstayed in one station. This will have positive effects in the services delivery of the respect embassy/missions, MFAIC management should consider a possibility of setting aside funds in the budget for carrying out economic diplomacy and promoting tourism attraction, taking into consideration that this is an important task to the Country's economy. 		
13	<p>Designated Referral Hospitals and Designated Voluntary Agency Hospitals While conducting special audit, I noted weaknesses on operations of designated hospitals hence recommended:</p> <ul style="list-style-type: none"> The MoHSW should ensure that all funds transferred to hospitals are itemized according to their nature of expenditure instead of being transferred in block amount as noted during 	<ul style="list-style-type: none"> Ministry has communicated with all Referral; DDH; and VAH Hospitals vide our letter reference No. HC.209/320/01 dated 30 October, 2013, requesting them ensure that all ineligible salaries paid are refunded back to the Ministry of Finance. 	PMG response noted, follow up of this matter is on progress I will make close follow upon management actions.

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>the audit.</p> <ul style="list-style-type: none"> • The MoHSW in collaboration with the Treasury should improve communication with the Hospital managements to ensure immediate deletion of ghost workers who are still in the Government Computer Payrolls. • I urge the District Designated and Voluntary Agency Hospitals to adhere to the contract agreement signed between MoHSW and the respective Hospitals on adherence to the terms and conditions of Board members appointment. • I recommend to the MoHSW in collaboration with the managements of the Hospitals to ensure that in future separate bank accounts are maintained in respect of Government funds instead of the current situation of mixing up these funds with other hospital funds. Furthermore, hospital managements should be made to be accountable on the public funds by preparing periodic accounts/reports to the Ministry. Alternatively the MoHSW together with MoF could work out accordingly a system which will allow the use of bank account but clearly capturing the transaction related to the government funds received by the hospitals. 		
14	<p>National Agricultural Inputs Vouchers Scheme (NAIVS) Various challenges noted in the operation of NAIVS. Hence recommended;</p> <ul style="list-style-type: none"> • Involve Agricultural Extension Officers, 		Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>Agriculture Seeds Agency and Agriculture Research Institutions in reviewing and assessing seeds and fertilizers issued in the country who should also monitor on counterfeit seeds and fertilizers.</p> <ul style="list-style-type: none"> • Make sure that procurement and distribution of vouchers are done timely. Adequate soil analysis is done in various parts of the country and fertilizer vouchers are issued strictly in accordance with the type of soil. • To come up with a simplified version (preferably Swahili version) of an operational manual clearly illustrating how the basic records should be kept and maintained, reconciliations to be done and the periodical reports to be prepared from the village to district and regional level. Farmers should be made aware and provided with information on the voucher system on how it operates and the benefits to be derived from the use of quality seeds and fertilizers and the operation of the NAIVS. 		
	<p>Procurement of MV Misungwi Various weaknesses noted in the procurement of MV Misungwi. I recommend;</p> <ul style="list-style-type: none"> • Appropriate actions should be taken against the public officers who failed to supervise and manage the execution of the Procurement contract of MV Misungwi and Legal actions should be taken against M/S Sinnautic International who failed to implement all works and 	<ul style="list-style-type: none"> • Actions have been taken against public officers who failed to supervise and manage the execution of the procurement contract of MV Misungwi. • The Ministry of Works, via a letter with Ref. AB 13/179/07/42 of 16th May 2014, sent a Notice to the Contractor, M.S Sinnautic 	<p>PMG response noted, follow up of this matter is on progress</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	delivers spare parts of MV Misungwi as per contracts despite of being paid.	International, directing him to pay to Ministry, among others, Euro 41,140 being value of undelivered essential parts and spares for the ferry. The Ministry, with the assistance of the Attorney General is considering further legal actions to take against the contractor (a copy of the Notice to the contractor attached)	
	Mkomaindo Nursing Training Centre In respect of special audit conducted on Mkomaindo Nursing Training Centre, the Accounting Officer is urged to strengthen internal controls system including improvement of record keeping.		Not implemented
15	<i>Government preparedness for IPSAS accrual basis</i> <ul style="list-style-type: none"> Establish IPSAS National Coordination Committee made up of professional accountants/auditors and other professions who will be overseers of the five years roadmap to make sure each step is taken seriously and on time. So far one year has lapsed remaining with four years. The committee should be chaired by the Accountant General, DGAM should work closely with stakeholders so as to enhance the implementation of the action plan for smooth compliance with IPSAS 17, and make necessary adjustments in the 	<ul style="list-style-type: none"> The IPSAS National Committee will be established during this financial year i.e. 2014/2015 and we expect the committee will oversee and enhance the smooth implementation of IPSAS action plan. The task force modalities of separating the land and building into two distinct asset categories as IPSAS requirements. SDU Accounts and budget under the supervision of a consultant are working on the system configuration in the e-by Epicor 	PMG response noted. Evaluation of Implementation of management action plan will be done in the coming audits

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>financial statements by separating land and building into two distinct asset categories,</p> <ul style="list-style-type: none"> • To properly configure the IFMS Epicor and the government's budget systems for these systems to process transactions and generate financial statements according to IPSAS accrual requirements. • The government is advised to initiate the process of consolidating the financial statements of LGAs, RSs and controlled entities in the financial statements of URT, • I advised PMG to ensure that amended Public Finance Act is in place, • The government should ensure that title deeds to confirm that land and buildings are owned by their respective MDAs/RS are processed immediately and held as evidence of ownership of the assets, • It is recommended that, Management of MDAs/RS in collaboration with Treasury ensures that all modules of IFMS are properly customized and the accounting system is fully utilized. Training should also be conducted whenever the need arises such as the release of new version and newly recruited staff. • Government to provide training on the use of EPICOR 9.05 and IPSAS accrual basis of accounting, • Adoption of IPSAS accrual basis of accounting prior to amendment of the existing legislation e.g. Public Finance Act No. 6 of 2001 	<p>in order to enable the system to process and generate financial statements according to IPSASs Accrual requirements,</p> <ul style="list-style-type: none"> • The Government is planning to consolidate the LGAs in year 2013/2014 while the consolidation of the GBEs and Other Entities will be done in year 2014/2015, • Valuation of assets in Local Government Authorities await review of Public Finance Act (PFA) that will provide legal mandate to GAMD on Management of Assets in LGAs including valuation, • Ministry of Finance is in the process of organizing Joint efforts with Ministry of Lands, Housing & Human Settlement Development and Ministry of Works (TBA) that will ensure preparation of title deeds for MDAs and RS, • It is the government intention to ensure that all IFMS modules are activated and full utilized. • Currently the government is finalizing the customization of the IFM/Epicor system to 	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>(amended 2004) contradicts with the IPSAS accrual basis of Accounting philosophy,</p> <ul style="list-style-type: none"> Plan for Government retiree Pension for the public service retirees are paid from the consolidated fund and the arrangement is recognized by the Government as Defined Benefit Plan. The government through SSRA to fully comply with IPSAS 25 (Employee benefits) over accounting for Defined Benefit Plans in order to determine its initial liability for defined benefit plans due to IPSAS accrual first year adoption. 	<p>accommodate the IPSAs Accrual Accounting. Also it is the government plan to activate the rest of the modules in the system, such as inventory and Asset Modules</p> <ul style="list-style-type: none"> Training of new version (version 9.05 has been conducted to the Chief Accountants, Regional Accountants, Heads of Sub-Treasuries, Data entries staff and the preparer of the financial statements of the MDAs and RSs' Moreover, the training is a continuous exercise. Training on the use of EPICOR 9.05 is expected to be conducted by the Office of Accountant General in the financial year 2014/2015 on the use of EPICOR (Asset Management Module), The government continues with various financial reforms which prompted the review the the Public Finance Act 2001(revised 2004) to accommodate the challenges which resulted from such reforms. Currently the second draft of the new Act has been issued to high authority for review and 	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		<p>recommendations.</p> <ul style="list-style-type: none"> • Moreover, Section 38 accommodates the changes brought by adoption of the IPSAS Accrual basis, • The Government is still in transition period, as it has adopted the international standards for the first time in year 2012/2013, • The government has prepared IPSAS's roadmap of which the valuation of government assets and liabilities has been incorporated in. The roadmap covers five year of which management believes that, retirees and pensioners' actuarial valuation will be accommodated. 	
16	<p>Monitoring and evaluation of projects financed through debt proceeds</p> <p>As borrowings for development projects is increasing by becoming a nation's priority,</p> <ul style="list-style-type: none"> • I advise the government to consider establishing a mechanism for monitoring and evaluation of projects for which funds raised through loans are. This will help in the continuous evaluation of the impact of funded projects and also minimize the expectation gap between stakeholders and the 		Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	government.		
17	<p>Lack of Unified Debt Management Office(DMO)</p> <p>The need for a unified Debt Management Office is one of the key issues that were addressed during the financial year 2010/2011. I advise the government to fasten the establishment of a unified DMO in order to effectively and efficiently execute the government's debt management functions.</p>	<ul style="list-style-type: none"> The President of the United Republic of Tanzania issued notice no. 494 dated 17th December 2010. In the instrument the President created the Ministry of Finance which among other things was mandated for loans and credit policies and their implementations. The Ministry of Finance used the instrument to start the move towards the establishment of the Debt Management Division. The Division will take over all the scattered debt management functions from various actors. Division will establish an effective and efficient debt management system in the country. Furthermore, the Division will support the overall efforts in strengthening governance by improving transparency and accountability in management of Public Debt. On 19th May, 2014 the President approved the proposed Functions and Organization Structure of the Ministry of Finance of which Debt 	Establishment and functioning of the debt management department will be evaluated in the coming audits

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		Management Division has been establishment and will be dealing with Public Debt issues. Meanwhile the Ministerial Committee is working tirelessly to ensure that the activities set out under the reform and capacity building plan are timely implemented.	
18	Converted Liquidity Papers into financing papers I advise the government to refrain from converting liquidity papers in order to avoid likelihood of future debt stock stress. Proactive and bold measures need to be taken by the government including but not limited to improvement on government revenue collection through TRA's Revenue Gateway System, fiscal discipline and effective budget estimates.		Not implemented
19	Release of funds towards the end of the financial year In order to tackle the challenge of late release of approved funds, the government is advised to align Exchequer Issues with budget and revenue collections to avoid the release of funds close to end of the financial period. By so doing, it is expected that planned activities will be implemented according to the approved action plan.	The exchequer releases are based on revenue collection as government budget is operating under cash basis; hence in future the government will ensure that exchequer releases will be aligned with budget and revenue collections	Implementation of my recommendation will be verified in the coming audits.
20	Management of Customs and Bonded Warehouses The noted various weaknesses in management of		Not fully implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Customs and Bonded Warehouses. Hence advised the government to ensure adequate controls over the operation of Customs and Bonded Warehouses in order to collect respective custom dues. In addition, TRA is urged to comply and enforce existing legislations.		
21	Government Agency Appraisal The audit noted various weaknesses in operation of Government Agencies. Hence recommended that: <ul style="list-style-type: none"> • All executive agencies which were established with the aim of providing service to the public and gain revenue from their service, it is time for them to compete in the commercial world by being more innovative and increasing the quality and level of service. This will improve their revenue collections and will minimize their dependence on the central government in funding matter, • Agencies which were established with the aim of taking service to a large number of customers should maximize on taking advantage of the big customer base to maximize their revenue collection potentials, • In order to provide quality service it is important to have qualified staff and working tools. Parent Ministries in collaboration with the Public Service Commission have to make sure that their agencies are well equipped with competent staff and necessary working tools that will enable them to increase the level of service and to improve their service delivery to 		Not fully implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>the public,</p> <ul style="list-style-type: none"> Due to the current serious government fund constraint of the agencies the government should for the time being stop creating additional agencies until when the government financial position improves. 		
22	<p>Payment of Rent Charges by MDAs TZS.7,895,872,337</p> <p>Audit noted MDAs paying rent for office accommodation. Hence recommended that:</p> <ul style="list-style-type: none"> Government through the Ministry of Land and TBA to find areas for Ministries buildings of all ministries that do not have their own buildings, Government to make arrangements with social security funds to secure loans for construction of these office buildings, Government can also make arrangement with development partners like Africa Development Bank, World Bank, etc. to get loans/grants for the construction of its office buildings, The spirit of constructing government buildings should be extended to our Embassies/Missions where it is very costly to rent offices or staff houses. 	<ul style="list-style-type: none"> The Government through the Ministry of Lands, Housing and Human Settlement Development (MLHHS) and Capital Development Authority (CDA) has started allocating plots/areas for the construction of government buildings in Dodoma, The Government through the Ministry of Finance (MoF) will initiate negotiations with Financial Institutions and Social Security Funds to secure loans for the construction of Government buildings, The Government will continue to acquire buildings and land for construction of buildings for our Embassies overseas. Properties already acquired include a building in the US and Plots in Kenya, Saudi Arabia and Qatar. 	I acknowledge the efforts made by the Government. I will make close follow upon implementation
23	<p>Challenges facing Tanzania Prison Services:</p> <p>After observing various challenges facing operations of Tanzania Prison Services, The</p>		Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>following were recommended:</p> <ul style="list-style-type: none"> • The Judicial system of Tanzania will have to speed up the ruling of pending cases. There is a large number of inmates in prisons who are waiting for their cases to heard and justice to be given by courts of law by speeding concluding cases facing inmates will help reduce the number of inmates in prisons. • Government has to opt to use other methods of punishing inmates after being found guilty. Government can choose to use alternative methods of punishments like extra mural labour, community service and parole. This will significantly reduce the number of inmates and prisoners in prisons. • For minor offenders and defaulters it is better to use fines and if they fail to pay the fine, they should be handled to their township leadership, or district and given communal based labour. • Maintaining inmates and prisoners imposes a great cost to the government. To feed, dress and medical treatment to inmates is a very expensive undertaking on the part of the government. The management of prison Service is advised to improve quality of their productive activities like carpentry, agricultural activities, tailoring, construction of houses and mechanics. • Prison Service is encourage to write up several development proposals and find various donors 		

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>like Africa Development Bank (ADB), USAID, etc that will be willing and ready to finance their proposal of expanding and improving the prisons.</p> <ul style="list-style-type: none"> Management of Prison Service Department is advised to call for a visit to members of PAC and other leaders of Government to visit Prisons and see the actual situations in the prisons. This will help them to make informed decisions concerning resources allocations to the vital organ of the state. 		
24	<p>PPP arrangements Audit noted various risks associated with PPP arrangement. Hence, the following were recommended:</p> <ul style="list-style-type: none"> The government should design a thorough procurement and appraisal process which assesses the dependability and probity of potential partners. Such appraisal should focus on choosing a viable partner with proven track record in project development through a competitive bidding process, Recognizing the importance of feasibility studies so that interests of both parties are served and optimal achievement is attained, the government should create a PPP Facilitation Fund to finance feasibility studies on key projects implementation. In addition, the government is urged to launch a full scale sensitization program in order to fully engage the private sectors to identifiable national 	<ul style="list-style-type: none"> We concur with the auditor's recommendations. We elaborate as follows: Risk in the Public Private Partnerships are dealt with using two important tools: <ol style="list-style-type: none"> 1) Appraisal process where feasibility studies are analysed to ensure technical, legal, economical environmental, commercial and financial viability and 2) Approval process, where all phases in the PPP life cycle are determined. These include approval of the feasibility study by the Minister for Finance, Approval of the Request for Proposal, Approval of the PPP Financial Structure and 	I will make follow up on management actions.

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>priority projects. The continuous absence of state financed feasibility studies could become a very costly affair,</p> <ul style="list-style-type: none"> • The government should ensure that issues of profit sharing (including possible future gains from property sales or refinancing) are addressed as clearly as possible in the partnership agreement. It should also ensure that the state's interests are protected if contributed assets are disposed off by the partnership (e.g. guaranteeing the state a share of the proceeds). The government should also be able to verify the total costs being capitalized in the project which are subject for recovery during the lifetime of the project, • It is advised that the government should consider whether assets of national importance can be leased to the private sector rather than transferred outright. The partnership agreement could give the public sector –step-in rights in the event of a major failure in the delivery of services or the bankruptcy of the partner, • The government should therefore determine whether the greater costs and risks involved are justifiable. Careful and thoughtful analysis should be tailored to address appropriate allocation of project risks between the public and private sector parties affected by the project. In all the PPP arrangements, the public entity should look for the optimum 	<p>the PPP Contract.</p> <p>Already these tools are employed in the new structure of PPP implementation.</p> <ul style="list-style-type: none"> • Issues of profit sharing are an important one in PPPs especially in Joint Venture. For the projects implemented after the enacting of the PPP Act (2010), all contracts have to expressly state the treatment of partnership profit and losses in Joint ventures. 	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>transfer of risks by ensuring that the individual risks are allocated to those best placed to manage them,</p> <ul style="list-style-type: none"> • The government should be keen in contract design and negotiation in order to ensure that any risk resulting from unforeseeable events are fairly shared between the two parties and according to the predetermined and agreed sharing risk levels, • The government should ensure that the articles of association allow for performance information to be supplied, on demand, to the public sector partner. Where the government is acting as a lender or guarantor it should request additional information from the partnership in order to ensure the security of its loan, • In its risk analysis before entering the partnership, the government should carefully consider these possibilities and make provision for them - either in the terms of the agreement (e.g. the power to withdraw in the event of poor performance without unreasonable financial loss) or by way of contingency planning (e.g. share disposal), • The government should link contractual payments to the achievement of the agreed milestones and the standard of services delivered. 		
25	The Public Private Partnership Act does not provide for CAG's access to all PPP records and		Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>information.</p> <ul style="list-style-type: none"> The Act should ensure that all PPP contracts and Production Sharing Agreements (PSAs) provide for the Controller and Auditor General to have access to financial records and other information of the private partner or company in all the PPP arrangements. In addition, the government should avail and provide to CAG all the relevant PPP information throughout the project life from the tendering phase, contract awards and the operational phase. Guideline 3 of ISSAI 5220 provides that, examining a project by a Supreme Audit Institution throughout these stages has the advantage that any weaknesses identified can be corrected before the contract is signed and so more serious difficulties avoided at later stages, The government should also provide regular information on project performance clearly showing whether the private partner is meeting its obligations to the public sector partner so that any risk of loss is identified as early as possible, enabling the government/public sector partner to consider how best to protect its interests. 		
26	<p>Audit of Political Parties' accounts After observing various challenges facing Political Parties' accounts, The following were recommended:</p> <ul style="list-style-type: none"> To enhance disclosure, presentation and 		Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>comparability of Political Parties' performance, parties should prepare their financial statements in accordance with International Accounting Standards. The adoption of common reporting framework of accounting will also lead to consistency and uniformity of recording transactions and preparation of the financial statements of the political parties. This is where the Registrar of Political Parties in conjunction with the Accountant General should come in giving guidance on the type of reporting framework to be adopted and format of financial statements to be prepared by the Political Parties.</p> <ul style="list-style-type: none"> • I recommend to the government to revise the Political Parties Act No. 5 1992 (amended 2009) in order to resolve the challenges. 		

Annexure 7: Implementation status of the PAC Recommendations

S/N	PAC Recommendation	Response by Government	Audit comments
2011/2012			
1	Handling Tax claims Court Cases. <ul style="list-style-type: none"> Consider imposing disciplinary measures to all staff who are the cause of these cases. Office of the Attorney General to function with integrity and focused on defending the Government with the aim of winning the case. 		Court ruling on the pending cases will be followed.
3	Management of contract on production of Driving Licenses <ul style="list-style-type: none"> TRA has to make sure that it reviews the entire contract and do a analysis of all the weakness of the contract for amendments. CAG to do special Audit and then submit its Report to the Committee; All contracts which involve the provision of tax exemptions should be reviewed by Attorney General before signing. In addition, the TRA also should be involved in order to provide professional advice by ensuring that tax relief does not affect revenue collection. 		The special audit report on driving licenses has been issued.
4	Disbursement of Adequate funding to the Rural Electrification Agency (REA) PAC recommended that in the financial year 2014/2015 Government should provide REA with enough funds from its own sources to facilitate Rural electrification		Follow up on this matter will be done during audit of financial year 2014/2015.
5	Repayment of Government debt to PSPF <ul style="list-style-type: none"> The Government should continue to set aside and pay every year TZS. 71 billion to PSPF to enable the fund to continue to provide pensions for retirees without restrictions; PSPF should invest and issue loans to various institutions by considering its financial capacity to avoid danger of failing to sustain the fund. Social Security Regulatory Authority (SSRA) 		So far PMG has paid TZS 50 billion to PSPF during financial year 2013/2014. PMG has to make sure that the remaining balance is also paid.

S/N	PAC Recommendation	Response by Government	Audit comments
	<p>has to be proactive in managing the level of investment and loans offered by the Social Security Funds not to exceed the capacity of such funds.</p>		
6	<p>Delays in funding and the budget deficit for our embassies/mission abroad.</p> <ul style="list-style-type: none"> Through the Ministry of Foreign Affairs and International Cooperation and the Ministry of Finance all Embassies/Missions have to impose an effective strategy to ensure Visa Sticker Machine are working. Ensure that the IFMS is working well in our embassies to create value for the cost involved in the purchase and installation of the system and also avoid losses to the Government that can be caused by not using the system. In addition, the Ministry of Foreign Affairs and International Cooperation in collaboration with the Ministry of Finance should find a way to reduce operating costs of the IFMS in embassies. 		<p>CAG's special audit report on problems facing Tanzania Embassies has been issued.</p>
7	<p>Strengthening revenue collection of the Ministry of Lands, Housing and Human Settlements Development.</p> <ul style="list-style-type: none"> Ministry of Lands, Housing and Human Settlements Development should strengthen the internal controls system over revenue collection In order to increase control over revenue collection, the Ministry despite using its system of Land Rent Management System (LRMS) should also start using the Electronic Fiscal Device (EFD) in collecting government revenues. LRMS to be linked to the Taxpayer's identification number (TIN) to determine the actual number of taxpayers with the aim of reducing current existing land disputes. The Ministry should find specific mechanisms that would ensure taxes that are outstanding in different plots are 		<p>Not fully implemented</p>

S/N	PAC Recommendation	Response by Government	Audit comments
	rerecovered as soon as possible.		
2012/2013			
8	<p>Tax exemptions</p> <ul style="list-style-type: none"> Tanzania Revenue Authority (TRA) to establish tax exemption management unit that will have the responsibility to follow up the use of tax exemptions and submit to other authorities with responsibility for providing tax exemptions, TRA should regularly inspect and monitor Companies enjoying tax exemptions to ensure compliance with tax law and avoid losses arising from abuse of tax exemptions, TRA to claim tax amounting to TZS 22,325,178,728 together with penalties from Geita Gold mine which were not collected due to inadequate internal controls and lack of proper management of tax exemptions, TRA should exert more control over motor vehicles tax exemptions and register motor vehicles in the name of the importers, TRA to ensure that Kiliwarrior Expeditions Ltd and Kilimakyaro Mountain Lodge settle unpaid tax amounting to TZS 392,701,602 and 53,399,565 respectively due to fraud in the importation of motor vehicles and stop the companies from enjoying tax exemption, TRA management to conduct investigations and claim funds from companies suspected to misuse tax exemptions, management to take legal and disciplinary action against TRA officers who participated in the fraud TRA to ensure that exempted traders and companies submit tax exemptions returns. In addition, TRA to undertake investigation related to the use of tax exemptions granted to M/S Conti-Africa Ltd before and after closing his business and ensure that 	<ul style="list-style-type: none"> TRA has already taken several measures in dealing with tax exemptions. Audit conducted in some mining companies noted that some of these companies, including Geita Gold Mine issued tax exempted fuel to contractors. TRA estimated taxes and claim TZS.5.1 billion from Geita Gold Mine. However Geita Gold Mine appealed to the Board of Tax Appeals (case 5 in 2012), where the Board ordered taxes collection from mining companies on 3/10/2012. finally, the Board suspended ban on 22 July, 2014. TRA continues to collect taxes from exempted mining companies which in the financial year 2011/12 and 2012/2013 TRA already collected TZS 16.7 billion from Geita Gold Mine and Resolute where they issue a tax exempted fuel to contractors. These contractors include Ausdiril, AECL, Capital drill, falcon, hilcon, ako, CASCCO, Moolman, Orica, Panaf, Mantra, SGS, Rhino, Caspian Construction, Mansons Mines Log Ltd, CSI, Epson and Police. TRA continues to reconcile statistical data of tax exempted fuel consumption issued to mining companies every month and collect applicable tax, In respect of motor vehicle registration system, TRA continues to open criminal cases against parties involved with this crime in conjunction with other government organs. TRA investigated Kilemakaryo 	<p>I acknowledge Government action on this matter. Review of the implementation of PAC directives is on progress.</p>

S/N	PAC Recommendation	Response by Government	Audit comments
	<p>the company settles unpaid tax amounted to TZS.3,824,547,526.</p> <ul style="list-style-type: none"> TRA to ensure that exempted companies submit tax exemption returns before issuing another tax exemption TRA to reject tax exemption request in absence of all required documents Tanzania Investment Centre (TIC) to initiate a process to revise Investment Act of 1997 in order to remove exemptions for renovations or expansion projects granted to exempted companies 	<p>Mountain Lodge Ltd which was granted tax exemption on motor vehicles importation. TRA reconciled data and took appropriate action against the parties involved,</p> <ul style="list-style-type: none"> Government through the Tanzania Investment Act, chapter 38, offer tax exemptions for investors in specific sectors including the renovation and expansion of their projects. Government's commitment to provide these incentives is to foster and promote investment in the country. Attraction of investors through tax exemption in the expansion and renovation projects has been causing significant loss of revenue. the government has removed this exemption, refer section 48(d) of the Finance Act, 2014, The government recognizes the importance of adhering to laws and regulations in the provision of tax exemptions. TRA has taken several measures to strengthen the management of tax exemptions to ensure that laws and regulations are adhered to before granting tax exemptions as directed by PAC. 	
9	<p>Construction of VIP lounge at Julius Nyerere International Airport (JNIA) in the financial year 2006/2007 - 2011/2012</p> <p>PAC directed the government through its organs like PCCB to undertake criminal investigation in respect of individuals alleged to be involved in causing loss of more than TZS 9.0 billion to the government and take appropriate legal action</p>	<ul style="list-style-type: none"> Construction of VIP lounge at JNIA was not among the projects which were to be implemented in accordance with a permit issued by the cabinet. Origin of the construction is the Vice Chairman of CSIL who in one of his visits in 2008, he passed through VIP lounge. He was not satisfied with the status of the VIP room. 	<p>Government action on this matter is noted. I will make</p>

S/N	PAC Recommendation	Response by Government	Audit comments
		<ul style="list-style-type: none"> Due to that condition, the Chairman of CSIL promised to construct VIP Lounge to support the Tanzania government by considering the relationship and friendship between Tanzania and China. The sponsor provided support as he promised by signing an offer of grant for VIP lounge in order to start construction work. 	close follow up on response .
10	<p>Funds Used to Publicise Various Ministry's Budgets on News Papers after being Approved by the National Assembly in the financial year 2011/2012 and 2012/2013.</p> <p>PAC recommends that from next financial year the Controller and Auditor-General to give special attention to audit these expenditures and directs accounting officers to reduce unnecessary advertisement costs before disciplinary action is taken against them.</p>		PAC recommendation will be followed up during next audits.

Annexure 8: Approved Estimates, Exchequer Issues released and Actual Expenditure for Supply Votes

Vote No.	Name of Auditee	Approved estimate (TZS.)	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	(Under)/Over release (TZS.)	Unutilized funds (TZS.)
31	Vice President's Office	72,529,306,453	71,305,323,120	71,294,059,423	-1,223,983,333	11,263,697
34	Foreign Affairs & Inter. Cooperation	172,386,871,817	161,076,558,238	159,534,923,198	-11,310,313,579	1,541,635,040
37	Prime Minister's Office	38,497,902,944	23,684,600,760	23,645,986,095	-14,813,302,184	38,614,665
41	Constitutional and Legal Affairs	12,592,760,040	7,483,135,461	7,483,135,461	-5,109,624,579	-
43	Agriculture, Food Security & Cooperative	197,829,670,669	189,523,738,382	189,446,390,862	-8,305,932,287	77,347,520
44	Industry and Trade	34,092,172,463	30,071,044,252	30,065,383,384	-4,021,128,211	5,660,868
46	Education and Vocational Training	653,660,829,827	626,200,629,105	626,089,557,097	-27,460,200,722	111,072,008
48	Lands and Human Settlement	39,376,932,263	38,967,452,873	37,974,416,747	-409,479,390	993,036,126
49	Water and Irrigation	30,767,565,055	21,268,194,284	21,232,360,522	-9,499,370,771	35,833,762
50	Finance	65,028,837,914	57,406,750,659	57,103,584,070	-7,622,087,255	303,166,589
51	Home Affairs	5,187,057,000	4,608,380,381	4,606,468,821	-578,676,619	1,911,560
52	Health and Social Welfare	300,978,622,933	282,439,413,575	282,391,071,086	-18,539,209,358	48,342,489
53	Community Development, Gender & Children	15,833,711,000	12,274,243,700	12,152,056,723	-3,559,467,300	122,186,977
56	Regional Administration & Local Government	211,673,600,337	207,910,685,233	207,910,685,233	-3,762,915,104	-
57	Defence and National Service	19,310,495,000	15,915,793,393	15,915,793,393	-3,394,701,607	-
58	Energy and Mineral	112,429,504,160	84,722,741,029	84,637,674,145	-27,706,763,131	85,066,884
62	Transport	112,167,086,823	88,860,378,605	88,842,433,566	-23,306,708,218	17,945,039
65	Labour, Employment & Youth Development	13,349,129,586	9,910,426,005	9,909,346,707	-3,438,703,581	1,079,298
68	Communication, Science And Technology	32,244,928,547	29,143,653,462	29,143,432,028	-3,101,275,085	221,434
69	Natural Resources And Tourism	68,033,262,800	42,999,484,371	42,927,901,846	-25,033,778,429	71,582,525
96	Information ,Culture And Sports	22,985,350,558	20,131,251,879	20,131,251,879	-2,854,098,679	-
97	East Africa Cooperation	20,508,642,272	18,004,907,700	18,004,907,700	-2,503,734,572	-
98	Works	384,604,281,882	378,801,696,463	378,793,194,112	-5,802,585,419	8,502,351
99	Livestock Development And Fisheries	39,336,909,000	34,587,582,347	34,496,399,241	-4,749,326,653	91,183,106
36	RS Katavi	2,255,244,400	1,999,419,033	1,999,419,033	-255,825,367	-
47	RS Simiyu	3,101,671,000	2,668,533,880	2,631,997,126	-433,137,120	36,536,754
54	RS Njombe	3,924,821,350	3,480,931,890	3,480,895,825	-443,889,460	36,065
63	RS Geita	3,909,710,700	2,973,478,793	2,913,367,315	-936,231,907	60,111,478
70	RS Arusha	10,179,559,419	9,373,274,105	9,373,274,105	-806,285,314	-
71	RS Pwani	4,701,054,500	4,103,369,000	3,998,094,626	-597,685,500	105,274,374
72	RS Dodoma	9,246,571,000	8,670,855,904	8,668,529,651	-575,715,096	2,326,253
73	RS Iringa	8,427,125,140	7,885,902,367	7,885,902,367	-541,222,773	-
74	RS Kigoma	6,675,690,010	5,827,828,660	5,825,534,992	-847,861,350	2,293,668
75	RS Kilimanjaro	9,627,824,160	9,144,469,927	8,901,805,652	-483,354,233	242,664,275
76	RS Lindi	6,077,009,020	5,824,018,695	5,788,555,688	-252,990,325	35,463,007
77	RS Mara	7,259,043,000	5,523,355,360	5,523,355,360	-1,735,687,640	-
78	RS Mbeya	12,689,191,506	6,460,812,192	6,460,036,283	-6,228,379,314	775,909
79	RS Morogoro	10,734,551,376	9,979,496,353	9,979,496,353	-755,055,023	-
80	RS Mtwara	7,944,950,000	7,390,451,300	7,389,630,198	-554,498,700	821,102
81	RS Mwanza	8,792,420,037	8,284,182,117	8,276,405,761	-508,237,920	7,776,356
82	RS Ruvuma	8,810,430,400	8,300,111,319	8,278,603,362	-510,319,081	21,507,957
83	RS Shinyanga	6,775,913,000	6,082,779,584	6,039,162,378	-693,133,416	43,617,206
84	RS Singida	7,200,552,444	6,518,509,976	6,518,508,606	-682,042,468	1,370
85	RS Tabora	6,925,700,000	6,323,704,281	6,322,229,612	-601,995,719	1,474,669
86	RS Tanga	9,406,899,700	8,514,174,535	8,367,828,333	-892,725,165	146,346,202
87	RS Kagera	7,955,051,342	7,945,708,393	7,932,665,149	-9,342,949	13,043,244
88	RS Dar es Salaam	4,604,658,910	4,142,249,561	4,142,051,087	-462,409,349	198,474
89	RS Rukwa	6,044,479,794	5,623,172,183	5,617,461,106	-421,307,611	5,711,077
95	RS Manyara	4,526,379,000	4,326,022,213	4,321,693,597	-200,356,787	4,328,616
6	Presidential Delivery Bureau	4,934,300,000	2,801,084,448	2,798,758,522	-2,133,215,552	2,325,926
8	Constitution Review Commission	33,944,588,000	16,440,720,746	16,440,720,746	-17,503,867,254	-
9	Secretariat of Public Remuneration Board	2,213,882,000	1,092,388,074	1,091,295,780	-1,121,493,926	1,092,294
10	Joint Finance Commission	2,064,424,000	1,301,486,426	1,301,486,426	-762,937,574	-

12	Judiciary Commission Service	3,079,672,400	1,599,941,991	1,599,941,991	-1,479,730,409	-
13	Financial Intelligent Unit	1,944,790,000	1,458,964,253	1,458,399,701	-485,825,747	564,552
15	Mediation and Arbitration	2,350,797,050	1,678,316,362	1,663,323,485	-672,480,688	14,992,877
24	Cooperative Development Commission	5,873,105,000	3,774,870,959	3,774,870,959	-2,098,234,041	-
55	Human Rights & Governance	5,742,889,070	3,496,001,001	3,485,690,593	-2,246,888,069	10,310,408
59	Law Reform Commission	3,552,722,600	1,808,933,773	1,807,739,431	-1,743,788,827	1,194,342
61	Electoral Commission	45,268,873,383	44,115,750,177	44,077,555,116	-1,153,123,206	38,195,061
66	President's Office-Planning	5,978,405,500	4,327,446,650	4,327,446,650	-1,650,958,850	-
91	Ant Drug Commission	3,070,340,000	1,465,976,093	1,465,976,093	-1,604,363,907	-
92	Tanzania Commission for AIDS (TACAIDS)	2,559,170,000	1,738,210,126	1,738,210,126	-820,959,874	-
94	Public Service Commission	11,623,153,760	9,390,235,550	9,388,446,660	-2,232,918,210	1,788,890
14	Fire and Rescue Force	25,977,829,200	17,672,055,307	17,672,055,307	-8,305,773,893	-
16	Attorney General	11,481,609,220	6,193,232,496	6,193,232,496	-5,288,376,724	-
20	President's Office_State House	9,248,595,000	9,248,594,999	9,248,217,190	-1	377,809
21	The Treasury	363,730,921,903	332,667,062,366	331,055,503,644	-31,063,859,537	1,611,558,722
22	Public Debt and General Services	4,213,957,021,630	4,213,957,021,630	4,212,026,959,264	-	1,930,062,366
23	Accountant General's Office	81,631,672,000	65,710,291,500	65,535,282,652	-15,921,380,500	175,008,848
25	Prime Ministers' Office	6,450,668,677	6,421,845,640	6,378,967,539	-28,823,037	42,878,101
26	Vice President's Office	5,814,055,445	5,814,055,445	5,813,889,145	-	166,300
27	Registrar of Political Parties	19,715,275,460	18,937,939,952	18,937,939,952	-777,335,508	-
28	Home Affairs	437,601,290,556	424,703,671,318	424,690,392,367	-12,897,619,238	13,278,951
29	Prisons (Ministry of Home Affairs)	136,560,870,149	135,747,908,202	135,747,908,200	-812,961,947	2
30	President Office and Cabinet Secretariat	289,334,115,830	286,563,352,775	286,559,770,567	-2,770,763,055	3,582,208
32	President's Office - Public Service Management	27,310,885,500	25,019,301,095	25,016,377,063	-2,291,584,405	2,924,032
33	President's office Ethics Secretariat	6,371,947,300	4,604,873,792	4,604,873,792	-1,767,073,508	-
35	Public Prosecution Division	21,600,291,200	11,821,589,900	11,821,484,668	-9,778,701,300	105,232
38	Defence	760,989,871,806	758,628,256,481	758,628,256,481	-2,361,615,325	-
39	The National Service	212,386,308,519	207,976,252,664	207,976,252,664	-4,410,055,855	-
40	Judiciary	122,040,468,255	102,704,529,185	102,704,529,185	-19,335,939,070	-
42	National Assembly	143,670,227,410	143,669,227,410	143,666,456,389	-1,000,000	2,771,021
67	Public Service Recruitment Secretariat	3,157,740,783	2,658,941,583	2,655,836,782	-498,799,200	3,104,801
93	Immigration Department	73,379,130,020	67,679,632,144	67,552,149,064	-5,699,497,876	127,483,080
	TOTAL	9,959,813,841,177	9,559,554,839,411	9,551,275,113,594	-400,259,001,766	8,279,725,817

Annexure 9: Approved Estimates, Exchequer Issues released and Actual Expenditure for Development Votes

S/N	Vote no.	Name of MDA/RS	Amount (TZS)	Descriptions
1	Vote 57	Ministry of Defense and National Service	579,689,703	Penalty for delay on clearing various consignments at Dar es Salaam Port as a result of delays to finalize clearance procedures.
2	Vote 50	Ministry of Finance	354,671,304	Being compensation payment following a judgment in favor of Simon R. Byarugaba (plaintiff) on Case no 52 of 1996 against the government following his termination from employment since April, 1996 without giving him reason and chance to defend for such termination
3	Vote 38	Tanzania People's Defense Force (TPDF)	231,561,608	being a storage charge on clearing consignments at DSM Port as a result of delay of up to 54 days to complete the clearance procedures
4	Sub Vote 2011	Tanzania Permanent Mission to The United Nations - New York-USA	194,493,662	» Monthly costs for electricity, and other maintenance expenses for property not in use-TZS 171,259,004 » Insurance and parking fees for grounded motor vehicle-TZS 23,234,658
5	Vote 39	National Service (JKT)	136,303,000	Being settlement of the debt to Millennium Express Co. Limited for renting services of construction machinery which was supposed to be paid by SUMA
6	Sub Vote 2018	Embassy of Tanzania-Washington	134,959,193	TZS 127,666,193 being maintenance cost for unoccupied building, TZS 7,293,000 Being costs of insurance and parking fees for the car no longer in use
7	Vote 46	Ministry of Education and Vocational Training	27,410,000	Expenditure incurred on a void contract for acquisition of land and staff buildings from Villagers of Misungwi District Council and M/S PPF respectively
8	Vote 61	National Electoral Commission	15,084,000	Being compensation for damages to Ms. Safran Morpho following appeal to the Public Procurement Appeals Board against irregularities in the tendering process that made M/S SCI Tanzania/INVU IT Solution/The JAZZ Matrix Corporation (Joint Venture) a successful bidder for supply of Biometric Voters Registration Kits.
9	Vote 98	Ministry of works	9,265,724	penalty for delay in settling the rental charges to NHC within prescribed grace period
10	Vote 89	RS-Rukwa	8,703,200	Being interest charges for delay in furnishing payments to the contractor, in respect of contract No.RAS/RKW/01/2013/2014for renovation of Regional block office building (Phase II)
11	Vote 62	Ministry of Transport	5,400,000	Being rental charges for the house occupied by former Deputy Minister for Transport who is no longer in the cabinet
12	Vote 36	RS-Katavi	1,200,000	Being participation fee for the training on procurement issues which not existed/conducted
Total			1,698,741,394	

Annexure 10: Joint ventures and Associates

Joint Ventures

S/N	Entity	Percent
1	PUMA	50
2	SNOTASHIP	50
3	TAZARA	50
4	TIPER	50

Associates

S/N	Associates	Percent
1	Abood Seed Oil	20
2	In-flight Catering Services Company/ LGS Sky Chef	21
3	New Africa Hotel	23
4	ALAF	24
5	Kilombero Sugar Company	25
6	Mbeya Cement Company	25
7	Moshi Leather Company	25
8	Mwananchi Engineering and Construction Company	25
9	Tanganyika Planting Company	25
10	Williamson Diamond Company	25
11	East African Cables Tanzania Ltd	29
12	Kiwira Coal Mines	30
13	National Bank of Commerce	30
14	National Microfinance Bank	30
15	TANELEC	30
16	Mbozi Coffee Curing	32
17	Tanzania Development Finance Ltd	32
18	TAZAMA Pipeline Ltd	33
19	Datel Tanzania Ltd	35
20	Celtel Tanzania Ltd (now Airtel)	40
21	Keko Pharmaceutical	40
22	Tanzania Pharmaceutical	40
23	Mbinga Coffee Curing	43
24	Friendship Textile Ltd	49
25	Kariakoo Market Cooperation	49
26	Tanscan Timber Company Ltd	49
27	Usafiri Dar es Salaam (UDA)	49

Source: Consolidated Financial Statements

Annexure 11: Summary of tax exemptions issued to beneficiaries

S/N	Institution category	Total (TZS)	Total (TZS)	Increase (decrease) (TZS)	Change in %	Share of category%
		2013/2014	2012/2013			2012/13
1	Government Institutions - CED	10,464,177,448	6,680,711,987	3,783,465,461	57	0.57
2	Parastatal Organizations- CED	151,320,063,168	25,290,046,478	126,030,016,690	498	8.25
3	Religious Institutions - CED	409,131,392	513,729,447	-104,598,055	-20	0.02
4	Non-Government Organisations(NGO)s- CED	365,924,795	1,409,421,040	-1,043,496,245	-74	0.02
5	Foreign Embassies/UN- CED	15,125,464,070	15,144,779,702	-19,315,632	0	0.82
6	Military duty free shop- CED	12,245,651,978	2,200,383,324	10,045,268,654	457	0.67
7	Donor Funded Projects (DFP) - CED	124,305,103,132	122,461,951,497	1,843,151,635	2	6.78
8	Private Companies & Individuals - CED	30,827,470,628	72,237,968,263	-41,410,497,635	-57	1.68
9	Mining Sector - CED	371,216,680,897	351,926,383,883	19,290,297,014	5	20.24
10	Oil/Gas Exploration- CED	103,195,828,832	35,809,409,085	67,386,419,747	188	5.63
11	Tanzania Investment Centre (TIC) -CED	330,141,360,717	300,398,017,047	29,743,343,670	10	18
12	VAT relief granted under 3rd Schedule-VAT Act Cap 148 [DRD]	676,882,527,383	571,733,155,336	105,149,372,047	18	36.91
13	Exemptions under Duty Free shops [DRD]	7,597,975,917	9,801,420,712	-2,203,444,795	-22	0.41
	Total Exemptions	1,834,097,360,357	1,515,607,377,801	318,489,982,556	21	100

Source: TRA revenue statements 2013/14

Annexure 12: List of External Disbursements (Borrowings) for Development Projects for the year 2013/14

CREDITOR NAME & NAME OF PROJECT	Disbursements
INTERNATIONAL ORGANISATION	
Second Power and Gas Sector	165,939,098,640
Eleventh Poverty Reduction Support Credit	140,510,695,027
Transport Sector Support Project	102,098,831,159
Second Central Transport Corridor	78,375,236,072
Productive Social Safety Net Project	58,348,187,755
Tanzania Strategic Cities Project	57,427,987,168
Basic Health Services Project	45,218,744,270
Water Sector Support Project	44,839,477,281
Second central Transport Corridor Project	40,095,432,249
Backbone Transmission Investment Project	38,151,109,168
Additional Financing Transport Sector Support	35,821,606,512
Urban Local Government Strengthening Program	26,076,075,600
Tanzania Housing Finance Project	23,912,485,524
Sustainable Management of Mineral Resources Project	22,439,958,482
Eastern Africa Agricultural Productivity Program	20,479,090,870
Tanzania Agricultural Sector Development Project	17,789,099,200
Accelerated Food Security Project	15,949,059,500
East Africa Trade and Transport Facilitation project	14,954,936,712
Secondary Education Dev. Program II	14,222,227,820
Tanzania Communications Infrastructure & e-Government Project	11,304,660,907
Energy Dev. & Access Expansion Project	11,112,601,260
Lake Victoria Environmental Mgt. Project-Phase II	9,872,697,724
East Africa Public Health Laboratory Networking Project	8,200,209,332
Energy Sector Capacity Building Project	8,112,921,000
Zanzibar Urban Services Project	6,157,999,586
Zanzibar Basic Education Improvement Project	4,928,325,396
Development of the National Statistical System	2,156,379,567
Financial Sector Support Project	1,160,431,743
Science and Technology Higher Education Project	1,046,558,594
TOTAL IDA	1,026,702,124,120

AFRICAN DEVELOPMENT FUND-ADF	
ZANZIBAR WATER AND SANITATION PROJECT	107,738,212,277
POVERTY IV /GOVERNANCE AND ECONOMIC COMPETITIVE SUPPORT PROGRAM - GECSP	99,241,719,943
ADF-SUPPLEMENTAL FINANCING OF THE GOVERNANCE AND ECONOMIC COMPETITIVENESS SUPPORT PROGRAMME [GECSP]	96,164,539,387
ADF : ROAD SECTOR SUPPORT PROJECT I	76,560,383,769
RURAL WATER SUPPLY AND SANITATION PROGRAM II	57,726,009,256
DISTRICT AGRICULTURE SECTOR INVESTMENT	27,273,522,909
ADF: ROAD SECTOR SUPPORT PROJECT II	27,033,087,232
SUPPORT TO MATERNAL MOTALITY REDUCTION	21,418,034,557
ELECTRICITY V PROJECT	13,725,439,848
IRINGA-SHINYANGA TRANSMISSION LINE PROJECT	13,198,775,317
SINGIDA-BABATI-MINJINGU ROAD UPGRADING PROJECT	10,528,230,374
ADF:MARKETING INFRASTRUCTURE,VALUE ADDITION	9,334,346,000
PROG. D'AMENAG LAC TANGANYIKA	4,940,980,012
ISP FOR GOOD GOVERNANCE II	4,523,473,936
SMALL ENTRENEURS LOAN FACILITY II	1,705,414,652

PHASE II DSM-ISAKA-KIGALI/KEZA-MUSONGATI RAILWAY PROJECT STUDY	912,781,063
ADF: ZANZIBAR URBAN WATER AND SANITATION PROJECT	355,911,605
ADF ALTERNATIVE LEARN AND SKILLSS DEV. PROJECT PHASE II	277,023,081
ARUSHA-NAMANGA-ATHI RIVER ROAD DEVELOPM	91,028,288
POVERTY REDUCTION SUPPORT LOAN III	-
TOTAL AMOUNT IN EQUIVALENT TZS	572,748,913,504

The OPEC Fund For International Dev.	
OPEC- POVERTY REDUCTION PROJECT PHASE II	5,969,948,229
DSM-SOMANGA ROAD RECONSTRUCTION & REHABILITATION PROJECT II	694,735,765
TOTAL TZS	6,664,683,994

International Fund for Agricultural Dev.	
Agricultural Sector Development Programme	7,919,196,904
Marketing Infrastructure, Value Addition & Rural Support	7,835,985,017
Rural Micro, Small and Medium Enterprise Support Programme	3,071,297,575
Agricultural Services Support Programme	137,110
Nordic Development Fund.	
Support Lake Tanganyika Interg. Reg. Dev. Prog	211,630,425
European Investment Bank [E.I.B.].	
Tanzania Backbone Interconnector Project	16,015,521,597
TOTAL MULTILATERAL	1,641,169,490,247

BILATERAL PC	
Japan International Cooperation Agency	
Roads Sector Support Project	18,258,121,412
Small Scale Irrigation Development Project	18,224,019,723
Roads Sector Support Project	11,857,190,162
Iringa-Shinyanga Backbone Transmission Investment Project	8,259,868,725
Arusha Namanga Athi River Road Development PJ	5,720,066,410
Government of France.	
Urban Water Supply and Sanitation Bukoba & Musoma Town	22,866,048,742
TOTAL BILATERAL PC	85,185,315,174

BILATERAL -NON PC	
Government of Kuwait	
DAR-ES-SALAAM SOMANGA ROAD PJ PHASE II	2,309,818,488
Government of united Arab Emirate	
KIDAHWE - UVINZA ROAD PROJECT	6,443,883,296
TOTAL NON PC	8,753,701,784
TOTAL BILATERAL	93,939,016,957

EXPORT IMPORT	
Export-Import Bank of Korea	
Improvement of Water Supply System in Dodoma Town	26,428,295,712
Construction of MUHAS Medical Centre Phase I	23,980,436,157
IRINGA - SHINYANGA BACKBONE TRANSMISSION	16,349,065,961
Malagarasi Bridge & Associated Roads Project Phase II	14,795,052,876
Construction of 132kv Line- K'njaro-Arusha & Reh. of the Kiyungi sub-station & Access Expansion Pj	8,357,075,660
Malagarasi Bridge and Associated Roads Project	5,907,130,826
Export Import Bank of China	
Natural Gas Processing Plant and Pipeline Project	510,774,133,720

Tanzania Mnazi Bay and Songosongo Natural Gas	239,754,217,345
Tanzania Energy Saving and Eco Housing Project	31,914,654,000
Total TZS	878,260,062,256
Export Import Bank of India	
Dar Es Salaam and Chalinze Water Supply Scheme	25,011,046,418
Dollar Credit line Agreement - Purchase of 723 Vehicles	15,136,206,217
Total TZS	40,147,252,635
TOTAL EXPORT CREDIT	918,407,314,891

COMMERCIAL	
Danske Bank A/S Denmark	
Mixed Credit Agreement - Tanzam Highway	12,076,767,838
Total TZS	12,076,767,838
HongKong and Shanghai Bank-HSBC	
60 MW POWER PLANT AT NYAKATO MWANZA	12,547,871,289
Credit Suisse AG	
Term Facility Agreement	406,789,951,600
TOTAL COMMERCIAL	431,414,590,726

External Disbursements	3,084,930,412,821
Domestic disbursements	3,289,413,787,312
Total disbursements	6,374,344,200,132

Annexure 13: Contribution Arrears as a Result of Wrong Filling of Employees Data

Date	Transaction No	Transaction Details	Transaction Amount
12-Jun-14	022VC13007118	15% GOVT CONTRIBUTION TO LAPF	128,124,225
19-Jun-14	022VC13007301	15% GOVT CONTRIBUTION TO LAPF	128,124,225
21-Jan-14	022VC13004555	15% GOVT CONTRIBUTION TO PSPF	16,604,676
18/06/2014	022VC13007297	15% GOVT CONTRIBUTION TO PSPF	9,617,478
30-Oct-13	022VC13002448	15% EMPLOYERS CONTRIBUTION	5,230,370
29-Jan-14	022VC13004758	15% GOVT CONTRIBUTION TO PSPF	3,797,897
18-Sep-13	022VC13001354	15% GVT CONT TO MIRIAM MASEKO	2,341,923
22-Jan-14	022VC13004566	15% GOVT CONTRIBUTION TO PSPF	1,557,210
10-Oct-13	022VC13002005	15% GOVT CONTRIBUTION TO PSPF	1,471,224
28-Nov-13	022VC13003252	15% GOVT CONTRIBUTION TO PSPF	1,126,920
2-Apr-14	022VC13006055	15% GOVT CONTRIBUTION TO PSPF	596,478
11-Dec-13	022VC13003685	GOVERNMENT CONTRIBUTION 15%	534,383
12-Sep-13	022VC13001123	REFUND OF 15% GVT CONT TO PSPF	411,546
24-Oct-13	022VC13002280	REFUND	292,836
2-Apr-14	022VC13006056	15% GOVT CONTRIBUTION TO PSPF	146,646
Total			299,978,036

Annexure 14: List of Votes with their respective Issues on the Internal Control Systems for the Year 2013/14

S/N	Vote No.	Name of the Vote	Audit Committee	Internal Audit Unit	ICT	Risk Mngt.	Fraud Assess.
1	Vote No. 6	Presidential Delivery Bureau	V	V	V		
2	Vote No. 8	Constitutional Review Commission					
3	Vote No. 9	President's Office Public Service Remuneration Board					
4	Vote No. 10	Joint Financial Commission					
5	Vote No. 12	Judicial Service Commission					
6	Vote No. 13	Financial Intelligence Unit	V	V		V	
7	Vote No. 14	Fire and Rescue Forces	V				V
8	Vote No. 15	Commission for Mediation and Arbitration					
9	Vote No. 16	Attorney General's Chamber					
10	Vote No. 20	President's Office State House	V				
11	Vote No. 21	Treasury Department					
12	Vote No. 22	Public Debt and General Service Department					
13	Vote No. 23	Accountant General's Department				V	
14	Vote No. 24	Cooperative Development Commission					
15	Vote No. 25	Prime Minister's Office - Private Office					
16	Vote No. 26	Vice President's Private Office	V	V			
17	Vote No. 27	Registrar of Political Parties					
18	Vote No. 28	Police Force Department					
19	Vote No. 29	Prisons Service Department	V				
20	Vote No. 30	President's Office Cabinet Secretariat		V			
21	Vote No. 31	Vice President Office					
22	Vote No. 32	President's Office Public Service Management (PO - PSM)					
23	Vote No. 33	President's Office Ethic Secretariat					
24	Vote No. 34	Ministry of Foreign Affairs and International Cooperation	V		V	V	
25	Vote No. 35	Director of Public Prosecution (DPP)			V	V	
26	Vote No. 36	Katavi Regional Administrative Secretary	V	V	V	V	
27	Vote No. 37	Prime Minister's Office					
28	Vote No. 38	Tanzania People's Defence Force (TPDF)					
29	Vote No. 39	National Service (JKT)				V	
30	Vote No. 40	Judiciary of Tanzania	V		V		

Source: Individual CAG's audit reports for the year 2013/14

31	Vote No. 41	Ministry of Justice and Constitutional Affairs					
32	Vote No. 42	National Assembly		V			
33	Vote No. 43	Ministry of Agriculture Food Security and Cooperatives	V			V	
34	Vote No. 44	Ministry of Industries and Trade	V		V	V	
35	Vote No. 46	Ministry of Education and Vocational training					
36	Vote No. 47	Simiyu Regional Administrative Secretary	V	V	V		V
37	Vote No. 48	Ministry of Land and Human Settlement	V			V	
38	Vote No. 49	Ministry of Water & Irrigation					
39	Vote No. 50	Ministry of Finance					
40	Vote No. 51	Ministry of Home Affairs	V	V	V		
41	Vote No. 52	Ministry of Health and Social Welfare					
42	Vote No. 53	Ministry of Community Dev. Women and Children					
43	Vote No. 54	Njombe Regional Administrative Secretary	V	V	V		
44	Vote No. 55	Commission for Human Rights and Good Governance			V	V	
45	Vote No. 56	Prime Minister's Office Regional Administration and Local Authorities (PMO - RALG)			V		
46	Vote No. 57	Ministry of Defence and National Service	V	V			
47	Vote No. 58	Ministry of Energy & Minerals					
48	Vote No. 59	Law Reform Commission of Tanzania					
49	Vote No. 61	National Electoral Commission (NEC)					
50	Vote No. 62	Ministry of Transport					
51	Vote No. 63	Geita Regional Administrative Secretary	V	V	V	V	V
52	Vote No. 65	Ministry of Labour & Employment					
53	Vote No. 66	President's Office Planning Commission					
54	Vote No. 67	President's Office Public Service Recruitment Secretariat					
55	Vote No. 68	Ministry of Communication Science and Tech					
56	Vote No. 69	Ministry of Natural Resources and Tourism			V	V	
57	Vote No. 70	Arusha Regional Administrative Secretary	V	V	V	V	
58	Vote No. 71	Coast Regional Administrative Secretary					
59	Vote No. 72	Dodoma Regional Administrative Secretary		V	V	V	V
60	Vote No. 73	Iringa Regional Administrative Secretary		V	V		

Source: Individual CAG's audit reports for the year 2013/14

61	Vote No. 74	Kigoma Regional Administrative Secretary	V	V	V	V	
62	Vote No. 75	Kilimanjaro Regional Administrative Secretary	V	V	V	V	
63	Vote No. 76	Lindi Regional Administrative Secretary		V		V	
64	Vote No. 77	Mara Regional Administrative Secretary		V	V		
65	Vote No. 78	Mbeya Regional Administrative Secretary		V	V		V
66	Vote No. 79	Morogoro Regional Administrative Secretary	V	V	V		
67	Vote No. 80	Mtwara Regional Administrative Secretary					
68	Vote No. 81	Mwanza Regional Administrative Secretary		V			V
69	Vote No. 82	Ruvuma Regional Administrative Secretary	V		V	V	
70	Vote No. 83	Shinyanga Regional Administrative Secretary	V	V	V	V	V
71	Vote No. 84	Singida Regional Administrative Secretary	V	V	V	V	
72	Vote No. 85	Tabora Regional Administrative Secretary	V	V	V	V	
73	Vote No. 86	Tanga Regional Administrative Secretary	V	V	V		
74	Vote No. 87	Kagera Regional Administrative Secretary			V		
75	Vote No. 88	Dar es Salaam Regional Administrative Secretary	V		V		
76	Vote No. 89	Rukwa Regional Administrative Secretary	V				
77	Vote No. 91	Drugs Control Commission		V	V		
78	Vote No. 92	Tanzania Commission for AIDS (TACAIDS)					
79	Vote No. 93	Immigration Services Department	V		V		
80	Vote No. 94	Public Service Commission					
81	Vote No. 95	Manyara Regional Administrative Secretary	V	V	V	V	
82	Vote No. 96	Ministry of Information, Youth, Culture and Sports					
83	Vote No. 97	Ministry of East African Cooperation					
84	Vote No. 98	Ministry of Works					
85	Vote No. 99	Ministry of Livestock & Fisheries Development					

Source: Individual CAG's audit reports for the year 2013/14

Annexure 15: List of Agencies with their respective Issues on the Internal Control Systems for the Year 2013/14

S/N	Name of the Agency	Audit Committee	Internal Audit Unit	ICT	Risk Mngt.	Fraud Assess.
1	E- Government Agency					
2	Registration Insolvency and Trusteeship Agency (RITA)	V	V	V		
3	Tanzania Forestry Service Agency					
4	Tanzania Global Learning Agency					
5	Tanzania Public Service College					
6	Tanzania Tree Seeds Agency	V				
7	Agriculture Seeds Agency	V			V	
8	Business Registration and Licensing Agency					
9	Drilling and Dam Construction Agency			V		
10	Fisheries Education and Training Agency (FETA)				V	
11	Geological Survey of Tanzania			V		
12	Livestock Institute Training Agency (LITA)	V	V		V	
13	National Food Reserve Agency	V		V	V	
14	Tanzania Airport Authorities	V				
15	Tanzania Building Agency			V		
16	Tanzania Electrical, Mechanical and Services Agency (TEMESA)	V	V	V		
17	Tanzania Government Flights Agency					
18	Tanzania Meteorological Agency					
19	Tanzania National Road Agency (TANROAD)					
20	Tanzania Veterinary Laboratory Agency (TVLA)	V	V		V	
21	Water Development and Management Institute					
22	Weights and Measures Agency		V			
23	National Housing and Building Research Agency					
24	Agency for Development of Education Management		V	V		
25	Government Chemistry Laboratory Agency					

Source: Individual CAG's audit reports for the year 2013/14

26	Institute of Arts and Culture - Bagamoyo			V		
27	Occupational Safety and Health Agency					
28	Tanzania Employment Service Agency	V			V	
29	Kigamboni Development Agency (KDA)					
30	Tanzania Minerals Audit Agency (TMAA)					
31	Dar es Salaam Rapid Transit Agency (DART)					
32	Government Procurement Services Agency (GPSA)					
33	Tanzania Food and Drugs Agency (TFDA)					
34	Tanzania Institute of Accountancy (TIA)					
35	National College of Tourism					
36	National Bureau of Statistics (NBS)					
37	Eastern Africa Statistical Training Center					

Source: Individual CAG's audit reports for the year 2013/14

Annexure 16: List of Embassies with their respective Issues on the Internal Control Systems for the Year 2013/14

S/N	Sub Vote No.	Name of the Embassy	Audit Committee	Internal Audit Unit	ICT	Risk Mngt.	Fraud Assess.
1	2001	Tanzanian Embassy in Addis Ababa, Ethiopia			V		
2	2002	Tanzanian Embassy in Berlin, Germany		V	V	V	
3	2003	Tanzanian Embassy in Cairo, Egypt					
4	2004	Tanzanian Embassy in Kinshasa, Congo-Democratic Republic of					
5	2005	High Commission of Tanzania - Abuja					
6	2006	High Commission of Tanzania - London					
7	2007	High Commission of Tanzania - Lusaka			V		
8	2008	Tanzanian Embassy in Maputo, Mozambique					
9	2009	Tanzanian Embassy in Moscow, Russia					
10	2010	High Commission of Tanzania - New Delhi					
11	2011	Permanent Mission to the UN - New York		V			
12	2012	High Commission of Tanzania - Ottawa	V	V			
13	2013	Tanzanian Embassy in Paris, France					
14	2014	Tanzanian Embassy in Beijing, China	V	V			
15	2015	Tanzanian Embassy in Rome, Italy			V		
16	2016	Tanzanian Embassy in Stockholm, Sweden					
17	2017	Tanzanian Embassy in Tokyo, Japan					
18	2018	Tanzanian Embassy in Washington, D.C., United States		V			
19	2019	Tanzanian Embassy in Brussels, Belgium					
20	2020	Permanent Mission to the UN - Geneva					
21	2021	Tanzanian Embassy in Kampala, Uganda					
22	2022	High Commission of Tanzania - Harare					
23	2023	Tanzanian Embassy in Nairobi, Kenya					
24	2024	Tanzanian Embassy in Riyadh, Saudi Arabia					
25	2025	Tanzanian Embassy in Pretoria, South Africa					
26	2026	Tanzanian Embassy in Kigali, Rwanda					
27	2027	Tanzanian Embassy in Abu Dhabi					
28	2028	Tanzanian Embassy in Bujumbura		V	V		
29	2029	Tanzanian Embassy in The Hague					
30	2030	Tanzanian Embassy in Lilongwe					
31	2031	High Commission of Tanzania - Kuala Lumpur					
32	2032	Tanzanian Embassy in Brasilia					
33	2033	Tanzanian Embassy in The Hague, Netherlands					
34	2034	Tanzanian Embassy in Moroni, Comoro			V		

Source: Individual CAG's audit reports for the year 2013/14

Annexure 17: List of Other Institutions with their respective Issues on the Internal Control Systems for the Year 2013/14

S/N	Name of other Institutions	Audit Committee	Internal Audit Unit	ICT	Risk Mngt.	Fraud Assess.
1	Commonwealth Parliamentary Association (N/A)					
2	Property and Business Formalization Program (MKURABITA)					
3	Empowering Communities through PFM, REDD+ and Climate Change Initiatives (ECOPRC)					
4	Health Promotion and Education Section					
5	Institute of Judicial Administration					
6	Law School of Tanzania					
7	Legal Sector Reform Programme					
8	National Fund For Antiquities					
9	National Forest and Beekeeping Program					
10	Pasiansi Wildlife Training Institute					
11	Strengthening Tanzania Anti-Corruption Action Programme					
12	Tanzania Forest Fund					
13	Tanzania Wildlife Protection Fund					
14	Uongozi Institute					
15	Agriculture Input Trust Fund	V	V			
16	Inspection and Supervision of Cooperative Fund					
17	Livestock Development Fund (LDF)					
18	Maji Central Store					
19	Road Fund Board					
20	Tanzania Livestock Research Institute (TALIRI)					
21	Tanzania Mineral Agency					
22	Tanzania Official Seed Certification Institute					
23	Transit Transport Facilitation Agency					
24	African Peer Review Mechanism					
25	Bunge la Katiba					
26	Office of the Constituent Assembly					
27	Cooperation Sole					
28	Hombolo Local Government Training Institute	V		V	V	
29	Local Government Loans Board					
30	Mzinga					

31	Tanzania Automotive Technology Centre					
32	SUMA - Agriculture and Industry					
33	SUMA - Corporation Sole					
34	SUMA JKT Head Quarters					
35	SUMA Agri-machinery Industry					
36	SUMA Construction					
37	SUMA JKT Guard Limited (SGL)					
38	National Relief Fund					
39	Nelson Mandela Institute of Science and Technology					
40	Pharmacy Board		V			
41	Tanzania Nurses and Midwives Council					
42	Monitoring and Evaluation Strengthening Initiatives					
43	Tengeru College of Development Training Institute					
44	Women Development Fund		V		V	
45	Water Sector Development Programme under Ministry of Water					
46	Registrar Veterinary Council of Tanzania					
47	Road Fund Project under the Prime Minister's Office, Regional Administration and Local Government					
48	MEM-Product Sharing Agreement Account (MEM-PSA)					
49	Mining Development Empowerment Fund					
50	National Identification Authority					

Source: Individual CAG's audit reports for the year 2013/14

Annexure 18: Shortage of 9,668 Staffs

S/N	Vote	Name of Auditee	Requirement	Available	Shortage
1	53	Ministry of Community Development, Gender and Children	5513	1141	4372
2	47	RAS Simiyu	810	139	671
3	16	Attorney General's Chambers	1420	756	664
4	14	Fire and Rescue Force Department	821	178	643
5	95	RAS Manyara	817	282	535
6	80	RAS Mtwara	689	259	430
7	85	RAS Tabora	740	348	392
8	70	RAS Arusha	1028	753	275
9	77	RAS Mara	738	508	230
10	73	RAS Iringa	793	569	224
11	72	RAS Dodoma	393	173	220
12	79	RAS Morogoro	949	771	178
13	84	RAS Singida	783	639	144
14	36	RAS Katavi	232	93	139
15	37	Prime Minister's Office	504	398	106
16	51	Ministry of Home Affairs	317	218	99
17	75	RAS Kilimanjaro	262	185	77
18	92	TACAIDS	118	60	58
19	83	RAS Shinyanga	565	513	52
20	88	RAS Dar es salaam	111	61	50
21	42	National Assembly	153	111	42
22	57	Ministry of Defence and National Service	144	115	29
23	24	Prime Minister's Private Office	89	65	24
24	2005	Tanzania High Commission in Abuja	5	2	3
25	2009	Tanzania Embassy in Moscow	4	1	3
26	2007	Tanzania High Commission in Lusaka Zambia	7	5	2
27	2008	Tanzania High Commission in Maputo	7	5	2
28	2025	Tanzania High Commission in Pretoria	8	6	2
29	2034	Tanzania Embassy in Moroni	7	5	2
		Total	18027	8359	9668

Source: Staff establishment 2013/14

Annexure 19: List of Vacant Posts for more than six months

S/N	Vote No.	Name	Position	Duration/since
1	6	President's Delivery Bureau (PDB)	Manager - Procurement Management Unit	vacant for more than 16 months
			Manager- Research and Documentation	vacant for more than 16 months
			Deputy Chief Executive Officer-Monitoring and Evaluation	vacant for more than 16 months
			Director-Infrastructure	vacant for more than 16 months
			Director -Agricultural Productivity	vacant for more than 16 months
			Director- Communication and Advocacy	vacant for more than 16 months
			Manager -Legal Services	vacant for more than 16 months
2	24	Cooperatives Development Commission	Registrar of Cooperative Societies	Vacant since 10 th April,2013
			Director of the Cooperative Development Department.	Vacant since 18 th April,2013
3	30	President's Office and Cabinet Secretariat	Head of procurement unit	Vacant for more than 3 years (by different officers)
4	85	RS Tabora	Chief Accountant	Vacant since 01-07-2013
			Chief Accountant	Vacant since 18.11.2013
			Chief internal auditor	Vacant since 18.11.2013
5	79	RS Morogoro	Chief Internal auditor - Internal audit unit	Vacant since 2012
			Principal Supplier Officer - Procurement Mgt. Unit	Vacant since 2012
			AAS - SS - Administration and HR	Vacant since 2013
			Principal Computer System Analyst - Information & Communication Tech Unit	Vacant since 2011
6	70	RS Arusha	Assistant Administrative Secretary	Vacant since 20-02-2014
			Head of Information & Communication Technology Unit.	Vacant since 01-06-2013
			Head of Procurement Unit	Vacant since 01-06-2013
7	75	RS Kilimanjaro	Assistant Regional Administrative Secretary, Economic and Productive Section	Vacant since 02-01-2014
			Regional Secretariat Chief Accountant	Vacant since 01 st July, 2014
8	88	RS Dar es salaam	Assistant Admn. Secretary (Water)	Vacant for 6 months
			Asst Administrative Secretary	Vacant for 9 months
			Asst Admn.Secretary	Vacant for 9 months
9	2001	Tanzania Embassy in Addis Ababa	Minister Counselor & Political Counselor Affairs	Vacant since July, 2010
			Senior Foreign Service Officer	Vacant since October, 2012
			Administrative Attache' and Assistant Executive Secretary	Vacant since March, 2014
10	2012	Tanzania High Commission in Ottawa, Canada	Head of Chancery	Vacant since 1 st February, 2014

Source: Personal Files

Annexure 20: Entities delayed completion of contracts/projects

S/N	Vote No	Name of MDA/RS	Observation
1	23	Accountant General's Department	<ul style="list-style-type: none"> • Delayed Delivery of Supplies • Supply and Installation of IFMS equipments not fully insured as per contract agreement
2	28	Police Force Department	<ul style="list-style-type: none"> • Abandoned project for the construction of the Administration Block at Police Staff College of Criminal Investigation • Unsatisfactory work on construction of the RPC Office Block • construction of Police Hangar not completed
3	29	Prison's Service Department	Services implemented without Security Cover
4	36	RS Katavi	Delayed Construction works of residential houses
5	42	National Assembly	Partially executed refurbishment work
6	43	Ministry of Agriculture Food Security and Cooperatives	Procurement of tractors without clear specifications of the implements in the contracts
7	49	Ministry of Water and Irrigation	Payment of a variation order exceeding 15% threshold
8	56	PMO-RALG	Payment of Additional costs out of contract agreement
9	61	National Electoral Commission	<ul style="list-style-type: none"> • Delays to Commission of ICT Infrastructure and Equipment Software for Updating the NVR • Contract payment delay to M/S Kalamazoo Secure Solution Ltd UK
10	73	RS Iringa	Construction of Regional Commissioner's conference facility stopped due to non-release of Development funds
11	75	RS Kilimanjaro	Stagnant construction of Moshi District Commissioner's Office Block
12	76	RS Lindi	Overpayments in Construction of a Dormitory at Ilulu Secondary School
13	77	RS Mara	Contract for Construction of Division Office at Ingwe was awarded to contractor who did not bid and was not approved by tender board.
14	78	RS Mbeya	Non completion of contract for proposed construction of Rungwe District Commissioner's residential
15	79	RS Morogoro	<ul style="list-style-type: none"> • Advance Payment paid in excess of 15% of the contract sum • Undercharged Liquidated Damage
16	80	RS Mtwara	Advance Payment to Supplier not

			recovered
17	82	RS Ruvuma	Nine contracts awarded to Contractors without tax clearance certificates
18	83	RS Shinyanga	<ul style="list-style-type: none"> Contract for consultancy services on construction of Shinyanga referral Hospital was not included in the annual procurement plan, contract register and duration of the contract was not indicated. Uncompleted works for construction of Administration Block at Shinyanga Referral Hospital Phase I due to delay in payments to contractor.
19	85	RS Tabora	Uncompleted contractual works in respect of Uyui District Commissioner residential house
20	86	RS Tanga	<ul style="list-style-type: none"> Rest house building at Kilindi District Administrative Secretariat not completed and has been abandoned. Completed division offices not put in use
21	87	RS Kagera	<ul style="list-style-type: none"> Non-completion of the planned projects activities Activities not implemented despite early receipt of funds
22	91	Drugs Control Commission	Delay in making Payment to the Contractor
23	93	Immigration Service Department	Delay in the completion of contracts and non-deduction of liquidated damages.
24	95	RS Manyara	Total contract price paid to the contractor in the implementation of a contract for landscaping, pavement, car shed and flag post works at rest house before execution of the contract
25	96	Ministry of Information, Youth, Culture and Sports	Project contracted for not yet completed
26	99	Ministry of Livestock and Fisheries Development	Delay in handing over of Mvuvi House to the Ministry by M/s CATIC International Engineer
27	2008	Tanzania High Commission in Maputo, Mozambique	Uncompleted renovation of High Commission nine floors building.
28	2011	Permanent Mission to the UN-New York	Slow Pace on Initial Preliminaries for the Construction of the Facilities for International Residual Mechanism for Criminal Tribunal in Arusha.

Annexure 21: Stock verification report FY 2013/14

VOTE		MDA/RS	Amount (TZS)
14	(i) Uncounted purchases of stores	Fire and Rescue	8,082,240
28		Tanzania Police Force	133,748,558
29		Tanzania Prison Services	61,975,781
46		Ministry of Education and Vocational Training	36,446,803
52		Ministry of Health and Social Welfare	29,703,700
70		Regional Administrative Secretary-Arusha	109,752,982
77		Regional Administrative Secretary-Mara	6,211,000
78		Regional Administrative Secretary-Mbeya	3,647,990
90		Land Court	3,962,000
40		Judiciary	154,976,683
41		Ministry of Justice and Constitution Affairs	60,214,156
49		Ministry of Water	30,476,959
65		Ministry of Labour and Employment	5,246,480
98		Ministry of Works	237,535,888
89		Regional Administrative Secretary-Rukwa	1,201,000
48		Ministry of Lands, Housing and Human Settlements Development	32,061,837
83		Regional Administrative Secretary-Shinyanga	24,242,000
84		Regional Administrative Secretary-Singida	8,225,000
95		Regional Administrative Secretary-Manyara	1,227,000
53		Ministry of Community Development, Gender and Children	70,507,000
93		Immigration	135,733,721
96		Ministry of Information, Culture & Sports	19,764,500
58		Ministry of Energy & Minerals	45,847,353
44		Ministry of Industry & Trade	283,715,110
43		Ministry of Agriculture, Food Security & Cooperatives	101,514,298
69		Ministry of Natural Resources and Tourism	135,861,223
		Total	1,741,881,261

VOTE		MDA/RS	Amount(TZS)
28	(ii) Deficient of stores	Tanzania Police Force	3,888,600
29		Tanzania Prison Services	1,070,900
52		Ministry of Health and Social Welfare	1,455,400
75		Regional Administrative Secretary-Kilimanjaro	4,385,400
40		Judiciary	73,463,400
41		Ministry of Justice and Constitution Affairs	13,597,200
65		Ministry of Labour and Employment	3,400,000
98		Ministry of Works	20,794,050
82		Regional Administrative Secretary-Ruvuma	5,073,810
53		Ministry of Community Development, Gender and Children	2,009,000
58		Ministry of Energy & Minerals	2,985,500
44		Ministry of Industry & Trade	1,350,000
69		Ministry of Natural Resources and Tourism	3,804,400
		Total	137,277,660

VOTE		MDA/RS	Amount(TZS)
28	(iii) Unaccounted receipts	Tanzania Police Force	68,121,070
29		Tanzania Prison Services	7,180,206
46		Ministry of Education and Vocational Training	15,023,267
52		Ministry of Health and Social Welfare	10,656,240
70		Regional Administrative Secretary-Arusha	4,470,000
78		Regional Administrative Secretary-Mbeya	1,761,000
40		Judiciary	3,233,626
65		Ministry of Labour and Employment	2,035,000
98		Ministry of Works	40,523,840
84		Regional Administrative Secretary-Singida	4,583,200
93		Immigration	119,452,000
96		Ministry of Information, Culture & Sports	36,455,000
		Total	313,494,449

VOTE	(iv) Doubtful sale of motor vehicles	Amount(TZS)
72	Regional Administrative Secretary-Dodoma	11,600,000
	Total	11,600,000

VOTE		MDA/RS	Amount(TZS)
28	(v) Fuel not accounted for	Tanzania Police Force	49,178,195
29		Tanzania Prison Services	11,892,213
70		Regional Administrative Secretary-Arusha	7,492,000
75		Regional Administrative Secretary-Kilimanjaro	1,880,000
90		Land Court	1,080,000
40		Judiciary	149,945,900
98		Ministry of Works	68,435,136
48		Ministry of Lands, Housing and Human Settlement Development	48,446,086
83		Regional Administrative Secretary-Shinyanga	3,540,000
84		Regional Administrative Secretary-Singida	5,529,320
95		Regional Administrative Secretary-Manyara	2,406,144
53		Ministry of Community Development, Gender and Children	12,322,425
93		Immigration	13,710,550
96		Ministry of Information, Culture & Sports	13,753,339
58		Ministry of Energy & Minerals	3,147,985
69		Ministry of Natural Resources and Tourism	22,518,460
		Total	415,277,753

VOTE	(vi) Improper posting	Amount(TZS)
89	Regional Administrative Secretary-Rukwa	1,300,000
	Total	1,300,000

VOTE		MDA/RS	Amount(TZS)
28	(vii) Unaccounted inventories	Tanzania Police Force	76,547,000
46		Ministry of Education and Vocational Training	142,173,000
52		Ministry of Health and Social Welfare	29,102,100
90		Land Court	25,270,000
82		Regional Administrative Secretary-Ruvuma	13,399,000
83		Regional Administrative Secretary-Shinyanga	33,245,500
83		Regional Administrative Secretary-Shinyanga	5,611,560
53		Ministry of Community Development, Gender and Children	75,276,000
93		Immigration	20,440,000
69		Ministry of Natural Resources and Tourism	5,500,000
		Total	426,564,160

VOTE	(viii) Maintenance and repair of government vehicles to private garage without prior approvals of TEMESA	Amount(TZS)
98	Ministry of Works	5,128,860
83	Regional Administrative Secretary-Shinyanga	2,980,000
44	Ministry of Industry & Trade	35,353,712
	Total	43,462,572

VOTE	(ix) Noncompetitive procurement	Amount(TZS)
98	Ministry of Works	10,802,500
58	Ministry of Energy & Minerals	7,728,200
44	Ministry of Industry & Trade	51,622,067
	Total	70,152,767

VOTE	(x) Obsolete/ Dormant/ Unserviceable stores	Amount(TZS)
53	Ministry of Community Development, Gender and Children	22,500,000
96	Ministry of Information, Culture & Sports	7,750,000
	Total	30,250,000

VOTE		MDA/RS	Amount(TZS)
28	(xi) Outstanding stores on loan	Tanzania Police Force	1,744,530
52		Ministry of Health and Social Welfare	1,809,500
99		Ministry of Livestock Development and Fisheries	28,174,000
53		Ministry of Community Development, Gender and Children	3,674,000
58		Ministry of Energy & Minerals	1,500,000
48		Ministry of Lands, Housing and Human Settlements Development	17,887,500
43		Ministry of Agriculture, Food Security & Cooperatives	49,736,000
		Total	104,525,530

VOTE	(xii) Unaccounted issues of stores	Amount(TZS)
28	Tanzania Police Force	17,804,900
46	Ministry of Education and Vocational Training	1,164,900

52	Ministry of Health and Social Welfare	1,307,074
53	Ministry of Community Development, Gender and Children	14,300,000
93	Immigration	4,610,000
	Total	39,186,874

VOTE	(xiii) Undelivered stores	Amount(TZS)
98	Ministry of Works	2,720,000
48	Ministry of Lands, Housing and Human Settlements Development	5,310,000
44	Ministry of Industry & Trade	57,755,420
	Total	65,785,420

VOTE		MDA/RS	Amount(TZS)
40	(xiv) Un posted issues of stores	Judiciary	12,302,905
41		Ministry of Justice and Constitution Affairs	56,283,000
98		Ministry of Works	32,742,785
93		Immigration	4,805,500
96		Ministry of Information, Culture & Sports	3,964,000
58		Ministry of Energy & Minerals	1,724,000
44		Ministry of Industry & Trade	46,018,740
48		Ministry of Lands, Housing and Human Settlements Development	15,591,200
69		Ministry of Natural Resources and Tourism	22,969,002
		Total	196,401,132

VOTE	(xv) Un posted receipts of stores	Amount(TZS)
93	Immigration	5,694,800
69	Ministry of Natural Resources and Tourism	4,483,000
	Total	10,177,800

VOTE		MDA/RS	Amount(TZS)
28	(xvi) Un receipted issues of stores	Tanzania Police Force	937,250,674
29		Tanzania Prison Services	24,350,000
46		Ministry of Education and Vocational Training	227,346,626
52		Ministry of Health and Social Welfare	32,408,152
70		Regional Administrative Secretary-Arusha	41,099,457
75		Regional Administrative Secretary-Kilimanjaro	1,791,500
99		Ministry of Livestock Development and Fisheries	2,145,000
40		Judiciary	37,618,600
49		Ministry of Water	628,695
65		Ministry of Labour and Employment	5,614,500
98		Ministry of Works	56,892,336
48		Ministry of Lands and Human Settlement	3,004,500
82		Regional Administrative Secretary-Ruvuma	2,781,700
83		Regional Administrative Secretary-Shinyanga	43,489,500
95		Regional Administrative Secretary-Manyara	30,340,713
93		Immigration	5,651,000
58		Ministry of Energy & Minerals	149,518,970
44		Ministry of Industry & Trade	176,919,114
43		Ministry of Agriculture, Food Security & Cooperatives	14,093,500

69	Ministry of Natural Resources and Tourism	104,804,750
	Total	1,897,749,286

VOTE	(xvii) Unreported loss of computer	Amount(TZS)
78	Regional Administrative Secretary-Mbeya	2,520,000
	Total	2,520,000

VOTE		MDA/RS	Amount(TZS)
28	(xviii) Unsupported issues of stores -TZS 552,857,697	Tanzania Police Force	124,004,130
29		Tanzania Prison Services	14,771,501
46		Ministry of Education and Vocational Training	14,738,977
52		Ministry of Health and Social Welfare	4,653,690
70		Regional Administrative Secretary-Arusha	13,317,000
75		Regional Administrative Secretary-Kilimanjaro	960,000
77		Regional Administrative Secretary-Mara	30,459,500
99		Ministry of Livestock Development and Fisheries	2,027,920
40		Judiciary	7,216,907
41		Ministry of Justice and Constitution Affairs	18,275,020
49		Ministry of Water	3,480,000
65		Ministry of Labour and Employment	2,928,500
98		Ministry of Works	6,856,800
89		Regional Administrative Secretary-Rukwa	4,963,500
83		Regional Administrative Secretary-Shinyanga	120,948,852
53		Ministry of Community Development, Gender and Children	3,823,000
93		Immigration	6,955,000
58		Ministry of Energy & Minerals	7,330,520
44		Ministry of Industry & Trade	14,089,900
69		Ministry of Natural Resources and Tourism	151,056,980
		Total	552,857,697

VOTE		MDA/RS	Amount(TZS)
28	(xix) Unsupported receipt of stores	Tanzania Police Force	818,468,346
29		Tanzania Prison Services	2,533,000
46		Ministry of Education and Vocational Training	3,096,000
52		Ministry of Health and Social Welfare	54,603,880
75		Regional Administrative Secretary-Kilimanjaro	1,305,500
77		Regional Administrative Secretary-Mara	2,578,000
99		Ministry of Livestock Development and Fisheries	23,197,900
40		Judiciary	151,099,184
41		Ministry of Justice and Constitution Affairs	42,740,640
49		Ministry of Water	2,458,400
65		Ministry of Labour and Employment	1,988,140
98		Ministry of Works	7,192,000
48		Ministry of Lands, Housing and Human Settlements Development	18,984,600
82		Regional Administrative Secretary-Ruvuma	11,152,080
83		Regional Administrative Secretary-Shinyanga	28,154,576
93		Immigration	73,295,135
58		Ministry of Energy & Minerals	30,578,141
44		Ministry of Industry & Trade	48,627,516

69		Ministry of Natural Resources and Tourism	137,184,500
		Total	1,459,237,538

VOTE	(xx) Un transferred balances of stores		
40	Judiciary		5,965,400
82	Regional Administrative Secretary-Ruvuma		780,000
	Total		6,745,400
	Grand total		7,526,447,299

Annexure 22: Inadequate supported payments

S/N	Vote no.	Name of MDA/RS	Amount (TZS)
1	Vote 57	Ministry of Defence and National Service	2,040,750,944
2	Vote 46	Ministry of Education and Vocational Training	1,600,069,266
3	Vote 38	Tanzania People's Defence Force (TPDF)	786,525,503
4	Vote 94	President's Office Public Service Commission	568,820,761
5	Vote 57	Ministry of Defence and National Service	428,696,744
6	Vote 49	Ministry of Water & Irrigation	346,917,770
7	Vote 39	National Service (JKT)	266,586,138
8	Vote 40	Judiciary of Tanzania	238,880,400
9	Vote 42	National Assembly	199,107,816
10	Vote 52	Ministry of Health and Social Welfare	156,856,816
11	Vote 52	Ministry of Health and Social Welfare	93,316,362
12	Vote 73	RS-Iringa	86,968,500
13	Vote 81	RS-Mwanza	66,806,571
14	Vote 42	National Assembly	61,058,855
15	Vote 82	RS-Ruvuma	58,771,040
16	Vote 89	RS-Rukwa	39,376,266
17	Vote 33	President's Office - Ethics Secretariat	28,512,000
18	Vote 12	Judicial Service Commission	17,051,563
19	Vote 85	RS-Tabora	12,197,980
20	Vote 63	RS-Geita	11,800,000
21	Vote 77	RS-Mara	11,539,125
22	Vote 32	President's Office Public Service Management (PO - PSM)	11,128,205
23	Vote 47	RS-Simiyu	10,308,430
24	Vote 34	Ministry of Foreign Affairs and International Cooperation	5,162,311
25	Vote 95	RS-Manyara	4,682,960
26	Vote 83	RS-Shinyanga	2,112,019
27	Vote 51	Ministry Of Home Affairs	786,652
	Total		7,154,790,997

Annexure 23: Payments charged to wrong Account codes

s/n	Vote no.	Name of MDA/RS	Amount (TZS)
1	Vote 52	Ministry of Health and Social Welfare	370,910,923
2	Vote 39	National Service (JKT)	293,070,974
3	Vote 57	Ministry of Defence and National Service	273,377,780
4	Vote 34	Ministry of Foreign Affairs and International Cooperation	228,271,765
5	Vote 32	President's Office Public Service Management (PO - PSM)	123,541,000
6	Sub Vote 2025	High Commission of Tanzania-Pretoria-South Africa	97,113,476
7	Sub Vote 2006	High Commission of Tanzania-London-UK	71,030,276
8	Vote 85	RS-Tabora	57,373,100
9	Vote 65	Ministry of Labor and Employment	51,623,769
10	Vote 36	RS-Katavi	46,284,643
11	Vote 92	Tanzania Commission for AIDS (TACAIDS)	45,029,498
12	Vote 06	Presidential Delivery Bureau	30,847,548
13	Vote 83	RS-Shinyanga	24,816,941
14	Vote 87	RS-Kagera	22,006,500
15	Vote 29	Prisons Service Department	21,697,120
16	Vote 70	RS-Arusha	15,359,100
17	Vote 74	RS-Kigoma	13,723,030
18	Sub Vote 2008	High Commission of Tanzania-Maputo-Mozambique	12,776,424
19	Vote 86	RS-Tanga	11,369,500
20	Vote 27	Registrar of Political Parties	9,724,534
21	Vote 25	Prime Minister's Private Office	7,149,397
22	Vote 10	Joint Finance Commission	4,307,300
23	Vote 71	RS-Coast	2,140,000
Total			1,833,544,598

Annexure 24: Expenditure made out of the approved budget

S/N	Vote no.	Description	Amount
1	SV 2006	High Commission of Tanzania-London-UK	2,001,036,920
2	Sub Vote 2013	Embassy of Tanzania-Paris-France	719,275,411
3	Sub Vote 2015	Embassy of Tanzania-Rome-Italy	312,418,710
4	Sub Vote 2025	High Commission of Tanzania-Pretoria-South Africa	311,877,629
5	Sub Vote 2034	Embassy of Moroni-Comoros	304,808,168
6	Sub Vote 2009	Embassy of Tanzania-Moscow-Russia	296,974,421
7	Sub Vote 2029	Embassy of Muscat-Oman	241,933,715
8	Sub Vote 2001	Embassy of Tanzania-Addis Ababa-Ethiopia	155,690,889
9	Sub Vote 2010	High Commission of Tanzania-New Delhi	101,780,035
10	Sub Vote 2002	Embassy In Berlin - German	88,941,162
11	Sub Vote 2003	Embassy of Tanzania-Cairo	72,234,482
12	Sub Vote 2008	High Commission of Tanzania-Maputo-Mozambique	68,572,196
13	Vote 87	RS-Kagera	48,999,952
14	Vote 81	RS-Mwanza	38,727,547
15	Vote 80	RS-Mtwara	36,192,806
16	Sub Vote 2016	Embassy of Tanzania-Stockholm-Sweden	34,044,810
17	Sub Vote 2022	High Commission of Tanzania-Harare-Zimbabwe	30,433,242
18	Vote 36	RS-Katavi	27,651,000
19	Sub Vote 2024	Embassy of Tanzania-Riyadh-Saudi Arabia	26,918,912
20	Sub Vote 2007	High Commission of Lusaka-Zambia	23,667,483
21	Vote 75	RS-Kilimanjaro	13,902,000
Total			4,956,081,490

Annexure 25: Nugatory expenditure

S/N	Vote no.	Name of MDA/RS	Amount (TZS)	Descriptions
1	Vote 57	Ministry of Defense and National Service	579,689,703	Penalty for delay on clearing various consignments at Dar es Salaam Port as a result of delays to finalize clearance procedures.
2	Vote 50	Ministry of Finance	354,671,304	Being compensation payment following a judgment in favor of Simon R. Byarugaba (plaintiff) on Case no 52 of 1996 against the government following his termination from employment since April, 1996 without giving him reason and chance to defend for such termination
3	Vote 38	Tanzania People's Defense Force (TPDF)	231,561,608	being a storage charge on clearing consignments at DSM Port as a result of delay of up to 54 days to complete the clearance procedures
4	Sub Vote 2011	Tanzania Permanent Mission to The United Nations - New York-USA	194,493,662	» Monthly costs for electricity, and other maintenance expenses for property not in use-TZS 171,259,004 » Insurance and parking fees for grounded motor vehicle-TZS 23,234,658
5	Vote 39	National Service (JKT)	136,303,000	Being settlement of the debt to Millennium Express Co. Limited for renting services of construction machinery which was supposed to be paid by SUMA
6	Sub Vote 2018	Embassy of Tanzania-Washington	134,959,193	TZS 127,666,193 being maintenance cost for unoccupied building, TZS 7,293,000 Being costs of insurance and parking fees for the car no longer in use
7	Vote 46	Ministry of Education and Vocational Training	27,410,000	Expenditure incurred on a void contract for acquisition of land and staff buildings from Villagers of Misungwi District Council and M/S PPF respectively
8	Vote 61	National Electoral Commission	15,084,000	Being compensation for damages to Ms. Safran Morpho following appeal to the Public Procurement Appeals Board against irregularities in the tendering process that made M/S SCI Tanzania/INVU IT Solution/The JAZZ Matrix Corporation (Joint Venture) a successful bidder for supply of Biometric Voters Registration Kits.
9	Vote 98	Ministry of works	9,265,724	penalty for delay in settling the rental charges to NHC within prescribed grace period
10	Vote 89	RS-Rukwa	8,703,200	Being interest charges for delay in furnishing payments to the contractor, in respect of contract No.RAS/RKW/01/2013/2014 for renovation of Regional block office building (Phase II)
11	Vote 62	Ministry of Transport	5,400,000	Being rental charges for the house occupied by former Deputy Minister for Transport who is no longer in the cabinet
12	Vote 36	RS-Katavi	1,200,000	Being participation fee for the training on procurement issues which not existed/conducted
Total			1,698,741,394	

Annexure 26: The funds used for unintended activities

S/N	Vote no.	Name of MDA/RS	Amount (TZS)	Descriptions
1	Vote 74	RS-Kigoma	265,419,274	<ul style="list-style-type: none"> » TZS.132,900,534 for on call allowance was used to pay extra duty and overtime allowances » Deposit monies amounted to TZS.71,397,400 used to settle recurrent expenditures such as per-diem, stationeries, fuel e.t.c » Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay recurrent expenses- TZS.61,121,340
2	Vote 84	RS-Singida	244,534,517	<ul style="list-style-type: none"> » The funds allocated for procurement of four-wheel Drive Vehicle were used for repairing expenses- TZS.23,930,500 » Deposit monies used for activities not related deposit A/C- TZS.220,604,017
3	Vote 80	RS-Mtwara	207,285,500	Deposit monies was used for various recurrent expenses
4	Vote 81	RS-Mwanza	152,309,679	<ul style="list-style-type: none"> » Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay unrelated expenses- TZS.75,328,479 » Deposit monies transferred to recurrent a/c to meet various recurrent expenses- TZS.76,981,200
5	Vote 87	RS-Kagera	129,300,175	<ul style="list-style-type: none"> » Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay security services, salary, payment of NSSF contribution, TRA contribution, tuition fees, fare, night out allowances and extra duty allowances (TZS.47,259,175) » TZS.75,000,000 for procurement of motor vehicle was used to

S/N	Vote no.	Name of MDA/RS	Amount (TZS)	Descriptions
				purchase other expenses during the year » Development fund TZS.7,041,000 used for recurrent expenses
6	Vote 28	Police Force Department	119,200,000	Development funds used for incurring expenditure on fuel, entertainment, air ticket and payment of per diem allowance during RS staff travel to Dar es Salaam
7	Vote 70	RS-Arusha	99,196,398	» Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay subsistence allowances-TZS.51,004,398 » Deposit monies transferred to Recurrent A/C to meet recurrent expenditures-TZS.48,192,000
8	Vote 85	Tabora	86,107,680	Deposit monies for other activities were used to pay contractor for construction of RC's residential house
9	Vote 86	RS-Tanga	84,939,983	» Deposit monies used for unrelated expenses TZS.2,590,400 » Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay TZS.82,349,583 for allowances, security cost & rent
10	Vote 82	RS-Ruvuma	57,883,346	Borrowed from deposit account for facilitating Uhuru torch and other activities
11	Vote 76	RS-Lindi	29,465,032	» Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay wages, allowances and other unrelated expenses (TZS.3,440,000+TZS.26,025,032)
12	Vote 89	RS-Rukwa	25,023,238	» TZS.10,272,619 and TZS.2,239,000 for Contractor's retention in deposit account and CHF monies respectively were used to pay allowances-TZS.12,511,619

S/N	Vote no.	Name of MDA/RS	Amount (TZS)	Descriptions
				» Deposit monies used for recurrent expenses-TZS.12,511,619
13	Vote 85	RS-Tabora	22,075,683	Cost sharing funds for procurement of drugs and essential hospital equipment was used to pay allowances, fuel, electricity contrary to CHF Guideline
14	Vote 98	Ministry of works	19,325,667	Misc. Deposit funds to meet utility commitments
15	Vote 40	Judiciary of Tanzania	11,797,402	Transferred from recurrent account to revenue a/c instead of Unclaimed salary account
16	Vote 95	RS-Manyara	7,228,000	Deposit monies used to pay acting allowance, medical treatment, workers council
17	Vote 78	RS-Mbeya	1,855,000	Cost sharing funds for procurement of drugs and essential hospital equipment was used to meet burial expenses
Total			1,562,946,574	

Annexure 27: List of Entities with Outstanding Accounts payable

S/N	Vote	MDA/RS/Mission	Total accounts payables (TZS)	
			Financial Years	
			2013/2014	2012/2013
1.	28	Police Force Department	162,496,146,920	123,707,877,058
2.	52	Ministry of Health and Social Welfare	135,383,445,978	56,895,229,485
3.	38	Tanzania Peoples' Defence Forces	76,612,953,704	47,263,538,902
4.	29	Prisons Service Department	66,540,175,152	46,559,702,987
5.	39	National Service (JKT)	50,554,126,862	16,941,427,457
6.	21	Treasury	47,542,812,933	49,851,681,203
7.	57	Ministry of Defence and National Service	37,322,302,770	32,747,841,279
8.	49	Ministry of water	36,145,793,277	6,445,307,102
9.	43	Ministry of Agriculture, Food Security and Cooperatives	21,333,361,533	44,739,685,559
10.	34	Ministry of Foreign Affairs and International Cooperation	20,171,577,634	9,148,124,533
11.	46	Ministry of Education and Vocational Training	16,633,246,121	10,702,195,484
12.	42	National Assembly	15,620,747,550	1,729,151,629
13.	48	Ministry of Lands, Housing and Human Settlement Development	6,000,804,000	18,546,000
14.	72	RAS Dodoma	5,183,007,850	1,749,791,442
15.	50	Ministry of Finance	5,038,041,453	7,139,166,981
16.	58	Ministry of Energy and Minerals	4,912,318,149	127,173,636
17.	41	Ministry of the Constitutional and Legal Affairs	3,753,924,808	556,648,611
18.	98	Ministry of Works	3,565,687,839	2,873,864,166
19.	32	President's Office-Public Service Management	3,284,284,201	2,782,667,533
20.	61	National Electoral Commission	2,642,771,177	2,851,094,820
21.	62	Ministry of Transport	2,605,263,392	2,255,736,806
22.	53	Ministry of Community Development, Gender and Children	2,384,687,797	2,908,325,031
23.	30	President's Office and Cabinet Secretariat	2,175,827,500	1,386,821,720
24.	56	Prime Minister's Office Regional Administration and Local Government	2,145,580,420	1,898,621,259
25.	31	Vice President's Office	1,920,395,062	723,500,261
26.	93	Immigration Services Department	1,767,007,299	456,498,496
27.	99	Ministry of Livestock and Fisheries Development	1,732,142,292	716,596,341
28.	37	Prime Minister's Office	1,699,977,994	571,878,238
29.	96	Ministry of Information, Youth, Culture and Sports	1,635,593,517	946,159,303
30.	86	RAS Tanga	1,551,260,069	1,139,615,661
31.	40	Judiciary of Tanzania	1,533,014,764	1,926,178,000
32.	87	RAS Kagera	1,513,679,151	778,972,533

33.	66	President's Office, Planning Commission	1,432,556,653	732,157,036
34.	79	RAS Morogoro	1,302,116,719	997,921,336
35.	27	Registrar of Political Parties	1,257,068,558	662,122,266
36.	69	Ministry of Natural Resources and Tourism	1,189,578,258	567,186,431
37.	51	Ministry of Home Affairs	1,187,336,242	1,484,902,352
38.	70	RAS Arusha	1,160,349,516	617,865,810
39.	85	RAS Tabora	1,142,125,212	684,820,669
40.	2020	Tanzania Permanent Mission to the United Nations	1,125,580,153	692,262,928
41.	65	Ministry of Labour and Employment	1,114,529,693	683,831,493
42.	82	RAS Ruvuma	1,059,245,233	687,324,501
43.	77	RAS Mara	1,050,494,436	752,083,766
44.	75	RAS Kilimanjaro	1,041,665,941	735,716,000
45.	16	Attorney General's Chambers	1,019,407,695	650,471,593
46.	14	Fire and Rescue Force Department	1,001,435,628	845,822,628
47.	89	RAS Rukwa	840,624,099	356,771,074
48.	84	RAS Singida	784,744,418	637,482,696
49.	74	RAS Kigoma	760,489,309	642,704,900
50.	44	Ministry of Industry and Trade	712,397,226	129,621,270
51.	2015	Tanzania Embassy in Rome	669,398,276	750,957,216
52.	94	President's Office Public Service Commission	620,596,982	432,610,713
53.	97	Ministry of East African Cooperation	618,776,689	290,225,622
54.	63	RAS Geita	606,118,777	155,958,170
55.	71	RAS Coast	514,036,983	303,331,969
56.	80	RAS Mtwara	488,676,062	560,666,064
57.	36	RAS Katavi	434,091,345	307,342,508
58.	54	RAS Njombe	428,123,757	164,424,716
59.	78	RAS Mbeya	422,523,416	243,032,603
60.	88	RAS Dar es salaam	408,245,684	182,882,717
61.	55	Human Rights and Good Governance Commission	387,301,835	79,073,762
62.	33	President's Office Ethics Secretariat	385,982,884	246,596,074
63.	95	RAS Manyara	348,341,258	277,245,314
64.	73	RAS Iringa	346,264,581	144,940,737
65.	68	Ministry of Communication, Science and Technology	345,619,569	162,073,744
66.	91	Drugs Control Commission	308,917,577	43,011,832
67.	92	TACAIDS	270,197,822	160,542,700
68.	59	Law Reform Commission of Tanzania	268,553,380	150,453,200
69.	35	Directorate of Public Prosecutions	268,505,717	173,292,904
70.	15	Commission for Mediation and Arbitration	265,629,173	85,696,025
71.	26	Vice President's Private Office	262,896,267	210,850,220
72.	83	RAS Shinyanga	249,954,459	253,930,045
73.	25	Prime Minister's Private Office	227,250,617	397,472,107

74.	2007	Tanzania High Commission in Lusaka	167,453,431	107,028,794
75.	2025	Tanzania High Commission in Pretoria	153,029,068	118,650,637
76.	13	Financial Intelligence Unit	121,780,434	6,097,398
77.	2003	Embassy of Tanzania in Cairo	91,201,600	136,944,490
78.	76	RAS Lindi	82,428,306	82,428,306
79.	24	Cooperatives Development Commission	66,565,455	19,619,535
80.	2022	Tanzania Embassy in Harare	63,017,394	126,896,880
81.	10	Joint Finance Commission (JFC)	21,996,674	39,341,082
82.	2021	Tanzania High Commission in Kampala	11,110,533	14,470,233
Total			772,508,290,162	499,528,776,582

Source: Financial Statement for the year 2013/2014 and 2012/2013

Annexure 28: List of Entities issued with qualified audit opinion together with the respective basis for qualified opinions for the year 2013/14

S/N	Entity	Basis for Qualified Audit Opinion
1	Kagera Regional Secretariat	<ul style="list-style-type: none"> Omission of Inventory balance in the Financial Statements TZS.88,752,123 Audit of supporting schedules to the financial statements noted the current assets figure was understated by TZS.88,752,123 due to omissions of inventory balance at the end of financial year. Non preparation of bank reconciliation statements Cash and cash equivalent of TZS.2,918,219,331 was not supported bank reconciliation statements as required by Para. 56 of IPSAS 2. Unconfirmed existence of reported outstanding payables TZS.471,069,150 Audit of outstanding payables noted TZS.1,513,679,151 which was reported in financial statements but only TZS.1,042,610,001 were supported, leaving a balance of TZS.471,069,150 with no supporting attachment. Expenditure charged to wrong GFS code TZS.22,006,500 Audit review of payment vouchers revealed that the Regional Secretariat management paid TZS.22,006,500 for various which were wrongly charged to expenditures codes. Inadequate preparation of Cash Flow Statements Para.18 of IPSAS 2 requires the Cash flow statement to report cash flows during the period classified by operating, investing and financing activities. However, audit review of the submitted financial statements for Kagera Regional Secretariat for the year ended 30th June, 2014 shows that, cash inflows of TZS.739,177,667 for development activities which were to be included as financing activities were not presented in Statement of Cash Flow. Tax payers funds adjustment not supported TZS.7,944,231,057 Our review of revised financial statements submitted for audit purposes noted that, reported TZS.9,636,884,772 under note 90 of the statement of financial position being total tax payer's funds for the year ended 30 June, 2014. Among of the amount reported it included TZS.676,529,842.13 being Tax payers funds Adjustment and opening tax payers funds TZS.7,267,701,215 leading to a total of TZS.7,944,231,057 which has not been supported by a detailed analysis to indicate what exactly the amount is comprised of. Omission of MSD funds balance in financial statements TZS.191,740,161 The statement of financial position as at 30th June, 2014 reflected TZS.2,929,035,141 being current assets comprised of TZS. 2,918,219,331 in respect of cash and cash equivalents and TZS.10,815,810 for inventories. However, audit review of reconciliation statement of MSD account for the year ended 30th June, 2014 noted that RMO Kagera had available funds of TZS.580,213,501 at MSD including the opening balance of TZS.44,407,338; TZS.388,473,340 was spent leading to a balance of TZS.191,740,161 as at 30th June, 2014 which has not been included in the Regional Secretariat financial statements as receivables and prepayments.

S/N	Entity	Basis for Qualified Audit Opinion
2	Geita Regional Secretariat	<ul style="list-style-type: none"> Addition of intangible assets not supported with schedule or analysis TZS. 15,962,000 The Financial Statements for the year ended 30th June, 2014 disclosed a figure of addition of intangible assets costing TZS.15,962,000 not supported with schedules. Therefore I could not confirm the correct value of intangible assets as shown under Note 61 on the Financial Statements. Unconfirmed Property plant and Equipment Figure TZS.2,012,781,204 During examination of the financial statements we noted that Property Plant and Equipment worth TZS. 2,012,781,204 were not supported with supporting schedule. Therefore I could not confirm the value of Property Plant and Equipment as shown under Note 59 on the Financial Statements. Payment not supported with relevant supporting documents TZS.11,800,000 Audit scrutiny of payment vouchers and other related supporting documents revealed that, expenditure amounting to TZS.11,800,000 was not properly supported by relevant documents contrary to Regulation 95(4) of Public Finance Regulations 2001 as revised in 2004.
3	Iringa Regional Secretariat	<ul style="list-style-type: none"> Analyzed Schedule for Intangible assets balance reported not attached TZS.74,980,870 The financial statements of Iringa Region Secretariat reflected a balance for intangible assets of TZS.74,980,870 under Non-Current Assets note 61. However, there was no analyzed schedule to support the reported balance hence audit failed to substantiate the accuracy of the reported balance. Analyzed Schedule for Deposits balance reported not attached TZS.89,743,099 The financial statements of Iringa Region Secretariat reflected a balance for deposit funds of TZS.89,743,099 under Current Liabilities note 72. However, there was no analyzed schedule to support the reported balance which would show the names of depositors and their amounts hence audit failed to substantiate the accuracy of the reported balance. Debits made by MSD without supply of medicines to Iringa Referral Hospital Audit of accounts and statements in relation to the Regional Referral Hospital Iringa noted that MSD deducted TZS.150,312,900 from the account of Iringa Regional Referral Hospital held at MSD being cost of medicines which were not actually supplied. Moreover, the reconciliation between MSD statement of account and Iringa Referral Hospital was not done by the Regional Referral Hospital which would help to detect any discrepancies and take immediate action.

S/N	Entity	Basis for Qualified Audit Opinion
4	Mwanza Regional Secretariat	<ul style="list-style-type: none"> Missing Payment vouchers TZS.89,142,188 Audit examination of cash books and bank statements revealed that payment vouchers with a total of TZS 89,142,188 were missing from their respective batches. In absence of the vouchers we could not be able to ascertain the validity and authenticity of payments made. Grants in kind not disclosed in the Statement of Financial Performance TZS.940,868,824.60 Audit review made in the Medical Stores Department's Statement of Accounts as at 30th June 2014, invoices issued and delivery notes received during the financial year 2013/2014 as well as the Financial Statements revealed that, during the year under review, the Regional hospital received grants in kind to the tune of TZS.940,868,824.60. However, the grants were not recognized in the books of accounts and hence they were not disclosed in the Financial Statements for the year ended 30th June, 2014 and therefore the amount recognized as receipts during the year was understated by the same.

S/N	Entity	Basis for Qualified Audit Opinion
5	Ministry of Health	<ul style="list-style-type: none"> Understatement of revenue TZS.771,185,805 Audit examination of Non Tax Revenue reported in Note 31 to the financial statements noted that revenue collected from various sources during the year amounting TZS.771,185,805 was not reported in the financial statements for the year under review. Salaries paid to the retired employees TZS.74,475,500 Audit test made to payrolls for the MOHSW for the year under review noted that a sum of TZS.74,475,500 was paid to non-existing employees, i.e. Salaries in respect of deceased, retired, absconded through their respective bank account. Expenditure not supported by relevant documents TZS.156,856,815.60 During the year the Ministry paid a total amount of TZS.156,856,815.60 out of which the payment vouchers for TZS.2,393,251 were found missing in their respective batches and TZS.154,463,564.66 were not properly supported which is contrary to Regulation 95 (4) of the Public Finance Regulations of 2001, clearly states that the payment voucher which is incomplete because of its supporting documents are missing, shall be regarded as missing voucher Unsupported Payments for medical treatment abroad TZS.93,316,362 A test check made to the Medical treatment abroad payments noted that Payment Vouchers amounting to TZS.93,316,362 were paid to various Hospitals abroad settlement of medical bills for Tanzanians treated abroad. Unsupported Accounts payable TZS.135,383,445,977.96 The Statement of Financial Position reported TZS.135,383,445,977.96 as Accounts payable as at 30 June 2014. The reported amount related to the current and prior years but the Ministry failed to provide support schedule that shows age analysis. <p>I am concerned with the liquidity problem of the MoHSW as failure to discharge the obligation as they fall due will affect its future plans. Table 8 below shows analysis of categories of the Accounts Payable.</p> <p>However, the following anomalies were noted:</p> <ul style="list-style-type: none"> Transactions were made in the name of Government Obligation without disclosing a list of Tanzanians who were treated and cost per patient. The supporting documents such as medical bills, acknowledgement receipts and expenditure details were not submitted for audit purposes.

S/N	Entity	Basis for Qualified Audit Opinion
6	Ministry of Home Affairs	As at 30 th June, 2014 the Ministry of Home Affairs had an outstanding accounts receivable balance of TZS.333,715,785.87 disclosed in the Statement of Financial Position. It was however, noted that receivable figure was not disclosed under note 51 on page 30 as reflected in the statement of financial position. The schedules to support these debtors duly analysed according to its age were not prepared, hence I could not be able to certify the existence and accuracy of the reported balance.
7	Public Debt Department	Public servants retirees' pensions are paid from the consolidated fund and such an arrangement ought to be recognized by the Government as Defined Benefits Plan. These servants do not contribute to the Pension Fund. During my audit review of retirement benefits I noted that no actuarial valuation was conducted to determine the probable liabilities to the government. This is contrary to paragraph 166 of IPSAS 25 that requires an entity to determine its initial liability for defined benefit plans as the present value of the obligations at the date of adoption and Para 59 and 61 which explains on the accounting treatment for defined benefit plans.
8	Pasiansi Wildlife Training Institute	<ul style="list-style-type: none"> Included in the Statement of Financial Position is an amount of TZS.48,713,081 of Cash and cash equivalent as at 30th June 2014. The closing balance has not been supported with sufficient evidences such as cash book therefore; we were unable to design alternative procedures to attest the correctness of the cash balances as at that date. Also, monthly bank reconciliation was not undertaken by the Institute. PWTI reported an inventory balance of TZS.26,911,990 in the statement of Financial Position which was not supported with inventory count sheets at the year-end; hence, the correctness of the amount of TZS.26,911,990 could not be certified.

S/N	Entity	Basis for Qualified Audit Opinion
9	Pharmacy Council of Tanzania	<ul style="list-style-type: none"> Missing 50 Receipt Books Fifty (50) receipt books for revenue collection issued to various officers working for the Pharmacy Council in different Regional stations could not be availed for audit purposes when called for. Revenue collected via the missing receipt books was neither evidence to have been incorporated in the Revenue Collectors Cash Book nor in the Statement of Financial Performance. In addition, there were no reconciliation done between revenue receipt books issued to Revenue Collections and amount collected by them. Fixed Asset were not properly managed Shs.215,148,817 We could not verify ownership and existence of assets amounting to Shs.215,148,817 reported in Notes to Statement of Financial Position due to lack of reliable information. In addition, fixed assets were not tagged, which could prevent them from theft and misuse. Payments without adequate supporting documents Shs.256,710,580 Payments amounting to Shs.256,710,580 were made to various payees without adequate supporting documents such as acknowledgement receipts from the recipients, which is contrary to Reg.95(4) of PFR 2001. Non preparation of Bank Reconciliation Statement During the year, the Pharmacy Board adopted bank balances amounting to TZS.676,921,794 from two bank accounts. However, there was no bank reconciliation prepared from the beginning to the end of the financial year on the two bank accounts. In addition, there was no Cash Book prepared for the whole year to record incomings and outgoings. In the circumstances correctness of the closing bank balances could not be relied upon.

Annexure 29: List of Special Funds and their Operational Objectives

SN	Special Fund	Objective
1	Agricultural Inputs Trust Fund (AGITF)	To provide loans to applicants on such terms and conditions as the Board may determine to finance importation and distribution of Agricultural Inputs
2	Tanzania Forest Funds	To promote awareness of the importance of the protection, development and sustainable use of forest resources through public education and training; to promote and assist in the development of community forestry directed towards the conservation and protection of the forest resources of the country
3	The Inspection and Supervision Cooperative Funds	To conduct internal audit functions and encourage the establishment of cooperative societies in all sectors of the economy and to assist cooperatives to increase their efficiency;
4	The National Relief Fund	Reconstruction and rehabilitation of buildings and related infrastructure affected by various disasters; disaster response activities including provision of required services before and after disaster occurrence; and preparedness activities including provision of disaster awareness before occurrence of disasters.
5	Tanzania Wildlife Protection Fund (TWPF)	The operation objective of the TWPF is to develop and manage wildlife areas; to protect wildlife through anti-poaching operations; to conduct and promote research on wild animals and on environment surrounding them; and to impact and foster conservation education through stakeholder institutions and to general public through various pamphlets; magazines and calendars.
6	National Funds For Antiquities	Regulating and ensuring effective conservation and protection of cultural heritage, promoting community based cultural heritage management, conducting and coordinating research or cultural heritage resources and promoting cultural based tourism.
7	Livestock Development Funds	To improve the extension services and disease control, to improve abattoir facilities, to review the laws that relate to hides and skins improvement, to facilitate market linkage between the producers, buyers and exporters/tanners of hides and skins, to monitor the collection of the existing export levy, to promote extension and modernization of tanning facilities at existing tanneries, to monitor and evaluate the implementation of the leather Sector Development Strategy and programs, to strengthen the Tanzania Institute of Leather technology and Leather Association of Tanzania, to provide incentives to hides and skins processors, and to facilitate the promotion and development of livestock and leather sector

		so as to laid down in the Establishment Order 2007 document.
8	Mining Development Empowering Fund	Empowering Tanzanians in terms of capital to be able to participate effectively in the mineral sector through provision of goods and services; promoting entrepreneurship training in the sector; building capacity of government officials through training for effective and efficient delivery of services to the clients; monitoring economic activities undertaken by stakeholders in the sector for the purpose of providing technical or facilities that will be necessary for furtherance of their economic activities.
9	Women Development Fund	To overcome apathy among other communities, men and women, build and enhance their capacities, and promote volunteerism to achieve more active participation in socio-economic process, to achieve a Society free from harmful Social Practices, to promote and safeguard children's rights and welfare in the Society, to achieve efficient and effective public service delivery and to achieve effective resource management and accountability.
10	Road Fund Board	To provide working capital to meet expenditure for rehabilitation and maintenance of roads
11	Plant Breeders Right Development Fund	To promote agricultural development through support of new plant breeding initiatives, with a view of stimulating both the supply and demand parts of new plant varieties in the country
12	Maji Central Revolving Fund	To enable the planned procurement stores relevant to water development projects and to provide working capital to enable the Ministry to purchase locally and from overseas stores

Annexure 30: List of the other Government Institutions and their Establishment Objectives

S/N	Name of Institution	Establishment objective
1	The Pharmacy Council of Tanzania (PCT)	Responsible for controlling the pharmacy profession and practice with emphasis on quality, safety and efficacy of medicine. The main functions of the Council include registering, enrolling and listing pharmaceutical personnel and licensing of premises.
2	Nelson Mandela African Institute of Science and Technology (NM- AIST	The institution seeks to stimulate, catalyze and promote intensification of agricultural production, and value addition to the various natural products (agricultural, minerals, etc.) produced in Tanzania and the Eastern African region.
3	Property and Business Formalization Program (MKURABITA)	The objective of this Program is to implement Phases I, II, III and IV of the Program in order to diagnose and develop a reform design to undertake legal and administrative reforms that will make it possible for entrepreneurs to formally register business, or use legally recognized assets to leverage their participation in the credit market.
4	Local Government Training Institute (Hombolo);	The LGTI mandate is to improve the performance and management more effectively and efficiency of Local Government Authorities and other interested parties through the application of appropriate training, research, consultancy and advisory intervention services.
5	Pasiansi Wildlife Training Institute (PWTI)	It is a center for training game wardens and Park rangers in the country for the wildlife management and Law enforcement
6	Tanzania Automotive Technology Centre (TATC) (NYUMBU)	The operational objectives of the TATC are as follows to adapt existing engineering technology to alleviate some of the existing problems in transport, agricultural machinery and industry; to design and develop for production, vehicles, plant and machinery suited to the needs of Tanzania.
7	Tanzania Nurses and Midwives Council(TNMC),	To improve the image of Nursing and midwifery professions in Tanzania; to standardize nurses and midwives training to comply with the set scope of practice; to promote quality of nursing and midwifery services provided to the public.
8	Energy Sector Capacity Building (ESCB),	The main objective of ESCBP is to strengthen the capacity of the Government of Tanzania (GoT) to develop its natural gas sub-sector and Public-Private Partnership (PPPs) for the power generation sector.
9	The Institute of African Leadership for Sustainable Development (Uongozi Institute)	To harness and enhance leadership capacity for development and sustainability in a more comprehensive and integrate manner; to providing high quality capacity building programmes for African leaders in strategy and policy issues.
10	African Peer Review Mechanism (APRM)	To monitor progress in governance and good practice in four thematic areas, namely democracy, and political governance, economic governance and management, corporate governance and socio development.
11	Tengeru Community Development Training Institute (CDTI)	The operational objectives of the CDTI are to promote Community, Social, and Economic Development by providing opportunities for the study of, and training in principles, techniques and their practical application in all aspects of the Community Development.
12	Law School of Tanzania	To develop infrastructure and facilities for effective delivery of practical legal training.
13	Institute of Judicial Administration Lushoto	To offer and conduct local and international training programmes in legal disciplines, to determine and offer academic awards at the end of training programmes, to conduct legal research in priority areas.

Annexure 31: Dependency on Government Subvention

S/N	Title	Own Source budget (TZS)	Total Budget (TZS)	Total funding (TZS)
1	E- Government Agency	788,350,000	9,150,000,000	9,938,350,000
2	Registration Insolvency and Trusteeship Agency (RITA)	2,983,648,800	5,859,686,200	8,843,335,000
3	Tanzania Forestry Service Agency	73,122,670,271	-	73,122,670,271
4	Tanzania Global Learning Agency	1,242,690,000	-	1,242,690,000
5	Tanzania Public Service College	13,252,400,000	2,925,000,000	16,177,400,000
6	Tanzania Tree Seeds Agency	326,300,000	887,133,200	1,213,433,200
7	Agriculture Seeds Agency (ASA)	4,078,500,000	6,279,771,118	10,358,271,118
8	Business Registration and Licencing Agency	-	-	-
9	Drilling and Dam Construction Agency (DDCA)	7,473,462,000	7,639,691,394	15,113,153,394
10	Fisheries Education and Training Agency (FETA)	4,351,009,800	4,351,009,800	8,702,019,600
11	Geological Survey of Tanzania (GST)	653,700,000	8,910,945,200	9,564,645,200
12	Livestock Institute Training Agency (LITA)	4,013,207,760	2,788,271,800	6,801,479,560
13	National Food Reserve Agency (NFRA)	66,070,000,000	112,399,921,000	178,469,921,000
14	Tanzania Airport Authorities (TAA)	66,970,074,651	202,668,684,000	269,638,758,651
15	Tanzania Building Agency	24,105,017,023	2,602,599,853	26,707,616,876
16	Tanzania Electrical, Merchanical and Services Agency (TEMESA)	28,091,513,064	21,525,053,730	49,616,566,794
17	Tanzania Government Flights Agency	7,269,500,000	16,739,489,844	24,008,989,844
	Tanzania Meteorological Agency (TMA)	-	-	-
19	Tanzania National Road Agency (TANROAD)	10,010,303,000	1,174,120,043,000	1,184,130,346,000
20	Tanzania Veterinary Laboratory Agency (TVLA)	768,500,000	2,911,290,200	3,679,790,200
21	Water Development and Management Institute (WDMI)	889,740,000	10,569,822,692	11,459,562,692
22	Weights and Measures Agency	14,787,848,214	3,384,230,752	18,172,078,966
23	National Housing and Building Research Agency (NHBRA)	1,057,956,954	4,714,880,800	5,772,837,754
24	Agency for Development of Education Management (ADEM)	1,461,100,000	1,258,000,000	2,719,100,000
25	Government Chemistry Laboratory Agency(GCLA)	8,231,869,849	2,684,489,000	10,916,358,849
26	Institute of Arts and Culture - Bagamoyo	189,990,000	1,134,623,505	1,324,613,505
27	Occupational Safety and Health Agency (OSHA)	4,084,035,000	2,350,140,956	6,434,175,956
28	Tanzania Employment Service Agency (TAESA)	80,000,000	1,499,455,200	1,579,455,200
29	Tanzania Minerals Audit Agency (TMAA)	-	11,247,282,000	11,247,282,000
30	Dar es Salaam Rapid Trans (DART)	-	905,650,000	905,650,000
31	Government Procurement Services Agency (GPSA)	8,008,776,000	2,636,340,000	10,645,116,000
32	Tanzania Institute of Accountancy (TIA)	14,526,440,000	2,781,189,000	17,307,629,000
	Total	368,888,602,386	1,626,924,694,244	1,995,813,296,630
	Percentagewise	18%	82%	100%

Annexure 32: Comparison between approved budget and actual Own source

S/N	Agency	Budget (TZS)	Actual (TZS)	Differences (TZS)
1	E- Government Agency	788,350,000	724,170,928	(64,179,072)
2	Registration Insolvency and Trusteeship Agency (RITA)	2,983,648,800	3,732,499,975	748,851,175
3	Tanzania Forestry Service Agency	73,122,670,271	78,517,439,885	5,394,769,614
4	Tanzania Global Learning Agency	1,242,690,000	968,286,563	(274,403,437)
5	Tanzania Public Service College	13,252,400,000	15,096,311,857	1,843,911,857
6	Tanzania Tree Seeds Agency	326,300,000	558,140,084	231,840,084
7	Agriculture Seeds Agency (ASA)	4,078,500,000	6,265,588,275	2,187,088,275
8	Business Registration and Licencing Agency	-	-	-
9	Drilling and Dam Construction Agency (DDCA)	7,473,462,000	4,346,105,541	(3,127,356,459)
10	Fisheries Education and Training Agency (FETA)	4,351,009,800	1,665,424,102	(2,685,585,698)
11	Geological Survey of Tanzania (GST)	653,700,000	183,597,719	(470,102,281)
12	Livestock Institute Training Agency (LITA)	4,013,207,760	3,966,850,760	(46,357,000)
13	National Food Reserve Agency (NFRA)	66,070,000,000	10,647,974,848	(55,422,025,152)
14	Tanzania Airport Authorities (TAA)	66,970,074,651	52,416,233,155	(14,553,841,496)
15	Tanzania Building Agency	24,105,017,023	17,033,254,566	(7,071,762,457)
16	Tanzania Electrical, Merchanical and Services Agency (TEMESA)	28,091,513,064	24,574,291,209	(3,517,221,855)
17	Tanzania Government Flights Agency	7,269,500,000	4,673,301,638	(2,596,198,362)
18	Tanzania Meteorological Agency (TMA)	-	13,621,617,837	13,621,617,837
19	Tanzania National Road Agency (TANROAD)	10,010,303,000	9,060,425,721	(949,877,279)
20	Tanzania Veterinary Laboratory Agency (TVLA)	768,500,000	513,053,228	(255,446,772)
21	Water Development and Management Institute (WDMI)	889,740,000	859,703,274	(30,036,726)
22	Weights and Measures Agency	14,787,848,214	13,621,617,837	(1,166,230,377)
23	National Housing and Building Research Agency (NHBRA)	1,057,956,954	1,057,856,955	(99,999)
24	Agency for Development of Education Management (ADEM)	1,461,100,000	1,248,375,645	(212,724,355)
25	Government Chemistry Laboratory Agency(GCLA)	8,231,869,849	6,716,013,943	(1,515,855,906)
26	Institute of Arts and Culture - Bagamoyo	189,990,000	305,254,642	115,264,642
27	Occupational Safety and Health Agency (OSHA)	4,084,035,000	5,358,184,769	1,274,149,769
28	Tanzania Employment Service Agency (TAESA)	80,000,000	123,186,989	43,186,989
29	Kigamboni Development Agency (KDA)	-	-	-
30	Tanzania Minerals Audit Agency (TMAA)	-	69,105,000	69,105,000
31	Dar es Salaam Rapid Trans (DART)	-	-	-
32	Government Procurement Services Agency (GPSA)	8,008,776,000	4,538,932,269	(3,469,843,731)
33	Tanzania Food and Drugs Agency (TFDA)	-	-	-
34	Tanzania Institute of Accountancy (TIA)	14,526,440,000	14,239,306,007	(287,133,993)
	Total	368,888,602,386	296,702,105,221	(72,186,497,165)

Annexure 33: Comparison between approved budget and actual releases recurrent

S/N	Agency	Budget (TZS)	Actual (TZS)	Differences (TZS)
1	E- Government Agency	3,040,000,000	1,284,741,761	(1,755,258,239)
2	Registration Insolvency and Trusteeship Agency (RITA)	2,091,686,200	5,044,724,783	2,953,038,583
3	Tanzania Forestry Service Agency	-	-	-
4	Tanzania Global Learning Agency	-	-	-
5	Tanzania Public Service College	2,925,000,000	2,924,652,878	(347,122)
6	Tanzania Tree Seeds Agency	887,133,200	513,701,300	(373,431,900)
7	Agriculture Seeds Agency (ASA)	968,592,468	340,133,500	(628,458,968)
8	Business Registration and Licencing Agency	-	-	-
9	Drilling and Dam Construction Agency (DDCA)	1,439,691,394	1,443,468,200	3,776,806
10	Fisheries Education and Training Agency (FETA)	2,788,059,800	1,515,424,102	(1,272,635,698)
11	Geological Survey of Tanzania (GST)	7,910,945,200	6,866,867,294	(1,044,077,906)
12	Livestock Institute Training Agency (LITA)	1,888,271,800	1,843,539,800	(44,732,000)
13	National Food Reserve Agency (NFRA)	110,399,921,000	107,046,978,462	(3,352,942,538)
14	Tanzania Airport Authorities (TAA)	2,049,684,000	1,067,224,200	(982,459,800)
15	Tanzania Building Agency	2,602,599,853	2,686,901,530	84,301,677
16	Tanzania Electrical, Merchanical and Services Agency (TEMESA)	5,842,323,730	5,620,866,160	(221,457,570)
17	Tanzania Government Flights Agency	7,060,669,500	5,944,182,350	(1,116,487,150)
18	Tanzania Meteorological Agency (TMA)	-	2,705,618,388	2,705,618,388
19	Tanzania National Road Agency (TANROAD)	324,394,064,000	325,776,835,235	1,382,771,235
20	Tanzania Veterinary Laboratory Agency (TVLA)	1,635,872,200	875,614,100	(760,258,100)
21	Water Development and Management Institute (WDMI)	7,360,247,000	4,516,373,668	(2,843,873,332)
22	Weights and Measures Agency	3,384,230,752	2,705,618,388	(678,612,364)
23	National Housing and Building Research Agency (NHBRA)	4,314,880,800	1,457,463,240	(2,857,417,560)
24	Agency for Development of Education Management (ADEM)	1,258,000,000	986,928,900	(271,071,100)
25	Government Chemistry Laboratory Agency(GCLA)	2,572,489,000	2,047,715,470	(524,773,530)
26	Institute of Arts and Culture - Bagamoyo	1,134,623,505	659,521,000	(475,102,505)
27	Occupational Safety and Health Agency (OSHA)	2,350,140,956	1,238,700,000	(1,111,440,956)
28	Tanzania Employment Service Agency (TAESA)	1,499,455,200	925,622,900	(573,832,300)
29	Tanzania Minerals Audit Agency (TMAA)	11,247,282,000	11,247,282,000	-
30	Dar es Salaam Rapid Trans (DART)	905,650,000	873,252,300	(32,397,700)
31	Government Procurement Services Agency (GPSA)	2,636,340,000	2,311,100,000	(325,240,000)
32	Tanzania Institute of Accountancy (TIA)	2,781,189,000	2,978,322,993	197,133,993
	Total	519,369,042,558	505,449,374,902	(13,919,667,656)