

ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL

**On the Audit of the Financial Statements of the Central
Government for the year ended
30th June, 2011**



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



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31ST March, 2012

Your Excellency Dr. Jakaya M. Kikwete,
The President of the United Republic of Tanzania,
State House,
P. O. Box 9120,
Dar es Salaam.

**Re: SUBMISSION OF ANNUAL GENERAL REPORT OF THE
CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF THE CENTRAL GOVERNMENT FOR THE
YEAR ENDED 30TH JUNE, 2011**

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, I hereby submit to you the above mentioned report.

I submit.

Ludovick S. L. Utouh
CONTROLLER AND AUDITOR GENERAL

Office of the Controller and Auditor General,
The National Audit Office,
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 given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Sect. 45 and 48 (1) of the Local Government Finances Act No. 9 of 1982 (revised 2000) together with Sections 10 (1) of the Public Audit Act No. 11 of 2008.

Vision

To be a centre of excellence in public sector auditing.

Mission

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

Core values

In providing quality services, NAO is guided by the following Core Values:

- ✓ **Objectivity:** We are an impartial organization, offering services to our clients in an objective and unbiased manner;
- ✓ **Excellence:** We are professionals providing high quality audit services based on best practices;
- ✓ **Integrity:** We observe and maintain highest standards of ethical behavior and the rule of law;
- ✓ **People focus:** We focus on our stakeholders' needs by building a culture of good customer care and having competent and motivated work force;
- ✓ **Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization and
- ✓ **Best resource utilisation:** We are an organisation that values and uses public resources entrusted to it in an efficient, economic and effective manner.

We do this by:-

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involving our clients in the audit process and audit cycles; and
- Providing audit staff with appropriate training, adequate working tools and facilities that promote independence.

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Foreword

Over the past four years, the Public has seen a gradual improvement in the accountability process in Tanzania. This has been made possible not only because of my annual audit reports, but also due to the political will existing within the Fourth Phase Government under the leadership of the President of the United Republic of Tanzania His Excellency Dr. Jakaya Mrisho Kikwete and the constructive contributions from the Parliament of Tanzania through its three Oversight Committees of PAC, LAAC and POAC.

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 give 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. However, in accordance with international standards there is

need for further improvement in terms of control of salaries and recruitment to enable me to effectively fulfil my Constitutional mandate.

The legislation has broadened the scope of audit to be conducted by my office by mandating me to carry out, in addition to the normal Regularity and Performance audits; Forensic, Environmental and Special Audits. With the enactment of this new legislation, my office has endeavoured in enforcing financial controls and assisting the Government in the enhancement of public accountability. In essence, the legislation has enabled me to provide the necessary independent assurance to the Parliament and through it to the public on such issues as accountability, transparency and probity in the use of public resources and in particular as to whether such resources have been effectively utilised with due regard to economy, efficiency and effectiveness as intended and appropriated by the Parliament.

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 framework lies with each Accounting Officer.

The Parliament and the Tanzanian public looks upon the Controller and Auditor General and the National Audit Office (NAO) for assurance in regard to financial reporting and public resources management in the Central Government 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 utilization of public resources remains a common ground.

In order to meet the expectations of the Parliamentarians' and the public at large, NAO continually reviews its audit approaches 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 contemporary issues and developments that impact on public sector management, particularly financial reporting and good governance.

The Public Accounts Committee (PAC), one of the oversight committees of Parliament, has increased interactions with all Accounting Officers of MDAs and RAS. With these efforts, I believe the Central Government has a crucial role to play in order to make sure that the Committee is empowered to ensure that the Accounting Officers take actions on recommendations issued to them. The Committee should also make full use of the already existing powers they have in this regard.

I would like to acknowledge the professionalism and commitment of my staff in achieving our goals and undertaking the work associated with meeting our ambitious audit programs despite working for many hours in very difficult conditions marked with, insufficient working tools, low salaries and sometimes working in very remote locations which are not easily accessible.

I would also like to acknowledge the work done by PPRA, Division of Government Assets Management and Treasury Registrar for preparing and submitting reports on performance of the entities under their jurisdiction for the financial year 2010/2011 that highlighted most of the issues which also largely featured in my previous report. I appreciate the work done by these entities which I found appropriate and relevant to be incorporated in my report.

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.

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam,

March, 2012

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Acknowledgement

I would like to express my gratitude to those who created an enabling environment for me to discharge my Constitutional obligations. I would like to thank every member of my staff for their endeavours to once again, meet the statutory reporting deadline. With lots of appreciation, I am obliged to pay tribute to my family and the families of my staff members for their tolerance during our long absence from them in fulfilling these Constitutional obligations.

Further, my sincere appreciations are extended to the donor community particularly the Swedish National Audit Office (SNAO), the Government of Sweden through SIDA and SNAO, the World Bank through the PFMRP project and all well wishers who have contributed immensely towards the transformation of my office. Their contributions in developing human resource, IT systems and physical assets have tremendous impact in our success. We still need more assistance in further modernizing the audit function in the public sector which would have been greatly speeded up if we could have a willing donor to fund the construction of the envisaged Audit Training Centre to be constructed at Gezaule in Temeke Municipal Council.

I am equally indebted to all other stakeholders including the Paymaster General, the Treasury and all Accounting Officers of the MDAs, Division of Government Assets Management and the Treasury Registrar of the Ministry of Finance for the support, cooperation and for providing vital information needed for the preparation of this report. I would also like to thank the Government Printer for expediting the printing of this report for its timely submission.

Last but not least, I would like to thank all the public servants throughout the MDAs in Tanzania mainland, whether in Central or Local Government without forgetting the role of taxpayers to whom this report is dedicated. Their invaluable contributions in building the nation cannot be underestimated.

May the almighty God bless you all as we commit ourselves to promote accountability on the use of public resources in the country.

List of abbreviations

A/C	Account
ACGEN	Accountant General
CAG	Controller and Auditor General
CFS	Consolidated Financial Statements
CPO	Central Payment Office
HIV	Human Immuno-deficiency Virus
IFMS	Integrated Financial Management System
INTOSAI	International Organization of Supreme Audit Institutions
ISA	International Standards on Auditing
LGA	Local Government Authority
LPO	Local Purchase Order
MDAs	Ministries, Departments and Agencies,
NAO	National Audit Office
PFA	Public Finance Act (No. 6 of 2001(revised 2004)
PFMRP	Public Financial Management Reform Programme
PFR	Public Finance Regulations
PMG	Paymaster General
PPA	Public Procurement Act (No. 21 of 2004
PPRA	Public Procurement Regulatory Authority
RAS	Regional Administrative Secretariat
Reg.	Regulation
Sect.	Section
SUMA	Shirika la Uchumi na Maendeleo

TCAA	Tanzania Civil Aviation Authority
TEMESA	Tanzania Electrical Mechanical and Electronics Services Agency
TRA	Tanzania Revenue Authority
URT	United Republic of Tanzania
USD	United States Dollars
PAC	Public Accounts Committee
PEs	Procuring Entities
AO	Accounting Officer
TB	Tender Board
PMU	Procurement Management Unit
Cap	Chapter
SDR	Special Drawing Rights
PPP	Public Private Partnership
IPSAS	International Public Sector Accounting Standards
PEs	Procurement Entities
PMU	Procurement Management Unit

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Executive Summary

This year's Annual Audit Report for the Central Government covers the Following:

- (A) Introduction;
- (B) Trend of Audit Opinions issued;
- (C) Major internal control weaknesses noted during the audit;
- (D) Procurement Irregularities;
- (E) Tax issues;
- (F) Matters relating to payment of terminal benefits;
- (G) Conclusion and Recommendations;

A: Introduction

This part gives a summary of the final results of the audit of the financial statements of the Central Government for the financial year ended 30th June 2011. The scope of audit in the Central Government comprises Ministries, Independent Departments, Executive Agencies and Regional Administrative Secretariats. However, final results of the audit of Missions will be submitted separately due to delay in commencing the audit which was caused by late receipt of funds from Treasury for auditing all the 33 Embassies /Missions around the world.

B: Audit Opinions

For the year under review, there has been a positive improvement in the Opinions issued to the Central Government entities compared to the previous year as tabulated below:

Table 1: Opinions Trend

Category	Unqualified Opinion					Qualified Opinion					Adverse Opinion					Disclaimer Opinion					Total				
FY	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011	2008/2009	2009/2010	2010/2011				
MDAs	45	43	50	7	13	10	1	1	0	-	-	-	53	57	60										
RAS	18	12	19	2	7	2	1	1	0	-	1	-	21	21	21										
Total	63	55	69	9	20	12	2	2	0	-	1	-	74	78	81										
%age	85	71	85	12	26	15	3	2	Nil	Nil	1	Nil	100	100	100										

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From the table above, the trend shows that Unqualified Opinions for MDAs and RAS have increased from 55 (71 %) to 69 (85%) while Qualified Opinions have decreased from 20 (26%) to 12 (15%) in the financial years 2009/2010 and 2010/2011 respectively. This year's results have not recorded any Adverse Opinion as compared to 2 the previous year. Moreover, there was no MDA which was issued with a Disclaimer of Opinion, as compared to 1 or 1% in the preceding year (2009/2010).

C: Major findings noted during the audit

During the course of the audit, we once again noted a number of serious weaknesses which are covered in detail under the respective chapters of this report. These weaknesses are mainly on non compliance with the existing legislations/regulations, lack of proper internal control systems and where such systems exist they are to a large extent neglected. The main findings can be summarized as follows:

- Non compliance with the International Public Sector Accounting Standards (IPSAS) - cash basis of accounting.
- Non compliance with the procurement laws and related regulations.
- Non implementation of most of my previous years' recommendations.
- Payments amounting to more than Shs.8,076,574,791 were made without proper supporting documents and information to substantiate their authenticity.
- Goods procured and paid for but not delivered up to the time of writing this report valued at Shs.31,027,797,820
- Salaries amounting to Shs.142,715,828 paid to non existing employees.
- Double terminal benefit payments/claims (Pension plus contract benefits), which is contrary to the existing pension laws.

The public debt has increased by 38% from Shs.10,503,806,011,885 recorded in 2009/2010 to Shs.14,441,617,939,770 outstanding at the end of 2010/2011.

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- As at 30th June 2011, the Consolidated Financial Statements reported a total of Shs.461,586,713,035 (Loan Shs.579,280,687,763) as Government guarantees. On average, the amount guaranteed by the Government accounted for 96.8% of the total loans. This is in violation of Sect.13 (1) (b) of the Government Loans, Grants and Guarantees Act of 1974 (revised 2004), which provides for the guaranteed amount not to exceed 70% of the amount borrowed.
- As at 30th June, 2011, there was outstanding commodity import support amounting to Shs.17,589,570,021.16. I noted that strategies applied by the Government to collect this amount which has remained outstanding for so long have not proven to be effective despite engaging debts collector (M/s Msolopa Investment) since November 17, 2008.
- For the period ended 30th June,2011 most MDAs and RAS had liabilities and commitments amounting to Shs.1,327,139,369,086.11.
- Results of verification on suppliers and staff claims in the Ministry of Home Affairs which was conducted between 04/05/2010 to 06/06/2011 showed that, out of the total verified claims of Shs.26,899,351,638.09, claims amounting to Shs.23,471,015,604.19 were accepted and the remaining amount of Shs.3,428,336,033.60 were rejected for various reasons.
- Financial Statements of seven (7) MDAs as at 30th June,2011 showed assets not recorded in the fixed assets register amounting to Shs.70,854,983,287.92.
- A total amount of Shs.577,537,084,848 was reported in the Consolidated Financial Statements as outstanding liabilities for the year ended 30th June, 2011. This represents 259% increase compared to the previous year's reported amount liabilities valued at Shs.160,756,067,190. Therefore, the total expenditure for the year was understated by the same amount. It also went against the cash budget system used by the Government.

D: Procurement Irregularities

The outcome of the audits for the audited MDAs carried out by PPRA indicated an average level of compliance of 64% computed from the 13 established compliance indicators which are covered in detail in Chapter five (5).

On one hand, the average performance of all audited PEs was below (below 50%) in five (5) indicators namely: establishment and composition of PMU; preparation of annual procurement plan; publication of contract awards; records keeping and quality assurance and control. On the other hand, the performance was above average (50% and above) in the following eight (8) indicators: establishment and composition of Tender Board; functioning of Accounting Officers, Tender Board and PMU, complying to compulsory approvals; advertisement of bid opportunities and time for preparation of bids, the use of appropriate methods of procurement and complying with the use of Standard Tender Document as stipulated in the regulations and contract implementation.

E: Tax issues

Audit results of Tanzania Revenue Authority have been reported together with the Consolidated National Accounts in Chapter 3 of this report. Key findings on Tax revenue collected by TRA include the following:

- There were unresolved issues amounting to Shs.236,459,698,078 and USD 50,565,602 relating to findings from previous audit report.
- The tax revenue accounts for Tanzania Mainland closed with an actual collection of Shs.5,550,205,244,378 against an Approved Estimates of Shs.5,849,093,700,000 resulting in an under collection of Shs.298,888,455,622.
- The TRA revenue statements reported tax exemptions of Shs.1,016,320,300,000 equivalent to 18% of total collections. It was noted that if the amount had not been exempted,

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total collection would have increased to Shs.6,566,525,544,378 thus resulting in an over collection of Shs.717,431,844,378.

On the part of the Consolidated National Accounts, key results which require Government's attention include:

Table 2: Key results in consolidated National of Accounts

Items	Amount (Shs.)
Increase in Public Debt	3,937,811,927,885
Outstanding Loans issued by the Government	480,229,660,682.00
Outstanding Commitments	79,113,403,430
Contingent Liabilities	30,408,060,580
Outstanding Liabilities	577,537,084,848
Government Guarantees	461,586,713,035
Government Investments	11,410,408,210,579
Cumulative Losses incurred by the Government	7,998,801,086
Overdraft on Exchequer Account as at 30 th June,2011	548,332,614,000

F: Matters relating to Payment of terminal benefits

My controllership function mandates me under Reg.56 of the Audit Regulation, of 2009 to do pre - audit of terminal benefits. Chapter 4 of this report highlights key results of pre-audit of terminal benefits conducted in the year under review. The audit has observed that there was:

- Overstated terminal benefits totalling Shs. 539,201,733.63
- Understated terminal benefits totalling Shs. 106,007,774.81

The overstated and understated terminal benefits were revealed during the pre-audit process and accordingly, the concerned pension funds and Treasury were advised to rectify the noted anomalies before effecting the payments.

During the course of the audit of terminal benefits, my office encountered some challenges which can be grouped into three main categories as follows:

i)Operational problems;

- ii) Misinterpretation of the relevant pension laws, regulations and related Laws
- iii) Administrative problems.

Main findings from the pre-audit exercise include:

- Using wrong salary package as a basis of calculating terminal benefits payments of use of salary personal to oneself in computing terminal benefits.
- Double terminal benefit claims;
- Contract employees contribute to and paid by PSPF;
- Delay in submission of pension papers for audit;
- Conflicting decisions by some civil servants which contravenes pension laws;
- Non compliance with pension laws;
- Incomplete documentation;
- Ineligibilities to terminal benefits payments; and
- Issuing contradicting decisions.

Recommendations

Finally, as per the mandate vested in me under Sect.10 of the Public Audit Act No. 11 of 2008, I have made a number of recommendations in Chapter 9 of this report, of which if implemented I believe will contribute to the improvement of management of public resources in our country. The recommendations include among others the following:

- Most of the recommendations issued in the previous year's General Report of the Central Government were not responded to, which is an indicator of lack of seriousness on the part of the Government in implementing those recommendations. I therefore, advise the Government to promptly act on my previous years' recommendations in order to bring about improvement and accountability.
- Accounting Officers should ensure compliance with laws and reporting frameworks in order to promote transparency in financial accountability within the Government.

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- The Government should refrain from creating commitments for which no funds exists. In addition, it is high time for the Government to consider imposing stern measures to Accounting Officers who fail to comply with the requirements of the cash budget system.
- The outstanding liabilities totalling to Shs.1,327,139,369,086 should be recognized in the National Accounts and should be taken into account in the next years' national budget.
- Improvement of internal controls and enhancement of accountability in Government expenditures.
- Accounting Officer should strengthen procurement processes including effective procurement contract management by complying with procurement laws in order to achieve value for money.
- The Government should strive to improve terminal benefits payments in order to provide better and quicker service to beneficiaries.
- The Government should consider the possibility of abolishing some of the tax exemptions and improve internal mechanism that will monitor and ensure proper utilization of the given tax exemptions.

CHAPTER 1

BACKGROUND AND GENERAL INFORMATION

1.0 Introduction

This report is issued following the audit of the accounts and underlying documents of MDAs and RAS pursuant to Article 143 (4) of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and Sect. 34(1) (c) of the Public Audit Act No. 11 of 2008 for the financial year ended on 30th June 2011.

1.1 Audit of Public Accounts

I am required by Article 143 of the Constitution of the URT to audit the Public Accounts and all offices, Courts and authorities of the Government of Tanzania and submit my reports to the President who shall cause them to be laid before the Parliament.

In discharging these duties, I am required by Section 10 of the Public Audit Act No. 11 of 2008, to satisfy myself that:

- All reasonable precautions have been taken to safeguard the collection of public moneys and that the law, directives or instructions relating thereto have been duly observed.
- All monies from the Consolidated Fund are authorized and issued according to the Appropriation Act.
- All monies disbursed have been expended and applied under proper authority and have been spent for the purpose intended by such authority. Also, adequate regulations exist for the guidance of storekeepers and stores accounts and that they are duly observed. In addition, I have the duty, by virtue of the same section

to draw the attention of the President/Parliament to any apparent lack of economy in the expenditure or use of public moneys or stores.

1.2 Functions and Responsibilities of the CAG to the MDAs and RAS

The statutory responsibilities of my office is to audit the accounts of MDAs and RAS as given under Sect. 10(1) of the Public Audit Act No.11 of 2008. From the law, I am responsible for examining, inquiring into, auditing and reporting on the accounts of all Ministries and Departments of the Government and their Accounting Officers, it includes all persons entrusted with the collection, receipt, custody, issue or payment of public monies or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other public property. Further, my responsibilities cover all Public Authorities and Other Bodies including any authority or body which receives funds from the Consolidated Fund or from public monies for public purpose, any authority or body which is authorized by law to receive money for public purpose and any authority or body required by law to be audited by my office.

1.3 Organisation of Audit Work at the National Audit Office

The report provides a summary of the final results of the audit exercise, which was carried out by my Office throughout the country during the year under review. In order for my office to effectively handle this enormous task of auditing all the MDAs, and RAS in the country, it has established offices in the Ministries and Regions in Tanzania mainland for administrative purposes. These Regional and Ministerial offices are under the supervision of Resident Auditors who report to the Zonal Auditors. We found it useful to group our auditees into small manageable groups named zones headed by Zonal auditors. To ensure there is effective audit of MDAs, these institutions have been grouped into 11 Zones, each headed by a Zonal Auditor.

Staff for Auditing UN Programmes and Activities

In December last year (2011), the United Nations General Assembly appointed the National Audit Office of Tanzania to join the United Nations Board of Auditors (UNBOA) to fill the position that will fall vacant when South Africa completes its term on 30th June 2012. I have appointed two officers from my office to work full time at the UNBOA office in New York, and several others stationed in Tanzania who will be auditing UN programmes and activities around the world as per allocations among three UNBOA members namely: Tanzania, China and United Kingdom.

I take this opportunity to thank the Government for the support given to me and my office during the whole process that led to our appointment by the United Nations General Assembly for this noble work.

1.4 Scope and Applicable Audit Standards

1.4.1 Scope of Audit

The scope of audit which is based on risk and materiality covered areas of revenue collection, proper expenditure authorization in terms of the Appropriation Act, Performance of capital projects, the Treasury performance and the TRA performance. Audits were performed to satisfy myself as to compliance with established laws and regulations, the exercise of economy, efficiency and effectiveness in the utilization of public resources and to highlight irregularities, although not exhaustively, that have been reported on in some detail through regular inspection reports.

In the course of the audit, the findings are brought to the attention of the MDAs/RAS, and Donor Funded projects being audited. Accounting Officers are given an opportunity to respond to my observations, recommendations and related comments. All Accounting Officers are issued with one report and management letter.

1.4.2 Applicable Auditing Standards

The National Audit Office (NAO) is a member of the International Organisation of Supreme Audit Institutions (INTOSAI), the African Regional Organization of Supreme Audit Institutions (AFROSAI) and the African Regional Organization of Supreme Audit Institutions - English speaking Countries (AFROSAI - E). We therefore apply in all our audit procedures, the auditing standards issued by INTOSAI (ISSAI) and the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) in which Tanzania is a member through the National Board of Accountants and Auditors (NBAA). It is my pleasure to state here that Tanzania (through the Controller and Auditor General) is currently a chair of AFROSAI-E with effect from April 2011 for tenure of three years. AFROSAI-E comprises 24 members across Africa.

1.5 Accounting Policies

Reg.53 of the Public Finance Regulations of 2001 (revised 2004) states that the accounting policies of the Government are framed as to ensure that the resources appropriated by Parliament are properly accounted for. In terms of the Public Finance Act No. 6 of 2001 (revised 2004), all revenues received by the Government shall be deposited into the Consolidated Fund. Payments out of the Consolidated Fund will be through appropriations by Parliament.

This is the 4th year the government accounts have been prepared based on IPSAS - cash basis of accounting. Under IPSAS cash basis of accounting, revenue earned by Government is not realized until received in cash. On the expenditure side, charges are made only when the payment has been processed through.

Sect 25(i) to (j) of the Public Finance Act No. 6 of 2001 (revised 2004) elaborates on the accounts and statements to be prepared by Accounting Officers and submitted to the Controller and Auditor General for audit purposes.

1.6 Statutory responsibilities of MDAs and RAS

In MDAs and RAS in particular, the Accounting Officers/Sub Accounting Officers are the stewards of the public resources under their area of responsibilities. The functions and responsibilities of Accounting Officers as stipulated in Sect.8 of the Public Finance Act No.6 of 2001 (revised 2004), is that Accounting Officers/Sub Accounting Officers are responsible and accountable for public resources under their jurisdiction. In safeguarding the resources under them, it is of paramount importance for Accounting Officers to ensure the existence of effective and workable internal control systems.

1.7 Internal Control Systems

Internal control systems refer to all means by which Government resources are directed, monitored, and measured. Internal controls play an important role in preventing and detecting frauds/misappropriations and protecting the public resources, both physical and intangible. Implementing an effective internal control structure is an essential responsibility of the management of any entity.

1.8 Preparation and submission of financial statements for audit

The responsibility for the preparation and presentation of financial statements to the Controller and Auditor General for audit purposes lies with the individual Accounting Officers of MDAs and RAS. In addition, Sect. 25 of the PFA of 2001 (revised 2004); specifies the types of financial statements to be prepared by the Accountant General, Accounting Officers and other Public Officers administering legally established funds. Moreover, Sect. 25(4) of the same Act requires the accounts to be prepared in accordance with generally accepted accounting principles and the disclosure of the accounting basis used in the preparation of the financial statements is a legal requirement. For the fourth year running, the financial

statements of MDAs and RAS have been prepared based on the International Public Sector Accounting Standards (IPSAS) - cash basis of accounting which is in line with the requirement of Reg. 53 of the PFR of 2001 (revised 2004).

Reg. 8 (5) of the PFR 2001 requires every Ministry, Agency, Department, and Regional Secretariats to prepare and make available to the general public an Annual Report stating the overall budget strategy, nature and objectives of each main programme, assessments of outputs as well as performance against objectives. Accounting Officers are also required to prepare a summary of the financial results for the fiscal year in a form approved by the Accountant General, the plans for the year ahead, as approved by Parliament and the provisional plans for the two subsequent years. Almost all MDAs and RAS and complied with this requirement.

CHAPTER 2

REVIEW OF IMPLEMENTATION OF THE PREVIOUS YEARS' AUDIT FINDINGS AND RECOMMENDATIONS

2.0 Introduction

This chapter presents results of evaluation made during the current audit on how the Government has implemented the previous year's audit recommendations issued by the Controller and Auditor General through the general and individual reports to various MDAs and RAS.

The evaluation results were on the following areas:

- (i) Structured responses of the Pay-Master General to the General Report of the Controller and Auditor General.
- (ii) Final responses of Accounting Officers/ Heads of Department on individual reports submitted to them by the Controller and Auditor General.
- (ii) Responses of the Tanzania Revenue Authority to the CAG report.
- (iv) Responses on issues raised from the audit of the Consolidated Financial Statements of the Government.

- 2.1 Structured responses of the Pay-Master General to the General Report of the Controller and Auditor General
- Several recommendations in my previous report (2009/10) were not acted upon by the Government. Responses of the PMG have completely excluded comments on the implementation of these recommendations. I still insist that the Government should implement all recommendations which were geared towards direct improvement of systems and processes and those with continuing effect as shown below:

Table 3: Previous Audits recommendations structured responses

2008/2009	Description
10.2 (i)	Review of revenue retention scheme <ul style="list-style-type: none"> Review of retention scheme in order to ensure that Embassies/Missions remit to the revenue Exchequer Account No.14:50 all revenue collected in excess of amount allowed to be retained to offset budget deficit has not been done despite my previous recommendation. Transfers of revenue collections from Missions should be controlled by the Ministry of Finance.
10.2(iii)	Mismanagement of Government Properties Problems shown below which inhibit effective use of Visa sticker machines in most of our Embassies/Missions have so far not been resolved : <ul style="list-style-type: none"> (a) Over monopolization of the right to replace even basic parts of Visa Sticker machines (b) Lack of maintenance for the machines (c) Lack of skills to operate the machines
10.2(v)	Updating of the Foreign Services Staff Regulations 1979 Updating of the Foreign Services Staff Regulations, 1979 Part I and II to suite the current situation has not been done as recommended in my previous years' report.
10.2(vi)	Ownership of land and buildings Title deeds for land and buildings owned by Tanzanian Embassies/Missions in London, Nairobi and Maputo have so far not been acquired despite my previous recommendation.
10.2(xi)	Tax Issues

	<ul style="list-style-type: none"> • Outcome of consultations between TRA management, Attorney General and Chief Justice aiming at ensuring that all matters pertaining to tax appeals are dealt with and exclusively concluded under the Tax Revenue Appeals Act No. 15 of 2000 as recommended in my previous report have not been communicated to me. • I have not been appraised on measures taken by the Government to strengthen the internal check system of TRA in order to ensure that all tax returns and payments are well scrutinized to improve revenue collections and avoid loopholes that may cause losses or misuse of public funds. • The Government has so far not conducted a thorough study to identify reasons for failure to meet annual collection targets and thereafter, in collaboration with TRA devise measures to improve the situation.
2009/2010	Audit of payroll showed that eight (8) MDAs/RAS paid a total sum of Shs.1,842,607,565.29 as salaries to retirees, absconders and ineligible officers who were no longer in employment
5.2	<p>Motor vehicles repair works worth Shs.176,722,089 not routed through TEMESA</p> <p>No action has so far been taken to eradicate previously reported irregularities whereby services and maintenance of Government vehicles from MDAs/RAS were not being routed through TEMESA. Moreover, private dealers not authorized by TEMESA have continued to repair Government Motor Vehicles contrary to Reg. 5 of the Public Procurement (Goods, works, non consultant services and disposal of public assets by tender) Regulation of 2005.</p>

5.4	<p>Furniture allowances to ineligible officers</p> <p>The Government has neither issued clarification circular nor taken action against management of various MDA /RAS which gave furniture allowances totalling to Shs.650,714,800 to their officers dwelling in privately owned houses contrary to the President's Office, Public Service Management (UTUMISHI) Circular No.C/CA/134/213/01/G/69 of 30th January, 2006 which restricted furniture allowance to eligible officers living in Government quarters only.</p>
5.7	<p>Payments charged to wrong expenditure codes Shs.5,296,243,598</p> <p>No actions have been taken to prevent MDAs/RAS and Embassies from charging expenditure items to wrong codes contrary to Reg. 51(1-8) of the Public Finance Regulations 2001 (revised 2004) and MTEF budget. The previously noted and reported instances involved a total amount of Shs 5,296,243,598.</p>
	<p>Unilateral lowering of royalties fees by Ministry of Natural Resources and Tourism, which was contrary to the law has not been rectified since my last report.</p>

2.2 Final responses of Accounting Officers/ Heads of Department on individual reports submitted to them by the Controller and Auditor General.

Various MDAs and RAS made good progress in implementing outstanding matters arising from the previous years' audits. However, in this year's audit 58 MDAs/RAS had previous years' outstanding issues amounting to JPY 16,351,520,096.94, Shs.543,364,747,075.99 and USD 91,580 with Treasury having the largest share of JPY 16,351,520,096.94 followed by Ministry of Works with Shs.390,447,292,901 and Prison Service Department is third with an amount of Shs.34,836,336,257
See Annexure I.

The purpose of audit findings and recommendations is to assist the auditee in rectifying matters of concern in the MDAs and RAS with a view of improving the financial management and control of resources of the entities. Lack of response to the auditors' findings and recommendations as is the case with the MDAs and RAS as reported in the audit report of 2010/2011 is a serious malpractice on the part of the Accounting Officer and management of the concerned MDAs/RAS.

The consequences of not acting upon the auditors' observations and recommendations is the recurrence of the anomalies observed by the auditors in subsequent years. This also reflects lack of seriousness and commitment on the part of the Accounting Officers and management of the entities concerned.

In the financial year 2010/2011, the number of MDAs/RAS with outstanding audit matters increased from 46 to 58 and the amount involved increased to Shs.543,364,747,075.99, JPY 16,351,520,096.94 and USD 91,580 compared to Shs. 468,627,883,842 reported in the year 2009/2010. This indicates that the MDAs/RAS managements have not made concerted efforts in dealing with the recommendations raised by auditors.

A list of outstanding matters from previous audit reports is in Annexure I of this report.

2.3 Tanzania Revenue Authority

As at the date of issuing my report to TRA (31st December 2011); the Authority had outstanding matters amounting to Shs.236,459,698,078 and USD 50,565,602 relating to the previous year's audit reports as summarised below:

Table 4

Department	Amount (Shs.)	Amount (USD)
(i) Revenue		
Customs & Excise	25,962,179,237	699,541
Domestic Revenue	17,834,418,929	-
Large Tax Payers	192,367,017,620	49,866,061
Sub total	236,163,615,786	50,565,602
(ii) Expenditure	296,082,292	-
Total	236,459,698,078	50,565,602

Some of the outstanding matters are dated as far back as to the financial year 2001/2002 and most of them are waiting court judgment.

2.4 Responses on issues raised from the audit of the Consolidated Financial Statements of the Government

Table 5: Previous Audit recommendation - consolidated financial statements

S/No.	Description
1	Revenue collected by TRA was Shs.13,475,072,714 Management was required to show separately the amounts in transit for easy verification and follow up to ensure that the amount in transit is ultimately credited to the Paymaster General's Account. No report was submitted from Treasury to show that the amount was credited to the exchequer account.
2	Government Investments Treasury Registrar was required to record the initial capital as Government investment at the beginning and any other increase or decrease thereto at the end of a financial year. The Government has not evaluated its foreign investment and where necessary to dispose off all non-performing investments, as recommended in my previous report.
3	Inadequate Management of Government Fixed Assets Consolidated statement reports Fixed Assets Register

	amounting to Shs.7,981,954,338,324. Though the Government concurred with my recommendations, the national fixed asset register is yet to be finalized.
4	Unspent balances not returned to PMG Account Shs.31,821,562,811 Recommendations The sum of Shs.16,186,322,742 out of Shs.31,821,562,811 reported as unspent in 2008/2009 and 2009/2010 was not surrendered to PMG Account and subsequently credited to the Consolidated Account, despite my previous recommendations.
9.0	Management of contingent liabilities arising from Public-Private Partnership (PPP) arrangements
9.1	Inadequate Control Procedures over Public-Private Partnership (PPP) Arrangements. Public-Private Partnership infrastructure, power, communication and utility sector has not been successfully implemented. We sampled few examples including SONGAS Ltd, IPTL Ltd, ARTUMAS, TRL Ltd, ATCL Ltd, Kiwira Coal Mines (TANPOWER Ltd), City Water and TICTS of which in my view there were some gaps and flaws with little success in its implementation. Despite our recommendation to the Ministry of Finance to prepare a comprehensive list of the Government's fiscal exposures including both explicit and implicit contingent liabilities arising from PPP arrangements; to quantify the costs of contingent liabilities in order to influence the decision whether to undertake the project or not; the Government to carry out a thorough cost-benefit and value for money analysis of the proposed PPP projects during the process of assessing investment proposals; all PPP proposals to be subjected to a multistage review by people with expertise in PPPs and fiscal management at the Prime Minister's Office and Ministry of Finance before a contract is signed; Government to make adequate monitoring and supervision of all the PPP projects (both existing and

	those to be implemented later) so that precaution measures can be taken to reduce the magnitude of the risk of contingent Liabilities and the likelihood of such events; the Government to consider the possibility of reviewing the existing contracts to see if there are gaps which can be rectified to ensure that the Government benefits from these undertakings and avoid shouldering all the risks arising from these agreements; the Government to commission a Consultant to carry out management audits of the operational performance of all the companies; and the Government to look for legal advice in the process of considering terminating all the contracts with all the private companies that have failed to observe the terms and conditions of their contracts. Nothing has been implemented as recommended.
9.2	Management of contingent liabilities and accounting for PPP assets and liabilities In most cases the Public-Private Partnership arrangements which are not well designed and managed always end up with the Government assuming the huge contingent liabilities. Though I have recommended to the Government through the Ministry of Finance to avoid giving out on lent loans and guarantees to private investors; or investors with inadequate financial capability to be partners with the Government, nothing has been implemented. In addition, my recommendation to the Government to amend the Government Loans, Guarantees, and Grant Act (1974) to address issues of Parastatals collateral when receiving loan or guarantee from the Government has not been heeded.
9.3	Inadequate Government Involvement in Design and Build Agreements such as UDOM and the like The Government entered into agreement with Social Security Fund on Design-Build including construction of Mabibo Hostel for University of Dar es salaam; construction of University of Dodoma by NSSF, PPF, PSPF, LAPF and NHIF; and Construction of Nelson

	<p>Mandela-African Institute of Science and Technology by PPF. However, there is no evidence of adequate involvement by Government in the process of construction hence the Government is likely to bear huge costs through overpriced bills of quantities. Although I recommended to the Ministry of Finance to commission a consultant to carry out a value for money audits for the three undertakings so as to determine the actual costs involved and the eligibility and legitimacy of the claims being raised by the Social Security Funds; and to submit contract agreements describing the terms and conditions governing the design, construction and repayment arrangements for the three projects for our review, nothing has been done by the Ministry.</p>
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CHAPTER 3

REVENUE COLLECTION AND FUNDING ANALYSIS

3.1 Introduction

This section gives a critical analysis of the funding portfolio of MDAs and RAS for the financial year 2009/2010 and 2010/2011. MDAs and RAS are mainly funded by Exchequer Issues from the Treasury.

3.2 Comparison of Exchequer Issues received and Actual Expenditure for Supply Votes of MDAs and RAS

Records show that total exchequer issues released by Treasury for Supply Vote Account in the financial year 2009/2010 was Shs 6,251,629,581,428 whereas actual expenditure was Shs 6,237,494,869,945. On the other hand, the exchequer issues released by Treasury to MDAs in the year 2010/2011 were Shs.7,587,424,923,903. Whereas actual expenditure was Shs 7,581,154,383,395. Refer Annexure II

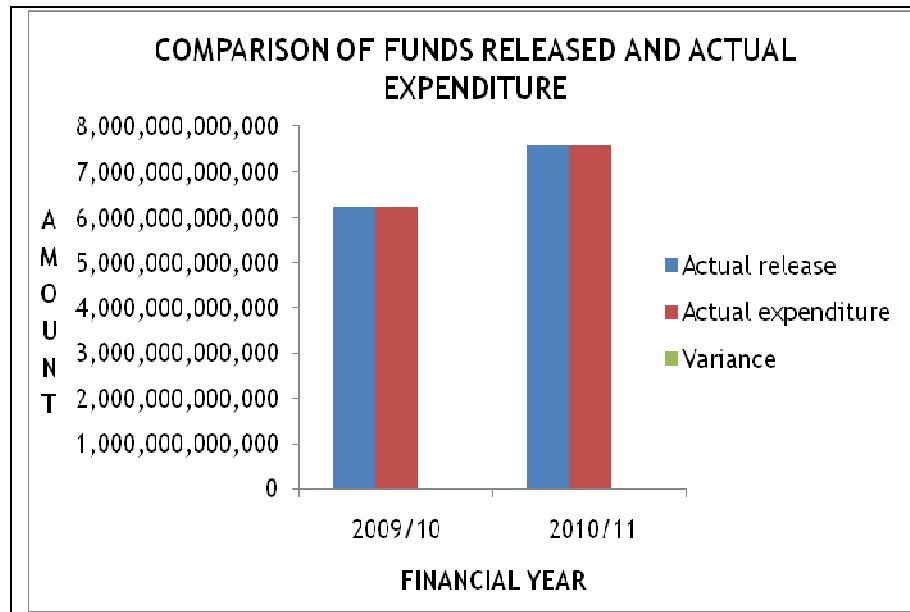
Summary of the analysis is as shown below:

Table 6: Comparison of actual exchequer issue released and expenditure

Activity	F/Year 2009/10	F/Year 2010/11
Actual release Shs.	6,251,629,581,428	7,587,424,923,903
Actual expenditure Shs.	6,237,494,869,945	7,581,154,383,395
Variance Shs.	14,134,711,483	6,270,540,508

The above information is shown on the histogram below:-

Figure 1: Comparison of funds released and actual expenditure



3.3 Comparison of Actual exchequer released for MDAs Supply and Development Vote Account 2009/2010 and 2010/2011

Records show that total exchequer issues released for Supply and Development Vote Account in the year 2009/2010 was Shs 6,251,629,581,428 and Shs 2,299,010,652,135 making a total release of Shs 8,550,640,233,563. The analysis also shows that funds released for development was 27% while recurrent expenditure counted to 73% of the total release.

In addition, exchequer issues released to Supply Account for the financial year 2010/2011 was Shs 7,587,424,923,903 and Development Account was Shs 2,223,684,150,465 making total funds of Shs 9,811,109,074,368 released during the year. The analysis also shows that 77% of the total release was for recurrent expenditure and 23% for development expenditure.

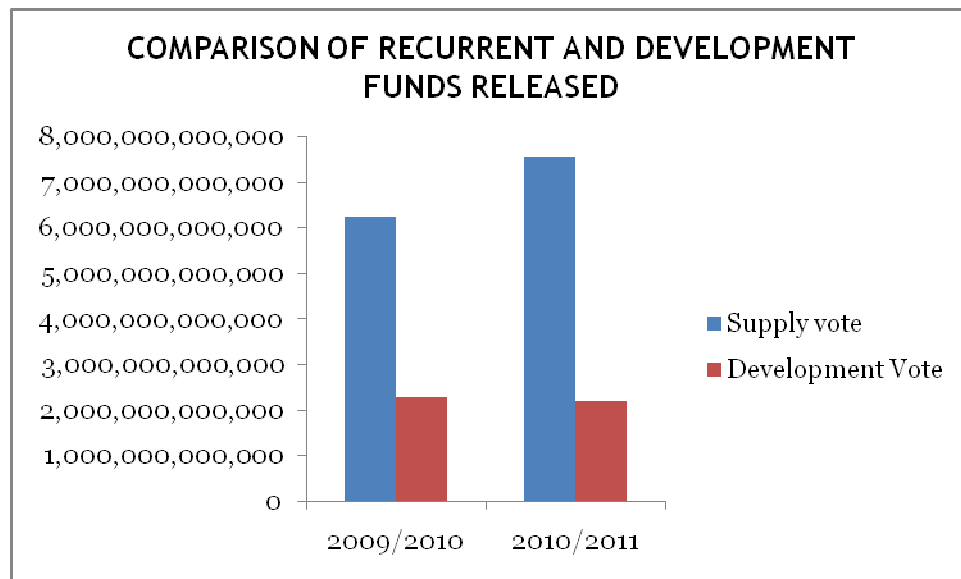
The above findings can be summarized as follows:

Table 7: Commission of recurrent and development funds released

Financial Year	2009/2010	%	2010/2011	%
Supply vote	6,251,629,581,428	73	7,587,424,923,903	77
Development Vote	2,299,010,652,135	27	2,223,684,150,465	23
Total	8,550,640,233,563	100	9,811,109,074,368	100

Alternatively, the above data can be presented in the form of histogram as follows:

Figure 2: COMPARISON OF RECERRENT AND DEVELOPMENT FUNDS RELEASED



3.4 Comparison of approved budget against actual funds released by the Treasury for MDAs in respect of Development A/C

The approved budget during the year 2009/2010 for MDAs in respect of Development Vote A/c was Shs.2,825,431,400,000 while the actual funds released was Shs.2,299,010,652,135 resulting into underfunding of Shs 526,420,747,865 equivalent to 19% of the approved budget.

Likewise, the approved budget for Development Vote A/c of MDAs in the year 2010/2011 was Shs 3,750,684,569,000 while the actual funds released was Shs 2,223,684,150,465 resulting into underfunding of Shs 1,527,000,418,535 or 41% of the approved budget.

A summary of approved budgets for Development Vote A/C - Ministerial Votes is as shown in the table below:

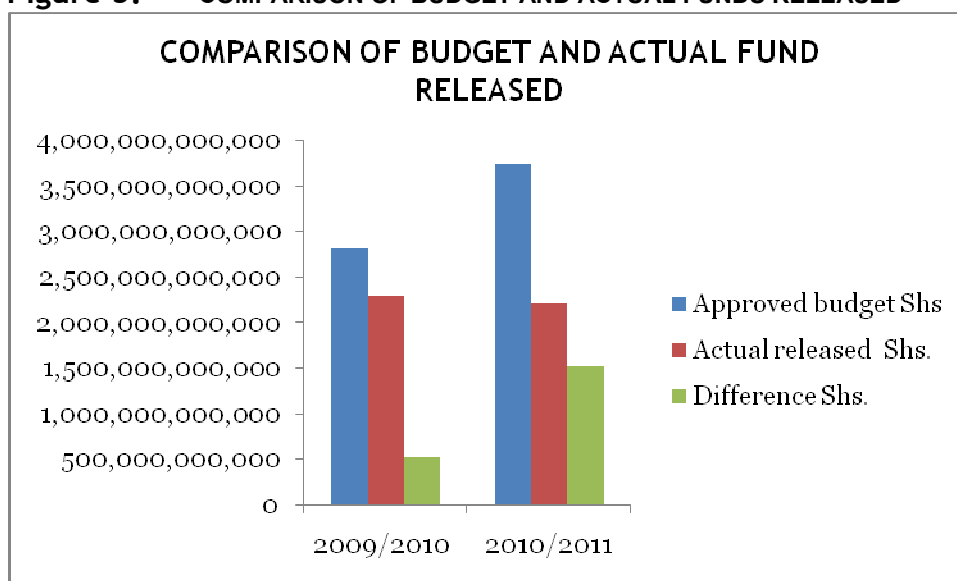
Table 8: Comparison of approved budget against actual funds released

F/year	Approved budget Shs	Actual released Shs.	Difference Shs.	%
2009/2010	2,825,431,400,000	2,299,010,652,135	526,420,747,865	19
2010/2011	3,750,684,569,000	2,223,684,150,465	1,527,000,418,535	41

From the above table it can be concluded that a total amount of Shs 1,527,000,418,535 or 41.% approved for development activities in the financial year 2010/11 was not released by Treasury as compared to Shs. 526,420,747,865 or 19 % for the financial year 2009/2010. This means that development activities of the same magnitude were not implemented.

The above information can be shown on the histogram below:-

Figure 3: COMPARISON OF BUDGET AND ACTUAL FUNDS RELEASED



From the above analysis, it is obvious that there is a serious problem of funding for Development activities. The trend for the two years reveals under funding whereby there has been decrease in funding from 19% for year 2009/2010 to 41% in year 2010/2011 as depicted above.

3.5 Tanzania Revenue Authority (TRA)

Tanzania Revenue Authority was established by Act No.11 of 1995 as amended by Act No.8 of 1996 with responsibilities of administering Central Government taxes as well as some non-tax revenues. The Authority prepares two separate sets of financial statements one for revenue and the other for expenditure.

3.5.1 Revenue Performance (Out-turn)

The Revenue Statement for Tanzania Mainland closed with an actual collection of Shs.5,550,205,244,378 against an approved estimates of Shs.5,849,093,700,000 resulting in an under-collection of Shs.298,888,455,622 equivalent to 5.11% of the revenue estimates.

On the part of Zanzibar, actual collection was Shs.76,357,574,602 against an approved estimates of Shs.69,240,800,000; resulting in an over collection of Shs.7,116,774,602 equivalent to 10.27% of the revenue estimates.

Details of revenue collected by TRA department-wise against the approved estimates are as tabulated below:

Table 9: Tanzania Mainland

Department	Estimated Collection (Shs.) (a)	Net Actual Collection (Shs.) (b)	Over/Under Collection (Shs.) (c) = (b-a)	% (c/a)*100
Domestic Revenue	1,047,547,100,000	1,004,147,527,178	43,399,572,822	4.14
Large Tax Payers	2,336,419,100,000	2,111,110,359,085	225,308,740,915	9.64
Customs & Excise	2,421,450,700,000	2,405,263,556,329	16,187,143,671	0.67
Sub -total	5,805,416,900,000	5,520,521,442,592	284,895,457,408	4.91
Add Treasury Vouchers	43,676,800,000	29,683,801,786	13,992,998,214	32.04
Grand Total	5,849,093,700,000	5,550,205,244,378	298,888,455,622	5.11

Table 10: Zanzibar

Department	Estimated Collection(Shs.) (a)	Net Actual Collection(Shs) (b)	Over/Under Collection(Shs.) (c) = (b-a)	%age (c/a)
Domestic Revenue	29,733,000,000	27,672,570,440	-2,060,429,560	(6.93)
Customs & Excise	39,507,800,000	48,685,004,162	9,177,204,162	23.23
Total	69,240,800,000	76,357,574,602	7,116,774,602	10.28

The overall revenue collection trend for the two sides of the union i.e. Tanzania Mainland and Zanzibar over the past three years is as depicted below:

Table 11: Tanzania Mainland

F/Y	Estimated Collection (Shs.) (a)	Actual collection (Shs.) (b)	Variance Shs. (c)= (b-a)	%age (c/a)
2008/2009	4,600,849,900,000	4,174,371,105,259	(426,478,794,741)	(9.27)
2009/2010	5,028,922,100,000	4,637,686,999,618	(391,235,100,382)	(7.78)
2010/2011	5,849,093,700,000	5,550,205,244,378	(298,888,455,622)	(5.11)

Graphical presentation of three years revenue collection pattern (Tanzania Mainland)

Figure 4: Three years revenue collection pattern for Tanzania Mainland

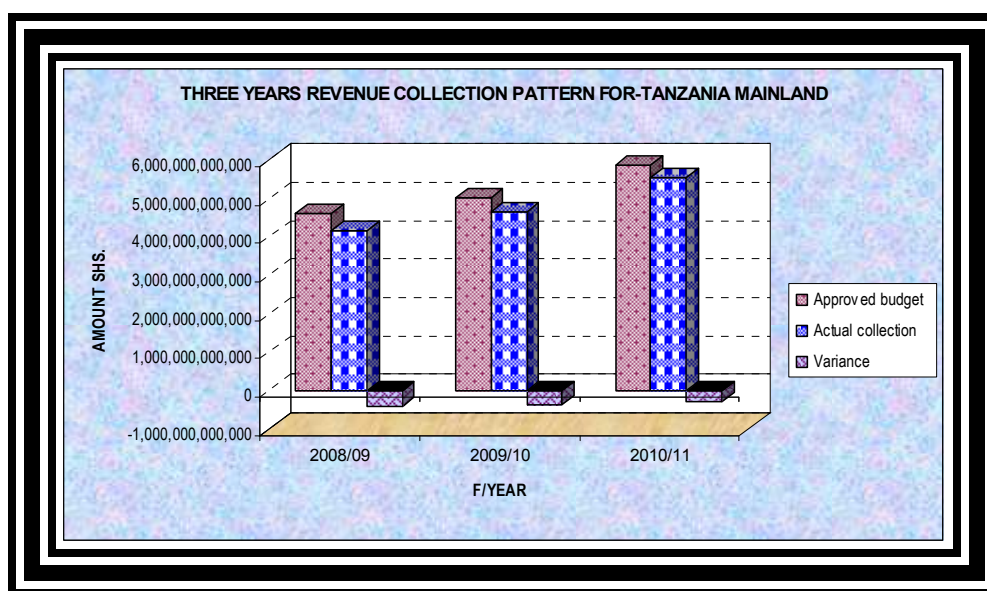
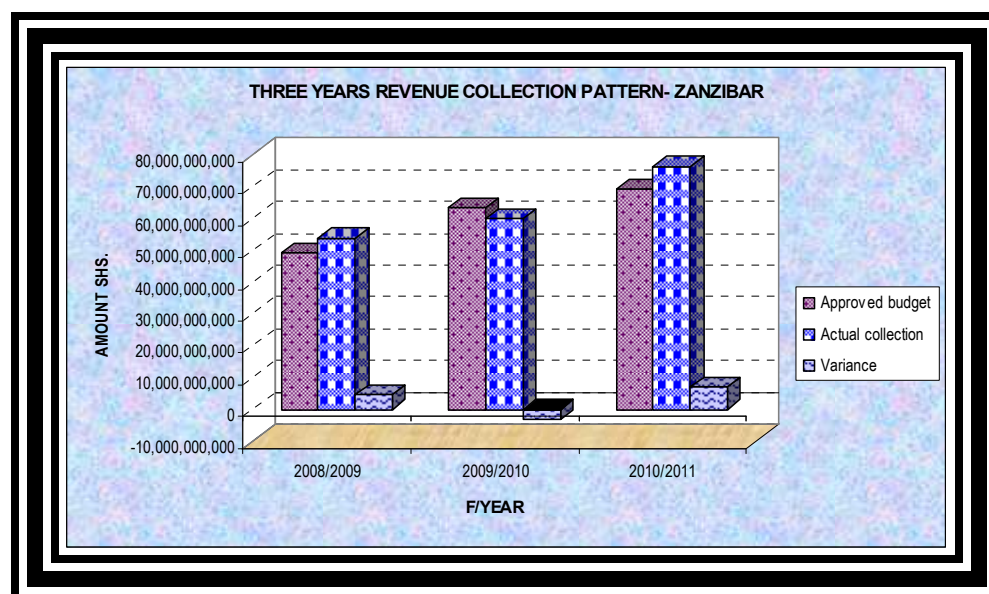


Table 12: Zanzibar

F/Y	Estimated Collection (Shs.) (a)	Actual collection (Shs.) (b)	Variance (Shs.) (c)= (b-a)	% age (c/a)
2008/2009	49,220,900,000	53,877,284,997	4,656,384,997	9.46
2009/2010	63,234,200,000	59,998,034,392	(3,236,165,608)	(5.12)
2010/2011	69,240,800,000	76,357,574,602	7,116,774,602	10.28

Graphical presentation of three years' revenue collection pattern (Tanzania Zanzibar)

Figure 5: Three years revenue collection pattern - Zanzibar



Revenue performance over the past three years in respect of Tanzania Mainland shows gradual increase in revenue budget/estimates coupled with proportionate increase in actual collections. However, performance for the year under review was below the estimates by 5%. A further analysis of the movement of actual budget over the period of three fiscal years ranging from

2008/10 to 2009/11, showed a positive growth i.e. rising at an increasing rate from 9% to 16%. On the other hand, actual collections; growth rate moved from 11% in 2008/10 to 20% in 2009/11.

In addition, revenue estimates and actual collections in Zanzibar continued to improve consistently. However, during the year under review, there was slight increase in estimates compared to the last two years, thus resulting into an over- collection of 10.3%.

Notwithstanding the foregoing, our follow-up of funds transfers noted that, all revenue collections in Zanzibar are not remitted to the Commissioner General's Bank Account although it is the duty of TRA to account for the same.

3.5.2 Tax Exemptions Shs.1,016,320,300,000

The TRA revenue statements reported tax exemptions of Shs.1,016,320,300,000 granted to various institutions as summarized below:

Table 13: Summary of tax exemptions issued to institutions

Institution	Customs & Excise Dept (Shs)	Domestic Revenue Dept (Shs)	Total (Shs) 2010/2011	Total (Shs) 2009/2010
Government Institutions	35,867,200,000	-	35,867,200,000	52,743,800,000
Parastatal Organizations	8,131,200,000	-	8,131,200,000	8,758,700,000
Religious Institutions	1,569,300,000	-	1,569,300,000	281,200,000
NGOs	25,462,600,000	-	25,462,600,000	22,147,100,000
Donor Funded Projects (DFP)	115,758,100,000	-	115,758,100,000	72,458,100,000
Private Companies & Individuals	182,706,100,000	-	182,706,100,000	36,174,600,000
Mining Sector	109,885,900,000	-	109,885,900,000	48,738,600,000
Tanzania Investment Centre	239,667,300,000	-	239,667,300,000	268,002,300,000
Exemptions		279,845,200,000	279,845,200,000	168,671,900,000

under VAT				
Exemptions under Duty Free Shops	-	17,427,400,000	17,427,400,000	2,691,600,000
Total	719,047,700,000	297,272,600,000	1,016,320,300,000	680,667,900,000

The trend shows an increase of exemptions by Shs 335,652,400,000 or 49 % from Shs 680,667,900,000 reported during the financial year 2009/2010 to Shs 1,016,320,300,000 in 2010/2011.

Had the exemptions of Shs. 1,016,320,300,000 been collected, which is 18% of the actual collections, the reported under collection of Shs.298,888,455,622 for Tanzania Mainland would have been off set leaving a surplus collection of Shs.717,431,844,378.

Generally, exemptions in respect of Tanzania Mainland have shown an increasing trend in the year under review compared to the previous years which in turn, posed a negative impact on the overall revenue performance as follows:

Table 14: Exemption trend

Explanation	2011/2010	2009/2010
Actual Collection	5,550,205,244,378	4,637,686,999,618
Exemptions	1,016,320,300,000	680,667,900,000
Proportion of exemptions to actual collection	18%	15%
Deficit in collection	298,888,455,622	391,235,100,382
Surplus if exemptions had not been granted	717,431,844,378	289,432,799,618

CHAPTER 4

PRE-AUDIT OF TERMINAL BENEFITS PAYMENTS

4.0 Introduction

Pre-audit of terminal benefits payments is carried out by virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania (URT) 1977 and Sect. 29 of the Public Audit Act No. 11 of 2008. Sect 5 (a) of the same Act requires the Controller and Auditor General to authorize the use of money paid out of the Consolidate 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 be easily forecasted and appropriated including terminal benefits payments.

4.1 Purpose of the pre-audit

The purpose of the pre audit exercise is to confirm validity and accuracy of terminal benefit payments by acting timely and in a manner that prevents and detect errors with the intention of ensuring that public resources are protected and retirees are being paid what they deserve. This is crucial from the nature of retirement benefit itself whereby any wrongly paid amount may not be easily recovered. 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, schemes of service, and salary structures are complied with.

4.2 Pre-audit scope

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 function conducted by my Office is on terminal benefit payments involving:

- Civil Servants, Military Officers and Men, Teachers, and Intelligence Officers.
- Contract payments for Political leaders, Non citizens and re-appointed retired officers.
- Compassionate gratuity for non pensionable Civil Servants, and
- Gratuity for Rank and file Police Soldiers.

4.3 Challenges faced during the year under audit

During the year under audit, my office encountered some challenges which can be grouped into three main categories as follows:

- (i) Operational
- (ii) Misinterpretation of the relevant pension laws, regulations and related laws
- (iii) Administrative problems.

4.4 Detailed audit findings and recommendations

Review and examination of terminal benefit payments noted that despite several issues being raised in my previous Central Government General Reports similar problems have persisted even in this year indicating that very little effort has been made by the Government to address the reported issues.

4.5 Out-turn

During the year under audit - 2010/2011, the Office started the pre audit exercise with 32 files brought forward from the previous year - 2009/2010. For the year under review, a total of 4,788 retirees' files were submitted for examination out of which 4,412 were examined and approved, 361 were returned to the respective Accounting Officers requiring amendments, and 47 were still under examination as at 30th June, 2011 as summarized below:

Details	Files
Balance on 1 st July, 2010	32
Received during the year	<u>4,788</u>
Available for audit	4,820
Examined and approved	4,412
Returned for amendments	<u>361</u>
Balance on 30 th June, 2011	<u>47</u>

4.6.0 Detailed Audit Findings

4.6.1 Over /under calculation of terminal benefits

Some pension paper files submitted for pre-audit were noted with over/under calculation of terminal benefit payments. Out of the 4,788 pension files examined, 282 were noted with an overstated total of TShs.539,201,733.63 while 79 had an understated total of Shs.106,007,774.81 as analyzed below:-

(i) Overstated amounts Shs 539,201,733.63

No	Subject	Number of cases	Amount (Shs)
1.	Period overstated	154	427,425,562.50
2.	Salaries overstated	90	48,236,335.20
3.	Wrong calculations	<u>38</u>	<u>63,539,835.93</u>
	Total	282	539,201,733.63

(ii) Understated amounts Shs. 106,007,774.81

No	Subject	Number of cases	Amount (TShs)
1.	Period understated	33	68,287,785.44
2.	Salaries understated	27	20,434,310.49
3.	Wrong calculations	<u>19</u>	<u>17,285,678.88</u>
	Total	<u>79</u>	106,007,774.81

The state of affairs above, if not discovered would have given rise to a total loss of TShs.539,201,733.63 to the Government, and pensioners would have suffered a total underpayment of Shs. 106,007,774.81.

4.6.2 Using wrong salary as a basis of calculating terminal benefits payments

Pension laws require the basic salary for calculating terminal benefit payments to be the last drawn salary before retirement, applicable to the respective officers. Instances were noted whereby some employees in the course of their employment, were appointed to work in other service jurisdictions e.g. in Parastatal organizations or appointed to hold political posts receiving salaries personal to themselves which are out of the framework of salaries allowable for computation of terminal benefits under the existing pension laws. Salary personal to an officer refers to the basic salary applicable to that officer plus a topping up amount.

Some of these employees insisted and their employers accepted that calculations of their terminal benefits were to be based on their last employment salary in those other organisations contrary to the existing pension laws, which restrict all pension computations and payments to the applicable salary.

4.6.3 Double terminal benefit claims (Pension plus contract benefits)

Instances were noted whereby a number of military officers who were appointed to the political leaders' posts continued to serve under the military capacity contrary to the existing laws and the Chief Secretary's instructions which require them to relinquish the military status by the time they are appointed as political leaders. To comply with the law, military service period should be paid pension while the political service period should only be paid contract gratuity. To the contrary, the pension law has not

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been complied with resulting to double payment as summarized below:

- i) Military officers who acquire political posts do not cease their military service until when they attain retirement age in the military service. For officers who join political posts, the recurring problem has been the inclusion of political service period in pension computations which is contrary to the pension law.
- ii) In some instances retired officers were reinstated in the service and thus forfeiting their earlier letters of retirement. This warrant the retiree to be covered by the current retirement laws and hence leading to various terminal benefit increase and payment of salary arrears. This contravenes the pension laws which require someone to be paid according to the respective terms of employment and the governing pension law.

4.6.4 Contract employees contribute to and paid by PSPF

Some employees under contract terms were noted to have been registered by PSPF as pensionable officers and therefore, contributed to the Fund. According to the pension laws and regulations, officers under contract do not qualify to contribute and to be paid pension by PSPF.

4.6.5 Delay in submission of pension papers for audit

Pension laws require the processing of pension papers to start six (6) months before retirement date. This arrangement is aimed at ensuring that retirees are paid on their retirement dates. To the contrary, most of pension papers are received months or years after the retirement date.

Furthermore, most of pension papers submitted are not supported by adequate documentation to warrant computation of the payments, and therefore call for the submission of the missing documents, which delay the whole pension payment process.

4.6.6 Contradiction as to which appropriate authority to be followed

We noted cases whereby management in certain organizations sought authority to award pension/gratuity not in conformity with pension laws as summarized below:

i) Use of salary personal to an officer in pension computations

In some cases authority is granted to use salaries personal to an officer on computation and payment of pensions/gratuity to officer who was employed from parastatals or international organisations on contract terms basing on Order Q47 (a), (b) and (c) of the Standing Orders and Section 14 of the Pension Ordinance as amended on 20th March 1978. However, these legislations only apply to employees who are serving under permanent and pensionable terms when they are transferred from Parastatal organizations to the Government or vice versa.

ii) Claims for officers moving through multiple employments

Cases were noted whereby certain officers who ceased to become political leaders in the manner in which the prevailing terminal benefit laws allowed payments, but the payments were not processed on the material time for the reason that the officers themselves did not claim for their terminal benefit. Also, their employers did not process those claims since these officers continued with other appointments that were governed by other terminal benefit laws. When these officers retire from the previous appointment, they seek authority to bridge these services in order to earn pension under the most favourable law.

The impact of this is less payment on the beneficiary's part as the terminal benefit laws do not make it possible to apply later legislation which would be more favourable to the retirees.

4.6.7 Ineligibility

Terminal benefits of civil servants who were employed under operational service terms and later admitted on pensionable terms were computed as if they were still under operational service contrary to pension law which requires such period of operational service terms to be approved by the Principal Secretary to the Treasury and to count in full for pension purposes together with the period of pensionable service.

4.6.8 Exceeding of Pensionable Period of Service by Military Personnel

Pre-audit reviews of pension application documents revealed that a number of military personnel were retained in the service by their employer up to 5 years over and above the compulsory retirement age.

This extension of service contravenes the Tanzanian Peoples Defence Force (TPDF) Act which requires pensionable service to cease on the compulsory retirement age except for special circumstances.

In some instance military personnel were promoted to higher ranks over this illegitimately extended period.

The contravention of law result to underserved payments of salaries and pension to the military personnel.

CHAPTER 5

KEY ISSUES RAISED FROM AUDIT OF MDAS AND RAS

5.1 Outstanding Commodity Import Support JPY 17,589,570,021.16

Strategies applied by the Government to collect Commodity Import Support Fund amounting to JPY 17,589,570,021.16 as per reconciled accounts summary for the period ended June 30, 2011 which has remained outstanding for substantially long period of time have proved to be ineffective as less and less amounts have been recovered. Involvement of a debt collector Ms Msolopa Investment since November 17, 2008 has not bear any significant result because of lack of full cooperation from law enforcing organs and resistance of beneficiaries most of whom hide themselves, and thus could not be traced.

The summary of events below indicates very discouraging position on recovery of these mostly needed public funds in the hands of defaulters:

- **Collection trend of the outstanding Commodity Import Support**

Periods	Recovered Amount (TShs)
Up to April 2010	4,512,304,045.60
May-Nov 2010	309,783,936.30
Dec-2010 -Dec 2011	2,137,507,236.36

- The first term of the collector's contract expired - 25/01/2012
- The challenges facing recovery of the amount is immense. Taking an example of only one case of a list of 38 beneficiaries included above who took a total of JPY 390,000,000, from that list up 31st December 2011 only 5 were discovered from their hideouts and made to pay only JPY 124,374,775, from which only one beneficiary fully settled the debt. The remaining 33 from 38 beneficiaries are still at large.

From the foregoing circumstances, serious intervention is required to recover these substantial amounts of money given with good intentions so as to set a good and not a bad precedent for all similar programs to be carried out by the Government in the future. Since the majority of the defaulters are known and in existence the write off option should not be considered yet instead the following measures should be taken.

- i) Use the name and shows technique by publicizing the names of the defaulters.
- ii) The Government may consider to use its websites and other media of mass communication to seek public support to identify hiding defaulters
- iii) Consider suing reluctant beneficiaries
- iv) Identify and confiscate assets owned by the beneficiaries to compensate for the loss
- v) Blacklist the beneficiaries from benefiting from similar Government programs
- vi) Identify and discipline officials who did not, during processing of the facility, demand for important documents which now make it difficult to trace some of the beneficiaries.

5.2 Motor vehicles repair works involving a total amount of Shs.77,318,833 not routed to TEMESA

All MDAs/RAS are required to service and maintain Government vehicles through TEMESA or using private dealers who should be authorized by TEMESA upon submission of documentary evidence to confirm their competencies and capacities in the particular field as required by Reg. 5 of the Public Procurement (Goods, works, non consultant services and disposal of public assets by tender) Regulation of 2005.

During the year under review, a test check has revealed that five (5) MDAs/RAS paid a total amount of Shs.77,318,833 to private unauthorised garages in respect of the cost of repairing motor vehicles without routing their requests through TEMESA, as summarized below:

Table 15: Maintenance expenditure for vehicles not to TEMESA

S/No.	Vote	MDAs/RAS	Amount(Shs)
1.	55	Commission for Human Rights and Good Governance	16,110,643
2.	59	Law Reform Commission of Tanzania	13,554,201
3.	77	RAS Mara	6,927,000
4.	83	RAS Shinyanga	6,569,797
5.	79	RAS Morogoro	34,157,192
Total			77,318,833

5.3 Salaries paid to Retirees, Absentees and Ineligible officers Shs.142,715,827.99

Audit of payroll carried out during the year disclosed that 7 MDAs/RAS paid a total sum of Shs.142,715,827.99 as salaries to retirees, absconders and ineligible officers who were no longer in employment as per details shown below:

Table 16: Salary payment to ineligible officers

S/No.	Vote	MDAs/RAS	Amount (Shs)
1	18	High Court	18,018,540.00
2	19	Districts and Primary Courts	56,705,420.00
3	42	National Assembly	11,078,420.00
4	44	Ministry of Industry and Trade	27,099,393.30
5	48	Ministry of Lands	8,596,167.26
6	58	Ministry of Energy and Minerals	8,177,716.16
7	96	Ministry of information	13,040,171.27
Total			142,715,827.99

Summarised results of salaries paid to retirees, absentees and ineligible officers for the financial years 2009/2010 and 2010/2011 are given in the table below for comparison purposes.

Table 17: Trend of ineligible salary payment

Financial Year	Amount(Shs)	MDAs/RAS involved
2009/2010	1,842,607,565.29	8
2010/2011	142,715,827.99	7

In another instance, it was noted that Exchequer Receipt Vouchers for Shs. 465,655,201 were collected from Personal Emoluments as salary overpayment and deposited into the CDF's Miscellaneous Deposit Account (Vote 38 Ngome). However, no evidence was tendered showing whether the deductions were paid over to the Treasury by 30th June 2011 contrary to Reg. 81(1) of PFR of 2001 revised 2004.

The above table indicates that there are still some problems in internal controls relating to payroll management.

5. 4. Expenditure not properly supported amounting to Shs.8,076,574,791.42

There were payments amounting to Shs.8,076,574,791.42 made without being supported by proper documents contrary to Reg. 95(4) of the Public Finance Regulation of 2001 (revised 2004), as summarised below. As such, the authenticity of the payments made could not be ascertained.

Table 18: Expenditure not properly supported

S/No.	Vote	MDAs/RAS	Total Expenditure	% of actual % of total expenditure	Amount (Shs)
1	18	High court	14,319,428,524.00	0.19	27,359,720.00
2	19	District and Primary Courts	16,746,115,793.00	0.05	8,903,500.00

3	42	National Assembly	67,865,995,668.00	0.25	170,858,030.00
4	58	Ministry of Energy and Minerals	226,973,672,295.54	0.08	176,937,228.00
5	60	Labour court	2,376,522,717.00	1.85	44,019,728.00
6	39	National Service	100,359,353,340.00	0.01	9,920,000.00
7	92	TACAIDS	13,773,266,215.00	0.04	6,172,790.00
8	93	Immigration Service Department	45,087,636,012.50	0.14	64,360,099.00
9	61	National Electoral Commission	64,611,466,648.00	0.66	427,906,854.00
10	52	Ministry of Health and Social Welfare	468,598,860,119.00	0.02	77,332,806.00
11	32	President's Office-Public Service Management	38,011,398,802.70	3.55	1,350,611,387.20
12	24	Cooperatives Development Commission (CDC)	5,761,422,704.00	0.75	43,035,000.00
13	43	Ministry of Agriculture, Food Security and Cooperatives	273,649,747,143.00	0.04	97,080,000.00
14	94	President's Office Public Service Commission	8,157,525,607.00	0.07	5,940,000.00
15	29	Prison Service Department	109,889,084,181.00	0.01	8,887,000.22
16	46	Ministry of Education and Vocational Training (MoEVT)	585,289,097,821.00	0.90	5,254,436,695.00
17	70	RAS Arusha	105,499,070,798.00	0.01	14,573,608.00
18	72	RAS Dodoma	115,492,915,646.00	0.09	104,711,330.00
19	78	RAS Mbeya	159,455,748,944.00	-	4,545,366.00
20	79	RAS Morogoro	138,089,937,640.39	0.03	40,879,650.00
21	84	RAS Singida	72,321,179,681.00	0.04	29,120,000.00
22	88	RAS Dar Es Salaam	151,608,671,550.00	0.02	24,910,500.00
23	95	RAS Manyara	5,862,230,917.00	1.43	84,073,500.00
Total					8,076,574,791.42

5.5 Goods not delivered Shs.31,027,797,820

Payments amounting to Shs.31,027,797,820 as shown below were made in advance to various suppliers during the year under review. However, audit inspection done at respective MDAs/RAS noted that goods worth Shs 31,027,797,820 were not delivered. The noted practice contradicts with the requirement of PPR, 122 (Goods, Works and Non Consultant Services) Regulation of 2005.

Table 19: Goods not delivered

S/No.	Vote	MDAs/RAS	Amount (Shs)
1	49	Ministry of Water	132,598,919.00
2	57	Ministry of Defence and National Service	30,865,918,901.00
3	99	Ministry of Livestock and Fisheries Development	9,000,000
4	84	RAS Singida	19,000,000
5	95	RAS Manyara	1,280,000
Total			31,027,797,820

5.6 Payments charged to wrong expenditure codes

During the year under review, audit tests showed that some of the MDAs and RAS did not adhere to MTEF Budget and as such, payments totalling to Shs.340,756,700 as shown in table 20 below were charged to wrong expenditure items without proper authority for reallocation contrary to Reg. 51(1-8) of the Public Finance Regulation's 2001 (revised 2004).

Table 20: Payments charged to wrong expenditure codes

S/No.	Vote	MDAs/RAS	Amount (Shs)
1.	38	Tanzania People's Defence Forces	619,748,590.00
2.	42	National Assembly	94,000,000.00
3.	82	RAS Ruvuma	38,655,268.00
4.	59	Law Reform Commission of Tanzania	101,516,410.00
5.	92	TACAIDS	5,949,460.00
6.	33	Ethics Secretariat	45, 026,737.00
7.	12	Judicial Service Commission	6,473,770.00
8.	91	Drugs Control Commission	5,546,276.80
9.	52	Ministry of Health and Social Welfare	73,956,552.00
10	27	Registrar of Political Parties	134,356,708.00
11	69	Ministry of Natural Resources and Tourism	37,124,900.00
12	29	Prison Service Department	57,147,108.00
13	85	RAS Tabora	26,151,386.00
14.	Total		340,756,700.80

5.7 Questionable costs Shs.1,471,933,333

During the financial year 2010/2011 three (3) MDAs incurred payments of Shs.1,471,933,333. However, the payments lacked relevant and sufficient information to establish their validity to be treated as proper charge against the public funds.

A detailed analysis of these payments of questionable nature is given in the table 21 below:

Table 21: Questionable costs

S/No.	MDA/RAS	Vote	Amount (Shs)
1.	Prime Minister's Office	37	1,326,002,959
2.	RAS Tabora	85	40,643,265
3.	RAS Manyara	95	105,287,109
Total			1,471,933,333

Summarized results of questionable payments for financial year 2009/2010 and 2010/2011 are given in table 22 for comparison purposes:

Table 22: Summarised questionable payments

Financial Year	Amount (Shs)	MDAs/RAS involved
2009/2010	15,711,104,612	3
2010/2011	1,471,933,333	3

5.8 Increasing trend of allowances payments

I have noted that the Government can substantially enhance salaries received by its employees by restricting personal allowance payments be consolidating such allowance into the actual salaries. Nevertheless, allowance allocation and payments are taking greater part of personal emoluments expenditure. The percentage of allowances to total expenditure rose from 41% (2009/10) to 57% (2010/11) without any measure being taken to abate the situation. The other problem of allowances is that they are prone for abuse.

Table 23: Trend of allowance payments

Structure of Personal Emoluments	2010/11 (Tshs)	%	2009/10(Tshs)	%
Basic Salaries - Pensionable posts	569,330,942,721		282,053,778,510.00	
Basic Salaries -Non Pensionable posts	30,728,169,877		256,200,212,613.00	
Contribution to Pension and welfare scheme	15,449,433,768		191,161,378,266.00	
Total Basic Personal Emoluments	615,508,546,366	43	729,415,369,389	59
Employment allowances	292,588,263,901		263,561,362,940.00	
Outfit (clothes)	274,971,423		16,397,662,012.00	
Perdiem	518,833,236,062		220,523,429,636.00	
Total Allowances	811,696,471,386	57	500,482,454,588	41
Total	1,427,205,017,752	100	1,229,897,823,977	100

5.9 Audited accounts of Political Parties not submitted to the Office of the Registrar of Political Parties

Section 14 (1) to (3) of the Political Parties Act No.5 of 1992 requires every Party which is fully registered to maintain proper accounts of the funds and properties of the Party and submit them to the Registrar. Also, the Act requires the Registrar to publish in the Official Gazette, audited accounts of every Political Party on the use of such funds, resources or property.

Audit review of the accounts revealed that an amount of Shs.17,202,999,991 was paid as subventions to various qualified Political Parties during the year under review. However, the audited accounts of the relevant Political Parties were neither published nor confirmed to have been submitted to the Registrar's Office.

5.10 Unclaimed salaries not remitted to Treasury
Shs.110,100,451.12

Audit of the payrolls for the year ended 30th June 2011, revealed unclaimed salaries amounting to Shs.110,100,451.12 payable to employees who are no longer working with the MDAs/RAS for various reasons including death and retirement but the same has not been remitted to the Treasury as summarised in table 24 below:

Table 24: Unclaimed salaries not remitted to Treasury

S/No.	Vote	MDAs/RAS	Amount(Shs)
1.	70	RAS Arusha	8,029,579.82
2.	80	RAS Mtwara	2,320,488.30
3.	89	RAS Rukwa	10,639,600.00
4.	92	TACAIDS	51,897,465.00
5.	74	RAS Kigoma	22,091,007.00
6.	72	RAS Dodoma	15,122,311.00
Total			110,100,451.12

5.11 Assets not recorded in the Fixed Assets Register

Scrutiny of the financial statements submitted for audit revealed that assets worth Shs.70,854,983,288 were not recorded in the assets register by various MDAs as follows:

Table 25: Value of Fixed Assets not recorded in Register

S/No.	Name of MDAs	Vote	Amount(Shs)
1.	National Service	39	5,518,115,791.00
2.	Fire and Rescue Force Department	14	5,903,313,042.00
3.	Vice President's Office	31	13,661,411.00
4.	Ministry of Livestock and Fisheries Development	99	3,870,000,000.00
5.	Tanzania People's Defence Forces (Ngome)	38	2,266,596,621.92
6.	Ministry of Defence and National Service	57	53,063,606,800.00
7.	High Court	18	219,689,622.00
Total			70,854,983,288.00

5.12 Liabilities and Commitments

Section 17 (3) of the PFA 2001 (revised 2004) prohibits MDAs and RAS to make payments, accepting a charge in account, commit or incur expenditure without a warrant authorising them to do so. However, for the period ended 30th June 2011 most MDAs and RASs had a total liabilities and commitments amounting to Shs.1,327,139,369,086.11 without authorising warrants as evidenced by cash balances in their recurrent and development accounts which were far lesser than the respective commitments as shown in table 26 below:

Table 26: Liabilities and commitments

S/No.	Vote	MDAs/RAS	Cash balance	Commitment/ Liabilities	Unfunded deficit (Shs)
1	14	Fire and Rescue Force Department	14,693,591.75	572,364,139.09	-557,670,547.34
2	16	Attorney General's Chamber	19,992,348.41	614,706,995.30	-
3	18	High Court	-	1,957,172,757.05	1,957,172,757.05
4	19	District and Primary Courts	40,632,195.41	2,332,219,386.77	-
5	25	Prime Minister's Private Office	404,314.00	140,922,760.00	2,291,587,191.36
6	26	Vice President's Office (VPO)	12,339,648.00	291,298,811.46	-140,518,446.00
7	27	Registrar of Political Parties	5,683,899.14	545,821,725.54	-278,959,163.46
8	28	Police Force Department	203,460,779.00	35,155,973,446.00	-540,137,826.40
9	29	Prison Service Department	4,288,498.00	9,760,295,229.00	-
10	31	Vice President's Office	40,776,936.00	283,807,788.36	9,756,006,731.00
11	33	Ethics Secretariat	232,447,933.62	268,138,440.00	-243,030,852.36
12	34	Ministry of Foreign Affairs and International Cooperation	6,869,392.43	8,268,990,786.12	-
13	35	Directorate of Public Prosecutions	18,862,099.00	187,844,586.01	35,690,506.38
14	37	Prime Minister's Office	7,577,395.00	1,569,149,421.00	-
15	38	Tanzania People's Defence Forces	-	11,851,654,049.00	8,262,121,393.69
16	39	National Service	29,880,118.50	1,770,734,739.62	-
17	40	Judiciary	65,369,974.66	5,812,594,360.15	-1,740,854,621.12
					-5,747,224,385.49

18	42	National Assembly	40,631,595.40	582,566,072.49	541,934,477.09	-
19	43	Ministry of Agriculture, Food Security and Cooperatives	4,635,173,807.00	5,528,060,214.68	892,886,407.68	-
20	44	Ministry of Industry and Trade	52,458,048.00	734,596,925.00	682,138,877.00	-
21	46	Ministry of Education and Vocational Training (MoEVT)	187,215,915.00	5,063,267,729.00	4,876,051,814.00	-
22	48	Land and Human Settlement	140,069,195.00	308,038,512.21	167,969,317.21	-
23	49	Ministry of Water	381,381.00	3,839,569,053.00	-3,839,187,672.00	-
24	51	Ministry of Home Affairs	2,208,602.35	690,950,856.00	-688,742,253.65	-
25	52	Ministry of Health and Social Welfare	737,668,009.00	47,246,895,443.00	-46,509,227,434	-
26	53	Ministry of Community Development, Gender and Children	8,602,468.00	2,034,032,772.00	-2,025,430,304	-
27	55	Human Right Commission and Good Governance	1,595,325.00	157,852,999.00	156,257,674.00	-
28	56	PMO RALG	87,926.00	147,821,065.00	-147,733,139	-
29	57	Ministry of Defence and National Services	1,324,349.00	738,245,005,177.00	738,243,680,828.00	-
30	58	Ministry of Energy and Minerals	4,112,553.04	139,326,254.00	135,213,700.96	-
31	60	Labour Court	3,188.85	142,464,390.00	142,461,201.15	-
32	61	National Electoral Commission	41.00	2,905,761,848.00	-2,905,761,807	-

33	64	Commercial Court	511,663.00	438,998,136.44	-438,486,473.44
34	65	Ministry of Labour and Employment	312,287,415.35	615,775,222.65	-303,487,807.30
35	66	President's Office Planning Commission	32,808,844.00	527,578,797.85	-494,769,953.85
36	69	Ministry of Natural Resources and Tourism	126,884,499.42	1,186,780,590.97	-1,059,896,091.55
37	91	Drugs Control Commission	6,045,818.00	12,106,738.00	-6,060,920
38	94	President's Office Public Service Commission	6,008,513.98	70,869,317.00	-64,860,803.02
39	96	Ministry of Information	233,014.69	3,615,777,165.00	-3,615,544,150.31
40	98	Ministry of Works	2,313,841.00	422,299,119,935.00	-422,296,806,094.00
41	70	RAS Arusha	1,053,118.43	356,211,696.41	-355,158,577.98
42	71	RAS Coast	14,821.00	599,884,021.00	-599,869,200.00
43	72	RAS Dodoma	12,448,313.00	1,254,135,620.00	-1,241,687,307.00
44	73	RAS Iringa	4,153,502.00	246,032,877.00	-241,879,375.00
45	74	RAS Kigoma	10,495,747.00	65,102,015.00	-54,606,268.00
46	76	RAS Lindi	151,684,078.00	587,191,190.00	-151,096,886.00
47	78	RAS Mbeya	4,007,371.00	363,854,203.00	-359,846,832.00
48	79	RAS Morogoro	698,594.45	1,054,820,238.56	-1,054,121,644.00
49	81	RAS Mwanza	32,069,695.20	590,122,117.80	-558,052,422.60
50	82	RAS Ruvuma	675,741.00	593,536,574.00	-592,860,833.00
51	83	RAS Shinyanga	217,637.00	59,600,154.00	-59,382,517.00
52	85	RAS Tabora	126,601.90	851,096,823.18	-850,970,221.30
53	86	RAS Tanga	701,560.00	1,052,067,752.50	-1,051,366,192.50

54	87	RAS Kagera	246,565.00	892,603,136.90	892,356,571.66
55	88	RAS Dar es Salaam	90,615,299.00	437,849,688.00	-347,234,389
56	89	RAS Rukwa	7,610,970.00	193,565,755.00	185,954,785.00
57	90	Land Court	3,192,788.08	24,790,590.00	21,597,801.92
		Total		1,327,139,369,086.11	-1,253,645,145,994.76

5.13 Review of Procurement Management

5.13.1 Introduction

The Public Procurement Regulatory Authority (PPRA) prepared and submitted an audit report on the performance of Procuring Entities (PEs) for the period under review which highlighted most of the issues which largely featured also in my previous reports. I appreciate for the work done by the Authority which I found relevant and appropriate to incorporate in my report. The audits sought to determine whether the procedures, processes and documentations for procurement and contracting were in accordance with the provisions in the PPA of 2004, Public Procurement Regulations (GN. No. 97 and 98 of 2005, and GN. No. 177 of 2007) and the standard documents prepared by the Authority, and that procurement carried out achieved the expected economy and efficiency.

5.13.1.1 Procurement audit results

Out of 106 audited PEs, 36 were MDAs. Outcome of the audits for the audited MDAs indicated an average level of compliance of 64%. The average performance was below 50% in two indicators namely: Publication of contract awards (42%) and Quality assurance and control (42%). The performance was above average (50% and above) in the following eleven indicators: Establishment and composition of Tender Board (74%); Establishment and composition of PMU (58%); Functioning of AO, TB and PMU (64%); Preparation of Annual Procurement Plan (56%); Complying to compulsory approvals (61%);

Advertisement of bid opportunities (89%); Time for preparation of bids (72%); The use of appropriate methods of procurement (83%); Complying with the use of Standard Tender Document as stipulated in the regulations (79%); Records keeping (56%); and Contract management (66%). Under this category, the Regional Administrative Secretariat - Iringa attained the highest level of compliance of 90% while the National Sports Council attained the lowest compliance level of 8%.

(a) PEs provision of information to auditors

Considerable increase in the response by PEs to provide information on awarded contracts i.e. from 65% recorded last year to 81%. The observed trend for the past three years was follows:

2008/2009	2009/2010	2010/2011
59%	65%	81%

(b) Percentage of procurement to total government expenditure

There is slight decline of procurement as a percent of the total government expenditure. For instance, procurement for the financial year 2010/11 was about 41% of total government expenditure as compared to 52% of the previous year. The observed trend for the past three years was as follows:

2008/2009	2009/2010	2010/2011
70%	52%	41%

(c) Retrospective Approvals

Three (3) applicants seeking retrospective approval from the PMG failed to implement directives issued concerning those applications. The three applications were from the Ministry of Defence and National Service on the tender for procurement of motorbikes worth Tshs. 125 million; The Medical Stores Department of Tanzania on the tender for procurement of ARV's

drugs worth TShs.1,675,780,000.00 and Ministry of Home Affairs on tender for procurement of 85 Land Rover vehicles worth GBP 2,191,014.55 and Tshs. 183,600,000.00 as local charges.

The trend indicates that the same number of applications for retrospective approval was received as it was the case in the last review period. Review of the applications for retrospective approval revealed the following weaknesses:-

- i) Poor planning of procurement which in some cases led to emergency procurement
- ii) Lack of justifiable basis for emergency procurement
- iii) Lack of justifiable basis in using of single source procurement method
- iv) Necessary approvals in the procurement process were not obtained;
- v) Mismanagement of procurement undertakings
- vi) Payment to suppliers and service providers were not done on time.

(d) Establishment and composition of PMUs

Establishment and staffing of PMUs is a problem facing many PEs. The audits revealed that the overall level of compliance on establishment and composition of PMUs was only averaging 56% for MDAs.

(e) Procurement Plan

The procurement plan is very important in that it helps the procuring entity to: avoid unnecessary emergency procurements; aggregate its requirements wherever possible in order to obtain value for money and reduce procurement costs; make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set period time; avoid splitting of procurements and therefore make use of appropriate procurement methods; and plan efficiently tender board meetings in order to minimize procurement transaction costs. Average level of compliance on preparation and implementation of annual procurement plans was 54% for MDAs in year 2010/2011.

(f) Contracts Management

In assessing the adequacy of contracts management, the review teams analyzed the following issues: Whether contracts documents contained all necessary information; whether contracts were properly signed; time management issues; scope management issues; quality management issues; communication management issues; and cost management issues. The audit indicated average levels of compliance of 64% and 41% for contracts management and quality control respectively for MDA.

Generally, the following weaknesses were observed: Contracts were not properly signed in some cases; Some of the contracts lacked important contract documents such as conditions of contract, drawings and specifications, and some contained non-contract documents such as invitation for bids/quotations and instructions to bidders; liquidated damages were not applied for delayed contracts and site meetings were not conducted for most of the reviewed contracts. Also there were no adequate quality assurance and control plans, completed works were not tested to ascertain whether they have attained the specifications as provided in the contract documents; Progress reports for works contracts were not prepared; Site supervision reports were not prepared; Extension of time were issued without justifiable analysis and without following appropriate procedures. Furthermore, payment certificates were not attached with necessary information such as measurement sheets and working/take-off sheets to justify the quantities paid; in some cases payments were made for works which have not been done by exaggerating the quantities; and Goods inspection and acceptance committees were not appointed to ascertain the quality and quantity of the supplied goods.

(g) Records Keeping

Major weaknesses included lack of a comprehensive list of tenders, quotations and contracts, procurement records scattered in different departments, lack of records on contracts management, inadequate space and shelves for records storage,

and inappropriate filing. Poor record keeping was caused by lack/inadequate record management skills, inadequate facilities, inadequate office space, and deliberate misplacement of documents. The effects of poor record keeping include poor management of procurements, corruption, theft and loss of public properties.

5.14 Division of Government Assets Management reports on stores' management

Part XV of the PFR deals with the need for having an Independent Stock Verification in the stores of MDAs/RAS. In this regard, therefore, I have received Stock Verification reports in accordance with Reg. 245 (3) of PFR of 2001 (revised 2004) that "The Stock Verifier shall retain one copy of the report for his own record and send one copy to each Accounting Officer concerned, the Permanent Secretary, Accountant General and to the Controller and Auditor General." In compliance with the above requirements, the Division of Government Assets Management under the Ministry of Finance conducted a thorough stock verification exercise for twenty (20) MDAs and thirteen (13) RAS for the year ended 30th June, 2011.

During the year under review, there has been a considerable gap in the management of stores as explained in a condensed summary of the Stores Mismanagement report submitted to me by the Division of Government Assets Management of the Treasury shown as Annexure IV.

5.15 Results of verification audit conducted on suppliers and staff claims in the Police Force Department

5.15.1 Introduction

I carried out verification of accumulated debts amounting to Shs. 27,235,615,520.35 in the Ministry of Home Affairs in response to the Ministry's Permanent Secretary request letter Ref. No. CA.125/208/01 of 13th April, 2010. Summary of the debts is as follows:

Tale 27: Summarised Ministry of Home Affairs debts

Description	Amount (Shs.)
Soldiers/staff	9,227,707,689.88
Suppliers/Tenderers	18,007,907,830.47
Total	27,235,615,520.35

The verification exercise started from 04/05/2010 to 06/06/2010. Claims amounting to Sh.27,235,615,520.35 were submitted over that period from which a total of Sh.26,899,351,638.09 or 98.8% of all submitted claims were verified. The remaining Shs. 336,263,882.26 or 1.2% was not verified because of lack of supporting documents. According to the Ministry, these claims were due to INTERPOL under the bilateral agreement with Tanzania Police Force which requires the Police Force to pay subscriptions to INTERPOL for handling small arms issues within East African countries and the Great Lakes Region.

Analysis of the verified claims of Sh.26,899,351,638.09 is as follows:

Table 28: Summary of submitted and verified claims

No.	Type of claims	Total submitted claims Shs.	Total verified claims Shs.	Verified and accepted Shs.	Rejected claims Shs.	Accepted claims %
1.	Staff	9,227,707,689.88	10,126,588,287.72	9,604,919,638.27	521,668,649.45	94.85
2.	Suppliers	18,007,907,830.47	16,772,763,350.37	13,866,095,966.22	2,906,667,384.15	82.67
	Total	27,235,615,520.35	26,899,351,638.09	23,471,015,604.49	3,428,336,033.60	87.25

5.15.2.0 Reasons for rejection of some of the submitted claims of Shs.3,428,336,033.60

5.15.2.1 Medical costs

Reasons for rejection included: lack of supporting documents such as referral letters, evidence of attendance to clinics, sick sheets, permission to attend treatment, receipts for medical bills paid etc. Also, other claims were rejected on the grounds that they had been previously settled by the ministry but were re-submitted for the second time.

5.15.2.2 Leave pay

Reasons for rejection included: use of wrong entitlement rates, staff went on leave to places not officially recognized, tickets to support claims were not attached, mode of transport not indicated, claims not routed through head of station and lack of permission to travel out of duty station. Also, other claims were rejected because they had been previously settled by the Police Force Department but were re-submitted for payment for the second time.

5.15.2.3 School fees

Claims were rejected because they were found to have been previously settled by the Police Force Department but re-submitted for payment the second time.

5.15.2.4 Disturbance allowances to staff on transfer

Reasons for rejection included: lack of supporting documents to prove transfers or submitted supporting documents were fake; errors in computing staff claims; claims previously settled but re-submitted for payment the second time, lack of approval for the

transfers; claims supported by photocopies instead of originals etc.

5.15.2.5 Suppliers/Tenderers claims

Reasons for rejection included: electricity expenses were not supported by bills/invoices from TANESCO to substantiate the claim; claims for electricity expenses pertaining to prior year 2009/10; telephone charges not supported by bills/invoices from telecommunication company; amount on the proforma invoices was less than the actual claims etc.

5.15.2.6 Motor vehicles repair

Reasons for rejection included: Lack of contracts for carrying out repair works; errors in computing the claims; lack of evidence of handing-over of motor vehicles after repair; approval for repair was not given by heads of station; repair works was not certified by TEMESA; lack of competitive price quotations; forged claims; missing documents to support the claims; missing importation documents, etc.

5.15.2.7 Fuel expenses

Reasons for rejection were many. Some of them included the following: missing documents to support claims, missing evidence of receipt of fuel, lack of competitive price quotations; lack of approval from TEMESA, etc.

5.15.2.8 Other claims

Reasons for rejection were many such as Lack of contracts, lack of bills/invoices, claims pertaining to prior year, 2009/10; errors in computing the claims;

lack of evidence of travel, amount on the proforma invoice differing from the actual claim, lack of evidence of handing over of motor vehicles after repair; lack of evidence of receipt of goods, missing approval from heads of station; lack of price quotations, claims previously settled but re-submitted, lack of approval from TEMESA, and lack importation documents.

- 5.15.2.9 Challenges to the Government and Police Force**
- I encountered enormous internal controls deficiencies during the claims verifications exercise, some of which have already been pointed out. The deficiencies are attributed to the noted challenges in the Ministry itself which calls for Government's early and serious interventions to see to it that the deficiencies are rectified and they don't recur. The challenges noted are:
- Weak expenditure control within the police force resulted in accumulation of debts
 - Non observance of approved budget and creation of commitments for which no funds exist.
 - The fact that there were huge accumulation of debts at the year end is evidence that the Police Force failed to properly manage its budget along the framework of IPSAS cash basis of accounting being used by the Government.
 - Staff promotions without corresponding budgetary provisions for increased salary resulted in accumulated salaries arrears.
 - Most of the police staff and non police staff are not aware of their rights and how to claim them. Lack of knowledge of basic principles of administration

and finance from the Ministry of Home Affairs, President's Office, Public Service Management and Treasury were observed to be rampant in most of the claims reviewed.

- Some of the suppliers' claims have been carried over for years despite the fact that the Government has been setting aside funds to pay them. It is apparent that there is neither an expenditure prioritization nor budgetary control.
- Records management at both the open and confidential registry in the Police Force is not satisfactory. As a result, a number of submitted claims are not filed.
- There is no effective communication between management of the Police Force and staff that would reduce the accumulated claims.
- There are few officers designated to approve staff claims compared to actual work load. As a result, many claims are waiting for approval.

5.15.2.10 Recommendations

- It is not the duty of the Controller and Auditor General to verify debts arising from claims of staff and suppliers. Therefore, I recommend to the Ministry, Regions and Independent Departments to strengthen their internal control systems in order to avoid creating debts for which no funds were budgeted.
- There is a need for the Government to carry out human resources audit to establish the number of genuine staff in the Police Force around the country.
- The Government should set aside funds and ensure that all staff in the Police Force are timely paid all

their rightful claims. In addition, the Government should strive to allocate sufficient funds to the Police Force to improve their take home pay and enhance productivity.

- Treasury should ensure that funds for staff salaries are sent to the respective stations and credited to the staff bank accounts instead of paying in cash.
- Staff promotions and transfers in the Ministry, Departments and Government institutions should be approved by the Accounting Officers to avoid arrears of payments.
- Governing procedure for transfers should be made clear to all staff to enable them fill all important documents before moving from one station to another.
- Police and non police staff should submit well analysed claims. In the case of travel fare for instance, staff should indicate place of domicile, dependants and applicable fare.
- Heads of Stations should only approve valid claims to avert losses to the Government.
- All police stations should be provided with stationeries and other tools of work like photocopiers

CHAPTER 6

ANALYSIS OF NATIONAL CONSOLIDATED FINANCIAL STATEMENTS

6.0 Introduction

The National Consolidated Financial Statements (CFS) is a summary of the National financial performance which contributes to a transparent and accountable Government. For the purpose of this report, National Consolidated Financial Statements means:

- Consolidated Statement of Cash Receipts and Payments
- Consolidated Statement of Comparison of budget and Actual Amounts
- Consolidated Cash Flow Statement
- Consolidated Statement of Payment by function
- Notes to the Financial Statements

The CFS and associated financial analysis are designed to allow readers to assess the annual financial performance and position of the Government for the period under audit.

6.1 Current year's audit findings and recommendations

6.1.1 Review of the Financial Statements

(i) Supply Vote Account (Out-turn)

During the year under review, financial performance of the Government on the Supply Vote Account was as follows:

Table 29: Supply Vote Account (Out-turn)

A	B	C	A-B	B-C
Approved Estimates (Shs.)	Exchequer Issues Received (Shs.)	Net Expenditure (Shs.)	Unreleased amount (Shs.)	Unspent Amount (Shs.)
7,858,873,015,000	7,587,424,923,903	7,581,154,383,395	271,448,091,097	6,270,540,508

The Consolidated statement for the Supply Vote Account of MDAs and RAS reflected a total expenditure of Shs. 7,581,154,383,395 against the net approved estimates of Shs. 7,858,873,015,000.

Total exchequer issues received during the year amounted to Shs. 7,587,424,923,903 against the total consolidated net expenditure of Shs. 7,581,154,383,395 resulting to unreleased amount of Shs 271,448,091,097 and an unspent balance of Shs 6,270,540,508 with the Paymaster General's Account at the BOT.

(ii) Development Vote Account (Out-turn)

During the year under audit, the financial performance of the Government on the Development Vote Account was as follows:

Table 30: Development Vote Account (Out-turn)

A	B	C	A-B	B-C
Approved Estimates (Shs).	Exchequer Issues Received (Shs).	Net Expenditure (Shs).	Unreleased amount (Shs).	Unspent amount
3,750,684,569,000	2,223,684,150,465	2,218,032,826,357	1,527,000,418,535	5,651,324,108

The consolidated statements for the Development Vote Account of MDAs and RAS reflected a total expenditure of Shs. 2,218,032,826,357 against the net approved estimates of Shs. 3,750,684,569,000.

Total exchequer issues received during the year amounted to Shs. 2,223,684,150,465 against the total consolidated net expenditure of Shs. 2,218,032,826,357 resulting to unreleased amount of Shs 1,527,000,418,535 and an unspent balance of Shs 5,651,324,108 with the Paymaster General's Account at the BOT.

**(iii) Total Government expenditure amounting to
Shs.9,799,187,209,752**

The table below depicts the general trend for the recurrent and development expenditures in respect of MDAs and RAS for the financial years 2009/2010 and 2010/2011. Recurrent expenditures increased by Shs.1,343,659,513,450 equivalent to 22% from Shs.6,237,494,869,945 recorded in 2009/2010 to Shs.7,581,154,383,395 in year 2010/2011 , while Development expenditures decreased by Shs.66,868,272,889 equivalent to 3% from Shs.2,284,901,099,246 recorded in year 2009/2010 to Shs.2,218,032,826,357 recorded in year 2010/2011.

Table 31: Trend of total Government Expenditure

Expenditure Account	2009/2010 (Shs)	2010/2011 (Shs)	% Change
Recurrent	6,237,494,869,945	7,581,154,383,395	22
Development	2,284,901,099,246	2,218,032,826,357	(3)
Total	8,522,395,969,191	9,799,187,209,752	15

(iv) Statement of Revenue

The consolidated statement of revenue as at 30th June 2011 reflected total revenue collection of Shs. 11,423,038,962,225 against an approved estimates of Shs. 11,823,445,375,763 resulting in an under collection of Shs. 400,406,413,538 which is equivalent to 3% of the revenue budget.

Revenue collection pattern for the past three years is as shown below:

Table 32: Trend of revenue collection against estimates

Year	2008/2009 (Shs.)	2009/2010 (Shs.)	2010/2011
Estimates	7,704,909,780,498	10,063,686,670,897	11,823,445,375,763
Actual Collection	6,427,630,892,809	7,928,122,248,611	11,423,038,962,225
Under collections	1,277,278,887,689	2,135,564,422,286	400,406,413,538

Recurrent revenues are tax, non-tax, and financing from Government investment revenues while development revenues mainly come from grants, external and domestic borrowings.

6.2 Statement of outstanding loan issued by Government amounting to Shs.480,229,660,682

During the year under review, the Government had an outstanding loan issued to various entities aggregating to Shs.480,229,660,682 at the year end compared to Shs.459,443,095,386 reported during the previous year, recording an increase of 5%. These debts have not been analysed agewise to show their recoverability. (Annexure V).

6.3 Statement of outstanding liabilities amounting to Shs.577,537,084,848

A review of the Consolidated Financial Statements revealed a total amount of Shs. 577,537,084,848 reported as outstanding liabilities for the year ended 30th June, 2011.

This represents 259.3% increase compared to the previous year's reported amount of Shs. 160,756,067,190. It was

further noted that, most of the Government entities incur commitments towards the end of the year in an attempt to exhaust the funds available in order to avoid surrendering to the Treasury the unspent balance at the cut off period. This malpractice is contrary to the cash budget principle, and the Government has not instituted any control to curb the situation.

6.4 Statement of Public Debt amounting to Shs.14,441,617,939,770.20

The Consolidated Financial Statements shows that the public debt has increased by Shs.3,937,811,927,885 equivalent to 38% from Shs.10,503,806,011,884.90 in 2009/2010 to Shs. 14,441,617,939,770.20 in 2010/2011. My recommendation to the Government to reduce borrowings to finance the budget by strengthening tax collection and widening the tax base in areas such as mining industry has not been worked on.

Table 33: Summary analysis of the Public Debt

Type of Debt	2007/2008	2008/2009	2009/2010	2010/2011
Foreign Debt	4,601,657,485,229	5,386,646,362,543	7,747,903,803,161	0,734,316,352,447
Domestic Debt	1,875,794,357,188	2,234,640,367,491	2,755,902,208,703	,707,301,587,322
Total Debt	6,477,451,842,417	7,621,286,730,034	10,503,806,011,885	4,441,617,939,770
Debt Increase	1,002,439,757,563	1,143,834,887,617	2,882,519,281,851	,937,811,927,885
% Foreign Change	26%	17%	44%	38.5%
% Domestic Change	2%	19%	23%	34.5%
% Overall Change	18.31%	17.66%	39.27%	38%
GDP- real rate	7.3%	7.1%	6.0%	6.5%

6.5 Statement of arrears of Revenue

The consolidated statement of arrears of revenue shows a decrease of Shs.89,622,973,807 equivalent to 77% from Shs.116,320,437,345 in the year 2009/2010 to Shs.26,697,463,538 in 2010/2011. The instituted controls by the Government have not so far improved the revenue collection condition.

6.6 Statement of Stores and other assets amounting to Shs.38,292,059,659

The Consolidated Financial Statements report stores and other assets amounting to Shs.38,292,059,659.00 as at 30th June 2011. This is an increase of 128% from the previous year's balance of Shs.16,806,978,964. Most of the stores are procured at the year end without control to ensure that entities are abiding by the cash budget and unspent balances are surrendered to the Treasury on lapse of the budget period.

6.7 Statement of Losses amounting to Shs. 12,968,168,985

The Consolidated Financial Statements indicate that cumulative losses incurred by the Government in terms of public monies, stores written off and claims abandoned, increased from Shs. 12,968,168,985 during the year 2009/2010 to Shs. 7,998,801,086 in 2010/2011, This is a increase of Shs. 1,816,120,920 equivalent to 16%. Nevertheless, the Government has either not taken serious efforts to minimise losses occurrences or timely initiate the process for the Parliament to write off genuine losses. The last loss resolution No.10/2009 was issued on 31st July, 2009.

6.8 Government payables not reflected in the financial statements

The published financial statements of the Bank of Tanzania for the year ended 30th June, 2011 included amounts receivables from the Government. However, these amounts were not reflected in the National Consolidated Financial Statements as amounts payable to the Bank as disclosed below:

(i) Government overdraft on voted accounts amounting to Shs.548.332 billion

The position of the Government of the United Republic of Tanzania (URT) as at 30th June 2011 reflected an overdrawn amount of Shs.548,332.614 million (2010: Shs.429,466.112 million) on voted accounts.

ii) Economic Empowerment Funds Shs.15.461 billion

A total of Shs.15.461 billion was shown as receivable from the Government in respect of funds advanced by the Bank of Tanzania to facilitate implementation of the economic empowerment programme.

(iii) Liquidity Management Expenses: Shs.22.195 billion

Included under accounts receivable of the bank was Shs.22.195 billion (2010: Shs.26.851.5 billion) related to year 2010/2011 URT Government's share in respect of liquidity management costs. The URT Government and Bank of Tanzania sharing of liquidity management costs are based on the formula contained in the Memorandum of Understanding in force.

- (iv) **Interest payable on overdrawn Government accounts not disclosed amounting to Shs.17.530 billion**

During the year under review, the Government's net position was overdrawn by Shs.17.530 billion (2010: Shs.3,456.6 billion). The amount of Shs.17,530.4 was charged to the Government's in line with Section 34 of the Bank of Tanzania Act, 2006.

6.9 Government deposits not reflected in the financial statements

The published financial statements of the Bank of Tanzania for the year ended 30th June, 2011 reflected Government deposits with the BoT payable by the Government. However, these amounts were not reflected in the Government's Consolidated Financial Statements as amounts receivable from the Bank or as investments in its controlled entities as summarized below.

- (i) **Debt Service Cash Cover Shs. 25.059 billion**

The balance represents an amount received by the Bank from the Government of the United Republic of Tanzania (URT) for the purpose of settling URT Government obligations and other services payable in foreign currency.

- (ii) **Government Obligations Settlement amounting Shs.25.562 billion**

This amount relates to funds awaiting externalization by the Government following the introduction of the electronic payments system during the year.

(iii) Development Finance Guarantee Fund Shs.11.166 billion

According to the bank, the Fund was established by the Government of the United Republic of Tanzania with the purpose of financing development projects that manufacture products for export purposes.

As at 30th June 2011, Government's capital contribution made in 2003/2004 and 2005/2006 to the Fund amounted to Shs.56.500 billion. Interest received and accrued on refinancing loans aggregated to Shs.15.771.9 million while a total of Shs.2,4485.4 million was earned as interest from the funds invested in Treasury Bills. A total of Shs.61,668.2 million has so far been issued as loans for refinancing facilities to flowers and vegetable export companies. As at 30th June, 2011, the Fund had a balance of Shs.11,166.7 million (2010: Shs.7,881.2 million).

(iv) Export Credit Guarantee Fund: Shs.41.841 billion

The Fund was established by the Government of the United Republic of Tanzania in 2001 under the Export Credit Guarantee Scheme, in a bid to promote exports. The Fund provides guarantees to commercial banks to cover risk of default in repaying the loans by their borrowers. During the year 2010/2011, the Government made an additional capital contribution of Shs.4,309.5 million. As at 30th June, 2011 the Fund had a balance of Shs.46,904.3 million (2010:Shs.31,783.5 million) comprising of Government and BOT contributions and income from investment in Treasury Bills and guarantee fees.

(v) Debt Conversion Scheme Shs.2.098 billion

These are balances of debt conversion funds that are blocked in the account pending submission of progress reports by beneficiaries in respect of utilization of previous disbursements, so as to qualify for subsequent disbursements. The balance has remained the same since no report has been received to facilitate payments.

(vi) Multilateral Debt Relief Initiative Fund Shs.10.560 billion

This relates to funds previously disbursed by the International Monetary Fund (IMF) to the Bank of Tanzania on behalf of the Government to support balance of payments which were later given to the Government through the Multilateral Debt Relief Initiative. At the end of 2009/2010 this account had a balance of Shs.85,716,634.

(vii) Tanzania Agriculture Development Bank Shs 30.0 billion

The amount of Shs 30 billion relates to balance of funds contributed by the URT Government from 2009/2010 budget to facilitate establishment of the Tanzania Agriculture Development Bank. The balance as at the end of the financial year 2009/2010 was Shs.50 billion.

6.10 Misclassification of direct loans issued by Government as guarantees amounting to Shs.64,321,859,471

Included under note 38 to the financial statements of outstanding guarantees, were direct loans issued by the Government to six (6) companies dealing with flowers and

one (1) dairy farm. However, these amounts were classified as loans and added together with commercial loans of Shs.64,321,859,471 obtained by beneficiaries from various financial institutions and partly guaranteed by the Government. These direct loans are assets of the Government and not liabilities or contingent liabilities like Government guarantees

CHAPTER 7

PRESENTATION AND ANALYSIS OF AUDIT RESULTS

7.1 Introduction

This chapter, analyses the grounds which gave rise to the issuance of a particular type of Opinion to a vote. The analysis is aimed at amplifying the basic criteria used in forming the Opinions as discussed in the preceding chapters.

The auditor's Opinion is a formal Opinion, or a disclaimer thereof, issued by an independent external auditor as a result of an audit on the financial statements or evaluation performed on an entity or subdivision thereof (called an "auditee"). The Opinion is provided to the user of these financial statements as an assurance service in order for the user to make decisions based on the results of the audit.

An auditor's Opinion is considered an essential tool when reporting financial information to users. In the public sector, it is intended to advise the Parliament and other users on whether MDA's/RAS's financial statements have been prepared in conformity with the International Public Sector Accounting Standards (IPSAS) - cash basis of accounting and in the manner required by Sect 25(4) of the Public Finance Act of 2001 (revised 2004) including the MDAs/RAS compliance with laws and regulations.

In an ordinary language, the Opinion is an assurance on whether the financial information presented by the auditee is materially correct and trustworthy for making various decisions such as the Government's decision on whether the allocations made to MDAs and RAS have been spent to benefit the citizens. It is important to note that the

auditor's Opinion on the financial statements is neither evaluations nor Opinions as to the financial health, performance, attractiveness, potential, or any other similar determination used to evaluate entities in order to make a decision. It is only an Opinion on whether the information is fairly presented and free of material misstatements, whereas all other determinations are left for the user to decide.

Besides having formed an Opinion on the financial statements, the objective of the auditor is to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report. The situation in which additional communication may be necessary is when:

(a) A matter, although appropriately presented or disclosed in the financial statements, is of such importance that it is fundamental to users' understanding of the financial statements (Emphasis of Matter); or

(b) As appropriate, any Other Matter that is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report (Other Matter).

7.2 Types of audit Opinion

The following are the common types of auditor's Opinions, each one presenting a different situation encountered during the auditor's work as follows:

(i) Unqualified Opinion

Unqualified Opinion is sometimes regarded by many as equivalent to "Clean Audit Opinion". This type of Opinion is issued when the financial statements presented are free from material misstatements and are in conformity with the International Public Sector Accounting Standards (IPSAS) - cash basis of accounting and in the manner

required by Sect 25(4) of the Public Finance Act, of 2001 (revised 2004) including compliance with laws and regulations. It is the best type of an audit Opinion an auditee may receive from an external auditor.

(ii) Qualified Opinion

The auditor shall express a qualified Opinion when:

- (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or
- (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the Opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Matters which may give rise to this type of Opinion are as follows:

- Expenditures incurred without payment vouchers.
- Goods or services procured were not supported by delivery notes, hence there is no confirmation whether they were actually received or recorded.
- Various payments were not supported by proper documents.
- Revenue receipt books were not submitted for audit Verification.
- Assets owned or purchased were not supported by schedules. This may lead to doubtful existence of the Assets.
- Unavailability of confirmation from the payees on the payments made. Lack of acknowledgement receipts from the payees could lead to possible misappropriation of funds. In this regard, there is a limitation of scope of audit.
- Where the auditor is able to form an Opinion on a

matter but this conflicts with the view given by the financial statements (Disagreement in best practice on records keeping and non compliance with Laws and Regulations).

Disagreement with management on best practices on records keeping and compliance with Laws occurs in the following situations:

- The assets are owned by the MDAs and RAS but not recorded in Registers.
- Stores purchased and paid for are not recorded in stores ledgers; hence the issues and utilities cannot be ascertained.
- There are no disclosures of bank balances in the books of account.
- When the accounting records are omitted, incomplete or inaccurate.
- Where there is inadequate disclosure of accounting policies.
- When the MDAs and RAS uses inappropriate accounting method e.g. inappropriate depreciation rate/charge.

Qualified Opinion will therefore show that financial statements present fairly the state of affairs except for effects of a specific audit observation.

(iii) Adverse of Opinion

An adverse Opinion is expressed when, having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements; thus do not conform to the International Public Sector Accounting Standards (IPSAS) - cash basis of accounting and in the manner required by Sect.25(4) of the Public Finance Act of 2001 (revised 2004), essentially stating that the information contained is materially incorrect, unreliable, and inaccurate in order to assess the

MDA's and RAS results of operations.

The wording of the adverse Opinion are clear in which the auditor state that the financial statements are not in accordance with the International Public Sector Accounting Standards (IPSAS) - cash basis of accounting and in the manner required by Sect 25(4) of the Public Finance Act of 2001 (revised 2004).

(v) Disclaimer of Opinion

A Disclaimer of Opinion, commonly referred to simply as a Disclaimer, is issued when I could not form, and consequently refuse to express an Opinion on the financial statements. This type of Opinion is expressed when I tried to audit an entity but could not complete the work due to various reasons and therefore I do not issue an Opinion. Certain situation where a disclaimer of Opinion may be appropriate includes: lack of independence, or, when there are significant scope limitations, whether intentional or not, or when one refuses to provide evidence and information to me in significant areas of the financial statements and when there are significant uncertainties within the auditee.

Table: Types of Modified Opinion

Nature of Matter Giving Rise to the Modification	Material but not pervasive	Material and pervasive
Financial statements are misstated	"EXCEPT FOR" OPINION	ADVERSE OPINION
Inability to obtain sufficient appropriate audit evidence	(QUALIFIED OPINION)	DISCLAIMER OF OPINION

The above table guides the formation of an audit Opinion and its interpretation as follows:

- a) Where audit findings constitute disagreement and the

matter is material but not pervasive, the Opinion is qualified (Except for matter) while if material and pervasive, the Opinion is adverse.

- b) Where audit findings constitute uncertainty and the uncertainty is material but not pervasive, the Opinion is qualified (except for matter). While if the uncertainty is material and pervasive, a disclaimer of Opinion is expressed.

NAOT objective is to produce reports that present a balanced perspective, place primary emphasis on critical matters requiring attention and identify workable opportunities for improvements.

A total of 60 MDAs and 21 RAS making a total of 81 MDAs/RAS were audited in the 2010/2011 financial year with the following outcomes:-

7.3 Unqualified Opinion without Emphasis of Matters

A total of 11 (13%) out of the 81 MDAs and RAS audited this year managed to be issued with Unqualified Opinion without emphasis of matters (Annexure VII).

7.4 Unqualified Opinion with Emphasis of Matters

58 MDAs and RAS (72%) were issued with Unqualified Opinion with Emphasis of Matters.

7.5 Qualified Opinion

12 or (15%) of the 81 MDAs and RAS audited in the year in question were issued with Qualified Opinion.

7.6 Adverse Opinion

There was no single vote out of the 81 MDAs and RAS audited in the year 2010/2011 that was issued with Adverse Opinion. This is an improvement compared to the year 2009/2010 whereby such an Opinion was issued to one MDA and one RAS.

7.7 Disclaimer of Opinion

During the year under review, I have not encountered any situation which restricted my audit scope to the extent of issuing a disclaimer of Opinion. This is an improvement compared to the year 2009/2010 when such an Opinion was issued to a RAS.

The table below is a summary of the types of audit Opinions issued to MDAs and RAS on the financial statements for the year ended 30th June, 2011.

Table 34: Summary of Opinion

Details	Unqualified	Unqualified With Emphasis of Matter	Qualified	Adverse	Disclaimer	Total
MDAs	11	39	10	0	0	60
RAS	0	19	2	0	0	21
Total	11	58	12	0	0	81

7.8 MDAs and RAS issued with Unqualified Opinion with Emphasis of Matters and Other Matters

The following are the details of Unqualified Opinion with Emphasis of Matters and other matters for individual Votes:

	Vote16:Attorney General's Chambers
	<ul style="list-style-type: none">There were no proper records keeping and physical custody of inventories due to the small size of the storeroom. Arrangement of inventories was unsatisfactory and unsafe. Stores worth Shs.472,417,987.87 relating to Votes 16 and 35 were stored together within the same store.

	<ul style="list-style-type: none"> • Non-current assets worth Shs.41,777,458 purchased during the year under audit were not coded for easy identification and were not properly recorded in the respective ledger books.
	Vote 22: Public Debt and General Services
	<ul style="list-style-type: none"> • Receipts of Shs.1.2 billion from NMB for non - existing Pensioners not existing A sum of Shs.1.2 billion was refunded by NMB after having stayed at NMB for a long time without beneficiaries coming to claim for it. This is an indication of a control failure within the Treasury in paying pension to retirees, this may result into paying pension to ghost pensioners. • Pension paid to deceased pensioners Shs.71,422.610 A sample test of pension payments revealed that, a sum of Shs.71,422,610 continued to be paid to deceased pensioners. There was no procedure instituted to verify existence of pensioners. This control deficiency has an effect of using public funds for which no value is obtained (null and void expenditure). • Weakness in managing government guarantees The Ministry of Finance has neither set guarantees ceilings nor produced securities from beneficiaries to support issue of various guarantees, contrary to Section 13 of the Loans, Guarantees and Grants Act of 1974 (revised 2003). In addition, guarantees amounting to Shs.204,270,357,672 comprising of refinancing facilities Shs.64,321,859,470.00 and

	<p>export credit guarantee Shs.197,838,168,202 were extended to private sector firms for schemes meant for public institutions only, which is an apparent disregard of the Act.</p> <ul style="list-style-type: none"> • Absence of Memorandum of Understanding between Government and BoT It has been noted that, in most cases, BoT performed functions relating to public debt management including loans repayment and domestic financial market operations such as bond and Treasury bill auctions without having formal agency agreement; in the time of non performance it will be difficult to make someone accountable.
	Vote 26:Vice President's Office(VPO)
	Financial statements of the VPO reflected Shs.291,298,811.46 as total outstanding commitments. This contravenes the concept of IPSAS cash basis of accounting reporting framework.
	Vote 27:Registrar of Political Parties
	<ul style="list-style-type: none"> • Imprest amounting to Shs.38,437,000 issued to RPP officials in their official capacities to meet various expenditures had not been retired, contrary to Reg.103 (1) of PFR 2001. • Payments amounting to Shs.23,965,716.14 were effected without passing through the Pre-audit section for examination. • Expenditure amounting to Shs.134,356,708 was incorrectly charged to accounting codes which were not related to the budgeted activities.

	Vote 28: Police Force Department
	<ul style="list-style-type: none"> • Questionable transfer of funds to deposit account Shs.924,488,391 <p>The footnotes to the financial statements disclosed that the deposit account had a balance of Shs.1,595,412,430 which includes Shs.924,488,391 transferred to the account as at the year end.</p> <ul style="list-style-type: none"> • Analysis of the monies revealed that the account (Deposit) had unspent balance carried forward from the previous financial year 2009/2010 amounting to Shs.670,924,039, implying that funds transferred to the Deposit account had no pressing commitment as they remained unspent for over six months. • Uncleared matters in the Bank Reconciliation Statements Management has not made clearance of outstanding matters categorised as cheques paid without being presented to the bank by various payees amounting to Shs.2,291,077,374.80. <p>Other matters</p> <ul style="list-style-type: none"> • The loss report supported by court ruling in respect of cash loss amounting to Shs.56,701,500 has not been prepared and submitted to Treasury for approval. • Outstanding Liabilities and Commitments Shs.35,155,973,446 <p>Management of the Police Force Department had accumulated liabilities amounting to Shs.34,231,485,055 in respects of goods and services. This defeats the principles of cash budget and the IPSASs cash basis of accounting.</p>
	Vote 29:Prisons Service Department(PSD)
	<ul style="list-style-type: none"> • Payments of Shs.57,147,108 were charged to wrong

	<p>accounts codes which made the use of budget as a tool of control meaningless.</p> <ul style="list-style-type: none"> • Prisons Service Department entered into a contract with M/S Hughes Motors (T) Ltd for supply of five (5) units of 4WD pick up single cabin cars. However, the Department did not charge liquidated damages amounting to Shs.24,737,175 to the contractor who delayed to deliver the said motor vehicles. • Payment amounting to Shs.8,887,000 was made to M/S Muhimbili National Hospital vide Pv. No. 29 VC 10000810 of 29th September, 2010 without being supported by proper documents, contrary to Reg. 86 (1) of the Public Finance Regulation of 2001 (revised 2004).
	Vote 31: Vice President's Office
	<p>Assets not recorded in fixed assets register Shs.13,661,411</p> <p>During the review of the fixed assets register, the following anomalies were observed:</p> <ul style="list-style-type: none"> • The management did not record in the Fixed Asset Register purchased during the year worth Shs.13,661,411. • An Electric Generator heavy duty 500KV model Caterpillar 500 USA SR- 700G03580 was not recorded in the fixed assets register. <p>Outstanding liabilities and commitments as at 30th June, 2011</p> <p>The financial statements of the Vice President's Office reflected liabilities and commitments amounting to Shs.283,807,788.36. Liabilities which remain outstanding</p>

	after lapse of their respective financial year defeats the purpose for the cash budget system used by the Government and encourages running parallel budgets that may adversely affect activities of the Government for the subsequent year.
	Vote 33: Ethics Secretariat
	<ul style="list-style-type: none"> • There were outstanding matters from previous year's audit amounting to Shs.11,870,000 which had not been acted upon by the management of Ethics Secretariat . • The Ethics Secretariat does not have a documented risk management policy to enable it to properly identify and manage its risks.
	Vote 34: Ministry of Foreign Affairs and International Cooperation
	<ul style="list-style-type: none"> • Overpaid Costs of Air Tickets Shs.26,120,025 An amount of Shs.105,777,331 was paid to a supplier in respect of cost of air tickets supplied to the Ministry. However, the amount shown on the invoices submitted supported by air warrants was Shs.79,657,306 resulting in an overpayment of Shs.26,120,025. • Missing Supporting Acknowledgment Receipts Shs.105,919,530.00 The Ministry paid Shs.238,291,770 to M/s Antelope Tours & Safari Ltd. Out of the above amount Shs.105,919,530 lacked supporting documents. According to Reg. 95(4) of Public Finance Regulations 2001(revised 2004) "Payment vouchers which are incomplete shall be regarded as missing vouchers" • Outstanding Liabilities Shs.8,268,990,786.82. The financial statements disclosed outstanding liabilities amounting to Shs.8,268,990,786.12 made up of Shs.3,932,190,284.94 at the Ministry's head quarter and Shs.4,336,800,501.88 for embassies abroad . This imply that

	<p>the Accounting Officers spent more than what they had, contrary to cash budget used by the Government.</p> <ul style="list-style-type: none"> Contracts with Honorary Consuls missing commission clause The Ministry entered into contracts with 16 Honorary Consuls to issue visas on its behalf. However, all signed contracts have no clause indicating the amount which the Honorary Consuls will retain as commission on revenue collected which made every Consul to apply its own rate depending on the revenue collected. Weakness on issue of imprests Shs.31,580,318.14 Four staff were issued with fresh imprests while they had other imprests amounting to Shs 31,580,318.14 still unretired.
	Vote 37: Prime Minister's Office
	<ul style="list-style-type: none"> Outstanding Liabilities and Commitments worth Shs.1,569,149,421 The financial statements of the PMO - Vote 37 reflected Shs.1,569,149,421 as total outstanding liabilities and commitments as at 30th June 2011 which contradicts the cash budget. This outstanding liabilities and commitments may inevitably affect the budget of 2011/2012. Non Preparation of Financial Statements for National Relief Fund Account During the year under review, I found out that the National Relief Fund Account received Shs.8,599,141,144 from Exchequer Fund for civil contingencies management. However, the financial statements for the respective account were not prepared. In that circumstance, I could not examine the legitimacy of the payments made to victims of calamities. Non Disclosure of Outstanding Debtors for National Relief

	<p>FundShs.3,019,349,946</p> <p>There were outstanding debtors totalling Shs.3,019,349,946 relating to the sales of national relief food to various districts which were not disclosed in the financial statements.</p> <ul style="list-style-type: none"> • Relief food sent but not received by councils during the year under review 1,249.70 tons <p>Audit revealed that total relief food approved by the Tanzania National Disaster Relief Committee (TANDREC) were 8,262.90 tons. However, the total tons of relief food released to the intended councils were 7,013.20 tons which resulted in unexplained difference of 1,249.70 tons.</p> <ul style="list-style-type: none"> • Non Utilized construction and transportation fund assistance in LGA Shs.539,379,189 <p>Funds amounting to Shs.539,379,189 intended to be used for relief food to famine stricken areas and for rehabilitation and reconstruction assistance for floods affected areas were still in the account up to the end of the financial year. With that fact, it is clear to me that not all victims benefited and the amount didn't fully serve its intended purpose during the period.</p> <ul style="list-style-type: none"> • Unconfirmed balance of receivables Shs.14,180,000 <p>During the audit I could not establish the validity of the receivables amounting to Shs.14,180,000 as there was no analysis of the same provided for audit verification in spite of requests to PMO management on details of the receivables.</p>
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	<ul style="list-style-type: none"> • Staff salaries over deducted Audit review revealed deductions on employees salary exceeding one third (1/3) of the monthly net salary, contrary to Section 28 (2) (e) of Employment and Labour Relations Act No. 7 of 2004. • Questionable payments to Financial Deepening Services Trust (FSDT) Shs.1,326,002,959 The Prime Minister's Office financial statements reported payments amounting to Shs.1,326,002,959 to a Non Governmental Organization namely Financial Deepening Services Trust (FSDT) for implementation of a project under PMO's jurisdiction, namely Private Sector Competitiveness Project (PSCP). However, audit scrutiny on the audited accounts of the FSDT revealed that there were no funds received by FSDT from the PSCP during the year under review. Further audit revealed that the funds were in actual fact transferred to Zanzibar for the implementation of PSCP activities. The CAG of Zanzibar will be alerted on this transaction. • Fuel not accounted for Shs.368,072,113 Analysis made on transaction of the Prime Minister's Office for 2010/11 revealed that budget items 210301 and 210302 for petrol and diesel charges were charged Shs.368,072,113 as reported on pages 40 and 42 of the PMO Vote 37 financial statements. However, the underlying documents to support the balance were not made available for review on request.
	Vote 38:Tanzania People's Defence Forces (Ngome)
	<ul style="list-style-type: none"> • Improper disclosure of a component of medical treatment abroad Shs.467,480,778 The TPDF paid a total of Shs.467,480,778 for medical treatment abroad under item No. 280201. This amount was presented as Current Transfers and Subsidies. The

	<p>expenditure for medical treatment abroad was actually made within the TPDF and supported by expenditure documents. However, there were no subsidies paid to another entity outside TPDF. Therefore, the presentation is not appropriate in those circumstances.</p> <ul style="list-style-type: none"> Unverified Fixed Assets Register Shs.2,266,596,621 <p>Out of the reported non-current assets comprising of buildings, motor vehicles and computers; assets with a total cost of Shs.2,266,596,621 were not found at their respective locations during verification.</p> Irregular Salary Deductions of Shs.734,092,928 paid to Deposit A/C from Personnel Emoluments <p>An amount of Shs.734,092,928 was paid to Deposit Account (CDF Account) during the financial year 2010/2011 from Recurrent Account, on item No. 210102 and 210101 being deductions from officers and soldiers. However, there were no supporting documents on this transaction.</p> Overpayment of Salary from the Deposit Account Shs.465,655,201 <p>It was noted that Exchequer Receipt Vouchers for Shs.465,655,201 were collected from Personal Emolument as salary overpayment and deposited into the CDF's Miscellaneous Deposit Account. However, no evidence was tendered showing whether the deductions were paid over to Treasury by 30th June 2011 as required under directives issued by Treasury vide letter with Ref. No. EB/AG/5/03/01/Vol.VI/136 of 31st August, 2007 and a letter with Ref. No. CA: 307/334/01 of 1st January, 2010.</p> Application of Wrong GFS Codes - Shs.152,267,812
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	Various payments amounting to Shs.152,267,812 made to various payees were found to have been charged to wrong account codes, contrary to Reg. 87(1) of PFR 2001(revised 2004), and which renders the use of a budget as a tool of control meaningless.
	Vote 39:National Service
	<ul style="list-style-type: none"> • Overpayment of food allowance to supplier Shs.85,075,000 <p>During the year under review, the National Service paid Shs.193,475,000 to cover food allowances. However, audit tests made on the referred payments showed that the sum of Shs.85,075,000 was overpaid due to wrong computation of the amount paid as Shs.193,475,000 instead of the actual amount requested by the Commanding Officer of Shs.108,400,000.</p> <ul style="list-style-type: none"> • The financial statements of the National Service as at 30th June, 2011 showed that the National Service had accumulated outstanding liabilities totalling Shs.1,770,734,739.62. Payments of these liabilities may adversely affect the implementation of the planned activities in the next year 2011/2012. • Assets worth Shs.5,518,115,791 were not recorded in the Register for Fixed Assets Register
	Vote 41:Ministry of Constitutional and Legal Affairs
	<p>The Statement of Property, Plant and Equipment showed additions of assets during the year of Shs.31,937,324.60 which could not be verified in the Fixed Assets Register due to the following:</p> <ul style="list-style-type: none"> • Additions of assets worth Shs.31,937,324.60 were not recorded in the Register of Fixed Assets Register . • Acquisition costs, date of purchase and name of supplier for each of the reported assets were not recorded in the submitted Fixed Assets Register dated 28th February, 2011. • A master inventory file which is supposed to be maintained as per the requirement of Regs.266 -270 of PFA, 2001 was

	not produced when called for.
	Vote 42: National Assembly
	<ul style="list-style-type: none"> • Allowances amounting to Shs.6,960,000 were paid to Members of Parliament as per diem during the Parliamentary sessions while they were not in Dodoma and Shs.20,915,126 were paid to various officers and MPs contrary to Standing Orders and staff circular. • Imprests totalling Shs.65,803,144 were outstanding at the year end contrary to Reg. 103 (1) (7) of PFR 2001 which requires that previous imprests must be retired prior to issuing new ones. In addition, retirement must be done within 14 days of returning from safari or upon completion of the assignment for which the imprest was issued. • Payments amounting to Shs.163,195,130.34 were not supported by relevant documents contrary to Regulation 95 (4) of the Public Finance Regulations of 2001 (revised 2004). • Extra duty and other allowances amounting to Shs.94,000,000 were paid to various National Assembly staff. However, the amount was recognized as Intangible Assets in the statement of cash receipts and payments, this is a misclassification of financial statement items. • Management reported outstanding liabilities in the financial statements amounting to Shs.209,010,235. Accumulation of liabilities is contrary to cash budget used by the Government. • We noted total expenditure of Shs.170,858,030 whose payment vouchers were missing contrary to Regulation

	<p>95 (4) of the Public Finance Regulations of 2001(revised 2004).</p> <ul style="list-style-type: none"> • Management purchased a printing machine at a cost of Shs.370,019,894 which does not work . Management had as a result to hire another printing machine at an annual lease fee of Shs.190,480,496. • Contrary to Regulations 265 (1) of the PFR 2001, the management did not keep proper records such as fixed assets register hence resulting into the following anomalies: <ul style="list-style-type: none"> ➤ Two cars with registration Nos STK 8590 Toyota Land Cruiser Hardtop and STK 3039 Toyota Land Cruiser were excluded from the Fixed Asset register, thereby understating the value of assets reported in the financial statements. ➤ In addition, the register did not show vital information/details of the assets such as serial number, year of make, chassis number etc, thereby limiting our physical verification of the assets held by the National Assembly.
	<p>Vote 43:Ministry of Agriculture, Food Security and Cooperatives</p>
	<ul style="list-style-type: none"> • Outstanding Liabilities and Commitments worth Shs.5,528,060,215 <p>The financial statements of the Ministry of Agriculture, Food Security and Cooperatives reflected Shs.5,528,060,215 as total outstanding liabilities and commitments as at 30th June 2011. This contradicts with the IPSAS Cash basis of accounting and consequently the amount of liabilities and commitments will affect the budget and operations of the entity for 2011/2012 financial year.</p> <ul style="list-style-type: none"> • Missing depositors list

	<p>The Ministry maintains four control accounts i.e. Deposit General, Global Sasakawa, Unclaimed salaries and Commitment. Each of the accounts has a balance at the end of the year without showing the list of individual depositors for each control account. The Ministry also maintains two Revenue Accounts, one at NMB Bank House and another at BoT. However, only one cash book was maintained combining all revenue received either banked at NMB Bank account or BoT. Hence, it is difficult to ascertain exactly the cashbook closing balances to be used in the preparation of Bank Reconciliation Statements.</p> <ul style="list-style-type: none"> Non maintenance of Fixed Assets Register <p>The Ministry reported Non-Current Assets of Shs.26,474,547,881 as at 30th June, 2011, with additions of Shs.5,832,419,214 during the year. However, Non-Current Assets register was not maintained by the Ministry and periodic counting of the Ministry's assets was not being done.</p> Unconfirmed recovery of Minjingu fertilizer sale proceeds worth Shs.4,050,079,400 <p>A sum of Shs.4,050,079,400 was paid to M/S Minjingu Mines and Fertilizer Ltd. in respect of Government guarantees on the outstanding amount against the supply of Minjingu fertilizer to Tanzania Mainland Agro-dealers during 2009/10 Agriculture season. Recovery of the amounts advanced to Agro-dealers could not be confirmed.</p> <p>Non reconciliation of approved cotton input subsidy vouchers worth Shs.4,162,107,950</p> <p>During the year 2010/11, the Ministry distributed a total of 3,063,653 cotton input subsidy vouchers worth Shs.8,473,514,000 to various regions. Scrutiny of the payment vouchers noted that, the Ministry disbursed a sum of Shs.4,162,107,950 to the National Microfinance Bank</p>
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	(NMB) for redemption of the vouchers. However, audit conducted on the internal control mechanism instituted on the cotton voucher redeeming process noted that, the Ministry was not aware of the value of vouchers approved by the respective Local Government Authorities for redemption by the National Microfinance Bank. Based on this fact, it could not be established whether the disbursed amount of Shs.4,162,107,950 was used solely for vouchers redemption purposes.
	Vote 44:Ministry of Industry and Trade
	<p>Wasteful expenditure Shs.10, 881,863.</p> <p>The Ministry paid M/s Toyota Tanzania a sum of Shs. 10,881,863 in respect of repair of an office motor vehicle. The advice on vehicle maintenance was sought from the Technical Audit Unit in Treasury instead of TEMESA contrary to Reg. 59(1) of the PPR (goods, works, non consultancy services and disposal of public assets by tender).</p> <p>Moreover, the Ministry withdrew the motor vehicle from M/s Toyota Tanzania before the repair was completed despite the payment made which renders the expenditure of Shs.10,881,863 nugatory.</p>
	Vote 48:Ministry of Lands, Housing and Human Settlements Development
	<ul style="list-style-type: none"> • The financial statements for the year ended 30th June, 2011 shows arrears of revenue of Shs.275,822,935. However, audit examination of the schedule of accounts and records revealed an omission of arrears of land rent in upcountry stations. The schedule submitted bears uncollected revenue of Dar es Salaam only. • Mwanza City Council made a transfer of Shs.42,392,650 from Retention Scheme A/C to Development A/C No. 3111200003 to cover for Uhuru torch activities

	expenses and purchases of tyres. These resources were not allocated for those activities, which rendered the expenditure to be ineligible.
	Vote 49:Ministry of Water
	<ul style="list-style-type: none"> • Payments amounting to Shs.2,064,943,337 were subjected to 18% VAT totalling to Shs.374,242,863 which is ineligible expenditure under the World Bank Guidelines of May, 2006. • The Ministry failed to impose and recover liquidated damages amounting to USD 368,707.11 (Shs.588,456,548) following failure of the supplier to fulfil the contract of supplying the expected goods as per the contractual conditions.
	Vote 51: Ministry of Home Affairs
	<ul style="list-style-type: none"> • Revenue and procurement areas were not covered by the Internal Audit Unit during the year under review. This makes the coverage of the work of the Unit to be inadequate. • Revenue arrears amounting to Shs.122,715,961.45 were still outstanding as at 30th June, 2011. • There were no explanations on the difference between budget and actual amounts for Non Tax Revenue, personal emoluments, purchase of Intangible assets and purchase/construction of Non Current Assets. • There were no explanations of variances between the original budget and the final budget for personnel emoluments, supplies and consumables, current transfers and subsidies, and purchase of Fixed Assets

	<p>Register .</p> <ul style="list-style-type: none"> • Management of the Ministry of Home Affairs had not introduced an IT security policy.
	Vote 52:Ministry of Health and Social Welfare
	<ul style="list-style-type: none"> • The Statement of Cash Flows as at 30th June, 2011 presented cash balances of Shs.733,658,627 and Shs.4,009,381 to be surrendered to the Holding Account and Paymaster General respectively. The cash balances were not properly presented as per International Public Sector Accounting Standards - cash basis of accounting which requires the entities to disclose the restricted cash balances by way of notes. • A sum of Shs.3,240,076,891 was transferred from Development Account to Miscellaneous Deposit Account to facilitate various Development project activities. However, no prior approval was obtained from the Ministry of Finance to transfer the amount from Development Account to Miscellaneous Deposit Account as required by law. • A sum of Shs.55,308,775 in Miscellaneous Deposit Account, was carried over since the financial years 2007/08 to 2010/11 under Social Welfare Department without being utilized and there were no details of activities involving these funds. • During the year under audit, the statement of losses of Public Money, Stores and claim abandoned for the year ended 30th June, 2011 disclosed nugatory expenditure of Shs.31,900,906 for which the Government did not receive any value from that expenditure. <p>During the year under review, a sum of</p>

	<p>Shs.1,342,000,000 was reported as contingent liabilities to the Ministry pending Court judgment. Further audit review, noted that the contingent liabilities reported involved cases of unlawful termination of employment and medical negligence.</p> <ul style="list-style-type: none"> • The Ministry incurred various expenditures amounting to Shs.73,956,552 which were charged to the wrong account codes indicating lack of budgetary control. • There were missing payment vouchers of total sum of Shs.77,332,806 which contravenes the requirement of Reg.86(1) of the Public Finance Regulations of 2004. • A test check made on wages and salaries for the month of June, 2011 noted that the Ministry had paid Shs.49,501,628 to various officers under full time category of which all of them were over and above compulsory retirement age, contrary to Standing Orders. • The submitted financial statements for the year ended 30th June, 2011 disclosed outstanding liabilities of Shs.44,016,818,552 contrary to the Government directive issued by Paymaster General vide letter reference number C/BA.54/534/01/02 of 02/12/2008 which requires Government Institutions to manage properly their liabilities using their available cash resources.
	Vote 53:Ministry of Community Development Gender and Children
	<ul style="list-style-type: none"> • Outstanding liabilities of Shs.2,034,032,772. <p>The Ministry has reported outstanding liabilities of Shs.2,034,032,772. Taking into account that the</p>

	<p>Central Government operates on a cash budget, having outstanding liabilities at the year end, may bring about unnecessary burden to the Government in terms of settling these liabilities which are likely to distort the subsequent years budgets. This is also a clear demonstration that the IFMS - Epicor system is allowing for the creation of liabilities which should not be so.</p> <ul style="list-style-type: none"> • Activities Funded by UNICEF not Implemented Shs.14,175,000 <p>The Ministry failed to implement activities within the agreed timeframe, and according to UNICEF policy; failure to implement planned activities within 3 months, the amount disbursed to the project is subject to reimbursement.</p>
	<p>Vote 55:Commission for Human Rights and Good Governance</p>
	<p>Outstanding Liabilities and Commitments amounting to Shs.157,822,999</p> <p>The financial statements of the Commission for Human Rights and Good Governance for the year ended 30th June, 2011 reflected Shs.157,822,999 as total outstanding liabilities and commitments. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p> <ul style="list-style-type: none"> • Maintenance of Motor Vehicles at Private Garages Shs.16,110,643 <p>Repair and maintenance of motor vehicles at a cost of Shs.16,110,643 were done by private owned garages without prior approval from M/S Tanzania</p>

	<p>Electrical, Mechanical and Electronic Services Agency (TEMESA) contrary to Reg. 59 (2) of the Public Procurement Regulations (GN 97) and the respective inspection reports by TEMESA before and after repair of motor vehicles were not attached to support the payments.</p>
	<p>Vote 56: Prime Minister's Office, Regional Administration and Local Government</p>
	<ul style="list-style-type: none"> • Outstanding liabilities of Shs.147,821,065 <p>The Ministry has outstanding liabilities of Shs.147,821,065 as at the closure of the financial year. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p> <ul style="list-style-type: none"> • Amount loaned from deposit account not refunded Shs.47,779,380 <p>The PMO-RALG paid a total of Shs.47,779,380 from miscellaneous deposit account to various accounts to facilitate other department's activities in a form of loan. However, as at the time of reporting -19th January, 2012, no evidences were produced to confirm that the funds were paid back to the relevant account.</p>
	<p>Vote 57:Ministry of Defence and National Services</p>
	<ul style="list-style-type: none"> • Audit observed unverified Fixed Assets Register (Property, Plant & Equipments) of a total cost of Shs.53,063,606,780. The values, existence and ownership of these assets could not be confirmed due to the lack of an updated fixed assets register. • The Ministry had outstanding commitments of Shs.641,414,979,664 at the closure of the financial

	<p>year. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p>
	<p>Vote 58:Ministry of Energy and Minerals</p>
	<ul style="list-style-type: none"> <p>Revenue Collected and Retained by Tanzania Petroleum Development Corporation (TPDC) Shs.9,733,796,202</p> <p>A review of the financial statements for the year under review noted that collected revenue amounting to Shs.9,733,796,202 was retained by TPDC without indicating any specific authority which warrants the Corporation to retain that revenue.</p> <p>Expenditure excluded from the Ministry's accounts Shs.88,000,000</p> <p>The Permanent Secretary vide letter CAB.56/88/01 of 23rd June, 2011 to four Institutions under the Ministry, requested the respective Chief Executive Officers of the respective institutions to contribute funds for facilitating running of a seminar for members of Parliament which was to be held in Dodoma in the month of June 2011. I noted that the total expenditure of Shs.88 million was not among the Ministry's total expenditure reported for the year under review and indeed, no disclosure was made to that effect in the financial statements of the Ministry.</p> <p>Transfer of Shs.171,542,000 to GST for budget processes</p> <p>An amount of Shs.171,542,000 was paid into NMB A/C No. 5051000068 operated by the Geological Survey of Tanzania-Dodoma. The funds were to be spent for meeting recurrent expenditure for the fourth quarter of 2010/2011. However, my audit revealed that the funds were meant for the budget preparation and</p>

	<p>speech presentation to the Parliament in Dodoma, contrary to the expenditure description shown on the Payment Voucher.</p> <ul style="list-style-type: none"> Ineligible Payments from Development Account Shs.43,602,941 A test check of payments made during the year noted a total sum of Shs.43,602,941 to have been paid from Development Account to meet expenditure of a recurrent nature. This implies that development projects/activities which were planned to be implemented using the diverted funds might have been foregone. Underperformance by the Ministry A review of the Ministry's physical performance on the recurrent expenditure revealed that some expenditure items recorded as unsatisfactory performed between 0% and 47%. However, no plausible reasons were given for this unsatisfactory performance. This implies that the annual plan was not fully executed; therefore, the carried forward activities may affect subsequent budget as prices which prevailed during the year under review may not remain constant in the future. Un-approved re-allocation of funds Shs.162,000,000 During the audit, a sum of Shs.162,000,000 was transferred to Account No. 505100068 operated by the Geological Survey of Tanzania (GST) in Dodoma. These funds were intended to be spent on development activities, but diverted to meet recurrent expenses for which no approval existed. Arrears of revenue not disclosed Shs.503,412,421.40 Audit review of the financial statements and the supporting schedules noted that, arrears of revenue from previous year amounting to Shs.503,412,421 made up of rent on mining and royalties were not disclosed in the financial statements submitted for this year's audit, contrary to the requirements of Part X of the
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	<p>Public Finance Regulations of 2004.</p> <ul style="list-style-type: none"> • Outstanding Legal Charges on a decided court case not disclosed in the financial statements Shs.215,552,764 <p>The Ministry was invoiced to pay a sum of Shs.215,552,764 as legal charges following a court decision which was delivered in favour of IPTL. Following this decision by the court, the Ministry effected a part payment of Shs.1,900,000,000 from the Development Account to the claimant (IPTL),but referred the matter to a Tribunal. However, it was noted from the audited financial statements that the unsettled balance of Shs. 215,552,764.40 was not disclosed in the financial statements as a liability to the Ministry pending determination of the matter by a Tribunal which was set for hearing in April 2011. The outcomes of the proceedings by the Tribunal were not revealed to audit up to the time of writing this report in December, 2011.</p>
	<p>Vote 59:Law Reform Commission of Tanzania (LRCT)</p>
	<ul style="list-style-type: none"> • Utilization of BEST Program Funds for unplanned activities Shs. 10,898,400 <p>The funds were paid as recurrent expenditure from BEST development funds as sitting allowances to members who participated in preparing planning base for writing an Annual Report for the year ended 30th June, 2010 and conference facilities. The Commission management promised to refund the money to the Development Account but up to 14th December, 2011 the same had not been refunded.</p> <ul style="list-style-type: none"> • Payments made from wrong expenditure codes Shs.101,516,410 <p>Payments of Shs.101,516,410 were charged to wrong</p>

	expenditure codes indicating lack of budgetary control.
	Vote 60:Labour Court
	<ul style="list-style-type: none"> • Improperly vouched expenditure Shs.44,019,728 Payments amounting to Shs.44,019,728 were not supported by relevant documents. In the circumstances , the propriety of expenditure incurred could not be established. • Outstanding liabilities as at 30th June 2011 Financial statements shows that the Labour Court had a total liabilities amounting to Shs.142,464,390. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.
	Vote 61:National Electoral Commission
	<ul style="list-style-type: none"> • Non disclosure of General Election Support The UNDP under the Election Support Project (ESP) provided materials such as computers, ballot boxes and services like printing and publications to support the General Elections which were held in October, 2010. However, specific value of the materials and services provided by ESP could not be ascertained and reported in the financial statements. • Outstanding Liabilities Shs.2,485,155,129 The statement of outstanding liabilities shows outstanding liabilities amounting to Shs.2,905,761,848 of which contract works constitutes Shs.2,485,155,129 or 85.5% of the total liabilities. However, at the time of audit we were not provided with the position of the amount settled and the outstanding liabilities.

	<ul style="list-style-type: none"> Improperly Vouched Expenditure Shs.427,906,854 The payment of Shs.427,906,854 was inadequately supported contrary to Regs.86(1) and 95(4) of the Public Finance Regulations. Non Submission of Contracts for Shs. 787,271,963 The National Electoral Commission entered into contracts with various suppliers of goods and services during the financial year 2010/ 2011. However, at the time of audit the contract documents amounting to Shs.787,271,963 were not submitted for review. Unsupported Schedule of Properties, Plant and Equipments Shs.705,007,254 In the year under review, management reported in the financial statements that Properties, Plant and Equipment (PPE) worth Shs.7,645,256,284 including purchases of assets for the year amounting to Shs.705,007,254. However, there were no schedules provided to the auditors to support fixed assets purchases done during the year. The fixed assets register did not show the total amount of all assets owned by the National Electoral Commission. Non Accountability of Transferred Funds for General Election Shs.35,642,419,966 Management of the National Electoral Commission paid District Executive Directors through Director of Finance-NMB to meet General Election activities, Utilization particulars and acknowledgement receipts of these funds were not submitted to audit for verification contrary to Regs 86 (1), 87 and 95(4) of the Public Finance Regulations of 2001 (revised 2004).
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	Vote 64: Commercial Court
	<ul style="list-style-type: none"> • Under Assessment of Court Fees The Commercial Court had under assessed court fees by Shs 1,393, 036 contrary to Cap 358, of Commercial Court (fee) (as amended) Rule, 2005 Section 2(a) and (b). This could materially affect Government revenue if taken in aggregate. • Outstanding Commitments and Liabilities The financial statements of the Commercial Court reflected balances of Shs 11,592,346 and Shs 427,405,790 of outstanding liabilities and Commitments respectively totalling Shs. 438,998,136 as at 30th June 2011. Thus there is a risk of utilising funds for the financial year 2011/2012 to finance outstanding liabilities and commitments of the previous year instead of financing current planned activities.
	Vote 65: Ministry of Labour and Employment
	<p>During the year under review, a total of Shs.615,775,222.65 was reported as outstanding liabilities aging from 30 days to over 6 months. The reported amount is 7% higher than the previous year's reported figure. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p> <ul style="list-style-type: none"> • The examination of loan administration of the Youth Development Fund operated by the Ministry disclosed overdue long outstanding receivables aging from 30 days to 5 years as at 30th June, 2011; the outstanding receivables amounting to

	<p>Shs.1,683,906,606.91 is made up of the principal and interest. The funds had been advanced to various district councils and SACCOS around the country as loan revolving fund. Outstanding loans may hinder issue of fresh loans to other youth groups and SACCOS.</p> <ul style="list-style-type: none"> During the year under review, it was noted that the ministry did not maintain a Fixed Assets Register. In the absence of the assets register, it is difficult to monitor movement of assets i.e. procurement, allocation, disposal etc, and this may lead to the misuse of assets without management attention.
	Vote 66:President's Office Planning Commission(POPC)
	<p>The Commission had unclaimed funds of Shs.140,235,227 that have been retained in the Deposit Account from the financial year 2006/2007 without being transferred to the Exchequer Revenue Account as required by Reg.133 (1) of the Public Finance Regulations, 2001 (revised 2004).</p>
	Vote 67:Public Service Recruitment Secretariat
	<ul style="list-style-type: none"> Outstanding Commitment as at 30th June, 2011 Shs.253,058,267 The financial statements of the President' Office - Public Service Recruitment Secretariat reflected Shs.253,058,267 being total outstanding commitments. The amount was transferred to PMG's deposit account for office renovation. However, details of outstanding invoices or unpaid bills were not produced for audit purposes.

	<p>Double Payment of Subsistence Allowance of Shs.7,509,600</p> <p>The Secretariat paid Shs.7,509,600 twice as subsistence allowances for 13 days to officers who travelled to Israel on study tour. This expenditure was incurred regardless of the full board (accommodation) paid for all delegates.</p> <ul style="list-style-type: none"> • Expenditure Charged to Wrong Sub-Heads Shs.7,486,000 Expenditure on supplies and consumables amounting to Shs.7,486,000 was charged to wrong expenditure sub-heads. This implies that there was inadequate budgetary control.
	<p>Vote 69: Ministry of Natural Resources and Tourism</p>
	<ul style="list-style-type: none"> • Tour operators or agents neither paid their dues nor confirmed to have been registered to conduct business contrary to Reg.6 of the Tourism (fees and charges) Regulations. Consequently, revenue amounting to USD 147,300 equivalent to Shs.249,673,500 was not collected during the year under review. • Employees who are no longer in service, for reasons of retirements, death or abscondment were paid a sum of Shs.18,911,031 as salaries suggesting existence of weakness in internal control system over payroll. • The Ministry had an overdraft balance of Shs.18,442,393.66 in the LMDA-Buhindi Forest Plantation bank account. However, the account was not reconciled with the vote book balance which had Shs.21,776,180.34 resulting in unexplained difference of Shs 3,333,786.68 • The Ministry paid Shs.10,928,351.88 for internet services in favour of one public officer without approval from appropriate authorities. • We noted that loans/advances amounting to

	<p>Shs.11,000,000 were paid from Pasiansi Wildlife Training Institute account to the Zonal Anti-Poaching Unit of Mwanza without approval from the Accounting Officer.</p> <ul style="list-style-type: none"> • Out of funds released to Pasiansi Wildlife Training Institute, Shs.12,000,000 had not been received as at the date of this audit. • During the year under review, expenditure for fuel worth Shs.37,124,900 was charged to sub-item 410408 (generator) instead of sub-item 220302 (diesel). The total value of assets was therefore overstated by the same amount. • The Lake Zone (Mwanza) Forestry Surveillance Unit collected Shs.44,308,060 as revenue realized on sale of confiscated forest products at Kaniha check point. However, the whole amount was banked in the Ministry revenue collection account No. 2061100044 instead of Tanzania Forest Fund bank account. This difference was not explained and proof of adjustment has not been submitted for verification.
	Vote 90:Land Court
	<ul style="list-style-type: none"> • Outstanding liabilities Shs.24,790,590 <p>Financial statements of the Land Court reflected Shs.24,790,590 as outstanding liabilities. In this situation, there is a risk that funds for the financial year 2011/12 will be utilised to finance outstanding liabilities of the year 2010/11 while approved activities for the year in question might not be fully implemented.</p>

	<ul style="list-style-type: none"> • Missing supporting documents for Shs.11,401,856 Expenditure amounting to Shs.11,401,856 was incurred without proper supporting documents contrary to Regs.86(1) and 95(4) of the Public Finance Regulations. This may lead to misuse of the public funds, as the payments are not adequately scrutinized before being approved for payments.
	Vote 91:Drugs Control Commission
	<ul style="list-style-type: none"> • Amount over released (Excess Vote) Shs.11,777,090 The Commissioner for Budget released funds over and above the Appropriation Act by Shs.11,777,090 without justification. • Fixed assets not recorded in the asset register USD. 72,324.86 Assets worth USD 72,324.86 procured under the Centre for Disease Control (CDC) Project were not recorded in the Assets Register of the Project thus exposing the assets into risk of being lost and/ misused. • Non approved CDC expenditure USD 138,835 Scrutiny into CDC project performance report revealed expenditure amounting to USD 138,835 which was not in the approved budget.
	Vote 93: Immigration Service Department
	<ul style="list-style-type: none"> • Outstanding matters from previous year related to suspected theft of revenue collections amounting to Shs. 83,344,000 and USD 75,580 which are awaiting court ruling have not been resolved to date. • The submitted financial statements for the year ended 30th June 2011 showed that, the Immigration Service Department had accumulated outstanding liabilities amounting to Shs.154,712,448.70. This may affect the

	<p>implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p> <ul style="list-style-type: none">Management of Regional Immigration Office Kilimanjaro International Airport has not produced for audit various Exchequer Receipt Vouchers used to collect revenue from passport fees, Residence Permits, CTA and ETD as summarised below :- <table><tr><th>S/No.</th><th>From</th><th>To</th></tr><tr><td>1.</td><td>33320601</td><td>33320800</td></tr><tr><td>2.</td><td>36538801</td><td>36539000</td></tr><tr><td>3.</td><td>36558201</td><td>36558400</td></tr><tr><td>4.</td><td>41528001</td><td>41528200</td></tr><tr><td>5.</td><td>41528201</td><td>41528400</td></tr><tr><td>6.</td><td>41528401</td><td>41528600</td></tr><tr><td>7.</td><td>41552401</td><td>41552600</td></tr><tr><td>8.</td><td>42638001</td><td>42638200</td></tr></table> <ul style="list-style-type: none">An amount of Shs.2,527,647,932.95 was for work in progress as reported in the financial year 2009/2010 in respect of construction of Immigration Headquarter and rehabilitation of Rukwa and Mbeya offices. The amount in question which became payable in the financial year 2010/2011 was supposed to have been treated as outstanding commitment . Confirmation of the completion of the mentioned three projects has not been disclosed by management.Management has not submitted documents for total sum of Shs. 64,360,099 which were found missing from their respective payment voucher batches.	S/No.	From	To	1.	33320601	33320800	2.	36538801	36539000	3.	36558201	36558400	4.	41528001	41528200	5.	41528201	41528400	6.	41528401	41528600	7.	41552401	41552600	8.	42638001	42638200
S/No.	From	To																										
1.	33320601	33320800																										
2.	36538801	36539000																										
3.	36558201	36558400																										
4.	41528001	41528200																										
5.	41528201	41528400																										
6.	41528401	41528600																										
7.	41552401	41552600																										
8.	42638001	42638200																										
	Vote 96:Ministry of Information, Culture and Sports																											
	<ul style="list-style-type: none">The Ministry had outstanding liabilities of Shs.3,615,777,165 in respect of suppliers of goods, services and staff claims. This may affect the implementation of the next year																											

	<p>planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p> <ul style="list-style-type: none"> • Revenue from cinematographic not properly analyzed Shs.129,028,644.88. The system of accounting for revenue is not sound because, during the year, revenue collection of Shs.129,028,644.88 from cinematographic activities was not supported by analysis in terms of permits issued with application forms and corresponding amount received for easy of identification and control. • The expenditure for the year included unsupported payments worth Shs.28,442,500 contrary to Reg. 95(4) of the Public Finance Regulations of 2001 (revised 2004). Therefore, it was not possible for the audit to ascertain its propriety and justification for treating the same as a proper charge against public funds. <p>Other matter</p> <ul style="list-style-type: none"> • Owing to financial constraints, planned construction of the House of Culture has not been completed as expected. The construction has taken more than four years. The Ministry management should communicate with Treasury to make sure that funds are released as budgeted and solicit other funds from Development Partners to facilitate smooth implementation of the project.
	Vote 98: Ministry of Works
	<ul style="list-style-type: none"> • Stocks not supported by stock taking sheets Shs.129,613,885 Stocks valued at Shs.129,613,885 were not supported by stock taking sheets contrary to Reg. 237(2) of the Public Finance Regulations, 2001 (Revised 2004).

	<ul style="list-style-type: none"> Current transfers incorrectly categorised in the statement of cash receipts and payments Shs.283,882,893,368 Current transfers amounting to Shs.283,882,893,368 were incorrectly categorised in the statement of cash receipts and payments of Development Account as purchase of Fixed Assets Register for the Ministry. Outstanding Liabilities Shs.422,299,119,935 The statement of financial position of the Ministry for the year 2010/2011 disclosed liabilities amounting to Shs.422,299,119,935. It was observed that in April, 2011 the Bank of Tanzania (BoT) paid Shs.23,986,126,405 direct to the contractors bank account vide Infrastructure Payment Arrears Account No.9924193421. However, TANROADS management included this amount in the statement of outstanding liabilities which resulted in an overstatement of the outstanding liabilities by Shs.23,986,126,405. Lack of signed Annual Performance Agreements for 2010/2011 between the Ministry and its Agencies Basing on Sect. 3 (2) (a) (d) of the Executive Agencies Act, 1997; the Annual Performance Agreements between the Ministry and its Agencies is required to be signed on 1st July each year. In the financial year 2010/2011, the agreements between the Ministry and TANROADS, TBA and TEMESA were not signed. The agreement for TANROADS in respect of the financial year 2010/2011, was signed on 26th September, 2011 hence activities for 2010/2011 were performed without having an agreement. In this respect, I could not ascertain the validity of the Performance Review Reports of TANROADS, TBA and TEMESA as compiled by the Ministry's Financial Statements which reported three Agencies annual cumulative expenditure of Shs.480,240,556,608.
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	Vote 99: Ministry of Livestock and Fisheries Development
	<ul style="list-style-type: none"> • VAT not claimed from TRA Shs.34,372,479 A sum of Shs.34,372,479 was erroneously paid as VAT to Tanzania Revenue Authority (TRA) for clearance of OFCF Project goods from Japan which are VAT exempt. • Advances to Sub - Treasury not accounted for Shs.962,458,209 A sum of Shs.962,458,209 was paid to Sub-Treasury as advance to meet capital expenditure and purchase of various assets in various regions. However, the payments were not supported by any expenditure to substantiate authenticity of the payments. • Fixed Assets Register worth Shs.1,851,679,002 not coded Assets worth Shs.1,851,679,002 procured during the year were not coded.
	Vote 70:RAS Arusha
	<ul style="list-style-type: none"> • Non disclosure of accrued revenue of Shs.118,800,000 in the financial statements Mount Meru Regional Hospital Rehabilitation Committee entered into a contract with Arusha Funeral Home services for collection of revenue from funeral services since 30th September, 2001. From the time the contract was entered into to 30th June, 2011, no revenue was received from Arusha Funeral Home Service by the Secretariat through Mount Meru Hospital which was supposed to be Shs.118,800,000. Moreover, the amount was not disclosed in the financial statements as accrued revenue. • Exchequer Issues not confirmed to have been received by District Councils A total amount of Shs. 675,516,000 was released by Treasury through Arusha Regional Administrative

	<p>Secretariat to Six (6) District Councils and one Municipal Council. However, the amount was not confirmed to have been received by the respective Councils up to the time of audit (December 2011).</p> <ul style="list-style-type: none"> The Secretariat at the year end had outstanding liabilities amounting to Shs. 356,211,696.41. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.
	Vote 71:RAS Coast
	<p>Other matter</p> <ul style="list-style-type: none"> Fixed Asset Register not maintained by Secretariat Management of the Secretariat did not maintain a Fixed Assets Register which is contrary to Reg. 264(2) of the PFR, 2001.
	Vote 72:RAS Dodoma
	<ul style="list-style-type: none"> The Regional Administrative Secretariat Dodoma was gutted by fire on 29th August 2010 in which documents and other assets on wing A of the Regional Block were destroyed. Efforts were made to retrieve documents from the IFMS at the Treasury. However, payment vouchers for Shs. 104,711,330 were missing and therefore could not be furnished for audit verification. During the year under review the Secretariat planned to implement various projects. However, audit review of the annual physical and financial performance reports of the projects noted that some activities under those projects were not implemented due to non release of funds. Loss resulting from fire accident not supported by schedules of analysis amounted to Shs. 5,030,455,379.

	Vote 73:RAS Iringa
	<ul style="list-style-type: none"> Funds for other charges allocated to RAS Iringa and Councils amounting to Shs.182,830,000 and Shs.961,785,000 respectively for the month of August 2010 were not confirmed to have been accounted for as directed by the Treasury. The financial statements disclosed outstanding liabilities amounting to Shs.246,032,885.72. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities. The Secretariat entered into contracts with M/S Pacha Building Construction Company of Morogoro and M/S Sepro Engineering and General Traders Limited, Dar es Salaam for the construction of Iringa District Commissioner's Office phase III at a contract sum of Shs. 380,282,502 and Iringa Regional Commissioner's Conference Hall phases I at a contract sum of Shs.348,166,605.06. All the projects were expected to be completed on 30/6/2011 but as at the time of audit, they were not yet completed.
	Vote 75:RAS Kilimanjaro
	<ul style="list-style-type: none"> Stores not taken on ledger charge Shs 3,069,200 An examination of stores records revealed that goods worth Shs.3,069,200 ordered and paid for during the year under review were not taken on ledger charge and utilization particulars were not made available to audit when called for. This is contrary to Regs.191 and 192 of the Public Finance Regulations, 2001.

	<ul style="list-style-type: none"> • Employee's net salaries paid below one third of their gross salaries Shs 2,503,033.85 <p>A sample test on payroll data for the month of June, 2011 revealed that deductions from gross salaries exceeded the 1/3 limit set by PO-PSM vide a letter with ref. No. C/CE.45/271/01/1/87 of 19/3/2009 and Loan Act No. 7 of 1970.</p>
	Vote 76:RAS Lindi
	<ul style="list-style-type: none"> • RAS projects worth Shs.720,505,798 were not yet completed up to the time of writing this report, i.e. December, 2011. The contract period had expired for all 15 projects. • Regional Administrative Secretariat is facing shortage of staff with requisite knowledge to operate Epicor system. • The Internal Audit Unit has only one (1) staff against the established level of three (3) staff.
	Vote 77:RAS Mara
	<ul style="list-style-type: none"> • Scrutiny of employees' data from Treasury master payroll as at 30/6/2011 revealed that dates of birth for 85 employees were not properly recorded. The situation implies that the retirement date of these employees cannot be monitored. Employees' data records between the Secretariat and Treasury should be reconciled in order to overcome the above mentioned problem. • A sum of Shs.1,400,379,000 budgeted for implementation of various Secretariat activities were not released by the Treasury. Non release of funds leads to failure of the Regional Administrative Secretariat to implement the targeted plans and objectives due to the shortage of funds.

	Vote 78:RAS Mbeya
	<ul style="list-style-type: none"> • RAS Mbeya should ensure that Development funds are requisitioned up to the required limit through the production of progress implementation reports to justify Development Expenditure. • During the year, the Regional Secretariat Mbeya had not received approved funds amounting Shs. 28,008,474,533 indicating that, not all of the planned activities were implemented. • The Regional Administrative Secretariat had development projects worth Shs. 59,000,000 which were not completed as targeted. • During site visit made on September 2011, it was noted that the construction of Ilolo Divisional Office in Mbozi District at a contract sum of Shs. 29,000,000 was nearly to be completed but the Regional Secretariat had not yet acquired the title deed for the plot on which the construction is taking place.
	Vote 79:RAS Morogoro
	<ul style="list-style-type: none"> • Legitimacy of supervision cost not confirmed Shs.335,527,974 During the year under audit, the Regional Secretariat received Shs.335, 528,274 for supervision and monitoring of project activities implemented at Local Authorities in respect of Participatory Forest Management, Public Sector Reform Program, Agriculture Sector Development Program and Rural Water Supply and Sanitation Program. A review made on supervision and monitoring reports submitted revealed the reports do not address the causes of

	<p>failure of the Council to implement development activities effectively also many project activities are not completed in time and other projects implemented are substandard, therefore the reports produced do not justify value for money of the funds spent on supervision by the Regional Secretariat.</p> <ul style="list-style-type: none"> • Improperly vouched expenditure Shs. 40,879,650 Contrary to Reg. 95(4) of the Public Finance Regulations, 2001 (revised 2004), payment vouchers for a sum of shs 40,879,650 were not properly supported. • Salaries paid to non existing employees Shs. 10,333,600.40 Salaries aggregating to Shs 10,333,600.40 were paid to retired, deceased, terminated, absconded and seconded employees. • Improperly maintenance of unclaimed salary register During the year under review, the Secretariat did not maintain a proper unclaimed salary register since some names which appeared as unclaimed were not recorded in the unclaimed salary register. This is contrary to Reg. 110 (1) of the Public Finance Regulations (revised 2004). This implies that salaries might be paid to non existing employees and non performing staff which may result into losses of public funds.
	Vote 80:RAS Mtwara
	<ul style="list-style-type: none"> • Missing Statement of Expenditure Account for Shs.276,446,222 The Secretariat did not submit for audit the statement of expenditure in respect of Shs.276,446,222 transferred from development account to deposit account to meet commitments postponed during the year under review.

	<ul style="list-style-type: none"> • Overstatement of Intangible Assets by Shs.88,215,850 The financial statements of the Regional Secretariat disclosed procurement of intangible assets valued at Shs.146,428,000. However, the above figure includes allowances and other payments amounting to Shs.88,215,850 wrongly classified as intangible assets.
	Vote 81:RAS Mwanza
	<ul style="list-style-type: none"> • A test check of the computerised salary payrolls, salary control sheets and personal files revealed that a sum of Shs.20,782,368 was paid to some officers who are no longer in Government services, but they have continued to appear on computer payrolls system without being deleted. Out of that amount Shs.17,929,508.34 was statutory deductions paid to various institutions while Shs.1,972,151 was net salary paid to the officers • Audit scrutiny of budget revealed that, the Secretariat had paid Shs.10,085,000 as honorarium and purchases of furniture and fittings over and above the approved budget. • Examination of RAS accounts revealed that, the Secretariat incurred capital expenditures of Shs. 46,083,400 for acquisition of various Property, Plant and Equipments (PPE). However, capital expenditures incurred were not charged to capital expenditure codes. • The Regional Administrative Secretariat entered into a contract No.RAS/009/2010/2011/W/02 on 29th June, 2010 with M/s. C.F Builders Ltd for the construction of Intensive Care Unit, kitchen and rehabilitation of

	<p>Theatre at Sekou Toure Hospital at a contract sum of Shs. 283,167,526.40. The commencement date was 13/07/2010 and expected completion date was 30/11/2011. However, our site visit which was conducted in January, 2012 observed that works worth Shs.140,868,860 (49.70%) were still uncompleted despite the date of completion to have been lapsed.</p> <ul style="list-style-type: none"> • The Regional Administrative Secretariat entered into a contract No. RAS/09/2010/2011/W/04 on 2nd September, 2011 with M/s National Service Construction Department (SUMA JKT) for construction of Nyamagana District Commissioner's Office Block-Phase III-Mwanza at a contract sum of Shs.191,835,501. The commencement date was 09th September 2011 and expected completion date was 31st December, 2011. However, our site visit conducted on 08th December, 2011 at Nyamagana District Commissioner's office block observed that the works worth Shs. 79,600,000 were still uncompleted. • The Regional Administrative Secretary entered into contract No. RAS/009/2010/2011/W/05 on 2nd, September, 2011 with M/s. C.F Builder Ltd for the construction of the Regional Commissioner's Office Block-Phase-III at a contract sum of Shs. 361,096,815. The commencement date was 09th September, 2011 and expected completion date was 19th December, 2011. Our site visit conducted on 8th December, 2011 observed that implementation of the construction of the Regional Commissioner's Office Block- Phase-III had not yet started completed.,600,000 or (41.49%) were still not.
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	Vote 82:RAS Ruvuma
	<p>Other matters:</p> <ul style="list-style-type: none"> • A sum of Shs.12,087,500 was paid to various persons as imprest for purchase of different items. There is a possibility that prices paid might be inflated, thus efficiency and economy in the use of Secretariat's funds could not be established. • Expenditure amounting to Shs.38,655,268 was charged to wrong GFS codes contrary to Reg.115 of the Public Finance Regulations, 2001 (revised 2004), thus indicating lack of budgetary control. • Payments amounting to Shs.5,600,000 were not supported by expenditure particulars such as invoices, delivery notes, cash sales, pay sheets and attendance sheets. This implies that the pre-audit section of the RAS-Ruvuma is ineffective. • During the year under review, fuel purchased worth Shs.2,267,000 was not confirmed to have been received and taken on stores ledger charge. Accountability and utilization of the purchased stores could not be verified. • Claims of Shs.23,896,583.24 included in the figure for outstanding liabilities were not confirmed since they were not supported by evidence like invoices or contract. • Additional contract works worth Shs.20,664,320 were not properly authorized for reallocation. Additional works may result into unnecessary variations on contract sum and spending beyond the budget.

	<ul style="list-style-type: none"> • The Secretariat paid a sum of Shs.15,092,800 for different activities but the accountability of the funds was not confirmed due to the following reasons: <ul style="list-style-type: none"> ➤ Payment of subsistence allowances on first appointment was made to dependants who were not entitled to such allowance. ➤ Some of the officers were paid perdiems (on official trips) without travelling as evidenced by their signatures on the attendance sheets on days on which they were supposed to have travelled. ➤ Payment in respect of accommodation was noted to have been made to the Hotel which has no capacity to accommodate the mentioned number of guests. ➤ Payment made for procuring some items without using normal procedures of procurement.
	Vote 83: RAS Shinyanga
	<ul style="list-style-type: none"> • Repair and maintenance of motor vehicles not routed to Tanzania Electrical Mechanical & Electronic Services Agency (TEMESA) Shs.6,569,797 It was noted that payments amounting to Shs.6,569,797 was made to private garages without being routed to TEMESA contrary to Section 59 (1) and (2) of the Public Procurement Regulations, 2005 (GN.97). • Deductions from employees' monthly salaries exceeding authorized limits A sample test on payroll records revealed that deduction from gross salaries exceeded the 1/3 limit set by PO-PSM vide a letter with ref. No. C/CE.45/271/01/1/87 of 19/3/2009 and Loan Act No. 7 of 1970.

	Vote 84:RAS Singida
	<ul style="list-style-type: none"> • The amount of Shs.19,000,000 was paid to M/S Action Auto Garage of Box 2645 Dodoma in respect of maintenance charge for motor vehicle with registration No. STK 5331. However, the motor vehicle had not been delivered to RAS office up to the time of writing this report. • Singida Regional Administrative Secretariat effected payment of Shs. 29,120,000 to the Regional Security Officer - Singida in respect of National Form Four Examinations' activities that took place in October 2010. However, the supporting documents were not made available for verification. • The Retention money amounting to Shs. 2,934,268.75 was not deducted from the contractor's final payment on the construction of rest house contrary to clause 50.1 of the General conditions of the contract.
	Vote 85:RAS Tabora
	<ul style="list-style-type: none"> • Failure to comply with rules and regulations <ul style="list-style-type: none"> ➤ Expenditure wrongly debited to expenditure codes Shs.26,151,386 Payments totalling to Shs.26,151,386 were debited to wrong codes where no budgetary provisions existed. The Secretariat spent Shs.22,541,750 for rehabilitation of the Regional Commissioner's residential house without provision in the budget. • Questionable repair and maintenance costs of a vehicle with registration No.STK 4888 Shs.40,643,265 Repair and maintenance costs of Shs.40,643,265 for vehicle with registration No.STK 4888 was noted to have the following irregularities: certificate for completion of works was not availed to audit, fitting of

	<p>a new engine has not been indicated in the job card/delivery note and there was no acknowledgement receipt for Shs 40,643,265 paid to the dealer.</p> <p>Other matters</p> <ul style="list-style-type: none"> • Management has outstanding liabilities and commitments as at 30th June, 2011 of Shs. 851,096,823.18. This may affect the implementation of the next year's planned activities.
	Vote 86:RAS Tanga
	<ul style="list-style-type: none"> • Tanga Regional Administrative Secretariat entered into contract with M/S Chite Traders Contractors for construction of a exterior fencing wall at the District Commissioner's residence. The contract was expected to take 12 weeks up to 4th September, 2011. However, the construction was not completed as at the date of this audit (November, 2011) and no liquidated damages were charged against the contractor's interim payment certificates. • As at the year end, Tanga Regional Administrative Secretariat had outstanding liabilities amounting to Shs.596,703,205.50. This may affect the implementation of the next year's planned activities as budgeted for amount may be used to pay for these outstanding liabilities.
	Vote 88: RAS Dar es Salaam
	<ul style="list-style-type: none"> • Acquisition of 71 plots for victims of Gongo la Mboto bombs explosions missing compensation schedule Shs.287,778,000 <p>RAS DSM paid Shs.287,778,000 to the Director of Ilala Municipal Council vide Pv. 3463/6 C/No. 997647 of 28/6/11 for acquiring 71 plots at Kinyerezi area which were expected to be allocated to the victims of Gongo la Mboto bombs explosion. After court injunction to acquire 71 plots at Kinyerezi, RAS DSM</p>

	<p>decided to relocate plots allocations to Msongola but confirmation for acquisition of 71 plots at that area and regular progress report on the implementation of this project have not been produced for audit verification.</p> <p>Other matters:</p> <ul style="list-style-type: none"> • Non disclosure of outstanding commitments of Shs.437,849,688 The balance of Deposit Account as at 30th June, 2011 included Shs.437,849,688 transferred from Development Account as outstanding commitments. However, these outstanding commitments were not disclosed in the statement of commitments outstanding in the Development account as at 30th June, 2011 contrary to Section 25 (2) (b) of PFA No.6 of 2001 (revised 2004). • Non submission of analysis of Sundry Deposit Shs.601,955,154 Analysis of Sundry Deposits was not submitted along with the financial statements. As a result, the correctness of the individual balances in the Deposit Account amounting to Shs.601,955,154 as at 30th June, 2011 could not be confirmed. • A cheque of Shs.13,935,000 received from IPP Ltd as donation for Gongo la Mboto bombs explosions victims was returned to drawer after being found that it exceeded the Shs 10,000,000 cheque payment threshold hence required to be transferred through TISS. However, the amount had not been received again from IPP Ltd as the time of audit.
	Vote 89 : RAS Rukwa

	<ul style="list-style-type: none"> • Rukwa Regional Administrative Secretariat should make more efforts to ensure that rehabilitation of the Regional Hospital which has to date costed Shs.142,273,907 out of Shs.200,000,000 budgeted is completed early so that Health Services in Rukwa Region are improved. • Rukwa Regional Administrative Secretariat should expedite construction of Government Quarters which have to date costed Shs.100,000,000 out of Shs.420,000,000 budgeted, to reduce the rate of labour mobility in Rukwa Region. • The Government through Rukwa Regional Administrative Secretariat, transferred a total of Shs.17,433,136,301 to Municipal and 4 District Councils for Development activities. It is now time for the Rukwa Regional Administrative Secretariat to harmonize effective and efficient internal control systems in LGAs within its jurisdiction so that all the planned development activities are accomplished and value for money is attained. <p>Other matters:</p> <ul style="list-style-type: none"> • There are unresolved previous year's audit findings amounting to Shs. 43,484,890.93. This deters the efforts to improve internal control environment and ultimately financial management within the Regional Secretariat • The IT General Controls are not properly functioning thus could not be relied upon.
	Vote 95:RAS Manyara
	<ul style="list-style-type: none"> • Missing supporting documents Shs.84,073,500 A sum of Shs.104,552,240 was paid to different employees and other organizations without having supporting documents such as acknowledgment receipts, night claim forms, attendance sheets etc. contrary to Reg. 95 (4) of Public Finance Regulation of 2001 (Revised 2004).

	<ul style="list-style-type: none"> • Payables not recorded in the creditors register Shs.51,850,980 A sum of Shs.51,850,980 was reported in the statement of financial position as payables - DAS - Kiteto (Shs.32,251,695) and DAS - Babati (Shs.19,599,285)- without being recorded in the register. In that case correctness of the reported figure was not ascertained.
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7.9 MDAs/RAS issued with Qualified Opinion

Below is the list of MDAs and RAS issued with Qualified Opinion together with the reasons for such Opinion.

1.	Vote 14: Fire and Rescue Force Department
	<ul style="list-style-type: none"> • Management has not prepared detailed schedules for other receipts and other payments amounting to Shs.1,804,733,968.66 and Shs.1,550,247,999 respectively as shown on Page 18 of the statement of cash flows for the year ended 30th June, 2011. As the figures were not adequately disclosed, their correctness could not be confirmed. • Employees' benefits figure of Shs.182,048,226 in the statement of financial position as at 30th June, 2011 was not supported by the detailed schedule . • Inventories worth Shs.184,282,950 were not supported by detailed schedules. • The figure of Shs.559,510,005.64 in respect of purchase of supplies and consumable included in the cash flows for the year ended 30th June, 2011 was not supported by detailed schedule. • A sum of Shs.17,829,800 was paid to M/S Kim Builders and General Business vide Pv. No. 0602 Cheque No. 055312, invoice No. 0065 and Delivery Note No. 0013 for procurement of building materials for the

	<p>Department. However, these building materials were not recorded in the stores ledger during delivery and issuing of the materials to user departments.</p> <ul style="list-style-type: none"> • Management did not disclose measures instituted to discharge its obligation of settlement of outstanding liabilities amounting to Shs.557,680,368.09. <p>Other matters:</p> <ul style="list-style-type: none"> • Management of Fire and Rescue Force Department paid for executed works to various contractors amounting to Shs.318,000,000 which were not certified by the Consultant/Project Engineer. • Management of Fire and Rescue Force have neither introduced nor implemented an IT policy. • Fire and Rescue Force Department has no risk management policy that clarifies how risk will be handled.
2.	Vote 18:High Court
	<ul style="list-style-type: none"> • Expenses for minor works amounting to Shs 109,900,000 were capitalised and included in the Land and building balance while they were not of a capital nature. These misstatements are not yet adjusted in the financial statements. • The High Court paid Shs 23,700,000 instead of Shs 8,400,000 as annual rental charges for the period from January, 2010 to December 2010 in respect of residential house located on plot No.658 in Mbezi, Dar es Salaam. The payment results into an overpayment of Shs 15,300,000 due to unlawful revision of tenancy agreement terms. • Payment for Shs.27,359,720 were made without adequate supporting documents contrary to Reg 95 (4) of the Public Finance Regulations of 2004. In such

	<p>circumstances the audit could not establish correctness of that payment.</p> <ul style="list-style-type: none"> • The High Court paid Shs 18,018,540 to employees whose employment service had been terminated through retirement or death but are still appearing in the payroll and their salaries paid accordingly. • Outstanding imprests amounting to Shs 97,469,800 were not disclosed in the financial statements. The financial statements were therefore misstated. • Fixed Assets Register worth Shs.2,071,624,728 reported in the financial statements were not recorded in the fixed asset register.
3.	Vote 19: District and Primary Courts
	<ul style="list-style-type: none"> • Incorrect categorization of expenditure Shs 79,841,000 Expenses for minor works amounting to Shs 79,841,000 were capitalised and included in the Land and building balance while they were not of a capital nature. These misstatements are not yet adjusted in the financial statements. • Revenue collected not banked Shs.49,183,452.74 Shs.48,106,602.74 collected during the financial year 2010/2011 from various collection stations was not banked contrary to Reg. 60 of the PFR, 2001. In addition, total amounts of Shs.1,076,950 was under banked. The amount of revenue not banked understates the cash and cash equivalent. • Salaries paid to retired officials Shs.148,544,460 • The District and Primary Court paid Shs 148,544,460 to employees whose employment service had been terminated through retirement or death but are still appearing in the payroll and their salaries continued

	<p>to be paid accordingly.</p> <ul style="list-style-type: none"> Unmatched items in revenue bank reconciliation We noted debits in cash-book amounting to Shs.159,314,3246.72 and credits in bank statements amounting to Shs.607,299,059.96 which had no corresponding entry in either the cash book or the bank statements. Conventional bank reconciliation is totally undermined. The figure has not been adjusted. Outstanding Liabilities and commitments The District and Primary Courts had outstanding liabilities of Shs.2,072,904,877.84 and commitments of Shs.259,314,508.93 in respect of suppliers of goods, services and staff claims. This may affect the implementation of the next year's planned activities as budgeted for amount may be used to pay for these outstanding liabilities. Fixed assets Register amounting to Shs.1,985,972,390 owned by Ministry of Constitutional Affairs and Justice under the District and Primary Courts were not supported by the fixed asset register.
4.	Vote 24: Cooperatives Development Commission
	<ul style="list-style-type: none"> Missing payment vouchers Shs.2,606,150 The Commission paid an amount of Shs.2,606,150 to suppliers of goods and services and Commission's staff for undertaking various activities. However, the payment vouchers and its respective supporting documents were not produced for audit purposes. Unsupported expenditure Shs.43,035,000 Payments amounting to Shs. 43,035,000 were made during the year under review. However, no supporting documents were furnished for audit verification. Deferred payments Shs.34,953,650

	<p>Expenditure of Shs.34,953,650 chargeable in year 2009/2010 was deferred to year 2010/2011 contrary to Reg. 85 of the PFR, 2001(revised 2004).</p> <ul style="list-style-type: none"> • Over-payment of verified debts Shs.1,145,671,870 <p>Outstanding debts amounting to Shs.629,522,680 for Nyanza Cooperative Union were verified by CAG and paid in October 2009 and March, 2010. However, the Union paid other debts amounting to Shs.1,145,671,870 in year 2010/2011 which were not verified by the CAG.</p> <p>Other matter:</p> <ul style="list-style-type: none"> • Undelivered documents worth Shs.36,118,000 <p>Printed documents of Shs.23,513,000 from Government Printer and stationers of Shs.12,605,000 from a supplier ordered and paid for were not delivered as at the time of audit (October, 2011).</p>
5.	Vote 32:President's Office Public Service Management
	<ul style="list-style-type: none"> • Owing to inadequate record keeping at the President's Office - Public Service Management we noted payment vouchers for Shs.2,681,019,858 relating to various expenditure items which were not adequately supported to justify their inclusion in the accounts as proper charge against public funds. • We noted significant variations of Shs.1,769,926,271 between amount of Shs.581,600,000 reported in Notes No.19 regarding purchase/construction of non-current assets and amount of Shs.2,351,526,271 extracted from the fixed assets register, thus we could not ascertain the relevancy, reliability, accuracy and correctness of the balances of Fixed Assets Register in the financial

	statements. The President's Office - Public Service Management should reconcile, clear the variances noted and make necessary adjustments to reflect true and fair view of the financial statements of the President's Office - Public Service Management as at the year - end.
6.	Vote 40:Judiciary (Court of Appeal)
	<ul style="list-style-type: none"> Acquisition of Property, Plant and Equipment worth Shs.41,422,152,408 was not recorded in the Fixed Assets Register. Thus, we could not satisfy ourselves whether these equipments were actually purchased. The statement of receipts and payments may be misstated. Exchequer Receipts Vouchers (ERVs) with an amount of Shs.17,044,773 recorded in Revenue Collector's Cash Book (RCCB) were not submitted to support actual revenue collection and banking contrary to Reg.65(1) and (3) of the Public Finance Regulations of 2001 (revised 2004). <p>Reg. 78(1) of the Public Finance Regulations, 2001 (revised 2004) requires that, revenue collected to be banked intact and promptly on daily basis. To the contrary, revenue amounting to Shs.11,417,071 collected at different stations missed necessary particulars to prove that they were banked.</p>
7.	Vote 46: Ministry of Education and Vocational Training
	<ul style="list-style-type: none"> Different figures of cash balances in the financial statements. <p>The Ministry reported a cash balance of Shs.3,543,412,937 in the financial statements. But the information/documents presented by the Central Payment Office (CPO) shows the balance as</p>

Shs.14,931,082,406. Therefore, reliability of the cash balance reported in the financial statements could not be ascertained as follows:

Account	Consolidated Cash Balance Derived From CPO Report (Shs.)
Deposit Account	14,253,691,194
Development Account	332,934,251
CPS special deposit A/C (16.141)	28,686,931
CPS recurrent exp. A/C (18.330)	315,770,030
TOTAL	14,931,082,406

- **Funds transferred to Institutions but not confirmed to have been received or were received more than amount disbursed.**

The Ministry disbursed a total of Shs.445,058,164,147 equivalent to 75.5% of the amount received during the year to 29 institutions under the Ministry. Confirmations of funds transferred which covered two financial years i.e. 2009/10 and 2010/11 discovered that 3 institutions did not receive funds amounting to Shs.1,486,134,045 and 7 institutions received Shs.14,470,198,562 more than the disbursed amount. In addition, 19 institutions could not confirm to us whether Shs.637,269,015,239 was received.

- **Unrealistic figure of non-current assets Shs.34,684,834,642**

The Ministry reported in the financial statements procurement/additions of Fixed Assets Register amounting to Shs.34,684,834,642 which were not supported by a schedule.

	<ul style="list-style-type: none"> • Transfer of Shs.21,870,959,025 to colleges and universities for construction and renovation of buildings was disclosed as additions of buildings during the year in the Ministry's financial statements • Management did not produce supporting documents for assets worth Shs 33,468,773,693 included in the balance of Shs.34,684,834,641 reported in the financial statements. • Incorrect reported figure of stores by Shs.1,089,130,222 The figure for stores and other assets of Shs.1,089,130,222 included in the financial statements balance of Shs.2,814,588,173 was not supported by documents to warrant its verification. <p>Outstanding liabilities not disclosed in the financial statements Shs. 5,063,267,729</p> <p>A test check on the Ministry's accounting records and other related documents revealed that outstanding liabilities from Inter-University Council for East Africa and Mzumbe Book Project amounting to Shs. 5,063,267,729 was not reported in the Ministry's financial statements.</p> <ul style="list-style-type: none"> • Unsupported expenditure Payment vouchers for Shs.1,368,769,051 were found missing in their respective batches whereas Shs.3,885,667,644 was not properly supported by relevant documents, contrary to Reg.95 (4) of PFR, 2001 (revised 2004).
8.	Vote 92:Tanzania Commission for AIDS (TACAIDS)
	<ul style="list-style-type: none"> • TACAIDS maintains a separate bank account with the

	<p>National Microfinance Bank known as TACAIDS General Payments Account with No. 2011100141 which management uses for TACAIDS activities other than those voted in the Exchequer System of the Government.</p> <p>The operational procedures of the Account were not clearly described to the audit team, as there were neither bank statements nor bank reconciliation statements on the Account furnished for audit verification.</p> <p>We requested bank confirmation from the National Microfinance Bank early in October, 2011 but could not get any response from the bank up to the time of writing this management letter (February, 2012).</p> <p>As such, we could neither audit the TACAIDS General Payment Account nor confirm bank balances and its transactions for the year ended 30th June 2011.</p> <p>Other matter</p> <ul style="list-style-type: none"> • Underpayment of employment tax (PAYE) Shs. 79,128,598 The PAYE calculations excluded some allowances paid to 186 staff incomes thus causing underpayment of PAYE amount of Shs.79,128,598 to TRA for the period July, 2010 to June, 2011.
9.	Vote 94 : President's Office - Public Service Commission
	<p>Limitation of audit scope:</p> <ul style="list-style-type: none"> • Transfers of Shs.575,202,800 were not supported by acknowledgement receipts and expenditure details from the recipients. In the absence of the statements of expenditure, the legitimacy of the expenditure and the purpose for which the payments were made could not be ascertained. • The Commission paid Shs. Shs.10,513,000 twice as subsistence allowances for 13 days to officers who travelled outside the country on study tour. This

	<p>expenditure was incurred regardless of the full board (accommodation) paid for all delegates.</p> <ul style="list-style-type: none"> • Examination of payment vouchers for recurrent expenditure account disclosed that payments amounting to Shs.5,940,000 were made without relevant supporting documents contrary to Reg. 95(4) of the Public Finance Regulations of 2001 (revised 2004). • The PO-PSC's management paid tuition fees amounting to Shs.15,710,000 to students instead of paying direct to the appropriate training institutions. No acknowledgment receipts were produced to confirm receipt of the funds by the institutions. <p>Emphasis of matter:</p> <ul style="list-style-type: none"> • The financial statements of the Public Service Commission reflected Shs.70,869,317 as outstanding liabilities. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.
10.	Vote 74:RAS Kigoma
	<ul style="list-style-type: none"> • Ending cash balance of Shs 106,101,486 as at 30th June 2009 was not carried forward as a beginning balance in the cash flows for the period ended on 30th June 2010. This affected ending balances on 30th June 2010 as well as on 30th June 2011 by the same amount. • The Secretariat did not prepare and submit bank reconciliation statements in respect of Recurrent, Development, Misc. Deposit and Revenue accounts for the year 2010/2011 as a result the correctness of the balances reflected in the financial statements could not be confirmed. • The figure of Shs.82,994,991 in respect of stores and other

	<p>assets reported in the financial statement was not supported by stock taking sheets used during the stock taking exercise at the end of the financial year.</p> <ul style="list-style-type: none"> Utilisation of fuel worth Shs 132,535,232 by motor vehicles was not justified as it was not recorded in the motor vehicles' log books. <p>Payments of Shs.191,271,601.62 lacked adequate documentation due to weak internal control over record keeping.</p> <p>Other matters</p> <p>Regional Secretariat paid an amount of Shs.57,614,067.75 to various garages/workshop for motor vehicles maintenance of previous years . However, the payments were not referenced to any records to indicate existence of the debts paid.</p> <p>The Regional Secretariat spent an amount of Shs.47,567,906 to repair its motor vehicles without routing them to the Government workshop.</p> <ul style="list-style-type: none"> Examination of imprests register and payment voucher revealed that imprests amounting to Shs.67,287,700 had not been retired as at the time of audit. Unclaimed salaries amounting to Shs.22,091,007.46 received from the Local Councils including those of the Secretariat were not surrendered to Treasury, contrary to the Government circular No. EB/AG/5/03/01 Vol. VI/36 of 31 August, 2007.
11.	Vote 87:RAS Kagera
	<ul style="list-style-type: none"> Diversion of development funds Shs.481,017,718 <p>Development funds totalling Shs.481,017,718 meant for Kabango project and construction of new Kagera Regional office block were diverted to other activities.</p>

	<ul style="list-style-type: none"> • Payment made from miscellaneous deposit account without quoting specific receipt/authority Shs.572,402,630 Payments amounting to Shs.572,402,630 were paid from Miscellaneous Deposit Account without quoting specific receipts on which these amounts were initially deposited. These transactions may result into using other depositors' money. • Unauthorized expenditure from development funds Shs.200,221,879 During the year under review, project funds totalling Shs. 200,221,879 were paid to meet other activities. <p>Other matters</p> <ul style="list-style-type: none"> • Stagnant construction of DAS residential house at Missenyi District Phase I involving a sum of Shs.40,630,759 Phase I construction of DAS residential house at Missenyi District under a contract which was scheduled to be completed on 2nd October 2010, was found to be stagnant at walling stage during a site visit made on 27th December 2011. As at that time an amount of Shs.40,630,759 had already been paid to the contractor. • Grade 'A' Ward at Kagera Regional Hospital phase II constructed and completed but has not been put into use In May 25th 2010 Kagera Regional Administrative Secretariat signed a contract for Phase II construction of grade A Ward at Kagera Regional Hospital at a contract sum of Shs.210,991,080 VAT inclusive, from 2nd June, 2010 to 27th October, 2010.
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	<p>However, a site visit conducted on 28th December, 2011 revealed that, the house had been completed but not put into use.</p> <ul style="list-style-type: none"> • Stagnant construction of new Kagera Regional office Shs. 537,784,004 <p>Payment amounting Shs.537,784,004 was made from Deposit, Development and Recurrent account in respect of construction of new Kagera Regional office block.</p> <p>During a site visit conducted on 28th December, 2011 it was observed that, no construction works were in progress and the contractor was not at the site, though some construction equipments and one Lorry were found at the site.</p> <ul style="list-style-type: none"> • Outstanding Liabilities Shs.892,603,137 <p>The financial statements of Kagera Regional Administrative Secretariat reflected Shs.892,603,137 as total outstanding liabilities in respect of contract works. This may affect the implementation of the next year planned activities as budgeted for amount may be used to pay for these outstanding liabilities.</p>
12.	National Consolidated Accounts
	<ul style="list-style-type: none"> • Our review of the published financial statements of the Bank of Tanzania for the year ended 30th June, 2011 indicated that the bank reflected amounts payable to it by the government and amounts receivable by the Government. However these amounts were not reflected in the Government Consolidated financial statements as amounts payable to the Bank or receivable from the Bank. The Government's net position can not reliably be determined. The non disclosure of these liabilities, assets and Government investments in its controlled entities makes the financial statements not to portray

	<p>a true and fair view of the government's financial position as at the year end. These amounts include:</p> <ul style="list-style-type: none"> • Amounts payable to BoT <p>(i) Government overdraft on Voted Accounts Shs.548.332 billion The position of the Government of the United Republic of Tanzania (URT) reflected an overdrawn amount of Shs.548.332.614 billion as at 30 June 2011 (2010: Shs. 429,466.112 million) on voted accounts</p> <p>ii) Economic Empowerment Funds Shs.15.461 billion A total of Shs.15.461 billion was shown as receivable from the Government in respect of funds advanced by the Bank of Tanzania to facilitate implementation of the economic empowerment programme on behalf of the Government.</p> <p>(iii) Liquidity Management Expenses: Shs 22,195 million Included under the accounts receivable of the bank was Shs.22.195.3 billion as at 30th June,2011 (2010: Shs.26,851.5 billion) related to 2010/11 URT Government share in respect of liquidity management costs. The URT Government and Bank of Tanzania share of liquidity management costs is based on the formula contained in the Memorandum of Understanding in force.</p> <p>(iv) Interest Receivable by BoT on overdrawn Government accounts: Shs 17.530 billion During the year under review, the Government net position was overdrawn by Shs.17,530.4 million as at 30th June, 2011 (2010: Shs. 3.456.6 billion). Pursuant to Section 34 of the Bank of Tanzania Act, 2006, the amount of Shs.17,530.4 was charged to the Government.</p>
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	<p>(v) Amounts receivable from BoT</p> <p>(i) Debt Service Cash Cover: Shs.25.059 billion The balance represents an amount received by the Bank from the Government of the United Republic of Tanzania (URT) for the purpose of settling URT Government obligations and other services payable in foreign currency.</p> <p>(ii) Government Obligations Settlement Shs.25.562 billion This amount relates to funds awaiting externalization by the BoT on behalf of the Government as at 30th June 2011 following the introduction of electronic payments during the year.</p> <p>(iii) Development finance guarantee fund: Shs.11.166 billion According to the bank, the Development Finance Guarantee Fund was established by the Government of the United Republic of Tanzania with the purpose of financing development projects that manufacture products for export purposes. As at 30 June 2011, the Government's Capital contribution made in 2003/04 and 2005/06 to the Fund amounted to Shs.56.500.0 billion. Interest received and accrued on refinancing loans aggregated to Shs.15.771.9 billion while a total of Shs.2.4485.4 billion was earned as interest from the funds invested in Treasury Bills. A total of Shs.61.668.2 billion has so far been issued as loans for refinancing facilities to flowers and vegetable export companies. As at 30 June 2011 the Fund had a balance of Shs.11.166.7 billion (2010: Shs. 7.881.2 billion).</p> <p>(vi) Export Credit Guarantee Fund: Shs.41.841 billion The Fund was established by the Government of the United Republic of Tanzania in 2001 under the export credit guarantee scheme, in a bid to promote</p>
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	<p>exports. The Fund provides guarantees to commercial banks to cover risk of default in repaying the loans by their borrowers. During 2010/11, the Government made an additional capital contribution of Shs. 4,309.5 million. As at 30 June 2011 the Fund had a balance of Shs.46,904.3 million (2010: Shs.31,783.5 million) comprising of Government and BoT contributions and income from investment in Treasury Bills and guarantee fees.</p> <p>(v) Debt Conversion Scheme Shs.2.098 billion These are balances of debt conversion funds that are blocked in the account pending submission of progress reports by beneficiaries in respect of utilization of the previous disbursements, so as to justify further disbursements. The balance has remained the same since no request has been received to facilitate payments.</p> <p>(vi) Multilateral Debt Relief Initiative Fund Shs.10.560 billion This relates to funds previously disbursed by the International Monetary Fund (IMF) to the Bank of Tanzania on behalf of the Government to support balance of payments which were later given to the government through Multilateral Debt Relief Initiative. At the end of 2009/2010 this account had a balance of Shs.85,716,634.</p> <p>(vii) Tanzania Agriculture Development Bank: TZS 50.0 billion The bank reflected an amount of TZS 30,000.00 million being a balance of funds contributed by the URT Government from 2009/10 budget of Shs.50bn to facilitate establishment of Tanzania Agriculture Development Bank.</p> <ul style="list-style-type: none"> • Misclassification of direct loans issued by government as guarantee Shs.64,321,859,471
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	<p>Included under note 38 to the financial statements were direct loans issued by the government to flower companies. However, this amount was classified as loans and added together with commercial loans of Shs.514,958,828,292 obtained by beneficiaries from various institutions. These direct loans are assets of the government and not liabilities or contingent liabilities like government guarantees. The statement of direct loans was therefore understated by Shs.64,321,859,471 while the statement of guarantee was overstated by the same amount.</p> <ul style="list-style-type: none"> • The Consolidated National Accounts were not prepared in accordance with the requirements of Section 25 (a) and (b) of the Public Finance Act 2001 (revised 2004) due to failure to prepare a balance sheet showing the assets and liabilities of the Consolidated Fund and a statement of the source and application of funds for the Consolidated Fund showing the revenues, expenditures and financing of the Fund for the year. <p>Emphasis of Matters:</p> <ul style="list-style-type: none"> • Outstanding Liabilities Shs.577,537,084,848 The consolidated financial statements reflected outstanding liabilities of Shs.577,537,084,848 as at 30th June, 2011. This is contrary to the requirement of IPSAS cash basis of accounting and Reg. 53 (1), (3)-(5) of the Public Finance regulations 2001 (revised 2004) which states that the Government accounts shall be kept on a cash basis and that no Accounting Officer shall make any entry in the Government's accounts which anticipates the receipts of revenue or payment of expenditure by Government. The Regulation stresses that such act of recording of a liability before it is paid is in conflict with the principle of prior approval of expenditure by the National Assembly. In addition, Reg. 54 (4) of PFR 2001 prohibits accounting officers to cause any transfer of expenditure from one
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	<p>financial year to another, such transferred expenditure should be treated as unauthorised expenditure.</p> <ul style="list-style-type: none"> Outstanding Commitments Shs.79,113,403,430 We noted that as at 30th June, 2011 the various MDAs had outstanding commitments amounting to Shs.79,113,403,430. It is likely that Accounting Officers made these commitments at the end of the year in an attempt to exhaust funds available within their votes to avoid surrendering them to the PMG account. <p>Outstanding loans issued by government Shs.480,229,660,682 As at 30th June, 2012, the Government had outstanding loans issued to various private and public entities of Shs.480,229,660,682. Efforts to collect these loans are regarded unsatisfactory as some of them had become due for payment for more than 10 years.</p> <p>Outstanding Public debts Shs.14,441,617,939,770 The consolidated financial statements reflected outstanding debt of Shs.14,441,617,939,770 recording an increase of 38% from that which was outstanding at the end of the previous year of Shs.10,503,806,011,885. This tremendous increase in the outstanding debt stock is very alarming such that it has increased the total outstanding debt stock as at 30th June 201 to almost 125% of the total government budget for the year under review (both recurrent and donor funds) of Shs.11,609,557,584,000. This situation if not properly managed/controlled will lead the country's economy to a financial crisis taking into account the fact that some of the government liabilities as described in the basis for qualified Opinion and item 1 of the</p>
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	emphasis of matter above have not been included in the balance of the outstanding debt stock.
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CHAPTER 8

CONCLUSION AND RECOMMENDATIONS

8.1 Conclusion

The detailed audit findings in this General Report were communicated to the respective Accounting Officers for action. The Accounting Officers and Sub-Accounting Officers of MDAs and RAS are required to prepare structured responses on the CAG's audit findings and recommendations and submit them to the Paymaster General. In this report, I have pointed out several weaknesses in internal control systems which resulted in financial mismanagement. These matters call for immediate intervention from the Accounting Officers by establishing sound internal control systems that will prevent future recurrence of the same deficiencies. In order to effectively address the weaknesses pointed out in this report, I have made several recommendations which, if implemented will enhance sound financial management within the Government.

8.2 Recommendations

8.2.1 Non implementation of some of the previous year's recommendations

Most of the recommendations issued in the previous year's General Report of Central Government were not acted upon, which is an indicator of the Government lacking seriousness in implementing those recommendations.

The Government should put more efforts to ensure that the recommendations are attended accordingly. The Treasury should instruct Accounting Officers to take necessary measures to improve documentation, which is one of the main causes that contribute to missing supporting documents and therefore failure to reply to some of the audit issues.

8.2.2 Pre-Audit of Terminal Benefit Payments

- Accounting Officers before submitting terminal benefit papers to me, for pre-audit purposes, should ensure their completeness and, accuracy supported by relevant documents and conformity with the relevant employment terms, pension laws and regulations.
- The Government should ensure that, when a public officer including military officers change their terms of employment to a political carrier, such officers should first be paid their terminal benefits for the period they have served in the permanent and pensionable terms. This has an advantage of receiving their terminal benefits early, avoiding possible double payments and also taking into account time value for money. Political posts are subject to contract terms of employment and are eligible for contract gratuity payments.

In general, the above mentioned problems were mainly attributed to officials processing and giving approvals failing to comply with the governing terminal benefits' laws and guidelines.

Although the above problems were reported in my previous report, the same weaknesses still persisted during the pre-audit of 2010/2011 pension papers.

To improve on the noted weaknesses the following measures are recommended:

- (a) The President's Office - Public Service Management should ensure that terms of employment for the following officers explicitly and broadly explains how they will be affected by the pension laws, especially on the agreed salaries for pension purposes and periods of services.
 - i) Officers employed by the Government from outside the public service such as international organisations or private sector with their specific salaries (salary personal to an officer). The government should explain to these salary employees the consequences of salaries personal

to themselves when it comes to computing of pension/gratuity.

- ii) Officers who move through multiple employments,
- iii) Officers appointed to political posts,
- iv) Army officers employed to other posts outside the army, and
- v) Officers working on secondment

(b) The President Office -Public Service Management should give guidance to the employing authorities on the pension effect for salaries negotiated outside the Government scales.

- The Treasury and other key players dealing with terminal benefits processing exercise should strengthen procedures for scrutinising and reviewing pension files before submitting the same for my pre-audit. Indicators such as the number of files forwarded to the Controller and Auditor General and approved without query should be instituted to promote efficiency, and reduce or eradicate retirees' inconveniences which cause complaints.
- PSPF should not deal with contract and other ineligible employees.

8.2.3 Motor vehicles repair works not routed through TEMESA Amounting To Shs. 77,318,833

I urge management of the entities concerned to comply with Regulation 59 (1) & (2) of the Public Procurement Regulations of 2005 by ensuring that all vehicle maintenance and repair works is approved by M/s TEMESA

8.2.4 Salaries paid to Retirees, Absentees and Ineligible Officers amounting to Shs.142,715,827.99

To avoid such losses in future, Accounting Officers of the respective MDAs/RAS should check their payrolls periodically to confirm validity of all entries. Communication between the parties involved with the Government payroll 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.

8.2.5 Expenditure not properly supported amounting to Shs.8,076,574,791.42

Accounting Officers of MDAs and RAS should ensure that all payments are authenticated by proper supporting documents in line with the requirement of Regulation 95(4) of the Public Finance Regulations of 2001 (revised 2004).

8.2.6 Goods paid for but not delivered amounting to Shs.31,027,797,820

The responsible Accounting Officers should follow up and ensure the respective goods are delivered and brought to account.

8.2.7 Payments charged to wrong expenditure codes amounting to Shs.340,756,700.80

Responsible Accounting Officers should adhere to MTEF budget and obtain retrospective approval from the Ministry of Finance in line with Reg. 51(1-8) of the Public Finance Regulation's of 2001 (revised 2004). They (Accounting Officers) should in future refrain from reallocating funds for which they have no authority under the cited law above.

8.2.8 Questionable Payments amounting to Shs.1,471,933,333

Accounting Officers should discharge their stewardship role by ensuring that they fully embrace the best financial discipline in managing the limited resources placed under

their jurisdiction. Accordingly, appropriate action should be taken by them to justify the expenditure and value realized from its incurrence.

8.2.9 Increasing trend of allowance payments

The Government should institute controls over the payment of allowances and ensure that only allowances which are approved by the President's Office-Public Service Management are paid. On the other hand, the Government should give more consideration to the salary increase rather than allowances in order to benefit all employees. Since allowances are mainly benefitted only by the senior level staff.

8.2.10 Procurement Management

Significant amount of public funds (41 %) is still being spent on procurement. Although expenditure has dropped from the usually quoted 52%, there is need for the Procuring Entities to exert concerted efforts to improve controls on how procurement is done; particularly given that the compliance of PEs with the Public Procurement Act is still not very much satisfactory. Among the controls which are worth pursuing include; equipping PEs with qualified procurement personnel, Strengthening PMUs, strengthening learning institutions involved in building procurement capacity of Central Government and LGAs, strengthening Tender Boards and Internal Audit Units.

8.2.11 Tax exemption

The Government should review its tax exemption policy with a view of narrowing down the scale of exemptions. Currently exemptions granted are on the increase from Shs.680,667,900,000 in 2009/2010, to Shs.1,016,320,300,000 in 2010/2011 therefore, there is a need to re-look into this matter with a view to ensure that exempted amounts are restricted to a minimum tolerable level that is essential for the public interest. In addition, TRA should rigorously review the revenue collection budget

with a view of making it more realistic. As a matter of principle the Government should not give tax exemptions which it cannot monitor and supervise its applicability otherwise it will easily be abused and misused.

- TRA should look for the possibility of broadening the tax base by incorporating the informal sector.
- The Government should make a thorough study and identify reasons for failure to meet annual collection targets and thereafter, in collaboration with TRA, devise measures that will alleviate the situation.

8.2.12 External assistance amounting to Shs.2,322,857,234,115

As per my last year's commentary, this situation suggests that foreign assistance is not reliable and should therefore not be wholly depended upon. The Government should avert this dependency by increasing its revenue generating capacities while at the same time watching over its expenditure pattern and institute strong measures to control wasteful spending.

8.2.13 Arrears of Revenue

The statement shows that, arrears of revenue fell from Shs 116,320,437,345 in the year 2009/2010 to Shs 26,697,463,538 in 2010/2011 equivalent to 77%. This suggests that some efforts were exerted in collecting Government revenue due under the year of audit. The Government should sustain these efforts to collect all revenues due.

8.2.14 Statement of outstanding Public Debt amounting to Shs.14,441,617,939,770.20

The Consolidated Financial Statements shows that the Public debt has increased by 37% from Shs 10,503,806,011,884.90 recorded in 2009/2010 to Shs

14,441,617,939,770.20 outstanding at the end of 2010/2011.

According to the statements, the domestic debt increased by Shs.141,395,130,054 and Shs.521,261,841,212 equivalent to 19% and 23% in 2008/2009 and 2009/2010 respectively and later by Shs.951,399,378,619 equivalent to 34.5% in 2010/2011

The percentage increase in foreign debt is relatively higher than that of the domestic debt for 2009/2010 (44%) and 2010/2011(38.5%) meaning that the Government has borrowed more from foreign institutions than from domestic. This situation implies that the Government has exposed itself more to foreign exchange risks in the event of adverse exchange rate fluctuations.

8.2.15 Statement of Commitments Outstanding amounting to Shs.79,113,403,430

The statement of Government commitments outstanding reflects an amount of Shs 79,113,403,430 as at 30th June 2011 representing a decrease of Shs 14,747,403,560 equivalent to 16 % compared to the commitments reported in year 2009/2010 of Shs 93,860,806,990. In connection with the foregoing, I reiterate my previous year's recommendation that the Government should refrain from creating commitments for which no funds exist. In addition, all un-utilized funds which have not been committed should be surrendered to the PMG's Account at the financial year end.

8.2.16 Statement of Outstanding Loans Issued by Government amounting to Shs.480,229,660,682

The Statement of Outstanding Loans issued by the Government reflects an amount of Shs.480,229,660,682 as at 30th June 2011 representing an increase of Shs.20,786,565,296 equivalent to 5% compared to the

outstanding amount reported in year 2009/2010 of Shs.459,443,095,386. The Government should ensure that the debts are age analysed to indicate the prospects of their recoverability.

8.2.17 Statement of Contingent Liabilities amounting to Shs.30,408,060,580

As at 30th June, 2011, the Government had contingent liabilities in respect of sixteen (16) votes, amounting to Shs.30,408,060,580 for which no disclosures were made regarding their nature. At this juncture, I recommend to the Government to avoid decisions that may lead to the cropping up of contingent liabilities that could otherwise have been avoided and ensure that control over contingent liabilities is strengthened. In addition, the Government through the Attorney General should work actively and defensively to win and finalise the numerous pending course.

8.2.18 Misclassification of direct loan issued by Government as guarantees Shs.64,321,859,471

Six (6) Flower Companies and one (1) dairy farm were given a loan amounting to Shs.64,321,859,471 which have been incorrectly classified as guarantee. This misclassification distorts the true picture of guarantee position. The Government should correctly classify and confirm that the loans have been recovered.

8.2.19 Debt Conversion scheme funds with BoT amounting to Shs.2,098 billion

The Government should make follow up with the alleged beneficiaries to establish whether there are still legitimate claims. Otherwise, the funds which have remained in the account for a long time should be credited to the Consolidated Fund.

8.2.20 Amounts payable and Government deposits not reflected in the financial statements

The published financial statements of the Bank of Tanzania for the year ended 30th June, 2011 reflected several amounts aggregating to Shs.165.286 billion receivable from the Government's. However, these amounts were not reflected in the Governments Consolidated accounts as amounts payable to the Bank. I recommend to the Government to ensure that all government deposits and liabilities are recognised and disclosed in the financial statements. In addition, liabilities settled after closure of the year should appropriately be disclosed by way of notes to the accounts.

8.2.21 Outstanding Liabilities amounting to Shs.577,537,084,848

The outstanding liabilities of Shs.577,537,084,848 represents 259 % increase compared to the previous year's reported amount of Shs.160,756,067,190

I reiterate my previous years' recommendation that the Accountant General should disclose all government's outstanding liabilities and all debtors.

In addition, under the cash budget system, it is not expected to have outstanding liabilities arising from items that could have been bought through annual budget and issuance of LPO. These items would be acquired only if there were budget provision for them. In such a situation, it is a clear demonstration of a breakdown of the governments cash budget system.

8.2.22 Statement of Stores and Other Assets amounting to Shs.38,292,059,659

The Consolidated Financial Statements reported stores and other assets amounting to Shs.38,292,059,659 as at 30th June 2011. This is an increase of 130 % from the previous year's balance of Shs.16,806,978,964. The Government should ensure timely procurement and consumption of

stores to avoid large amounts of stores at the end of the financial year which could end up being misused.

8.2.23 Statement of Losses amounting to Shs.12,968,168,985

The Consolidated Financial Statements indicated that cumulative losses incurred by the Government in terms of public monies, stores written off and claims abandoned, increased from Shs.11,152,048,065 during the year 2009/2010 to Shs.12,968,168,985 in 2010/2011; this being an increase of Shs. 1,816,120,920 equivalent to 16 %.

It is therefore important that measures are taken to ensure losses incurred by the Government are minimized to tolerable levels. Furthermore, all losses that have not been procedurally written off by Parliament should continue to be reported along with the current year losses. Analysis of the previous and current year losses should also be provided. The reporting of the loss should cease only when it has been procedurally written off by Parliament. Treasury should timely initiate the process for Parliamentary deliberations' and write offs of genuine losses.

8.2.24 Special Funds amounting to Shs.47,285,051,367

The Consolidated Financial Statements disclosed an amount of Special Funds managed by MDAs of Shs 47,285,051,367 in line with Section 12 of the PFA of 2001. This is a decrease of 42% against the amount reported in the previous financial year of Shs 81,880,605,817.

However, I noted that the amounts reported as operating funds in MDAs were in actual fact cash balances as at 30th June 2011 and as such it does not include other funds advanced or issued as loans.

In order to enhance transparency, the Government should disclose the actual position of the Funds, instead of reporting only the year end cash balances. For all Revolving Funds total wealth should be reported at the end of the

year and for the non Revolving Funds, only the cash balance as at the end of the year should be reported in the consolidated financial statements. Further, the Government should recognize and disclose its debtors the same way it recognizes its creditors.

8.2.25 Unspent balances not returned to PMG's Account amounting to Shs.11,921,864,616

The Treasury should make follow up to ensure that all Accounting Officers return the unspent balances to the PMG's Account and that the moneys are credited to the Consolidated Account and properly accounted for.

8.2.26 Non Compliance with PFA and IPSAS

According to Section 25(1) (a) of the Public Finance Act of 2001 (Revised 2004), the Accountant General is required to prepare and transmit to the Minister and to the Controller and Auditor General a balance sheet (statement of financial position) showing all the assets and liabilities of the Consolidated Fund. (i.e. of the Government of the United Republic of Tanzania).

In addition, IPSAS 6 on Consolidated and Separate Financial Statements requires the consolidation to include all Public Sectors wholly or jointly controlled entities where the Government has a controlling interest including Local Government Authorities, Government Agencies, venture capital organizations, mutual funds, unit trusts and similar entities. The standard however does not apply to Government Business enterprises. In order for the Government to be able to comply with requirement of IPSAS 6 we reconcile the following:

The standard requires that in preparing consolidated financial statements, a controlling entity should combine its financial statements and its controlled entities line by line, by adding together like items of assets, liabilities, net assets/equity, revenue and expenses. In order for the

government to be able to comply with requirements of IPSAS 6 we recommend the following:-

- (i) The Government (in particular the Accountant General) should consider adopting modern accrual-accounting standards for financial reporting (i.e. IPSAS-Accrual) to enhance accountability and management of government assets and liabilities. In this regard, Public Debt and General Services, Treasury Registrar's Statement and the Consolidated National Accounts should be given an immediate attention.
- (ii) Management of the Treasury should among other statements prepare a balance sheet (statement of financial position) of all the assets and liabilities of the United Republic of Tanzania in accordance with Section 25 of PFA of 2001 (revised 2004).
- (iii) Public Sector (wholly or jointly controlled) entities including Local Government Authorities, Government Agencies, Parastatals, etc should be consolidated in the National Consolidated Accounts.

8.2.27 Advisory Role of the Controller and Auditor General

Section 12 of the PAA 2008 provides that I may advise the Government for the purpose of:

- (a) Preventing or minimising unproductive expenditure of public monies;
- (b) Maximising the collection of public revenues; and
- (c) Averting loss by negligence, carelessness, theft, dishonest, fraud, corruption relating to public monies and resources.

In this regard therefore, I have been conducting special audits and conveyed stakeholders forums on such issues to enable me make such recommendations and submit such proposals to the Minister or appropriate minister as I consider necessary for better management of public resources. In this regard, the following proposals were put forward:

8.2.27.1 Improving the Budget Framework

One of the key elements in enforcing accountability is on the implementation of the budget. One of the processes involved in the budget process is the deliberations by the budget officers both at Treasury and the respective MDAs and the Parliament after the same have been reviewed by the respective Sectoral Committees, a process known as public debate and authorization.

After the authorization process, the budget execution follows, where actual revenue collections and service delivery takes place. Execution of the budget therefore is about the collection and accounting for revenue, provision of services through the recurrent budget and implementation of development projects. The budget process has been categorised with a number of challenges namely:

8.2.27.2 Late operation of the budget

It has been a practice that, the public debate, for authorization of the budget by Parliament is conducted during the period from June to August each year while the Appropriation Act comes into force from 1st July each year. This implies that, the execution of the budget would start by mid September each year and thus in the period between 1st July to mid September, important activities of the Government particularly development activities will not be conducted due to lack of approved budget.

It is worth noting that, the President may issue the presidential release warranty which is one third of the previous approved budget or the current budget but still, this amount always caters for recurrent expenditure only, leaving implementation of the development projects.

On the other hand, the budget is discussed starting with the national budget which is also approved before discussing the individual votes. This arrangement makes the budget process as a rubber stamp as MPs have already passed the national budget which is basically based on the individual Votes budgets.

Recommendation

- The government should consider revising its budget cycle to accommodate changes of the date for deliberations of the budget to be completed on or before 30th June of each year in order to provide the Government with enough time to implement its plans.
- Budget discussion by Members of Parliament should start with individual Votes budgets and the national budget should be the last to be discussed.
- Considering the fact that, the EAC countries budget are read on the same date, the Government should liaise with EAC members for reconciling any changes that may arise from changes in our budget cycle.

8.2.27.3 Unrealistic Budget

Although the overall budget is passed by Parliament, but the Government have not been able to execute it as budgeted and for most MDAs, there are budget cuts to conform to the set ceilings. On the other hand, exchequer issues released are in most cases much below the approved budget and are issued on monthly basis. This make the budget process not value adding taking into account the activities planned for execution and the amounts of funds released.

MDAs use funds, time and effort in discussing the budget and later on, budget ceilings are given by the Government making the whole process of planning of the activities not value adding.

In addition, approval by Parliament of the planned activities in terms of monetary values which are going to be implemented, have in most cases not fully implemented due to budget cuts by

the Treasury. As a result, most MDAS end up with huge liabilities especially in the roads construction, service based activities.

Recommendations

- There is need to review our budget processes to ensure that a realistic budget is formulated in a way that, it meets the planned activities. Also the budget should be respected, adhered to and be used as a control tool.
- Service oriented MDAs should be fully funded, otherwise they will end up having uncontrolled liabilities.

8.2.27.4 Budget to incorporate priorities

Given the financial position of our country, each year, the small amount of funds of revenue we collect and receive from development partners is distributed in small amounts to meet our planned activities. This has been done for all the years. In doing so, after a few years our achievement will be minimal.

Recommendation

There is need for the Government to change its budget framework by having priority area(s) which we should accomplish. We can decide to invest in a particular investment each year and at the same time share the other funds in our daily activities. For example, we can start in investing in electricity generation using natural gas in order to be self sufficient and also export electricity to other countries and enhance revenue collection. The following years we can invest in another venture of national interest and so on. In so doing, we will also be creating more jobs, stabilising the economy and expanding our revenue base.

8.2.27.5 High rate of Tax Exemptions

The level of tax exemptions in Tanzania is higher compared with other neighbouring countries such as Kenya and Uganda. Equally, Tanzania being a poor country, can not afford to let its much needed revenue by allowing massive tax exemptions. In most cases, these exemptions are granted to able people and multinational Companies who have all the resources. It is not

prudent to depend so much on donor support while we exempt what we should collect as revenue to help in the development of our nation.

I understand that these exemptions are governed by the Tax law. One question to ask ourselves is as to whose benefit are these exemptions being issued.

Recommendations

- As a matter of urgency, the tax law on exemptions should be reviewed to address and boost our revenue source.
- The Government should either limit exemptions to 5% of the total collected revenues or do away with granting tax exemptions which benefit able people and Companies which should pay tax.
- On the other hand, Tax incentives being administered by Tanzania Investment Centre should be abolished. There is need for a study to be made on how much we collect from investors and how much we loose in these tax holidays and exemptions.

9.0 ANNEXURE S

9.1 Outstanding matters of previous years' Audit

Annexure I

S/No.	Vote No.	MDAs	Financial Year 2010/2011		
			JPY	Shs	USD
1.	98	Ministry of Works	N/A	390,447,292,901	N/A
2.	29	Prison Service Department	N/A	34,836,336,257	N/A
3.	57	Ministry of Defence and National Service	N/A	17,022,593,242.00	N/A
4.	52	Ministry of Health and Social Welfare	N/A	9,759,699,741.00	N/A
5.	87	RAS Kagera	N/A	9,574,823,878	N/A
6.	48	Ministry of Lands, Housing and Human Settlements Development	N/A	7,906,307,398	N/A
7.	31	Vice President's Office	N/A	7,131,504,123	N/A
8.	46	Ministry of Education and Vocational Training	N/A	6,665,882,599.05	N/A
9.	50	Ministry of Finance	N/A	5,739,188,492	N/A
10.	28	Police Force	N/A	4,961,508,500	N/A
11.	56	Prime Minister's Office, Regional Administration and Local Government	N/A	4,886,045,280	N/A
12.	74	RAS Kigoma	N/A	4,591,991,984	N/A
13.	79	RAS Morogoro	N/A	4,471,714,287	N/A
14.	72	RAS Dodoma	N/A	3,961,930,165	N/A
15.	38	Tanzania Peoples' Defence Forces	N/A	3,486,530,000	N/A
16.	37	Prime Minister's Office	N/A	3,177,448,848.22	N/A
17.	69	Ministry of Natural Resources and	N/A	3,125,668,282.66	16,000

		Tourism			
18.	80	RAS Mtwara	N/A	2,456,542,837	N/A
19.	32	President's Office Public Service Management	N/A	2,246,700,247.00	N/A
20.	84	RAS Singida	N/A	2,156,376,825	N/A
21.	88	RAS Dar es salaam	N/A	1,872,072,054	N/A
22.	68	Ministry of Communication, Science and Technology	N/A	1,843,576,482	N/A
23.	81	RAS Mwanza		1,473,247,494.72	
24.	73	RAS Iringa	N/A	1,415,307,310	N/A
25.	49	Ministry of Water	N/A	1,190,283,468.00	N/A
26.	95	RAS Manyara	N/A	987,128,807	N/A
27.	85	RAS Tabora	N/A	750,015,260	N/A
28.	58	Ministry of Energy and Minerals	N/A	707,102,367.00	N/A
29.	51	Ministry of Home Affairs	N/A	703,190,129	N/A
30.	86	RAS Tanga	N/A	657,777,495	N/A
31.	44	Ministry of Industry and Trade	N/A	548,255,080.00	N/A
32.	94	President's Office, Public Service Commission	N/A	459,294,956.00	N/A
33.	40	Judiciary (Court of Appeal)	N/A	265,395,431.00	N/A
34.	14	Ministry of Home Affairs - Fire and Rescue Force	N/A	250,257,368.00	N/A
35.	43	Ministry of Agriculture, Food Security and Cooperatives	N/A	236,125,495	N/A
36.	42	National Assembly	N/A	226,747,847	N/A
37.	99	Ministry of Livestock and Fisheries Development	N/A	160,554,003.00	N/A
38.	60	Labour Court	N/A	122,659,590.00	N/A

39.	77	RAS Mara	N/A	110,086,836	N/A
40.	34	Ministry of Foreign Affairs and International Cooperation	N/A	107,450,000.00	N/A
41.	91	Drugs Control Commission	N/A	100,845,868	N/A
42.	16	Attorney General's Chambers	N/A	93,000,000.00	N/A
43.	53	Ministry of Community Development, Gender and Children	N/A	90,014,724.00	N/A
44.	93	Immigration Service Department	N/A	83,344,000	75,580
45.	96	Ministry of Information, Culture and Sports	N/A	67,108,000.00	N/A
46.	70	RAS Arusha	N/A	47,798,500	N/A
47.	89	RAS Rukwa	N/A	43,484,890.93	N/A
48.	18	High Court	N/A	34,439,536	N/A
49.	90	Land Court	N/A	21,280,250	N/A
50.	75	RAS Kilimanjaro	N/A	20,629,490	N/A
51.	59	Law Reform Commission of Tanzania (LRCT)	N/A	13,695,000.00	N/A
52.	92	Tanzania Commission for Aids (TACAIDS)	N/A	13,400,000.00	N/A
53.	83	RAS Shinyanga	N/A	12,682,010	N/A
54.	33	Ethics Secretariat	N/A	11,870,000	N/A
55.	76	RAS Lindi	N/A	8,846,306.00	N/A
56.	71	RAS Coast	N/A	7,395,000	N/A
57.	82	RAS Ruvuma	N/A	2,300,141	N/A
58.	21	Treasury	16,351,520,096.94	-	N/A
59.	Total		16,351,520,096.94	543,364,747,075.99	91,580

9.2 Statement of Exchequer Issues Received

S/No	Vote	Name of MDAs/RAS	Recurrent	Development	Total
1	12	Judicial Service Commission	985,856,670.00	0	985,856,670.00
2	14	Ministry of Home Affairs - Fire and Rescue Force	2,911,526,359.00	317,000,000.00	3,228,526,359.00
3	15	Commission for Mediation and Arbitration	1,641,794,061.00	596,200,000.00	2,237,994,061.00
4	16	Attorney General's Chambers	7,092,017,494.00	608,084,600.00	7,700,102,094.00
5	18	High Court of Tanzania	14,319,428,524.00	0	14,319,428,524.00
6	19	District and Primary Courts	16,746,115,793.00	0	16,746,115,793.00
7	20	President's Office, State House	8,810,622,958.00	0	8,810,622,958.00
8	21	Treasury	246,848,984,469.00	24,518,724,525.74	271,367,708,994.74
9	22	Public Debt	1,930,861,843,959.55	0	1,930,861,843,959.55
10	23	Accountant General's Department	93,046,830,004.00	8,237,133,370.00	101,283,963,374.00
11	24	Cooperatives Development Commission	5,731,422,704.00	30,000,000.00	5,761,422,704.00
12	25	Prime Minister's Private Office	4,800,568,136.00	0	4,800,568,136.00
13	26	Vice President's Office	4,280,116,354.00	0	4,280,116,354.00
14	27	Registrar of Political Parties	20,767,530,470.00	30,000,000.00	20,797,530,470.00
15	28	Police Force	281,890,999,481.00	12,328,267,378.00	294,219,266,859.00
16	29	Prison Service Department	106,762,642,303.00	3,126,441,878.00	109,889,084,181.00
17	30	President's Office and Cabinet Secretariat	205,410,262,707.00	60,569,517,930.00	265,979,780,637.00
18	31	Vice President's Office	45,708,970,187.00	3,805,646,833.00	49,514,617,020.00
19	32	President's Office Public Service Management	23,009,956,265.70	15,001,442,537.00	38,011,398,802.70

20	33	Ethics Secretariat	2,525,155,203.00	450,000,000.00	2,975,155,203.00
21	34	Ministry of Foreign Affairs and International Cooperation	97,781,763,728.00	5,000,000,000.00	102,781,763,728.00
22	35	Directorate of Public Prosecution	5,208,655,989.00	2,079,344,870.00	7,288,000,859.00
23	37	Prime Minister's Office	24,421,153,636.00	25,640,687,543.00	50,061,841,179.00
24	38	Tanzania People's Defence Forces	448,387,169,072.00	4,000,000,000.00	452,387,169,072.00
25	39	National Service	94,566,287,026.00	5,793,066,314.00	100,359,353,340.00
26	40	Judiciary (Court of Appeal)	9,673,837,188.00	5,533,659,917.00	15,207,497,105.00
27	41	Ministry of Constitutional and Legal Affairs	6,261,161,841.00	7,191,153,548.00	13,452,315,389.00
28	42	National Assembly	64,219,376,003.00	3,646,619,665.00	67,865,995,668.00
29	43	Ministry of Agriculture, Food Security and Cooperatives	179,761,149,378.00	93,888,597,765.00	273,649,747,143.00
30	44	Ministry of Industry and Trade	30,950,095,303.00	18,755,200,211.12	49,705,295,514.12
31	46	Ministry of Education and Vocational Training	508,343,239,913.00	76,945,857,90.008	585,289,097,821.00
32	48	Ministry of Lands, Housing and Human Settlements Development	25,896,008,298.00	201,295,795,854.86	227,191,804,152.86
33	49	Ministry of Water	16,900,501,142.00	129,151,686,344.00	146,052,187,486.00
34	50	Ministry of Finance	72,623,844,728.00	94,734,387,853.00	167,358,232,581.00
35	51	Ministry of Home Affairs	4,677,891,417.00	1,966,781,470.00	6,644,672,887.00
36	52	Ministry of Health and Social Welfare	220,937,437,060.00	247,661,423,059.00	468,598,860,119.00
37	53	Ministry of Community Development Gender and Children	11,087,302,158.00	4,937,443,814.00	16,024,745,972.00
38	55	Commission for Human Rights and Good Governance	3,579,592,848.00	404,432,025.00	3,984,024,873.00

39	56	Prime Minister's Office -Regional Administration and Local Government	133,647,719,976.00	24,590,433,168.00	158,238,153,144.00
40	57	Ministry of Defence and National Service	16,150,994,213.00	87,087,859,339.00	103,238,853,552.00
41	58	Ministry of Energy and Minerals	85,653,292,333.00	141,320,379,962.54	226,973,672,295.54
42	59	Law Reform Commission of Tanzania	1,254,609,782.00	729,118,000.00	1,983,727,782.00
43	60	Labour Court	1,303,866,717.00	1,072,656,000.00	2,376,522,717.00
44	61	National Electoral Commission	64,611,466,648.00	0	64,611,466,648.00
45	64	Commercial Court	1,151,195,068.00	547,459,000.00	1,698,654,068.00
46	65	Ministry of Labour and Employment	9,627,127,317.00	2,499,439,200.00	12,126,566,517.00
47	66	President's Office Planning Commission	5,659,756,960.00	0	5,659,756,960.00
48	67	Public Service Recruitment Secretariat	2,374,087,402.00	0	2,374,087,402.00
49	68	Ministry of Communication, Science and Technology	22,802,481,579.00	21,673,706,747.00	44,476,188,326.00
50	69	Ministry of Natural Resources and Tourism	44,030,694,831.00	4,602,055,039.07	48,632,749,870.07
51	90	Land Court	1,091,241,027.00	367,971,661.00	1,459,212,688.00
52	91	Drugs Control Commission	1,135,138,090.00	0	1,135,138,090.00
53	92	Tanzania Commission for Aids	3,356,841,264.00	10,416,424,951.00	13,773,266,215.00
54	93	Immigration Service Department	34,644,687,368.50	10,442,948,644.00	45,087,636,012.50
55	94	President's Office Public Service Commission	8,157,525,607.00	0	8,157,525,607.00
56	96	Ministry of Information, Culture and Sports	17,044,904,228.00	5,600,000,000.00	22,644,904,228
57	97	Ministry of East African	14,772,753,638.00	0	14,772,753,638.00

		Cooperation			
58	98	Ministry of Works	323,438,966,502.0 0	501,704,523,878 .00	825,143,490,380.0 0
59	99	Ministry of Livestock and Fisheries Development	31,576,111,004.00	14,220,033,646. 00	45,796,144,650.00
60	70	RAS Arusha	88,182,039,506.00	17,317,031,292. 00	105,499,070,798.0 0
61	71	RAS Coast	70,725,855,282.00	14,814,356,099. 00	85,540,211,381.00
62	72	RAS Dodoma	93,578,339,965.00	21,914,575,681. 00	115,492,915,646.0 0
63	73	RAS Iringa	105,591,981,310.0 0	25,862,291,841. 00	131,454,273,151.0 0
64	74	RAS Kigoma	66,508,277,376.00	22,872,813,215.00	89,381,090,591.00
65	75	RAS Kilimanjaro	7,586,054,861.00	1,222,756,727.00	8,808,811,588.00
66	76	RAS Lindi	45,914,562,808.00	13,896,168,327.00	59,810,731,135.00
67	77	RAS Mara	84,260,004,819.00	16,688,780,908.00	100,948,785,727.00
68	78	RAS Mbeya	129,847,972,806.00	29,607,776,138.00	159,455,748,944.00
69	79	RAS Morogoro	112,280,352,459.39	25,809,585,181.00	138,089,937,640.39
70	80	RAS Mtwara	62,638,093,191.00	15,735,074,574.00	78,373,167,765.00
71	81	RAS MwanZA	142,310,430,093.00	29,242,994,735.00	172,150,988,551.16
72	82	RAS Ruvuma	72,588,317,511.00	17,202,083,275.00	89,790,400,786.00
73	83	RAS Shinyanga	112,457,186,548.00	23,515,344,156.00	135,972,530,704.00
74	84	RAS Singida	55,293,946,109.00	17,027,233,572.00	72,321,179,681.00
75	85	RAS Tabora	5,275,116,164.00	1,037,307,910.00	6,312,424,074.00
76	86	RAS Tanga	107,941,784,878.00	20,824,219,472.00	128,766,004,350.00
77	87	RAS Kagera	94,819,672,825.00	20,783,736,084.00	115,603,408,909.00
78	88	RAS Dar es Salaam	133,905,607,359.00	17,703,064,191.00	151,608,671,550.00
79	89	RAS Rukwa	59,165,725,047.72	18,414,565,692.00	77,580,290,739.72
80	95	RAS Manyara	4,757,769,007.00	1,104,461,910.00	5,862,230,917.00
		Total			9,586,857,053,461.4

ANNEXURE III

9.3 PROCUREMENT COMPLIANCE

Performance Data	Performance	Performance Data	Outcome of the review
1	Establishment and composition of tender boards	Existence of a tender board in accordance with the requirements of the Act and Regulations	The level of non-compliance in establishing TBs was 20% compared to 4% in the previous audits.
2	Establishment and composition of PMUs	Existence of a PMU in accordance with the requirements of the Act and Regulations	The level of non-compliance in establishing PMUs was 42% compared to 26% in the previous audits
3	Independence of functions	Percentage of tenders in which there was no interference between individual functions	41% of the audited procurements had interference between the individual functions of the Accounting Officer, Tender Boards, PMU and user Departments compared to 28% in the previous audits.
4	Annual Procurement Plan (APP)	Prepared and properly implemented annual procurement plan	The level of non-compliance in preparing and implementing APPs was 47% compared to 39% in the previous audits.
5	Compulsory	Percentage of	37% of the

	Approvals	tenders/contracts which received all compulsory approvals in various processes	audited procurements did not receive all compulsory approvals in the procurement processes contrary to the requirements in the PPA and its Regulations compared to 27% in the previous audits.
6	Advertisement of Bid opportunities	Percentage of open bidding procedures publicly advertised	16% of bidding process were not advertised to the public contrary to the requirements of the PPA and its Regulations compared to none (i.e 0%) in the previous audits
7	Publication of awards	Percentage of contract awards disclosed to the public	57% of the audited procurements indicated that contract awards were not published to the public contrary to the requirements of the PPA and its Regulations compared to 39% in the previous audits
8	Time for preparation of bids	Percentage of tenders complying with the stipulated time in the Act and regulations	23% of the audited procurements indicated that the time provided for the preparation of bids did not comply with the

			minimum time provided in the PPA and its Regulations compared to 10% in the previous audits.
9	Methods of procurements	Percentage of tenders using authorized methods of procurement in accordance with their limits of application	23% of the audited procurements did not use methods of procurement in accordance with their limits of application as provided in the PPA and its Regulations compared to 22% in the previous audits.
10	The use of standard tender documents	Percentage of tenders using standard/ approved tender documents	In the 32% of the audited procurements, standard tender documents were not used contrary to the requirements of the PPA and its regulations compared to 28% in the previous audits.
11	Procurement records	Percentage of Tenders with complete records	49 % of the audited procurements had either no procurement records or incomplete records compared to 45% in the previous audits.
12	Quality assurance	Percentage of tenders with	54% of the audited

	And control	adequate quality assurance and control systems	procurements indicated that there were no quality assurance and control systems compared to 42% in the previous audits.
13	Contract management	Percentage of contracts which have been implemented as per the terms of contract	Contracts in 41% of the audited procurements were not implemented as per the terms of the contract compared to 36% in the previous audits.

ANNEXURE IV

9.4 Stock Verification Report on Stores Management

		SUMMARY	
		GOVERNMENT ASSETS MANAGEMENT OBSERVATIONS TO CONTROLLER AND AUDITOR GENERAL	
		FY 2010/2011	
	(1)	UNSUPPORTED ISSUES OF STORES-TSH 652,784,611.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	34,160,535.00
52		Ministry of Health and Social Welfare	14,924,870.00
98		Ministry of Infrastructure Development	145,069,450.00
53		Ministry of Community Development, Gender & Children	3,086,900.00
49		Ministry of Water and Irrigation	12,834,320.00
58		Ministry of Energy and Minerals	13,476,036.00
96		Ministry of Information, Culture and Sports	18,438,050.00
43		Ministry of Agriculture and Food Security	72,163,520.00
28		Police	110,020,900.00
29		Tanzania Prison Services	27,017,700.00
19		Tanzania Primary Courts	5,364,200.00
93		Tanzania Immigration Service	25,021,300.00
72		Regional Administrative Secretary-Dodoma	9,764,000.00
73		Regional Administrative Secretary-Iringa	20,795,240.00
85		Regional Administrative Secretary-Tabora	51,283,610.00
83		Regional Administrative Secretary-Shinyanga	25,658,350.00

77		Regional Administrative Secretary-Mara	45,317,400.00
84		Regional Administrative Secretary- Singida	2,774,000.00
86		Regional Administrative Secretary- Tanga	5,850,000.00
95		Regional Administrative Secretary- Manyara	1,803,730.00
74		Regional Administrative Secretary- Kigoma	7,960,500.00
		TOTAL	652,784,611.00
	(II)	UNSUPPORTED ISSUES OF FUEL-TSH 105,649,627.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	55,459,467.00
52		Ministry of Health and Social Welfare	23,315,740.00
28		Police	7,140,600.00
70		Regional Administrative Secretary-Arusha	8,398,000.00
80		Regional Administrative Secretary-Mtwara	1,648,250.00
95		Regional Administrative Secretary-Manyara	9,687,570.00
		TOTAL	105,649,627.00
	(III)	UNSUPPORTED RECEIPTS OF FUEL - TSH 119,803,200.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
49		Ministry of Water and Irrigation	119,803,200.00
		TOTAL	119,803,200.00
	(IV)	UNSUPPORTED RECEIPTS OF STORES-TSH 1,363,526,047.20	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
98		Ministry of Infrastructure Development	291,722,337.00
46		Ministry of Education and Vocational Training	215,829,970.00

58		Ministry of Energy and Minerals	15,325,300.00
99		Ministry of Livestock Development	33,715,910.00
49		Ministry of Water and Irrigation	1,664,000.00
50		Ministry of Finance	4,269,000.00
53		Ministry of Community Development, Gender & Children	76,431,370.00
52		Ministry of Health and Social Welfare	23,315,740.00
69		Ministry of Natural Resources and Tourism	3,086,900.00
96		Ministry of Information, Culture and Sports	26,505,304.20
28		Police	229,248,634.00
29		Tanzania Prison Services	169,395,515.00
19		Tanzania Primary Courts	4,659,850.00
93		Tanzania Immigration Service	32,838,550.00
18		Tanzania High Court	5,073,640.00
41		Regional Administrative Secretary - Mbeya	6,751,184.00
72		Regional Administrative Secretary - Dodoma	13,566,600.00
73		Regional Administrative Secretary - Iringa	51,470,243.00
85		Regional Administrative Secretary - Tabora	899,500.00
77		Regional Administrative Secretary - Mara	31,482,700.00
80		Regional Administrative Secretary - Mtwara	74,129,800.00
86		Regional Administrative Secretary - Tanga	5,400,000.00
76		Regional Administrative Secretary - Lindi	39,765,000.00
74		Regional Administrative Secretary - Kigoma	6,979,000.00

		TOTAL	1,363,526,047.20
	(V)	UNACCOUNTED RECEIPTS OF STORES-TSH 164,284,518.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	2,249,190.00
52		Ministry of Health and Social Welfare	30,816,300.00
98		Ministry of Infrastructure Development	48,765,000.00
29		Tanzania Prison Services	13,181,598.00
27		Registrar of Political Parties	2,320,300.00
28		Police	25,959,130.00
84		Regional Administrative Secretary - Singida	11,478,000.00
74		Regional Administrative Secretary - Kigoma	29,515,000.00
		TOTAL	164,284,518.00
	(VI)	UNACCOUNTED ISSUES OF STORES-TSH 68,358,215.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	4,400,090.00
58		Ministry of Energy and Minerals	29,957,250.00
29		Tanzania Prison Services	5,110,325.00
19		Tanzania Primary Courts	17,668,000.00
76		Regional Administrative Secretary - Lindi	11,222,550.00

		TOTAL	68,358,215.00
	(VII)	DEFICIENT STORES-TSH 414,389,394.20	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
58		Ministry of Energy and Minerals	11,652,100.00
98		Ministry of Infrastructure Development	34,416,650.00
29		Tanzania Prison Services	15,097,600.00
46		Ministry of Education and Vocational Training	7,729,600.00
52		Ministry of Health and Social Welfare	179,939,010.20
28		Police	140,626,084.00
19		Tanzania Primary Courts	3,280,000.00
27		Registrar of Political Parties	1,455,350.00
85		Regional Administrative Secretary-Tabora	565,500.00
77		Regional Administrative Secretary-Mara	7,957,000.00
80		Regional Administrative Secretary-Mtwara	7,875,000.00
84		Regional Administrative Secretary-Singida	658,000.00
86		Regional Administrative Secretary- Tanga	587,500.00
95		Regional Administrative Secretary- Manyara	2,550,000.00
		TOTAL	414,389,394.20
	(VIII)	UNACCOUNTED PURCHASES OF STORES-TSH 1,957,968,039.08	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	618,323,708.88
58		Ministry of Energy and Minerals	198,747,439.60

50		Ministry of Finance	36,034,445.00
99		Ministry of Livestock Development	48,554,555.00
69		Ministry of Natural Resources and Tourism	23,148,500.00
48		Ministry of Land and Human Settlement	5,132,000.00
53		Ministry of Community Development, Gender & Children	47,855,110.00
64		Tanzania Commercial Court	32,771,907.00
18		Tanzania High Court	40,625,830.00
27		Registrar of Political Parties	92,756,900.00
19		Tanzania Primary Courts	39,925,976.00
29		Tanzania Prison Services	41,878,640.00
28		Police	107,541,200.00
52		Ministry of Health and Social Welfare	66,038,184.20
96		Ministry of Information,Culture and Sports	8,895,000.00
33		Ethics Secretariat	3,117,989.00
41		Regional Administrative Secretary-Mbeya	4,049,805.00
72		Regional Administrative Secretary-Dodoma	20,286,500.00
73		Regional Administrative Secretary-Dodoma	82,629,232.00
47		Ministry of Infrastructure Development	85,444,263.40
85		Regional Administrative Secretary-Tabora	9,910,000.00
93		Tanzania Immigration Service	51,236,545.00
70		Regional Administrative Secretary-Arusha	124,702,542.00
77		Regional Administrative Secretary-Mara	47,120,618.00
84		Regional Administrative Secretary-Singida	26,442,290.00
76		Regional Administrative Secretary-Lindi	47,433,853.00

95		Regional Administrative Secretary-Manyara	47,365,006.00
		TOTAL	1,957,968,039.08
	(IX)	UNRECEIPTED ISSUES OF STORES-TSH 631,970,614.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
43		Ministry of Agriculture and Food Security	7,610,510.00
53		Ministry of Community Development, Gender & Children	2,543,400.00
93		Tanzania Immigration Service	7,822,500.00
98		Ministry of Infrastructure Development	109,911,582.00
29		Tanzania Prison Service	16,748,725.00
28		Police	77,185,400.00
46		Ministry of Education and Vocational Training	22,750,128.40
52		Ministry of Health and Social Welfare	51,244,958.60
96		Ministry of Information, Culture and Sports	10,185,000.00
19		Tanzania Primary Courts	32,008,750.00
18		Tanzania High Court	1,121,800.00
33		Ethics Secretariat	2,305,900.00
58		Ministry of Energy and Minerals	157,079,410.00
73		Regional Administrative Secretary- Iringa	9,869,800.00
83		Regional Administrative Secretary- Shinyanga	7,335,800.00
70		Regional Administrative Secretary- Arusha	8,766,950.00
77		Regional Administrative Secretary- Mara	13,216,000.00
80		Regional Administrative Secretary- Mtwara	5,034,800.00
84		Regional Administrative Secretary- Singida	20,692,600.00

76		Regional Administrative Secretary- Lindi	54,614,100.00
95		Regional Administrative Secretary- Manyara	7,165,000.00
74		Regional Administrative Secretary- Kigoma	6,757,500.00
		TOTAL	631,970,614.00
	(X)	UNRECEIPTED ISSUES OF FUEL-TSH 1,260,900.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
27		Registrar of Political Parties	1,260,900.00
		TOTAL	1,260,900.00
	(XI)	UNRECEIPTED RECEIPTS OF STORES-TSH 64,788,380.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	2,914,700.00
52		Ministry of Health and Social Welfare	14,865,200.00
28		Police	17,361,050.00
70		Regional Administrative Secretary- Arusha	29,647,430.00
		TOTAL	64,788,380.00
	(XII)	PROCUREMENT WITHOUT COMPETITIVE QUATATION-TSH 91,628,176.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
98		Ministry of Infrastructure Development	23,596,926.00
53		Ministry of Infrastructure Development	1,428,150.00
93		Tanzania Immigration Service	3,198,000.00
77		Regional Administrative Secretary- Mara	58,417,500.00

84		Regional Administrative Secretary- Singida	4,987,600.00
		TOTAL	91,628,176.00
	(XIII)	UNTRANSFERRED BALANCE OF STORES-TSH 76,347,311.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	1,211,500.00
53		Ministry of Community Development, Gender & Children	12,724,511.00
84		Regional Administrative Secretary- Singida	1,884,800.00
76		Regional Administrative Secretary- Lindi	60,526,500.00
		TOTAL	76,347,311.00
	(XIV)	OUTSTANDING STORES ON LOAN-TSH 29,676,100.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	16,984,000.00
53		Ministry of Community Development, Gender & Children	1,159,000.00
98		Ministry of Infrastructure Development	5,788,100.00
29		Tanzania Prison Service	4,355,000.00
83		Regional Administrative Secretary- Shinyanga	1,390,000.00
		TOTAL	29,676,100.00
	(XV)	FUEL NOT RECORDED IN THE LOG BOOK-TSH 141,833,981.46	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
98		Ministry of Infrastructure Development	29,281,455.70
58		Ministry of Energy and Minerals	52,478,530.00

29		Tanzania Prison Service	6,743,903.56
64		Tanzania Commercial Court	2,415,143.00
19		Tanzania Primary Courts	10,864,449.20
93		Tanzania Immigration Service	2,692,500.00
76		Regional Administrative Secretary- Lindi	29,990,000.00
74		Regional Administrative Secretary- Kigoma	7,368,000.00
		TOTAL	141,833,981.46
	(XVI)	UNCOMPLETED DEVELOPMENT PROJECT - TSH 21,384,120.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
28		Police	21,384,120.00
		TOTAL	21,384,120.00
	(XVII)	UNACCOUNTED ISSUES OF STORES - TSH 126,860,376.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
50		Ministry of Finance	8,777,541.00
52		Ministry of Health and Social Welfare	10,189,460.00
53		Ministry of Community Development, Gender & Children	9,650,800.00
98		Ministry of Infrastructure Development	59,844,200.00
96		Ministry of Information, Culture and Sports	13,728,000.00
64		Tanzania Commercial Court	12,525,800.00
19		Tanzania Primary Courts	1,281,075.00
93		Tanzania Immigration Service	7,063,500.00
84		Regional Administrative Secretary- Singida	3,800,000.00

		TOTAL	126,860,376.00
	(XVIII)	MAINTANANCE AND REPAIR OF GOVERNMENT VEHICLES TO PRIVATE GARAGE WITHOUT PRIOR APPROVAL FROM E & M DIVISION-TSH 84,257,471.62	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
98		Ministry of Infrastructure Development	12,960,164.40
93		Tanzania Immigration Service	4,861,002.00
70		Regional Administrative Secretary- Arusha	1,124,504.22
77		Regional Administrative Secretary- Mara	65,311,801.00
		TOTAL	84,257,471.62
	(XIX)	UNDELIVERED STORES-TSH 15,726,500.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
52		Ministry of Health and Social Welfare	13,996,500.00
18		Tanzania High Court	1,730,000.00
		TOTAL	15,726,500.00
	(XX)	EXPIRED FOOD STUFFS-TSH 6,080,000.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
46		Ministry of Education and Vocational Training	6,080,000.00
		TOTAL	6,080,000.00
	(XXI)	EXPIRED DRUGS/CHEMICALS -TSH 51,620,962.00	
VOTE		MINISTRY/DEPARTMENT/REGION	AMOUNT
52		Ministry of Health and Social Welfare	39,873,062.00

49		Ministry of Water and Irrigation	609,400.00
76		Regional Administrative Secretary- Lindi	11,138,500.00
		TOTAL	51,620,962.00
		GRAND TOTAL	6,190,198,543.56

ANNEXURE V

9.5 STATEMENT OF OUTSTANDING LOANS

			2010/2011	2009/2010
No.	Loan advanced to:	Loan No.	Shs	Shs
1	De Leuw Cather International Inc.	177	997,382,932	997,382,932
2	Ginaac Industries Ltd	334	281,864,968	281,864,968
3	Kilimanjaro Airport Development Co. Ltd	387	1,893,088,439	2,122,780,439
4	M/s Auto Mech Ltd	313	142,500,000	145,000,000
5	Mansons Ltd	283	46,617,035	44,062,788
6	MS AFRICAN MARBLE CO. LTD	63	574,683	574,683
7	National Insurance Corporation	400	413,674,047	4,428,674,047
8	Serengeti Safari Lodges Ltd	312	11,506,000	11,506,000
9	SONGAS	394	238,267,694,761	238,267,694,761
10	Steel Rolling Mills Ltd.	209	28,125,153	28,125,153
11	TANESCO	402	65,668,947,897	65,668,947,897
12	TANESCO	405	21,562,932,275	21,526,244,715
13	Tanzania Airport Authority	385	2,764,518,167	2,011,721,017
14	Tanzania Civil Aviation Authority	386	1,870,066,675	2,474,284,380
15	Tanzania Harbours Authority	225	179,847,597	604,709,588
16	Tanzania Harbours Authority	263	85,022,489	153,085,857

17	Tanzania Harbours Authority	297	24,485,282	66,884,028
18	Tanzania Harbours Authority	298	4,630,569	94,254,669
19	Tanzania Harbours Authority	299	429,521,048	773,367,110
20	Tanzania Harbours Authority	301	17,020,809	26,637,085
21	Tanzania Harbours Authority	302	14,523,038	295,615,920
22	Tanzania Harbours Authority	327	6,754,623	6,754,623
23	Tanzania Portland Cement Co.	382	469,028,648	519,392,490
24	National Development Corp.		23,400,000,000	-
25	Tanzania Railways Corporation	323	28,247,481,102	28,247,481,102
26	Tanzania Railways Corporation	337	4,702,400,000	4,702,400,000
27	Tanzania Railways Corporation	404	21,252,970,800	21,252,970,800
28	Tanzania Telecommunications Company Ltd (TTCL)	383	4,535,000,000	4,534,597,340
29	Zanzibar Government	315	31,600,745,429	30,252,640,235
30	Zanzibar Government	341	18,718,211,579	17,919,682,369
31	Zanzibar Government	364	2,918,104,346	2,758,143,191
32	Zanzibar Government	367	2,902,058,406	2,767,084,000
33	Zanzibar Government	362	6,772,361,885	6,458,531,200
			480,229,660,682	459,443,095,386

Analysis of MDAs/RAS Opinions in financial years 2008/2009, 2009/2010 and 2010/2011

S/No.	Vote No.	Name of MDAs/RAS	2008/2009	2009/2010	2010/2011
1	12	Judicial Service Commission	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion
2	14	Ministry of Home Affairs - Fire and Rescue Force	Qualified Opinion	Unqualified Opinion with Emphasis of matter	Qualified Opinion
3	15	Commission for Mediation and Arbitration (CMA)	N/A	N/A	Unqualified Opinion
4	16	Attorney General's Chambers	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
5	18	High Court	N/A	Qualified Opinion	Qualified Opinion
6	19	District and Primary Courts	N/A	Unqualified Opinion with Emphasis of matter	Qualified Opinion

7	20	President's Office, State House	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
8	21	Treasury	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion
9	22	Public Debt and General Services	Qualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
10	23	Accountant General's Department	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion
11	24	Cooperatives Development Commission (CDC)	N/A	N/A	Qualified Opinion
12	25	Prime Minister's Private Office	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
13	26	Vice President's Office (VPO)	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
14	27	Registrar of Political Parties	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
15	28	Police Force	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
16	29	Prison Service Department (PSD)	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
17	30	President's Office and Cabinet Secretariat	Unqualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion
18	31	Vice President's Office	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
19	32	President's Office Public Service Management	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Qualified Opinion
20	33	Ethics Secretariat	Unqualified Opinion	Qualified Opinion	Unqualified Opinion with Emphasis of matter
21	34	Ministry of Foreign Affairs and International Cooperation	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter

22	35	Directorate of Public Prosecutions	N/A	N/A	Unqualified Opinion
23	37	Prime Minister's Office	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
24	38	Tanzania People's Defence Forces	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
25	39	National Service	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
26	40	Judiciary (Court of Appeal)	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Qualified Opinion
27	41	Ministry of Constitutional and Legal Affairs	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
28	42	National Assembly	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
29	43	Ministry of Agriculture, Food Security and Cooperatives	Qualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
30	44	Ministry of Industry and Trade	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
31	46	Ministry of Education and Vocational Training	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Qualified Opinion
32	48	Ministry of Lands, Housing and Human Settlements Development	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
33	49	Ministry of Water	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
34	50	Ministry of Finance	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion
35	51	Ministry of Home Affairs	Qualified Opinion	Qualified Opinion	Unqualified Opinion with Emphasis of matter
36	52	Ministry of Health and Social Welfare	Unqualified Opinion with Emphasis of	Qualified Opinion	Unqualified Opinion with Emphasis of

			matter		matter
37	53	Ministry of Community Development Gender and Children	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
38	55	Commission for Human Rights and Good Governance	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
39	56	PMO RALG	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
40	57	Ministry of Defence and National Service	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
41	58	Ministry of Energy and Minerals	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
42	59	Law Reform Commission of Tanzania (LRCT)	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
43	60	Labour Court	Unqualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
44	61	National Electoral Commission	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
45	64	Commercial Court	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
46	65	Ministry of Labour and Employment	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
47	66	President's Office Planning Commission (POPC)	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
48	67	Public Service Recruitment Secretariat	N/A	N/A	Unqualified Opinion with Emphasis of matter
49	68	Ministry of Communication, Science and Technology	Qualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion
50	69	Ministry of Natural Resources and Tourism	Adverse Opinion	Qualified Opinion	Unqualified Opinion with Emphasis of

					matter
51	90	Land Court	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
52	91	Drugs Control Commission	Unqualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
53	92	Tanzania Commission for Aids (TACAIDS)	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Qualified Opinion
54	93	Immigration Service Department	Qualified Opinion	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
55	94	President's Office Public Service Commission	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Qualified Opinion
56	96	Ministry of Information, Culture and Sports	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
57	97	Ministry of East African Cooperation	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion
58	98	Ministry of Works	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
59	99	Ministry of Livestock and Fisheries Development	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
60	N/A	National Consolidated Accounts	Qualified Opinion	Adverse Opinion	Qualified Opinion
61	70	RAS ARUSHA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
62	71	RAS COAST	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
63	72	RAS DODOMA	Unqualified Opinion with Emphasis of matter	Disclaimer of Opinion	Unqualified Opinion with Emphasis of matter
64	73	RAS IRINGA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter

65	74	RAS KIGOMA	Qualified Opinion	Unqualified Opinion with Emphasis of matter	Qualified Opinion
66	75	RAS KILIMANJARO	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
67	76	RAS LINDI	Adverse Opinion	Adverse Opinion	Unqualified Opinion with Emphasis of matter
68	77	RAS MARA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
69	78	RAS MBEYA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
70	79	RAS MOROGORO	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
71	80	RAS MTWARA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
72	81	RAS MWANZA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
73	82	RAS RUVUMA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
74	83	RAS SHINYANGA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
75	84	RAS SINGIDA	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
76	85	RAS TABORA	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
77	86	RAS TANGA	Unqualified Opinion with Emphasis of matter	Unqualified Opinion	Unqualified Opinion with Emphasis of matter
78	87	RAS KAGERA	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Qualified Opinion

79	88	RAS DAR ES SALAAM	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter	Unqualified Opinion with Emphasis of matter
80	89	RAS RUKWA	Unqualified Opinion with Emphasis of matter	Qualified Opinion	Unqualified Opinion with Emphasis of matter
81	95	RAS MANYARA	Qualified Opinion	Qualified Opinion	Unqualified Opinion with Emphasis of matter

MDAs with unqualified Opinion without emphasis of matters

S/No.	Vote No.	Name of MDAs/RAS
1	12	Judicial Service Commission
2	15	Commission for Mediation and Arbitration (CMA)
3	20	President's Office, State House
4	21	Treasury
5	23	Accountant General's Department
6	25	Prime Minister's Private Office
7	30	President's Office and Cabinet Secretariat
8	35	Directorate of Public Prosecutions
9	50	Ministry of Finance
10	68	Ministry of Communication, Science and Technology
11	97	Ministry of East African Cooperation