

**ANNUAL GENERAL REPORT OF THE CONTROLLER AND
AUDITOR GENERAL**

**On the Financial Statements of Local Government Authorities
for the financial year 2007/2008**

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

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The Controller and Auditor
General
Samora Avenue,
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26th March, 2009

Your Excellency, Dr.Jakaya Mrisho Kikwete,
The President of the United Republic of Tanzania,
State House,
P.O. Box 9120,
DAR ES SALAAM.

**Re: Submission of the Annual General Report of the Controller
and Auditor General on the Audit of Local Government
Authorities (LGAs) financial year 2007/2008**

Pursuant to Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and Sect.45 of the Local Government Finances Act No.9 of 1982 (Revised 2000), together with Sect.10 (1) 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

National Audit Office of the United Republic of Tanzania

(Established under Article 143 of the Constitution)

The statutory duties and responsibilities of the Controller and Auditor General are enshrined in Article 143 of the Constitution of the URT of 1977 (revised 2005), further elaborated in Sections 45 and 48 of the Local Government Finances Act No 9 of 1982 (revised 2000) and in Sect.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.

Our Core Values are:-

- | | |
|------------------------|--|
| 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 high standards of ethical behaviour and the rule of law. |
| People's focus: | We focus on 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 |

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Foreword

I would like to take this opportunity to express my gratitude and appreciation to all role players I have had the chance of working with during the course of this audit and the preparation of the report thereon. It has been an honor for me to have been a part of the process of once again fulfilling our mission and remain focused on our vision. I am certain that our values will be reflected in our determination to ever-improve our annual general reports; and I am optimistic that they shall continue adding value to all our stakeholders.

Despite the unenviable task of providing critical information, my staff have maintained strong relations with the auditees, without compromising their independence. Whilst our position is entrenched in the constitution, we would be powerless without credibility. The audits have always been conducted without fear or favor and our contribution to public sector accountability has been growing and recognized both locally and internationally. I would like to thank every member of my staff for their endeavors to have worked so hard and diligently, to have once again been able to meet the statutory reporting deadline of my 2007/08 reports in the fourth year running.

Next, I would like to thank the President of the United Republic of Tanzania, His Excellency, Dr. Jakaya Mrisho Kiwete the speaker of the Parliament of Tanzania Rt. Hon. Samwel Sitta (MP), the three Parliamentary Committees of PAC, LAAC and POAC, all Parliamentarians, the Development Partners for the invaluable support of our work. Their invaluable support and spirit of taking seriously matters raised in my reports with a common goal of disseminating and fostering a culture of financial discipline along with transparency and accountability within the government. It is my belief that, this kind of concerted efforts shall enhance public sector financial performance for healthier contribution towards MKUKUTA and millennium development goals.

Being the Controller and Auditor General I have the responsibility to report on public sector entities in such a manner that is not always simple. Firstly, managing client relations and cooperation

to ensure the sustainability in the relationship between the auditor and the audited entity is necessary. However, this has to be managed with full knowledge of what is being reported is in the public domain and whilst the remainder of the annual report and financial statements may reflect positively; a qualification can have negative consequences for an organization and its management. This situation alone may bring some frictions and hatred among the actors and the society as well. Nonetheless, it is a fact that however prudent an auditor might be, sometimes qualification of reports is inevitable because the cardinal guiding factors include both auditing and accounting standards we have adopted.

If Accounting Officers in particular look upon the relationship as constructive then the findings arising from the audit process can help facilitate improvement within the entity. To this end, the involvement of top management in the audit process is crucial for the success of the audit function as well as for the real improvements in internal control and financial management that all stakeholders are looking for. All the same, I have encountered many constructive relationships during my audits and wish all Accounting Officers all the best in continuing to build capacity and provide the type of service delivery this country deserves.

The Media is another important group that I would like to thank. This is a group which makes possible my audit reports to reach many Tanzanians as required. By so doing they create awareness of what is contained in my reports once they are made public.

My appreciation also goes to the Public servants. Their invaluable contributions, being criticisms or praise should not be underestimated. I just hope that their inputs are reflected in my report whilst they still can see and appreciate that my office is fighting hard in this transitional era with lots of reforms taking place nationally and globally.

Lastly, I would like to thank the Tanzania Public which we are ultimately serve. I strongly encourage the Tanzanian Public to

ever continue demanding and pushing for greater accountability on the use of public resources in the country.

Finally yet importantly, it is my view and is the view of all professionals that audit reports are "living" documents. As such, they should reflect, to the extent possible, the current trends, issues and concerns in auditing methodology and practice. They are therefore, a mirror reflection of our organizations and Institutions and should therefore be used both as deterrent and rewarding tools.

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dar es Salaam,

26th March, 2009

Acknowledgement

I would like to express my gratitude to all those who created an enabling environment for me to discharge my Constitutional obligations with the timely completion of the report thereon. In that respect I feel obliged to extend my regards to the Parliament through its oversight Standing Committees for their commitment in enforcing accountability in the use and management of public resources through their deliberations and resolutions on my reports. It is my belief that since this report is being issued on time, it will expedite the Committee's hearings so that this oversight function is brought up to date.

The performance of functions and the exercise of the powers of the Controller and Auditor General require a strong institutional frame work equipped with tools of modern technology, trained and skilled personnel supported by a comprehensive legal regime.

In this regard, the Public Audit Act No.11 of 2008 was enacted by the Parliament of the United Republic of Tanzania and became operational in 1st July, 2008. I thank the Government and Parliament for facilitating the enactment of the Act.

Further, I extend my gratitude to the Development Partners particularly the Swedish National Audit Office (SNAO), the Government of Sweden, the World Bank through the PFMRP project, AFROSAI-E and all well wishers who have contributed immensely towards the modernization of the office.

I am equally indebted to all other stakeholders including the Permanent Secretary PMO-RALG, Paymaster General, and all Accounting Officers of the LGAs for the much needed support, cooperation and information availed to me. I would also like to thank the Government Printer for expediting the printing of this report to enable its timely submission.

Lastly, I would like to thank staff members of my office who have worked tirelessly towards the timely release of this report. Their commitment and dedication has been very inspirational to me. I urge them to uphold the team spirit they have demonstrated in their future endeavors.

List of abbreviations

A/C	Account
AAG	Assistant Auditor General
ACGEN	Accountant General
ACT	Local Government Finances Act No. 9 of 1982
CAG	Controller and Auditor General
CC	City Council
CHF	Community Health Funds
DAP	Director of Administration and Personnel
DC	District Council
F/Y	Financial Year
GAAP	Generally Accepted Accounting Principles
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
JRF	Joint Rehabilitation Funds
LAAC	Local Authorities Accounts Committee
LAMP	Land Management Program
LGAs	Local Government Authorities
LGFA	Local Government Finances Act, 1982
LGRP	Local Government Reform Programme
LPO	Local Purchase Order
MC	Municipal Council
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office
PEDP	Primary Education Development Programme
PFMRP	Public Finance Management Reform Program
PMG	Paymaster General
PAA	Public Audit Act No.11 of 2008
PPR	Public Procurement (goods, works, non consultant

	services and disposal of public assets by tender) Regulations, 2005
PMO-RALG	Prime Minister's Office - Regional Administration and Local Government
RAS	Regional Administrative Secretary
SNAO	Swedish National Audit Office
TC	Town Council
CIDA	Canadian International Development Agency
KfW	Germany Agency for International Financial Cooperation
TASAF	Tanzania Social Action Fund

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Executive Summary

Overview

This report provides a summary of the final audit results of the financial statements of all Local Government Authorities (LGAs) for the year ended 30th June, 2008.

As it will be seen, the performance of LGAs in 2007/08 has declined as compared to the performance of 2006/07. The reasons for this decline have mainly been attributed by the following factors:

- Conflicting and misleading instructions were noted to have been issued to LGAs to guide them on the preparation of final accounts for 2007/08.
- The submitted financial statements lacked proper disclosure and presentation since some of the items were not properly disclosed as per requirement of IPSAs - accrual basis of accounting thus resulting into difficulties in measuring performance of LGAs.
- Lack of close supervision on the part of Council management to supervise and monitor implementation of development projects being implemented at the lower administrative levels of Government i.e wards and villages. Councils transferred funds to wards and villages without making follow-ups.
- The scope of audit has widened to encompass value for money aspects, payroll audit and IT systems in LGAs.
- Increase of funds transferred to Councils under the arrangement of decentralization by devolution (D by D), which has high demand on capacity to manage the finances at those administrative levels.

Summary of audit findings and related issues

According to Article 143 of the Constitution of the United Republic of Tanzania, and Section 45 of the Local Government Finances Act No. 9 of 1982, (revised 2000) together with Sect.10 (1) of the Public Audit Act No.11 of 2008, the Controller and Auditor General is the statutory auditor of revenues and expenditures of all Local Government Authorities.

The detailed audit findings in this report have been reported to the management of each LGA through the issuance of Management Letters. I append a summary of the main findings as contained in each individual audit report of the LGA as summarized below:-

Analysis of Audit Opinions issued to LGAs for the two years period 2006/2007 and 2007/2008

Councils	Unqualified opinion		Qualified opinion		Adverse opinion		Total	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
City Councils	5	3	-	1	-	-	5	4
Municipal Council	13	7	3	10	-	-	16	17
Town Council	3	4	1	2	-	-	4	6
District Council	79	58	20	48	-	-	99	106
Total	100	72	24	61	-	-	124	133
Percentage	81%	54%	19%	46%	-	-		

Chapter 1: Background and General information

This chapter provides detailed information on the Legal framework governing financial reporting in LGAs namely the Constitution of the URT of 1977, the Local Government Finances Act No.9 of 1982 (revised 2000) and Public Audit Act No.11 of 2008. Other issues dealt with in this chapter are functions and responsibilities of NAO, how the report has been organized; the scope of audit, standards applicable to the audit of LGAs in Tanzania and other actors, Internal Control Systems of LGAs and submission of financial statements for audit purposes.

Chapter 2 Types, Basis and Trend of Audit Opinions issued

This chapter provides an insight into the meaning of various types of audit opinions, which the Controller and Auditor General (CAG) issues on the audit of financial statements of LGAs, namely Unqualified Opinion, Qualified Opinion, Adverse Opinion and Disclaimer of Opinion. In addition, analysis of type of opinions issued to LGAs in the financial years 2006/2007 and 2007/2008 is summarized in this chapter.

Chapter 3 Presentation of financial statements and analysis of audit results

A detailed analysis of audit results of LGAs for the year 2007/2008 is given in this chapter. This includes reasons that had contributed to the type of opinions given to various LGAs in the year under review. The analysis of audit results has shown that out of 133 LGAs audited, 72 (54%) were given Unqualified opinions, whereas 61 (46%) LGAs were given Qualified opinions.

Chapter 4 Financial and assets management; good governance and internal controls systems in LGAs

This chapter highlights shortcomings and weaknesses observed in the financial and assets management inherent in LGAs. These include follow up on implementation of the previous years' individual and general reports which include auditors' recommendations. In addition, this chapter gives analysis of cash and assets management, good governance and internal controls systems in LGAs

Chapter 5 Review of contracts and compliance with public procurement processes in LGAs

This chapter deals with compliance with the Public Procurement Act No.21 of 2004 and its

	related Regulations, appraisal of procedures for procurements of goods, works and services in LGAs and other procurement irregularities observed by auditors during the course of audit of the LGAs.
Chapter 6	Results of special audits This chapter gives highlights on the CAG's motives of conducting special audits in LGAs
	During the year of audit seven (7) special audits were conducted based on the Terms of References given by the CAG and results communicated to the management of the respective LGAs for further actions.
Chapter 7	Performance review of Donor funded projects in LGAs This chapter gives highlights on the auditors' reports and specifically on anomalies noted during audit of the following donor funded projects i.e Road Funds, Global Funds, Agriculture Sector, Basket Funds and TASAF
Chapter 8	Performance evaluation of Projects under LGCDG This chapter deals with the critical analysis and evaluation of LGAs selected projects namely: Health, Schools and Road Works.
Chapter 9	Conclusions and recommendations This chapter deals with concluding remarks and recommendations for future improvements.

CHAPTER ONE

1.0 BACKGROUND AND GENERAL INFORMATION

1.1 Legal framework governing the Controller and Auditor General's Audit of Local Government Authorities Accounts

This report is issued in accordance with the requirements of Article 143(4) of the Constitution of the United Republic of Tanzania of 1977.

The report comprises of the results of audits of the financial statements of the Local Government Authorities for the year ended 30th June, 2008.

Pursuant to the Constitution of the United Republic of Tanzania, Article 143(2) (c), I am required to perform audit, at least once in every year, and submit reports on the financial statements of the government of the United Republic of Tanzania, financial statements prepared by all officers of the government of the United Republic of Tanzania, financial statements of all courts of the United Republic and the financial statements prepared by the Clerk of the National Assembly.

On the other hand, Section 45(1) of the Local Government Finances Act No. 9 of 1982 (revised 2000) specifies that, "The accounts of every District Council and of every Urban Authority shall be audited internally by an internal auditor employed by the authority concerned, and the external auditor for each of those authorities shall be the Controller and Auditor General" Also, Section 10 (1) of the Public Audit Act, 2008 gives mandate to the CAG to audit the LGAs.

Section 45(4) of LGFA No. 9 of 1982 (revised 2000) on the other hand specifies that, "As soon as possible after the close of the financial year of a local government authority,

the authority shall submit its accounts for audit to the auditors, who shall complete the audit not later than six months after the close of the financial year”.

Section 45(5) of LGFA No. 9 of 1982 (revised 2000) further specifies that, “Every authority shall permit the auditor to check any cash, investments or other assets in its possession or over which it has control and to have access at all times to all its accounts and all books, vouchers and papers relating to them”.

Further, Sect. 48(1), (2) and (4) of the Local Government Finances Act No. 9 of 1982 states that “the auditor shall make and sign a report to the Local Government Authority on the accounts and the annual balance sheet and statement or abstract, and one copy of each of the report together with the annual balance sheet and statement or abstract or a copy of it shall be sent to the Minister, Regional Commissioner and the Director who shall table the report before the Full Council”.

The section further requires me to do the following:-

- (a) To draw attention to every item of expenditure charged in the accounts which is not authorized by Law or which has not been sanctioned by the Local Government Authority.
- (b) To draw attention to any deficiency or loss incurred by the negligence or misconduct of any person accounting to any sum which has not been brought to account by such person.
- (c) To certify the amount of that unlawful expenditure, deficiency or loss which has not been brought to account.
- (d) To submit a copy of the audit report of the LGAs to the Minister, responsible for LGAs, National Assembly, Regional Commissioners and the Local Authorities Directors.

The audit results of the financial statements of the LGAs were submitted to the respective Directors who are the Accounting Officers of the LGAs. This report is the outcome of the summary of issues observed in the specific audit reports of each Council.

Sect. 49 of the Local Government Finances Act No. 9 of 1982 states that, “every local government authority shall at its own offices and in such other manner as may be directed by the Regional Commissioner publish within its area:-

- (a) The annual balance sheet and statement of abstract; and
- (b) Any report on the accounts made and signed by the auditor, within six months after the close of the financial year to which the accounts relate or within six months of the receipt of the report of the auditor, as the case may be”.

Order No. 90 of the Local Authority Financial Memorandum (LAFM) 1997 also requires the Council to publish at its own offices and in the local newspaper within its area of jurisdiction the following:

- (i) the audited consolidated balance sheet and statement of income and expenditure (abstract of accounts); and
- (ii) any signed audit report on the accounts.

I consider the adoption and publication of accounts and audit report by LGAs as an opportunity for LGAs to encourage greater communication and dialogue with their inhabitants on their achievements and future direction.

The National Audit Office is the Supreme Audit Institution (SAI) of the URT which has a unique responsibility to ensure that there is proper accountability, financial discipline and transparency within the United Republic of Tanzania.

Furthermore, NAO has a unique responsibility to provide audit reports of good quality and ensure that the reports are issued within the statutory due date. These reports give detailed results of revenue collections and expenditure analysis and governance issues of the Local Government Authorities.

1.2 Reporting procedures

Being a member of the International Organization of Supreme Audit Institutions (INTOSAI), NAO is required to comply with the requirements of carrying out audits of the financial statements of Local Government Authorities in conformity with the INTOSAI standards and the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).

During my audit, I critically examined and verified the financial statements together with their supporting documents to establish their validity to be charged as Councils' expenditures. At the end of the audit, various audit opinions were expressed on the financial statements based on the findings.

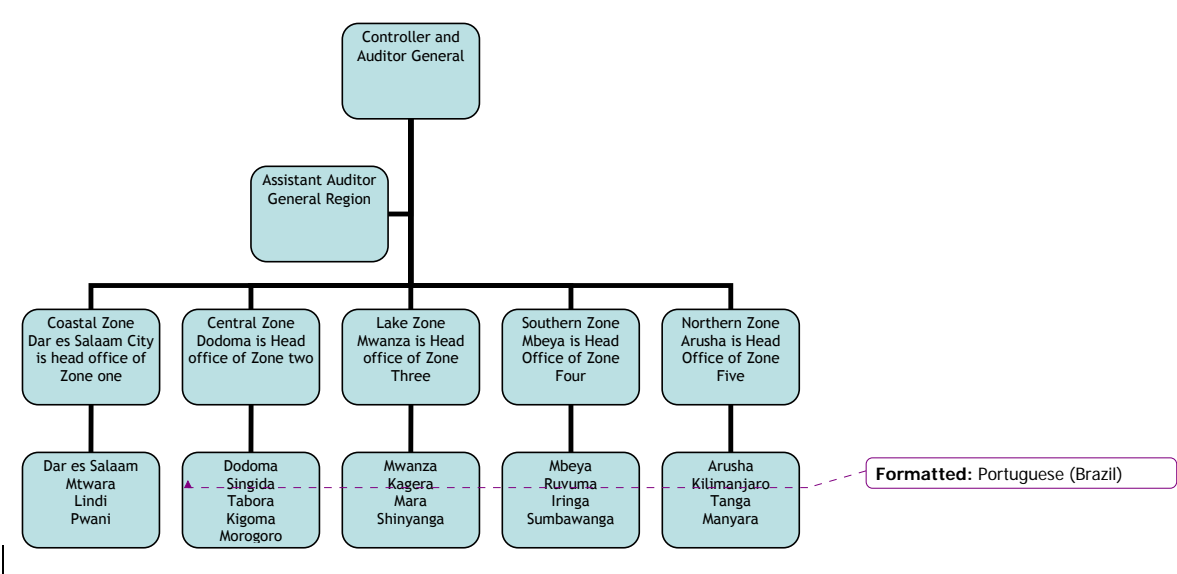
In compliance with the requirements of Article 143 (4) of the Constitution of the URT of 1977 (revised 2000), this report has been submitted to the President of the URT on 26th March, 2009.

Individual audit reports of the LGAs have been submitted to the respective Directors of these LGAs who are required to table them to their respective Full Councils.

1.3 Organization of LGAs' audit work at NAO

The report provides a summary of the final results of the audit exercise, which was carried out by the Office throughout the country. In order for my Office to be able to handle this enormous task of auditing all the LGAs in the country, it has established regional offices in all twenty one (21) regions of Tanzania Mainland for administrative

purposes. These regional offices are headed by the Resident Auditors who report to Zonal Auditors. The country has further been divided into zones under the supervision of Zonal Auditors who report to the Assistant Auditor General stationed at the National Audit Office (NAO) Headquarters. According to the organization structure of NAO, the Assistant Auditor General report directly to the Controller and Auditor General. Currently NAO operates with five (5) zones as follows:



1.4 Scope and applicable audit standards

1.4.1 Scope of audit

Audit scope refers to the activities covered by an audit. Audit scope includes, where appropriate audit objectives, nature and extent of auditing procedures performed, period of audit and related activities not audited in order to define the boundaries of the audit.

The main objective of conducting the audit is to enable the CAG to express a professional opinion on the financial statements of the LGAs for the period ended 30th June 2008. The audit covered the evaluation of the effectiveness of the financial accounting system and internal control systems over their activities, examination and verification of the accompanying financial statements, the performance report and other auditing procedures as was considered necessary under the circumstances for the purpose of forming an opinion on the financial statements. The audit was carried out on a test basis, therefore the audit findings are confined to the extent that records, documents and information requested for the purpose of audit were made available to us.

1.4.2 Applicable audit standards

National Audit Office of Tanzania is a member of the International Organization of Supreme Audit Institutions (INTOSAI), a member of the African Region Organization of Supreme Audit Institutions (AFROSAI), and a member of the African Region Organization of Supreme Audit Institutions - English speaking Countries (AFROSAI-E). On the basis of our being members of the above International Organizations, the Office is bound to apply the auditing standards issued by INTOSAI and the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).

1.5 Statutory responsibilities of LGAs

The responsibility for the preparation of the financial statements for audit purposes lies with individual LGAs. Sect. 40(1) of the Local Government Finances Act No. 9 of 1982 states as follows, "Subject to the following provisions of this section, every LGA shall cause to be provided, kept and maintained books of accounts and records with respect to:-

- (a) the receipt and expenditure of moneys by and other financial transactions of, the authority;

- (b) the assets and liabilities of the authority, and shall cause to be made out for every financial year a balance sheet showing details of the income and expenditure of the authority and all its assets and liabilities”.

Therefore, the preparation and submission of LGA’s accounts is a legal requirement as per the Local Government Finances Act No. 9 of 1982 (revised 2000). The management of LGAs must comply with this Act.

LGAs annual audit reports provide information to assist citizens to assess the Council’s performance and to hold Council management to account for their performance. Timely information is necessary for this to occur. This is the whole essence of accountability in the use of public resources.

The publication of audited financial statements shall be made within six months of the receipt of the report of the auditor in compliance with the requirements of Sect. 49 of the Local Government Finances Act No. 9 of 1982 (revised 2000).

LGAs in the country are expected to have in place effective financial reporting arrangements that underpin financial statements preparation procedures including the early recognition and resolution of issues that impact on the financial statements themselves. The results of my audit this financial year, have shown that those LGAs that maximized the alignment of their year end financial reporting processes with effective internal control systems, segregation of duties in the Finance Department, prepared monthly bank reconciliations, proper custody of accountable documents etc were more successful in meeting the deadlines for submission of better quality accounts for audit purposes, than those which did not.

CHAPTER TWO

2.0 TYPES, BASIS AND TREND OF AUDIT OPINIONS

2.1 Basis of Opinions issued

To comply with statutory requirement, I am obliged to give assurance to stakeholders of the respective Council whether the information given in the financial statements prepared by them present fairly, the results of the operations, cash flows and financial position of the Council for the year ended 30 June 2008. This certification provides to stakeholders the audit assurance as to the genuineness of the financial operations of the Council including the Council compliance with prescribed requirements. Based on the International Standards on Auditing (ISA) and INTOSAI standards, the following opinions are issued as a measure of the assessment given on the financial information presented. These are unqualified opinion, qualified (except for) opinion, adverse opinion and disclaimer of opinion.

2.2 Audit opinions

2.2.1 Definition of Audit Opinion

An audit opinion expresses a view as to whether or not the financial statements audited have been prepared consistently using appropriate accounting policies, in accordance with relevant legislation, regulations, and applicable accounting standards/principles.

The opinion also has to state whether there is adequate disclosure of information relevant to the proper understanding of the financial statements or not.

For purposes of accountability and transparency to the National Assembly, regardless of the opinion given in the individual audit reports, audit findings are narrated alongside their implications, recommendations, management responses, and auditors' comments. I believe that this form of presentation of audit findings and

reporting, promotes the obligations conferred to the Accounting Officer to prepare the financial statements and to myself

2.2.2 Types of Audit Opinion

I now give a detailed explanation of the type of audit opinion issued as follows:-

2.2.2.1 Unqualified Opinion

An unqualified opinion is issued when I am satisfied that the Council, Department or Agency's financial statements are presented fairly in all material respects; in accordance with applicable financial reporting framework and applicable accounting principles and standards.

However, issuance of an unqualified opinion does not mean that the Council has a clean wholesale system of internal control. It only means that nothing has come to my attention of the auditor to warrant a qualified opinion. Accordingly, each Council issued with an unqualified opinion has also been issued with a management letter giving details of the material issues that are equally potential to risks of financial and/or stores losses which if not addressed could lead to qualified opinion in the future.

2.3 Basis of expressing other than unqualified audit opinion

2.3.1 Unqualified opinion with Emphasis of Matter

In certain circumstances, the audit report may be modified by adding an emphasis of matter paragraph to highlight matters affecting the financial statements. The addition of such emphasis matters paragraph does not affect the audit opinion. The paragraph is normally included after the opinion paragraph and ordinarily refers to the fact that the opinion is not qualified in this respect.

An emphasis of matter paragraph is appended in each situation, which draws the immediate attention of the Accounting Officer warning him/her about those matters requiring his/her urgent attention, failure of which may result in issuance of a qualified opinion in subsequent audits. However, the main objective of the emphasis of matter paragraph is to bring closer understanding of the situation obtained in the audited entity, despite the unqualified opinion given.

2.3.2 Qualified Opinion

A qualified opinion is issued when I conclude that an unqualified opinion cannot be issued but due to the disagreement with management or limitation of scope is not so material and pervasive and except for the effect of the matter giving rise to the modification of audit opinion; the financial statements were prepared in accordance with the applicable financial reporting framework and not misleading thus they do not require an adverse opinion.

2.3.3 An Adverse Opinion

An adverse opinion is issued when the effect of a disagreement with Management has a material and pervasive effect on the financial statement such that the financial statements are not prepared in accordance with the applicable financial reporting framework or are misleading as a whole. In this case, a qualified opinion is not adequate to disclose the misleading nature of the financial statements.

2.3.4 Disclaimer of Opinion

A disclaimer of opinion is expressed when I am unable to obtain sufficient appropriate audit evidence in the financial statements so prepared and submitted. In this case, the situation has material effect on the financial statements such that I am unable to express my opinion on the financial statements.

In the circumstances that a disclaimer of opinion is issued on the financial statements, disclosure is made of any unknown material misstatements or other reservations about the fair presentation of the financial statements in conformity with the applicable reporting framework.

2.3.5 Circumstances that may lead to expressing an audit opinion rather than an Unqualified Opinion

(a) Limitation of Scope of Audit

When I am unable to obtain full information regarding the financial statements' preparations or documents and the scope of audit is limited to full access of documents or such financial statements, and that I am unable to issue my Opinion, then there may be existence of the following matters.

- Payments are made without payment vouchers.
- Goods or services are procured without being supported by delivery notes.
- Payments were not beng supported by proper documents.
- Revenue receipt books not submitted for audit verification.
- Assets owned or procured were not supported by analysis schedules. This may lead to doubtful existence of the Assets.
- Unavailability of confirmation from the payees on the payment made.(acknowledgement of payments)

(b) Disagreements in best practice on records keeping and non compliance with Laws and Regulations

Order Nos. 9 through 16 of the Local Authorities Financial Memorandum (LAFM) 1997 requires the Council to establish and support a sound system of internal control within the Council. Order No. 53 places responsibility on the Council management to prepare the financial statements in accordance with

law, regulations, directives issued by the Minister responsible for Local Government and the Local Government Financial Memorandum.

Disagreement with management on best practice on records keeping and compliance with laws occurs under the following situations.

- The assets owned by the LGAs are not recorded in the Fixed Asset Registers.
- Stores purchased and paid for but not recorded in stores ledger, hence the issues and utilities can not be ascertained.
- Where there are no disclosures of bank balances in the books of accounts.
- When the accounting records are omitted, incomplete or inaccurate.
- Where there is inadequate disclosure of accounting policies.
- When the LGAs use inappropriate accounting method such as inappropriate depreciation rate/charge.
- Procurement of goods, works or services not done in accordance to the Public Procurement Act No.21 of 2004 and its related Regulations.

2.4 Analysis of audit opinions for LGAs

This part intends to show the trend of audit opinions issued to LGAs over the period of two years starting 2006/07 to 2007/08. The idea behind this presentation is to compare the financial performance of Councils over the two years period.

The analysis of types of opinions issued to LGAs in the two financial years 2006/07 to 2007/08 has shown that a total of 133 LGAs audits had been finalized. Of the 133 LGAs that were audited 72 (54%), were given unqualified opinions whereas, in 2006/2007, 100 (81%) were given

unqualified opinions. Of the 133 LGAs audited, 61(46%) were qualified during the year under review (2007/2008) compared to 24(19%) in the previous year.

The reasons for the decline in performance in LGAs mostly have been attributed to the following factors:

- Conflicting and misleading instructions were noted to have been issued to LGAs to guide on the preparation of final accounts for 2007/08.
- The submitted financial statements lack proper disclosure and presentation since some of the items were not properly disclosed as per requirement of IPSAs accrual basis of accounting thus resulting into difficulties in measuring performance of LGAs.
- Lack of close supervision on the part of Council management to supervise and monitor implementation of development projects being implemented at Lower Level Governments (LLG) i.e wards and villages. Councils transferred funds to wards and villages without making follow-ups.
- The scope of audit has widened to encompass value for money aspects, payroll audit, risk management and systems in LGAs.
- Increase of fund transferred to Councils under the arrangement of decentralization by devolution (D by D), which has high demand on capacity to manage the finances.

In view of the above analysis, we can conclude as follows:-

- (a) Overall the number of unqualified opinions has decreased from 100 (81%) in the year 2006/2007 to 72 (54%) in the year 2007/2008.
- (b) Overall the number of qualified opinions has increased from 24 (19%) in the year 2006/2007 to 61 (46%) in 2007/2008. Of the 61 LGAs issued with qualified opinion mostly were attributed by :-

- Outstanding matters in bank reconciliation statements
- Weak internal controls over management of assets
- Missing revenue earnings receipt books
- Unclaimed Salaries neither deleted from the computer payroll nor remitted to the Treasury as per instructions
- Revenue not remitted by collecting agents
- Revenue collections not remitted to the Councils
- Improper presentations of financial statements
- Insufficiently supported expenditure
- Missing payment vouchers
- A summary of Capital Expenditure and its financing not prepared by the Council.

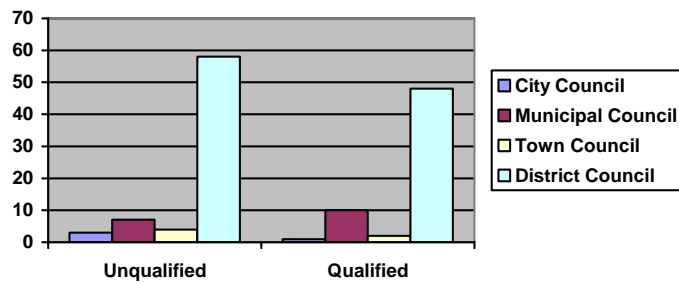
There is no Council which has been given adverse during the year under review.

The above information can be summarized in the table below:

Analysis of Audit Opinions issued to LGAs in 2006/2007 and 2007/2008

Councils	Unqualified opinion		Qualified opinion		Adverse opinion		Total	
	2006/07	2007/2008	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
City Councils	5	3	-	1	-	-	5	4
Municipal Council	13	7	3	10	-	-	16	17
Town Council	3	4	1	2	-	-	4	6
District Council	79	58	20	48	-	-	99	106
Total	100	72	24	61	-	-	124	133
Percentage	81%	54%	19%	46%	-	-		

Analysis of Audit opinions issued during the financial year 2007/2008 can be represented in a histogram as shown below:-



The detailed list of LGAs and opinions issued for F/Y 2006/2007 and 2007/2008 is in Annexure 1.

CHAPTER THREE

3.0 PRESENTATION OF FINANCIAL STATEMENTS AND ANALYSIS OF AUDIT RESULTS

3.1 LGAs with unqualified opinion

During the year under review there were no Council's which received unqualified opinion without emphasis of matter.

3.2 Council's with unqualified opinion with emphasis of matter

The following 72 Council's received unqualified opinion with emphasis of matter.

1.	KILWA DC
	<ul style="list-style-type: none">• Stores not taken on ledger charge Shs. 6,376,825.60• Undelivered Ammunitions worth Shs. 3,300,000.• Improperly vouched expenditure Shs. 42,380,107.• Un vouched Expenditure Shs. 33,534,055.• Missing contract agreement for construction of water tank Shs. 18,903,675
2.	KISARAWA DC
	<ul style="list-style-type: none">• Stores worth Shs. 2,143,200 were not recorded in the respective stores ledger.• Goods worth Shs. 6,986,700 were procured without following competitive tendering procedures.• A sum of Shs. 3,500,000 was paid to the Suppliers but the goods were not delivered.• Furniture bought without tendering procedures 60,000,000.• The Council had proceeds of Shs. 2,720,290 being sales of various farm inputs but evidence to support the proceeds including receipts from sales could not be availed to audit.• Irregular payments amounting to Shs. 3,524,000

	<ul style="list-style-type: none"> • Overpaid Teacher's claims amounting to Shs. 3,964,160 • Funds amounting to Shs. 8,990,258 were not refunded from the paying account. • Salaries amounting to Shs. 9,793,367 were over drawn. • Irregularities of salary payments amounting to Shs. 2,415,919
3.	MBARALI DC
	<ul style="list-style-type: none"> • The Council procured items worth Shs. 2,986,500 using special imprest. • Unaccounted fuel worth Shs. 7,750,000. • A sum of Shs. 3,600,000 was paid from deposit account without making reference to original documents. • Unpaid salaries not recorded in the Unclaimed Salaries Register Shs. 4,595,112. • Deductions not retained together with unclaimed salaries Shs. 1,311,840 • Two motor vehicles STJ 9184 and STK 3925 not included in the Fixed Asset Schedule.
4.	MBEYA CC
	<ul style="list-style-type: none"> • Lack of procurement plan. • Unrecorded stores worth Shs. 8,961,600. • Receipts not acknowledged of Shs. 3,300,000 • Payment vouchers of Shs. 47, 516,500 were noted missing. • Un reconciled payment of salaries of Shs. 71,531,982 • The Council did not surrender unclaimed salaries of Shs. 9,113,553 to RAS contrary to Treasury Instructions. • The Council paid Shs. 28,251,971 to a contractor for the expansion of the City Hall without supporting it with certificates of completion. • The Council had a deposit balance of Shs.16,083,634 at MSD-Mbeya for Medical Supplies; the same were not reflected in the Council's books of account.

	<ul style="list-style-type: none"> The Council overstated the figure for sundry debtors by Shs. 2,772,000.
5.	MBEYA DC
	<ul style="list-style-type: none"> The Council purchased various stores worth Shs. 2,914,000 but the same were not accounted for in the stores ledger account. As at the end of 2007/08 Mbeya District Council had a balance of Shs. 23,530,581 at MSD for uncollected medical supplies. The council paid shs.9, 759,695 for conducting a seminar, audit could not verify its genuineness because of missing seminars attendance register/sheets. Acknowledgement receipts for revenue collection of shs. 385,700 were not produced for audit verification. The audit could not ascertain the genuineness of Shs. 15,750,500 as a proper charge to the Council accounts because of missing supporting documents. Payment vouchers amounting to shs. 3,069,390 were not produced for audit verification . The Council paid Shs.12,279,784 for clearance of the previous years liabilities (deferred payments) but the same were not recorded in council's books as creditors.
	<ul style="list-style-type: none"> Eighteen (18) Motor cycles were not included in the asset schedule, hence the Council's assets were understated by the value of the omitted motor cycles. Amount of Creditors were understated by Shs. 7,858,789, hence affecting the Council's financial statements.
6.	MBOZI DC
	<ul style="list-style-type: none"> Liquidated damages relating to a Contractor were found to be undercharged by Shs. 3, 219,360, which is required to be recovered. Two Revenue earnings receipt books were not submitted for audit; hence revenue collected using

	<p>the missing receipt books could not be confirmed to have been accounted for in the Council's books of account.</p> <ul style="list-style-type: none"> • Two vehicles were not recorded in the schedule of fixed assets; hence there is a possibility of understatement of fixed assets in the financial statements. • Motor vehicles valued at Shs. 119, 741,702 were not recorded in the register of fixed assets, and hence, exact number of vehicles owned by the Council and their values could not be confirmed. • Debtors amounting to Shs. 9, 978,894 pertaining to MSD accounts with Mbozi District Council were not reflected in the financial statements hence understating the value of debtors as at 30th June, 2008.
7.	MUSOMA DC
	<ul style="list-style-type: none"> • Expenditure of Shs.37,277,242 was not supported by relevant supporting documents. • The Council's expenditure on bridges and culverts exceeded the approved budget by Shs.21,959,200. • The repair work with cost of Shs.1,524,000 out of contract sum of Shs.54,621,000 which was to be completed on 19/2/2008, was not completed as planned instead was completed on 17/10/2008. • The Council also had outstanding imprests of Shs.16,283,594, outstanding Debtors of Shs.1,754,080 and outstanding creditors of Shs.50,991,685. • The Council also had uncleared items of bank reconciliation statements which include receipts in cashbook not in bank statement and in Bank statement not in cashbook Shs.1,017,000.
8.	NACHINGWEA DC
	<ul style="list-style-type: none"> • Improperly vouched expenditure of Shs.10,291,963. • Revenue amounting to Shs3,357,999 collected from Council's own sources was found to be understated in the Consolidated Income and Expenditure Statement. • Three (3) revenue earnings receipt books were not

	<p>produced for audit verification.</p> <ul style="list-style-type: none"> • There was no Fixed Asset Register maintained by the Council.
9.	TARIME DC
	<ul style="list-style-type: none"> • Procurement stores not recorded in the stores ledger Shs.4,450,000 • Outstanding Revenue from collecting agents Shs.3,170,000 • Improperly vouched expenditure Shs.150,356,420 • Inadequate documentation of contracts/project Shs.37,800,000
10.	KARATU DC
	<ul style="list-style-type: none"> • One revenue earning receipt book was not submitted for audit verification. • Revenue collection amounting to Shs.3,122,500 not confirmed to have been banked in the respective bank account. • Revenue collection Agents remitted revenue less than the contracted amount by Shs.7,406,000 but the difference was not reported as part of Debtors as at 30th June, 2008 • Payment vouchers totaling Shs.9,903,857.86 were not submitted for audit. • Classrooms construction at Gyekrum Lambo Secondary School costed Shs.14,301,355 over and above the Engineer's estimates of Shs.7,000,000 • Unclaimed salaries amounting to Shs.19,223,098.34 were not evidenced to have been remitted to Treasury as per instruction. • Salary amounting to Shs.6,056,891.06 were paid to employees who were no longer in Public Service.
11.	KONDOA DC
	<ul style="list-style-type: none"> • Motor vehicle paid but not delivered Shs.107,686,555. • Non authorized procurement of stationeries Shs.18,576,360. • Retired and terminated employees not deleted from the Computer payroll Shs.18,037,502

	<ul style="list-style-type: none"> • Unreported medical supplies Shs.56,883,840 • Payments to un authorised suppliers 12,860,000
12.	MPWAPWA DC
	<ul style="list-style-type: none"> • Revenue collection amounting to Shs.5,848,100 not banked • Opening balance of Capital funds not brought forward Shs. 240,894,308 • The Council has not reported its debtors worth Shs.22,315,018 and creditors Shs.29,610,611 related to medical supplies from MSD respectively. • Unutilised government grants Shs.169,537,359 • Unclaimed salaries not remitted to Treasury Shs.2,179,320
13.	DAR-ES SALAAM CC
	<ul style="list-style-type: none"> • Laxity in implementing the previous years auditor's recommendations Shs.189,797,787. • No maximum limits for cash holdings given by the Finance Committee. • Over stated of the Creditors balances sh.45,542,464 • Non submission of deposit registers. • Procurement made to Non -Tenderers Shs.27,979,900. • Procurement based on one Quotation Shs.6,208,200 • Procurement above authority limits Shs.30,119,330 • Procurement made without approval of Tender Board Shs.9,008,000 • Procured motor vehicles not delivered Shs.225,000,000
14.	BIHARAMULO DC
	<ul style="list-style-type: none"> • Unresolved matters of previous years pertaining to disposal of vehicles Shs.81,755,125.00. • Payments amounting to Shs.15,195,066.88 were not supported by documents such as invoices, delivery notes and paylists • Imprests of Shs.8,020,000.00 issued to Council officials were noted to have not been retired as at the time of audit (November, 2008)

	<ul style="list-style-type: none"> • Unclaimed salaries not paid back to Treasury Shs.22, 073,420.52. • Contract agreement for rehabilitation of Health centre not produced for audit.
15.	KARAGWE DC
	<ul style="list-style-type: none"> • Outstanding matters worth Shs.104,176,999.00 have not been cleared in the previous years audit reports contrary to Order No 4(f) of LAFM,1997. • Imprests amounting to Shs.5,696,045.60 remained outstanding as at the report date. • Unclaimed salaries amounting to Shs.10,844,636,84 were not remitted to Treasury through RAS as directed by Treasury through letter with reference No.EB/AG/5/03//01Vol VI/136 of 31st August 2007.
16.	MOSHI MC
	<ul style="list-style-type: none"> • Stores purchased and paid for but not confirmed to have been utilized in the absence of utilization particulars Shs.13,043,250 • Depreciation expenses for the year were understated by Shs.47,216,817.49 which in turn overstated the reported surplus for the year by the same amount. • Poor periodical maintenance of the 2 Km road at Khambaita road portraying no value for money. • Closing stock reflected in the balance sheet as at 30th June, 2008 not confirmed Shs.46,474,959 • Purchase of goods and services without calling for tender or quotations Shs.19,617,110
17.	SIHA DC
	<ul style="list-style-type: none"> • Uncollected revenue from agents Shs.5,384,000 • Acknowledgement receipts and statement of expenditure missing Shs.19,164,357 • Payments of contractual deductions not acknowledged Shs.11,818,802.98 • Outstanding sales proceeds of famine relief maize Shs.1,388,000 • Missing age analysis of outstanding debtors and creditors amounting to Shs.5,434,895 and Shs.8,394,823 respectively.

	<ul style="list-style-type: none"> • Lack of policies on control over debtors and creditors.
18.	ROMBO DC
	<ul style="list-style-type: none"> • Closing stock reflected in the balance sheet as at 30th June, 2008 not confirmed Shs.46,474,959 • Purchase of goods and services without calling for tender or quotations Shs.19,617,110
19.	KONGWA DC
	<ul style="list-style-type: none"> • Purchases made without competitive bidding Shs.28,136,000. • Funds for procuring science kits, slates and desks not utilized Shs.43,260,000. • Purchase of a solar panel not installed Shs.2,640,000. • Delay in completion of projects Shs.48,481,200. • Outstanding revenue collections Shs.5, 979, 000. • Unclaimed salaries amounting to Shs.46,059,807 not remitted to Treasury as per instruction.
20.	MTWARA DC
	<ul style="list-style-type: none"> • Four (4) fixed fee receipt books were noted missing • Improperly supported expenditure Shs.24,069,882 • Salaries to temporary employees working with Council for a long time without being include in the payroll Shs.5,33,992 • Outstanding revenue from cashew nuts export levy Shs.412,123,669 not remitted to Council • Repair of Motor Vehicles Shs.9,28,090 contrary to Regulation 59 (4) PPR of 2005.
21.	NEWALA DC
	<ul style="list-style-type: none"> • Outstanding previous year's matters Shs.156,899,419 • 3 fixed fee receipt books found missing - Shs.7,331,209 • Improperly vouched expenditure Shs.19,368,847 • Salaries to temporary employees working with Council for a long time without being include in the payroll Shs.6,440,731 • Outstanding revenue on cashew nuts export levy Shs.46,797,631 not remitted to the Council.

	<ul style="list-style-type: none"> • Repair of motor vehicle involved in road accident Shs.4,173,978. The NIC agreed to carry out the repair but the Council incurred repair costs. Refund from NIC has not been made. • Delayed works by Contractors not charged liquidated damages Shs.15,801,129
22.	SENGEREMA DC
	<ul style="list-style-type: none"> • Outstanding revenue from Council agents Shs.4,018,000 • Unbudgeted expenditure Shs.10,800,000 • Unclaimed salaries amounting to Shs.17,505,254 not remitted to Treasury as per instruction. • Motor vehicle paid for but not delivered amounted Shs.30,935,000 • 3 Missing revenue receipt books
23.	MPANDA TC
	<ul style="list-style-type: none"> • Mis-allocation of funds amounting to Shs.5,400.000 paid from the Education Account instead of General Account. • Rehabilitation of Treasurer's Office and construction of 2 Teachers houses and Primary school class rooms at Shanwe, Nselemulwa and Kasimba, had not yet started at the time of audit.
24.	NKASI DC
	<ul style="list-style-type: none"> • Non- implementation of Joint Rehabilitation projects worth Shs.411,600,000. • Motor cycles purchase but not yet delivered Shs.9,200,000 • Retention money not yet paid to the Contractors Shs.4,263,202 • The Consolidated Balance Sheet reflected debtors and creditors amounting to Shs.45,317,369 and Shs.11,591,668.7 respectively without age analysis and the Council lacks a credit policy. • Uncleared items in Bank Reconciliation Statement Shs.60,199,414.39
25.	SUMBAWANGA DC
	<ul style="list-style-type: none"> • Revision of the contract agreement not in line with

	<p>BOQ Shs.43,146,720</p> <ul style="list-style-type: none"> • There was considerable delay in the completion of project activities Shs.97,696,500 • Non remittances of unclaimed Salaries to the Treasury Shs.7,654,959 Outstanding advances not yet recovered by the Council Shs.14,436,541
26.	SUMBAWANGA MC
	<ul style="list-style-type: none"> • Some of the supporting documents of the reported expenditure were missing Shs.2,850,880 • There was delay in the Implementation of Project activities Shs.27,164,000 • Long outstanding debtors Shs.22,746,925
27.	KILOLO DC
	<ul style="list-style-type: none"> • Unused leaf receipts detached from the book • Unsupported issue of stores Shs.12,036,920 • Delay completion of maintenance works Shs.39,650,000 • Poor execution of contract works Shs.23,999,004 • Outstanding debtors Shs.18,592,833 • Outstanding creditors Shs.21,697,347
28.	NJOMBE TC
	<ul style="list-style-type: none"> • Unclaimed salaries not acknowledged Shs.5,890,289 • Capital receipts unapplied understated Shs.24,418,537 • Outstanding debtors Shs.5,912,000 • Outstanding creditors Shs.4,859,850
29.	MUFINDI DC
	<ul style="list-style-type: none"> • Previous years outstanding debtors of Shs.11,918,336 are waiting for Court judgment. • The Council made advance payment amounting Shs.46,660,000 to Toyota Tanzania Ltd in respect of purchase of motor vehicle but the vehicle is yet to be delivered. • Unclaimed salaries amounting Shs.3,177,373 had not been paid to the Treasury through the Regional Administrative Secretary.

30.	KITETO DC
	<ul style="list-style-type: none"> • Goods and services worth Shs.7,329,000 were bought in excess of the set limits. • Return of used and unused receipts at the end of every month is not prepared. • Outstanding revenues not collected Shs.14,810,000 • Payment vouchers worth Shs.34,509,560 were missing. • During the year, the Council spent in excess of the budget by Shs.18,594,200. • Unclaimed Salaries adding to Shs.11,932,530 were not surrendered to the Treasury • The management needs to come up with strategy of identifying risks that may affect its operations
31.	MBULU DC
	<ul style="list-style-type: none"> • The management needs to come up with strategy of identifying risks that may affect its operations. • A loss of Shs.31,098,894 attributed by inadequate formation and general execution of contracts. • 10 receipt books were missing contrary to Order No. 101 of LAFM 1997 • The Council has not fully implemented the EPICOR accounting system as some of the reports are generated manually.
32.	SINGIDA DC
	<ul style="list-style-type: none"> • Previous year's outstanding matter Shs.8,820,000 • Outstanding debtors Shs. 6,036,000 • Outstanding Creditors Shs.165,186,742
33.	MPANDA DC
	<ul style="list-style-type: none"> • Contractual works worth Shs.119,451,597 relating to projects not included in the Council's Procurement Plan. • Delay in Completion of on going Projects Shs.47,260,360 • Expenditures incurred during the year under review without proper supporting documents Shs.3,187,000 • Outstanding Bank Reconciliation items not cleared as at 30th June, 2008 Shs.8,767,600.18

34.	SIKONGE DC
	<ul style="list-style-type: none"> • Inventories not supported by stock sheets Shs.19,534,500. • Revenue collections not banked Shs.1,561,800. • Investments of Shs.10,000,000 not supported by deed or contractual agreements. • Deposits to MSD Shs.49,468,320 not recorded in the Council's books of account. • Understatement of current assets in the balance sheet by Shs.1,144,287.47 • Incorrect reported figure in cash flow statement for the year ended 30th June, 2008. • Stores purchased and paid for but not delivered by suppliers to the council totalled Shs.14,690,800.
35.	URAMBO DC
	<ul style="list-style-type: none"> • 6 revenue earning receipt books (HW5) were not produced for audit verification. • Investment of Shs.18,418,100 could not be ascertained in audit since it was not supported by a register or share certificates. • Grants issued by the Central Government to Urambo District Council totaling Shs.38,833,000 in the year 2007/2008 were not received by the Council. • Revenue collected during the period of July, 2007 and June, 2008 amounting to Shs.11,524,205 was not credited to the Council's bank account. • A sum of Shs.3,665,000 being revenues from agents was not remitted to the Council headquarter. • Payments amounting to Shs.30,385,346 were required to be properly chargeable in the financial year 2006/2007. However, the payments were effected in the year 2007/2008.
36.	TUNDURU DC
	<ul style="list-style-type: none"> • Supply of food stuff to Hospital without contract agreement Shs.25,231,900 • Supporting documents including invoices, delivery notes, paylists and attendance registers

	<p>Shs.66,278,999 were not made available for audit.</p> <ul style="list-style-type: none"> • Payments of Shs.16,880,049 for previous years was incurred in the current audit year without budget provision. • Certificate of investment with LGLB Shs.15,435,400 as per Sect.61 of the Local Government Finances Act No.9 of 1982 (revised 2000) not submitted for verification. • Fuel worth Shs.52,020,830 was not confirmed to have been issued and utilized in the absence of references of motor vehicles involved.
37.	MBINGA DC
	<ul style="list-style-type: none"> • Audit noted TShs.26,541,886 to have not been cleared in the previous audit reports contrary to order No 4(f) of LAFM, 1997. • Payments inadequately supported Shs.5,878,066 • Payments amounting to Shs.5,840,000 were supported by proforma invoices. • Acknowledgement receipts to support the amount of Shs.6,054,731 paid to various institutions were missing. • Expenditure charged to wrong account Shs.1,800,000 were missing. • Motor vehicle/cycles valued Shs.69,900,000 were not delivered. • The financial statements disclosed outstanding debtors of Shs.116,946,664 and creditors of Shs.512,941,300.7 • Investment in shares in various Institutions amounting to Shs.146,020,347.70 was not supported by certificates • Seven (7) Revenue receipts books issued to revenue collectors were not produced for audit verification.

38.	KIBONDO DC
	<ul style="list-style-type: none"> • Omitting creditors worth Shs.40,340,133 implies understatement of Creditors reported on the balance sheet. • Unspent balance from medical store department not reflected in the Council's accounts Shs.28,203,363. • Unclaimed salaries not remitted to Treasury Shs.8,726,834. • Overpayment of construction of drainage work Shs 3,519,400. • Missing payment vouchers worth Shs.13,382,628.
39.	KIGOMA DC
	<ul style="list-style-type: none"> • Revenue collections collected by revenue collectors but not remitted to Council Shs.16,112,000. • 15 revenue earning receipt books issued to revenue collectors agents but not produced for audit scrutiny. • Outstanding debtors not aged - Shs.192,100,702 • Non inclusion of creditors - Shs.56,923,612 in the financial statements • Maintenance of motor vehicles without approval of mechanical inspector -Shs.11,775,120 • Unclaimed salaries not remitted to Treasury Shs.33,890,614
40.	MANYONI DC
	<ul style="list-style-type: none"> • Outstanding Debtors Shs.6,597,372 • Outstanding Creditors Shs.202,531,517 • Payment of nugatory nature Shs.18,657,473 • Salaries paid to Retired/deceased employees Shs.1,839,661 • Annual Procurement Plan was not prepared • Procurement made without approval of Council Tender Board Shs.32,675,614 • Overpayments on Procurement of motor vehicle Shs.8,396,471

41.	RORYA DC
	<ul style="list-style-type: none"> • Revenue collecting agents did not remit to the Council a total of Shs.4, 469, 900. • Payments vouchers totalling Shs.13,642,527 were inadequately supported with the relevant documents. • Payment vouchers amounting Shs.23,132,125 were missing in their relevant batches, thus genuineness of payment together with the supporting documents could not evidenced. • Imprest amounting to Shs.5,921,000 were not retired up to the time of audit implies that genuineness of the expenditures incurred in respect of the imprest could not be ascertained, hence could lead to a loss of funds by the Council. • No justification was obtained in respect of receipts in Bank not in Cash book amounting to Shs.52,345,556.58 • Shs.750,461.40 was recorded in the Cash book but not evidenced to be banked.
42.	SERENGETI DC
	<ul style="list-style-type: none"> • Payments amounting to Shs. 30,490,804 were inadequately supported with relevant documents. • Shs. 3,552,350 and 930,000 were transferred from Airport account to General Fund Account and from Education Account to Water Account respectively, however the funds were not reimbursed to their respective accounts. • Statutory deductions of Shs.3,085,016 were found not to be acknowledged by the respective payee.
43.	BAGAMOYO DC
	<ul style="list-style-type: none"> • Procurement of goods without competitive quotations Shs. 3,634,080 • Stores receipts and issues not confirmed Shs. 9,397,200 • Detailed analysis schedule was not produced to support the prior year adjustments of Shs. 158,918,053

44.	LINDI TC
	<ul style="list-style-type: none"> • Purchase made without competitive bidding Shs.5,895,100 • Improperly vouched expenditure Shs. 9,585,053 • Payment made out of annual planned budget Shs.20,641,600 • Questionable payment of fumigation Shs.3,413,190 • Missing Investment certificate of Shs.10,500,000 • Unaccounted sales of sports gears Shs.3,300,000
45.	KIBAHA TC
	<ul style="list-style-type: none"> • Stores worth Shs.1,650,000 were not recorded in the stores ledger. • Stores issued amounting to Shs.10,924,000 were lacking issuance particulars. • Contract agreement for rental amounting to Shs.1,500,000 was noted missing. • Expenditures amounting to Shs.9,371,583 were not supported by proper supporting documents. • The Council paid Shs.1,050,609 being salaries to ghost employees. • 27 Revenue receipts books were noted missing. • Revenue not remitted by two agents totaling Shs.127,915,000
46.	KINONDONI MC
	<ul style="list-style-type: none"> • Unremitted revenue Shs.27,500,000 from collecting agent • Over payment made to the contractor who was tasked to clean the environment at Mwananyamala Hospital Shs.9,600,000. • Health insurance claims not recovered Shs.27,152,901 • A sum of Shs.76,000,000 paid from Miscellaneous Deposit Account to various accounts without effecting refund. • Drugs worth Shs.10,788,000 paid for by the Council were not delivered to the respective dispensaries. • A sum of Shs.7,704,599 was paid for desks which were not delivered to Mapinduzi, Ukwamani and Ununio Primary Schools.

47.	CHATO DC
	<ul style="list-style-type: none"> • Payment vouchers and other supporting document worth Shs.62,948,230 were not made available for audit verification. • Twenty two (22) Revenue earning receipt books were not available for audit verification.
48.	MISSENYI DC
	<ul style="list-style-type: none"> • Procurement of goods and services worth 23,079,127 were made without being approved by the Tender Board. • Acknowledgment receipts of Shs.7,698,376.44 were not available for audit verification.
49.	SAME DC
	<ul style="list-style-type: none"> • Questionable procurement quotations Shs.11,721,950 • A sum of Shs.13,500,000 was paid to clear previous year's liability however the name of the payee was not among the disclosed outstanding creditors for that year. • Expenditure incurred on non budget activities Shs.2,172,800 • Inadequately Supported Payments Shs.5,755,100
50.	ARUSHA DC
	<ul style="list-style-type: none"> • Missing payment vouchers Shs.1,160,000 • Improperly vouched expenditure Shs.29,983,211 • Questionable issue of fuel Shs.11,681,192.60 • Non codification of non current assets worth Shs. 47,746,000
51.	MAFIA DC
	<ul style="list-style-type: none"> • The Council paid Shs.6,000,000 without competitive bidding. • Payment of Shs.29,119,000 was paid to various payees as compensation to allow the construction of Port without supporting pay list. • The Council incurred expenditure to the tune of Shs.7,156,450 but were lacking appropriate supporting document. • Miscellaneous deposit accounts was overstated by Shs.21,083,945

52.	KISHAPU DC
	<ul style="list-style-type: none"> • The Consolidated Statement of Income and Expenditure was not summarized and presented in the appropriate format. Further, the whole set of accounts do not include “Notes to the Financial Statements” since they are not summarized and for that reason, the notes were compiled separately. • The financial statements reflected excess expenditure of Shs.101,238,687. • The management approved maintenance and repair of the Council’s vehicles costing Shs.20,783,664 without channeling through M/s TEMESA. • Construction works worth Shs.161,660,000 involving road works and buildings were not completed within the agreed time and specifications. • There were irregular issues of stores involving four laptops worth Shs.10,500,000.
53.	SHINYANGA MC
	<ul style="list-style-type: none"> • Matters of previous years amounting to Shs.417,869,580 not resolved. • Revenue amounting to Shs.3,329,917 was not remitted by collecting agents. • Payments amounting to Shs.30,080,360 made without proper supporting documents. • Expenditure amounting to Shs.2,610,000 was charged to wrong account. • Payment amounting to Shs.1,399,895 was not approved by the Finance Committee. • Two items in the bank reconciliation statement were not cleared: • Unpresented cheques Shs.248,068,611.31 • Deposit in transit Shs.10,338,392.23
54.	MEATU DC
	<ul style="list-style-type: none"> • Unclaimed salaries amounting to Shs.2,934,899 not remitted to Treasury as per instructions. • Improperly vouched expenditure Shs.102,245,949 • Outstanding debtors and creditors worth Shs.41,650,039 and Shs.107,985,513 respectively.

	<ul style="list-style-type: none"> • Outstanding items in the Bank reconciliation statement as follows: <ul style="list-style-type: none"> - Un-presented cheques Shs.8,656,000. - Deposit in transit Shs.10,166,074. • Outstanding matters from previous years worth Shs.122,496,538.
55.	KAHAMA DC
	<ul style="list-style-type: none"> • Previous year's outstanding matters: <ul style="list-style-type: none"> - Unpaid revenue collection by Council agents Shs.4,860,000 - Stores ordered and paid for but not delivered Shs.2,642,000 • A sum of Shs.10,630,000 collected by revenue collection agents were not remitted to the Council. • A sum of Shs.12,632,050 was not supported by proper supporting documents. • Unclaimed salaries amounting to Shs.30,012,020 in respect of deceased, retired, dismissed and absconded employees were not remitted to Treasury. • Liquidated damages for Shs.15,330,000 not deducted from the supplier . • Procurement of medical supplies worth Shs.8,600,000 was made from private firms and no documentary evidence of involvement of Medical Stores Department in the transaction. • The consolidated balance sheet reflected outstanding debtors and creditors of Shs.64,733,890 and Shs.46,024,312 respectively but the statement does not provide for age analysis.
56.	MASWA DC
	<ul style="list-style-type: none"> • Revenue amounting to Shs.1,121,000 received by the cashier could not be confirmed to have been banked . • The Council overpaid a sum of Shs.1,702,819.20 as disturbance allowance to various officers who were transferred from one station to another within the Country. • Payments totaling Shs.11,958,500 were not supported by relevant supporting documents.

	<ul style="list-style-type: none"> • Receipt in cash book not in bank (cash on transit) Shs.28,360,100 appeared to remain uncleared for quite long time.
57.	GEITA DC
	<ul style="list-style-type: none"> • Stores purchased and paid for but not accounted for Shs.53,235,000. • The Council made procurement worth Shs.116,848,500 without inviting quotations. • Contract documents for construction of fence of District Council main office and the Public Toilet were not availed to auditors.
	<ul style="list-style-type: none"> • Evaluation reports relating to uncompleted projects for construction of bus stand and an office for the Education department were not availed to audit. • Payments amounting to Shs.10,278,864 were made without supporting documents. • Salaries amounting to Shs.2,889,052 were paid to staff who had already retired or deceased. • The Council had outstanding debtors amounting to Shs.14,117,340 in respect of loans to women groups.
58.	MISUNGWI DC
	<ul style="list-style-type: none"> • Procurement Management Unit was not functioning properly, since it did not act as secretary to the Tender Board and there were no reports issued by PMU. • Council's did not have an annual procurement plan. • Stores items worth Shs.12,866,330 were not recorded into ledger account. • Three revenue earnings receipt books were noted missing. • Missing payment vouchers for expenditure worth Shs.23,028,306. • Transfer of funds without authorisation and accountability in utilisation Shs.41,831,214. • Unclaimed salaries not remitted to Treasury Shs.33,739,445. • Receipts in cash book but not in the bank statement

	Shs.40,425,816.97
59.	MOROGORO MC
	<ul style="list-style-type: none"> • Unclaimed Salaries paid to officers who have either retired, deceased or resigned from duty not Accounted Shs.2,295,060 • Explanatory notes to Financial Statements were noted missing • Understatements of cash inflows financing activities Shs.423,975,540
60.	ULANGA DC
	<ul style="list-style-type: none"> • A sum of Shs.51,123,512 was not remitted to the Council by the Revenue collecting Agents. • No evidence was produced to confirm that Shs.24,026,463 from revenue collecting Agents had been received by the cashier and banked. • Payments of Shs.3,464,000 have been effected by the Council without supporting documents.
	<ul style="list-style-type: none"> • Unclaimed salaries of Shs.31,686,716 were not remitted to RAS for onward remittance to Treasury. • A sum of Shs.5,003,030 was paid as salary advances, the same was neither recorded nor recovered. • A sum of Shs.2,374,729 was noted in bank reconciliation statement as cash in transit not cleared.
61.	KYELA DC
	<ul style="list-style-type: none"> • Payment vouchers amounting to Shs.24,656,496 were noted missing from their respective batches. • A sum of Shs.9,600,025 was paid by the Council to clear outstanding liabilities related to previous years. These liabilities were not reflected in the Council's accounts. • Unclaimed salaries of Shs.7,826,658 for various payees who are no longer Government employees were not remitted to Treasury through Regional Administrative Secretary. • Creditors were understated by Shs.36,675,701 being

	salaries not paid to Village Executive Officers and Ward Executive Officers
62.	CHUNYA DC
	<ul style="list-style-type: none"> • Uncompleted work paid for Shs.14,000,000 • Liquidated Damages not paid Shs.5,320,930 • Difference between amount of salaries received from Treasury and that paid out of the Deposit account Shs.14,038,202 • Difference of amount received in Deposit account and that actually paid to Education and Health Department Shs.13,337,648 • Salaries and other contractual deduction not retained in unclaimed salaries Shs. 2,134,974 • 3 Motor vehicles not recorded in fixed Assets Register
63.	MUSOMA MC
	<ul style="list-style-type: none"> • Outstanding Revenues from Musoma Municipal revenue collecting agents Shs.11,220,000. • Payment vouchers amounting to Shs.3,264,221 were not adequately supported. • There is unexplained difference of the consolidated Income and Expenditure Statement and itemized Statement of Shs.18,096,427 • Sundry Debtors figure has been understated in the balance sheet by Shs.45,360,912.05 • Unclaimed salaries amounting to Shs.5,957,240 not yet remitted to Treasury as per instruction. • Cash in transit not yet cleared Shs.16,434,349 • Unpresented cheques declared to be Stale worth Shs.10,246,785.35
64.	HANDENI DC
	<ul style="list-style-type: none"> • A sum of Shs.224,749,488 paid directly to MSD by the Ministry of Health and Social Welfare on behalf of the Council was not reflected in the Council books. • The cash balance reflected at the bank Shs.1,263,245,980 did not agree with the verified

	<p>balance of Shs.1,262,534,280.</p> <ul style="list-style-type: none"> • Receipts in the cash book not in bank Shs.1,025,071.20.
65.	MKINGA DC
	<ul style="list-style-type: none"> • Seventeen (17) HW5 and 8 market dues revenue earnings receipt books issued to Revenue Collectors were not produced for audit verification. • Revenue totaling Shs.1,756,775 collected from different sources during the year under review were not remitted to the Council's main cashier. • Unclaimed salaries totaling Shs.1,242,661.38 pertaining to either retired, deceased, interdicted or absconded employees had not been deleted from the computer payroll. • Annual depreciation rate charged in respect of Plant, Motor vehicles and Motorcycles was 20% instead of the prescribed rate of 25% according to Accounts Note No. 7 resulting in an understatement of depreciation account by Shs.11,270,311. • The Balance Sheet revealed outstanding debtors amounting to Shs.18,017,284 missing aging analysis
66.	PANGANI DC
	<ul style="list-style-type: none"> • Purchase of goods and services without inviting quotations-Shs.1,085,000 • Expenditure incurred during the year lacking proper supporting documents - Shs.65,501,552
67.	TANGA CC
	<ul style="list-style-type: none"> • Previous years outstanding issue pertaining to recovery of outstanding debtors pending court judgement. • Missing balance sheets and related statements of individual accounts. • Unclaimed salaries relating to retired, deceased, absentees and absconded employees amounting to Shs.39,190,908.96 could not be deleted in the computer payroll on time.

	<ul style="list-style-type: none"> • Overpayment made to the Supplier Shs.890,820 arising from charging higher prices than that indicated in the competitive quotations.
68.	BUNDA DC
	<ul style="list-style-type: none"> • Payments amounting to Shs.37,582,380 were not supported with relevant supporting documents. • Goods worth Shs.38,455,000 were paid for, but the same were partly or not delivered at all. • Stores worth Shs 14,255,450 were ordered and paid for, but the same were not recorded in the stores ledger
69.	KWIMBA DC
	<ul style="list-style-type: none"> • Office equipment and furniture were procured using imprints Shs.11,400,000. • Purchases made without competitive bidding Shs.29,950,000 • 22 open receipt books were noted missing • Unclaimed salaries not remitted to Treasury Shs.3,979,099 • Receipts in cash book not in bank statement Shs.7,413,860
70.	HANANG DC
	<ul style="list-style-type: none"> • Contracts agreement and Engineers's certificates of completion of works were missing to support work done Shs.29,743,000. • Missing payment vouchers to authenticate expenditure incurred could not be made available to audit Shs.2,071,000. • Unclaimed salaries in respect of employees who are no longer in the Public service have not been surrendered back to Treasury Shs.24,690,200. <p>Increase deficit as cash outflow under Financing</p>

	activities, Shs.320,143,674 was not supported by account notes, hence its correctness could not be verified.
71	TABORA MC
	<ul style="list-style-type: none"> • Purchases made in excess of the procurement plan Shs.26,691,881 • Stores paid for but not delivered Shs.6,155,200 • Issues not supported by distribution lists Shs.15,035,200 • One (1) earning receipt book (HW5. 434131 - 434250) issued to revenue collector on 1/8/2007 was not returned to the Council headquarters. • Shortfall in Cess Collection accruing from Tobacco sales Shs.13,484,404.55. • The Council received grants of Shs.182,074,000 from the central government via RAS for the purpose of meeting recurrent expenditure and development expenditure (projects) could not be confirmed to have been received and disclosed by the Council. • Drugs and medical equipment worth Shs.73,500,000 procured from the Medical Stores Department using funds deposited by the Ministry of Health and Social Welfare were not recorded in the Councils books of accounts. • Payment made without supporting documents Shs.54,493,091.31 • Unclaimed salaries not remitted to Treasury as per instructions Shs.14,131,960 • Missing certificates of Investments Shs.15,604,257.85 • The value of stock of drugs at dispensaries at year end not reflected in the Consolidated Balance Sheet

72.	SONGEA DC
	<ul style="list-style-type: none"> • Procurement of spare parts and services of Motor vehicles by a way of issuing special imprests to staff contrary to legislations Shs.9,142,280 • Procurement of goods without using competitive quotations Shs.12,331,000 • Payments of Shs.10,295,491 were not supported by documents such as invoices, delivery notes and pay lists. • 13 revenue collection receipt books (Not quantified) were issued to revenue collectors but not availed for audit verification. • Payment of allowances of Shs.25,367,000 to Officers were not supported by attendance sheets, pay lists and the rate of allowances paid per day was over and above the approved rates. • Payment vouchers worth Shs.1,407,483 were not produced for audit contrary to legislation • Unclaimed salaries Shs.21,000,723 not remitted to Treasury through Regional Administrative Secretary as per Treasury instruction. • Investments to institutions not supported by relevant supporting documents Shs.11,423,600

3.3 Council's with qualified opinion

1.	IRINGA DC
	<ul style="list-style-type: none"> • Statement of capital expenditure and its financing was not submitted along with other financial statements. • Claims amounting to Shs.265,805,946 payable to various Council's teachers which were outstanding as at the year end had not been included in the Council's liabilities. • Unclaimed salaries amounting to Shs.7,466,885 had not been remitted to RAS. • Share certificates in respect of Shs.209,967,627 invested in various Institutions were not made

	<p>available for audit verification.</p> <ul style="list-style-type: none"> • Thirty six (36) revenue earning receipt books valued Shs.12,000,000 in respect of the Community Health Fund were not produced for audit verification.
2.	IRINGA MC
	<ul style="list-style-type: none"> • Statement of Capital Expenditure and its Financing was not submitted along with other financial statements contrary to Order No 84 of LAAM • Claims amounting to Shs.129,851,522 payable to various Council's teachers which were outstanding as at the year end had not been included in the Council's liabilities. • Unclaimed salaries amounting to Shs.28,520,614 had not been remitted to Treasury as per instruction. • Cash Flow Statement disclosed Shs.299,047,082 as cash flow from investing activities but not supported by analysis showing the detail of the projects/investments acquired. • The deposit account was over drawn by Shs.6,622,718
3.	MAKETE DC
	<ul style="list-style-type: none"> • Statement of capital expenditure and its financing was not submitted along with the financial statements. • 10 revenue receipts were noted missing. • Building materials amounting to Shs.7,076,000 purchased during the year were not properly accounted for. • Unclaimed salaries amounting to Shs.28,520,614 were not remitted to the Treasury. • Missing expenditure details Shs.107,226,670 • Unvouched expenditure Shs.145,070,985
4.	NJOMBE DC
	<ul style="list-style-type: none"> • Claims amounting to Shs.36,716,667 payable to various Council's teachers which were outstanding as at the year end were not included in the Council's

	<p>liabilities.</p> <ul style="list-style-type: none"> • The deposit account closing balance figure differ with that reported in the bank reconciliation as cash book balance by Shs.6,384,644. • Unapplied capital grants of Shs.872,163,182 were incorrectly included in the cash flow statement. • The Consolidated Balance Sheet as at 30th June, 2008 disclosed a closing stock of Shs.62,757,490, in which its correctness of the reported value could not be confirmed as the relevant stock count sheets duly signed by the Council officials were not submitted for audit.
5.	LUDEWA DC
	<ul style="list-style-type: none"> • Shs.104,614,781 which was closing balance in 2006/2007 was not reflected in 2007/2008 as opening balance in the statement of capital expenditure and its financing. • Miscellaneous Deposit Account funds used to finance Supply Vote Account not refunded Shs.5,661,000 • Unclaimed salaries Shs.20,150,541 related to deceased, retired and absconded employees, were not remitted to Treasury. • Deferred payment to teachers omitted from financial statements Shs.474,529,948
6	BABATI DC
	<ul style="list-style-type: none"> • Three (3) General Revenue Receipt books (open) issued to the Revenue Collectors during the year under review could not be produced for audit verification when called for audit verification. • Expenditure amounting to Shs.35,664,462 was incurred under the Health account, in respect of wages to casual labourers purported to have been working in Magugu, Merry dispensaries and Mrara Hospital respectively were not authorized. • Deferred expenditure amounting to Shs.15,152,500 relating to the previous years was paid in a bid to avoid over expenditure during the year 2007/2008.

	<ul style="list-style-type: none"> • Our review of individual revenue components revealed that the reported revenue figure in the financial statements differs with that of the general ledger by Shs.954,946,373.
7	BABATI TC
	<ul style="list-style-type: none"> • Revenue collected by the council from Land rent not remitted to the Ministry Head Quarters Shs.56,361,781 • Agriculture equipments worth Shs.3,000,000 purchased and paid for were not confirmed to have been delivered to the Council • Unclaimed Salaries not surrendered to the Treasury Shs.4,902,795.78 • Capital Receipts Wrongly treated as Recurrent Income Shs.1,040,428,552 • Understatement of reported figure in the Cash inflows from Investment Activities in the Cash-flow Statement Shs.691,649,483
8	SIMANJIRO DC
	<ul style="list-style-type: none"> • Development Income of shs.1,876,573,285.50 reported in the Consolidated Income and Expenditure Statement. • Development Expenditure amounted to Shs.742,325,265.95 was charged to Consolidated Statement of Income and Expenditure thus the Cash flow statement was distorted. • Payment without acknowledgement receipt Shs.4,561,500 • Misstated figures of increase/decrease in Debtors and Creditors by Shs.4,856,250 and Shs.29,982,020.65 respectively in the cash flow statements. • Expired drugs affecting stock balance Shs.747,900. • Over payment to Contractor Shs.500,000.
9.	IRAMBA DC
	<ul style="list-style-type: none"> • In overall the Council spent Shs.311,914,505 in excess of the total income. • There were long outstanding revenues adding to Shs.8,358,024; meaning that the Council management had not established a clear policy on collecting revenue

	<p>or debts.</p> <ul style="list-style-type: none"> • The Council had unpaid teacher's claims worth Shs.103,046,824 but the claims were not reflected in the financial statements (Balance sheet). • A debit balance of Shs.8,393,828 with MSD not reflected in the year-end Balance Sheet. • Acknowledgement receipts worth 3,000,000 were noted missing.
10.	SINGIDA MC
	<p>.The Municipal Council spent Shs.196,161,516 in excess of the total income.</p> <ul style="list-style-type: none"> • Payment vouchers worth Shs.24,467,413 were noted missing. • There were long outstanding revenues adding to Shs.52,546,351. • The Municipal Council had outstanding creditors worth Shs.342,447,469. Both the figures of debtors and creditors were not analyzed age-wise. • The Municipal Council had unpaid teacher's claims worth Shs.86,906,556 but the claims were not reflected in the financial statements (Balance sheet).
11	IGUNGA DC
	<ul style="list-style-type: none"> • Igunga District Council has not prepared a summary statement of capital development expenditure and its financing to reflect the amount received and expenditure made on capital expenditures. • Procurement amounting to Shs.5,498,097 were made in excess of the approved Procurement Plan. • 26 revenue earnings receipt books (valued at Shs.900,000) have not been returned by revenue collectors after use. • Exchequer issues from the Central Government amounting to Shs.45,750,000 were not reflected in the Council books of account. • Payments amounting to Shs.138,338,843 related to the previous year which were not booked in the Councils books of account.

12.	NZEGA DC
	<ul style="list-style-type: none"> • There were outstanding Debtors and creditors amounting to Shs.23,489,320 and Shs.417,804,128.58 respectively. Also, there was no age analysis. • The Balance Sheet reflected an investment of Shs.18,352,724 in form of Minimum Contribution Reserve (MCR), but it is not supported with any proof of ownership. • The stock balance of Shs.103,688,567 reported in the Consolidated Balance Sheet as at 30th June, 2008 could not be validated because of missing stock count sheets. • Payment vouchers worth Shs.5,321,100 were noted missing. • Two (2) open receipt books were noted missing. • Unclaimed Salaries amounting to Shs.15,890,788 were not surrendered to the Treasury. • The reported earnings of Shs.47,900,875.89 out of cess produce could not be justified as the actual revenue that should have been collected during the year because of missing collections register.
13.	NAMTUMBO DC
	<ul style="list-style-type: none"> • A sum of Shs.112,706,550 was paid to M/S Toyota Tanzania Ltd in June, 2008 for purchasing a Toyota Land Cruiser. However, as at the time of finalizing audit report in February 2009, the motor vehicle had not been delivered to the Council. • Stores worth Shs.4,740,700 were not recorded in the store ledgers. • The Consolidated Balance Sheet for the financial year ended 30th June 2008, reflected outstanding debtors of Shs.58,306,792.10 and Creditors worth Shs.92,900,403.43. However, the amount of debtors was not supported with age-analysis. • A sum of shs. 5,546,944 was incurred by the Council for purchasing various items without competitive quotations. • Payment vouchers worth Shs.6,345,000 were noted

	missing.
14.	SONGEA MC
	<ul style="list-style-type: none"> • 13 General Revenue earning receipt books issued to revenue collectors were not produced for audit verification. • Acknowledgement receipts to support the amount of Shs.6,896,268 paid to various Institutions were missing. • Payments amounting to Shs.8,601,250 were inadequately supported • Missing payment vouchers amounting to Shs.32,509,983 • Expenditure charged to wrong account Shs.8,514,000 • Unclaimed salaries not refunded to Treasury Shs.15,231,906.74 • Payment made on strength of proforma invoice Shs.1,814,500 • Procurement of Shs.19,112,800 made without following competitive tendering. • Stores item worth Shs.1,362,000 were not taken on stores ledger
15.	KIGOMA UJIJI MC
	<ul style="list-style-type: none"> • Remuneration to temporary employees without contract Shs.73,146,900 • Un remitted revenue collected by agents - Shs.71,795,410 • Unvouched and improperly supported expenditure - Shs.211,793,681 • Outstanding imprests not recorded in the register - Shs.14,515,600 • Non current assets register not up dated since 2002 Shs.3,713,314,983. • The share capital/capital fund not analysed - Shs.4,137,351,399. • No aging analysis for Debtors amounting to - Shs.66,588,086 • Outstanding items in the Bank reconciliation as follows:

	<ul style="list-style-type: none"> ➤ Debits in Bank Statement not in cash book - Shs.44,763,199 ➤ Receipts in cash book not in Bank statement Shs.16,859,536 ➤ Receipt in Bank statements not in cash book Shs.62,640,183 • Repair of motor vehicles without pre and post inspection report Shs.29,020,890
16.	KASULU DC
	<ul style="list-style-type: none"> • Utilization account of the issued store items valued Shs.15,344,170 is missing. • Revenue collection amounting to Shs.5,994,500 was not acknowledged by the main cashier. • Seminar expenses amounting to Shs.62,473,650 were not supported by relevant supporting documents. • Loans granted to Women and Youth groups amounting to Shs.13,640,410 have not been recovered. • Unclaimed salaries not remitted to Treasury - Shs.20,365,200. • 31 revenue receipt books are missing. • Understatement of current liabilities Shs.216,387,852 • Statutory deductions not remitted to respective Institutions Shs.1,312,197.
17.	TABORA UYUI DC
	<ul style="list-style-type: none"> • The Council had not prepared a summary statement of the capital expenditure and its financing. • The Council procured goods and services totaling Shs.285,389,328 in excess of the approved Procurement Plan of Shs.153,686,675 without prior approval of the Council Tender Board. • A sum of Shs.732,000 collected by the Revenue Collectors was not remitted to the Council's Main cashier and accounted for. • Outstanding loans amounting to Shs.24,865,000 issued to various Women Development and Youth groups were apparently not recorded in the loan register,

	<p>hence not recovered to date.</p> <ul style="list-style-type: none"> • The Ministry of Health and Social Welfare made direct deposit of Shs.120,057,674 to MSD on behalf of Tabora District Council for the purpose of purchasing drugs/vaccine and equipment. Apparently, this amount has not been incorporated in the Council's books of account.
18.	MKURANGA DC
	<ul style="list-style-type: none"> • Unconfirmed issues of fuel worth Shs.8,113,500 due to the absence of logbooks, hence we could not confirm proper utilization of the fuel purchased • Fifty (50) open revenue receipt books (HW5) were not produced when called for audit verification. • A sum of Shs.6,288,000 was paid for ordering Revenue Earnings Receipt books no evidence was produced to confirm that these receipt books were received and accounted for in the counterfoil register. • Statutory deductions/contributions amounting to Shs.1,883,070 deducted from employees salaries could not be confirmed to have been received by the recipient institutions. • A sum of Shs.100,594,122 was overdrawn as at 1st June, 2008, from the General Fund, Deposit and Education Accounts. • Payments aggregating to Shs.10,043,900 relating to financial years 2004/2005, 2006/2007 were effected during the year under review without budgetary provision. • Unclaimed salaries amounting to Shs 22,131,095.73 was transferred to Deposit Account instead of RAS-Coast Account for subsequent remittance to Treasury. • Purchase of computers without following the prescribed technical specification . • Two (2) motor vehicles retained by private garage owners since 2000 following failure by the Council to pay maintenance costs.

	<p>Matters arising from the special audit</p> <ul style="list-style-type: none"> • Fuel paid for worth Shs.40,626,450 was not confirmed to have been utilized as the same was not recorded in the log books. • Payment vouchers amounting to Shs.346,310,809.17 were noted missing. • Short delivery of revenue collections amounting to Shs. 25,200,000 • Loss of 426 iron sheets valued at Shs.5,226,385 meant for the construction of Secondary Schools • Over expenditure to suppliers of Shs. 4,624,916.40 • Purchase of goods and services worth Shs.4,237,000 without calling for Tender. • Contingent liabilities of Shs.145,026,157.20 related to litigation not disclosed in the financial statements for the year 2007/2008
19.	RUNGWE DC
	<ul style="list-style-type: none"> • Eight (8) open (HW.5) revenue receipt books were not made available for audit verification. • Sixteen (16) HW5 receipt books were noted to have been issued to revenue collection Agent as per counter foil register but no contract agreement was produced to audit verification. • Payment vouchers from various accounts worth Shs.4,923,942 were noted missing. • A sum of Shs.11,441,860 was paid to RAS Mbeya being unclaimed salaries for subsequent payment to Treasury but acknowledgement receipt from RAS was not produced. • Overpayment of contract without tender board approval Shs.11,920,920 • A contract amount was varied by Shs.7,507,980 without prior approval of the Tender Board • Revenue amounting to Shs.2,583,000 was collected by revenue collector but could not be remitted to the main Cashier. • A sum of Shs.840,000 was incurred without sufficient supporting documents.

	<ul style="list-style-type: none"> • A sum of Shs.27,941,533 was paid during the year 2007/08 to clear the liabilities related to previous financial years and the same was not recognized as a liability. • Unpaid salaries amounting to Shs.5,128,475.32 in respect of ineligible payees had not been surrendered to Treasury. • Statutory deductions payable to various Institutions in favour of officers who left the Public Service amounting to Shs.2,418,571 was not retained by council together with their net salaries in deposit account. • The Council spent Shs.248,211,788 during the year 2007/08 for development projects. However, the activities of capital nature were expensed instead of being capitalised in the Council's books of accounts • Payments amounting to Shs.9,169,746 were not posted in final account. • Expenditure amounting to Shs.13,000,000 was paid as allowances to Councilors from Capital Development account. • The Council Account with MSD reflected a balance of Shs.16,927,531 being unspent balance, however, the amount was not included in the Council Debtors.
20.	ARUSHA MC
	<ul style="list-style-type: none"> • Council paid Shs.23,100,000 in respect of construction materials for classrooms at Sorenyi, However, number of bricks made and their distribution list could not be made available to auditors. • Expenditure amounting to Shs.25,336,000 was incurred from Miscellaneous Deposit Account without quoting the relevant acknowledgement receipts, to support the payment. • Council paid Shs.10,000,000 for purchasing shares from Arusha Community Bank, but no share certificates were produced for audit verification. • Payment vouchers and their supporting documents amounting to Shs.17,539,690.39 were noted missing. • Improperly vouched expenditure amounted to

Shs.98,327,352.56

- Council paid Shs.11,616,660 to two Councilors for the journey to Athens, Greece and USA - Washington DC at two different periods however, Audit revealed that there was no evidence to confirm that the activity was budgeted for in the respective year, and that the journeys were approved by the Council's Finance Committee.
- Arusha Municipal Council has an Investment of Shs.386,535,200 as shown in the balance sheet, but no documentary evidence was produced to confirm ownership of the stated amount.
- A sum of Shs.11,525,000 was paid by Council for renovation and rearrangement of Revenue Office without a budgeted provision.
- Cash book balance reported in the Balance sheet for General Account differs with the adjusted cash book by Shs.2,000,000
- Payments totaling Shs.17,799,240 were made from Recurrent Expenditure Account as imprest to various officers for Local Government day ceremonies without a budget provision. In addition, Statement of Expenditure was not produced for audit verification.
- Unclaimed Salaries aggregating to Shs.11,032,706.44 were not surrendered to Treasury as per instructions.
- A sum of Shs.10,661,374.03 were paid directly to the individuals' bank accounts as salaries while those employees had already retired from the Council services.
- The payments amounting to Shs.5,688,048 were observed to have not been posted into Education Account cash book.
- Imprests totaling Shs.22,431,490.00 were issued to various staff to meet various expenditures. However, they were not accounted for.
- Municipal Council reported Shs.127,590,024.20 as Debtors in their books but ignored MSD stock valued Shs.9,088,285.00

	<ul style="list-style-type: none"> • The Council submitted stock sheets to support value of stocks reflected in the Balance sheet. But the figure was overstated by Shs.3,114,600.00 • Closing figure of creditors as at 30th June, 2008 was reported at Shs.19,305,432 but excluded MSD debit balance of Shs.22,179,551.20 • Payments amounting to Shs.44,154,123.75 have been paid in respect of previous year's liabilities but there was no proof that the payments formed part of the 2006/2007.
21.	LONGIDO DC
	<ul style="list-style-type: none"> • Ledgers for stores items worth Shs.12,065,000 were not availed to us for verification. • Six revenue receipt books were noted missing. • Payment vouchers with their supporting documents amounting to Shs.17,490,000 were noted missing. • The cashier delayed for two months to pay back Shs.12,767,000 to the District Treasurer after the cancellation of seminar, training and workshop. • Fifteen motor vehicles and equipments were not reported in the Balance Sheets as at 30th June 2008. • Deposit funds amounting to Shs.61,377,542 were transferred to various accounts to meet expenditures of recurrent nature. • Council transferred funds from one account to another to the tune of Shs.46,554,600 without effecting refund.
22.	MONDULI DC
	<ul style="list-style-type: none"> • Stores not taken on ledger charge Shs.5,010,000 • 24 used receipt books were not produced for audit. • Unvouched expenditure Shs.17,223,451.55 • Insufficiently supported expenditure amounted to incurred to the tune of Shs.25,072,559.20 • Missing acknowledgement receipts - Shs.72,105,230.99 • Payments not supported by deposit receipts Shs.21,963,700 • Allowances paid without supporting documents - Shs. 4,358,000 • Unclaimed salaries not remitted to Treasury

	<p>Shs.12,131,209.10</p> <ul style="list-style-type: none"> • Payment of salaries paid to employees who have retired amounting to Shs.7,875,630 • Understatement of creditors Shs.4,848,159.58 • Overdrawn deposits - Shs.104,746,360 • Deferred payments - Shs.12,435,840
23.	NGORONGORO DC
	<ul style="list-style-type: none"> • A sum of Shs.17,318,650 was paid to a driver as imprest was used for service and maintenance of Council's motor vehicle at different periods and the cost appears to be extremely high. • Payment vouchers for Shs. 9,190,000 were noted missing. • Payment totalling Shs. 41,993,738 were not adequately supported by relevant supporting documents. • Acknowledgement receipts for Shs.122,021,167 paid to various Institutions/Agencies for services rendered to the Council were not submitted for audit verification. • Unclaimed salaries Shs. 11,165,036 not remitted to the Treasury as per instructions. • Annual depreciation charge of Shs. 453,143,946 was not reflected in the Consolidated Income and Expenditure Statement. • Work in progress amounting to Shs.197,609,750 was erroneously included in the capital receipt unapplied. • Deffered payments amounted to Shs. 41,440,539.
24	MULEBA DC
	<ul style="list-style-type: none"> • Payment made without competitive bidding Shs. 57,135,500. • Revenue collections not remitted to Council by the revenue collectors Shs. 22,084,000. • Expenditure amounting to Shs. 23,806,200 was made without proper supporting documents. <p>A sum of Shs. 355,974,129 was paid over and above the approved budget, and no retrospective approval was sought from the respective authority.</p>
25.	BUKOBA DC
	<ul style="list-style-type: none"> • Procurement made without competitive bidding

	<p>Shs.7,136,526</p> <ul style="list-style-type: none"> • Revenue collection amounting to Shs.7,385,000 not remitted to the Council by collecting Agents. • Capital Expenditures amounting to Shs.913,285,806 as shown in the summary Statement of Capital expenditures and its Financing lacks detailed analysis. • Outstanding Debtors Lacks aging analysis schedules Shs.34,920,810 • Office furniture's paid for but not delivered by the Contractor Shs.2,877,500.
26.	NGARA DC
	<ul style="list-style-type: none"> • Capital Expenditures amounting to Shs.860,432,712 as shown in the summary Statement of Capital expenditures and its Financing lacks detailed analysis. • Development projects worth Shs.998,307,744 which included civil works, Office buildings and School buildings were expensed in the Income and expenditure statement. • Contract records for work done including agreements, contract registers, bills of quantities, certificates were not made available to audit Shs.62,971,520 • Outstanding Debtors lacked aging analysis Shs.13,890,000 • Stores not accounted for Shs.11,131,725 • Unclaimed Salaries of Shs.7,043,970 not surrendered to the Treasury as per instructions.
27.	BAHI DC
	<ul style="list-style-type: none"> • Non Disclosure of Current Liabilities Shs.573, 828,765 • Unclaimed salaries not remitted to Treasury Shs.16,750,916 • Unconfirmed Depreciation Expenses Shs.22,754,664
28.	DODOMA MC
	<ul style="list-style-type: none"> • Motor vehicles purchased but not delivered Shs.70,500,000 • Procurement of Stores from Unauthorized Suppliers Shs.37,151,050 • Outstanding Revenue collections from Agents Shs.70,589,000

	<ul style="list-style-type: none"> • Revenue from signboards fees not collected Shs.57,193,600 • Unconfirmed salaries advance deductions Shs.6,499,958 • Retired Employees not deleted in the payroll Shs.5,622,596 • Unclaimed salaries not remitted to Treasury Shs.22,684,123.
29.	HAI DC
	<ul style="list-style-type: none"> • Expenditure incurred in excess of budgetary provisions Shs.60,704,016.26 • Improperly vouched expenditure Shs.128,852,888 • Deffered payments Shs.12,428,447.10 not confirmed to have existed in the Council's records. • Unclaimed salaries not remitted to Treasury Shs.21,610,261.01 • Stores not taken on ledger charge Shs.5,065,000 • Payments made on strength of proforma invoices Shs.3,296,250
30.	MOSHI DC
	<ul style="list-style-type: none"> • Payment amounting to Shs.13,609,500 were supported by proforma invoices. • Schedules of creditors and debtors amounted to Shs.5,184,004 and 91,822,222 respectively were not supported by age analysis. • Shs.85,000,000 budgeted for procuring motor vehicles and Shs.15,500,000 for procuring motor cycles and installation of Internet services were transferred from general fund to deposit account without authority.
31.	MASASI DC
	<ul style="list-style-type: none"> • Nugatory Expenditure to council Shs.5,364,120 following court ruling for which the council derived no value. • Procurement made without annual approved procurement plan Shs.26,964,000 • purchase of copier machine without seeking technical advice from the relevant Ministry. Shs.15,976,000 • Revenue collection not banked Shs.7,767,158 • Revenue collection not posted in cash book Shs.1,326,887

	<ul style="list-style-type: none"> • A radio call worth Shs.2,054,000 of Mkululu dispensary was stolen and loss report has not been prepared. • Payment vouchers amounting to Shs.26,514,600 were noted missing • Improperly vouched Expenditure amounted to Shs.31,903,853 • Deferred payment Shs.69,178,192 • Unrecovered loan Shs.77,000,000 the amount involves interaccounts loans which remained unrecovered. • Salary advance payments not recovered Shs.2,180,520 • Payment of salaries to employees who are no longer in public services Shs.7,408,441
32.	MTWARA MIKINDANI MC
	<ul style="list-style-type: none"> • Improperly vouched expenditure amounted to Shs.1,978,000 • Service levy collection amounting to Shs.86,233,873 to was not supported by VAT returns. • Stock balance amounting to shs. 467,870,155 disclosed in the cash flow statement has been overstated by same amount • A sum of Shs.456,509 has been over paid from a contract sum without Variation order. • Contract Procurement procedures for market dues collection have not been followed - Shs.12,020,000 • The Council did not prepare a Summary Statement of Capital Expenditure and its financing
33.	TANDAHIMBA DC
	<ul style="list-style-type: none"> ▪ 6,881 liters of Bayfidan worth Shs.102,526,900 ordered from M/s Bytrade Tanzania Ltd and paid in advance were short delivered. ▪ Procurement of gear box for Shs.4,200,000 exceeded approval limit of the Accounting Officer. ▪ An amount of Shs.2,847,125 was paid to Amars Auto Garage being penalty (10%) for late payment of maintenance cost of Council's vehicle, for the council has not benefited.

	<ul style="list-style-type: none"> ▪ Improperly Vouched expenditure amounted to Shs.24,819,670 ▪ Deferred payments Shs.29,995,311 ▪ Salaries amounting to Shs.23,926,712 were paid to temporary employees who have been working for the Council for long time without being included in the computer payrolls and are contrary to Public Services standing orders. ▪ Stocks not supported by stock sheets amounted to Shs.62,686,900. ▪ Unclaimed Salaries not remitted to Treasury Shs.2,332,309 as per instructions. ▪ Unapplied capital expenditure Shs.24,933,131 pertaining to previous year not disclosed in the current year summary statement of capital expenditure and its financing.
34.	MAGU DC
	<ul style="list-style-type: none"> • Stores not taken on ledger charge Shs.7,324,140 • Drugs and Medicines paid for but not delivered Shs.62,396,200 • Five revenue receipt books (HW5) were noted missing • Revenue collection Shs.2,838,000 were not brought to account • Unvouched and improperly vouched expenditure Shs.48,324,463.00 • Overpayment of disturbance and subsistence allowance Shs.813,576 • Double payments Shs.3,879,000 • Imprest not recorded Shs.13,048,340
35.	KILOMBERO DC
	<ul style="list-style-type: none"> • The Council spent Shs.196,161,516 in excess of the total income. • Payment vouchers worth Shs.65,695,878.63 were noted missing

	<ul style="list-style-type: none"> • Outstanding debtors and creditors amounted to Shs.24,358,217.20 and Shs.118,329,478.86 respectively. Moreover, debtors and creditors amounting to Shs.80,544,705 were not analyzed age-wise • Deferred payments amounted to Shs.18,661,255.70 • Revenues collection amounting to Shs.6,845,250 were not acknowledged by the main cashier and therefore not banked. • Payments of PAYE amounting to Shs.38,268,895 were made without supporting schedules
36.	MVOMERO DC
	<ul style="list-style-type: none"> • Stores procured without obtaining competitive quotations Shs.21,236,000 • Procurement of goods and services from unapproved suppliers Shs.35,031,070 • Issues of stores not signed by requisitioning officer worth Shs.19,135,969 • Stores worth Shs.20,695,569 were not taken on ledger charge • Outstanding debtors without age analysis amounted to Shs.12,270,040 • Payment vouchers worth Shs.18,048,000 were noted missing. • Outstanding items in the bank reconciliation statements not cleared includes cash in transit Shs.10,581,945 and payment in bank statement not in cash book Shs.2,661,500. • Salaries amounting to Shs.9,283,798 were paid to retired and deceased officers through personal bank accounts without management detection.
37.	SHINYANGA DC
	<ul style="list-style-type: none"> • Payment vouchers worth Shs.11,691,961 were noted missing.

	<ul style="list-style-type: none"> • The Consolidated Statement of Income and Expenditure was not summarized and presented in the appropriate format. • Twenty (20) open receipt books were noted missing. • Maintenance and repair of the Council's vehicles costing Shs.19,141,500 were carried out without approval of M/s TEMESA. • Outstanding debtors of Shs.68,866,006.40 and Creditors worth Shs.244,608,639.40 were not supported by age-analysis schedules.
38.	KILOSA DC
	<ul style="list-style-type: none"> • Payments amounting to Shs.28,644,945.90 were made without proper supporting documents. • Missing Payment Vouchers Shs.18,674,770 • Payments amounting to Shs.23,176,000 were not evidenced to have been received by relevant payees. • The Council transferred a total amount of shs.11,720,412 From Development, PFM and Works account apparently to meet various expenses of recurrent nature without the councillors approval. • Funds deposited direct to MSD not reflected in the Council accounts Shs.94,670,771.12 • The Council made payments amounting to Shs.8,566,259 for the procurement of goods and service without budgets provision and supporting of documents. • Expenditure incurred in excess of budgetary provisions Shs.194,804,613. • Salaries paid to non existing employees through their personal bank accounts Shs.13,096,434. • Stores not taken on Ledger charge Shs.16,920,700 • Procurement without Tender Board Approval and without inviting competitive quotations Shs.4,214,430. • The Council expensed expenditure of capital nature amounting to Shs.745,527,024.

39.	KIBAHA DC
	<ul style="list-style-type: none"> • Stores worth Shs.28,096,264 were issued from the main stores to user departments utilization particulars were not availed for audit. • Contracts agreement and Engineer's certificates worth Shs.26,651,202 were not produced for audit verification. • 28 Revenue Earnings receipts books (Open HW 5) issued to various collectors were not availed for audit. • Payment vouchers amounting to Shs.4,489,041 were noted missing. • Payment vouchers amounting to Shs.55,743,051 were not adequately supported. • Outstanding contributions to the Institutions of Shs.38,504,861 were not reported in the Balance Sheet and thus liabilities were understated by the same. • Unclaimed salaries of Shs.274,223 were not remitted to the Treasury as per instructions. • Differed payments of Shs.26,249,600 relating to financial year 2006/07 was paid during the year without being budgeted before. • Cash outflow for Investment activities amounting to Shs.405,548,201 shown in cash flow statement was lacking explanatory notes. • Cash inflow of Shs.24,013,506 from financing activities shown in the Cash flow statement was lacking explanatory notes.
40.	RUFJI DC
	<ul style="list-style-type: none"> • There is a difference between records shown in the Stores ledger and that of the Income and Expenditure Statement regarding fuel purchased worth Shs.33,969,896, also there is un reconciled amount of fuel between issuing department and user departments. • The utilization of 68,597 Litres of fuel worth Shs.107,904,481 could not be verified in the absence of log books. • Procurement worth Shs.9,978,000 was done without

	<p>competitive tendering.</p> <ul style="list-style-type: none"> • A sum of Shs.30,909,461 was collected by the Council without acknowledged receipts or a pay in slips from Bank. • Payment vouchers amounting to Shs.4,271,979 were noted missing. • Banking particulars for Shs.14,223,930 in respect of revenue collections from own sources were noted missing. • Expenditures incurred without budgetary provision Shs.98,050,323.
41.	MERU DC
	<ul style="list-style-type: none"> • Stores not taken on ledger charge - Shs.25,225,400 • Goods paid for but partly delivered Shs.1,800,000 • Payment vouchers amounting to Shs.8,437,371 were noted missing. • Expenditure incurred without supporting documents Shs.24,111,594 • Funds paid to different institutions lacked acknowledgement receipts Shs.243,609,944 • Improper Payments of Allowance Shs.8,065,000 • Funds deposited at Medical Stores Department not reflected in the Councils books Shs.122,360,825.92 • Omission of the value of 8 motor vehicles in the financial statements of the Council [value not disclosed] • Non maintenance of Creditors Control Register • Absence of a Risks management policy
42.	ILALA MC
	<ul style="list-style-type: none"> • The Income and Expenditure Statement and a summary Statement of Capital Expenditure and its Financing were understated by Shs.567,342,760. • An overpayment to a contractor for Shs.12,186,000 was made without a valid Variation Order. • An additional sum of Shs.90,670,243 was paid to various contractors without approval of the Tender Board. • Revenue collection accruing from public toilet fees and market dues not confirmed to have been remitted to

	<p>the Council Shs.81,720,000</p> <ul style="list-style-type: none"> • Liquidated damages amounting to Shs.194,768,696 were not deducted from contractors. • Examination of payroll and other related documents disclosed unclaimed salaries amounting to Shs.49,710,048 relating to retired, deceased and absconded Council's employees.
43.	RUANGWA DC
	<ul style="list-style-type: none"> • The Council procured goods and services worth Shs.5,770,000 which were not in the approved procurement plan. • Shs.29,139,880 were paid by the Council to unapproved supplies of goods. • Payment vouchers of Shs.5,452,000 were not produced to audit. • Payment vouchers of Shs.229,490,107 were not adequately supported. • Deferred payments Shs.5,822,076. • A sum of Shs.34,036,287 was paid to private garages for services without following procurement procedures. • Unclaimed salaries amounting to Shs.6,590,765 were not remitted to Treasury as per instructions. • The Council had investment of Shs.9,100,000 of which we could not verify its ownership because of the missing investment certificates. • Cash at Bank was understated by Shs.1,674,112 and therefore the balance of entire class of Current assets was understated by the same figure.
44.	TEMEKE MC
	<ul style="list-style-type: none"> • Unclaimed salaries amounting to Shs.17,520,194 not remitted to the Treasury as per instructions • Overpayment of outstanding projects Shs.12,992,603 • Overstatement of Cash flow statement Shs.11,272,000 • Procurement of Shs.278,325,007 were made without following annual procurement plan.

	<ul style="list-style-type: none"> • Outstanding creditors Shs.57,371,432 were not included in the financial statements • A sum of Shs.139,227,395 appeared in the cash book but not reflected in the bank statement • Overstated Assets in balance sheet Shs.90,903,343 • Payment to unknown person using stale cheques Shs.42,621,500 • Non existing assets recorded in Balance Sheet Shs.57,000,000 • Unreported Bill Board's fees and property Shs.405,874,022
45.	BUKOBA MC
	<ul style="list-style-type: none"> • Procurement without using competitive quotations Shs.4,300,000 • Revenue collected not remitted to the Council by an collecting Agents Shs.6,000,000 • Basket Fund not accounted for shs.16,042,000 • Payments from Basket to Health account not refunded Shs.4,737,000 • Vehicle repair effected from Miscellaneous Deposit Account without provision Shs.2,000,000 • A sum of Shs.64,346,180.50 was paid for improvement of water tanks without inspection report. • Non Current Assets not recorded in the register worth Shs.266,576,250
46.	CHAMWINO DC
	<ul style="list-style-type: none"> • Undisclosed Stocks in the Consolidated Balance Sheet. • Itemized Income and Expenditure and consolidated Trial Balance were not prepared. • Unconfirmed Depreciation Expenses Shs.44,383,893 • Payments not recorded in Cash book Shs.331,122,302 • Non Disclosure of Current Liabilities Shs.575, 439,167 • Motor Vehicle and Motor Cycles paid for but not delivered Shs.152,400,000.

	<ul style="list-style-type: none"> • Procurement of Stores from un-approved Suppliers Shs. 7,818,400 • Purchases made without competition Shs.12,570,000 • Unreported Medical Supplies from MSD Shs. 76,281,694 • Missing Payment Vouchers - Development A/C Shs. 65,006,033
47.	KOROGWE DC
	<ul style="list-style-type: none"> • The year-end financial statements did not include a Summary Statement of Capital Expenditure and its financing. • The explanatory notes to the financial statements were noted missing. • The Council's budget performance both for revenue and expenditure during the year was inadequate. The approved revenue budget against actual collections showed under-collections of 28%. On the other side, total expenditure incurred for primary schools examination expenses amounted to Shs.133,123,975 (audit figure) compared with the approved estimates of Shs.109,998,000 resulting in an over expenditure of Shs.23,125,975 or 21%. To avoid future recurrence, management should pay attention to Order Nos. 42 and 49 concerning "Budget monitoring" and "Allocation of expenditure and income" respectively. • While the Council is dependent on government grant by 99%, yet there were long outstanding debtors adding to Shs169,332,308; meaning that the Council management has not established a clear policy on collecting revenue or debts as well as retirement of imprests and recovery of salary advance. • A sum of Shs.224,243,111 deposited with M/s Medical Stores Department by the Ministry of Health and Social Welfare was not recognized and recorded in the Council books of account. • A total of 170 revenue earning receipts books comprising of 66 HW5 open receipts books and 104

	<p>market dues receipt books worth Shs.1,040,000. were not produced for audit examination.</p> <ul style="list-style-type: none"> • Payment vouchers worth Shs.3,100,000 were missing and payments totalling Shs.17,331,450 were inadequately supported. • Levy compensation amounting to Shs.21,000,000 was not remitted to Mombo Township Authority. • Stores items worth Shs.8,671,650 have been purchased and paid for but were not recorded in the stores ledgers contrary to Order 223 of the Local Authority Financial Memorandum 1997. • The council purchased goods worth Shs.19,107,200 from various supplier goods and services. However, neither delivery notes, ledger folio references nor physical existence of stores purchased items and paid for were verified during audit. • Missing supporting schedules and bank reconciliation statements for five accounts.
48.	LUSHOTO DC
	<ul style="list-style-type: none"> • Water pipes worth Shs.4,175,000 purchased during the year were not accounted for in the relevant stores ledger. • Payments amounting to Shs.17,413,800 were made to various payees in respect of maintenance and repair of motor vehicles but no prior and post inspections were carried out by the Mechanical in charge. • Stores worth Shs.15,512,850 purchased and paid for during the year were not taken on ledger charge. • The Council ordered and purchased fuel amounting to Shs.80,872,649 from unapproved suppliers. • Stores worth Shs.10,863,500 purchased and recorded in the stores ledger before being delivered to the Council • 145 revenue earnings receipt books (HW5) issued to various revenue collectors during the year under review were not produced for audit verification. • Accountability of revenue amounting to Shs.36, 520,880 collected during the year could not be confirmed. • Revenue collections amounting to Shs.65,120,275 was

	<p>noted to have been recorded in the Council's books of account but the respective acknowledgment receipts were not made available for audit verification.</p> <ul style="list-style-type: none"> • Payment vouchers amounting to Shs.83,811,073.82 were not made available for audit when called for whereas payment vouchers of Shs.515,134,357.99 were not supported by relevant documents • The consolidated balance sheet was misstated by Shs.5,126,010 due to the understatement of stocks and stores figure pertaining to Health Department where Shs.94,268,330 was recorded in the Trial Balance instead of the correct figure of Shs.99,394,340
49.	MUHEZA DC
	<ul style="list-style-type: none"> • Outpatient cards purchased for Muheza Dispensaries worth Shs.12,000,000 without approval of the tender board • Short delivery of food stuff at Mkuzi Health Centre worth Shs.4,235,500 • Payments amounting to Shs.40,585,940 were inadequately supported • Funds deposited at Medical Stores Department amounting Shs.141,208,854 not reflected in the Councils Books • Outstanding Debtors worth Shs.170,445,604 were missing ageing analysis
50.	KILINDI DC
	<ul style="list-style-type: none"> • Stores amounting to Shs.76,685,400 were purchased during the year but no evidence produced to confirm their delivery and utilization • Stores amounting to Shs.12,686,600 purchased during the year were not taken on ledger charge; • Payment vouchers amounting to Shs.52,719,312 were not produced for audit when called for; • Payments amounting to Shs.19,085,360 related to previous years periods were deferred to the current year. • A sum of Shs.46,367,011 deposited into the Council's Deposit Account for paying teachers allowance was

	<p>spent for other activities;</p> <ul style="list-style-type: none"> • Long-Term capital outlay understated by Shs.889,394,447 in the balance sheet; <p>Funds deposited at Medical Stores Department amounting to Shs.45,745,500 were not disclosed in the Council's financial statements</p>
51.	KOROGWE TC
	<ul style="list-style-type: none"> • Stores amounting to Shs.10,814,000 ordered and paid for during the year were not taken on ledger charge • Utilization account for fuel amounting to Shs.15,845,246 was not produced for audit verification • Valuation report for plots compensation amounting to Shs.8,589,071 was not made available when requested • Payments amounting to Shs.18,211,000 were not adequately supported by relevant documents • Schedule of non current assets amounting to Shs.502,048,799 reported in the balance sheet was not produced for audit verification • Three (3) revenue earning receipt books were not produced for audit verification • The Summary Statement of Capital Expenditure and its Financing was not prepared and submitted for audit verification
52.	LIWALE DC
	<ul style="list-style-type: none"> • Expenditure amounting to Shs.9,833,650 was effected without adhering to the annual approved procurement plan. • Stores items worth Shs.5,380,600 were not accounted for in the stores ledgers. • A sum of Shs.31,000,000 in respect of goods supplied to the Council was paid by personal name instead of business name. • Unvouched expenditure Shs.20,191,052. • Improperly vouched expenditure Shs.206,663,575. • Overstatement of the consolidated income Shs.25,401,418 • Overstatement of expenditure Shs.117,148,012 • The total amount of cash receipt from own source,

	<p>Grants and donors was Shs.5,765,772 and not 5,790,487,189 as shown in the cash flow statement.</p> <ul style="list-style-type: none"> • The total amount of cash paid to suppliers was Shs.4,791,770,611 and not 4,543,072,554 as noted in the Cash flow statement. • The total amount purchase of property, plant and equipment was Shs.423,164,754 and not 410,964,754 as noted in the Cash flow statement.
53.	BARIADI DC
	<ul style="list-style-type: none"> • Uncleared items in the bank reconciliation statements • Deposits in transit Shs.7,165,000 • Deduction made by bank but not in cash book Shs.133,748,635 • Understatement of reported figure in the Cash inflows from Investment Activities Shs.2,892,538,829.
54.	BUKOMBE DC
	<ul style="list-style-type: none"> • The Consolidated Statement of Income and Expenditure was not summarized and presented in the appropriate format. The presented statement is simply a schedule with details not required for publishing accounts. Further, the statement has no comparative figures and the figures are not supported with reference notes. • The Consolidated Income and Expenditure Statement reflected excess expenditure of Shs.683,761,201. • The management approved maintenance and repair of the Council's vehicles costing Shs.44,724,922 without channeling through M/s TEMESA.
55.	UKEREWE DC
	<ul style="list-style-type: none"> • Revenue collection by Agents not remitted to the Council Shs.106,508,000 • Forty (40) revenue earnings receipt books were not produced for audit verification. • The Council did not prepare a summary statement of capital expenditure and its financing. • Procurement of water equipment worth Shs.29,923,400 were purchased exceeded the limit provided. • Non preparation of Bank Reconciliation Statement

	Expenditure of Shs.4,242,265 was incurred without budgetary provision.
56.	MWANZA CC
	<ul style="list-style-type: none"> • Variation order and engineer certificate for additional works of the construction of inner pavement at the Mwanza City Council's main office was not produced for audit verification Shs.8, 646,000. • Two (2) General revenue receipt books and six (6) property tax receipt books were not produced for audit when called for. • Service levy returns not prepared and submitted Shs.1,144,363,800 • Stale cheques worth Shs.2,010,697 not accounted for. • Improperly Vouched Expenditure Shs. 41,168,900 • Unclaimed salaries of Shs.22,151,251.27 not remitted to Treasury as per instructions. • A summary statement of capital expenditure and its financing not prepared by the Council
57.	MOROGORO DC
	<ul style="list-style-type: none"> • The amount spent during the year for capital/development works totaling Shs.453,954,092 were all expensed. • The year-end financial statements did not include a Summary Statement of Capital Expenditure and its financing. • There were long outstanding imprests amounting to Shs.49,920,055 and Salary advances of Shs.6,694,782.36. • The Council had outstanding creditors worth Shs.129,015,734.29. Moreover, debtors and creditors amounting to Shs.85,511,272.15 were not analyzed age-wise. • A sum of Shs.41,117,076 was borrowed from Deposit Account for recurrent expenditure without the approval. • A motor vehicle worth Shs.66,875,000 was ordered and paid for since December 2007 had not been

	<p>delivered.</p> <ul style="list-style-type: none"> • An amount of Shs.21,870,532.71 deposited with M/s Medical Stores Department by the Ministry was not recognized and recorded in the Council books of account. • Banking of revenue collected was not done on a daily basis as we noted that collections amounted to Shs.3,611,550 made between 4th March, 2008 and 8th September 2008, were not banked for a period ranging between twenty one and sixty five days.
58.	NANYUMBU DC <ul style="list-style-type: none"> • Uncompetitive procurement of lap top Shs.1,900,000 • Overpaid contract Shs.4,447,325. • The contractor involved in the construction of Nanyumbu District Council Administrative block was overpaid by Shs.4,447,325. • Improperly Supported Expenditure Shs.12,282,600 • Assets valued at Shs.1,182,431,838 transferred from Masasi District Council were not recorded in the books of Nanyumbu District Council.
59.	LINDI DC <ul style="list-style-type: none"> • One open revenue collection receipt book was not produced for audit when called for. • Payments amounting to Shs.1,900,000 were not adequately supported. • Goods worth Shs.852,000 were procured without adhering to the annual approved Procurement Plan. • Liquidated damages amounting to Shs.4,852,492 not claimed from the contractor. • Deferred payments amounting to Shs.2,172,360 were made in respect of previous year expenditure.
60.	MWANGA DC <ul style="list-style-type: none"> • Payments not supported by expenditure particulars such as invoices, delivery notes, playlists Shs.209,035,119 • Building materials procured using special imprests issued to Council officials Shs.70,928,495.

	<ul style="list-style-type: none"> • Payment vouchers Shs.423,558,449 were noted missing from the respective batches . • Procurement of goods worth Shs.47,965,240 did not follow procurement procedures. • Imprest issued to staff of the Council and other institution not retired Shs.17,359,350 • Utilization account of stores purchased Shs.46,888,636 could not be confirmed • Purchase of goods and services not supported by quotations Shs.11,448,000. • Payments of salaries not supported by computer payroll print outs Shs.139,886,671 • 25 revenue earnings receipt books were not produced for audit verification.
61.	ILEJE DC
	<ul style="list-style-type: none"> • Payment vouchers amounting to Shs.54,338,939 were noted missing. • Twenty five (25) revenue earnings receipt books were not produced for audit verification. • Revenue collections amounting to Shs.2,393,740 was not accounted for in the Council's books of account. • Seven (7) Council motor vehicles were not included in the fixed assets schedule. • Motor vehicles and cycles worth Shs.192,154,166 were neither found in the Council's yard nor their where about been explained by the management. • Items of expenditure amounting to Shs.21,231,250 were not reflected in the financial statements. • Increase in current assets reported in the cash flow statement was overstated by Shs.22,608,290. • Unspent balance of capital expenditure amounting to Shs.23,240,218 reported in the balance sheet was understated by Shs.108,380,848

3.4 Financial statements preparation process

3.4.1 Introduction

Key components of any governance and accountability system in the public sector including Local Government Authorities (LGAs) are the preparation of financial statements in accordance with well understood and generally accepted accounting standards.

Financial statements are an important means of demonstrating how the public sector, both at individual entity and whole of government level, meets its financial management responsibilities.

More recently, reform have involved increasingly compressed timetable for the preparation of financial information, the adoption of International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAs) and Government Financial Statistics (GFS) used in preparation of Mid Term Expenditure Frame work (MTEF).

The reforms are part of a wider global recognition of the need to improve financial management and quality of financial information across public and private sector organizations.

The Accountancy profession in Tanzania with the full support of the government made a bold decision of adopting wholesale the IFRS effective from 1st July 2004. In addition, Order No. 57 of the Local Authorities Financial Memorandum (LAFM) of 1997 requires Local government Authorities to prepare the accounts based on the Accrual basis of accounting. It therefore means that the financial statements of LGAs should be prepared in accordance with the International Public Sector Accounting Standards (IPSAs) on Accrual basis of accounting.

NAOT noted during the recently audit that the capacity and ability of councils to prepare their financial statements within required timeframe, legal and Policy framework is variable across the Local Government Authorities (LGAs). Contrary to the above requirements, the 2007/2008 audits observed serious weaknesses and inconsistencies in the preparation of financial statements which could lead to misleading readers of these financial statements.

3.4.2 Preparation and Submission of Financial Statements by the Local Government Authorities

The Local Authority Financial Memorandum (1997) Order No. 82 stipulates that the Council Management is responsible to prepare the financial statements and submit them to the Controller and Auditor General through the Finance Committee within three months after the end of the financial year (30th September).

All 133 (100%) Councils submitted their annual financial statements by 30 September, 2008 which is the statutory due date.

However, 14 Councils as shown in the table below withdrew their financial statements and submitted amended financial statements between November and February, 2009 leaving 118 or 89% Councils which complied with the statutory due date. The number of Councils which withdrew their financial statements and resubmitted revised or adjusted financial statements were 15 from last year (2006/07) and 15 during the year under review (2007/08) as follows:-

S/No.	Name of the Council	Date of Submission Revised /Adjusted Statements
1.	Kisarawe DC	24 th December, 2008
2.	Kibaha TC	16 th February, 2009
3.	Mafia DC	10 th January, 2009
4.	Bagamoyo DC	24 th December, 2008
5.	Kibaha DC	24 th December, 2008

6.	Mufindi DC	14 th January, 2009
7.	Ludewa DC	29 th December, 2008
8.	Mwanza CC	8 th December, 2008
9.	Magu DC	13 th February, 2009
10.	Kigoma/Ujiji MC	8 th November, 2008
11.	Kibondo DC	26 th November, 2008
12.	Kasulu DC	6 th November, 2008
13.	Mpanda DC	24 th November, 2008
14.	Kinondoni MC	31 st December, 2008

Trend of Revised/Adjusted financial statements for three consecutive years

Financial Year	Number of Councils Audited	Number of Councils Revised/Adjusted financial statements	percentage
2005/2006	117	8	7
2006/2007	124	15	12
2007/2008	133	15	11

Generally, the audit of 2007/08 in LGAs account noted the following weaknesses and inconsistencies as follows:-

(i) Two Conflicting Circulars on Preparation of Financial Statements

In the course of the audit, we came across a very misleading circular from the Financial Management specialist Local Government Reform Programme Zonal Reform Team Dar es Salaam with Ref. No. 2RT/DSM/FIN/169 dated 10th September, 2007 which was incorrect and which incorrectly made reference to our Office. Furthermore, the PMO-RALG issued a Circular with Ref. No.CA.26/307/01 dated 23rd July, 2008 on the

procedures to be followed by the Councils closing and preparation of their financial statements. These two circulars conflicting each other in terms of contents and formats of the financial statements required to be prepared by the LGAs as a result some of the Councils their accounts were awarded qualified opinions due to misrepresenting the financial statements which could eventually mislead the users.

(ii) Compliance with applicable reporting framework

Most of the submitted financial statements of LGAs comply with Part IV of the Local Government Finances Act No. 9 of 1982 (revised 2000) and in accordance with the provision of Order No.53 of the Local Authority Financial Memorandum (LAFM) of 1997 as the applicable reporting framework for Local Government Authorities.

However, financial reporting frameworks i.e. Local Authority Financial Memorandum (LAFM) and the Local Authority Accounting Manual (LAAM) are outdated due to pronouncement of International Reporting frameworks such as International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS)-accrual basis and International Public Sector Accounting Standards (IPSAS)-cash basis which have been adopted in Tanzania from July 2004.

The submitted financial statements lack proper disclosure and presentation since some of the items are not properly disclosed as per requirements of IPSAS-accrual basis, thus resulting into difficulties in measuring performance and comparability between items and between councils.

Since LGAs are Public Sector entities they are required to apply IPSAS-accrual basis of accounting.

(iii) Improper presentation of Financial Statements

The financial statements of various Local Government Authorities were submitted without comparative figures which made it impossible to have meaningful comparison with the previous period performance. On the other hand, a number of the financial statements presented had fundamental material errors e.g. opening balances for 2007/2008 were different with the closing balances of 2006/07 which obviously rendered the statements to be misleading.

(iv) Incorrect figures reported in the consolidated financial statements

A number of submitted financial statements of Local Government Authorities e.g. the Income and Expenditure, Cash flow statements lacked corresponding supporting schedules and notes. Under the circumstances, these financial statements were found to be incomplete.

(v) In appropriate disclosures of depreciation charges.

The Financial Statements of various Local Government Authorities had omitted the item of depreciation charges.

(vi) Omissions of Fixed Assets in the Balance Sheet

The financial statements of a number of Local Government Authorities in adversely omitted the item of fixed assets. Furthermore, a number of Local Government Authorities did not maintain the fixed assets registers as is required by law and sometimes where the fixed assets register existed, they were not updated.

(vii) Inappropriate and inconsistent disclosure of accounting policies.

Order No. 57 of the Local Authorities Financial Memorandum 1997 requires Local Government Authorities to disclose the accounting policies used in the preparation of the financial statements. A number of reporting Local Government Authorities did not comply with this requirement.

(viii) Incorrect reporting of cash balances at Bank

In some instances, Local Government Authority balance sheets showed negative cash balances which implied that the Local Government Authorities concerned had made use of overdraft facilities contrary to Order No.156 of the Local Authority Financial Memorandum (1997).

(ix) Omission of Outstanding Imprests in the Financial Statements

Some Local Government Authorities had huge outstanding Imprests omitted in their Balance Sheets hence understating the amounts so reported.

(x) Incorrect treatment of capital expenditure as recurrent expenditure.

Sometimes, the Capital expenditures incurred by Local Government Authorities were treated as Recurrent Expenditure. In this regard, Recurrent Expenditures were overstated and consequently the reported surpluses were understated.

(xi) Cash flow statements figures

In a number of financial statements of Local Government Authorities audited, the figures reported in the cash flow statement could not be linked with the figures in the Balance Sheet hence making it difficult to comprehend.

(xii) General Principles and Policies adopted in preparation of financial statements

General Principles and Policies adopted in preparation of financial statements are based on different acceptable guidelines and government laws and regulations as outlined hereunder:

- (a) The Local Government Finances Act No. 9 of 1982 section 40 and 41(2)
- (b) Tanzania Standard Statements of Accounting Practice (TSSAP) issued by NBAA.

- (c) Tanzania Statement of Accounting Guidelines (TSAGs) issued by NBAA
- (d) The Local Authority Accounting Manual (LAAM) issued by Prime Minister's in 1992.
- (e) The Local Authority Financial Memorandum of 1997.
- (f) International Financial Reporting Standards (IFRS)
- (g) Tanzania Financial Accounting Standards (TFAS)
- (h) Public Finance Act No. 6 of 2001.
- (i) International Accounting Standards (IAS)
- (j) International Public Sector Accounting Standards (IPSASs)

Observations noted on financial statements

Specifically, we noted a sample weaknesses when reviewing LGAs financial statements for 2007/08 as follows:-

S/N	Name of Council	Observations
1.	Kilombero DC	Outstanding creditors worth Shs.18,661,255 not disclosed in the previous year's accounts
2.	Hanang DC	<ul style="list-style-type: none"> • Missing Explanatory notes contrary to Order No. 85 of LAFM, 1997. • Increase in deficit amounting to Shs.320,143,074 was shown under financing activities in the cash flow statement.
3.	Ileje DC	<ul style="list-style-type: none"> • Capital expenses amounting to Shs.761,636,007 were expensed instead of being capitalized. • Increase in current assets under cash flow statements was overstated by Shs.22,608,290 • Missing Explanatory Notes • Under statements of capital receipts

		unapplied Shs.108,380,848
4.	Mbeya DC	<ul style="list-style-type: none"> • Creditors not included in financial statements Shs.7,958,789 • Understatement of debtors by Shs.23,530,380
5.	Mbarali DC	<ul style="list-style-type: none"> • Motor Vehicles held for sale not disclosed in the financial statements Shs.105,000,000
6.	Mbeya CC	<ul style="list-style-type: none"> • Overstatement of sundry Debtors Shs.2,772,000
7.	Rungwe DC	<ul style="list-style-type: none"> • Capital expenditure posted as expenses Shs.248,211,788 • Payments worth Shs.9,169,746 not disclosed in the financial accounts
8.	Morogoro DC	<ul style="list-style-type: none"> • Non- preparation of summary statements capital expenditure and its financing
9.	Arusha MC	<ul style="list-style-type: none"> • Understatement of expenditure Shs.5,703,048 • Overstatement of stocks Shs.3,114,600 • Understatement of Debtors Shs.9,088,285 • Understatement of creditors Shs.22,179,551
10.	Njombe TC	<ul style="list-style-type: none"> • Difference between surplus and deficit balances • Understatement of capital receipts unapplied Shs.242,322,641

		<ul style="list-style-type: none"> Teacher claims omitted/ not reflected in the financial statement Shs.33,723,787
11.	Ukerewe DC	<ul style="list-style-type: none"> Statement of capital expenditure and its financial not prepared
12.	Magu DC	<ul style="list-style-type: none"> Investment amounting to Shs.14,332,516 not disclosed in the financial statements Statement of capital expenditure and its financing incorrectly prepared is lacking the vital information such as:- <ol style="list-style-type: none"> 1. Opening balance brought forward from last year 2. Capital receipts received during the year 2007/2008 3. Total unapplied capital receipts as at 30th June, 2008 to each project.
13.	Sengerema DC	<ul style="list-style-type: none"> Statement of capital expenditure and its financing not prepared
14.	Sumbawanga DC	<ul style="list-style-type: none"> Overstatements of non-current assets in cash flow statement Shs.3,578,424 (assets erroneously omitted in the balance sheet)
15.	Mkinga DC	<ul style="list-style-type: none"> Understatement of depreciation account by Shs.11,270,311 due to application of wrong depreciation rate
16.	Bahi DC	<ul style="list-style-type: none"> Non- disclosure of current liabilities Shs.573,828,765

17.	Mpwapwa DC	<ul style="list-style-type: none"> Capital receipts amounting to Shs.240,894,308 brought forward from 2006/07 not reported in the statement of capital expenditure and its financing
18.	Dodoma MC	<ul style="list-style-type: none"> Consolidated income and Expenditure Statement without budget figures column.
19.	Kondoa DC	<ul style="list-style-type: none"> Non- disclosure of stocks in the Balance Sheet Statement of capital expenditure and its financing not prepared Account payable (creditors) not reported Shs.145,872,027
20.	Iringa DC	<ul style="list-style-type: none"> Teachers' debts not included in the financial statement Shs.265,805,946
21.	Makete DC	<ul style="list-style-type: none"> Outstanding debts not reflected in the financial statement Shs.112,198,087
22.	Bukoba MC	<ul style="list-style-type: none"> Statement of capital expenditure and its financing not properly prepared. Not provide details of projects implemented, opening balances, funds received, total available fund for use applied funds and unspent unapplied funds in respect of each activity.
23.	Ludewa DC	<ul style="list-style-type: none"> Statement of capital expenditure and its financing did not disclosed balances brought forward from previous years amounting to

		<p>Shs.104,614,781</p> <ul style="list-style-type: none"> Teacher Debts not reflected in the finance statements Shs.74,529,948 Under statement of unpaid salaries Shs.13,744,777
24.	Kasulu DC	<ul style="list-style-type: none"> Understatement of liabilities Shs.216,387,852 (Teacher claims omitted from the accounts)
25.	Kigoma Ujiji MC	<ul style="list-style-type: none"> Understatement of liabilities by omitting teacher's claims Shs.104,943,364 (Sundry creditors understated)
26.	Hai DC	<ul style="list-style-type: none"> Outstanding debtors not reflected in the balance sheet Shs.24,969,917
27.	Moshi DC	<ul style="list-style-type: none"> A summary statement of capital expenditure and its financing not prepared and submitted along with financial statements.
28.	Moshi MC	<ul style="list-style-type: none"> Under statement of deficit Shs.349,758,642 Understatement of depreciation expenses Shs.47,216,817 (Not disclosed in the financial statement)
29.	Nachingwea DC	<ul style="list-style-type: none"> Understatement / Misstatement of own source revenue Shs.3,358,000 The notes to supports figures reflected in the cash flow statement were not produced
30.	Kisarawe DC	<ul style="list-style-type: none"> Unreported cash used in investment and financing activities the cash flow statement did not disclosed

		the cash inflows and outflows in respect of investing and financing activities despite the fact that total of Shs.1,631,885,872 was reported to be used in financing development activities.
31.	Simanjiro DC	<ul style="list-style-type: none"> Cash flow statement disclosed /reflected figure of increase /decrease in debtors and creditors differs with audit figure <p>Difference: Debtors- Shs.4,856,250 Creditor - Shs.29,982,021</p> <ul style="list-style-type: none"> Capital expenditure amounting Shs.1,876,573,285.50 was expensed in the Income and expenditure statement instead of reported in the statement of capital expenditure and its financing hence surplus of income figure of Shs.182,357,048 is questionable.
32.	Tandahimba DC	<ul style="list-style-type: none"> Unapplied capital expenditure for the previous year 2006/07/not disclosed in the current year Shs.24,933,131
33.	Handeni DC	<ul style="list-style-type: none"> Current liabilities not reconciled resulting in the difference of Shs.120,649,908
34.	Kilindi DC	<ul style="list-style-type: none"> Unverified negative accumulated funds Shs.31,497,008 due to absence of supporting schedule. Misstatement of increase in debtors

		<p>and prepayment reported in Cash flow statement Shs.6,658,860</p> <ul style="list-style-type: none"> • Misstatement of decrease in creditors reported in the cash flow statement Shs.7,621,593,000 • Understatement of long term capital outlay Shs.889,394,447 (Balance sheet as affected)
35.	Korogwe TC	<ul style="list-style-type: none"> • Disagreement of income statement and trial balance figures.
36.	Mkuranga DC	<ul style="list-style-type: none"> • The overstatement of non current assets Shs.200,190,192.88 was not explained. • Capital grant unapplied was overstated by Shs.143,976,769.32. • Capital Receipts Wrongly treated as Recurrent Income Shs. 1,668,809,961.23 • Overstated Recurrent and Development Grants received Shs.484,322,836.94 • Consolidated Statement of Income and Expenditure submitted for examination missed detailed analysis schedule to support expenditure amounting to Shs.1,153,409,892 • Surplus reported in Cash flow statement was understated by Shs.318,320,721.37 • Creditors reported in Balance sheet was understated by Shs.4,848,159

37	Ngorongoro DC	Overstatement of Capital Receipts unapplied reported in Balance sheet Shs.197,609,750
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3.5 Assessment of Information Technology (IT) Controls in LGAs

Introduction

Information Technology (IT) assists the LGAs to transform the way they operate and support public service delivery initiatives and improved efficiency, functionality and/ or automation.

While technology and related improvements present LGAs with efficiently services delivery they also involve new or enhanced risks such as physical and logical controls that need to be effectively managed.

Some LGAs financial statements preparation and reporting process are supported by IT systems. IT systems therefore form a key component of LGAs' control environments and a key focus of our audit. The NAO reviews both IT general and application controls within these environments as part of its annual financial statements audit.

IT general controls are structures, policies, procedures and standards that support accounting and reporting processes. Effective operation of these controls helps ensure IT application controls are working as intended throughout the year.

IT application controls operates at the accounting and reporting process level, consisting of access, configuration, and reporting controls.

The LGAs use a combination of applications to support budget planning, financial management, monitoring and reporting, and revenue collection. These include: The Integrated Financial Management System (IFMS), Plan Rep,

and the Local Government Monitoring Database (LGMD). The LGAs are also provided with online tools like the By-Law Making Database (BLMD).

According to a report on Assessment of Information Systems Supporting Decentralisation by Devolution as an input to Formulation for Future Support Programme prepared for the Local Government Reform Programme of May, 2008 the Integrated Financial Management System (IFMS) has been rolled out to 86 out of 133 LGAs.

The success of public service IT initiatives is underpinned by the achievement of the following IT attributes:-

- Assurance of protection from unauthorized access, malicious conducts, and attacks that may cut back service.
- Compatibility to allow automatic sharing and exchange of electronic messages and documents, data processing and report generation, etc.
- Prevention of unnecessary duplication of activities and resources
- Efficiency and compliance with Regulations and to obtain best value for money.

The above aspects are fundamental to the focus areas for Information Systems (IS) audits. However, audits performed at the various LGAs, in the financial year 2007/08 focused primarily on IT security. My intention is to focus increasingly on the other attributes as from the 2008/09 financial year.

The purpose of this paragraph is to facilitate public accountability in IT by highlighting material shortcomings and the related risks in Accounting Information Systems. The following weaknesses were noted from the information systems reviewed at a selected sample of LGAs operating the IFMS - Epicor as well as stand-alone-packages.

- The Epicor system has not been activated to incorporate and process records of non- current assets, inventories, and generation of LPOs, Cheques, and generic reports. In addition, the system does not allow for individual sub-vote holders to prepare their bank reconciliation statements. Invariably, the system cannot summarize financial data to generate financial statements. The LGAs therefore supplements these short falls through manual work or through computer worksheets.
- Integration of the accounting systems is not yet sophisticated enough to reliably interface with the mainframe at the Ministry of Finance and Economic Affairs. There are frequent breakdowns due to network failure and power interruptions. In addition, IFMS has not been rolled out to some LGAs , hence they are still operating manual accounting system and using computer spreadsheets to prepare accounts and financial statements.
- LGAs are lacking computer-built-in programmed controls and programmed accounting procedures that would facilitate prevention or detection of irregularities or errors.
- Many LGAs are lacking IT policy that would have set limits of system accessibility, operational procedures as well as defined physical and logical controls.
- Password controls are inadequate as some computer users have no secret codes and no evidence that periodical reviews are being done by management.
- Lack of systems administrators to attend and debug slipups and absence of backup facilities.
- Lack of skilled personnel to man the IT systems eg. Epicor accounting package, Microsoft Excel and general computer operations.
- There are no reliable fire protection systems both for the computer rooms and operations areas. Where fire

extinguishers are installed it was found that they are not serviced as prescribed by the manufacturer.

A summary of audit findings on the assessment of Information Technology (IT) Controls in LGAs are shown in Annexure 2.

CHAPTER FOUR

4.0 FINANCIAL AND ASSETS MANAGEMENT; GOOD GOVERNANCE AND INTERNAL CONTROLS SYSTEMS IN LGAs

4.1 Follow up of implementations of the previous year's auditors recommendations on individual LGAs reports

During the year under review various recommendations were made on the observations raised by the auditor's on critical issues which were observed during the previous year's audits. We observed that some Councils had made efforts to implement the auditors' recommendations. However, 112 Councils had outstanding matters of previous years' audit amounting to Shs.32, 903,395,306 of which Kongwa District Council had the largest amount of Shs.6,813,262,872 followed by Dodoma Municipal Council with Shs.2,748,605,834 and Shinyanga District Council with the lowest amount of Shs.4,070 .We have been issuing observations and recommendations to auditees for the purpose of enabling the Council management to rectify concerns raised by the auditors by acting promptly in order to improve internal controls and management of the Council's resources.

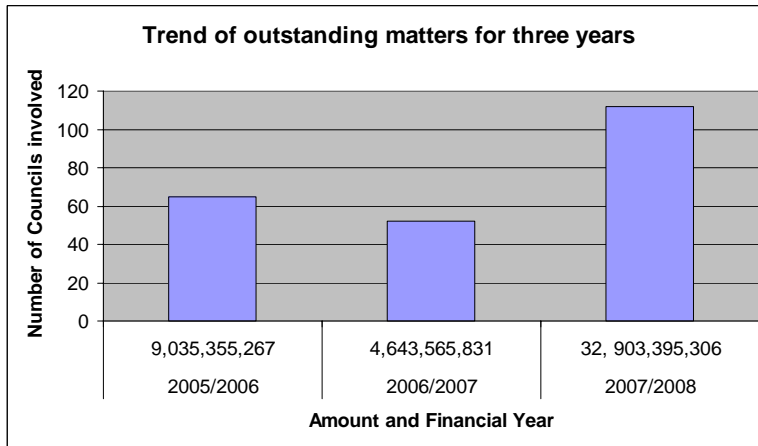
The attitude or habit of not reacting to the auditors' observations and recommendations may lead to the recurrence of anomalies observed by the auditors in subsequent financial reporting years. This can also, reflect lack of seriousness and non commitment on the part of the Accounting Officers and management of the respective Councils.

4.1.1 A Comparative summary of outstanding matters of previous audits for

F/Y 2005/2006, 2006/2007 and 2007/2008 are as shown in the table below:-

F/ Year	Amount of outstanding matters (Shs)	No. of Councils involved
2005/2006	9,035,355,267	65
2006/2007	4,643,565,831	52
2007/2008	32, 903,395,306	112

The above trend can be presented in a histogram as follows:



The summarized results above shows the total value of outstanding matters from the previous audit for the year 2006/2007 which involve 52 Councils was Shs.4,643,565,831. In the F/Y (2007/2008) the number of councils with outstanding matters for previous audit increased from 52 to 112 Councils involving Shs.32,903,395,306 registering an increase of Shs.28,258,829,475. This indicates that the Councils' management did not take appropriate action in dealing with recommendations raised by auditors. (Refer- Annexure 3).

4.2 Cash Management

The cash management accounting process covers the collection and receiving of public monies, and management of official bank accounts.

4.2.1 Outstanding Matters in Bank Reconciliation Statements

The Local Authority Financial Memorandum of 1997, Order No.68 requires that the Council's Treasurers should ensure that all necessary reconciliations, including controls of individual accounts and between cash book and bank statements, are carried out on more than monthly intervals. During the F/Y 2007/2008 fifty six (56) LGAs did not comply with the above Order; a situation which contributed to the existence of huge outstanding items in the bank reconciliation statements as explained hereunder:-

- A sum of Shs.305,703,124 was categorized as total receipts in LGAs cash books but not in bank statements. This is a serious weakness since Councils' revenues could be misappropriated as there was no evidence of review of the bank reconciliation statements by a person independent of the preparer.
- A total amount of Shs.2,969,830,892 in respect of cheques drawn in favour of various payees but not presented to bank until the closure of the financial year 30th June, 2008.
- A sum of Shs.168,699,801 was categorized as cash in transit. No efforts were made to ensure cash in transit is actually credited to bank.
- A total amount of Shs.535,856,223 was debited to the LGAs bank accounts without being credited to LGAs cash books respectively.
- A sum of Shs.319,550,613 was recovered by bank on behalf of the LGAs without a corresponding debit in the LGAs cash books.

A summary of outstanding matters in bank reconciliation statement for the F/Y 2006/2007 and 2007/2008 as shown on the table below:-

F/Y	Receipt in cash book not in bank statement (Shs.)	Unpresented cheques (Shs.)	Deposit in transit (Shs.)	Debit in bank statement not in cash book(Shs.)	Receipt in Bank not in cash book (Shs.)
2006/2007	392,220,923	4,913,727,464	1,277,787,933	360,510,539	489,624,271
2007/2008	305,703,124	2,969,830,892	168,699,801	535,856,223	319,550,613

- From the above summary it shows that receipt in cash book not in bank statements in financial year 2006/2007 was Shs.392,220,923 whereas during the year under review 2007/2008 was Shs.305,703,124.
- Cheques drawn in favour of various payees but not presented to the bank in the F/Y 2006/2007 was Shs.4,913,727,464 whereas the amount of cheques drawn in favour of various payees in F/Y 2007/2008 was Shs. 2,969,830,892.
- Cash in transit in F/Y 2005/2006 was 1,277,787,933 whereas during the F/Y 2007/2008 cash in transit was Shs. 168,699,801.
- Shs. 535,856,223 was debited to LGAs accounts but not in cash book during the year 2007/2008 whereas an amount of Shs.360,510,539 was debited to LGAs bank account in the F/Y 2006/2007 without corresponding credits in LGAs cash books.

Finally, a sum of Shs.319,550,613 was recovered by banks in the year 2007/2008. However, this amount was not reflected in LGAs cash books. In the F/Y 2006/2007 a sum of Shs.489,624,271 was recovered by banks but the same was not reflected in LGAs cash book.

The detailed list of outstanding items in bank reconciliation statements is included in this report as Annexure 4.

4.2.2 Cash survey and surprise check

(i) Surprise Cash Survey

LAFM (1997) order No.170 requires the Director, or his authorised representative to arrange for a surprise check of cash on hand at regular intervals. However, the cash audit conducted revealed that, neither arrangement nor surprise checks of cash on hand were done by the Director or his authorized representative on some Councils. (Refer Annexure 5)

(ii) Maximum limits for cash holdings

LAFM (1997) Order No.352 states that “Maximum limits for cash holdings on premises shall be agreed upon by the Finance Committee and shall not be exceeded without express permission”.

The cash survey conducted during the financial year 2007/2008 revealed that, no maximum limits for cash holdings was given by Finance Committee as per LAFM (1997) Order No.352 requirement. (Refer Annexure 5).

(iii) Non confirmation of Bank balances Shs.59,417,291.26

Audit review undertaken in Mbinga District Council’s cash management noted the Council operated 36 bank accounts for the year ended 30th June, 2008 with total bank balances of Shs.3,283,977,288.84. However only 27 bank balances were confirmed to have been accompanied by certificate of balances dully certified and signed by Bank branch managers, leaving 9 bank balances amounting to Shs.59,417,291.26 uncertified as shown below:

Account No.	Account Name	Bank Balance (Shs)
6171200011	CSPD	91,031.45
6171200017	Youth fund	3,793,082.16
6171200018	STABEX	488,320.25
6171200021	Education Board	2,657,268.50
6171200023	UPE	154,067.90
6171200026	DADPS	163,789.00
6171200037	Global fund	45,882,557.00
6171200039	Lundo irrigation	6,187,175.00
TOTAL		59,417,291.26

4.3 Management of Non Current Assets

4.3.1 Non- current assets management

The previous years' audit reports of the Controller and Auditor General to Parliament have been raising some issues about assets management by Local Government Authorities (LGAs). These reports have, in particular, highlighted, acquisition, ownership, recording, maintenance and disposal of non- current assets.

The Local Government Authorities manage significant infrastructures and community assets such as roads, buildings, properties, equipments that are the means by which they deliver most of their critical services to the communities. It is essential that LGAs clearly demonstrate the intended use of assets to enable the communities to see what services will be provided if those plans are implemented. For the most LGAs, these assets also, represent a big value in the Balance sheet (Statement of Financial position) because they need to be maintained and reviewed, and require continual capital development to deal with growth and changing standards. Also, assets often generate the great value of expenditure in the summary Statement of capital expenditure and its financing.

The following are the shortcomings noted during the assessment of management of non-current assets involving thirty nine (39) Councils.

S/N	Name of Council	Amount (Shs)	Audit Findings
1.	Mbeya DC	-	<ul style="list-style-type: none"> (i) 13 Motor Vehicles not supported by Registration cards (ii) 18 Motor cycles not included in the fixed assets register schedule. (iii) Missing Title Deeds for Council's Building <p>Verification of fixed assets shown in the financial statements for the year 2007/2008 revealed that the land whose administration block and Hospital at District Council are built has no title deed although the areas have been surveyed.</p>
2.	Mbarali DC	-	<ul style="list-style-type: none"> (i) 2 Motor vehicles not included in the Fixed Asset Schedules contrary to Order No.326 of LAFM (1997). (ii) 8 motorcycles whose value could not be disclosed were neither included in the schedule of fixed assets nor their ownership cards produced for audit. (iii) Fixed Assets register not maintained

			<p>contrary to order Nos. 60(d) and 366 of LAAM (1997).</p> <p>(iv) No title deeds for Land on which administration block and Hospital building were built.</p>
3.	Mbeya CC	47,292,804	<p>(i) 3 grounded Motor Vehicles without Engines worth Shs.47,292,804.</p> <p>(ii) 2 Motor vehicles and land at Iwambi Farm and City park not reported in the Council's financial statements.</p>
4.	Mbozi DC	119,741,702	<p>(i) 2 Motor vehicles not recorded in the 2007/2008 schedule of Non current Assets.</p> <p>(ii) 4 Motor vehicles not supported by registration cards.</p> <p>(iii) 7 Motor vehicles at original cost of Shs.119,741,702 not recorded in the assets register.</p>
5.	Ileje DC	133,435,375	14 Motor vehicles/Cycles worth Shs.133,435,375 were not supported by Registration Cards/Issue Vouchers .
6.	Rungwe DC	-	Verification of assets revealed the existence of 25 motor vehicles and 28 motor cycles that were not recorded therein, also their

			registration cards/issue vouchers could not be produced on demand.
7.	Chunya DC	-	Three motor vehicles whose value could not be obtained were not recorded in the assets register contrary to Order No. 326 of the Local Authority Financial Memorandum (1997)
8.	Kyela DC	3,225,000	<ul style="list-style-type: none"> Two Motor cycles valued at Shs.3,225,000 were not supported by Registration cards/issue vouchers. Missing title deeds for the land on which the Administration block and District Hospital were built although the areas have been surveyed.
9.	Morogoro MC	-	Non current assets (Motor vehicles and plant) disclosed in the Final Financial statements with zero values .
10.	Kilombero DC		Council did not submit a register of fixed assets for audit inspection when called for.
11.	Mvomero DC		Council management did not submit a register of assets for audit inspection contrary to Order Nos.366 and 367 of the Local Authority Financial Memorandum.
12.	Songea MC	-	Contrary to Orders No.366 and 367 of the Local

			Authority Financial Memorandum (LAFM) 1997, the Council has not maintained a register for fixed assets.
13.	Mbinga DC	-	Valuation of non current assets not completed.
14.	Korogwe DC	9,740,437,034	The balance sheet as at 30 June, 2008 reflected Non current assets valued at Shs.9,740,437,034 which were not confirmed during audit because of the differences between the figures shown in the schedule of fixed assets and those reflected in the balance sheet.
15.	Iramba DC	5,237,959,828	Lack of title deeds for Land and Buildings worth Shs.5,237,959,828
16.	Manyoni DC	6,009,558,000	<ul style="list-style-type: none"> • Title deeds for land and buildings not produced Shs.6,009,558,000 • 7 Council Vehicles had no insurance Cover and motor vehicles licenses.
17.	Singida DC	6,437,587,069	Land and buildings valued Shs.6,437,587,069 owned by the council have no title deeds.
18.	Singida MC	6,627,544,296	Lack of title deeds for Land and Buildings - Shs.6,627,544,296.
19.	Tunduru DC	-	Valuation of non current assets not completed.
20.	Masasi DC	1,182,431,838	Distribution order and list for assets transferred to Nanyumbu DC worth Shs.1,182,431,838 not

			obtained.
21.	Nanyumbu DC	1,182,431,838	Non disclosure of assets valued at Shs.1,182,431,838 received from Masasi DC.
22.	Korogwe TC	502,048,799	Value of net non current assets of Shs.502,048,799 reflected in the balance sheet were not categorised in main classes such as land and buildings, plants and equipment etc.
23.	Kwimba DC	-	Title deeds for the buildings owned by the Council are missing.
24.	Magu DC	-	Non current assets Register not updated contrary to Order number 326 of the LAFM of 1997.
25.	Ukerewe DC	-	Non current assets Register not updated contrary to Order number 326 of the LAFM of 1997.
26.	Arusha DC	47,746,000	Non current assets were not coded.
27	Meru DC		Motor vehicles owned by Meru District Council were omitted in the financial statements as of 30 th June 2008: -Toyota Stout SM 1010 and Jiefang Lorry Tipper SM 1285
28	Bagamoyo DC	320,000,000	Firefighter vehicle had not been delivered to the Council's premises despite the fact that its value had been included in the Consolidated

			Balance Sheet as at 30 th June, 2008 as part of its non current assets.
29.	Mkuranga DC	200,190,193	The non current assets were overstated by Shs.200,190,193 without any explanation.
30.	Dodoma MC	998,056,905	Improper maintenance of non current assets Registers.
31.	Kongwa DC		Land and buildings had no title deeds.
32.	Mufindi DC	65,536,975	Understatement of the value non current assets.
33.	Kigoma/Ujiji MC	3,731,314,983	The revised consolidated balance sheet as at 30th June, 2008 reflected fixed assets of Shs.3, 731,314,983 which could not be confirmed because the fixed asset register was not up dated since 2002.
34.	Hai DC	2,616,677,443	Non Current Assets Register not maintained.
35.	Moshi MC	47,216,817	Depreciation expenses were understated
36.	Kilwa DC	-	Non Current Assets Register not maintained
37.	Nachingwea DC	-	Non Current Assets Register not maintained.
38.	Babati TC	171,109,395.65	Property, Plant and Equipment have not been supported by their Registration Cards.
39.	Bunda DC		One motor vehicle Toyota - Land cruiser Model number - HJZ78R - RMRs

			With registration number SM 5342 and One VALMET tractor Model number - 2600 with registration number SM 4625 were omitted from the Fixed Assets Register
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The LGAs should continue to upgrade the assets records, and ensure that proper records are maintained for accurate reporting in the next year 2008/2009 and in the other subsequent years.

4.4 Outstanding debtors Shs.8,675,739,790

The audit of financial statements and their supporting schedules of 115 LGAs disclosed that Debtors aggregating to Shs.8,675,739,790 for the financial year under review. This is contrary to Order Nos.120 and 121 of the Local Authority Financial Memorandum (1997) which states “It shall be the duty of the Treasurer to make adequate financial and accounting arrangements to ensure the proper recording of all monies due to the Council and the proper collection custody, and banking of such monies” and “As far as possible all income shall be collected in advance of the service provided or at the time of rendering the services. As part of the annual budgeting process, the Council shall lay down minimum monetary limits below which payment shall be required in full and in advance and (if relevant) minimum levels of deposit” respectively. Failure to collect outstanding debtors indicates weakness on internal controls over collection of these receivables and on compliance with the above stated Order which could lead to Councils failure to fulfil their intended obligations, including delay in completion of planned projects in scheduled time due to liquidity problems. The LGA list of outstanding debtors is shown in Annexure 6 if this report.

4.4.1 A Comparative summary of outstanding debtors for the F/Y 2006/2007 and 2007/2008 is shown on the table below:

Financial Year	Amounts (Shs.)	No. of Councils involved
2006/2007	5,614,010,055	76
2007/2008	8,675,739,790	115

From the table above it is evident that 115 LGAs audited in the F/Y 2006/2007 had not collected outstanding debtors owing LGAs Shs.5,614,010,055 whereas in the F/Y 2006/2007 seventy six (76) LGAs had outstanding debtors owing LGAs Shs. 8,675,739,790. This is an indication that the Councils management did not put more efforts in collecting outstanding debtors which has increased from Shs.5,614,010,055 to Shs.8,675,739,790 as at the end of 30th June, 2008.

4.5 Outstanding Creditors Shs. 15,610,406,163

During the audit of Council's financial statements, we observed huge outstanding creditors amounting to Shs.15,610,406,163 which could lead to Councils losing their credit worthiness to service providers. The Councils with the highest outstanding creditors are Ilala Municipal Shs.1,725,708,997 followed by Kilwa District Council with a total outstanding creditors of Shs.444, 232,891 and Mkuranga District Council Shs.399,556,584.

Non Payments of outstanding creditors can have serious repercussion on the affected Councils including the following:

- Risking litigation from creditors
- Loss of credibility
- Being denied services
- Distortion of the budget

In the light of the above, Local Government Authorities are strongly urged to pay their creditors promptly when they fall due. List of outstanding creditors is shown as Annexure 7 of the report.

4.6 Unretired Imprests from 18 Councils Shs. 214,489,665

The Local Authority Financial Memorandum (1997 Order No.134) states, "A safari imprest or special imprest must be retired within two weeks after the officer has returned from the journey or after finalization of the activity; failure to do so will not only necessitate the outstanding amount to be deducted from the officer's salary at an enhanced rate, but may also attract a surcharge of not less than 5% of his salary". Contrary to the above Order the Local Government Authorities financial statements for the F/Y 2007/2008 disclosed a total outstanding imprest amount of Shs.214,489,665 from 18 Councils. The Babati District Council had the biggest outstanding imprest amounting to Shs.34,595,420 followed by Arusha Municipal Council with an amount of Shs.22,421,490 and Musoma District Council of Shs.18,037,674 respectively. New imprest should only be issued to staff who have fully retired the previous ones.

I would like to remind the management of Councils concerned on the importance of adhering to the requirements of the above order as far as imprest retirement is concerned. The detailed list of unretired imprest as at 30th June 2008 is shown as Annexure 8 of this report.

A Summary of outstanding Imprests for F/Y 2006/2007 and 2007/2008 is as shown in the table below:-

F/Year	Amount (Shs.)	No of Councils involved
2006/2007	586,715,095	17
2007/2008	214,489,665	17

The summarized results of outstanding imprests in the F/Y 2007/2008 depicts that there has been an improvement in retirement of imprests issued to Council officers that is, in the year 2006/2007 the outstanding imprests which involved 17 Councils decreased from Shs.586,715,095 to Shs136,913,405 in the F/Y 2007/2008.

4.7 Missing revenue earnings receipt books

The Local Authority Financial Memorandum (1997) Order Nos. 101 and 102 stipulates that:

“All officers issued with receipt books must render a return of used and unused receipts at the end of every month in the prescribed form, and all losses of accountable documents must be reported immediately to the Proper Officer. A copy of the report should be forwarded to the Controller and Auditor General and the assistant Proper Officer”. Contrary to the above orders, a total of 860 revenue receipt books from 43 Local Government Authorities were noted missing and therefore not available for audit.

- Since these revenue receipt books were meant for collection of Council’s revenue, auditors could not ascertain how much revenue would have been collected.
 - There is great likelihood of outright theft of Council’s revenues by the revenue collectors.
 - It ends up distorting the revenue budget of the Council.
- The Council management should institute a proper internal control system over the management of the revenue receipt books so as to eliminate possibilities of loss of Council’s revenues.

Remedial action on the part of management including prosecution of defaulting revenue collectors should be undertaken, as per list of missing revenue receipt books shown as Annexure 9 to this report.

Summary of Missing revenue receipt books for F/Y 2006/2007 and 2007/2008

Year	No of missing books	No of Councils involved
2006/2007	996	8
2007/2008	860	43

**4.8 Revenue collection not remitted by Collecting Agents
Shs.421,213,641**

To comply with the Order No.110 of the Local Authority Financial Memorandum (1997) all revenue collections by designated officers shall be remitted to the Councils' cashiers for safe custody.

During the financial year under review, 22 Councils were audited and results showed that a sum of Shs.421,213,641 collected at various centres by designated collecting agents had not been remitted to the Councils contrary to Order No.110 of the LAFM (1997). List of Councils and amount involve are as shown in Annexure 10.

Summary of revenues not remitted to the Councils for F/Y 2006/2007 and 2007/2008

Year	Revenues not remitted (Shs.)	No. of Councils Involved
2006/2007	366,971,247	12
2007/2008	421,213,641	22

The above summary shows that revenue not remitted by the collecting agents in the F/Y 2006/2007 which involve 12 Councils was Shs. 366,971,247 whereas during the year under review revenue collections amounting to Shs.421,213,641 was not remitted by the collecting agents in 22 Councils.

4.9 Improperly vouched expenditure Shs.3,590,228,595

Improperly vouched expenditure occurs when a payment voucher exists but is not supported by other documentation such as a local purchase order, invoice, expenditure statements, muster roll, delivery notes etc.

The Local Authority Financial Memorandum (1997) Order No. 5(c) requires all payments made from Council funds to be properly supported. In the course of the audit of Local Government Authorities for the year 2007/2008, it has been observed that 69 Councils out of 133 audited processed payments, without proper supporting documents, totaling Shs.3,590,228,595 Unsupported payments could lead to the authenticity of such payments to be doubtful. Council managements have the obligation of ensuring that only accountable documents including supporting documents to payment vouchers are properly kept and availed for audit when required. The list of improperly vouched payments is shown as Annexure 11 to this report.

Summary of improperly vouched expenditures for F/Y 2006/2007 and 2007/2008

F/Year	Amount(Shs.)	No. of Councils involved
2006/2007	895,091,162	32
2007/2008	3,590,228,595	69

The above summarized results of payments not supported by proper documents (improperly vouched expenditure) shows that there has been no improvement in the Councils effecting payments without sufficient documents. This was evidenced by the fact that during the F/Y 2006/2007 unsupported payments which involved 32 Councils amounted to Shs 895,091,162 whereas in the F/Y 2007/2008 this amount was reduced/increased to Shs.3,590,228,595 involving 69 Councils.

4.10 Unvouched expenditure (Missing payment vouchers) Shs.1,370,245,729

Unvouched expenditure is an expenditure for which there is complete absence of payment voucher and other documentary evidence to substantiate the authenticity of expenditure.

During the F/Y 2007/2008 forty five (45) Councils out of 133 audited had effected payments amounting to Shs.1,370,245,729 without supporting payment vouchers. These payments were reflected in the cash book but lacked supporting evidence of the purpose of such payments.

A payment without supporting payment vouchers lacks important information in regard to such payments e.g. the nature, purpose, and type of the payment. Furthermore, it can surely be an avenue of misappropriation of Council funds.

Since this is a persistent problem with the majority of our Councils for a long period of time, I would like to remind accounting officers and management of Councils of their responsibility in ensuring that the Councils accountable documents including payment vouchers are properly safeguarded and should be made available for audit verification when needed. The tested Councils with unvouched expenditures are as shown in Annexure 12 to this report.

A summary of Missing payment vouchers for F/Y 2006/2007 and 2007/2008 is as shown below:-

F/Year	Amount(Shs.)	No. of Councils involved
2006/2007	81,329,428	12
2007/2008	1,370,245,729	45

The above table indicates that during the F/Y 2007/2008 the amount of missing payment vouchers was increased to Shs.1,370,245,729 from Shs.81,329,428 involving 45 Councils an indication that the Councils has been get worse in regarding the custody of payment vouchers.

4.11 Unspent Development Funds and Capital Development Grants (Non utilization of Government grants)

Development grants are provided to LGAs to construct new infrastructure or to rehabilitate existing infrastructure according locally defined priorities against a broad investment menu, with a view to empowering communities, improve service delivery and reducing poverty.

The majority of funds are spent within the key poverty reduction areas (Heath, Education, Water and Sanitation, Roads and Agriculture).

Development funds and grants totalling Shs.99,114,082,540 allocated to 111 Councils were not spent as at 30th June, 2008. The unspent amount was up to 81% of the allocated funds.

The detailed list of Councils and amounts of unspent sums is as indicated in Annexure 13.

A Summary of unutilized Grants for F/Y 2006/2007 and 2007/2008 as shown below:

Year	Amount (Shs.)	No. of Councils involved
2006/2007	7,884,401,171	14
2007/2008	99,114,082,540	111

A summarized results of unspent balance of grants for the F/Y 2006/2007 show that a total of 14 Councils were audited and found that Government grants released totalled Shs.25,484,120,949 while expenditure thereon was Shs.17,448,330,625, leaving an unspent balance of Shs. 7,884,401,171.

In the financial year 2007/2008, results showed that 111 LGAs had been granted a sum of Shs.270,547,629,434 to finance Councils Development Projects. However, as at 30th June, 2008 only Shs.171,791,488,611 had been spent, leaving unspent balance of Shs. 99,114,082,540 or 37%.

Unutilized funds imply that some activities were either partially or not implemented at all; thus the earmarked services/benefits to the intended Community have been delayed. This may also bring about budget revision to accommodated possible price fluctuations due to the effect of inflation.

Summary statement of capital expenditure and its financing

Order No. 84 (v) of LAFM (1997) and section 10.4 of LAAM (1992) requires the Directors, together with other statements, to prepare summary statements of capital expenditure and it's financing. However, these statements could not be evidenced to be among statements submitted for financial statements audit by the following fourteen (14) councils. In addition, prepared statements pertaining to eight (8) Councils are lacking vital information such as opening balance from the previous year, actual amount received during the year and the amount spent in development projects and unspent amount as shown below:-

SN.	Name of Council	Summary statement of capital expenditure and its financing not prepared	Lacking vital information
1.	Lindi DC	v	
2.	Chamwino DC	v	
3.	Iringa MC	v	
4.	Kilolo DC		v
5.	Pangani DC	v	
6.	Korogwe TC	v	

7.	Lushoto DC	v	
8.	Igunga DC	v	
9.	Magu DC		v
10.	Mtwara Mikindani MC	v	
11.	Makete DC	v	
12.	Siha DC		v
13.	Ngara DC		v
14.	Mbarali DC		v
15.	Ruangwa DC		v
16.	Kilwa DC		v
17.	Liwale DC	v	
18.	Mkuranga DC	v	
19.	Mwanga DC	v	
20.	Dar es Salaam CC	v	
21.	Kinondoni MC	v	
22.	Bukoba DC		v

In absence of the statements and vital information which was required to be included in these statements, we could not verify the utilization of funds allocated to development activities and status of capital projects.

4.12 Payroll Audit

4.12.1 Unclaimed Salaries not remitted to Treasury Shs.881,966,747.91

Order number 307 of the LAFM requires that all unclaimed salaries should be rebanked after a maximum of 10 (ten) working days, also instruction from Ministry of Finance and Economic Affairs issued vide letter Ref. No. EB/AG/5/03/01/Vol.VI/136 dated 31st August, 2007 requires unclaimed salaries to be paid back to the Treasury through the Regional Administrative Secretary. To the contrary, unclaimed salaries amounting to Shs. 881,966,747.91 were noted to have not been paid to Treasury as per instruction. (Refer Annexure 14)

4.12.2 Retired, Absconded Employees, Terminated not deleted in the Computer payroll Shs.178,066,130

An audit test on payrolls has revealed that a sum of Shs.178,066,130 was paid directly to the individuals' bank accounts as salaries. Audit scrutiny of the computer payrolls, control sheets and unclaimed salaries register for the financial year ended 30th June, 2008 disclosed that Council employees who either had died, retired, resigned, terminated or absconded continued appearing in the computer payrolls of the Council. Further Public Service Act No. 8 of 2002 S. 57(1) requires that "where a public servant is absent from duty without leave or reasonable cause for a period exceeding five (5) days, that public servant may be charged with the disciplinary offence of being absent without leave and punished by dismissal". (Refer Annexure 14)

4.12.3 Non remittance of Statutory deductions Shs.13,950,925.00

Order No.309 of LAFM, 1997 requires the Council to account for deductions including those payable as Income taxes, Trade union, Credit societies etc.,

To the Contrary, two Councils (that is Kigoma Municipal Council, and Kasulu District Council) deducted statutory deductions on behalf of various Institutions such NSSF, LAPF, NHIF, TUGHE etc., amounting to Shs.13,950,925 but were not remitted to the respective Institutions.

4.12.4 Payment of salaries not supported by computer payroll print outs Shs. 139,886,670.77

A sum of Shs 139,886,670.77 was made through Mwanga Rural Community Bank and NMB Mwanga being payment of salaries to Council's employees for the months of December 2007 and January - June, 2008 as detailed below:

Month	Amount
December, 2007	22,551,177.17
January, 2008	27,215,371.79

February, 2008	5,533,632.75
March, 2008	22,029,912.32
April, 2008	9,333,545.24
May, 2008	50,479,490.34
June, 2008	2,743,541.16
Total TShs	139,886670.77

During our examination of the payment vouchers, we noted that, the payment vouchers were paid but not supported by the computer payroll print outs to justify the payments contrary to Order 5(c) of LAFM 1997.

4.13 Good Governance and Internal Control System

4.13.1 Introduction

The The Local Government Finances Act No 9 of 1982 (revised 2000) Sect. 33 and various guidelines makes it mandatory for the Council to institute sound policies towards proper management of resource. In achieving this fundamental goal, organisation need to institute a series of aspect that shall enable them to exercise effective controls that for elimination of wastes fortified by fraud, negligence, embezzlements and sloppy performance.

The Councils therefore, have to design organization setup that supports transparency and sound internal control system. In addition, organization structures should also facilitate checks and balances for instance; formulation of Internal Audit Unit, Tender Committee, Procurement Management Unit, Audit Committee as well as ensuring there is independent audit every financial year.

Public sector governance encompasses the policies and procedures used to direct Local Government Authorities activities to provide reasonable assurance that objectives are met and operations are carried out in an ethical and accountable manner. In the public sector, governance relates to the means by which goals are established and accomplished. It also includes activities that ensure a

government's credibility, establish equitable provision of services, and assure appropriate behavior of government officials reducing the risk of public corruption.

Moreover, public sector entities are required to have Codes of Ethics, Clientele Service Charter, Strategic Plans, Annual Budgets as well as an apex (Governing Board) for the strategic decisions.

The cardinal objective of good governance therefore is for organizations to be fully accountable and meet stakeholder's expectations politically, economically and socially.

This paragraph therefore highlights the weaknesses noted in relation to good governance issues that were found to be material.

4.13.2 Internal Control System

Strong Internal Control Systems depends on the legal frame guiding operations of the Councils. It is unfortunately that the legal frame work governing financial management and controls in the Local Government Authorities are outdated, for instance, the Local Authority Finances Act which was set up in 1982 (revised 2000), Local Authorities Financial Memorandum, 1997 and the Local Authorities Accounting Manual 1993. These documents continued being used in preparing books of accounts of Local authorities for reporting purposes despite the fact that they are not in line with International Accounting Standards such as International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSASs) accrual basis of accounting, which our country migrated since 2004. This also, was noted to be a source of confusion when reporting in the Local Government Authorities where one Councils can use more than one standard in preparing their set of financial statements.

4.13.3 Audit Committees

The main objective of the audit committee is to independently contribute to the Council's assurance that an effective internal control system is maintained. PMO RALG Guideline with reference No.CHA:3/215/01 dated 27th November, 2007 which is in line with international best practice states that "Accounting Officers should establish audit committees, comprising of independent members, with the responsibility to assist in strengthening the system of internal controls".

(i) Appointment of Chief Internal Auditors as Secretaries to the Audit Committees

Regulation 28 of the PFR requires Accounting Officers to establish an effective Audit Committees. During our field work we have noted instances where Chief Internal Auditors have been appointed as secretaries to the established Audit Committees. Since Audit Committees have a direct responsibility of reviewing the internal audit coverage and approval of annual strategic audit plans and periodically reviewing the performance of internal audit, appointment of Chief Internal Auditors to that position will affect the efficiency and effectiveness of the Audit Committees.

(ii) Weaknesses noted from the review of Audit Committee's performance in LGAS

Audit Committee is required to have Audit Committee Charter which sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements. However, up to the time of audit Councils had not prepared Audit Committee Charters. PMO RALG Guideline with reference No.CHA:3/215/01 dated 27th November, 2007

instructed each Council to establish effective Audit Committee. However, review of a sample of Councils' Audit Committee performance noted substantial weaknesses which are worth reportable as shown below:

S/N	Council	No Charter	Internal Auditor is a secretary of Committee	No quarterly meetings	CAG not invited	Not approving internal audit annual Plan
1.	Mpwapwa Dc			✓		✓
2.	Mtwara Mikindani MC	✓	✓	✓	✓	✓
3.	Mbeya CC	✓	✓	✓	✓	✓
4.	Mbeya DC	✓	✓	✓	✓	✓
5.	Mbarali DC	✓	✓	✓		✓
6.	Hanang DC	✓	✓	✓	✓	✓
7	Kilombero DC	✓	✓	✓	✓	✓
8.	Morogoro DC	✓	✓	✓	✓	✓
9.	Singida MC	✓	✓			✓
10.	Kwimba DC	✓	✓		✓	✓
11.	Magu DC	✓	✓			✓
12.	Sengerema DC	✓	✓	✓	✓	✓
13.	Mpanda TC	✓	✓	✓	✓	✓
14.	Mtwara DC	✓	✓	✓	✓	✓
15.	Newala DC	✓	✓	✓	✓	✓
16.	Ukerewe DC	✓	✓	✓	✓	✓
17.	Iringa DC	✓	✓	✓	✓	✓
18.	Kilolo DC	✓	✓	✓	✓	✓
19.	Ludewa DC	✓	✓	✓	✓	✓
20.	Makete	✓	✓	✓	✓	✓
21.	Bukoba DC	✓	✓	✓	✓	✓
22.	Kasulu DC	✓	✓	✓	✓	✓
23.	Kigoma Ujiji MC	✓	✓	✓	✓	✓

24.	Hai DC	✓		✓	✓	✓
25.	Tabora DC	✓	✓	✓	✓	✓
26.	Mkinga DC	✓	✓	✓	✓	✓
27.	Arusha MC		✓			
28.	Bagamoyo DC	✓				
29.	Rufiji DC	✓				
30.	Kinondoni MC				✓	
31.	Siha DC					✓
32.	Dodoma MC	✓	✓			
33.	Ilala MC	✓		✓	✓	
34.	Musoma MC		✓			
35.	Bariadi DC	✓				
36.	Shinyanga MC	✓				
37.	Lushoto DC	✓				
38.	Rufiji DC	✓				
39.	Kishapu DC	✓				
40.	Iramba DC		✓	✓		

Based on operational weaknesses noted above, approach that we strongly recommend be adopted for the local government Councils are:

- The Audit Committee that operate as an independent advisory committee to Council the Audit Committee that comprise a minimum of three members - one Councilor and two external independent persons the committee chair be appointed by the Committee from the external members of the committee, with the appointment subject to Council's approval
- The Accounting Officer not be a member of the audit committee, but could attend all meetings
- The internal auditor should attend all meetings as an invited member and should not be assume a role of secretariat as it is currently practiced.

- A Committee greater than three persons must be composed of a majority of external independent members all members should have full voting rights
- The external auditor be invited to attend meetings at the discretion of the committee, but must attend meetings considering the draft annual financial report and the results of the external audit
- A periodic review of audit committee effectiveness is essential. Annual is suggested. This can be done as self-assessment using best-practice checklists.

4.13.4 The performance of Internal Audit Unit in the LGAS

In any Government organisation there are two significant sources of assurance that the public can be certain if present, that are Internal Audit and External Audit. In the Local Government, the National Audit Office under the Controller and Auditor General is responsible for external audits. The work of Internal Audit is carried out primarily for the benefit of the Accounting Officer of the Council. Although the work of External Audit is normally primarily conducted for the benefit of Parliament, it is still of significant benefit to the Councils as well.

Internal auditing involves the utilization of a systematic methodology for analyzing organizations processes or problems and recommending solutions. The scope of internal auditing within organization is broad and may involve internal control topics such as the efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations.

During the year under review (2007/2008) as part of the financial statements audit we have evaluated the effectiveness of Internal Audit Units in the Councils in line with requirements of Sect. 45(1) of the Local

Government Act, 1982 (revised 2000), Orders No.12 - 16 of LAFM, 1997 and noted that there are serious weaknesses despite our comments related to internal audit functions in the previous years. The noted weaknesses from almost all Councils worth reporting are sampled hereunder:-

S/N	Council	Less than three staff	No Sub Vote	Doing Pre audit Functions/transaction review	Management not responding to the internal auditor's reports	Not conducting financial & performance review / Annual plan not approved by Audit Committee
1	Mpwapwa Dc		✓	✓		✓
	Dodoma MC	✓	✓			✓
2	Mikindani MC					✓
3	Mbeya C.C	✓	✓			✓
4	Mbeya DC	✓	✓			✓
5	Mbarali DC	✓	✓			✓
6	Hanang DC					
7	Kilombero DC	✓	✓	✓	✓	✓
8	Morogoro DC	✓	✓	✓	✓	✓
9	Ukerewe DC	✓	✓	✓	✓	✓
10	Singida MC	✓	✓	✓	✓	✓
11	Mpanda DC	✓	✓		✓	
12	Nkasi DC	✓	✓			✓
13	Sumbawanga MC	✓		✓	✓	
14	SIHA DC	✓		✓	✓	✓
15	Iringa DC	✓		✓	✓	✓
16	Kilolo DC	✓	✓	✓	✓	✓
17	Ludewa DC	✓	✓	✓	✓	✓
18	Makete DC	✓	✓	✓	✓	✓
19	Tanga CC	✓	✓	✓	✓	✓

20	Muheza DC	✓	✓	✓	✓	✓
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In summary, the audit of 2007/2008 noted the following:

- The internal audit unit does not have its own sub-vote for financial resources hence depend much on other departments when it comes to financing its operations.
- Most of the Councils have established Internal Audit units but the problem remains to be understaffing. Many Council were found to have one to two staff which is not satisfactory.
- Scope of coverage for Internal Auditors is narrow as the concentration is placed on transactions audit rather than reviewing the performance, projects management, financial reporting and operational procedures towards attainment of Councils' objectives.
- Many Councils' management do not reply and take action to the audit observations raised by Internal Auditors. In this case work of Internal Auditors is not useful in strengthening financial management.
- Internal Auditors' annual audit plans are not approved by Audit Committee.

4.14 Financing/funding analysis

The funding of Local Government Authorities in Tanzania originates from three main sources namely:-

- Own revenue sources
- Government grants/ Donor funding

4.14.1 Financial performance of LGAs F/Y 2007/2008

A review of Income and Expenditure of LGAs for the financial year 2007/2008 revealed the following scenarios:

- Twenty eight (28) Local Government Authorities have incurred a total expenditure of Shs. 260,559,263,689 against total income of Shs. 232,989,909,648 resulting in an excess expenditure of Shs.27,569,354,041 The details of the Councils are as in Annexure 15.
- 105 Local Government Authorities have incurred total expenditure of Shs.929,417,430,857 against total income of Shs.1,014,488,715,963 resulting in an under expenditure of Shs.85,071,285,107. Details of this summary and relevant LGAs are shown in Annexure 16 of this report.

4.14.2 Comparison of revenue accruing from LGAs own sources against Government grants and Donor funding for two years 2005/2006 and 2006/2007

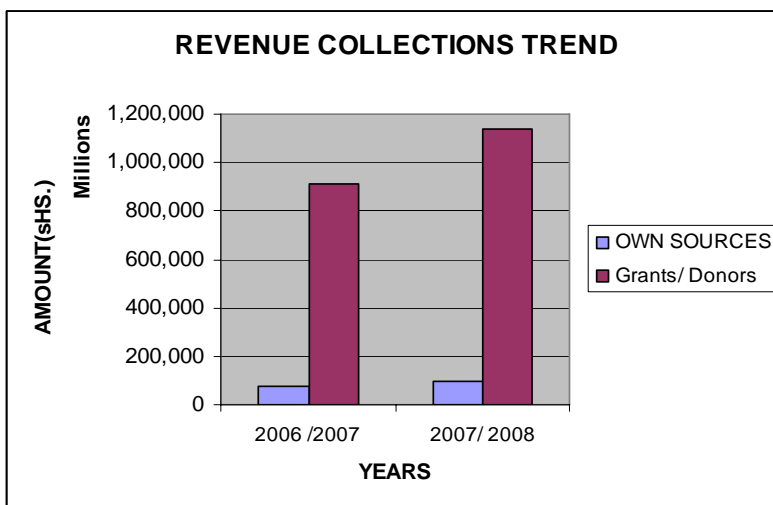
Year	Total revenue from LGAs own sources (Shs.)	Total Government Grants/Donor funding (Shs.)	% of Total revenue own sources to total Government grants & Donor funding
2006/2007	77,310,930,607	914,713,448,103	8.5
2007/2008	93,545,987,812	1,140,847,566,087	9.2%

The above table shows a slight increase in income generated from LGAs own sources in the financial years 2007/2008 as compared to 2006/2007.

Total revenue from LGAs own sources has increased from Shs. 77,310,930,607 (2006/2007) to Shs.93,545,987,812 (2007/2008) or (21%) .

However, when revenue collections accruing from LGAs own sources are compared with the Government Grants and Donors funding, we get a picture that the LGAs are largely depending on Government Grants and Donor funding. This implies that LGAs are not soliciting other potential avenues sources for boosting their revenue base. For example,

during the year 2006/2007 revenue from LGAs own sources was Shs. 77,310,930,607 against Shs. 914,713,448,103 from Government grant and Donor funding. Similarly, revenue from LGAs own sources in the year 2007/2008 was Shs.93,545,987,812 as against Shs.1,140,847,566,087 from Government Grants and Donor funding.



The histogram above shows that LGAs are largely depending on the Government grants and Donor funding. It further suggests that Councils can not sustain their operations without relaying on the Government grants and Donor community.

4.15 Audit of Budget

4.15.1 Review of budgetary arrangements

LGAs are required by section 43(1) of the Local Government Finances Act No.9 of 1982 to prepare annual estimates of income and expenditure and the Plans. Furthermore Councils are required to prepare budgets

and present their plans and budgets inline with the MKUKUTA.

The LGAs approved plans and budgets provide directions and guidance to council staff and other stakeholders on the delivery of services and on the implementation of planned activities.

Apart from showing the activities planned for implementation and the services to be delivered during the year, the approved plans and budgets also enable monitoring and evaluation as the execution of the plans and budget progresses.

The overall audit objectives with respect to the LGA's budgetary arrangement are to ensure that all income planned, controlled and monitored.

In reviewing the budgetary arrangement with the LGAs, we have noted the following matters:-

S/N	Name of Council	Audit Findings
1.	Singida Municipal Council	<ul style="list-style-type: none"> • Overspent for some items up to 676% • Under expenditure ranging from 44% to 100% • Operational performance report not submitted • Huge variances between approved budget actual expenditure • Deficit of Shs.196,161,516
2.	Ileje District Council	Non- preparation of expenditure comparison statement contrary orders No. 42-43
3.	Mbalali District Council	Amount spent over and above Council's approved budget - Shs.16,681,413
4.	Rungwe District Council	Expenditure spent over and above the Council's budget estimates

		Shs.439,924,185
5.	Morogoro District Council	Poor budget performance huge variances with the is items ranging from 36% to 8,155% above permitted
6.	Arusha Municipal Council	Deferred payments Shs.44,154,124 and no evidence that the amount was part of 2006/2007 creditors.
7.	Tabora District Council	<ul style="list-style-type: none"> Spent of Shs.44,187,780 without a budgetary provisions Items overspent ranging from 13% to 100%
8.	Bahi District Council	Operational performance and financial reports not submitted along with the financial statements.
9.	Mpwapwa District Council	<ul style="list-style-type: none"> Operational performance report not submitted a long with financial statement Expenditure incurred in excess of budgetary provision ranging from 15% to 95% for some items.
10.	Dodoma Municipal Council	<ul style="list-style-type: none"> Operational performance report not submitted along with the financial statements Significant various between approved budget and actual expenditure not explained. Over up to Sh.173,801,116.40 Under spend up to Shs.598,264,082
11.	Iringa District Council	Huge variances between budgeted and actual own source revenue due to unrealistic budget.
12.	Ludewa District Council	Over and under collection of own source revenue due to unrealistic budget” the variance over collection is 49%
13.	Kilolo District Council	A comparison of the budgeted own source revenue against actual

		collection noted material negative variances ie less revenue collected than anticipated the under collection ranging from 10% to 94%
14.	Njombe Town Council	A comparison of the budgeted own source revenue against actual collection noted material negative variances ie less revenue collected than anticipated the under collection ranging from 7% to 84%
15.	Kasulu District Council	Statement of comparison between budget and actual figures for individual departments not prepared and variance not disclosed.
16.	Kigoma Ujiji MC	Itemized statements of budget and actual figures were not submitted along with financial statements.
17.	Rombo District Council	Operational performance report not submitted along with the financial statements.
18.	Moshi District Council	<ul style="list-style-type: none"> • Operational performance report not submitted a long with the financial statements. • Original figures for reallocated monies/ funds were not disclosed in the statement of estimates and actual.
19.	Siha District Council	Operational performances report not submitted a long not with financial statement
20.	Moshi Municipal Council	<ul style="list-style-type: none"> • Operational performance a long with financial statements
21.	Tunduru District Council	Expenditure made without budget provision Sh.47,760,267 contrary to Sect. 43 of LGFA 1982.
22.	Tandahimba District Council	Significant under expenditure aggregating to Shs.11,386,625,415
23.	Iringa MC	The comparison made on the budget against actual collections in respect

		of the Council's own sources revealed a big variation between the two figures due to lack of a detailed survey on the ability of the Council's sources of funds to generate revenue.
24.	Mufindi DC	A comparison made to the budgets and actual collections from own sources revealed a big variation between budgeted and actual collections in some items caused by inadequate survey on various sources of revenue to ascertain their capability to generate the budgeted revenue
25.	Njombe TC	A comparison of budgeted own sources revenue against actual collection noted material negative variances i.e. lesser revenue than anticipated. Further inquiries disclosed that Njombe Town Council did not conduct a thorough survey to understand properly its revenue sources before budgeting which caused the variances
26.	Masasi DC	Existence of expenditure items which have incurred expenditure over and above the approved budgetary provisions up to Shs.163,587,579

4.15.2 Re-Budget of unspent Balances

In preparing the budgets frame the opening balance should be considered. To the extent that part of such opening balances relate to outgoing projects (work in progress) should be broken down into a list of such projects. This will enhance transparency since it is generally known that not all the funds that are available

to a council either as own source revenue or as grants are spent within the same year. Some funds remain unspent by the end of financial years 2006/07 and 2007/2008.

CHAPTER FIVE

5.0 REVIEW OF CONTRACTS AND COMPLIANCE WITH PUBLIC PROCUREMENT PROCESSES IN LGAs

5.1 Introduction

The Public Procurement Act No. 21 of 2004 defines procurement as the process involving buying, purchasing, renting, leasing or otherwise acquiring any goods or works or services by a procuring entity spending public funds and includes all functions that pertain to the obtaining of any goods or works or services including description of requirements, selection and invitation of tenderers and preparation and award of Contracts. In this era of competing forces between demand and available resources the need for accountability and transparency in Government becomes imperative as it is through properly managed procurement that the Government can attain its political, economic and social objectives.

5.1.1 Compliance with procurement laws

Section 44(2) of the public Procurement Act No.21 of 2004 and Regulation No. 31 of the Public Procurement (Goods, Works, Non-consultant services and Disposal of Public Assets by Tender) Regulations, 2005 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the law and its regulations. In view of this responsibility to procuring entities including the Councils, my general statement is that the degree of compliance with Public Procurement Legislation learned from the transactions tested as part of my audits is still not satisfactory as far as the legal requirements are concerned.

5.2 Effectiveness of Procurement Management Unit (PMU)

The Public Procurement Act No.21 of 2004 Section 34 and Local Government Authorities Tender Boards Regulations, 2007, Reg.22 provides that in every procuring entity (PE)

there shall be established a PMU staffed to an appropriate level. The PMU shall consist of procurement and other technical specialists together with the necessary supporting and administrative staff.

The main function of PMU as stipulated under Sect.35 of PPA, 2004 is to manage all procurement activities of the PE including to plan the procurement activities, support the functioning of the Tender Board including its decisions, coordinate procurement activities of the departments, prepare tendering/contract documents and archive procurement records. It is therefore obvious that in the absence of an appropriate staffed PMU in terms of number and qualification, it is hardly possible for the PE to comply with the provisions of the PPA, 2004 and accompanying regulations.

In assessing the effectiveness of procurement management Unit, we have noted the following matters:-

The Heads of PMU reports to the City/Municipal/Town/District Treasury.

This is contrary to the requirements under Reg.22 (5) of LGATBR, 2007 which requires that the Head of Procurement Management Unit to report directly to the Accounting Officers. Other weaknesses are detailed in the table below:-

S/No.	Name of Council	Audit findings
1.	Musoma DC	Head of PMU report to the District Treasury instead of the Accounting Officer
2.	Mpwapwa DC	PMU - Progress Reports and Annual Report not submitted for audit purposes.
3.	Kilombero DC	Monthly and Annual Reports not prepared
4.	Morogoro DC	Monthly and Annual Reports not prepared contrary to Reg.23 of LGATB 2007.
5.	Kwimba DC	PMU not established
6.	Sengerema DC	Minutes and reports to confirm functioning of the Unit not availed
7.	Singida MC	Monthly and Annual Reports not prepared

		contrary to Reg. 23 of LGATB, 2007
8.	Musoma MC	Monthly and Annual Reports not prepared
9.	Ukerewe DC	Since established not effectively functioning as minutes or reports were not made available contrary to requirement of sect 23(e) and (q) of Local Government Authority Tender Boards (Establishment and proceedings) regulation 2007 and G.N No.177 published on 3/8/2007.
10.	Bukoba DC	Minutes of proceedings of the Unit are not copied to NAO hence its effectiveness could not be determined.
11.	Singida DC	PMU did not prepare monthly and annual reports on procurements made during the year under review contrary to Reg.23 of LGATB 2007. Also, we noted that the Unit is not directly answerable to the Accounting Officer as opposed to requirement of Reg.22 (5) of LGATB 2007
12.	Sengerema DC	Since PMU established not effectively functioning as minutes or reports were not made available contrary to requirement of sect 23(e) and (q) of Local Government Authority Tender Boards (Establishment and proceedings) regulation 2007 and G.N No.177 published on 3/8/2007.
13.	Tabora DC	The effectiveness and efficiency of the Unit could not be measured because it is within the Finance Department, which is being headed by the Treasurer.
14.	Hai DC	The Unit maintains a PMU file but when brought for audit review, minutes of various meetings held were not therein. We could therefore not assess the effectiveness of the PMU
15.	Kasulu DC	<ul style="list-style-type: none"> ▪ Procurement report for 2007/2008 was not produced for audit scrutiny ▪ PMU files were not maintained ▪ Tender board results not communicated to individual applicant. Register for procurements was not maintained.
16.	Kigoma Ujiji MC	No monthly progress reports and annual report has been prepared and their copies been submitted to audit.

17.	Kisarawe DC	<ul style="list-style-type: none"> Tender Board minutes dated 29/1/08 indicates that the Tender Board assumed all the functions of the PMU and Evaluation committee <p>In some case PMU involvement as required by regulation 18(a) and (c) of the Local Government Authority Tender Board (regulation 2007) not evidenced.</p>
18.	Dar es salaam CC	In some cases the PMU did not support the functions of the Tender Board contrary section 35 (c) which requires the PMU to implement the decisions of the Tender Board.
19.	Ulanga DC	Implementation reports on procurement for the year under review were not prepared by PMU as a result the achievement of the procurement management unit was not confirmed.
20.	Mvomero DC	PMU did not prepare monthly and annual reports on procurements made during the year under review contrary to Reg.23 of LGATB 2007.
21.	Bahi DC	Progress reports and annual reports of the Procurement Management Unit in the year 2007/2008 were not made available to audit.
22.	Dodoma MC	The progress reports and annual reports of the Procurement Management Unit in the year 2007/2008 were not submitted for audit. In addition, the head of the PMU reports to the Municipal Treasurer. This is contrary to the requirement under Reg.22 (5) of LGA, 2007 which requires the PMU to report to the Accounting Officer.
23.	Kondoa DC	Progress and annual reports for the Procurement Management Unit in the year 2007/2008 were not made available to audit.
24.	Kongwa DC	The Annual Procurement Report for the year 2007/08 prepared by the PMU lacked some important information such as how much has been budgeted for what purpose and what items were or were not procured and reason(s).
25.	Nanyumbu DC	Head of the PMU reports to the District Treasurer (DT).
26.	Ludewa DC	Procurement files were not maintained and

		Procurement reports were not prepared.
27.	Tarime DC	The Council has not established the PMU as required by the Section 34 of the PPA, 2004 above provision instead the PMU has been established as a committee comprising three members.
28.	Mkuranga DC	<ul style="list-style-type: none"> The composition of the members of the Procurement Management Unit is contrary to the requirement of the Public Procurement Act, 2004 part III sect 34(4) requirement. It comprises of District Medical Officer, Procurement Officer, District Education Officer, District Executive Director, and District Treasurer <p>No evidence was produced to confirm the preparation of quarterly Procurements reports by CTB & PMU contrary to the requirement of PPA Of 2001 as revised in 2004</p>
29.	Chato DC	The Council has not established Procurement Management unit which is contrary to the above quoted sections of the PPA No.21 of 2004
30.	Igunga DC	The Unit is within the Finance Department being headed by the Council Treasurer instead of reporting directly to the DED.
31.	Lushoto DC	<ul style="list-style-type: none"> The Unit is headed by the District Engineer contrary to section 34(4) of the Public Procurement Act, 2004 and Regulation 22(4) of the Local Government Authorities Tender Boards Regulations, 2007 which requires the PMU to be headed by a person with sufficient academic qualifications and experience in procurement functions (i.e. District Supplies Officer) <p>One of the members of PMU is the legal officer who is the Council's solicitor so participating in signing the Council's contracts including the procurement contracts is contrary to good governance rules.</p>
32.	Tabora MC	<ul style="list-style-type: none"> Minutes and progress reports on procurements are not copied to NAO.

		The head of the PMU reports to the Municipal Treasurer (MT), this is contrary to the requirement of the Reg.22 (5) of LGA, 2007 which requires that the Head of the Procurement Management Unit (PMU) to be reported directly to the Accounting Officer.
33.	Kibondo DC	Minutes of proceedings of PMU meeting are not copied to NAO.
34.	Kinondoni MC	To comply with the requirements of sect.35 (0) of the Public Procurement Act No. 21 of 2004, the PMU is required to prepare monthly progress reports and submit to the Municipal Tender Board. During the year under review, Auditors could not get confirmation whether the PMU had complied with the requirements of sect 35 (0) of PPA No. 21 of 2004.
35.	Nzega DC	The PMU did not send to the CAG copies of monthly and annual reports on procurements made during the year under review, signifying that they were not prepared contrary to Reg.23 of LGATB 2007.
36.	Chamwino DC	Council PMU did neither prepared progress report nor an annual report of the procurement activities
37.	Misungwi DC	Since its inception, the PMU is not functioning as stipulated in Sect 23(e) and (q) in Local Government Authority Tender Board Establishment and Proceedings) regulation 2007 GN no.177 published on 3/8/2007.
38.	Manyoni DC	Procurement implementation report was not prepared by PMU as a result the performance of procurement management unit could not be confirmed
39.	Temeke MC	<ul style="list-style-type: none"> The Council's PMU is not staffed with appropriate officers skilled in procurement and other technical specialists contrary Reg. 22 (2) of the Local Government Authorities Tender Boards [Establishment and Proceedings] Regulations 2007. In lieu of recruited staff, the committee functions as a

Deleted: activities

		<p>committee since it consist of appointed members and it does not have a status of either a unit or department.</p> <ul style="list-style-type: none"> • The Head of the dummy PMU repots to the Municipal Treasury instead of reporting directly to the Accounting Officer of the Council as opposed to Reg. 22 (5) of the Local Government Authorities Tender Boards [Establishment and Proceedings] Regulations 2007. This atypical reporting set up was occasioned by a directive issued by the AO though his letter reference No TMC/C/2/19/198; dated 15th July, 2008.
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The major cause of non compliance with PPA, 2004 and related regulations is lack of established or effective PMUs within the LGAs as procuring entities. In some cases the existing PMUs are not staffed to an appropriate level and some staff and members lack appropriate procurement qualifications and training.

5.3 Appraisal of procured goods, works and services in LGAs

This section explores the general aspects of compliance with the Public Procurement Act no.21 of 2004 and its related regulation of 2005 and the Local Authority Financial Memorandum (1997).

5.3.1 Stores not recorded in ledgers shs.265,703,895.72

The Local Authority Financial Memorandum (1997) Order 207 requires the record of receipts, issues and physical balances of each item of stores to be recorded in a separate page of the store ledger showing details of purchase like; date of purchase, the goods delivery note,

number and the rate per item. Further, it requires the record on date of issue, the quantity of issue, the store issue number, and the physical balance. The audit tests on the management of stores observed that 24 Councils did not adhered to the above Order as shown below:

S/N	Council	Amount (Shs.)
1.	Lushoto DC	15,512,850
2	Magu DC	7,324,140
3	Mwanga DC	26,691,896.12
4	Haï DC	5,065,000
5	Kishapu DC	3,015,000
6	Korogwe TC	10,814,000
7.	Ngara DC	11,131,725
8	Ukerewe DC	1,699,000
10	Kisarawe DC	2,143,200
11	Kilwa DC	6,376,825.60
12	Tarime DC	4,450,000
13	Longido DC	65,959,330
14	Meru DC	25,225,400
15	Monduli DC	25,072,559
16	Kilolo DC	6,101,750
17.	Shinyanga DC	3,678,640
18	Mbeya CC	8,961,600
19	Morogoro MC	16,920,700
20	Mbeya DC	2,914,000
21.	Kisarawe DC	2,143,200
22	Namtumbo DC	4,740,700
23	Dodoma MC	11,903,850
24	Mvomero DC	20,695,520
Total		265,703,895.72

5.3.2 Goods paid for but partly/not delivered Shs.697,077,950

Goods worth Shs.697,077,950 were ordered and paid for but were found either partly delivered or undelivered in the Councils listed in the table below. The noted practice contradicts the requirement of PPR No. 122 (1), which

requires a procuring entity to obtain reports on the receipt of goods that have been delivered against contracts in order to authorize promptly payment to the supplier.

S/N	Council	Items	Amount (Shs.)
1.	Meru DC	Building materials	1,800,000
2.	Mufindi DC	Purchase of motor vehicle not delivered	46,660,000
	Kisarawe DC	Furniture not delivered	3,500,000
2.	Magu DC	Drugs and Medicines not delivered	62,396,200
3.	Sikonge DC	Procurement of various stores	14,690,000
5.	Sengerema DC	Procurement of Motor vehicle not delivered	30,935,000
6.	Tabora MC	Procurement of various drugs	6,155,200
7.	DSM DC	Procurement of Motor vehicles not delivered	225,000,000
8.	Nkasi DC	Procurement of Motor cycles not delivered	9,200,000
10.	Mufindi DC	Procurement of Motor vehicles not delivered	46,660,000
11.	Namtumbo DC	Procurement of Motor vehicle not delivered	112,706,550
12.	Morogoro DC	Procurement of Motor vehicle not delivered	66,875,000
14.	Dodoma MC	Procurement of Motor vehicle not delivered	70,500,000
Total			697,077,950

5.3.3 Procurements made without following competitive bidding Shs.106,142,346

A test check of payment vouchers and procurement records revealed that 6 Councils effected payments amounting to Shs.106,142,346 for procurement of works, goods and consultancy services. However, it was observed that competitive bidding was not followed and no competitive quotations were sought to enable Councils to obtain the

most economic prices and ensure procurement of quality goods, works and services

SN	Council	Amount (Shs.)
1	Kibaha DC	16,440,550
2	Songea DC	12,331,000
3	Mbinga DC	36,750,000
4	Igunga DC	5,498,096
5	Kongwa DC	28,136,000
6	Kisarawe DC	6,986,700
Total		106,142,346

5.4 Contract Management and Compliance with Procurement Legislation

This chapter deals with contract management and compliance with procurement legislation matters that were found to be material to be highlighted in this report and that were reported in the management letters to the respective Council during the financial year ended 30th June, 2008

Procurement, in any country, is one of the areas most vulnerable to risk. Procurement involves a high degree of discretion in decision-making both in the nature of the goods or services purchased and also on the choice of contractor or supplier. The core of the matter is fully covered under Sect 43 of the Public Procurement Act No 21 of 2004 which states that in the execution of their duties, Tender Boards and procuring entities shall strive to achieve the highest standards of equity, taking into account:

- (a) Equality of opportunity to all prospective suppliers, contractors or consultants.
- (b) Fairness of treatment to all parties; and
- (c) The need to obtain the best value for money in terms of price, quality and delivery having regarded to set specifications and criteria.”

Most risks associated with procurement arises from the tender boards and procuring entities failing to achieve the highest standards of equity as contained in Sect 43 of the Public Procurement Act, 2004.

Further, Sect. 44(1) of the Public Procurement Act 2004, states that it is the duty of the Accounting Officer, the Chief Executive of the procuring entity to ensure that procurement of goods, works or services is done in accordance with the procedures prescribed by or under the Public Procurement Act 2004 and its Regulation of 2005. Because of the above matters, I found contract management and compliance with procurement legislation a key area subject to audit tests on which I report the following:-

5.4.1 Inadequate documentation of contracts and projects records Shs.2,684,574,948

It is essential that all documents related to a project or contracts are kept in one file for easy reference and monitoring of the projects/ contracts progress. This practice would have not only facilitated easy access to information by the Councils themselves but also by other interested persons like Development partners and auditors. However, auditors failed to obtain relevant documents such as contract agreements, Bills of Quantities (BOQ), Engineers' certificates, shares certificates, Authorization of investments. The outcome of the audit test carried out is as shown in Annexure 17.

The level of councils adherence to procurement legislation is still inadequate as pointed out above. The Council management is once again called upon to strengthen the procurement processes in order to obtain value for money on funds used on this area.

CHAPTER SIX

6.0 RESULTS OF SPECIAL AUDITS

The Public Finance Act No.6 of 2001 (revised 2004) as amended by the Public Audit Act No.11 of 2008 Sect.36 (1) empowers the Controller and Auditor General to carry out special audits. The Act clearly stipulates that where at any time it appears to the Controller and Auditor General desirable that any matter relating to Public monies or Public property should be drawn to the attention of the National Assembly without undue delay, he shall prepare special report relating to such matter and submit the report to the President. It is in this respect the Office of the Controller and Auditor General conducted seven (7) special audits in LGAs as summarized below.

6.1 Briefs on the outcomes of Special Audits performed during the year

During the year under review (2007/2008) we carried out special audits in seven Councils which are Mkuranga District Council, Kilwa District Council, Ludewa District Council and Kibondo District Council, Meatu District Council, Ukerewe District Council and Karatu District Council.

Matters arising from these special audits are summarized below:

6.1.1 Meatu District Council

- Expenditure of Shs. 35,831,200 was paid to contractors for periodic maintenance/ rehabilitation of roads without being supported by contract documents
- Construction works of 2 classrooms and 1 teacher's house were poorly performed specifically on floor finishing, ceiling board, fixing of doors and plastering.
- 2 Dispensaries and staff quarter houses have not been completed.

- Verification of the projects implementation report tabled to the LAAC by the council in 2007/2008 revealed the following discrepancies:

	Descriptions	Amount as per LAAC report (Shs.)	Amount as per Books of Accounts (Shs.)	variances (Shs.)
(i)	Rehabilitation of Bukundi - Mwanhuzi road	10,163,200	5,082,000	5,081,200
(ii)	Roads supervision costs	24,282,330	6,320,000	17,962,330
(iii)	Purchase of stationeries and rehabilitation of Mwanhuzi-Busia road	0	18,623,000	-18,623,000
(iv)	Purchase of building materials for two class rooms at Lubiga Secondary school	4,269,550	4,334,550	-65,000
(v)	Construction of Staff quarter at Mwashata dispensary	9,540,200	7,198,200	2,342,000
(vi)	Construction of class rooms at Mwabusalu	9,984,000	10,184,000	-200,000
(vii)	Construction of class rooms Nkoma	6,568,290	8358061	-1,789,771
(viii)	Construction of staff quarter at Mwanjoro dispensary	7,526,000	6,360,000	1,166,000
(ix)	Training costs for head of Departments, Councilors and village leaders	26,031,100	25,808,500	222,600
(x)	Training costs for staff Mwabuzo, Mwanhuzi and Mwandoya	8,967,000	8,695,300	271,700
(xi)	Follow-ups and supervision costs of	8,924,000	8,489,800	434,200

	HIV activities			
(xii)	Construction of Teachers House (2 in 1)	4,454,000	2,906,600	1,547,400
	Total	120,709,670	112,360,011	8,349,659

6.1.2 Ludewa District Council

- Employees who had left public services were paid salaries amounting Shs.5,690,749 contrary to regulations.
- 31 revenue collection books not submitted to the council for audit verification.
- Under banking of revenue collections Shs.2,525,137
- Advance payment not paid by the revenue collecting agents as per contract agreements Shs. 4,820,000
- Contracts for collection of revenue without preliminary assessment
- Revenue collection related to MSD not accounted for in the Councils books of accounts Shs.350,215,749.
- Un reconciled drugs between council and MSD Shs.93,318,496
- Payments of funds without budgetary provision Shs.13,266,000

6.1.3 Mkuranga District Council

- Delay in remittances of revenue collection by the collecting agents contrary to contract agreements Shs.49,000,000
- Short delivery of revenue collection Shs.25,200,000
- Loans not yet reimbursed Shs.1,038,500
- Mis misuse of 426 iron sheets worth Shs.5,226,385
- Award of Contract for collection of produce cess to a non registered agents. The council provided few days for invitating bidders.
- Poor maintenance of accountable documents and records.

- The status of Construction works in respect of Dip and dam (Shs.19,000,000) and Yavayava irrigation scheme (Shs.106,620,960) had not been completed.
- Over expenditure to suppliers Shs.4,624,916.40
- Delays in completion of construction of 1 bridge, 11 classrooms and 3 Dispensaries
- Completed bore wells worth Shs.49,346,000 not in use
- Purchase of computers with technical specifications other than specifications stated in the requisitions
- Purchase of goods and services without calling for Tender Shs.4,237,000
- Two (2) motor vehicles retained by the private garage owners since 2000 following failure of the Council to pay maintenance costs said to have been paid by the Garage.
- Fuel worth Shs.40,626,450 paid for but not confirmed to had been utilised as the same were recoded in the log books as utilized
- Contingent liabilities related to litigations not disclosed in the Financial statements for the year 2007/2008 Shs.145,026,157.20
- Missing payment vouchers Shs.346,310,809.17

6.1.4 Kibondo District Council

- 46 contracts documents between the Council and Revenue collecting Agents and 4 contracts documents between the Council and suppliers of goods and services were not produced for audit scrutiny
- Payments for goods and services not supported by expenditure particulars such as Invoices, delivery notes and pay sheets Shs.100,409,150
- Missing payment vouchers Shs.11,882,160
- 501 fixed fee receipt books worth Shs.10,020,000 and 28 revenue earnings receipt books (not quantified) were ordered and received by the council but not recorded in the Counterfoil register.

6.1.5 KARATU DISTRICT COUNCIL

- Unclaimed salaries to Council employees who had either died, retired, resigned, terminated or absconded from public services were not evidenced to have been surrendered to Treasury Shs.52,820,145.
- Salaries paid to employees who had retired Shs.6,056,891
- Building Materials purchased for construction of class rooms at GYEKRUM Lambo Secondary School worth Shs.7,851,000 had not been utilized as evidenced during audit site visit.
- Construction of two classrooms which costed over and above the engineer's estimates of Shs.7,000,000 (which set-up in line with Ministry of Education guides for each classroom) by Shs.14 301,355.
- Value for construction of 10 classrooms at GYEKRUM Lambo Secondary School funded by Minnesota (USA) could not be ascertained by audit as the funds were received and accounted for by the Councillor who also supplied the building materials under his company known as M/s Jubilate Mnyenye Hardware and the expenditure particulars were not submitted to audit when called for.

6.1.6 UKEREWE DISTRICT COUNCIL

- During the years 2006/2007 and 2007/2008 the Council did not prepare bank reconciliations statements in all accounts.
- The Internal Auditor who audits the accounts of the Council is also involved in authorising payments for the Council.
- During audit it was noted that the Council has not maintained unclaimed salaries register.
- Payments of salaries to non-employees Shs.1,067,061 (2006/07)

- Revenue collection not remitted by revenue collecting agents Shs.63,494,000 (for 2006/07 and 2007/08).
- The Council awarded contracts to three (3) revenue collecting agents who did not adhere to the contract agreement in remitting revenue collection during the year 2007/08 on behalf of the Council. Also, the contracts agreements lacked important information's such as reference number and space where weaknesses can endorse. The situation indicates weaknesses in managing contracts.
- Contract agreement between the Council and revenue collecting agents worth Shs.39,616,000 were not made available during audit
- Forty (40) general open revenue receipt books were not produced for audit.
- Revenue collection related to MSD Shs. 81,620,545 were not accounted for in the Councils books of account.
- The Council entered into contract with M/S masons Construction Ltd of Musoma for rehabilitation of Council building at a contract sum of Shs.276,334,297. However, during audit, the following anomalies were noted:
 - The Council spent Shs. 59, 334,277 over and above the approved estimates without budget provisions.
 - The contract was not recorded in the contract register
 - The contract work was not advertised
 - The contractor claimed a sum of shs.29,923,400 for installation of four(4) sim tanks of 2000 litters each, meter reading and water pump. However, these works were done by the Council using CDG funds.
 - The contract work was not completed at the time of audit against the scheduled date of completion (i.e. 25/08/2008)
- During the year 2007/2008 the Council received allocation of funds Shs.174,081,250 vide Exchequer Issue No.81/EB/AG/190/07/136 of 08/10/2007. However, at the time of audit the Council had not acknowledged receipts of the same.

- The Council received funds from LGCDG for constructions of classrooms and purchase of desks in primary schools. However, during site visit noted that 4 classrooms were not completed and desks worth Shs 4,142,000 were not delivered to the respective schools.

6.1.7 KILWA DISTRICT COUNCIL

- The Council received 4,024,125 as 20 percent of revenue collection arising from Hotels as per Hotels Act, Cap 105 (revised edition 2006 and repealed after enactments of the Tourism Act No.29 of 2008) and Sect. No. 7 (v) of the Local Government Finances Act No.9 of 1982 (revised 2000) for the year 2007/2008 and Shs.1,737,350 for the year 2006/2007. However, the receipts involved in collecting revenue were not produced for audit scrutiny and the same were not recorded in the revenue register for control purposes
- Revenue collection amounting to Shs.10,145,000 remitted to Council by the revenue collecting agents could not be verified because of missing supporting documents.
- The Council had not maintained revenue collection register indicating the amount of revenue collection and Month of collection.
- The information relating to 20 percent of revenue collection retained to villages were not availed to audit.
- The contract agreements between the Council and collecting agents did not involve the Council lawyer.
- Revenue collection amounting to Shs.13,344,918 collected from 40 guest houses were not remitted to Council for two years consecutively (2006/07 and 2007/08).
- Revenue collection amounting to Shs.30,036,397.80 being 20% of revenue from hunting fee as per Sect. No.7 (v) of the Local Government Finances Act No.9 of 1982 collected during 2006/07 and 2007/8 could

not be confirmed to been correctly charged in the absence of gross amount of hunting fees collected.

- Drugs and Hospital equipment worth Shs.10,681,100 and Shs.11,202,800 respectively were received during the financial year 2007/08 from MSD and German. The Drugs and Hospital equipment were not recorded in the stores ledger.
- Sales invoices worth Shs 22,799,500 for drugs received from MSD Mtwara for the years 2006/07 and 2007/08 were not produced for audit verification.
- 56 employees were promoted and paid their salaries Shs.53,615,730 for the year 2006/07 without authority from the President's Office Public Service Management.
- Unclaimed salaries amounting to Shs.9,761,660 was paid to employees who had either died, retired, resigned, terminated or absconded from Public Services.
- Imprests issued to Council employees who were out of their duty station Shs.14,232,000 had not been retired.
- Payments amounting to Shs.9,459,300 were not supported by expenditure details.
- The Council procured Hospital equipment with no technical specification worth Shs.7,100,000 without observing procurement laws and Regulations.
- During the year 2007/08 the Council entered into contracts with various suppliers and service providers worth Shs.97,965,900 without following tendering processes. Similarly, the Secondary school Committees entered into contract with contractors of school buildings valued Shs Shs.22,500,000 without following tendering processes.

Conclusion

The special audits conducted in the seven District Councils revealed recurring issues which include inadequated internal controls over salary payments, revenue collection from own sources and improper accountability of funds

deposited to MSD by the Ministry of Health and Social Welfare on behalf of the Councils.

There has been laxity over coordination among the key players involved in two areas i.e Salary payment and transfer of funds to MSD. These players are Local Government Authorities, Ministry of Health and Social Welfare, Ministry of Finance and Economic Affairs and President's Office Public Service Management, who are actually involved in salary payments and transfer of MSD funds.

Payment of salaries to non existing staff in many LGAs have been caused by late deletion of names of ex-staff in the payroll by the Treasury after obtaining inputs from the respective LGAs and President's Office Public Service Management.

Further, it has been noted that funds for buying medical drugs and equipment intended to be used by District Hospitals, Designated Hospitals, Health Centers and Dispensaries were being transferred to MSD without notification of the respective Councils.

Furthermore, contracts for out-sourced own sources revenue collection to collecting Agents are not in favour of the Councils and the amount which are supposed to be remitted by Agents have been concluded without the Councils conducting proper feasibility study or cost benefit analysis in the first place to identify among other things the Council's potential revenue base.

It has also, been noted that Councils presents to LAAC information relating to expenditures on projects which are not featuring in the Council books of account.

My Office will continue to carry out special audits in selected LGAs when desirable in order to enhance and strengthen accountability and financial controls within LGAs.

CHAPTER SEVEN

7.0 PERFORMANCE REVIEW OF DONOR FUNDED PROJECT IN LGAs

7.1 Introduction

My office is constitutionally mandated to audit all Government revenue and expenditure. Further, the jurisdiction of my audit among others covers the audit of Donor Funded Projects which falls under the Local Authorities. I found it relevant in this year's report of the Local Government authorities to have a chapter summarizing the audit results in respects of Donor funded projects under Councils just to highlight key issues of my concern for the attention of responsible authorities such as the Government, Parliament, Donor community for decision making and the general public at large. The detailed information is well covered in individual reports issued to each Council. The summary of audit reports being referred to above covers Global funds, Basket fund, Water Sector Development Program (WSDP) and Agriculture Sector Development Program (ASDP) the noted findings are as follows:-

7.2 Basket Funds

7.2.1 Background

The Government of Tanzania (GoT) initiated a programme for the reform and development of the health sector, in July 1999. In May, 2003, the GoT and its partners endorsed the second Health Sector Strategic Plan (HSSP) covering a period of five years from July 2003 to June 2008.

The Government of Tanzania through the Ministry of Health and Social Welfare (MoH), Prime Minister's Office Regional Administration and Local Government (PMO-RALG) and Ministry of Finance and Economic Affairs (MOFEA), is responsible for the overall implementation of the Annual Plan of activities and agreed District Health Plans.

7.2.2 Programme Financing

Donors to the Health Basket deposit funds into a holding account at the Bank of Tanzania and thereafter channel their financing to the Ministry of Health (MOH) on a quarterly basis through the Exchequer Account. The funding to MOH follows the normal GoT system whereby donors' financial commitments are included as part of the Ministry's annual budget.

The basket fund in LGAS received during the year USD 40,061,231.01 which is equivalent to Shs.47,275,858,102.60 (at exchange rate of 1180.09) and distributed to respective Councils based on their approved budgets.

7.2.3 Outstanding imprest Shs.385,979,612.60

The Health Sector Basket funds Procedures and accounting Manual section 5.6.3(e) requires the imprest holder to retire the imprest in full as soon as the activity is completed.

During the year under review I noted some Council closed their basket fund financial statements with outstanding imprest amounting to sh 385,979,612.60 this is contrary to financial regulations and best practice. The Local Authority Financial Memorandum of 1997 section 134 states that safari imprest or special imprest must be retired within two weeks after the officer has returned from journey or after finalisation of the activity; failure to do so will not only necessitate the outstanding amount to be deducted from the officer's salary at an enhanced rate, but may also attract a surcharge of not less than 5% of his salary. In addition, Sects.135 and 136 of LAFM elaborate further that, additional imprest may not be issued prior to the clearance of the previous imprest. Imprest outstanding beyond one month, whether or not a surcharge has been levied, shall have an interest charge not less than the commercial bank rate applicable during the period.

Regardless of all this controls, the management of the respective Councils were negligent in ensuring that the aforementioned financial regulations were taken into account in effecting recovery of staff imprest. The summarised list of Council's involved is attached in Annexure 18 to this report.

7.2.4 Basket fund not utilised Shs.7,965,022,443.50

During the year under review the PMO-RALG received a sum of USD 40,061,231.01 equivalent to Shs.47,275,858,102.50 (exch. Rate of 1180.09) for financing basket funded activities within the Local Authorities. However, in testing the financial performance and utilization of the basket fund I noted a balance of shs.7,965,022,443.50 equivalents to 17% of funds issued to LGAS being unspent during the year 2007/2008.

This situation indicates that, apart from non adherence to the budget also the expected services were not provided to the community. A summary of Councils involved and amount is shown in Annexure 18.

7.2.5 Payments missing substantial supporting documents and authorization Shs.1,038,854,589

Reg.31 of Public Procurement Regulations (goods, works, non consultant services and disposal of public assets by tender requires the controller and auditor General to state in his annual report whether or not these regulations have been complied with in relation to competitive tendering, approval of procurement or disposal by tender by appropriate tender boards. In addition section 45 of Local government Authorities' Tender Boards (Establishment and Proceedings) Regulations, 2007 requires the auditor of the Council in his report to state whether or not these Regulations have been complied with in relation to competitive tendering and approval of procurement by a Council Tender Board.

In view of the mandate given to me, I have reviewed the procurement process under Basket fund including conducted procurement transactions in Basket funds for financial year ended 30th June, 2008. The audit test conducted revealed material weaknesses and irregularities in all 133 Councils amounting to Shs.1,038,854,589. The weakness noted includes non establishment of Procurement Management Unit PMU, Procurement made without approval of tender Board, Exceeding Purchasing power of Accounting Officer, payments inadequately supported, missing supporting documents, unapproved Single sourcing, Purchases of medical equipment from sources other than the Medical Stores Department (MSD).

The detailed findings are given on each individual basket fund report issued to each councils and the summarised finding reported in Annexure 18 to this report

7.2.6 Goods paid for but partly/not delivered Shs.354,770,127

Goods worth Shs.354,770,127.00 were ordered and paid for during the year using Basket fund but were partial delivered or not delivered. The anomalies noted contradicts the requirement of PPR No.122 which requires obtaining reports on the receipt of goods that have been delivered against contracts and provided these are satisfactory, shall authorize payment to supplier. Audit test which I have conducted on goods paid for revealed weaknesses including items procured but not delivered, or were partly delivered or not accounted for in full. The detailed analysis of these finding is on councils basket funds reports and also the names of councils and the queried amount are shown in Annexure 18 to this report.

7.2.7 Basket Fund comingled in the Council Consolidated Account Number 6

The Health Sector Basket Funds Procedures and Accounting Manual section 5.2.1 on accounting system in the District Council state clearly that, accounting system for Councils should follow the requirements of Local Government

Finances Act, the Local Authority Financial Memorandum, Local Authorities Accounting Manual and regulations and circulars issued from time to time, where appropriate similar coding structures for Central government can be used.

I have noted with concerns on performance of basket fund where almost all councils audited maintains a single bank account number 6 (Consolidated Health Account) in which all funds received from different sources, including the Ministry of Health and Social Welfare Basket Fund are comingled in the same account. This procedure contradicts with requirements of Memorandum of Understanding. Due to this limitation we were not certain as to the accuracy of the cash balance reported at the year end.

It is my recommendations to all District councils to track the Basket Funds balance both opening and closing balance. In addition, it is recommended that preparation of statements of basket fund is not optional rather they should be made as agreed on term of references and complying with agreed Standards.

7.2.8 Procurement made not in line with requirement of procurement regulations Shs.1,162,081,225

Sect.4 of the Local Authorities Tender Boards (establishment and proceedings) Regulations, 2007 state that the Council procurement policies shall be based on the need to make the best possible use of Council resources, whilst conducting all procurement with honesty and fairness. Further, sec 4 (2) (b) requires the best interests of the council, in giving all eligible suppliers, contractors, and service providers equal opportunity to compete in providing goods or executing works or providing services. However in assessing transactions and performance of basket funds in Local Authorities on area of procurement, several weaknesses were noted committed during procurement process amounting to

Shs.1,162,081,225 some of the fault observed includes; procurement made without approval of Tender Board, Medical items procured outside the Medical Stores Department, procurement made without Competitive bidding, repair of Motor vehicles in private garage without approval, Contract awarded outside of pre qualified list of Suppliers, purchase without soliciting required quotations and items not accounted for.

Due to the noted weaknesses, I recommend that it is high time for all Councils to be more committed and responsible for achieving value for money on procurement area. The Councils systems needs to be strengthened more by providing training to all staff on procurement areas (Refer Annexure 18 to this report).

7.3 Agriculture Sector Development Programme (ASDP)

7.3.1 Introduction

We have completed the audit of financial statements of the Local Government Authorities relating to Agriculture Sector Development Programme (ASDP) for 97 Councils out of 133 for the year ended 30th June 2008.

The Government of Tanzania has adopted an Agriculture Sector Development Strategy (ASDS) which sets the framework for achieving the sector's objectives and targets. In order to attain the set objectives an Agriculture Sector Development Programme (ASDP) which is part of the broader District Development Plans (DDPs) deals with activities at district level being implemented by Local Government Authorities (LGAs) and based on District Agriculture Development Plans (DADPs).

7.3.2 Brief history of the client establishment

The programme is being implemented for a period of seven years starting from financial year 2006/2007 to financial year 2012/2013. The Programme's objectives are; i) to increase farm profitability and incomes through access to

technology, advice and markets and to increase private sector investment in agriculture based on improved regulatory and policy environment.

The ASDP is being implemented by the Agriculture sector Lead Ministries (ASLMs) and Implementation is at both National and Local levels. The ASLMs include Ministry of Agriculture Food Security and Cooperatives (MAFC) which is the Coordinator, Ministry of Livestock Development and Fisheries (MLDF), Ministry of water and Irrigation (MWI), Ministries of Industry, Trade and Marketing (MITM), and Prime Ministers Office Regional Administration and Local Governments (PMO-RALG).

7.3.3 Budgetary Performance

During the year under review the approved budget for ASDP activities was TZS. 58,785,028,001. The actual exchequer issues released was TZS. 58,785,028,001 where as the actual expenditure was TZS. 57,274,749,882. The exchequer issues released represent 100% of the budget, while the actual expenditure represents 97% of approved estimates and exchequer issues respectively. The analysis of approved budget, exchequer issues and actual expenditure for implementing LGA are as follows:-

Approved Budget (shs)	Exchequer Issues Released (shs)	Actual Expenditure (shs)	% of budget
58,785,028,001	58,785,028,001	57,274,749,882	97

7.3.4 Summary of audit opinions issued

Audit opinions issued on ASDP activities on 97 Local Government Authorities accounts for the financial year 2007/08 a summary of the opinions is as tabulated here below:

Summary of the Type of opinion issued to Councils

Total Audited councils	Unqualified opinion	Qualified Opinion	Adverse	Disclaimer
97	55	42	0	0

7.3.5 Agriculture Sector Development Programme Audit findings

The audit of Agriculture development programme for 2007/08 revealed anomalies as summarized below:-

S/N	Anomaly noted	Amount (Shs)
1.	Outstanding Imprest in eight Councils	46,644,928
2.	Late release of funds by the Ministry in six Councils	2,086,781,538
3.	Purchases from non Approved Supplier's	17,710,650
4.	Loaned funds not refunded in five Councils	39,395,770
5.	Items not recorded in stores ledger in ten Councils	93,555,090
6.	Unreceipted cheques in one Council	15,500,000
7.	Missing supporting documents in twenty two Councils	606,918,644
8	Laxity in control over Property, Plant & Equipment in one Council	36,027,012
9.	Questionable payments in one Council	30,899,300
10.	Activities not implemented during the year in three Councils	330,636,464
11.	Pay list not signed by bonafide payee in one Council	21,417,500
12.	Unconfirmed receipt of items purchased in one Council	21,265,000
13.	Un authorized transfer in one Council	93,898,198
14.	Revenue not accounted for in one Council	241,324,868
15.	Diesel purchased and issued without using issue vouchers	9,295,980
16.	Ineligible expenditure in two Councils	7,385,000
17.	Expenditure without budgetary provision	

	in three Councils	19,328,300
18.	Payments without activity reports in two Councils	61,061,000
19.	Procurement made without approval of tender board	43,764,350
20.	Purchased Motor Vehicles and Cycles not delivered in five Councils	548,482,580
21.	Diversion of funds in three Councils	445,442,603
22.	Funds not receipted in two Councils	33,812,856
23.	Funds not transferred to DADPS	60,000,000
24.	Irrigation projects not implemented	60,571,600
25.	Purchases in excess of quotations limit	147,436,080

7.4 Global Fund Project

7.4.1 Establishment of the Global Fund

The Global Fund was founded in the late 2001 to help finance the global battle against three devastating diseases that together kill more than 6 million people per year in the world. The Global Fund represents a dramatic change in international community's approach to fighting the three diseases, namely HIV/AIDS, Tuberculosis and Malaria.

Under Global Fund, Tanzania so far has received the following Global Funds Rounds:

(i) Financing

During the financial year 2007/2008 the Government of Tanzania Mainland received a sum of Shs 83,747,148,709 (Equivalent to USD 68,107,164) from Global Fund Geneva for HIV/AIDS, TB and Malaria interventions. These funds were received in different periods as indicated below:

S/N	Date Funds received By Principal Recipient	Amount in USD	Equivalent Tshs.
1	13/07/2007	46,300,606	58,394,351,344
2	28/11/2007	7,699,656	8,905,934,157
3	07/01/2008	14,106,902	16,446,863
	Total	68,107,164	83,747,148,709

(ii) Delay in the submission of the financial statements for Audit

According to Order No.82 of the Local Authority Financial Memorandum, 1997 the financial statements are required to be submitted for the audit three months after the closure of the financial year which is June. However in many cases, we observed substantial delays on submission of the financial statements by the Councils.

(iii) Presentation of the submitted Financial Statements

The Global Funds represents funds disbursed solely by the global fund Geneva to meet the fighting against Malaria, HIV/AIDS and TB. However in the course of preparation of the financial statements (Receipts and Payment statement) the councils combines funds from various sources (like from TACAIDS, SIDA, TMAP other donors) in this One financial statement so long as they believe the nature of the disbursements serves the same purpose. In this regard is quite difficult to establish exactly the affairs of the Global Fund as individually rather than to rely on the over all affairs of the Group statement prepared and submitted for the audit.

(iv) Implementation of Action Plans

The Councils action plans are mostly not implemented as a result a big percent of the money disbursed could not be found used as planned. This scenario causes the intended group not to benefit from the assistance provided by the Fund.

7.4.2 CIDA Funds

During the year under review, Canadian International Development Agency (CIDA) through TACAIDS financed HIV/AIDS Programmes which are being carried out in the

Local Government Authorities. CIDA has released a sum of USD 8,681,309 (equivalent to Shs.9,845,135,948) to finance these programmes .

Expenditure details of these funds were audited together with HIV/AIDS funds released by TACAIDS to the implementers of HIV/AIDS Programme and separate audit reports have been to the respective auditees under the programme.

7.5 Water Sector Development Program (WSDP)

7.5.1 Lifespan and coverage of the Project in Councils

The Water Sector Development Programme (WSDP) 2006-2025; of which its implementation started in 2007/2008 under guidance of the National Water Sector Development Strategy; is designed to sustain the achievements, address challenges and meet multi-sector needs in an integrated manner. The Water Sector Development Programme covers all Councils in the Tanzania Mainland.

7.5.2 Operation Objectives of Water Sector Development Programme

The overall objective of the programme is to enhance water resources management for socio-economic development and sustainable environment; and ensure that all social groups in rural, urban and peri-urban areas have access to adequate, safe and clean water and sanitation services.

The specific objectives of the programme include:

- (i) Development of a sound water resources management and development framework in all nine basins, and to promote good governance of water resources;
- (ii) Provision of technical and financial support to Local Government Authorities (LGAs) in implementation of District Water Supply and Sanitation Plans;

- (iii) Provision of technical and financial support to urban water supply and sewerage utilities in regional and district headquarters; small towns and multi-village schemes in improving water supply and sanitation services; and
- (iv) Provision of support for sector institutional strengthening and personnel capacity building so as expedite implementation of the WSDP done through various institutions at different levels from sub catchments, through to district and basin levels, up to the national level.

7.5.3 Financing partners of the programme

During the financial year 2007/2008, the GoT contributed Tsh.67,983,240,413 which is 95% of its commitment. The World Bank Deposited Tsh.19,840,909,600 in the Holding Account which is 48% of its commitment and KfW deposited Tsh 13,490,163,560 which is 27% of its commitments; making a total of shs.101,314,313,573. The overall contribution from Basket development partners was 63% of the plans. The main reason of not meeting the targets is due to delay in generation of Interim Financial Reports (IFRs). The Ministry of Water (MoWI) did not generate IFRs in time due to SWAps (basket funding arrangement) being a new concept. At the beginning it was not clear what to do to most of the implementers.

A total of Tshs 55,361,202,501 was sent direct to the earmarked projects by other Development Partners. The amount was 42% from what was expected.
Details are analyzed.

Sources of funds for WSDP for the year 2007/2008;

Source	Plan-2007/2008 (Tshs)	Actual 2007/2008 (Tshs)	% Of actual over plan
A. Basket;			
GoT Counterpart Funds	71,598,224,000	67,983,240,413	95%
World Bank (Basket)	40,990,228,170	19,840,909,600	48%
KfW (Basket)	26,651,652,855	13,490,163,560	51%
Netherlands	22,844,273,875	0.00	0%

Sub Total	162,084,378,900	101,314,313,573	63%
B. Earmarked and other DPs;			
KfW (Earmarked Hai, Moshi and Mbeya)	6,916,000,000	8,150,159,551	118%
Africa Devt. Bank	88,764,038,700*	25,818,244,728	29%
KOICA		1,908,288,899	
EU	7,215,000,000	9,922,142,917	138%
France	8,671,000,000	2,316,799,424	27%
GTZ	1,794,000,000	0	0%
SECO	1,800,000,000	0	0%
Netherlands	100,000,000	0	0%
JICA	3,829,600,000	93,121,674	2%
BADEA	3,750,000,000	654,770,507	17%
WWF	1,000,000,000	0	0%
IUCN	1,000,000,000	4,480,000	0%
WB (Dawasa)	8,000,000,000	6,493,194,801	81%
Sub Total	132,839,638,700	55,361,202,501	42%
Grand Total	294,924,017,600	156,675,516,074	53%

7.5.4 Audit Findings Noted During Audit

A summary of audit findings for WSDP for 2007/08 is as shown below:

S/N	Anomaly noted	Councils Concerned	Amount (Shs)
1.	Funds delayed or not received by the Council at the year end	Arusha M/C Korogwe DC Singida MC	672,021,786
2.	Advance /Loan granted to other Departments but not refunded	Bagamoyo DC Newala DC Ulanga DC Bukoba DC	26,960,000
3.	Unsatisfactory performance of contracted works was noted in six councils	Kibaha DC Mbinga DC Namtumbo Nkasi DC Lushoto DC Kilindi DC	-
4.	Expenditure incurred above the budget noted into five councils	Geita DC Kibaha TC Geita DC	207,360,306

		Simanjiro DC Kiteto DC	
5.	Non utilization of funds	27 Councils	3,363,717,802
6.	Fixed assets paid for but not delivered	Siha DC Lushoto DC Hanang DC	39,343,500
7.	Purchases made without competitive quotations /bidding	8 Councils	219,748,692
8.	Non recording of items issued from stores	7 Councils	482,149,204
9.	Non recording of fixed assets into ledger	Lushoto DC Mvomero DC	18,340,000
10.	Delays or incomplete construction of water wells/boreholes/water facilities;	26 Councils	-
11.	The constructed boreholes, water wells and other water facilities were of low quality or they are not working at all.	18 Councils	-
12.	Outstanding imprest without imposing a mandatory 5% surcharge	Kilwa DC Lushoto DC	9,720,010
13.	Retention money not transferred to miscellaneous deposit account	Ruangwa DC Mbinga DC	2,176,706
14.	Documents /payment vouchers were not availed to auditors or the documents /payment vouchers were inadequate to supported expenditures (Improperly vouched).	12 Councils	351,981,416
15.	Water equipments bought butnot available for audit verification	Kyela DC.	58,000,000
16.	Receipts in the cash book	Masasi DC	16,107,000

	not in bank (Unreconciled items between cash & bank)		
17.	Internal Auditors reports not prepared	Ngorongoro DC Longido DC Simanjiro DC Kiteto DC Hanang DC	-
18.	Annual Procurement Plan not prepared	Longido DC Kiteto DC	-

19.	Ineligible/ irregular payments/expenditures	5 Councils	56,628,545
20.	Contract payments made without Engineer's certification noted in two Councils	Iringa DC Kwimba DC	-
21.	Monitoring and supervision cost not supported by respective reports, noted in two Councils.	Njombe DC Kigoma Ujiji MC Simanjiro DC	-
22.	Outstanding imprest	Bukoba DC	13,150,000
23.	Procurement made on imprest basis	Njombe DC Temeke MC	10,094,166
24.	Variation of contract price without an approval	Shinyanga DC	11,502,247
25.	Funds not transferred to Quick Win account	Sengerema DC	22,118,333
26.	Splited procurement of water fittings	Mbulu DC	121,054,400
27.	Unsecured advance payments	Kiteto DC	32,798,743

7.6 Audit Results of the Tanzania Social Action Fund (TASAF)

7.6.1 Brief History of Client establishment

The Tanzania Social action Fund Project Phase II was established following the agreement between the Government of Tanzania and the World Bank through the International Development Association (IDA) and the Development Financing Agreement signed on 19th January, 2005 to form a Social Fund namely the Second Tanzania Social Action Fund (TASAF II).

7.6.2 Project Financing

The TASAF II project life is four (4) years starting from the year 2005/2006 and is financed by the World Bank through the International Development Associations (IDA) and the Government of the United Republic of Tanzania (GOT). The DFA was signed between the GOT and IDA on 19 January, 2005. The total TASAF II IDA funding is USD150.0 million comprising of USD129.0 million Credit and USD 21.0 million grant. A sum of Shs.72,689,040,013.4 equivalent to USD 60,222,899.75 was received from various sources during the year under review.

This part details with the results of the audit of the financial statements of the Tanzania Social action Fund (TASAF) for the year ended 30th June 2008. Audit findings raised from the examination of accounting records, site verification visits, as well as evaluation of internal control system, which require management attention and action were issued to auditee and some of the findings are summarized below:-

7.6.3 Allocation and utilization of funds

Sum of Shs.69,980,105,639.97 (equivalent to USD 57,978,546.51), being National Village Fund (NVF) was requested during the year as part of a sum of Shs.152,160,000,000 equivalent to USD 120,000,000 which was allocated by TASAF to the Local Government Authorities for implementation of the sub projects, leaving a balance of Shs.71,190,561,469 (equivalent to USD 58,981,409.67). However, the actual amount of funds

disbursed was Shs. 47,038,761,122 (equivalent to USD 38,971,633.08), for financing 2,266 sub-projects against total applications received of 3,160 sub-projects.

7.6.4 Opinion issued

During the audit I have expressed unqualified opinion after been satisfied that the financial statements fairly reflects, in all material respects the financial position of the Tanzania Social Action Fund as at 30th June, 2008 and the results of its operations and cash flows for the period then ended in accordance with generally accepted accounting principles.

7.6.5 Delay in completion of sub projects Shs.276,351,569

According to TASAF Operational manual, subprojects are required to be implemented within a period of 12 months after approval.

We noted that subprojects valued to 276,351,569 have not been completed despite the fact that the completion period had elapsed, in some cases the completion of the subprojects has been delayed for period of more than 24 months.

7.6.6 Sub projects which need additional funds Shs. 664,662,888

We also observed that most funds allocated to the sub-projects totaling shs. 664,662,888 had been utilized, leaving very little or no balances at all to finish the sub-projects which are yet to be completed.

The Management of the Councils should ensure that Fixed Assets Registers are maintained and that the required information is recorded there in.

7.6.7 Lack of full time VFC and VFJA

According to the memorandum of understanding between TASAF and Local Government Authorities (LGAs), the Councils are required to appoint officers who will perform the duties of Village Fund Coordinator (VFC) and Village Fund Justification Assistant (VFJA).

It was, however, observed that the officers appointed by District Executive Directors of the following Councils to perform duties of VFC and VFJA were not fully committed to perform TASAF duties, they were also required to perform other duties in the Councils as explained below:-

Council	Comments
Mbeya D. C.	The Village Fund Justification Assistant (VFJA) was not committed to TASAF activities, as he was also performing other LGA accounting duties.
Mpanda D. C.	The Village Fund Justification Assistant was not committed to TASAF activities on full time basis.
Chunya D. C.	The Village Fund Justification Assistant, who was appointed to perform TASAF duties, was also, required to perform other LGA'S accounting duties.
Biharamuro D.C.	Biharamulo District Council has not appointed a VFC after the one who was performing as VFC was transferred to Chato District Council. The VFJA was still holding both two posts
Korogwe D.C.	The officer appointed by the District Executive Director to perform duties of VFJA was not given letters of appointment to enable him to be engaged fully in TASAF activities. VFJA is also performing other duties in the District contrary to the provision of the memorandum of understanding between TASAF and the District Council.

Handeni DC	The officer appointed by the District Executive Director to perform duties of Village Fund Justification assistant was not given letter of appointment to enable them to be engaged fully in TASAF activities, VFJA is also performing other duties.
Pangani D. C.	The officer appointed by the District Executive Director to perform duties of VFJA has gone to Arusha for studies at the Institute of Accountancy. DED has so far not appointed another officer to perform the duties of VFJA.
Kilindi D.C.	The officer appointed by the District Executive Director to perform duties of Village Fund Justification Assistant was not engaged on TASAF activities only, was also engaged in other duties.

7.6.8 Stores not taken on ledger charge - Shs.85,635,910

Regulation No. 220 (I) of PFR requires that stores purchased should be posted to the appropriate folios of the stores ledger. To the contrary, it was observed during the audit that stores worth Shs.85,635,910 purchased and paid for during the year under review for implementation of the respective sub-projects, were not accounted for in the stores ledger.

7.6.9 Inadequately supported payments - Shs. 233,233,952

We were not provided with relevant supporting documents for payments totaling Shs.230,210,952, paid in respect of sub-projects.

Furthermore, two payment vouchers aggregating Shs.3,023,000 were noted missing from the expenditure account as follows:

Council	PV/No.	Cheq/No	Supplier/Station/ sub project	Value (Shs.)
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Bukoba MC	2/2/2008	242938	Mitesh	680,000
Pangani DC	10/8	021123	DED - Pangani	2,343,000
Total				3,023,000

7.6.10 Lack of Internal Auditors' reports

Chapter 9, paragraph 3.1 (a) of the Internal Audit Guidelines requires the Internal Audit to carry out audits of activities financed by TASAF II in the LGAs and report to the Councils for action as per their agreed terms of reference and internal audit guidelines prepared by TASAF.

Contrary to this requirement, Internal Auditors' reports relating to the following Councils were not made available to the auditors when called for during the audit exercise.

Council	Comments
Mbozi DC	Internal Auditor's reports were not made available to the auditors
Mwanza CC	Internal Auditor's reports were not made available to the auditors
Makete DC	Internal Auditor's reports were not made available to the auditors
Kishapu DC	Internal Auditor's reports were not made available to the auditors
Biharamuro DC	Internal Auditor's reports were not made available to the auditors although an expenditure of Shs.670,000 was incurred for internal audit activity vide PV 34/1 and 33/1 and Cheqs. No. 014522 and No. 014521, respectively.
Korogwe DC	There was no separate report of the Internal Auditor on TASAF activities.
Handeni D C	Internal Auditor's reports were not made available to the auditors.
Kilindi DC	Internal Auditor's reports were not made available to the auditors.

Furthermore, we unable to assess the extent of Internal Audit work coverage due to the fact that there were no interim Internal Audit reports produced. Hence, we cannot place any reliance in any of the specific work of Internal Audit for which we can evaluate and perform the audit procedure on that work to confirm its adequacy for our purposes (ISA 610)

7.6.11 Unsatisfactory records keeping at VFC and CMC offices

During audit inspection in the Councils listed below, the sub-project files at the Village fund coordinators office are not completed, some important information communicated between Village Fund Coordinator and Community Management Committee (CMC) were not in the files. Similarly, at the Community level, the Community Management Committee (CMC) Sub-project files do not contain all records and communications between the Committee and the Village Fund Coordinator's office.

- (i) Nachingwea District Council
- (ii) Kilwa District Council
- (iii) Masasi District Council
- (iv) Mtwara District Council

For example, in Nachingwea District Council copies of bank statements for the subprojects were not available to confirm whether funds amounted to Shs. 476,368,301.90 disbursed for implementation of subprojects were credited in the respective bank accounts.

7.6.12 Non sustainable sub-projects

The Second Tanzania Social Action Fund Project (TASAF II), in addition to empowering Communities to access opportunities that contribute to improved livelihood, aims at providing assistance to households with

vulnerable individuals which include orphans, disabled, elderly, widows/widowers and those infected or affected by HIV/AIDS, among others to manage sustainable economic activities. In this respect, the Communities established subprojects for achieving the set objectives.

However, we observed that these subprojects lacked proper management, as a result they were either not completed or were completed but could not be sustained due to unavailability of expertise in their management.

The following is a list of such subprojects, which were either not completed or could not be implemented.

Council	Subproject	Remarks
Magu DC	Milling Machine Project - Orphans Children, Sayaka	The milling Machine Project, involving 40 Sayaka Orphan Children, started on 3 rd May, 2007. Estimated cost was Shs. 4,480,110. The subproject was not operational, the engine and the milling machine were defective. As at the time of audit the subproject had a balance of Shs. 5,041
	Sewing Project for Orphans at Nyalikungu	School uniform sewing project for 38 orphan children of Nyalikungu began on 2 nd January, 2006. The project was started by 10 care takers who joined to form a Community Based Organisations, but later abandoned the project. The VFC collected the following equipment for safe custody: (i) Sewing machines 8 (ii) Small sewing machines 4 (iii) Heavy duty machines 1 (iv) Bundles of clothes 3
	Poultry Breeding Project - Nyalikungu VG/ - chickens were bought for the project/ Shs. 2,219,940	<ul style="list-style-type: none"> • Out of eight members, five died • The remaining members were regularly sick making it difficult to manage the project.

	Lugeye Poultry Breeding/. traditional chickens had been bought. /Shs. 4,892,800	6 members, out of nine members, had died leaving 3 members.
	Sewing project- Nyalikungu/14 th March, 2007	6 members, out of 8 members, had died leaving 2 members.
Iringa MC	Poultry keeping (layers) - Ipogoro D/ 6,369,170.00	The sub-project was completed and received completion certificate from TMU. The objective of NVF was not met, i.e. to manage sustainable economic activities due to the fact that all layers died.
Makete DC	Indigenous poultry keeping for elderly at Ihela Village/13,456,531 .98 in January 2007.	In October, 2008, the subproject was not yet completed. The building was not finished. Inadequate supervision due to lack of education to CMC members
Korogwe DC	Dairy cattle keeping (Widow) - Mazinde A/ Shs. 5,000,000	i) One cow out of ten cows had died. ii) Death certificate from Veterinary Officer was not available. iii) Between 4 and 8 ltrs were obtained daily, sold at Shs.300 per day which is not enough to sustain the subproject.
Rufiji DC	Umoja fishing group/ Shs.7,429,750	The group lacked training in fishing

7.6.13 Ineligible expenditure

We noted in eligible expenditure of Shs.8,472,200, paid during the year under review for activities which should not have been paid for using TASAF funds as follows:

Council	Pv./Cheq. No.	Payee	Description of payment	Amount (Shs.)
Sumbawan ga MC	1/8/066145	Municipal Director	Allowance - LAAC - 7-16/8/2007	1,050,000
	5/10/ 081355	Municipal Director	Various, including LAAC- DSM 17-12/8/07	1,022,000

	2/8/066145		Travelling allowance - Mbeya 7-12/8/2007	294,000
	3/10/081353	Municipal Director	Allowance - LAAC - 15-25/10/2007	950,000
			Sub total	3,316,000
Kilosa DC	12/1/065700	Various officers	Allowance for LAAC meetings and submission of budget.	550,000
	4/3/065717	Various officers	Allowance for LAAC meetings and submission of budget.	345,000
	3/4/065728	Various officers	Allowance for LAAC meetings and submission of budget.	450,000
	7/4/065732	Various officers	Allowance for LAAC meetings and submission of budget.	900,000
			Sub total	2,245,000
Mbeya DC	5/11/185085	Hudson Mwasanyamba	Payment in respect of travelling allowance to attend LAAC at Dodoma	495,000
	2/3/290708	Watumbo Ngara	Payment in respect of travelling allowance to attend budget section at Kyela	120,000
				615,000
Mwanza CC	2/7/063149	City Director Mwanza	Supervision Lunch allowances to Four officers for 10 days Supervision of Community Subproject of 5 boreholes	350,000
	3/7/063150	Winfrida C.	Overtime	100,000

		Fabian	payments whilst proceeding with duties after normal working hours for 20 days between 2 to 21/6/2007	
	1/8/086351	City Director Mwanza	Overtime payment in favour of 2 Emplouees whilst proceeds with duties after normal working days.	130,000
	9/10/086372	Mariam Zuberi	Extra duty payments for 10 days	50,000
				630,000
Grand total Shs.				8,472,200

7.6.14 Non involvement of sector experts

It was generally observed that there has been inadequate involvement of sector experts in some of the TASAF activities, and when involved, there were no written reports for the technical advice given. This had led to performance of substandard works. The following are some examples of works which were performed below the required standard:

Council	Subproject	Remarks
Mbeya DC	Construction of community road and two bridges at Mwashiwawala	Lower side concrete has started to be washed away by flowing water suggesting that there was a need for reinforcement at the bridge bed.
Mbulu DC	Completion of six (6) classrooms and latrines at WAAMA Primary School	Floor and verandar have developed clacks some of the window glass were broken

Bukoba MC	Construction of Assembly Hall at Kagemu Secondary School subproject Kanezi Village	Window glasses were not fitted to the required standard
Lindi DC	Construction of the one (1) Teacher house at Mkwaya Primary School	Doors fixed were sub standard and were incomplete

It was expected to find in each subproject file, the internal technician's reports at each stage of implementation, which were not available even for the completed subprojects. In addition, copies of external technical evaluation reports of completion for subprojects were not found.

7.7 Road Fund in LGAs

7.7.1 Introduction

Tanzanian Road Sector has been undergoing far-reaching reforms whereby the Parliament enacted the Roads Tolls (Amendment) No. 2 Act 1998 that established the Roads Fund and the Roads Fund Board. The Executive Agencies Act, 1997 established an executive agency, the Tanzania National Roads Agency (TANROADS), which has the responsibility of managing the Trunk and Regional roads in Mainland Tanzania. The accounts of Road Fund Board and Tanroads were audited separately and audit reports were issued to respective authorities.

7.7.2 Lifespan and coverage of the project in Councils.

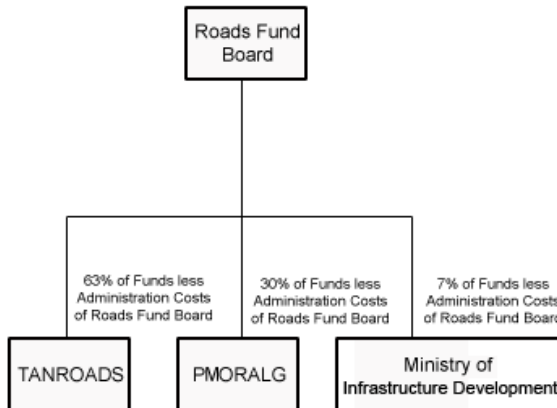
The purpose of the Fund is to provide working capital to meet expenditure for rehabilitation and maintenance of roads under the Local Government Authorities. About ninety percent of the money deposited in the Fund is

required to be used for maintenance and repairs of classified roads and related administrative costs on the Mainland Tanzania in accordance with approved operational plans approved by the President's Office Ministry of Regional Administration and Local Government Para 4 (3) (b) of the Rules.

The Roads Fund Board disburses funds to three implementing agencies, namely:

- The Tanzanian National Roads Agency - TANROADS;
- The Local Authorities under the Prime Minister's Office for Regional Administration and Local Government - PMORALG; and
- The Ministry of Infrastructure Development - MOID.

TANROADS currently receives 63% of the distributable amount after the Roads Fund Board has covered its own administration costs, PMO-RALG receives 30% and the Ministry of Infrastructure Development (MOID) receives 7%.



7.7.3 Financing partner

According to the rules of the Fund Para 4(1), the financial resources of the Local Government Roads Fund consist of the following:

- Hundred percent (100%) of all monies collected as road tolls imposed on diesel and petrol, transit fees heavy duty vehicle licenses, vehicle overloading fees, or from any other sources at the rate or rates to be determined and approved by parliament from time to time.
- Donations or grants received from the Road sector financing partners.

7.7.4 Audit findings

Our review of the audit of Road funds during the year under review we noted various anomalies amounting to Shs.8,770,031,359 as summarized below:

S/N	Details	Amount Shs.
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1	Unutilized Grant	5,853,100,305
2	Inadequately supported contract payments	222,750,577
3	The contractor abandoned the Road Works before completion	115,991,150
4	Contract Register not Produced	614,232,850
5	Expenditure exceeding approved budget	137,241,100
6	Funds received not recorded	153,036,353
7	Forming up road formation without Material Laboratory Testing	586,000,000
8	Missing payment vouchers and improperly vouched expenditure	253,052,524
9	Contractors absconded after being awarded contracts valued	216,942,000
10	Delay in completion of road projects worth	617,684,500
	Total	8,770,031,359

CHAPTER EIGHT

8.0 PERFORMANCE EVALUATION OF PROJECTS UNDER LGCDG

8.1 Council's projects performance evaluation review

During the financial year 2007/2008 my office has reviewed separately the implementation of projects under Local Government Capital Development Grant (LGCDG) executed during the year 2007/2008 and the following are the salient features noted:-

(i) Delays in completion of projects

The audit review has generally noted that the projects were implemented with considerable delays resulting in a number of implementation problems, including among others are:-

- **Lack of community contributions towards project completion.**
 - During the year under review 9 Councils set aside shs.1,167,974,302.5 in their budget for the implementation of various projects. However, the projects were not completed due to lack of community contribution towards the project set targets. Also, the budgetary provisions expected from the community were not captured in the council's budget hence ending in understanding the value of these assests in the Councils books of account.
 - Since community engagement form an integral part of the project execution the time and resources required are to be captured in the council's budget for ease of follow up. The reasons for that may be due to lack of awareness of the projects due to limited publicity and non involvement of targeted community at the initial planning stage.

The 9 Councils which could not complete their various projects due to lack of sufficient community contributions are as follows:-

SN	NAME OF COUNCIL	OBSERVATIONS	COUNCIL CONTRIBUTION SHS
1	Moshi DC	Construction 56 classrooms and one office	276,480,800.00
2.	Moshi MC	Construction 14 classrooms	120,780,257
3.	Tarime DC	Construction and rehabilitation of 29 classrooms, 1 staff office and 4 Teachers Houses	166,200,000
4.	Kilosa District Council	Only 7 classrooms out of 15 classrooms were on completion stage	46,000,000
5.	Shinyanga MC	Construction of 16 Secondary school classrooms.	14,361,297.50
6.	Babati TC	Construction of toilet at Ziwani Primary School	2,000,000
7.	Hai DC	Construction of 37 Primary and Secondary classrooms.	318,604,327
8	Rombo DC	Construction of 26 Classrooms, 2 Teacher's houses and one office	51,102,621
9	Rorya DC	<ul style="list-style-type: none"> ▪ Construction of 20 classroom in primary schools ▪ Construction of 5 Teacher's houses ▪ Construction of 4 dispensaries at Roche, Busanga, Chereche, and Bitiryo villages 	172,445,000
	Total		1,167,974,302.5

➤ **Delays in completion of projects due to non release of funds**

The central government is yet to release funds to the councils which should be done to enable them to start the

works. During the year under review it was observed that 4 Councils didn't receive a sum of Shs.1,568,500,000 from the Central Government. The Central Government should ensure that funds are released so that no delays are caused by non release of funds. Any delay in the release of funds will have an adverse effect on the progress of implementation of projects.

SN	Council	Observation	Amount not released shs
1.	Babati TC	<ul style="list-style-type: none"> Procurement of 20 tables which can be used by small traders at main markets (Babati wards) Completion of 2 classroom and 1 office at Himiti Primary Schools 	23,500,000
2.	Mkinga DC	Plot mapping at Kasera and Maramba.	15,000,000
3.	Kinondoni MC	<ul style="list-style-type: none"> Extension of storey at Mwananyamala Purchase of asset to 7 dispensaries Msumi, Mavurunza Wazo, Hananasif, Kwembe & Mpiji Mbweni Valuation of effects of Kigogo dumping environment Strengthening cleanness at the municipal. Purchase of 3 tractors Purchase of three machines for road cleaning construction of special space for garbage collection at the wards of Kawe, Manzese, Makurumla, Kijitonyama, 	485,000,000

		Tandale & Sinza	
4.	Ilala MC	<ul style="list-style-type: none"> ▪ Construction of Allykhan tarmac road (1 KM) ▪ Construction of Swahili street tarmac road (0.5 KM) ▪ Construction of Twiga street tarmac road ▪ Maintenance of Vingunguti abattoir ▪ Rehabilitation Arnatoglou offices ▪ Building rehabilitation for market plans ▪ Construction shade and the rehabilitation of drainage at Buguruni market place 	1,045,000,000
	Total		1,568,500,000

➤ **Delays in completion of projects due to late release of funds**

Several Projects with a total budget of Shs.420,550,219 planned to be executed in 5 District Councils were not achieved due to late receipt of their allocated funds as narrated below:-

SN	Council	Observation	Amount budgeted shs
1	Babati TC	Construction of 1 classroom at Nangara Sec. School	8,000,000
2	Tarime DC	Construction of 8 Dispensaries and 3 staff houses	162,000,000
3	Mkinga DC	▪ Survey and Design of	26,625,000

		<ul style="list-style-type: none"> ▪ Maramba - Mkinga Road ▪ Construction of Teachers house at Monga Vyeru 	
4.	Nzega DC	<ul style="list-style-type: none"> ▪ Construction of water tanks for the purposes of health centres at Itobo, Zogolo Busondo ▪ Construction of Mwalugi road ▪ Construction of Dispensary at Lukuji ▪ Construction of house of Doctor at Mwaguguni ▪ Construction of water tanks for harvesting water 	110,117,219
5.	Bunda DC	<ul style="list-style-type: none"> ▪ Construction of paediatric ward at Kasuguti dispensary ▪ Construction of staff house at Nafuba dispensary ▪ Purchasing of photovoltaic equipment, solar panel and accessories ▪ Purchase of office desk top computer, table and chair ▪ Laying of a 2km water pipes in Bunda town completed ▪ Construction of 5 domestic water points at Guta ▪ Construction of one deep well at Tairo 	113,808,000
Total			420,550,219

(ii) **Delay in completion of projects**

In 12 Councils shown below, there were delays to complete various project works with a total budget of Shs.1,406,066,840. In view of the substantial financial commitment, projects should be properly planned, monitored and executed in such a way as to ensure that they are implemented within reasonable period of time and that government gets value for money.

SN	Name of council	Project	Fund approved for the project Shs
1.	Tarime DC	Partial completion of maintenance works along Muriba - Masurura Road section (Km 1.0)	49,458,000
2.	Kishapu DC	Delayed rehabilitation works at Wishiteleja-Ngundangali Road (Kabila section) and Bunambiyu - Bubiki Road	131,460,000
3.	Muleba DC	Renovation of Kamachumu Health Centre. (i) Rehabilitation of maternity ward at Kaigara Health Centre (ii) Construction of boundary wall at vijana pitch in Muleba town.	94,961,389
4.	Nzega DC	<ul style="list-style-type: none">Construction of Teachers house at Nkiniziwa Primary SchoolConstruction of	292,994,538

		<p>Teachers house at Isumha Primary Achool</p> <ul style="list-style-type: none"> ▪ Construction of Teachers house at Lakuyi Primary school ▪ Construction of Teachers house at Kabanga Primary School ▪ Construction of Teachers house at Kayombo Primary School ▪ Construction of Teachers house at Idala Primary School ▪ Construction of Teachers house at Uduka Primary School ▪ Construction of Teachers house at Kilabili Primary School ▪ Construction of Teachers house at Iyombo Ilima Primary School ▪ Construction of Dispensary at Kipululu 	
5.	Sikonge DC	Various School projects	312,230,777
6.	Urambo DC	Construction of teachers house and 2 classrooms at Ukumbisiganga	32,555,840
7.	Hanang'	<ul style="list-style-type: none"> ▪ Construction of teacher's houses (CDG 8 Houses ▪ Construction of Latrine 	

		<ul style="list-style-type: none"> 2 Schools Construction of Council Head office (CDG) 	68,691,353
8.	Serengeti DC	<ul style="list-style-type: none"> Rehabilitation of 3 dispensaries at Machochwe, Nyichoka and Rwanchanga and one house Rehabilitation of Health Centre at Iramba 	114,000,000
9.	Liwale DC	Construction of six Teachers houses	31,000,000
10.	Lindi TC	<ul style="list-style-type: none"> Maintenance of Kineng'ene Road package (7.86km) of kineng'ene road Construction of Doctor's house at Nachingwea area within Lindi Township. Construction of Town Education Officer's house at Lindi Town Drainage construction at Msonobarini The Construction of the Borehole Drilling Kilimahewa (100M) Likotwa Primary School - Construction of 2 Classrooms: The Renovation of Stadium Primary School 	115,909,969
10	Kinondoni DC	<ul style="list-style-type: none"> 4 class rooms were not constructed in Kimara B Mirambo 2 Class Rooms 2 class Rooms Mbezi 	10,200,000

		Ndumbwi	
11	Rombo DC	Renovation of OPD and Staff house at Keni Health Centre	29,066,023.76
12	Ilala MC	<ul style="list-style-type: none"> ▪ Construction of five (5) offices at Sec Schools ▪ Continuation of the construction of Kitunda Dispensary 	123,538,950
	Total		1,406,066,839.76

(iii) Facilities completed but not put into use

Some LGAs have invested heavily in Health and School facilities such as Schools, Health Care Centers and Dispensaries for health care delivery, but most of the facilities have not been utilized. A test check revealed a number of facilities at a cost of Shs.708,761,994 in Mtwara and Mbozi District Councils that have not been put into use inspite of the fact they have already been completed.

S/N	Council	Amount spent Shs.
1.	Mbozi DC	255,662,672
2.	Mtwara D.C	453,099,322
	Total	708,761,994

(iv) Projects allocated with funds but not yet started

Several projects were yet to be implemented by the Councils. An amount of Shs.1,291,749,485 released to 11 Councils have not been utilized so far. Even after a lapse of one year since the release of the first instalment, the projects have not commenced. This indicates that the projects when posed for funding were not ready for implementation. The respective councils have not taken sufficient initiative to get the projects started. There seems to be no definite project implementation schedule for completing the project even on date of writing this report (November, 2008).

The funds released so far have not been utilized for a long period of time while envisaged benefits of the projects remain unfulfilled due to lack of adequate initiative and seriousness on the part of the Councils. This should be reviewed at the Council management level to bring in accountability to the departments within the council. The Councils should show firm commitments to start the projects, and a definite timeframe should be worked out for completing the projects without any further delay. This pattern of not spending money has a negative impact towards the planned outputs.

S/N	COUNCIL	Details	Amount allocated Shs.
1.	Kiteto DC	(v) Purchases of 90 desks for Katikati P/School (vi) Construction of Bwagamoyo village office (vii) Construction of Ndleta village office (viii) Construction of Olpopong village office (ix) Construction of one teacher's houses at Sachande P/s	24,685,668
2.	Tanga CC	(x) Construction of secondary classrooms at Kihere Secondary at Mzingani ward. (xi) Construction of secondary 2 classrooms at Chongolean Secondary (xii) Construction of storm water drain at Ngamiani	235,038,789

		<p>kaskazini</p> <p>(xiii) Construction of classrooms of Ngamiani Kati at Hotern.</p> <p>(xiv) To upgrade Magaoni unplanned settlement by June 2008</p> <p>(xv) To rehabilitate storm water</p> <p>(xvi) To conduct UDEM coordinating meetings</p> <p>(xvii) Updating Environmental profile by June 2008</p> <p>(xviii) Construction and completion of Deep-sea and Kasera fish landing point (purchasing of refrigerators</p> <p>(xix) Rehabilitation of Sahare abattoir</p> <p>(xx) Construction of City abattoir</p> <p>(xxi) Construction of livestock market at Pongwe.</p> <p>(xxii) Construction of new City agriculture office.</p> <p>(xxiii) Construction of fence at Pongwe dispensary</p>	
3.	Moshi DC	<ul style="list-style-type: none"> ▪ Extension of Headquarters Office ▪ Completion of staff houses ▪ Construction of 2 	176,393,000

		classrooms at Mkombole Sec School <ul style="list-style-type: none"> Construction of dining at Njia Panda Sec. School 	
4.	Nzega DC	Purchases of water pumps of pumping water at Ndanda	30,000,000
5.	Sikonge DC	(xxiv) Renovation and purchase of treatment equipment and furniture (xxv) Renovation of buildings, Sewerage shallows and purchase of furniture (xxvi) Renovation of buildings, Sewerage shallows and purchase of furniture's	270,792,750
6.	Hanang' DC	<ul style="list-style-type: none"> Construction 3 village offices (CDG) 	16,807,842
7.	Handeni DC	<ul style="list-style-type: none"> Construction of 1 Health centre at Chanika Construction of water scheme at Mkata Town Construction of water scheme at Kwanyange 	446,237,692
10.	Kilindi DC	Bridges & culvert <ul style="list-style-type: none"> Kwinji-Kilindi road 	12,870,000
	Total		776,708,284

(v) **Poor workmanship on works projects**

3 District Councils has paid a total of Shs.93,591,024 to contractors of various projects. However, audit site visits made to the projects mentioned below noted several defects which indicates poor workmanship.

SN	Council	Project defects observed	Amount Shs.
1.	Moshi MC	Periodic maintenance of Khambaita Road 2.1Km <ul style="list-style-type: none">• Seven (7) reinforced concrete culverts constructed were not properly finished probably due to use of unskilled labour by the contractor.• The wing walls of culvert No. 3 had developed some cracks.• unwanted earth materials were left inside the drainage way	51,120,000
2.	Namtumbo DC	Audit site to Lisimonji Secondary revealed that the constructions of class rooms were built using unsuitable materials (clay soil).	13,405,000.00
3.	Temeke MC	Construction of 8 class rooms at Kibugumo Secondary School Floor Constructed but it has already	223,740,904

		<p>developed multiple cracks before use.</p> <ul style="list-style-type: none"> -Window shatters not yet fixed -Wire mesh on windows not yet completed. -Blackboard not yet constructed <p>Construction of 8 classrooms at Kidete Secondary School</p> <p>Floors of three classrooms are very weak and it has developed multiple cracks even before the classes are put into use.</p>	
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CHAPTER NINE

9.0 CONCLUSIONS AND RECOMMENDATIONS

We conclude and recommend the following overall actions to be taken by the Central Government and Local Government Authorities in improving on public financial management in the country's LGAs.

9.1 CONCLUSIONS

General

The scope of audit in Local Government Authorities is rapidly expanding. This comes from the fact that Tanzania has undergone and is undergoing through various reforms, most of which focuses on effective decentralization through D by D. In order to ensure that the reforms are credible and sustainable, it is essential that all stakeholders are assured that the LGAs are able to manage funds and other public resources economically, efficiently and effectively. The National Audit Office (NAO) through its yearly audits is working hard to fulfil its mandate by giving that assurance.

The challenge of scope expansion is being managed by NAO and NAO's stakeholders by working closely together while carefully managing the professional independence. The outcome of this cooperation is the useful audit reports being issued on time. Enhancement of NAO staff's capacity on contemporary issues has been an ongoing exercise. In successfully achieving this noble objective of strengthening the capacity of Local Government Authorities and their lower levels of administration like the Wards and Villages, the National Audit Office has seen the importance of having its presence at the District level. Currently the National Audit Office has Regional Offices from which the Districts are served. To ensure the Government's policy of

D by D is successful, the National Audit Office needs to have offices at the District levels by which the Office will be in a better situation of tracking, monitoring and supervising the big sums of funds to be channeled to these lower administrative levels through the D by D policy. Already the Office has submitted a proposal to the Government for approval and funding.

After presenting the salient features from audit findings for the year 2007/08 for the Local Government Authorities in preceding chapters, I am now in a position of coming up with the following conclusions.

(i) Follow up of Previous Year's Audit Recommendations

A number of recommendations were made during the previous year's audit i.e 2006/07. I received the structured response from the Paymaster General on 16th October 2008 vide a letter with reference No. ED/AG/AUDIT GEN/08/VOL.I/150 of 4th October 2008.

However, the response received had a mention of LGAs without going into details of my audit findings and recommendations on LGAs accounts. This is contrary to a legal requirement as per Sect. 40 (2) (b) of the Public Audit Act No. 11 of 2008, which requires the Paymaster General to submit to the CAG a copy of consolidated responses and action plan on how the Government in general has acted upon the CAG's report. Non response to Audit recommendations could lead to recurrence of weaknesses noted during previous audits. This deters efforts to improve financial management in the Local Government Authorities.

(ii) Payroll Audit

Internal control over salaries payment in the Local Government Authorities as well as in MDAs has remained to be a big challenge. Our audit has revealed a substantial amount of Government money being paid to retired,

absconded, terminated or deceased employees. Audit test has been able to establish that a total of Shs.178,066,130 has been paid that way, the sum which is really a nugatory expenditure. It has also been established that there are smart employees of the MDAs and LGAs who are able to manoeuvre the Government's payroll system and substantially enhance their salaries through dubious promotions. I believe that it needs collusion of all parties involved in the Government payroll system in order for such fraudulent acts to succeed. Those likely to be involved in such scams are the LGAs themselves, President's Office - Public Service Management and the Ministry of Finance and Economic Affairs. Furthermore, during audit, we noted some Councils not remitting unpaid salaries to Treasury through RAS in accordance with Treasury Circular No EB/AG/5/03/01/Vol.VI/136 dated 31st August 2007 which requires unclaimed salaries to be paid back to the Treasury through the Regional Administrative Secretary. Audit was able to establish that in this year's audit a total of Shs 881,966,747.91 was the amount of unclaimed salaries which were supposed to be remitted to Treasury but was not. Expenditure on staff salaries has been noted as a weak point in the Government's internal control system which subjecting the Government to loose a substantial amount of its much needed resources for the development of the country.

(iii) The functions of the Accountant General in LGAs

From the audit carried out in LGAs it has been noted that Councils are not complying with the requirement of Sect. 40(2) of the Local Government Finances Act No 9 of 1982 (revised 2000) on uniform reporting for all Councils. Conflicting and varied instructions were noted to have been issued to LGAs to guide on the preparation of LGAs accounts for the financial year 2007/08. Unlike with the Public Finance Act 2001 (revised 2004), which categorically gives the Accountant General the mandate to supervise and be the head of the finance/accounting

function in the MDAs, the Local Government Finances Act 1982 (revised 2000) is silent as to who will assume the ACGENs role in the LGAs. It is no wonder therefore that it has been very slow and difficult to update the LGA's legal framework including coming up with workable guidelines to harmonize and standardize financial reporting in the LGAs. This situation also, explains the issuance of the contradictory and incorrect circulars on the closure of the LGAs accounts for the financial year 2007/2008. I believe this is happening because of the lack of an office to play the role of Accountant General as it is the case with the Central Government (MDAs).

(iv) Funds transferred to MSD

This is another weak area noted during audit of the Local Government Authorities. It has come to my attention that funds from the Ministry of Health and Social Welfare transferred to Medical Stores Department (MSD) on behalf of the LGAs for the purchase of drugs and medical equipment to be used in Council's hospitals are not properly accounted for in the LGAs books of account. Such deposited funds are rightfully the LGAs funds and as such they are supposed to be booked in the LGAs books of account otherwise what has been reported in the LGAs financial statements has been incorrect and misleading.

(v) Good Governance Issues in LGAs

Strong Public Financial Management in the Local Government Authorities goes hand in hand with the systems set for good governance. The current year's audit noted the establishment of Audit Committees as one element of good governance in LGAs. This assertion has been reinforced by the PMO-RALG Circular No. CHA:3/215/01 dated 27th November, 2007 which instructed LGAs to establish effective Audit Committees. In that circular LGAs were instructed to have the Council's Internal Auditor to be a member and Secretary of the Audit Committee. Audit Committees established in accordance with this circular

have found themselves ineffective due to the fact that the Internal Auditor being a member and Secretary to the Audit Committee brings about a serious conflict of interest and is completely against best practice.

Another element of good governance in LGAs which need attention is the existence and effectiveness of Internal Audit Units. The current year's audit noted understaffing in the Internal Audit Units, lack of professional capacity, lack of management's response to internal audit observations and inadequate logistics as the main hindrance of the smooth operations of the established Internal Audit Units within the LGAs. Adequacy and effectiveness of Internal Control Systems can not be achieved without having a strong Internal Audit Unit to give independent assurance on the proper functioning of the existing internal controls.

(vi) Computerising of Accounting Systems in LGAs

The accounting systems of a good number of Councils were noted to be based on the Integrated Financial Management System using EPICOR accounting package. It was also, observed that training of staff on the IFMS - Epicor accounting software package had been done some years back even though a good number of those staff have been transferred to other LGAs. Audit was also able to establish that there is not a single LGA which is comfortable with the use of IFMS - Epicor system. A number of modules in the system were found not operative including the inability of the system to prepare the end of year financial statements. It can be concluded therefore that value for money of the purchased system has not been attained because of being partially used or not being used at all by the Council. Also, one wonders of the suitability and applicability of the IFMS to the LGAs. Is the system perhaps too complicated for LGAs? Could the Government come up with a simpler and less sophisticated system ideal for the LGAs?

(vii) Revenue Collection on behalf of Council by Agents

The current year's audit noted weaknesses on revenue collections outsourced to agents. This area has been noted to be characterised by unfavourable contracts which benefit more the collecting agents and not the Council i.e outsourced revenue collection without doing a thorough feasibility study, non adherence to the signed contracts and the failure of the Council taking action when the agents default. The ability of the Council to fund its operation using internal sources of revenues is hampered by inadequate internal controls over its revenue collection.

(viii) Project Management in Councils

The audit for the financial year 2007/2008 noted a huge amount of funds being set aside by the Council to implement various development projects. The main observations in this area are uncompleted projects, substandard work, and poor supervision of projects to ensure projects are implemented as planned and huge sums of money disclosed as unspent balances. With these negative characteristics it becomes obvious that the Council's ability to effectively supervise and manage the development projects they embark on is questionable. This scenario further puts in question the ability of the Councils to achieve the intended objectives of the projects to the expected standards and therefore effectively contribute in accelerating the development pace of the country.

(ix) Procurement management in LGAs

The expenditure budget pattern or trend ranging from 70% to 80% is spent on procurement. Therefore, noncompliance with procurement laws implies that there would be huge losses accruing from poor formation and execution of contracts, non adherence to procurement plan and procurement of goods works and services without recourse to procurement procedures as pointed out in this report.

9.2 RECOMMENDATIONS

Following the above conclusions drawn from the current year's audit, I am now in a position of making the following recommendations for the improvement of financial management in the Local Government Authorities.

(i) Payroll audit

A number of challenges exist in connection with misuse of public resources by paying salaries to non-existing employees (ghost workers). All the key players in Government's payroll system should devote more efforts in ensuring that adequate controls are in place in regard to the payment of salaries. Payments of salaries should be made to the right people, holding appropriate posts and grades and their remunerations are commensurate to those grades. Furthermore, unpaid salaries should be remitted on time to Treasury through the Regional Administrative Secretary as per the Treasury circular. Lastly, there ought to be established a very close and effective working relationship between the LGAs, PO - PSM and the Ministry of Finance and Economic Affairs in updating the Government's payroll data base.

(ii) Compliance with applicable reporting framework

For a number of years I have been pointing out on the need to comply with section 40(2) of the Local Government Finances Act No 9 of 1982 (revised 2000) on uniform reporting for all Councils. The same has never been complied with to date. However, financial reporting framework i.e LAFM and LAAM are outdated due to pronouncements of International Reporting frameworks such as IFRS & IPSAs - accrual basis or cash basis which have been adopted in Tanzania from July, 2004. I again strongly recommend that the Local Government Authorities in Tanzania should adopt International Public Sector Accounting Standards (IPSAs) - accrual basis. Furthermore, PMO - RALG should be more careful in future when they

decide to issue circulars or guidelines on technical or professional issues.

(iii) Accountant General for LGAs

Tanzania has decided to decentralise by devolution its functions, responsibilities and finances to the Local Government Authorities (LGAs). This is about decentralizing Local Government Finances by introducing equitable and transparent revenue and capital development grants from Central Government to Local Government Authorities; it also, involves giving Local Government Authorities more financial powers. It is from this background that I strongly recommend to the Local Government Authorities to establish an office of the Accountant General for Local Government Authorities, otherwise the Public Finance Act No 6 of 2001 (revised 2004) should be amended to give the current Accountant General under Sect 7 of the PFA 2001 the mandate to also oversee the finances of LGAs.

(iv) Accountability of funds transferred to MSD on behalf of LGAs

It has come to my attention that funds from the Ministry of Health and Social Welfare transferred to Medical Stores Departments (MSD) on behalf of LGAs to be used to procure drugs and medical equipment to be used in hospitals, health centres and dispensaries under the councils are not properly accounted for by the LGAs. I again, recommend that transferred funds should be recognized and captured in the LGAs accounts as income and expenditure accordingly. Unutilized funds at MSD and unutilized drugs and medical equipment at Hospitals should be properly disclosed in the Councils' financial statements. LGAs are strongly urged to conduct stock counting at the end of each financial year in order to establish the Council's store position at year end, the value to be accounted for in the Council's financial statements. It is important that such stock taking is done professionally and is properly

documented including the involvement of staff from the National Audit Office. Any amount over spent of the MSD's deposited funds should be recognized as a liability to the Council and should therefore be properly disclosed in Council's books of account.

(v) Set up of Audit Committees in LGAs

I commend the PMO-RALG for the effort undertaken to establish Audit Committees in LGAs. However, the current set up of the Committees in LGAs makes them ineffective. I recommend that the set up of the committees should be changed. The Head of Internal Audit Unit should not be a Member nor the Secretary of the committee as it is today, but can attend the committee meetings as an invitee. It is further, recommended that if situation permits, the Legal Officer of the Council can be appointed as the Secretary of the committee.

(vi) Lapse of unspent balance at the year end

For a number of years I have noted huge sums of development funds remaining unspent at the end of the year. The same were not rebudgeted in the subsequent year. This defeats the logic of preparation and approving of the Council's budget. I recommend for re-budgeting of all unspent funds so as to have the real meaning of a budget.

(vii) Strengthening Internal Audit Unit in LGAs

Councils have established Internal Audit functions. The challenge existing is the capacity of these Internal Audit units to review the soundness and application of internal controls within the councils. I recommend that Internal Audit Units for LGAs need to be strengthened in terms of human resources, finances and logistics.

The PMO-RALG in collaboration with Treasury should arrange comprehensive professional training to the internal audit staffs and implement a strategy to achieve consistent high quality of internal audit work so as to enable their reports to be more reliable and defensible.

(viii) Use of Epicor - IFMS

It has been noted that many Councils audited claim to have computerized the accounts by the use of IFMS - Epicor package. In some cases audit found out that a number of council staff were trained on the package but the accounts operations have not been computerized. It is recommended that the PMO - RALG should do a feasibility study to establish the appropriateness of the IFMS - Epicor system to the LGAs otherwise a possibility of coming up with a simpler computerized system for LGAs operations should be explored.

(ix) Strengthen Own Source Revenue Collection

A number of Councils have privatized (Outsourced) the own source revenue collection. During audit we noted most of the contracts for revenue collection were not in favour of the Councils. Example, one contract has clause that the commission to be paid to the revenue collecting agent is any amount in excess of the sum agreed in the contract. During the audit we noted that in one instance an agent of the Council collected shs. 289,491,650 and remitted to the Council 132,720,000 (equivalent to 45.8%) and the remaining amount of Shs.156,771,650 (equivalent to 54.2%) was agent's commission. I recommend that Councils should do a thorough feasibility study before entering to any revenue collection contracts. All contracts should be reviewed by competent lawyers before the Council signs the contract Agreement.

(x) Strengthen Project Management in LGAs

It has come to my attention that many Council projects are implemented at the lower administrative level of LGAs ie wards and villages. The main challenge is the effective supervision of these projects by the District Councils. Audit has established that many projects implemented are below the Government specified standards. I recommend that

Council management should ensure that value for money is obtained in all projects implemented within the respective Council by strengthening project supervision and monitoring.

Furthermore, LGAs should consider establishing strong supervisory teams with relevant capacities and expertise in supervising and monitoring of project activities in LGAs, which will be entrusted with the task of coming up with quarterly reports of implementation of development projects to be submitted to the Full Council for deliberation and decision making.

(xi) Standardized Cost of Development Projects

Some Ministries have developed guiding cost elements for development projects to be undertaken by the LGAs. An example is the standardized cost of building a primary school or secondary school classroom without taking into consideration the geographic location of where the school is located. Is the cost of building a classroom in Makete where sand and gravel is not available the same as the cost of building a classroom in Morogoro where sand and gravel is easily available? Or a cost of a classroom in Rombo with no sand as compared to Mwanga where sand is easily available. I would like to recommend to those in authority to take into consideration the geographical location and availability of building materials when calculating such guiding costs.

(xii) Procurement Management in LGAs

Non compliance to procurement laws attracts losses to LGAs. Therefore, I recommend that LGAs should take stern measures against staff who mishandle or mis-manage procurement processes under their jurisdictions to ensure compliance and strengthening procurement processes in LGAs. More specifically, procurement contracts must adhere to the requirement of Reg.121 of PPR, 2005.

ANNEXURE

Annexure 1

List of Local Government Authorities and type of opinions issued for two years 2006/2007 and 2007/2008

S/No.	Name of Council	Type of Opinion Issued	
		2006/2007	2007/2008
1.	Arusha MC	Unqualified	Qualified
2.	Karatu DC	Unqualified	Unqualified
3.	Monduli DC	Unqualified	Qualified
4.	Ngorongoro DC	Unqualified	Qualified
5	Meru DC	N/A	Qualified
6	Longido DC	N/A	Qualified
7	Arusha DC	N/A	Unqualified
8	Bagamoyo DC	Unqualified	Unqualified
9	Kibaha DC	Unqualified	Qualified
10.	Kibaha TC	Unqualified	Unqualified
11	Kisarawe DC	Unqualified	Unqualified
12.	Mafia DC	Unqualified	Unqualified
13.	Mkuranga DC	Qualified	Qualified
14.	Rufiji/Utete DC	Unqualified	Qualified
15.	Dar es Salaam CC	Unqualified	Unqualified
16.	Ilala MC	Qualified	Qualified
17	Kinondoni MC	Unqualified	Unqualified
18	Temeke MC	Unqualified	Qualified
19	Bahi DC	N/A	Qualified
20	Chamwino DC	N/A	Qualified
21	Dodoma MC	Unqualified	Qualified
22	Kondoa DC	Unqualified	Unqualified
23.	Urambo DC	Qualified	Unqualified
24.	Kongwa DC	Unqualified	Unqualified
25.	Mpwapwa DC	Unqualified	Unqualified
26	Iringa DC	Unqualified	Qualified
27.	Iringa MC	Unqualified	Qualified
28	Ludewa DC	Qualified	Qualified
29.	Makete DC	Unqualified	Qualified

30.	Mufindi DC	Unqualified	Unqualified
31	Njombe DC	Unqualified	Qualified
32	Njombe TC	N/A	Unqualified
33.	Kilolo DC	Unqualified	Unqualified
34	Biharamulo DC	Unqualified	Unqualified
35	Bukoba DC	Unqualified	Qualified
36.	Bukoba MC	Unqualified	Qualified
37.	Karagwe DC	Unqualified	Unqualified
38	Muleba DC	Unqualified	Qualified
39.	Ngara DC	Unqualified	Qualified
40.	Missenyi DC	N/A	Unqualified
41	Chato DC	N/A	Unqualified
42.	Kasulu DC	Unqualified	Qualified
43.	Kibondo DC	Unqualified	Unqualified
44	Kigoma DC	Unqualified	Unqualified
45.	Kigoma/Ujiji MC	Qualified	Qualified
46	Haï DC	Unqualified	Qualified
47	Moshi DC	Unqualified	Qualified
48	Moshi MC	Unqualified	Unqualified
49	Siha DC	N/A	Unqualified
50.	Mwanga DC	Unqualified	Qualified
51	Rombo DC	Unqualified	Unqualified
52	Same DC	Unqualified	Unqualified
53	Kilwa DC	Unqualified	Unqualified
54.	Lindi DC	Qualified	Qualified
55.	Lindi TC	Unqualified	Unqualified
56	Liwale DC	Qualified	Qualified
57	Nachingwea DC	Qualified	Unqualified
58.	Ruangwa DC	Unqualified	Qualified
59.	Babati DC	Qualified	Qualified
60	Hanang' DC	Unqualified	Unqualified
61.	Kiteto DC	Unqualified	Unqualified
62	Mbulu DC	Unqualified	Unqualified
63	Simanjiro DC	Qualified	Qualified
64	Babati TC	Unqualified	Qualified
65.	Musoma DC	Unqualified	Unqualified
66.	Bunda DC	Unqualified	Unqualified

67.	Musoma MC	Unqualified	Unqualified
68	Serengeti DC	Unqualified	Unqualified
69	Tarime DC	Unqualified	Unqualified
70.	Rorya DC	N/A	Unqualified
71.	Chunya DC	Qualified	Unqualified
72.	Ileje DC	Qualified	Qualified
73.	Kyela DC	Unqualified	Unqualified
74.	Mbarali DC	Qualified	Unqualified
75.	Mbeya DC	Qualified	Unqualified
76	Mbeya CC	Unqualified	Unqualified
77.	Mbozi DC	Qualified	Unqualified
78.	Rungwe DC	Unqualified	Qualified
79	Kilombero DC	Unqualified	Qualified
80	Kilosa DC	Unqualified	Qualified
81.	Morogoro DC	Unqualified	Qualified
82	Morogoro MC	Unqualified	Unqualified
83.	Ulanga DC	Unqualified	Unqualified
84.	Mvomero DC	Unqualified	Qualified
85.	Masasi DC	Unqualified	Qualified
86.	Mtwara DC	Unqualified	Unqualified
87.	Mtwara MC	Qualified	Qualified
88.	Newala DC	Unqualified	Unqualified
89.	Tandahimba DC	Qualified	Qualified
90.	Nanyumbu DC	N/A	Qualified
91.	Geita DC	Unqualified	Unqualified
92.	Kwimba DC	Unqualified	Qualified
93.	Magu DC	Unqualified	Qualified
94	Misungwi DC	Unqualified	Unqualified
95.	Mwanza CC	Unqualified	Qualified
96.	Sengerema DC	Unqualified	Unqualified
97.	Ukerewe DC	Unqualified	Qualified
98	Mpanda DC	Unqualified	Unqualified
99.	Mpanda TC	N/A	Unqualified
100.	Nkasi DC	Unqualified	Unqualified
101.	Sumbawanga DC	Unqualified	Unqualified
102.	Sumbawanga MC	Unqualified	Unqualified
103	Mbinga DC	Unqualified	Unqualified
104.	Songea MC	Unqualified	Qualified

105.	Songea DC	Unqualified	Unqualified
106.	Tunduru DC	Unqualified	Unqualified
107.	Namtumbo DC	Unqualified	Qualified
108.	Bariadi DC	Unqualified	Qualified
109.	Bukombe DC	Unqualified	Qualified
110.	Kahama DC	Qualified	Unqualified
111.	Meatu DC	Unqualified	Unqualified
112.	Shinyanga DC	Qualified	Qualified
113.	Shinyanga MC	Unqualified	Unqualified
114.	Kishapu DC	Qualified	Unqualified
115.	Maswa DC	Qualified	Unqualified
116.	Iramba DC	Unqualified	Qualified
117.	Manyoni DC	Unqualified	Unqualified
118.	Singida DC	Unqualified	Unqualified
119.	Singida MC	Unqualified	Qualified
120.	Handeni DC	Unqualified	Unqualified
121.	Korogwe DC	Unqualified	Qualified
122.	Korogwe TC	Unqualified	Qualified
123.	Lushoto DC	Unqualified	Qualified
124.	Muheza DC	Unqualified	Qualified
125..	Pangani DC	Unqualified	Unqualified
126.	Tanga CC	Unqualified	Unqualified
127.	Kilindi DC	Qualified	Qualified
128.	Mkinga DC	N/A	Unqualified
129.	Igunga DC	Unqualified	Qualified
130.	Nzega DC	Qualified	Qualified
131.	Sikonge DC	Qualified	Unqualified
132.	Tabora DC	Unqualified	Qualified
133.	Tabora MC	Unqualified	Unqualified

Annexure 2

The table below shows the results of the audit tests conducted in some LGAs.

S/ No.	Name of the LGA	Lack of IT Policy	Inefficient or Ineffective use of IT	Environment for IT not conductive or risky
1.	Igunga DC	✓	✓	✓
2.	Kilosa DC	✓	✓	✓
3.	Lushoto DC	✓	✓	✓
4.	Mbinga DC	✓	✓	✓
5.	Namtumbo DC	✓	✓	✓
6.	Songea DC	✓	✓	✓
7.	Kigoma DC		✓	✓
8.	Babati DC		✓	✓
9.	Kiteto DC		✓	✓
10.	Mbulu DC		✓	✓
11.	Simanjiro DC		✓	✓
12.	Iramba DC		✓	✓
13.	Singida MC		✓	✓
14.	Manyoni DC		✓	✓
15.	Singida DC		✓	✓
16.	Kilombero DC		✓	✓
17.	Morogoro MC		✓	✓
18.	Mvomero DC		✓	✓
19.	Morogoro DC		✓	✓
20.	Ulanga DC		✓	✓
21.	Bukombe DC		✓	✓
22.	Temeke MC		✓	
23.	Misungwi DC	✓	✓	
24.	Same DC		✓	✓
25.	Chamwino DC		✓	
26.	Iringa DC		✓	
27.	Mwanza CC		✓	
28.	Mbarali DC		✓	

S/ No.	Name of the LGA	Lack of IT Policy	Inefficient or Ineffective use of IT	Environment for IT not conducive or risky
29.	Tabora MC	✓	✓	✓
30.	Songea MC		✓	
31.	Magu DC		✓	✓
32.	Kwimba DC		✓	
33.	Moshi DC		✓	
34.	Kigoma ujiji MC		✓	✓
35.	Kondoa DC		✓	
36.	Dodoma MC		✓	✓
37.	Bagamoyo DC		✓	
38.	Kibaha DC		✓	
39.	Mafia DC		✓	
40.	Kibaha TC		✓	
41.	Bunda DC		✓	✓

Annexure 3

**Councils with outstanding matters from the previous years
Shs.32,903,395,306**

S/N	REGION	COUNCIL	AMOUNT
1.	Dodoma	Kongwa DC	6,813,262,872.00
2.	Dodoma	Dodoma MC	2,748,605,834.00
3.	Dodoma	Mpwapwa DC	2,463,561,332.00
4.	Mwanza	Mwanza CC	2,202,304,178.00
5.	Dar es salaam	Ilala MC	1,519,090,189.00
6.	Mbeya	Mbarali DC	1,390,421,841.00
7.	Mwanza	Ukerewe DC	725,541,039.00
8.	Kigoma	Kigoma Ujiji MC	706,037,617.00
9.	Morogoro	Ulanga DC	633,764,471.00
10.	Mwanza	Misungwi DC	553,962,964.00
11.	Rukwa	S'wanga MC	547,876,785.00
12.	Coast	Mkuranga DC	528,020,752.80
13.	Ruvuma	Namtumbo	483,132,590.00
14.	Lindi	Liwale DC	471,500,294.00
15.	Rukwa	Nkasi DC	456,422,046.00
16.	Rukwa	S'wanga DC	455,652,235.00
17.	Dodoma	Chamwino DC	453,006,078.00
18.	Tabora	Urambo DC	406,536,850.00
19.	Dar es salaam	Kinondoni	394,069,016.00
20.	Shinyanga	Shinyanga MC	393,786,673.27
21.	Tabora	Igunga DC	336,651,330.00
22.	Ruvuma	Tunduru DC	325,158,761.00
23.	Morogoro	Mvomero DC	293,819,308.00
24.	Kigoma	Kibondo DC	286,828,432.00
25.	Morogoro	Morogoro DC	283,978,377.00
26.	Mtwara	Mtwara DC	264,193,749.00
27.	Mara	Serengeti DC	248,006,389.00
28.	Manyara	Simanjiro DC	243,830,007.00
29.	Lindi	Nachingwea DC	242,413,000.00
30.	Shinyanga	Bariadi DC	234,384,090.00
31.	Tanga	Korogwe DC	226,148,241.00
32.	Kilimanjaro	Same DC	225,100,000.00
33.	Singida	Singida MC	225,056,030.00
34.	Mtwara	Masasi DC	209,371,600.11
35.	Kilimanjaro	Mwanga DC	193,581,429.00

36.	Mtwara	Tandahimba DC	192,468,378.00
37.	Dar es salaam	Dar es salaam CC	189,797,787.00
38.	Tanga	Tanga CC	180,000,000.00
39.	Coast	Rufiji DC	175,562,974.00
40.	Mtwara	Newala DC	156,899,419.00
41.	Mwanza	Kwimba DC	155,859,093.00
42.	Lindi	Kilwa DC	140,925,605.34
43.	Ruvuma	Songea DC	134,934,296.00
44.	Tabora	Nzega DC	131,825,857.00
45.	Iringa	Makete DC	129,571,198.00
46.	Lindi	Lindi DC	126,447,680.00
47.	Shinyanga	Meatu DC	122,496,538.00
48.	Coast	Kibaha DC	108,872,688.00
49.	Kagera	Karagwe DC	104,176,999.00
50.	Kilimanjaro	Hai DC	103,600,000.00
51.	Mara	Musoma DC	102,547,558.00
52.	Iringa	Iringa DC	97,092,289.00
53.	Kigoma	Kasulu DC	86,430,194.00
54.	Coast	Bagamoyo DC	84,274,646.00
55.	Rukwa	Mpanda DC	82,771,531.00
56.	Shinyanga	Maswa DC	81,916,419.00
57.	Kagera	Biharamulo DC	81,755,125.00
58.	Lindi	Lindi TC	80,000,000.00
59.	Tabora	Sikonge DC	75,941,854.25
60.	Tanga	Handeni DC	72,517,307.00
61.	Arusha	Arusha MC	70,420,846.00
62.	Iringa	Iringa MC	70,019,357.00
63.	Kagera	Muleba DC	69,600,316.00
64.	Tabora	Tabora MC	67,031,835.00
65.	Morogoro	Kilombero DC	65,104,069.00
66.	Coast	Mafia DC	64,772,018.00
67.	Kilimanjaro	Moshi DC	62,893,203.00
68.	Kigoma	Kigoma DC	59,464,182.00
69.	Shinyanga	Kishapu DC	54,541,686.00
70.	Tanga	Korogwe TC	51,454,299.00
71.	Ruvuma	Songea MC	50,359,883.00
72.	Kilimanjaro	Rombo DC	50,000,000.00
73.	Tanga	Kilindi DC	48,411,944.00
74.	Kagera	Bukoba DC	46,936,579.00
75.	Morogoro	Kilosa DC	46,125,855.00

76.	Mara	Musoma MC	45,802,579.00
77.	Mara	Bunda DC	43,983,476.00
78.	Iringa	Njombe DC	43,099,948.00
79.	Tanga	Muheza DC	41,938,961.00
80.	Mwanza	Sengerema DC	40,081,700.00
81.	Mtwara	Mtwara MC	39,464,816.00
82.	Coast	Kisarawe DC	36,770,662.00
83.	Mara	Tarime DC	35,898,400.00
84.	Mbeya	Mbeya CC	35,760,320.00
85.	Arusha	Monduli DC	35,598,184.00
86.	Arusha	Meru DC	35,000,000.00
87.	Singida	Manyoni DC	31,423,978.00
88.	Shinyanga	Bukombe DC	30,076,230.00
89.	Kilimanjaro	Moshi MC	28,546,400.00
90.	Dodoma	Kondoa DC	28,000,000.00
91.	Tanga	Lushoto DC	26,552,932.00
92.	Ruvuma	Mbinga DC	26,541,886.00
93.	Coast	Kibaha TC	25,649,167.00
94.	Mbeya	Ileje DC	24,052,623.00
95.	Arusha	Ngorongoro DC	23,806,635.00
96.	Manyara	Hanang DC	23,723,180.00
97.	Kagera	Bukoba MC	23,544,500.00
98.	Lindi	Ruangwa DC	20,262,598.00
99.	Mwanza	Magu DC	17,308,142.00
100.	Iringa	Mufindi DC	11,918,336.00
101.	Morogoro	Morogoro MC	9,840,931.00
102.	Manyara	Babati TC	9,187,020.00
103.	Tanga	Pangani DC	8,900,030.00
104.	Mbeya	Mbeya DC	8,094,470.00
105.	Shinyanga	Kahama DC	7,502,000.00
106.	Arusha	Karatu DC	6,595,750.00
107.	Iringa	Ludewa DC	6,534,780.00
108.	Tabora	Tabora DC	5,265,000.00
109.	Dar es salaam	Temeke MC	3,028,060.00
110.	Mbeya	Rungwe DC	2,202,034.00
111.	Singida	Singida DC	537,600.00
112.	Shinyanga	Shinyanga DC	4,070.00
Total			32,903,395,305.77

Annexure 4

OUTSTANDING ITEMS IN BANK RECONCILIATION STATEMENTS

NAME OF COUNCIL	RECEIPTS IN C/BOOK NOT IN BANK (Shs.)	UNPRESENTED CHEQUES (Shs.)	CASH IN TRANSIT (Shs.)	DEBIT IN BANK STATEMENT NOT IN C/BOOK (Shs.)	RECEIPTS IN BANK STATEMENT NOT IN C/BOOK (Shs)
Hanang	-	121,878,860	-	-	-
Mbeya DC	-	3,322,256	-	-	-
Mbarali DC	4,022,185	8,923,757	-	-	-
Mbeya C C	16,537,582	2,339,244	-	522,500	-
Musoma DC	1,152,000	51,377,538	-	1,017,000	-
Mpwapwa DC	960,150	1,580,820	-	-	-
Mtwara Mikindani	3,500,920	14,900,772	-	2,287,013	-
Kwimba DC	7,413,860	357,017,750	-	-	-
Magu DC	-	76,666,953	4,959,972	-	-
Mpanda DC	210,500	8,557,102	-	-	-
Mpanda TC	-	220,660	-	-	-
Nkasi DC	9,061,392	60,199,414	-	-	-
Newala DC	134,000	3,513,906	-	-	-
Musoma MC	-	11,958,699	16,434,350	-	-
Bunda DC	-	229,442,736	16,356,961	-	-
Serengeti DC	8,133,982	192,664,735	-	297,833,224	254,572,933
Rorya DC	750,461	311,765,278	-	50,896	52,345,557
Tarime DC	-	105,766,480	-	-	-
Chunya DC	7,943,227	23,534	-	724,156	-
Ileje DC	2,813,900	2,734,181	-	-	-
Kyela DC	76,838	7,289,983	-	4,778,000	4,322,600
Mbozi DC	-	6,055,840	-	-	-
Rungwe DC	5,240,000	34,574,484	-	-	-
Lindi DC	-	23,559,436	-	-	-
Ruangwa DC	1,299,307	11,744,847	-	1,440,732	-

Nachingwea DC	1,370,942	130,859,933	-	-	15,700
Liwale DC	-	150,000	-	970,000	-

Lindi Town Council	474,912	4,177,824	-	2,028,658	-
Kilwa DC	3,524,677	49,914,078	-	11,125,887	175,276
Kisarawe DC	-	202,579,827	6,103,612	59,470,470	2,937,269
Kibaha DC	-	-	11,913,693	-	-
Karatu DC	-	7,090,106	-	-	-
Arusha DC	-	8,586,679	-	-	-
Arusha MC	-	27,162,744	38,545,572	-	-
Longido DC	-	42,622,700	-	-	-
Meru DC	-	89,775,898	-	-	-
Monduli DC	91,188,065	2,456,495	-	-	-
Chamwino DC	-	10,646,250	-	-	-
Kongwa DC	12,080,854	1,338,731	-	-	-
Moshi MC	4,090,000	-	-	-	-
Rombo DC	32,242,861	12,083,429	-	535,176	2,057,085
Hai DC	-	19,256,311	-	-	-
Songea MC	13,331,000	52,719,144	-	11,504,955	-
Tunduru DC	-	112,087,826	-	5,157,420	-
Mwanga DC	2,239,350	159,331,988	-	-	-
Babati DC	1,796,351	17,121,825	-	-	-
Babati TC	-	24,795,174	-	-	-
Kilosa DC	74,113,808	-	4,547,580	-	-
Mvomero DC	-	-	10,581,945	2,661,500	3,124,193
Ulanga DC	-	-	2,374,729	-	-
Bariadi DC	-	4,509,978	7,165,000	133,748,635	-
Maswa DC	-	44,519,680	28,360,101	-	-
Shinyanga MC	-	284,068,611	10,338,392	-	-
Kahama DC	-	1,815,158	851,821	-	-
Meatu DC	-	8,656,000	10,166,074	-	-
Manyoni DC	-	3,425,238	-	-	-
Total	305,703,124	2,969,830,892	168,699,801	535,856,223	319,550,613

Annexure 5

CASH SURVEY AND SURPRISE CHECK

S/N	COUNCIL INVOLVED	Surprise cash survey not performed by Management	No maximum limits for cash holdings	Non confirmation of Bank balances
1.	Mbeya CC	/		
2.	Mbeya DC	/		
3.	Mbarari DC	/		
4.	Chunya DC	/		
5.	Kyela DC	/	/	
6.	Ileje DC	/		
7.	Masasi TA	/		
8.	Bukoba DC	/		
9.	Misenyi DC	/		
10.	Biharamulo DC	/		
11.	Chato DC	/		
12.	Karagwe DC	/		
13.	Muleba DC	/		
14.	Ngara DC	/		
15.	Kigoma DC	/		
16.	Dar es salaam City	/	/	
17.	Tabora MC	/		
18.	Urambo DC	/		

19.	Igunga DC	✓		
20.	Nzega DC	✓	✓	
21.	Singida MC	✓		
22.	Iramba DC	✓		
23.	Mbinga DC			59,417,291.26

List of Outstanding Debtors

Council	Amount (Shs)
Lindi TC	401,000
Mpanda TC	628,841
Rorya DC	2,130,000
Bunda DC	2,139,000
Tunduru DC	3,201,870
Misenyi DC	3,373,030
Mpwapwa DC	3,933,000
Makete DC	4,512,100
Moshi DC	5,184,004
Njombe TC	5,912,000
Singida DC	6,036,000
Manyoni DC	6,597,372
Karatu DC	6,956,496
Iramba DC	8,358,024
Kondoa DC	9,184,220
Biharamulo	10,383,030
Shinyanga DC	11,396,232
Handeni DC	12,265,500
Songea DC	13,380,889
Bukoba MC	13,807,410
Ngara DC	13,890,000
Geita DC	14,117,340
Muleba DC	14,398,600
Pangani DC	16,539,981
Songea MC	17,577,931
Mkinga DC	18,017,284
Musoma DC	18,037,674
Kilolo DC	18,592,833
Ileje DC	19,575,615
Kwimba DC	19,855,702
Sengerema DC	22,182,377
Kibaha DC	22,464,704
Nzega DC	23,489,320
Kilombero DC	24,358,217

Kisarawe DC	24,826,919
Morogoro MC	24,836,512
Nanyumbu DC	25,106,850
Monduli DC	25,168,875
Babati TC	27,227,360
Hai DC	27,867,677
Kilindi DC	28,905,156
Bukombe DC	28,988,000
Sikonge DC	36,131,095
Tarime DC	36,364,500
Mbarali DC	39,380,330
Meatu DC	41,650,039
Moshi MC	42,530,000
Serengeti DC	42,847,922
Meru DC	42,938,293
Karagwe DC	43,908,635
Bagamoyo DC	43,964,182
Mafia DC	43,964,182
Tabora MC	44,681,000
Ulanga DC	45,510,187
Mtwara TC	46,202,382
Tandahimba DC	47,663,655
Iringa MC	49,637,200
Singida TC	52,546,351
Mbeya DC	53,095,606
Lushoto DC	56,549,956
Morogoro DC	57,814,837
Namtumbo DC	58,306,792
Kilosa DC	58,654,530
Dodoma MC	60,677,132
Igunga DC	63,412,014
Kiteto DC	63,585,382
Tabora DC	63,648,676
NACHINGWEA DC	63,651,983
Kahama DC	64,733,890
Kigoma/Ujiji TC	66,588,086
Mufindi DC	69,594,728
Lindi DC	70,232,222

Temeke MC	71,339,502
Kongwa DC	71,763,069
Babati DC	72,259,571
Urambo DC	73,754,351
Mbulu DC	74,538,435
Liwale DC	80,029,524
Maswa DC	81,145,710
Kibaha TC	82,065,750
Musoma MC	88,287,434
Korogwe TC	94,257,356
Mbozi DC	101,349,068
Ukerewe DC	107,524,548
Hanang DC	110,160,608
Mbinga DC	116,422,880
Newala DC	126,682,894
Iringa DC	129,311,232
Kishapu DC	130,338,840
Mtwara DC	130,735,992
Kasulu DC	131,092,225
Simanjiro DC	131,136,185
Kinondoni MC	133,171,692
Magu DC	134,968,961
Muheza DC	170,445,604
Kigoma DC	192,100,702
Kibondo DC	196,102,076
Mbeya MC	209,049,786
Mwanza CC	220,045,160
Arusha MC	224,576,250
Masasi DC	231,500,675
Kilwa DC	261,422,820
Mkuranga DC	268,238,859
Mvomero DC	306,366,476
Ilala MC	315,593,573
Tanga CC	339,603,835
Shinyanga MC	470,224,770
Bariadi DC	685,554,031
Sumbawanga DC	14,436,541

Chamwino DC	26, 149,849
Sumbawanga MC	26,744,624
Bukoba DC	34, 920,810
Nkasi DC	45,317,369
Rungwe DC	49,810,080
Total	8,675,739,790

List of outstanding Creditors

Council	Amount (Shs)
Lindi TC	5,149,344
Mpanda TC	224,483,296
Tunduru DC	25,168,875
Makete DC	324,512,966
Moshi DC	72,690,721
Manyoni DC	399,556,584
Kondoa DC	1,725,708,997
Biharamulo	94,000,000
Shinyanga DC	1,180,007,203
Handeni DC	573,828,765
Songea DC	167,997,026
Bukoba MC	575,439,166
Ngara DC	269,667,395
Geita DC	117,694,489
Muleba DC	162,086,202
Pangani DC	224,529,797
Songea MC	42,435,158
Mkinga DC	21,697,347
Musoma DC	59,256,406
Kilolo DC	158,682,187
Ileje DC	18,493,860
Kwimba DC	183,123,115
Sengerema DC	3,511,100
Kibaha DC	15,348,891
Nzega DC	4,187,000
Kilombero DC	26,043,300

Kisarawe DC	43,908,635
Monduli DC	307,774,388
BabatiTC	164,304,435
Hai DC	124,642,102
Kilindi DC	417,516,976
Sikonge DC	69,182,746
Tarime DC	91,822,222
Mbarali DC	111,852,197
Moshi MC	97,133,691
Meru DC	444,232,891
Karagwe DC	141,059,154
Bagamoyo DC	38,824,625
Mafia DC	37, 586,714
Tabora MC	183,191,503
Mtwara TC	15,399,824
Tandahimba DC	95,331,216
Iringa MC	254,499,274
Singida TC	9,897,887
Mbeya DC	28,980,386
Lushoto DC	104,538,783
Morogoro DC	20,124,554
Namtumbo DC	14,493,592
Kilosa DC	27,533,540
Igunga DC	99,462,229
Kiteto DC	135,185,032
NACHINGWEA DC	10,327,690
Kigoma/Ujiji TC	41,400,747
Mufindi DC	14,550,944
Lindi DC	104,498,556

Tememeke MC	16,910,013
Kongwa DC	238,625,361
Babati DC	118,329,479
Urambo DC	135,088,122
Mbulu DC	129,015,734
Liwale DC	81,037,254
Maswa DC	42,259,872
Kibaha TC	88,052,449
Musoma MC	36,707,196
Korogwe TC	11,626,700
Mbozi DC	303,941,460
Ukerewe DC	81,237,386
Hanang DC	7,384,360
Mbinga DC	33,483,465
Newala DC	683,500
Iringa DC	74,976,222
Kishapu DC	157,300,828
Kasulu DC	471,720,013
Simanjiro DC	185,203,179
Kinondoni MC	505,237,564
Kigoma DC	3,160,000
Arusha MC	92,900,403
Masasi DC	92,616,655
Kilwa DC	21,613,998
Mvomero DC	30,957,410
Ilala MC	27,043,725
Tanga CC	46,024,311
Shinyanga MC	62,350,654
Bariadi DC	107,985,514

Sumbawanga DC	36,248,874
Chamwino DC	33,657,190
Sumbawanga MC	182,465,686
Nkasi DC	202,531,517
Rungwe DC	165,186,742
Arumeru DC	429,354,026
Ngorongoro DC	20,215,114
Rufiji DC	417,804,128
Dar CC	112,625,119
Bahi DC	187,160,296
Mwanga DC	45,711,844
Siha DC	228,815,892
Rombo DC	107,433,846
Same DC	60,689,068
Ruangwa DC	69,887,386
Kyela DC	189,441,994
MpandaDC	115,053,026
Total	15,610,406,163

Annexure 8**Outstanding Imprests not retired by Councils for 2007/2008**

Name of Council	Amount Outstanding (Shs.)
Moshi District Council	3,200,000
Mwanga District Council	17,359,350
Arusha Municipal Council	22,421,490
Babati District Council	34,595,420
Kasulu District Council	12,778,700
Biharamulo District Council	8,020,000
Muleba District Council	8,374,000
Kwimba District Council	1,120,000
Magu District Council	13,048,340
Mwanga District Council	17,359,350
Musoma District Council	18,037,674
Bahi District Council	12,264,163
Kondoa District Council	4,407,000
Karagwe District Council	5,696,045
Tarime District Council	17,108,433
Rorya District Council	5,921,000
Kasulu District Council	12,778,700
Total	214,489,665

Annexure 9

Missing revenue earnings receipt books

S/N.	Name of Council	Number of Revenue Receipt books not produced to audit
1	Monduli District Council	24
2	Kasulu District Council	31
3	Mbulu District Council	4
4	Longido District Council	6
5	Babati District Council	3
6	Lushoto District Council	145
7	Mwanga District Council	25
8	Mvomero District Council	1
9	Morogoro District Council	5
10	Chamwino District Council	120
11	Mwanza City Council	2
12	Masasi District Council	3
13	Njombe District Council	4
14	Njombe Town Council	7
15	Iringa District Council	36
16	Kiteto District Council	1
17	Masasi Township Authority	5
18	Kibaha Town Council	35
19	Kibaha District Council	28
20	Kilwa District Council	3
21	Korogwe Town Council	3
22	Ludewa District Council	21
23	Kondoa District Council	11
24	Songea Municipal Council	43
25	Shinyanga District Council	20
26	Songea District Council	13
27	Mbinga District Council	7
28	Ileje District Council	25
29	Rungwe District Council	8
30	Sengerema District Council	3

31	Kwimba District Council	22
32	Magu District Council	5
33	Ukerewe District Council	40
34	Kwimba District Council	22
35	Urambo District Council	6
36	Mtwara District Council	4
37	Nachingwea District Council	3
38	Newala District Council	3
39	Kigoma District Council	15
40	Igunga District Council	26
41	Chato District Council	22
42	Mkuranga District Council	50
	Total	860

Annexure 10

**Revenue collection not remitted by Collecting Agents
Shs.421,213,641**

S/N	Name of Council	Amount (Shs.)
1.	Muleba District Council	22,084,000
2	Bukoba District Council	7,385,000
3.	Kinondoni Municipal Council	27,500,000
4	Dodoma Municipal Council	70,589,000
5.	Ulanga District Council	51,123,512
6	Kigoma District Council	9,492,000
6.	Ilala Municipal Council	81,720,000
6	Musoma Municipal Council	11,220,000
8	Rorya District Council	4,469,900
9.	Kibondo District Council	30,731,112
11	Sengerema District Council	4,018,000
12	Ukerewe District Council	1,126,000
13	Kongwa District Council	5,979,000
14	Dodoma Municipal Council	70,589,000
	Ruangwa District Council	367,750
16.	Bukombe District Council	3,964,000
18	Urambo District Council	3,665,000
19	Igunga District Council	397,450
20	Sikonge District Council	833,000
21	Shinyanga Municipal Council	3,329,917
22	Kahama District Council	10,630,000
Total		421,213,641

**Payments made without proper supporting documents
(improperly vouched) shs 3,590,228,595**

Name of Council	Amount (Shs.)
Arusha Municipal Council	98,327,353
Arusha District Council	29,983,211
Hai District Council	128,852,888
Meru District Council	24,111,594
Bunda District Council	37,582,380
Musoma Municipal Council	3,264,220
Mwanza City Council	41,168,900
Kibaha District Council	55,743,051
Mafia District Council	7,156,452
Mwanga District Council	209,035,119
Same District Council	5,755,100
Rombo District Council	2,500,000
Moshi Municipal Council	3,174,600
Kilolo District Council	8,753,834
Kigoma District Council	29,700,000
Igunga District Council	13,891,964
Kigoma Ujiji Municipal Council	159,523,792
Kibondo District Council	24,545,270
Nachingwea District Council	10,291,963
Tunduru District Council	66,278,999

Longido District Council	11,925,650
Karatu District Council	20,441,300
Monduli District Council	25,072,559
Korogwe Town Council	18,211,000
Mvomero District Council	14,5592,000
Kilombero District Council	65,695,878
Ulanga District Council	3,464,000
Lindi District Council	1,900.000
Pangani District Council	65,501,552
Kilindi District Council	50,511,200
Mbeya District Council	15,570,500
Rungwe District Council	840,000
Kyela District Council	55,098,016
Mtwara Mikindani Municipal Council	86,233,8730
Masasi District Council	31,903,853
Mtwara District Council	24,069,682
Newala District Council	19,368,847
Kilwa District Council	42,380,106
Mbarali District Council	605,000
Musoma District Council	37,277,241.56
Serengeti District Council	30,490,804
Rorya District Council	23,132,125
Kibondo District Council	24,366,525
Ruangwa District Council	229,490,107
Biharamulo District Council	15,195,067

Karagwe District Council	5,920,042
Ngara District Council	4,587,439
Chato District Council	26,545,270
Muleba District Council	23,806,200
Shinyanga Municipal Council	30,080,360
Shinyanga District Council	11,691,960.77
Kahama District Council	12,632,050
Bariadi District Council	4,529,160
Kishapu District Council	12,632,050.
Meatu District Council	102,245,949
Tabora Municipal Council	54,493,091
Tarime District Council	150,356,420
Mwanza City Council	41,168,900
Mwanga District Council	171,615,118.
Namtumbo District Council	26,345,842
Mbinga District Council	5,878,066
Tunduru District Council	66,278,999
Mpanda District Council	3,187,000
Songea Municipal Council	8,601,250
Songea District Council	9,295,491
Mbinga District Council	5,878,060
Nkasi District Council	2,456,000
Kilosa District Council	28,644,945
Moshi Municipal Council	3,174,600
Total	3,590,228,595

Annexure 12

Missing Payment Vouchers

S/N	Councils	Missing payments vouchers (Shs)
1.	Kibaha TC	9,371,583
2.	Rufiji DC	4,271,979
3.	Mafia DC	3,167,699
4.	Kibaha DC	4,489,041
5.	Ruangwa DC	5,452,000
6.	Nachingwea DC	10,291,963
7.	Liwale DC	20,191,052
8.	Kilwa DC	33,534,055
9.	Mbeya CC	47,516,500
10.	Mbeya DC	3,069,390
11.	Rungwe DC	4,923,942
12.	Kyela DC	24,656,496
13.	Ileje DC	54,338,939
14.	Rorya DC	23,132,125
15.	Meru D/C	8,437,371
16.	Monduli D/C	17,223,452
17.	Ngorongoro D/C	9,190,000
18.	Karatu D/C	9,903,858
19.	Longido D/C	17,490,000
20.	Arusha D/C	1,160,000
21.	Masasi DC &TA	26,514,600
22.	Makete DC	145,070,985
23.	Chamwino DC	65,006,033
24.	Kondoa DC & TA	1,040,000

25.	Mwanga DC	342,943,545
26.	Chato DC	10,694,516
27.	Kigoma Ujiji MC	52,269,889
28.	Songea MC	32,509,983
29.	Songea DC	1,407,483
30.	Namtumbo	6,345,000
31.	Nzega DC	3,687,000
32.	Magu DC	48,324,464
33.	Kwimba DC	3,798,000
34.	Mwanza CC	41,168,900
35.	Misungwi DC	23,028,306
36.	Korogwe DC	3,100,000
37.	Lushoto DC	83,811,074
38.	Kilindi DC	52,719,312
39.	Kiteto DC	34,509,560
40.	Hanang DC	2,071,000
41.	Bariadi DC	17,223,452
42.	Singida MC	24,467,413
43.	Kilosa DC	18,674,770
44.	Mvomero DC	18,049,000
	Total	1,370,245,729

Annexure 13

Unspent Development Funds and Capital Development Grants

SN.	Name of Council	Amount Allocated (Shs.)	Amount Utilized (Shs.)	Amount Unspent (Shs.)	Unspent Percentage
1	Ileje DC	983,774,558	852,153,492	131,621,067	13
2	Rungwe DC	153,043,252	149,588,452	3,454,800	2
3	Mbozi DC	1,283,477,134	1,159,262,973	124,214,161	10
4	Mbeya CC	2,208,557,000	1,622,462,000	586,095,000	27
5	Musoma DC	2,492,561,631	1,418,762,218	1,073,799,413	43
6	Kasulu DC	2,695,098,269	1,665,140,468	1,029,957,801	38
7	Kigoma Ujiji MC	2,286,882,332	1,081,622,428	1,555,031,970	59
8	Hai DC	1,609,103,828	1,456,318,828	152,785,001	9
9	Rombo DC	1,489,788,203	553,894,525	935,893,678	63
10	Moshi DC	1,700,013,459	985, 209,412	714,804,047	42
11	Moshi MC	1,487,337,309	1,304,689,266	503,971,579	28
12	Tunduru DC	621,760,760	460,800,915	160,959,845	26
13	Hanang DC	2,003,958,878	1,744,224,555	259,734,323	13
14	Simanjiro DC	1,876,573,285	742,325,265	1,134,248,020	60
15	Singida MC	1,445,557,448	1, 228,963,878	216, 593,569	15
16	Kilombero DC	2,526,127,917	1,826,290,350	699,837,567	28
17	Morogoro DC	1,078,651,922	453,954,092	624,697,830	58
18	Shinyanga MC	1,248,332,895	1,087,566,598	160,766,297	13
19	Arusha MC	3,790,544,200	3,560,304,458	230,239,742	6
20	Masasi DC	852,352,590	535,214,590	317,138,000	37
21	Newala DC	1,618,841,070	889,983,951	728,857,119	45

22	Mtwara DC	535,552,078	390,881,016	144,671,062	27
23	Tandahimba DC	1,073,851,006	612,761,469	461,089,537	43
24	Bahi DC	3,310,117,858	706,900,600	2,603,217,257	79
25	Mpwapwa DC	1,232,733,659	839,718,833	393,014,825	32
26	Dodoma MC	3,142,592,853	1,845,625,889	1,296,966,707	41
27	Kondoa DC	2,428,599,766	1,237,208,233	1,191,391,533	49
28	Iringa DC	4,733,121,635	2,416,437,251	2,316,684,384	49
29	Ludewa DC	1,967,263,776	1,202,175,349	765,088,427	39
30	Njombe TC	1,008,186,543	765,863,902	242,322,641	24
31	Kwimba DC	3,637,776,730	1,957,328,311	1,680,448,420	46
32	Ukerewe DC	2,212,150,457	1,026,642,549	1,185,507,908	54
33	Sengerema DC	3,018,565,315	2,857,096,301	1,250,503,528	44
34	Tabora DC	3,198,019,918	2,282,353,753	915,666,165	27
35	Urambo DC	3,461,941,543	1,699,447,345	1,762,494,198	51
36	Mpanda DC	6,590,704,021	5,320,691,801	1,663,316,278	25
37	Mpanda TC	1,667,727,515	587,772,720	1,079,954,795	64
38	Nkasi DC	544,010,578	473,296,324	70,714,254	13
39	Sumbawanga DC	1,974,004,302	1,238,717,422	735,286,881	37
40	Sumbawanga MC	1,429,103,478	1,140,427,635	891,355,086	43
41	Handeni DC	1,194,343,740	1,000,733,228	193,610,512	16
42	Tanga CC	3,866,878,795	1,480,644,544	2,386,234,251	62
43	Mkinga DC	2,398,991,784	553,227,762	1,845,764,022	77
44	Muheza MC	2,679,176,446	1,829,322,489	849,853,956	32
45	Kongwa DC	3,378,427,628	2,610,909,449	767,520,179	23
46	Tarime DC	1,953,559,742	1,414,346,801	539,212,942	28
47	Kisarawe DC	1,767,952,939	1,279,865,587	488,087,352	28

48	Kilindi DC	3,414,369,203	2, 449,007,906	965,361,297	28
49	Biharamul o DC	2,662,755,072	2,138,333,077	524,421,995	24
50	Muleba DC	3,671,935,846	2,858,281,196	786, 654,651	27
51	Bukombe DC	4,373,790,899	3,727,685,155	646,105,744	15
52	Babati TC	1,584,412,333	1,208,759,634	375,652,699	24
53	Shinyanga DC	1,879,375,057	1,624,360,210	255,014,847	14
54	Karatu DC	2,350,033,342	1,664,875,256	685,158,086	29
55	Longido DC	740,576,415	138,691,792	601,884,623	81
56	Monduli DC	1,969,231,358	1,425,831,275	543,400,083	28
57	Ngorongor o DC	2,858,234,300	1,594,698,227	1,263,536,073	44
58	Nanyumbu DC	573,958,505	394,846,874	179,111,631	31
59	Karagwe DC	2,517,967,948	2,006,250,862	511,717,086	20
60	Nachingw ea DC	1,195,665,193	1,194,328,508	1,336,685	0.1
61	Ulanga DC	4,926,005,825	2,260,865,541	2,665,140,284	54
62	Mvomero DC	3,265,775,981	1,956,154,386	1,309,621,595	67
63	Nzega DC	2,664,942,240	1,361,136,019	1,303,806,222	49
64	Tabora MC	1,424,541,603	1,141,860,467	563,824,337	39
65	Sikonge DC	1,666,777,672	1,363,041,561	373,359,136	22
66	Korogwe DC	1, 532,782,030	1, 337,876,335	194, 905,695	13
67	Iramba DC	2,665,680,031	1,892,692,802	772,987,229	29
68	Manyoni DC	2,777,528,390	675,732,131	2,101,796,258	75
69	Singida DC	2,231,583,247	1,877,328,785	354,254,463	16
70	Bariadi DC	7,259,533,627	3,444,751,188	3,814,782,439	53
71	Kahama DC	3,912,849,534	2,692,090,014	1,220,759,520	31
72	Kishapu DC	3,068,095,477	2,836,143,921	231,951,556	8
73	Maswa DC	2,893,396,752	2,147,313,897	746,082,856	24

74	Meatu DC	3,111,544,791	1,631,445,485	1,480,099,305	48
75	Songea MC	1,266,746,660	711,193,086	556,405,574	44
76	Songea DC	2,751,484,791	1,416,121,413	1,335,363,377	37
77	Namtumb o DC	2,010,721,323	1,514,630,964	496,090,360	22
78	Mbinga DC	5,630,022,216	3,045,725,792	2,584,296,424	46
79	Mwanza CC	6,413,220,026	1,376,826,412	5,036,393,614	78
80	Misungwi DC	3,172,811,762	900,706,819	2,272,104,943	24
81	Geita DC	5,395,243,094	4,198,201,094	1,197,042,000	22
82	Kilosa DC	1,255,648,491	1,052,720,726	202,927,765	16
83	Morogoro MC	2,112,326,809	1,229,322,036	883,004,772	42
84	Kyela DC	1,060,770,513	911,529,689	149,240,824	14
85	Chunya DC	3,512,638,714	2,563,335,266	949,303,448	27
86	Serengeti DC	4,047,902,739	2,423,816,085	1,624,086,654	40
87	Bunda DC	2,801,431,309	1,982,465,974	818,965,334	29
88	Musoma MC	1,428,339,302	1,169,259,580	259,079,722	18
89	Rorya DC	1,190,252,973.43	770,304,582	419,948,391	35
90	Bagamoyo DC	5,060,245,612	3,257,129,484	1,803,116,128	36
91	Rufiji DC	2,903,302,620	2,308,296,340	829,299,292	36
92	Kibaha DC	1,869,129,977	894,600,024	974,529,953	52
93	Babati DC	1,315,152,068	1,117,303,907	1,117,303,907	21
94	Kiteto DC	2,039,945,144	1,612,916,304	427,028,840	31
95	Mbulu DC	2, 412,723,146	1,933,826,069	478,897,077	20
96	Lindi TC	841,928,177	604,807,241	237,120,937	28
97	Same DC	885,929,819	387,800,354	498,129,465	56
98	Kigoma DC	1,990,283,879	1,320,096,120	604,449,342	30
99	Kibondo DC	4,990,669,266	2,734,244,803	2,256,424,463	45

100	Misenyi DC	1,615,785,457	841,782,019	774,003,438	48
101	Bukoba MC	1,273,751,269	1,104,717,362	169,033,908	13
102	Chato DC	2,267,904,695	1,969,261,853	298,642,842	13
103	Njombe DC	3,547,469,293	3,083,971,068	463,498,224	13
104	Mufindi DC	4,851,768,929	3,098,274,990	1,753,493,939	36
105	Ilala MC	8,438,713,765	6,296,587,797	2,142,125,968	25
106	Temeke MC	6,057,163,346	4,150,035,883	1,907,127,463	31
107	Meru DC	2,811,369,201	2,207,795,840	599,705,381	21
108	Arusha DC	123,755,439	49,869,419	73,886,020	60
109	Mafia DC	680,134,345	631,094,770	49,039,575	7
110	Mbeya DC	381,035	257,210	123,825	32
111	Kibaha DC	1,415,032,690	881,433,748	533,598,942	37
	TOTAL	270,547,629,434	171,791,488,611	99,114,082,540	

Unclaimed Salaries not remitted to Treasury
Shs. 881,966,747.91

S/N	COUNCILS	Unclaimed salaries	Retired, Absconded Employees, Terminated not deleted	Statutory deductions not remitted	Payment of salaries not supported by computer payroll print outs
1.	Kibaha TC		1,310,599		
2.	Mkuranga DC	36,883,936.73			
3.	Kisarawe DC		616,038.55		
4.	Kibaha DC	24,274,223.35			
5.	Ruangwa DC	6,590,765	3,015,759.80		
6.	Nachingwea DC	5,651,595.00			
7.	Mbeya CC	9,113,553.00			
8.	Mbarari DC	4,595,112.00			
9.	Rungwe DC	5,128,475.32			
10.	Kyela DC	1,117,782	7,826,658		
11.	Ileje DC	15,592,825.65			
12.	Musoma MC	5,957,240.74			
13.	Tarime DC	5,000,352.00			
14.	Arusha MC	15,695,085.33	10,661,374.03		
15.	Meru DC	12,131,209	7,875,630		
16.	Karatu DC	19,223,098.34	6,056,891.06		
17.					

	Mtwara DC	12,097,894.42			
18.	Masasi DC		7,408,441.46		
19.	Newala DC	10,933,388.16			
20.	Iringa MC	23,985,687.94			
21.	Iringa DC	7,466,885.00			
22.	Mufindi DC	3,177,373			
23.	Njombe DC	36,615,505			
24.	Makete DC	28,520,614.00			
25.	Ludewa DC	20,150,541.00			
26.	Dodoma MC	22,684,123.00	5,622,596.30		
27.	Bahi DC	16,750,915.00	2,457,936.00		
28.	Kondoa DC	4,098,051.00	18,037,502.32		
29.	Mpwapwa DC	2,179,320.00			
30.	Kongwa DC	46,059,807	1,640,539.07		
31.	Moshi DC	10,137,110.89			
32.	Hai DC	21,610,261.01			
33.	Mwanga DC				139,886,670.77
34.	Bukoba DC	3,462,175.03			
35.	Misenyi DC	3,768,707.71			
36.	Biharamul o DC	22,073,420.52			
37.	Karagwe DC	10,844,636.84			

38.	Ngara DC	7,043,970.00			
39.	Kigoma Ujiji MC			12,638,728.00	
40.	Kasulu DC	10,816,336.00		1,312,197.00	
41.	Kibondo DC	8,726,834			
42.	Songea MC	15,231,906.74			
43.	Songea DC	21,000,723.20			
44.	Tunduru DC	16,329,170.58			
45.	Tabora MC	14,131,960.08			
46.	Urambo DC	3,008,878.00			
47.	Igunga DC	12,791,587			
48.	Nzega DC	15,890,788.44			
49.	S'wanga DC	7,654,959.00			
50.	Magu DC	40,242,696.00			
51.	Kwimba DC	3,979,099.00			
52.	Misungwi DC	33,739,445			
53.	Geita DC		2,889,052.28		
54.	Sengerema DC	17,505,254.00			
55.	Tanga CC		39,190,908.96		
56.	Mkinga DC	1,242,661.38			
57.	Lushoto	9,444,798.16			

	DC				
58.	Handeni DC	22,847,740.00			
59.	Temeke MC	17,520,194	5,224,290		
60.	Ilala MC	49,710,048.00			
61.	Kiteto DC	11,932,530			
62.	Hanang DC	24,690,200.00			
63.	Babati TC	4,902,795.78			
64.	Shinyanga DC	1,093,828.00			
65.	Kahama DC		34,012,020.33		
66.	Meatu DC	2,934,899.46			
67.	Iramba DC		1,839,661		
68.	Morogoro MC	2,295,060.00			
69.	Kilosa DC		13,096,434.08		
70.	Ulanga DC	31,686,716.11			
71.	Mvomero DC		9,283,798.00		
72.	TOTAL	881,966,747.91	178,066,130.24	13,950,925.00	139,886,670.77

APPENDIX 15

Councils recorded over expenditures				
	Councils	Total income (Shs)	Expenditure (Shs)	Over Expenditure (Shs)
1	Babati DC	3,830,231,205	8,409,075,599	(4,578,844,394)
2	Chunya DC	7,534,647,492	8,089,627,771	(554,980,279)
3	Hai DC	12,098,616,526	12,159,320,542	(60,704,016)
4	Ileje DC	4,887,172,803	4,924,467,573	(37,294,770)
5	Kahama DC	12,857,829,603	15,223,263,427	(2,365,433,824)
6	Kilindi DC	3,920,507,191	3,945,460,867	(24,953,676)
7	Kilombero DC	9,160,258,548	9,500,886,848	(340,628,300)
8	Kisarawe DC	5,434,607,167	6,214,030,274	(779,423,107)
9	Kishapu DC	5,278,948,882	5,380,187,570	(101,238,688)
10	Korogwe DC	2,176,209,944	8,881,438,011	(6,705,228,067)
11	Mafia DC	4,308,722,829	4,386,954,865	(78,232,036)
12	Makete DC	4,771,909,635	4,894,072,274	(122,162,639)
13	Manyoni DC	6,028,513,315	6,643,128,122	(614,614,807)
14	Mbozi DC	18,540,992,088	18,992,710,874	(451,718,786)
15	Meatu DC	7,074,491,676	7,138,110,471	(63,618,795)
16	Monduli D/C	6,043,899,619	6,231,915,835	(188,016,216)

17	Mufindi DC	13,202,835,411	13,228,537,435	(25,702,024)
18	Muleba DC	12,426,143,140	12,466,114,780	(39,971,640)
19	Musoma MC	4,187,727,128	5,555,049,627	(1,367,322,498)
20	Mwanza CC	15,895,983,168	20,836,067,909	(4,940,084,741)
21	Namtumbo	5,739,376,273	6,784,355,261	(1,044,978,988)
22	Ngorongoro D/C	4,317,248,683	4,458,613,253	(141,364,570)
23	Njombe DC	12,058,296,985	13,037,126,470	(978,829,485)
24	Rombo DC	11,654,523,101	11,729,874,336	(75,351,235)
25	Rungwe DC	11,665,412,324	12,411,491,814	(746,079,490)
26	Singida DC	11,239,204,271	11,873,705,220	(634,500,949)
27	Singida MC	5,070,528,928	5,266,690,444	(196,161,516)
28	Iramba DC	11,585,071,712	11,896,986,217	(311,914,505)
	Total	232,989,909,648	260,559,263,689	27,569,354,041

APPENDIX 16

Councils recorded under expenditures				
	Councils	Total income (Shs.)	Expenditure (Shs.)	Under Expenditure (Shs.)
1	Arusha D/C	8,578,632,564	8,073,424,417	505,208,147
2	Arusha M/C	13,339,568,140	11,894,609,905	1,444,958,235
3	Babati TC	3,830,231,205	2,680,704,454	1,149,526,751
4	Bagamoyo DC	12,649,568,652	12,138,288,978	511,279,674
5	Bahi DC	5,232,941,939	2,327,626,396	2,905,315,543
6	Bariadi DC	15,262,600,615	12,957,788,190	2,304,812,425
7	Biharamulo DC	11,554,004,829	11,327,208,540	226,796,289
8	Bukoba DC	10,840,698,068	10,612,669,836	228,028,232
9	Bukoba MC	4,906,247,756	4,263,996,485	642,251,271
10	Bukombe DC	7,452,486,342	7,204,234,027	248,252,315
11	Bunda DC	11,446,079,555	10,008,765,591	1,437,313,964
12	Chamwino DC	4,542,913,061	2,525,604,767	2,017,308,294
13	Chato DC	3,189,069,160	3,024,959,334	164,109,826
14	Dar es salaam City	5,007,943,710	4,544,693,964	463,249,746
15	Dodoma MC	11,253,535,361	10,560,210,542	693,324,819
16	Geita DC	15,454,509,930	14,720,210,000	734,299,930
17	Hanang DC	6,394,436,335	6,241,907,916	152,528,419
18	Handeni DC	9,832,846,343	8,856,804,593	976,041,750
19	Igunga DC	8,475,309,082	7,931,560,853	543,748,229

20	Ilala MC	32,939,930,003	29,567,275,948	3,372,654,055
21	Iramba DC	11,585,071,712	11,896,986,217	(311,914,505)
22	Iringa DC	14,882,801,175	13,706,510,383	1,176,290,792
23	Iringa MC	5,771,167,547	5,603,841,484	167,326,063
24	Karatu D/C	6,594,879,102	6,532,543,371	62,335,731
25	Kasulu DC	18,093,154,811	16,993,338,366	1,099,816,445
26	Kibaha DC	5,157,240,870	3,371,785,099	1,785,455,771
27	Kibaha TC	5,192,003,945	4,913,228,704	278,775,241
28	Kibondo DC	11,068,878,850	9,991,294,493	1,077,584,357
29	Kigoma DC	9,952,143,838	8,747,734,405	1,204,409,433
30	Kigoma Ujiji MC	7,364,006,227	5,963,447,711	1,400,558,516
31	Kilolo DC	8,995,273,875	7,158,804,004	1,836,469,871
32	Kilosa DC	14,365,018,681	13,904,979,748	460,038,933
33	Kilwa DC	10,300,570,579	9,383,527,618	917,042,961
34	Kinondoni MC	39,197,015,201	37,795,540,215	1,401,474,986
35	Kiteto DC	7,234,308,371	6,892,387,107	341,921,264
36	Kondoa DC & TA	14,199,758,031	13,775,529,183	424,228,848
37	Kongwa DC	9,943,469,561	9,312,348,949	631,120,612
38	Korogwe TC	2,176,209,944	1,909,281,895	266,928,049
39	Kwimba DC	6,837,150,035	6,397,793,366	439,356,669
40	Kyela DC	8,746,899,391	8,328,614,250	418,285,141
41	Lindi DC	7,342,553,783	6,492,028,667	850,525,116
42	Lindi TC			

		3,067,958,230	2,322,985,957	744,972,273
43	Liwale DC	5,795,875,376	4,791,770,611	1,004,104,765
44	Longido D/C	1,145,763,345	963,576,204	182,187,141
45	Ludewa DC	8,155,174,409	7,695,275,141	459,899,268
46	Lushoto DC	15,429,219,504	14,083,179,940	1,346,039,564
47	Magu DC	14,096,376,992	13,373,931,048	722,445,944
48	Masasi DC &TA	13,540,095,627	11,581,597,495	1,958,498,132
49	Maswa DC	8,323,554,081	8,001,753,702	321,800,379
50	Mbarari DC	13,282,053,126	12,805,299,127	476,753,999
51	Mbeya CC	11,820,020,333	10,901,533,081	918,487,252
52	Mbeya DC	10,050,087,620	10,015,939,454	34,148,166
53	Mbinga DC	17,388,354,426	17,286,440,016	101,914,410
54	Mbulu DC	9,364,490,118	8,059,627,812	1,304,862,306
55	Meru D/C	13,995,532,099	13,605,026,439	390,505,660
56	Misenyi DC	3,604,584,188	2,735,714,263	868,869,926
57	Misungwi DC	9,359,959,957	7,937,970,066	1,421,989,891
58	Mkinga DC	2,010,613,650	1,831,364,180	179,249,470
59	Mkuranga DC	8,690,380,904	7,956,008,807	734,372,097
60	Morogoro DC	8,863,693,521	8,061,844,065	801,849,456
61	Morogoro MC	9,793,365,044	9,220,949,373	572,415,671
62	Moshi DC	17,601,153,212	16,570,282,335	1,030,870,877
63	Moshi MC	7,745,462,580	7,123,509,957	621,952,624
64	Mpanda DC	14,332,072,864	13,593,692,746	738,380,118

65	Mpanda TC	3,440,245,333	2,365,043,276	1,075,202,057
66	Mpwapwa DC	9,528,908,027	8,328,313,113	1,200,594,914
67	Mtwara DC	7,205,449,894	6,569,309,343	636,140,551
68	Mtwara MC	3,965,146,132	3,271,731,018	693,415,114
69	Muheza DC	8,240,981,063	7,263,357,827	977,623,236
70	Musoma DC	12,161,498,498	10,745,806,207	1,415,692,290
71	Mvomero DC	9,044,295,405	8,850,852,942	193,442,463
72	Mwanga DC	13,915,791,590	13,812,185,340	103,606,250
73	Nachingwea DC	8,748,913,122	8,435,447,906	313,465,216
74	Nanyumbu DC	3,090,936,751	2,558,779,405	532,157,346
75	Newala DC	8,156,287,470	7,763,360,382	392,927,088
76	Ngara DC	9,448,584,285	9,059,539,662	389,044,623
77	Njombe TC	3,475,804,882	2,176,123,179	1,299,681,703
78	Nkasi DC	7,268,913,291	6,630,575,897	638,337,394
79	Nzega DC	10,436,076,104	9,799,370,609	636,705,495
80	Pangani DC	4,058,618,810	3,464,548,515	594,070,295
81	Rorya DC	3,820,300,059	3,523,316,506	296,983,553
82	Ruangwa DC	11,524,139,591	10,029,156,964	1,494,982,626
83	Rufiji DC	9,956,013,670	8,883,904,060	1,072,109,610
84	S'wanga DC	11,096,992,248	10,078,350,979	1,018,641,269
85	S'wanga MC	8,486,904,118	7,503,604,785	983,299,333
86	Same DC	9,786,917,315	9,746,486,510	40,430,805
	Sengerema			

87	DC	14,992,019,890	14,368,438,857	623,581,033
88	Serengeti DC	5,367,553,054	5,155,563,124	211,989,930
89	Shinyanga DC	7,369,427,557	5,978,479,767	1,390,947,790
90	Shinyanga MC	4,604,418,522	4,573,718,845	30,699,677
91	Siha DC	2,228,714,703	1,237,718,866	990,995,838
92	Sikonge DC	5,371,723,710	5,305,926,634	65,797,077
93	Simanjiro DC	5,649,652,470	5,464,583,743	185,068,727
94	Songea DC	9,787,185,517	8,314,309,320	1,472,876,197
95	Songea MC	5,689,302,243	5,332,779,372	356,522,871
96	Tabora DC/Uyui	7,032,909,478	6,829,887,682	203,021,796
97	Tabora MC	6,896,146,404	6,602,244,393	293,902,011
98	Tandahimba DC	8,154,810,964	7,410,839,856	743,971,108
99	Tanga CC	11,250,001,185	9,423,296,316	1,826,704,869
100	Tarime DC	11,501,751,608	11,138,158,669	363,592,939
101	Temeke MC	26,545,738,890	24,246,549,654	2,299,189,236
102	Tunduru DC	13,603,234,061	13,039,938,620	563,295,441
103	Ukerewe DC	8,439,058,611	7,568,605,869	870,452,742
104	Ulanga DC	5,303,383,852	4,689,334,632	614,049,220
105	Urambo DC	10,309,248,881	8,953,163,717	1,356,085,164
	Total	1,014,488,715,963	929,417,430,857	85,071,285,107

Annexure 17

Inadequate documentation of contracts and projects records Shs.2,684,574,948

SN.	Council	Inadequate documented Contracts, Projects and Investments.	Amount (Shs.)
1.	Arusha MC	Investment in Local Government loan Board, Arusha Meat Company and Arusha Community Bank	386,535,200
2.	Iringa DC	Investment in Local Government Loans Board, CRDB Ltd, TBL(T) Ltd, NICO(T) and Umoja Fund	209,967,627
3.	Kiloto DC	Council's share in the Unit Trust of Tanzania (UTT)	124,417,327
4.	Makete DC	Construction a Maternity Waiting home and Children Ward at Makete	107,226,670
5.	Mpwapwa DC	Payment of variation order No1 without approval	45,608,046
6.	Kondoa DC	Suppliers not disclosed in the final accounts as creditors of Kondoa District Council.	269,667,395
7	Newala DC	Investment from Local Authority Loans Board. lacking share certificate Delayed works not charged liquidated damages	18,058,800 15,801,129
8	Kasulu DC	Expenditure for Capitation grant without supporting documents	144,700,710
9	Kigoma Ujiji	Improper accountability of Capitation and Development grants	140,129,300
10	Tunduru DC	Supply of food stuff to hospital without contract agreement	25,231,900
11	Urambo DC	Investment not supported by any investment register or contractual documents or the existence of share	18,418,100

		certificates.	
12	Tabora DC	Investments not supported by Security deeds; contractual agreements and not recorded in the register.	24,380,800
13	Hanang DC	Missing Contract Agreements and Engineer's Certificates of completion	29,743,000
14	Kilwa DC	Contractor was paid without a valid contract agreement.	31,200,000
15	Kilwa DC	Funds diverted to other activities	60,000,000
16	Tarime DC	Inadequate documentation of contracts and projects	37,800,000
17	Mbeya CC	Ownership Cards, Issue Vouchers and Share Certificates not produced	35,725,583
18	Bahi DC	<ul style="list-style-type: none"> - Procurement of Stores from Unapproved Suppliers - Un approved contract variations 	31,525,598 31,038,360
19	Simanjiro DC	Questionable Construction of Hostel	28, 071,300
20	Simanjiro DC	Questionable Construction of Hostel	28, 071,300
21	Bukombe DC	Double Payment made to a contractor	5,054,000
22	Shinyanga DC	Maintenance works of motor vehicles not routed to TEMESA	19,141,500
23	Mkuranga DC	Work in Progress missing Schedules to indicate relevant projects and their implementation status	102,324,659
24	DSM City	Procurement made to non-Tenderers Procurements above authority limits Procurement made withoutsanction of Tender Board	27,979,900 30,119,330 9,008,000
25	Biharamulo DC	Missing contract	8,669,362
26	Bukoba DC	Procurements made without competitive bidding	7,136,526

27	Ngara DC	Missing contract records	62,971,520
28	Mwanga DC	Liquidated damages not recovered from contractor	1,212,489
29	Rombo DC	Procured Hospital record forms, cards medicine and equipments outside MSD	34,614,796
30	Siha DC	Contracted works in progress	65,838,000
31	Njombe TC	Constructions of Government buildings by using mud - contrary to acceptable construction standards of Government buildings.	18,000,000
32	Kongwa DC	Delay in completion of project	48,481,200
33	Kilosa DC	Inadequate Keeping of Procurement Records and Reports	307,825,471
34	Shinyanga MC	impaired sustainability of Windmill system and water services at Mwamashele Village	26,222,650
35	Moshi DC	Funds for Procurement of Motor Vehicle transferred from general fund a/c to deposit a/c without reasons	85,000,000
36	Tarime DC	Inadequate documentation of contracts and projects	37,800,000
Total			2,684,574,948

Weaknesses noted on the audit of Projects under basket fund

Council	Procurement made but items were not accounted for in stores books, or ware partly delivered or not delivered at all	Payments missing supporting documents, not authorized, were doubtful, unvouched or improperly vouched	Payments made without either inviting tenders, not approved, No quotations, Not authorized by tender board	Outstanding Imprests	Unspent balances	Balance %
Kiteto DC	-	-	19,656,500.	2,056,750.	36,355,134.80	15%
Babati DC	-	27,996,209.	10,242,500.	-	89,787,629.00	28%
Mbulu DC	-	4,709,719.	8,153,568.	1,660,500.	98,166,770.00	26%
Tanga CC	9,973,725.	-	-	-	230,949,243.0	13%
Muheza DC	22,045,075	-	-	-	-	
Korogwe DC	11,142,000	-	-	-	120,749,538.	41%
Lushoto DC	-	23,575,000	-	-	-	
Handeni DC	23,577,900	-	24,515,000.	35,835,900	-	
Kilindi DC	17,311,500	-	-	-	104,595,200	50%
Moshi TC/MC	-	12,537,560	-	-	25,313,630.0	16%
Moshi DC	3,397,500.	-	-	-	349,999,307.	2%

Same DC	5,833,200.	-	-	-	58,320,071.6	20%
Hai DC	-	4,416,000.	-	7,825,688.	-	
Siha DC	-	2,000,000.	1,310,000.	-	34,451,542.	13%
Mwanga DC	19,190,386	7,924,000.	-	-	25,175,863.7	15%
Meru D/C	-	37,619,423	4,857,900.	-	10,227,704.	3%
Monduli D/C	-	3,100,000.	-	2,509,850.	6,913,874	3%
Ngorongoro D/C	-	15,186,880	-	-	-	
Karatu D/C	-	-	-	-	12,457,257.	5%
Arusha D/C	7,437,426.	114,494,996	12,147,500	34,055,350	-	
Simanjiro DC	-	-	-	-	142,795,175.	55%
Mwanza RAS	85,875,900	60,387,283.	-	-	-	
Magu DC	-	8,453,000.	-	-	-	
Geita DC	-	32,310,600.	-	-	-	
Sengerema DC	-	-	-	-	129,985,195	17%
Ukerewe DC	-	2,030,000.	-	-	-	
Bukoba TC/mc	-	-	2,574,000.	1,771,000.	17,888,150	19%

Misenyi DC	-	-	-	-	47,310,405	23%
Chato DC	-	20,645,200	-	-	66,987,725	22%
Karagwe DC	-	-	59,579,000	3,359,000.	75,395,368	13%
Muleba DC	-	-	48,178,617	16,413,535	15,252,262.	3%
Ngara DC	-	-	17,082,160	-	-	
Shinyanga TC/Mc	-	-	-	-	37,210,082	2%
Shinyanga DC	-	-	-	-	167,240,387	36%
Bariadi DC	-	7,850,400.	18,628,000	-	771,838,10.	63%
Bukombe DC	-	-	-	-	85,815,988	16%
Maswa DC	-	-	-	-	167,180,304.	58%
Meatu DC	-	-	25,658,114	-	96,191,950	23%
Kishapu DC	-	64,147,952.	28,140,065	-	-	
Musoma TC/Mc	-	9,550,000.	9,033,000.	-	104,269,767	35%
Rorya DC	-	8,516,500.	14,035,000	-	85,222,985	22%
Tarime DC	23,161,800	-	76,833,750	-	109,524,202	30%
Serengeti DC	-	-	-	-	92,175,890.	27%
Temeke MC	-	6,205,500.	45,556,600.	-	511,701,581	51%

Ilala MC	60,552,500	163,986,776	105,169,930.	-	122,436,857	17%
	-	-	-	-	-	
Kinondoni	24,476,100	69,909,904.	15,375,900.	1,802,000	365,718,979	28%
Kibaha TC	-	-	-	-	1,141,625	1%
Bagamoyo DC	-	-	-	-	290,305,083	14%
Rufiji DC	-	40,559,010.	-	2,624,000	-	
Kisarawe DC	-	22,876,003.	-	1,856,140	-	
Lindi RAS	-	10,295,000.	-	-	17,994,000	46%
Lindi TC	-		-	-	28,276,172	40%
Lindi DC	-	9,181,850.	-	47,041,612	45,074,160	12%
Ruangwa DC	-	3,776,400.	-	6,198,650.	80,188,450	45%
Nachingwea DC	-	-	-	5,804,470.	49,461,382	21%
Liwale DC	-	-	4,000,000.	-	-	
Mtwara DC	-	5,771,000	-	-	-	
Masasi DC	-	-	24,481,600.00	-	-	
Nanyumbuu DC	-	9,108,000	30,122,500.	-	-	
Newala DC	-	20,066,808	-	-	-	

Mbeya CC	-	111,284,900	-	-	-	
Mbeya DC	-	-	-	-	112,023,276	32%
Mbarari DC	-	10,709,400	17,757,200.	-	89,731,534	23%
Rungwe DC	2,926,000.	104,045,443	-	-	-	
Mbozi DC	-	71,426,350	25,680,120.	-	226,951,561	17%
Chunya DC	1,456,500.	28,553,240	-	-	16,543,909	5%
Kyela DC	-	-	-	-	20,028,293	16%
Ileje DC	-	7,794,090	-	-	26,081,181.	14%
Songea TC /mc		7,262,500	-	-	-	
Songea DC	-	1,897,000	-	-	149,866,307	13%
Tunduru DC	-	69,744,912	-	-	171,899,142	12%
Namtumbo	-	33,014,287	-	-	100,431,284	33%
Iringa TC/MC	6,448,330.	23,286,775	-	-	44,172,805	6%
Iringa DC	-	-	-	-	-	
Mufindi DC	-	-	-	-	78,883,604	19%
Njombe TC	1,084,300.	-	34,000,000.	-	12,049,345.	13%
Makete DC	-	-	-	-	74,539,571	43%
Ludewa DC	-	-	16,083,710.	-	76,367,068.	37%
Kiloto DC	-	-	25,120,000.	-	32,790,448.	16%

	-	-	-	-	-	
S'wanga TC/Mc	3,940,220.	9,994,000	-	1,895,000.	70,463,796	40%
S'wanga DC	-	18,040,800	-	3,065,000.	253,554,134.	48%
Mpanda DC	45,617,300	15,755,536	-	-	-	
Mpanda TC	-	586,935.00	-	-	15,697,848.	26%
Nkasi DC	-	5,796,000.0	-	1,374,000.	226,653,024.	0.50 %
	-	-	-	-	-	
Dodoma MC	-	8,419,681	-	-	25,679,447	7%
Chamwino DC	-	-	-	8,064,000.	87,632,665	22%
Bahi DC	-	3,010,000	52,026,735	47,577,046	34,086,646.	13%
Kondoa DC	-	-	23,460,000.	3,174,000.	207,503,628.	30%
Mpwapwa DC	30,834,100	-	-	-	129,514,632.	27%
Kongwa DC	97,733,600	-	-	-	64,154,527	17%
Ujiji MC	28,151,500	-	21,999,418.	18,988,600	109,539,722.	54%
Kasulu DC	-	8,707,000	277,112,238	111,098,52	8,910,000	1%
Singida TC/MC	-	-	-	-	42,862,204	6%
Singida DC	-	162,997,180	-	-	9,132,975.00	2%

Manyoni DC	-	13,435,314	-	-	14,914,225	4%
Iramba DC	-	-	-	-	60,650,231	9%
Tabora TC/MC	-	13,280,000	-	-	23,961,786.00	9%
Tabora DC/Uyui	-	62,477,400.	-	15,040,000	-	
Igunga DC	3,535,380.	38,035,000.	-	-	124,881,740.	30%
Nzega DC	-	47,008,288.	61,515,600.	-	166,769,125.	31%
Morogoro MC	5,381,500.	2,605,400	-	-	-	
Morogoro DC	26,062,628	10,653,000.	-	-	-	
Kilosa DC	14,814,689	92,683,600	-	-	9,808,878	.40%
Ulanga DC	-	-	-	-	45,345,033.	27%
Kilombero DC	2,550,000.	-	1,995,000.	1,830,000.	72,901,850.	16%
Mvomero DC	4,230,000.	8,446,500	-	3,059,000.	-	
133 councils	354,770,127	1,038,854,589	1,162,081,225	385,979,612	7,965,022,443.	