

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

**On the Financial Statements of Local Government Authorities
for the financial year ended 30th June, 2010**

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

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31st March, 2011

Ref.
No.CA.4/37/01/2009/2010

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) for the financial year ended 30th June, 2010

Pursuant to Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and Sect. 48 of the Local Government Finances Act No.9 of 1982 (Revised 2000), together with Sect. 34 of the Public Audit Act No.11 of 2008, I hereby submit to you the above mentioned report for your information and necessary action.

I submit,

A handwritten signature in black ink, appearing to read 'L. Utouh'.

Ludovick S. L. Utouh
CONTROLLER AND AUDITOR GENERAL

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

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

The statutory duties and responsibilities of the Controller and Auditor General are enshrined in Article 143 of the Constitution of the URT of 1977 (revised 2005), further elaborated in Sect. 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 usage 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 am pleased to present my 2009/2010 Annual General Report on the audit of Local Government Authorities (LGAs) for the financial year ended 30th June, 2010.

This report presents a compiled version of individual audit reports on the Local Government Authorities whereby the details of summarized matters can be read from the individual audit reports issued to the respective Local Government Authorities Management.

This report is being submitted to the President in accordance with Article 143 of the Constitution of the United Republic of Tanzania (URT), Sect. 48 of the Local Government Finances Act No.9 of 1982 and Sect. 34(1) of the Public Audit Act No. 11 of 2008.

The intention of this report is to inform our stakeholders: the Local Government Authorities, the Local Authorities Accounts Committee (LAAC) of the National Assembly, the Executive (Government), Judiciary, Development Partners, Civil Society Organisations and the General Public with a summary of my audit findings arising from the audit of the Local Government Authorities (LGAs) in the Country for the financial year ended 30th June, 2010.

This report gives an overall assessment of the audit findings on the state of financial reporting, compliance with the laws and regulations, and on the accountability and governance issues pertaining to the running of LGAs in the Country.

This financial year's audit covered a total of 134 Local Government Authorities in the Country compared with 133 LGAs dealt with in the last financial year's audit following the establishment of Masasi Town Council on 1st July, 2010 published on Government Notice No.393 of 15th October, 2010.

I am happy to report that all LGAs in the Country were audited by my Office.

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

The Local Government Authorities have a wide range of responsibilities for the provision of essential services and good governance for the citizens of their locality. In order to fulfil these responsibilities, they have to collect revenues through taxes, licenses, fees and other sources. In this respect, sound financial management is crucial to ensure that revenues are properly accounted for and used for intended purpose and have yield the maximum benefits possible.

I would like to acknowledge the contributions of the Local Authorities Accounts Committee (LAAC) one of the Oversight Committee of Parliament for playing instrumental role in the follow up of my previous audit reports.

I would also 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 Local Government Authorities general report for the financial year ended 30th June, 2010.

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



Ludovick S. L. Utouh
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
P.O. Box 9080,
DAR ES SALAAM.

March, 2011

Acknowledgment

The annual audit report for the accounts of 2009/10 has been successfully completed. This success has been possible because of the support and cooperation I received from a number of stakeholders.

I would like to express my special appreciation to the President of the United Republic of Tanzania, His Excellency, Dr. Jakaya Mrisho Kikwete and his entire Government, the Parliament and the Parliamentary Oversight Committees for supporting my office and taking seriously matters raised in my audit report for the purpose of improving financial accountability in the country.

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

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

I am equally indebted to all our other stakeholders including the Paymaster General, the Treasury, Prime Minister's Office - Regional Administration and Local Government and all Accounting Officers of the LGAs for the much needed support, cooperation

and for providing vital information needed for the preparation of this report. I would also like to thank the Government Printer for expediting the printing of this report for its timely submission.

Last but not least, I would like to thank all the public servants in the country, whether in Central or Local Governments without forgetting the role of taxpayers for whom this report is dedicated and members of media. Their invaluable contributions in building the nation cannot be underestimated.

May the almighty God bless you all as I commit myself to provide efficient audit services in order to enhance accountability and value for money in collection and use of public resources.

List of Abbreviations

| | |
|--------------------|---|
| AFROSAI - E | African Organisation of Supreme Audit Institutions for English Speaking Countries |
| ASDP | Agricultural Sector Development Programme |
| BOQ | Bill of Quantities |
| CAG | Controller and Auditor General |
| CDCF | Constituency Development Catalyst Fund |
| CHF | Community Health Fund |
| CoA | Chart of Accounts |
| DADPS | District Agriculture Government Plans |
| DAWASA | Dar es Salaam Water Supply and Sewerage Authority |
| DAWASCO | Dar es Salaam Water Supply Company |
| DCC | Dar es Salaam City Council |
| DDC | Dar es Salaam Development Cooperation |
| DED | District Executive Director |
| ERV | Exchequer Receipt Voucher |
| F/Y | Financial Year |
| GFS | Government Finance Statistics |
| GIS | Geographical Information System |
| GoT | Government of Tanzania |
| GPSA | Government Procurement Services Agency |
| HBf | Health Basket Fund |
| HIV/AIDS | Human Immuno Deficiency Virus/Acquired Immune Deficiency Syndrome |
| IFAC | International Federation of Accountants |
| IFMS | Integrated Financial Management System |
| INTOSAI | International Organization of Supreme Audit Institutions |
| IPSASs | International Public Sector Accounting Standards |
| ISA | International Standards on Auditing |
| ISSAIs | International Standards of Supreme Audit Institutions |
| IT | Information Technology |
| LAAC | Local Authorities Accounts Committee |
| LAFM | Local Authority Financial Memorandum, 1997 |
| LGAs | Local Government Authorities |
| LGDG | Local Government Development Grants |
| LGFA | Local Government Finances Act, 1982 (Revised 2000) |
| LGLB | Local Government Loans Board |

| | |
|-----------------|--|
| LGRP | Local Government Reform Programme |
| LLG | Lower Level Government |
| M&E | Monitoring and Evaluation |
| MMAM | Mpango wa Maendeleo wa Afya ya Msingi (PHSDP) |
| MOLIS | Management of Land Information System |
| MRECOM | Municipal revenue Collection Manager |
| MTEF | Medium Term Framework |
| NAO | National Audit Office |
| NHIF | National Health Insurance Fund |
| NMSF | National Multi Sectoral Strategic Framework |
| NSSF | National Social Security Fund |
| PE | Procuring Entity |
| PEDEP | Primary Education Development Plan |
| PEPFAR | President's Emergency Plan for AIDS Relief |
| PFM RP | Public Finance Management Reform Programme |
| PHSDP | Primary Health Service Development Programme |
| PLAN-REP | Planning and Reporting System |
| PMG | Pay Master General |
| PMO-RALG | Prime Minister's Office - Regional Administration and Local Government |
| PMU | Procurement Management Unit |
| PPA | Public Procurement Act, 2004 |
| PPE | Property Plant and Equipment |
| PPRA | Public Procurement Regulatory Authority |
| RAS | Regional Administrative Secretariat |
| RC | Regional Commission |
| Reg. | Regulation |
| Sect. | Section |
| SNAO | Swedish National Audit Office |
| TACAIDS | Tanzania Commission for AIDS |
| TANROADS | Tanzania National Roads Agency |
| TASAF | Tanzania Social Action Fund |
| URT | United Republic of Tanzania |
| USAID | United States Agency for International Development |
| WEO | Ward Executive Officer |
| WSDP | Water Sector Development Programme |

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Executive Summary

The purpose of this general report is to present a summary of the salient features observed during the audit of LGAs for the accounts of 2009/2010. This part of the report gives an overview of the audit outcomes followed by highlights of salient features noted during the course of audit and summary of recommendations.

A. Outlines of Audit Outcomes

The statutory audit on the financial statements of the 134 LGAs existing in the country for the financial year ended 30th June 2010 has been completed. The summary of the main findings of the audit is contained in this general report and the details of the same have been issued separately in the management letters of the individual respective Councils.

The number of Councils has increased from 133 in the last year to 134 in 2009/10. The new Council in this year is Masasi Town Council. This follows the upgrading of its status from Township Authority to Town Council.

The performance on financial reporting for the year 2009/10 has declined as compared to the year 2008/09. The comparable performance for the two years is as summarized in the table below:

| Councils | Unqualified opinion | | Qualified opinion | | Adverse opinion | | Total | |
|--------------------|---------------------|--------------|-------------------|--------------|-----------------|-----------|-------------|-------------|
| | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 |
| City Councils | - | | 4 | 4 | - | - | 4 | 4 |
| Municipal Councils | 10 | 8 | 7 | 9 | - | - | 17 | 17 |
| Town Councils | 4 | 1 | 2 | 6 | - | - | 6 | 7 |
| District Councils | 63 | 56 | 42 | 46 | 1 | 4 | 106 | 106 |
| Total | 77 | 65 | 55 | 65 | 1 | 4 | 133 | 134 |
| Percentage | 58% | 48.5% | 41% | 48.5% | 1% | 3% | 100% | 100% |

As indicated in the table above, the number of Unqualified Opinions has decreased from 77 (58%) in the year 2008/2009 to 65 (48.5%) during the year under review (2009/2010).

Whereas, the number of Qualified Opinions has increased from 55 (41%) in the year 2008/2009 to 65 (48.5%) during the year under review (2009/2010).

The number of Adverse Opinions has also increased from 1(1%) in the year 2008/09 to 4(3%) during the year under review (2009/2010). Councils with Adverse opinion for this year are Mwanga District Council, Kishapu District Council, Rombo District Council and Kilwa District Council. Like the situation in the previous year, no Council was issued with Disclaimer of Opinion during the year under review.

The decline in Local Government Authorities' (LGAs) performance mainly attributed by the following main reasons:

- Some submitted financial statements lack proper disclosures as per the requirements of IPSASs accruals basis of accounting thus resulting into difficulties in measuring performance of the LGAs. An example of this is Lindi District Council whereby the Development Grants amounting to Shs.1,911,447,792 was wrongly presented as Recurrent Grant in the financial statements.
- 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 transfer funds to Wards and Villages without making follow-ups.
- Increase of funds transferred to Councils under the arrangement of decentralization by devolution (D by D) arrangement and from Councils to Lower Level Governments. This arrangement puts high demand on capacity to manage the finances at the lower administrative levels hence increased risks of mismanagement of such funds.
- Increase in non compliance to the existing internal control systems.

B. Highlights of the salient features in the current year's audit of LGAs:

Major irregularities and weaknesses noted during the course of my audit include the following:

- Some Councils did not prepare the statement of capital expenditure and its financing for the year ended 30th June 2010. In the absence of the statement of capital expenditure and its financing, I was unable to ascertain the Source of Funds, Name of Projects, Budgeted funds, Balance from the previous years, actual revenue received, total funds available, Actual Expenditure and Unapplied Capital.
- Some Council's financial statements presented had material errors in the presentation. Examples of these errors include incorrect figures reported in the financial statements, omissions of assets in the statements of financial position and non disclosure of explanatory notes/description schedules.
- The audit results of development funds and grants showed that 133 LGAs (excluding Masasi Town Council) had a sum of Shs.507,866,599,666 for financing Councils Development Projects. However, as at 30th June, 2010 Shs.332,092,443,562 had been spent, leaving unspent balance of Shs.175,774,156,104 or 33% which involved 132 Councils.
- The Government of the United Republic of Tanzania through the National Audit Office (NAO) engaged KPMG Tanzania to conduct an IFMS audit between August, 2009 and June, 2010. This review raised a number of weaknesses including under utilization of IFMS, lack of refresher and user training, EPICOR not compliant to IPSASs and Implementation of EPICOR 7.2 Version did not fully meet the LGAs requirements.
- During the financial year 2009/2010, 34 Councils out of 134 audited had effected payments amounting to Shs.2,830,338,208 where supporting payment vouchers were not made available for audit purpose, hence limiting the scope of audit. The Council with the highest value is Kishapu

District Council which had Shs.1,393,123,804 followed by Ruangwa District Council which had Shs.411,876,806.

- Payments made without proper supporting documents (improperly vouched expenditure) was noted in 71 Councils with the total amount of Shs.5,515,453,908. The highest being Ruangwa District Council having Shs.803,959,615 followed by Kilwa District Council having Shs. 449,681,752.
- Unclaimed Salaries not remitted to Treasury amounting to Shs.1,185,252,606 was noted in respect of 55 Councils. The Council with the highest amount was Ileje District Council having Shs.109,698,842 followed by Mwanza City Council having Shs.106,142,575.
- Payments made to retired, absconded and terminated employees amounting to Shs.583,221,297 were noted in 38 Councils. The Council with the highest amount being Urambo District Council having Shs.72,356,016 followed by Kinondoni Municipal Council having Shs.56,014,740.
- Audit of payroll and related documents revealed that a total payments of Shs.290,174,973 were paid to various financial institutions by the Councils as repayments of loans taken by former Councils' employees not guaranteed by the Council. However, scrutiny made on payrolls, control sheets and other records revealed that persons for whom loans were being repaid were no longer in the government service and therefore not entitled to any salary payments. The Council with highest amount being Kwimba District Council having Shs.227,569,484 followed by Kibondo District Council having Shs.22,271,871.
- During audit of payroll, I noted a number of cases where salaries of Councils' employees' salaries were deducted to a point of exceeding 2/3 of the basic salary because of excessive borrowing from financial institutions and others. In some specific cases a number of employees were completely not paid (zero net pay). An example of these is Dodoma Municipal Council; out of 198 employees tested, 45 employees equivalent

to 23% were completely not paid. I am concerned with this uncontrolled borrowing arrangement which may adversely affect employees' performance and ultimately affecting the Council's overall performance because of its de-motivation effects. Moreover, this is against the requirement of Circular No.CCE.45.271/01/87 dated 19th March, 2009 issued by the PO-PSM in which it prohibits deduction of civil servant salaries beyond 1/3 of the monthly salary.

- A total of 948 revenue receipt books from 48 Councils were noted missing and therefore not availed for audit verification. Hence, auditors could not ascertain completeness of revenue collection revenue had been collected. This amounted to limitation of the scope of the audit. The Council with highest number of missing revenue receipt books being Ngorongoro District Council having 168 books missing followed by Lindi District Council having 101 books missing.
- During the financial year under audit, out of the selected audited Councils, 43 Councils had a sum of Shs.2,756,763,702 being revenue from collecting agents which had not been remitted to the Councils. Kinondoni Municipal Council was having the highest amount of Shs.1,132,294,000 followed by Arusha Municipal Council having Shs.627,244,100.
- Outstanding items of Bank Reconciliation were noted in audit of LGAs. These include Shs.9,612,413,862 being total receipts in Councils cash books but not in bank statements. A sum of Shs.805,665,694 from various Councils was cash in transit, whereby no efforts were made to ensure the cash in transit was actually credited to the bank accounts. Also, a total of Shs.2,586,187,823 was debited (withdrawn) from the Councils' bank accounts without being credited to the Councils' cash books.
- Review of procurement contracts management during the year under review revealed a number of inadequately documented contracts where, vital information/documents were noted missing in the respective contract files including contract

agreements, Bills of Quantities (BOQ), Engineers' estimates, interim certificates and procurement made outside the Procurement Plan. The amount involved in amounted to Shs.1,763,333,294 for 10 Councils tested.

- During audit of CDCF, I noted with concern on the utilization of CDCF funds. In some Councils the audit noted that funds were completely not utilized. Reasons behind include no separate accounts were opened at the Council and also funds were released at the end of the year i.e between May and June 2010. Hence, the objective for having this Fund during the financial year 2009/10 were not fully achieved.
- It was noted during audit of Local Government Development Grant (LGDG) that in the sample of Councils selected, the amount recorded as received at the Council level differs with the amount recorded as paid to Councils in Local Government Reform Programme (LGRP) accounts under PMO-RALG. There was also a notable delay in releasing funds for National Multi Sectoral Strategic Framework (NMSF) activities. In some extreme cases funds for 2009/10 were received in 2010/11.
- A number of issues were revealed during the special audits conducted in Rombo, Kilosa, Rorya, Tarime District Councils and Sumbawanga Municipal Council. These issues include:
 - (i) Night out allowances claimed and paid were fictitious as the officers were noted to have signed the attendance registers on the dates claimed to have been on duty out of their stations. In Rombo District Council this type of transaction involved Shs.7,280,000.
 - (ii) Diesel and petrol worth Shs.64,581,030 in Rombo District Council were ordered, paid for and issued to Council's motor vehicles without evidence of motor vehicles log books in support of such a transaction. Drivers of the respective motors vehicles alleged issued with the fuel confirmed to have not received the fuel.
 - (iii) Staff of Rombo District Council had misappropriated education funds amounting to Shs.31,020,000 because of

- alleged theft of printer cartridges worth Shs.14,635,000 and photocopy ink worth Shs.16,385,000.
- (iv) Payment vouchers worth Shs.766,489,920 were not made available to audit in Kilosa District Council. Hence, the genuineness of the payments made could not be ascertained.
 - (v) Six incidences were noted in Kilosa District Council involving misappropriation of Councils' funds amounting to Shs.277,026,849, caused by laxity in the internal controls whereby reconciliations were untimely done by some of the unfaithfully employees.
 - (vi) Some of the contractors were paid advance payment at a rate from 30% to 70% of the contract sums contrary to recommended practise rate of 15% issued by PPRA. This was noted in Kilosa District Council.
 - (vii) Kilosa District Council spent Shs.119,614,000 to collect revenue amounting to Shs.57,226,690 as a result the Council had suffered a loss of Shs.62,387,110.
 - (viii) Cash amounting to Shs.7,380,000 realised from allocation of building plot at Holili Town in Rombo District Council were not accounted for in Councils books of account Shs.2,785,000 through carbon slipping and Shs.4,595,000 were deposited in personal bank account.

Issues of fraudulent and corruptive nature were handled as per Sect.27 of the Public Audit Act No.11 of 2008 by reporting to law enforcement organs for further fraud investigation.

C. Summary of Recommendations

Apart from the detailed recommendations issued to the management of every Council through the management letters, for this year of audit I have the following recommendations:

(i) Lack of Guidance for Basic Internal Control Framework

It is hereby recommended that the PMO-RALG should come up with an appropriate internal control structures to support LGAs in documenting the internal controls in their organizations for

smooth achievement of their objectives. This could include a general guidance in preparation of IT policy, Risk management framework, Audit Committee Charter, internal Audit Charter and other guiding documents to ensure that LGAs have effective and working internal controls in place.

(ii) Need of strengthening the procurement function in LGAs

Apart from strengthening Internal Controls as suggested above as a measure to correct the weaknesses noted in my normal and special audits; Councils should specifically strengthen the Procurement function within each LGA. This could include preparing auditable periodic reports on procurements and enforcing Councils to use the services provided by the Government Procurement Services Agency (GPSA) who are responsible to arrange and manage procurements of commonly used items and services by procurement entities through framework agreements. Generally, systems for financial management within Councils need to be periodically monitored and evaluated.

(iii) Constituency Development Catalyst Fund (CDCF)

This is the first year of operation of CDCF. Councils should be proactive to ensure that all the accountability systems are implemented as per the CDCF Act No 16 of 2009 and the existing legal framework for managing such public resources. For non preparation and submission of the record of the amount received and spent by each Constituency Development Catalyst, PMO - RALG should enforce the provisions of the CDCF Act by ensuring that no disbursements for succeeding year is made until the required report is prepared.

(iv) Inconsistency of Financial Reports and Outdated LGAs Legislations

As pointed out in last year's general audit report, PMO-RALG should champion the required changes in the existing legislations and guidelines so as to cope up with the adopted IPSASs - accrual basis of accounting and other best practices.

Councils' management should be trained to appreciate the collective responsibility for preparation of Councils' financial statements. This can be done as it was done in August 2009, when Councils adopted IPSASs for the first time and PMO - RALG facilitated the exercise by conducting training to few officers.

(v) Preparation of Financial Statements and Audit of Villages Accounts

Management of the Councils should take a leading role to ensure the provisions of the Local Government Finances Act No.9 of 1982 are adhered to. This requires that the village accounts to be audited by such a public officer or organisation as the Council may direct in writing. This could include ensuring that the village management prepares appropriate financial statements and the Council appoints the auditor for giving assurance on the financial statements which have been prepared as per the requirement of the law. This arrangement is expected to strengthen financial management at the villages level and improve implementation of development projects at the LLG under direct supervision of LGAs.

(vi) Capacity Building for Management of LLG

Councils' management should introduce a training programme which will help village leaders and Development Project Committee members to be able to properly supervise the implementation of development projects and at the same time ensuring that there are proper controls over the collection and use of the public resources.

(vii) Completed Projects not in Use

Having completed projects but not in use demonstrate inadequate planning and lack of Monitoring and Evaluation (M&E) mechanism at the Council level. Councils' management should strengthen periodical M&E mechanism which will ensure that follow up is strengthened and noted challenges are quickly solved for smooth implementations of planned projects and timely use of the completed projects.

(viii) Excessive Borrowing by the Councils' Employees not Controlled by Management

Excessive borrowing is not only the breach of lawful order but also a de-motivation for employees to work efficiently. Management of Councils should be instructed to ensure that all loan applications are approved by the Accounting Officers and that monthly loans/advance deductions do not exceed 2/3 of the employee's monthly basic salaries. The management should have a mechanism to ensure that awareness is created among staff on the restrictions of excessive borrowing.

(ix) Accountability of LGDG and NMSF

Information on funds transferred to LGAs should be released to the Councils as soon as funds have been transferred to Councils. This information should have a clear clarification on the purpose of transferred funds. Timely disbursement of approved funds is important to ensure planned activities are timely implemented.

(x) Consolidation of financial statements of LGAs

Given the fact that more than 93% of the LGAs finances come from the Central Government and given another fact that there is a move to have the function of the Accountant General for LGAs; it is high time that performance of the Local Government Authorities need to be disclosed in aggregate as a starting point. This will be in addition to the individual financial statements traditionally being prepared. Aggregation of these statistics will be preparatory process for future proper consolidations for all LGAs accounts.

(xi) Need to Strengthen the Coordination and Supervisory Roles of the Regional Administration Secretariats

From the numerous weaknesses noted in the financial management in LGAs, there is a need for the PMO-RALG to ensure proper actions are taken against officers who are

mismanaging or who fail to properly manage the Local Government Authorities' resources. The actions taken will help to instil a culture of financial discipline within the LGAs.

Also, under the Decentralization by Devolution (D by D) reforms the Central Government is allocating a lot of resources to Local Government Authorities. The Government under the circumstance is operating under "eyes on hand off" philosophy in order to ensure the existence of a meaningful D by D.

In order to have the expected results from the Local Government Authorities, the Government should seriously strengthen the coordination and supervisory roles of the Regional Administrative Secretaries. This will include ensuring that, the Secretariats have the required capacity in terms of facilitating the promotion, development fostering and upholding of Local Governments and the realisation of goals and targets of LGAs in relation to national development goals.

CHAPTER ONE

1.0 BACKGROUND AND GENERAL INFORMATION

1.1 Rationale for Audit and Audit Mandate

1.1.1 Rationale for Audit

The main objective of conducting the audit is to enable the Controller and Auditor General to express an independent opinion on the financial statements of Councils for the financial year ended 30th June, 2010 and in particular:

- To determine whether all funds approved by the Parliament and the respective Full Councils were received and utilised in accordance with the approved budget.
- To determine whether funds were properly collected and used exclusively and judiciously for eligible expenses as per approved budget and regulations governing government expenditure with due attention to economy and efficiency.
- To determine whether the financial statements of Councils were prepared in accordance with Instructions/Guidelines and as per the International Public Sector Accounting Standards (IPSASs) - accrual basis of accounting and the requirements of the Local Government Finances Act No.9 of 1982 (revised 2000) and Local Authority Financial Memorandum, 1997.
- To ascertain whether all necessary documents, books, registers, accounts and information have been kept in respect of all transactions.
- To ensure that there is adequate disclosure of assets and liabilities in the financial statements of Councils.
- To verify whether goods and services bought for Councils' activities were acquired through laid down procurement procedures and in accordance with the

Public Procurement Act No. 21 of 2004 and its underlying Regulations, 2005.

- To determine whether the Internal Audit Unit properly performs its duties with appropriate independence and whether the Audit Committee effectively performs its duties to ensure that the system of internal control is adequate and reliable.
- To verify whether the Tender Board and the Procurement Management Unit effectively perform their prescribed duties and that proper procurement procedures are being followed in the execution of their duties.
- To determine whether the desired results or benefits are being achieved, whether the objectives established by the Parliament or other authorizing bodies are being met, and whether Councils have considered alternative ways to ensure that the desired results are attained at a lower costs.
- To closely follow-up on the previous year's audit findings and recommendations and instructions/directives issued by the Local Authorities Accounts Committee (LAAC) and to ensure that proper actions have been taken in respect of all audit matters raised.
- To ensure that good governance has been enforced in the day-to-day operations of Councils and in carrying out their overall strategies.

1.1.2 Audit Mandate governing the CAG's Audit of LGAs Accounts

By virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania, 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, the Controller and Auditor General is the statutory auditor of all Government revenues and expenditure including the revenues and expenditure of Local Government Authorities.

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

Pursuant to Article 143(2) (c) of the Constitution of the United Republic of Tanzania, 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, Sect. 45(1) of the Local Government Finances Act No. 9 of 1982 (revised 2000) spell out clearly that the external auditor of LGAs is the Controller and Auditor General. Also, Sect. 10 (1) of the Public Audit Act, 2008 gives mandate to the CAG to audit these LGAs.

Further, Sect. 45(5) of LGFA No. 9 of 1982 (revised 2000) gives the authority to 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.

Furthermore, Sect. 48(1), (2) and (4) of the Local Government Finances Act No. 9 of 1982 requires the auditor to prepare and sign a report on the Local Government Authority's 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 is required to 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, that has not been brought to account.

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

This is the second year whereby the submitted financial statements of the LGAs were prepared based on IPSASs - accrual basis of accounting and Part (iv) of the Local Government Finances Act No. 9 of 1982 (revised 2000), and in accordance with the provisions of Order No. 53 of Local Authority Financial Memorandum (LAFM) of 1997 as the applicable reporting framework for Local Government Authorities. The first set of accounts submitted under IPSASs - accrual basis of accounting were those of 2008/09.

A complete set of financial statements prepared under IPSASs - accrual basis of accounting and which are supposed to be submitted by all LGAs for audit should include the following:

- (a) A statement of financial position;
- (b) A statement of financial performance;
- (c) A statement of changes in net assets/equity;
- (d) A cash flow statement;
- (e) A statement of comparison of budget Vs actual amount by nature;

- (f) A statement of comparison of budget Vs actual amount by function;
- (g) Notes to the financial statements.

For transparency and accountability reasons, Sect. 49 of LGFA, 1982 (Revised 2000) and amplified by Order No. 90 of the Local Authority Financial Memorandum (LAFM) 1997 requires Councils to publish at their own offices and in local newspapers within their areas of jurisdiction the following:

- (i) The audited consolidated statement of financial position (balance sheet) and statement of financial performance (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.

1.2 Applicable Auditing Standards and Reporting procedures

1.2.1 Applicable Auditing Standards

The National Audit Office - Tanzania is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and AFROSAI-E. Being a member of those international organisations, NAO is obliged to comply with the requirements of the INTOSAI standards, (International Standards of Supreme Audit Institutions-ISSAIs) and the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) when carrying out audits of the financial statements of Local Government Authorities.

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' expenditure. At the end of the audit, various audit opinions were expressed on the financial statements of the Local Government Authorities based on the findings.

In compliance with the requirements of Article 143 (4) of the Constitution of the URT of 1977 (Revised 2005), this report has been submitted to the President of the URT for onward submission to the National Assembly.

1.2.2 Reporting Procedures

In my auditing function, reporting and follow up are important components which can not be separated and are always given equal weight.

Before issuing the general report, various steps have been undertaken. It is worth pointing out these steps to users of this report in order to have a clear understanding of the general report and appreciate the steps being undertaken. These steps involve a lot of communication with the management of the audited entity (auditee). Some of the key steps undertaken during audit process include the following:

- Issuing engagement letter to auditees before the audit commences, to explain the nature and scope of the audit;
- Coming up with the Overall Audit Strategy (Audit planning memorandum) at the end of planning to explain the audit approach adopted based on the preliminary evaluation of the audited entity;
- Handling entrance meeting with the management of the audited entity. This meeting serves me to describe to clients the goals and objectives for performing the audit. The meeting also serves me to have a contact person from the auditee and set-up all necessary appointments;

- Issuing interim management letters or audit queries to provide a list of audit findings and to provide management with an opportunity to respond during or at the end of an audit visit;
- Issuing final management letters to inform the audited entities of all significant issues found during the audit and to provide management with an opportunity to respond. This also forms the basis for preparation of annual general report.

The audit procedures in the audit of public sector including LGAs does not end up with an audit report but is followed by the follow-up procedures. Sect. 40 of the Public Audit Act, 2008 provides follow-up mechanisms in the Tanzanian context. The aim of follow-up processes is to identify and report on whether the auditee has come up with the action plan or has implemented the recommendations pointed out in the audit report. According to Sect. 40(4) of the Public Audit Act, 2008 I am obliged to include the implementation status in the next audit report.

1.3 Number of Auditees and NAO's set up

1.3.1 Number of Auditees

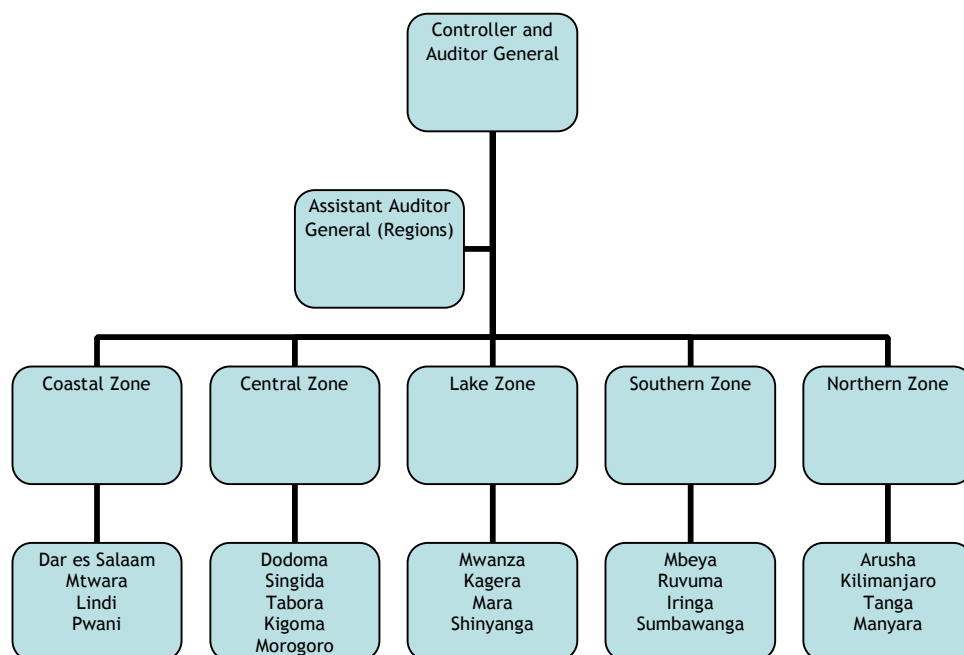
During the financial year of 2009/2010 there were 134 Local Government Authorities in the mainland Tanzania which were issued with individual audit reports. These LGAs have different status from the District Councils to City Councils as shown on the table below:

| S/N | Councils | Total | Percentage |
|------------|--------------------|-------------------|-------------------|
| 1. | City Councils | 4 | 3 |
| 2. | Municipal Councils | 17 | 13 |
| 3. | Town Councils | 7 | 5 |
| 4. | District Councils | <u>106</u> | <u>79</u> |
| | | <u>134</u> | <u>100</u> |

1.3.2 NAO's Set up

My clients (LGAs) are serviced by 24 Audit Regional Offices spread all over the Tanzania mainland, which are responsible for auditing LGAs accounts.

These Regional Offices are headed by Resident Auditors who report to Zonal Auditors. For the purpose of auditing LGAs in the country, the regions have been grouped into zones under the supervision of Zonal Auditors who report to the Assistant Auditor General (Regions). According to the organization structure of NAO, the Assistant Auditor General reports directly to the Controller and Auditor General. For the purpose of audits of LGAs, currently NAO operates under five (5) zones as shown on the following extract of the organization structure:



1.4 Statutory Responsibilities of LGAs in Connection to Preparation of Financial Statements

The Management of each Council is responsible for the preparation and fair presentation of the financial statements and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Sect. 40(1) of the Local Government Finances Act No. 9 of 1982 (Revised 2000) points out that every LGA shall cause to be provided, kept and maintained books of accounts and records with respect to:

- (a) The receipt and expenditure of money 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.

The above Section has been amplified by Order Nos. 9 to 16 of the Local Authority Financial Memorandum (LAFM) of 1997 which requires Councils to establish and support a sound system of internal control within the Council. In addition, Order No. 53 places responsibility on the Councils management to prepare the financial statements in accordance with the laws, regulations, directives issued by the Minister responsible for Local Governments, the Local Government Financial Memorandum and the International Public Sector Accounting Standards (IPSASs).

Apart from the responsibilities of preparation of the financial statements, Sect.49 of the Local Government Finances Act No. 9 of 1982 (revised 2000) requires every LGA to publish the audited financial statements within their areas of jurisdiction. The publication requirements have been amplified by Order No.90 of the Local Authority Financial Memorandum, 1997.

CHAPTER TWO

2.0 TYPES, BASIS AND ANALYSIS OF AUDIT OPINIONS

2.1 Basis of Opinions issued

To comply with statutory requirements, I am obliged to give assurance to stakeholders of the respective Councils whether the information given in their financial statements presents fairly, the financial performance, cash flows and financial position of Councils for the year ended 30th June, 2010. This certification provides to stakeholders the audit assurance as to the genuineness of the financial operations of Councils including compliance with prescribed requirements.

Based on the International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAIs) the following opinions were issued as a measure of the assessment given on the financial information presented. These are unqualified opinion, unqualified opinion with emphasis of matter and other matters, qualified (except for) opinion, adverse opinion and disclaimer of opinion.

This chapter summarises numbers of Councils issued with a particular type of opinion during the year under review. Reasons for issuing such type of opinion are detailed in the individual audit report issued to the respective Councils.

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

A detailed explanation of the type of audit opinion issued is as follows:

2.2.2.1 Unqualified Opinion

An unqualified opinion is issued when I conclude that the Council, Department or Agency's financial statements give a true and fair view or 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 efficient and effective systems of internal control. It only means that nothing material enough has come to my attention to warrant a qualified opinion. Accordingly, each Council issued with an unqualified opinion has also been issued with a management letter giving details of issues that are equally potential to risks of material misstatement of financial statements and if not addressed could lead to qualified opinion in the future.

2.2.2.2 Emphasis of Matters and Other Matters

Emphasis of matters and other matters entail to send additional communication through audit report when the auditor considers it necessary to:

- (a) Draw users' attention to a matter or matters presented or disclosed in the financial statements that are of such importance that they are fundamental to users' understanding of the financial statements; or
- (b) Draw users' attention to any matter or matters other than those presented or disclosed in the financial statements that are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

(i) Emphasis of matters

In certain circumstances, I have included an emphasis of matter paragraph to highlight matters that though are well presented and sufficiently disclosed in the financial statements, I find it necessary to give more explanation to add clarity and additional information to users of the financial statements. The addition of such emphasis matters paragraph does not affect the audit opinion.

An emphasis of matter paragraph is appended in each situation, which draws users' attention to a matter or matters presented or disclosed in the financial statements that are of such importance that they are fundamental to users' understanding of the financial statements. The main objective of the emphasis of matter paragraph is to bring to users closer understanding of the financial statements particularly for those matters presented in the financial statements.

An emphasis of matter paragraph should only be added in the following instances:

- To highlight a significant uncertainty, the resolution of which is dependent upon future events not under the direct control of the entity, and that may affect the financial statements, e.g. an uncertainty relating to the future outcome of an exceptional litigation or regulatory action;
- To highlight a material inconsistency in other information included in the annual report, where an amendment is necessary and the entity refuses to make the amendment;
- To highlight a matter affecting the financial statements that is presented or disclosed in the financial statements and that is of critical importance to users' understanding of the financial statements, e.g. a major catastrophe that has, or continues to have, a significant effect on the entity's financial position.

(ii) Other Matters

Other matters paragraph refers to matters other than those presented or disclosed in the financial statements that, in the auditor's judgment, are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

When the auditor considers it appropriate to communicate matters other than those presented or disclosed in the financial statements, the auditor use an other matter(s) paragraph for such matters with the heading other matter(s), placed after the auditor's opinion and any emphasis of matter paragraph. These other matters are in a separate Sect. of the audit report to clearly distinguish them from the auditor's responsibilities for, and opinion on, the financial statements and from matters highlighted in an emphasis of matter paragraph.

Examples of other matters would be non-compliance with legislation and weaknesses in internal controls.

2.3 Basis of expressing other than unqualified audit opinion

Basically the basis for expressing other than unqualified opinion can be summarized as indicated in the matrix below:

| Nature of Circumstances | Material but not Fundamental | Material and Fundamental |
|---------------------------------|---|--------------------------|
| Disagreement | “EXCEPT” FOR OPINION (QUALIFIED OPINION) | ADVERSE OPINION |
| Uncertainty Scope limitation | | DISCLAIMER OF OPINION |

2.3.1 Qualified Opinion

A qualified opinion is issued when I conclude that an unqualified opinion cannot be issued because of material misstatement in the financial statement 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. On the other hand this type of qualification occurs when I disagree with management on one or more areas of the financial statements but the misstatement do not affect the rest of the financial statements from being fairly presented when taken as a whole.

2.3.2 An Adverse Opinion

An adverse opinion is issued when I conclude that there is a material difference between what the financial statements are reporting and what in my opinion, the accounts should show. On the other hand, this type of Opinion is issued when I determine that the financial statements of an auditee are materially misstated and when considered as a whole do not conform to the applicable financial reporting

framework. Generally, this type of opinion is issued when the effect of a disagreement individually or in the aggregate, are both material and pervasive to the financial statements such that the financial statements are misleading as a whole. In this case, a qualified opinion is not adequate to address the misleading nature of the financial statements.

2.3.3 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.

This type of opinion is only issued if there are serious omissions or other factors that make it impossible for the auditor to confirm the reliability and completeness of the information provided in 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.

2.3.4 Circumstances that may lead to expressing a modified audit 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, and 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. Hence, there is a missing evidence to confirm the delivery of goods or services procured.
- Payments were not being supported by proper documents.
- Revenue receipt books were not submitted for audit verification.
- Assets owned or procured were not supported by analysis schedules.
- Unavailability of confirmation from the payees on the payment made (acknowledgement of payments).
- Essential accountable documents are missing.
- Stores purchased and paid for but not recorded in stores ledger.
- Where there are no disclosures of bank balances in the books of accounts.

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

Order Nos. 9 to 16 of the Local Authorities Financial Memorandum (LAFM) of 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 Authority Financial Memorandum, 1997.

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.
- 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 in-appropriate depreciation rate/charge.
- Procurement of goods, works or services not done in accordance with the Public Procurement Act No.21 of 2004 and its related Regulations.
- Management has failed or disagreed to rectify the errors noted by auditors.

2.4 Analysis of audit opinions for LGAs

This part intends to analyse the trend of audit opinions issued to LGAs over the two years 2008/09 and 2009/10. The rationale of this presentation is to compare the financial performance and accountability of Councils over the two years period.

The main reasons for the Local Government Authorities' poor performance not performing better mostly have been attributed by the following factors.

- The submitted financial statements lack proper disclosures as some of the items were not properly disclosed as per the requirements of IPSASs accruals 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.
- 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 hence increased risks of mismanagement of such funds.
- Increase in non compliance to the existing internal control systems.

In view of the above analysis, I can conclude that:-

- (i) The number of Unqualified Opinions has decreased from 77 (58%) in the year 2008/2009 to 65 (48.5%) during the year under review (2009/2010).
- (ii) The number of Qualified Opinions has increased from 55 (41%) in the year 2008/2009 to 65 (48.5%) during the year under review (2009/2010).
- (iii) The number of Adverse Opinions has increased from 1(1%) in the year 2008/09 to 4(3%) during the year under review (2009/2010).
- (iv) Like the situation in the previous year, no Council was issued with Disclaimer of Opinion during the year under review.

Most of the LGAs issued with Qualified Opinion and Adverse Opinion were attributed by:-

- Periodic checks not carried out by the Council management to confirm the validity of all payroll entries as a result payments of salaries to retired, absconded, resigned and terminated employees were paid through their bank accounts without being detected.
- Payment vouchers were not availed for audit or not supported by proper documentation to enable verification of the payments for authenticity and occurrence as per Order No. 5(c) of Local Authority Memorandum of 1997. I was thus uncertain as to whether such payments incurred were related to Council's activities.
- Fixed receipt books and open receipt books used to collect revenue were not availed for audit verification contrary to Order No. 101 of LAFM, 1997.
- Misstatements of the financial statements due to improper recording of accounting transactions and accounting treatments.

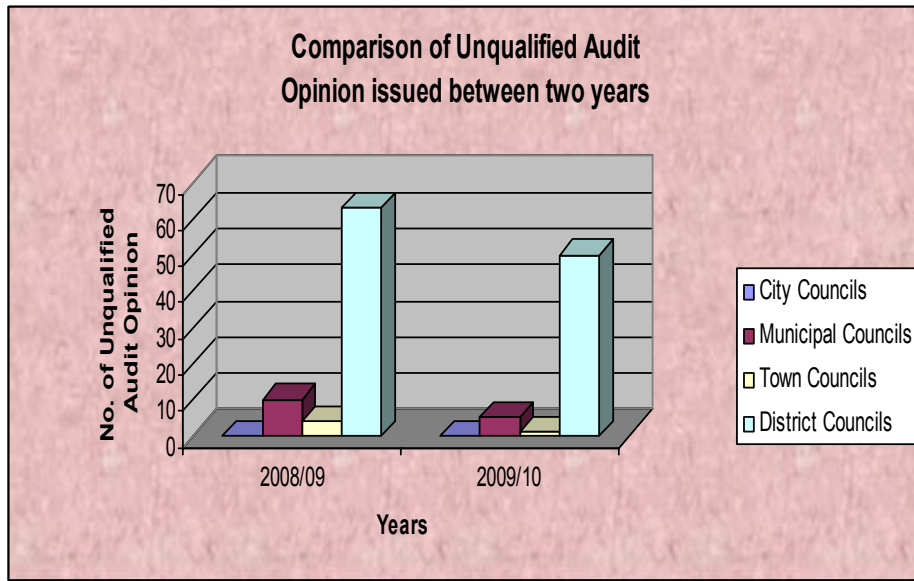
- Most of Councils' cash flows from financing activities were misstated due to adoption of wrong figure of capital development grants received during the year.

The above information can be summarized in the table below:

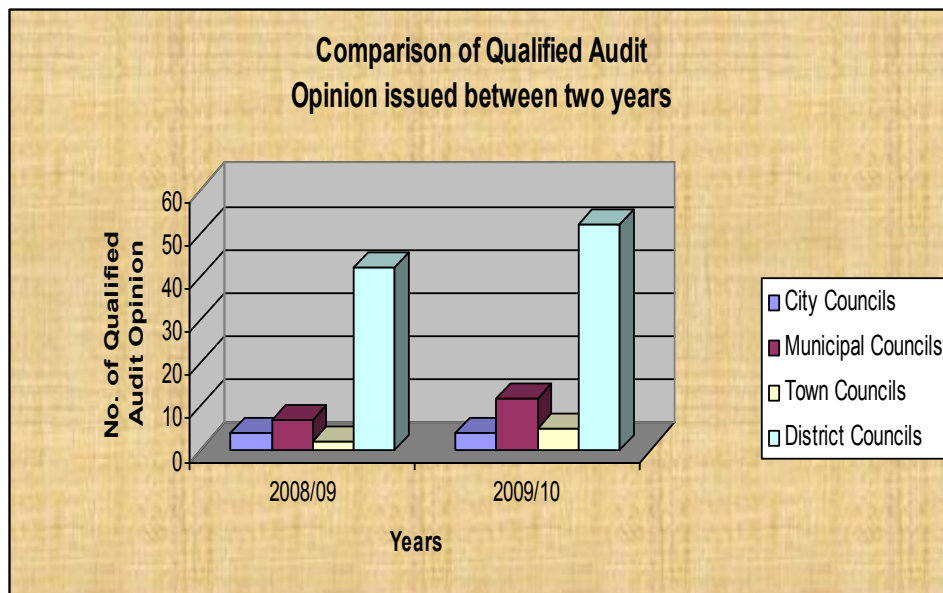
Analysis of Audit Opinions issued to LGAs in 2008/2009 and 2009/2010

| Councils | Unqualified opinion | | Qualified opinion | | Adverse opinion | | Total | |
|--------------------|---------------------|--------------|-------------------|--------------|-----------------|-----------|-------------|-------------|
| | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 |
| City Councils | - | - | 4 | 4 | - | - | 4 | 4 |
| Municipal Councils | 10 | 8 | 7 | 9 | - | - | 17 | 17 |
| Town Councils | 4 | 1 | 2 | 6 | - | - | 6 | 7 |
| District Councils | 63 | 56 | 42 | 46 | 1 | 4 | 106 | 106 |
| Total | 77 | 65 | 55 | 65 | 1 | 4 | 133 | 134 |
| Percentage | 58% | 48.5% | 41% | 48.5% | 1% | 3% | 100% | 100% |

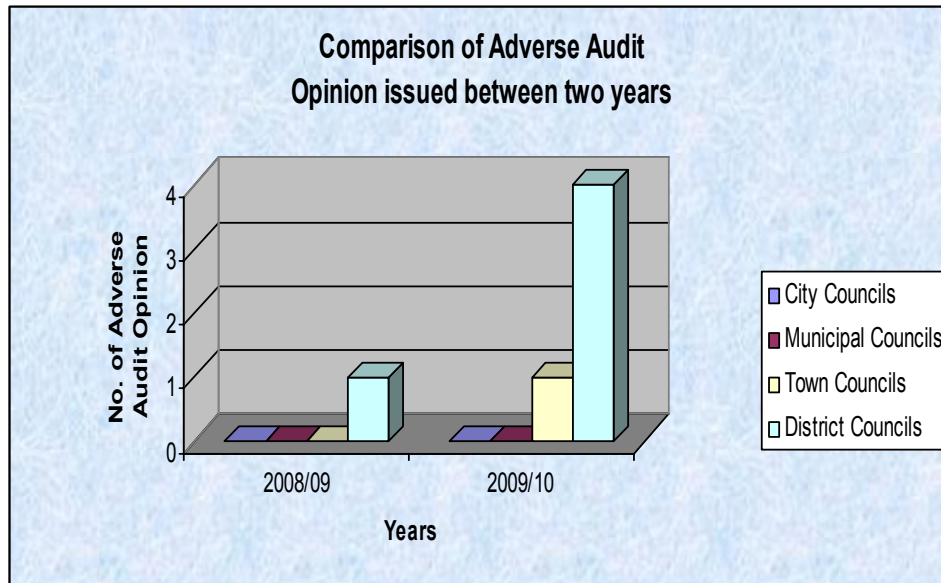
Analysis of audit opinions issued during the financial years 2008/2009 and 2009/2010 can be represented in a form of a Histogram as shown below:-



The above Histogram depicts a substantial decrease of Unqualified Audit Opinions for each category of Councils whereby, no City Council issued with Unqualified Opinion during the year under review.



The above Histogram shows an increase of Qualified Audit Opinions for each category of Councils whereby, all four (4) City Councils have been issued with Qualified Audit Opinion for two years consecutively.



The above Histogram shows an increase of Adverse Audit Opinions in respect of Town Councils and District Councils.

I noted significant disagreement resulted from inappropriate presentation and inadequate disclosure in the financial statements in respect of four (4) District Councils which led to Adverse Audit Opinion as summarised below:

| S/N | Council | Reasons |
|-----|-----------|---|
| 1 | Mwanga DC | <ul style="list-style-type: none"> • 8 HW5 (open) revenue receipt books and 28 fixed receipt books valued at Shs.8,000,000 were not produced for audit verification. The revenue collected from which could not be ascertained. • Assets which do not exist and which do not belong to the Council were included in the assets register and therefore the total assets were overstated by Shs.336,104,842. • Examination of the payment vouchers revealed payments being effected without being adequately supported and therefore the authenticity of the expenditure could not be ascertained of Shs.137,135,442. • Revenue collection from natural resource fees and bus stand were not remitted to the Council's Headquarters and the same amount was not accrued as income for the year, the effect of which is understating the total income of Shs.15,620,000. • Goods worth Shs.27,183,900 procured and properly supported by delivery particulars were noted to have not been recorded in their respective stores ledgers which have the effect of understating the stock to Shs.27,183,900. • Motor vehicles with cost value of Shs.151,870,574 had been depreciated to nil balance but are still in running condition. No efforts have been made to revalue them, the effect of which is to understate the figure of property, plant and equipments. |
| 2 | Rombo DC | <ul style="list-style-type: none"> • Most of closing balances of assets reflected in the statement of financial position as at 30th June 2010 were not supported by notes, schedules or analysis to confirm the correctness of the amount reported. • Cash and Cash equivalent was understated by Shs.24,493,212. • Salaries amounting to Shs.28,043,644 in respect of forty two (42) retired and five (5) deceased officers continued to be remitted to |

| | | |
|---|----------|---|
| | | <p>the Council and subsequently paid to the respective officers' bank accounts.</p> <ul style="list-style-type: none"> • The Council paid a sum of Shs.18,313,962 to various financial institutions being repayments of loans taken by former Council employees who are no longer in the government service. • The statement of financial position as at June 2009 closed short term borrowings figure of Shs.17,244,256 against nil opening balance for the current year, indicating misstatement in the financial statements. • The Council paid a sum of Shs.35,745,856 in respect of transportation of famine relief maize from SGR, Arusha to various villages. However, the payments were made from Agriculture Extension A/c instead of Deposit A/c and no evidence produced to confirm adjustment within the two accounts. • The Council transferred funds amounted to Shs.304,051,834 to low levels governments for implementation of various development activities but no returns (acknowledgement receipts and expenditure details) were submitted to the Councils' Headquarter to confirm accountability of the amounts transferred. |
| 3 | Kilwa DC | <ul style="list-style-type: none"> • 101 books revenue earning receipt books were not produced when called for audit verification. Under the circumstance revenue collected thereon could not be established. • Examination of revenue receipt books, bank pay-in-slip and bank statement of General fund Account observed that revenue amounting to Shs.149,033,336 was under banked. • Payment Vouchers amounting to Shs.144,994,981 were not produced for audit verification hence legitimacy of the amount spent could not be confirmed. • The Council did not prepare the statement of capital expenditure and its financing for the year ended 30th June 2010. In the absence of statement of capital expenditure and its |

| | | |
|---|------------|--|
| | | <p>financing I was unable to ascertain the actual figure of capital grants received and spent during the year.</p> <ul style="list-style-type: none"> • Contrary to Order No. 5(c) of the Local Authority Financial Memorandum (1997) payments amounting to Shs.449,681,752 were not properly supported by relevant supporting document. • Figures in the financial statements are not adequately supported by a detailed notes schedules for easy of reference. • Assets worth Shs.251,724,000 were recorded in the stock count sheets but not disclosed in the statement of financial position as at 30th June, 2010. • The statement of financial position reported property, plant and equipment of shs.7,586,056,782 against the correct figure of Shs.7,709,278,581 resulting into understatement of Shs.123,221,799. • The Financial position as at 30th June, 2010 closed with Cash and cash equivalent of Shs.3,042,262,002 against the correct figure of Shs.3,031,858,932 resulting into an overstatement of Shs.10,403,070. |
| 4 | Kishapu DC | <ul style="list-style-type: none"> • Payment vouchers amounting to Shs.1,393,123,804 equivalent to 12.7% were not submitted for audit verification. In the absence of payment vouchers and supporting documents, validity and genuineness of the payments made could not be ruled out. • Audit scrutiny of cash books and reconciliation reports noted unknown payments amounting to Shs.754,064,592 paid by the Council from various bank accounts and wrongly recognized as other financial assets held to maturity. However, the nature of the payments was not established. • I noted payment amounting to Shs.578,921,883 made by the Council without approval of the District Executive Director contrary to Order No 8(a) of LAFM, 1997. |

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • During audit of the 2009/2010 Final Accounts, I noted outstanding items in the bank reconciliation statements amounting to Shs.528,097,936 in respect of Deposit in Transit which had not been cleared as at the time of auditing. Non-clearance of the items in the bank reconciliation statements might conceal misappropriation of fund and reporting incorrect balances in the financial statements. • The Council paid a sum of Shs.144,089,120 without adequate supporting documents contrary to Order No.5(c) of LAFM, 1997. In the absence of supporting documents it was not possible to ascertain the propriety of the expenditure made. • The deficit figure reported in the statement of financial performance was understated by Shs.125,670,551. • Audit scrutiny of payment vouchers together with monthly payroll/ deduction sheets disclosed overdue salary deductions amounting to Shs. 70,545,984 which had not been paid to the respective institutions. Long outstanding deductions may result into misappropriation of deductions funds for unintended activities. |
|--|--|---|

List of Local Government Authorities and type of opinions issued for two years 2008/2009 and 2009/2010

| S/N | Name of the Council | 2008/2009 | 2009/2010 |
|-----|----------------------|-------------|-------------|
| | Arusha Region | | |
| 1 | Arusha MC | Qualified | Qualified |
| 2 | Karatu DC | Unqualified | Unqualified |
| 3 | Monduli DC | Qualified | Qualified |
| 4 | Ngorongoro DC | Qualified | Qualified |
| 5 | Meru DC | Qualified | Unqualified |
| 6 | Longido DC | Qualified | Qualified |
| 7 | Arusha DC | Unqualified | Unqualified |
| | Coast Region | | |
| 8 | Bagamoyo DC | Qualified | Qualified |

| | | | |
|----|----------------------|-------------|-------------|
| 9 | Kibaha DC | Qualified | Unqualified |
| 10 | Kibaha TC | Qualified | Qualified |
| 11 | Kisarawe DC | Unqualified | Unqualified |
| 12 | Mafia DC | Unqualified | Qualified |
| 13 | Mkuranga DC | Unqualified | Qualified |
| 14 | Rufiji/Utete DC | Unqualified | Unqualified |
| | Dsm Region | | |
| 15 | Dar es Salaam CC | Qualified | Qualified |
| 16 | Ilala MC | Qualified | Unqualified |
| 17 | Kinondoni MC | Qualified | Unqualified |
| 18 | Temeke MC | Unqualified | Qualified |
| | Dodoma Region | | |
| 19 | Bahi DC | Qualified | Unqualified |
| 20 | Chamwino DC | Qualified | Qualified |
| 21 | Dodoma MC | Unqualified | Qualified |
| 22 | Kondoa DC | Qualified | Unqualified |
| 23 | Kongwa DC | Qualified | Unqualified |
| 24 | Mpwapwa DC | Qualified | Unqualified |
| | Iringa Region | | |
| 25 | Iringa DC | Qualified | Unqualified |
| 26 | Iringa MC | Unqualified | Qualified |
| 27 | Ludewa DC | Unqualified | Unqualified |
| 28 | Makete DC | Qualified | Qualified |
| 29 | Mufindi DC | Unqualified | Unqualified |
| 30 | Njombe DC | Qualified | Qualified |
| 31 | Njombe TC | Unqualified | Qualified |
| 32 | Kilolo DC | Unqualified | Unqualified |
| | Kagera Region | | |
| 33 | Biharamulo DC | Unqualified | Unqualified |
| 34 | Bukoba DC | Unqualified | Unqualified |
| 35 | Bukoba MC | Unqualified | Unqualified |
| 36 | Karagwe DC | Qualified | Unqualified |
| 37 | Muleba DC | Unqualified | Unqualified |
| 38 | Ngara DC | Qualified | Unqualified |
| 39 | Missenyi DC | Unqualified | Unqualified |
| 40 | Chato DC | Qualified | Qualified |
| | Kigoma Region | | |
| 41 | Kasulu DC | Unqualified | Unqualified |

| | | | |
|----|---------------------------|-------------|-------------|
| 42 | Kibondo DC | Qualified | Unqualified |
| 43 | Kigoma DC | Qualified | Unqualified |
| 44 | Kigoma/Ujiji MC | Qualified | Unqualified |
| | Kilimanjaro Region | | |
| 45 | Hai DC | Unqualified | Unqualified |
| 46 | Moshi DC | Qualified | Qualified |
| 47 | Moshi MC | Qualified | Qualified |
| 48 | Siha DC | Unqualified | Unqualified |
| 49 | Mwanga DC | Qualified | Adverse |
| 50 | Rombo DC | Qualified | Adverse |
| 51 | Same DC | Qualified | Unqualified |
| | Lindi Region | | |
| 52 | Kilwa DC | Unqualified | Adverse |
| 53 | Lindi DC | Unqualified | Unqualified |
| 54 | Lindi TC | Unqualified | Qualified |
| 55 | Liwale DC | Unqualified | Qualified |
| 56 | Nachingwea DC | Unqualified | Unqualified |
| 57 | Ruangwa DC | Unqualified | Qualified |
| | Manyara Region | | |
| 58 | Babati DC | Unqualified | Qualified |
| 59 | Hanang' DC | Unqualified | Qualified |
| 60 | Kiteto DC | Unqualified | Unqualified |
| 61 | Mbulu DC | Unqualified | Unqualified |
| 62 | Simanjiro DC | Unqualified | Unqualified |
| 63 | Babati TC | Unqualified | Qualified |
| | Mara Region | | |
| 64 | Musoma DC | Unqualified | Qualified |
| 65 | Bunda DC | Unqualified | Qualified |
| 66 | Musoma MC | Unqualified | Qualified |
| 67 | Serengeti DC | Unqualified | Unqualified |
| 68 | Tarime DC | Unqualified | Qualified |
| 69 | Rorya DC | Qualified | Qualified |
| | Mbeya Region | | |
| 70 | Chunya DC | Unqualified | Unqualified |
| 71 | Ileje DC | Unqualified | Unqualified |
| 72 | Kyela DC | Unqualified | Unqualified |
| 73 | Mbarali DC | Unqualified | Qualified |
| 74 | Mbeya DC | Unqualified | Qualified |

| | | | |
|-----|------------------------|-------------|-------------|
| 75 | Mbeya CC | Qualified | Qualified |
| 76 | Mbozi DC | Unqualified | Unqualified |
| 77 | Rungwe DC | Qualified | Unqualified |
| | Morogoro Region | | |
| 78 | Kilombero DC | Qualified | Unqualified |
| 79 | Kilosa DC | Adverse | Qualified |
| 80 | Morogoro DC | Qualified | Qualified |
| 81 | Morogoro MC | Unqualified | Unqualified |
| 82 | Ulanga DC | Qualified | Unqualified |
| 83 | Mvomero DC | Qualified | Qualified |
| | Mtwara Region | | |
| 84 | Masasi TC | - | Qualified |
| 85 | Masasi DC | Unqualified | Unqualified |
| 86 | Mtwara DC | Unqualified | Qualified |
| 87 | Mtwara MC | Qualified | Unqualified |
| 88 | Newala DC | Qualified | Unqualified |
| 89 | Tandahimba DC | Unqualified | Unqualified |
| 90 | Nanyumbu DC | Qualified | Unqualified |
| | Mwanza Region | | |
| 91 | Geita DC | Unqualified | Qualified |
| 92 | Kwimba DC | Unqualified | Unqualified |
| 93 | Magu DC | Unqualified | Qualified |
| 94 | Misungwi DC | Unqualified | Qualified |
| 95 | Mwanza CC | Qualified | Qualified |
| 96 | Sengerema DC | Unqualified | Qualified |
| 97 | Ukerewe DC | Qualified | Qualified |
| | Rukwa Region | | |
| 98 | Mpanda DC | Unqualified | Qualified |
| 99 | Mpanda TC | Unqualified | Qualified |
| 100 | Nkasi DC | Unqualified | Qualified |
| 101 | Sumbawanga DC | Unqualified | Qualified |
| 102 | Sumbawanga MC | Qualified | Qualified |
| | Ruvuma Region | | |
| 103 | Mbinga DC | Qualified | Qualified |
| 104 | Songea MC | Unqualified | Qualified |
| 105 | Songea DC | Qualified | Unqualified |
| 106 | Tunduru DC | Unqualified | Unqualified |
| 107 | Namtumbo DC | Qualified | Qualified |

| | | | |
|-----|-------------------------|-------------|-------------|
| | Shinyanga Region | | |
| 108 | Bariadi DC | Unqualified | Unqualified |
| 109 | Bukombe DC | Unqualified | Unqualified |
| 110 | Kahama DC | Unqualified | Qualified |
| 111 | Meatu DC | Unqualified | Qualified |
| 112 | Shinyanga DC | Unqualified | Unqualified |
| 113 | Shinyanga MC | Unqualified | Unqualified |
| 114 | Kishapu DC | Unqualified | Adverse |
| 115 | Maswa DC | Unqualified | Unqualified |
| | Singida Region | | |
| 116 | Iramba DC | Unqualified | Unqualified |
| 117 | Manyoni DC | Unqualified | Unqualified |
| 118 | Singida DC | Unqualified | Qualified |
| 119 | Singida MC | Unqualified | Qualified |
| | Tanga Region | | |
| 120 | Handeni DC | Qualified | Unqualified |
| 121 | Korogwe DC | Qualified | Qualified |
| 122 | Korogwe TC | Qualified | Qualified |
| 123 | Lushoto DC | Qualified | Qualified |
| 124 | Muheza DC | Unqualified | Unqualified |
| 125 | Pangani DC | Qualified | Qualified |
| 126 | Tanga CC | Qualified | Qualified |
| 127 | Kilindi DC | Unqualified | Qualified |
| 128 | Mkinga DC | Qualified | Qualified |
| | Tabora Region | | |
| 129 | Igunga DC | Qualified | Qualified |
| 130 | Nzega DC | Unqualified | Qualified |
| 131 | Sikonge DC | Qualified | Qualified |
| 132 | Tabora DC | Unqualified | Unqualified |
| 133 | Tabora MC | Unqualified | Unqualified |
| 134 | Urambo DC | Unqualified | Unqualified |

CHAPTER THREE

3.0 AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL ISSUES

3.1 Financial Performance

A review of Revenue and Expenditure of LGAs for the financial year 2009/2010 revealed the following scenarios:

3.1.1 Funding from own sources (Own Source revenue against recurrent expenditure)

During the year under review, the LGAs collected revenue of Shs.137,416,106,722 from their own sources and incurred expenditure of Shs.1,823,788,009,947 on recurrent operations. However, a comparison between revenue collected and expenditures incurred by LGAs revealed that LGAs are able to fund their recurrent operations without depending on central government and donors by 7.5%. Details of percentage for individual Councils are shown as Annexure 1.

The Councils with highest percentage of revenue collections against recurrent expenditure is Masasi Town Council (134%) followed by Dar es Salaam City Council (93%).

On average, Councils cannot sustain from their own revenue sources and thus the revenue base should be reviewed to include the untapped revenue sources.

3.1.2 Under Spent of Recurrent Grants Shs.148,360,934,211

103 Local Government Authorities had incurred total expenditure of Shs.1,373,576,272,098 against total income of Shs.1,521,937,206,309 resulting in an under spent amount of Shs.148,360,934,211. Details of this analysis and relevant LGAs are shown in Annexure 2.

3.1.3 Over Spent of recurrent income Shs.25,354,809,887

31 Local Government Authorities have incurred a total expenditure of Shs.451,774,320,398 against total income of Shs.426,419,510,511 resulting in an excess expenditure of Shs.25,354,809,887. Details of this analysis and relevant LGAs are shown in Annexure 3.

3.1.4 Unspent Development Funds/Grants Shs.175,774,156,104

Development funds and grants are provided to LGAs to construct new infrastructures or to rehabilitate existing infrastructures according to defined priorities against a broad investment menu, with a view to empower communities, improve service delivery and reduce poverty.

The majority of funds are spent within the key poverty reduction areas i.e Health, Education, Water and Sanitation, Roads and Agriculture.

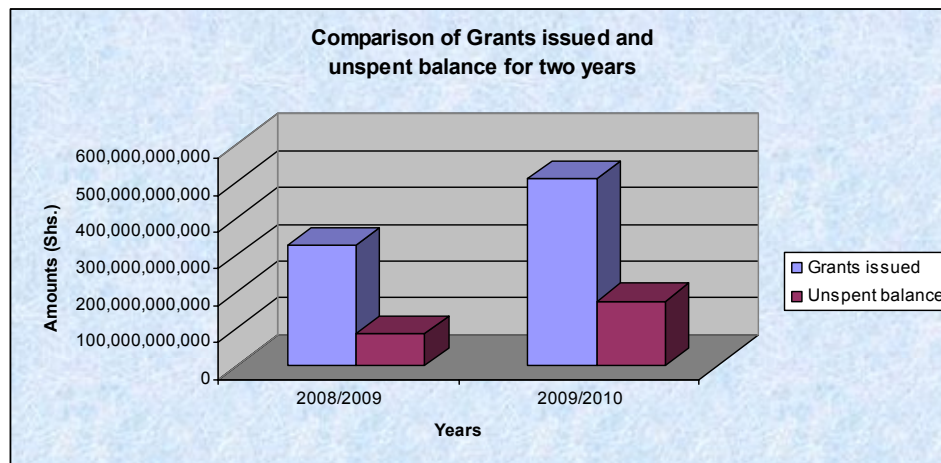
During the financial year 2009/2010, the results of development funds and grants showed that 133 LGAs (excluding Masasi Town Council) had been granted a sum of Shs.507,866,599,666 to finance Councils Development Projects. However, as at 30th June, 2010 Shs.332,092,443,562 had been spent, leaving unspent balance of Shs.175,774,156,104 which involved 127 Councils. The detailed list of Councils and the unspent amounts is as indicated in **Annexure 4**.

Capital receipts and expenditures for Kilwa District Council could not be ascertained as the statement of capital expenditure and its financing for the year ended 30th June, 2010 was not submitted along with the financial statements.

A Summary of unutilized Grants for 2008/2009 and 2009/2010 is as shown below:

| Year | Grants issued | Unspent balance (Shs.) | % |
|-----------|-----------------|------------------------|----|
| 2008/2009 | 328,203,178,845 | 88,720,629,195 | 27 |
| 2009/2010 | 507,866,599,666 | 175,774,156,104 | 35 |

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



During the financial year 2009/2010 the development grants issued to LGAS decreased but the percentage of unspent balance increased from 27% to 33%.

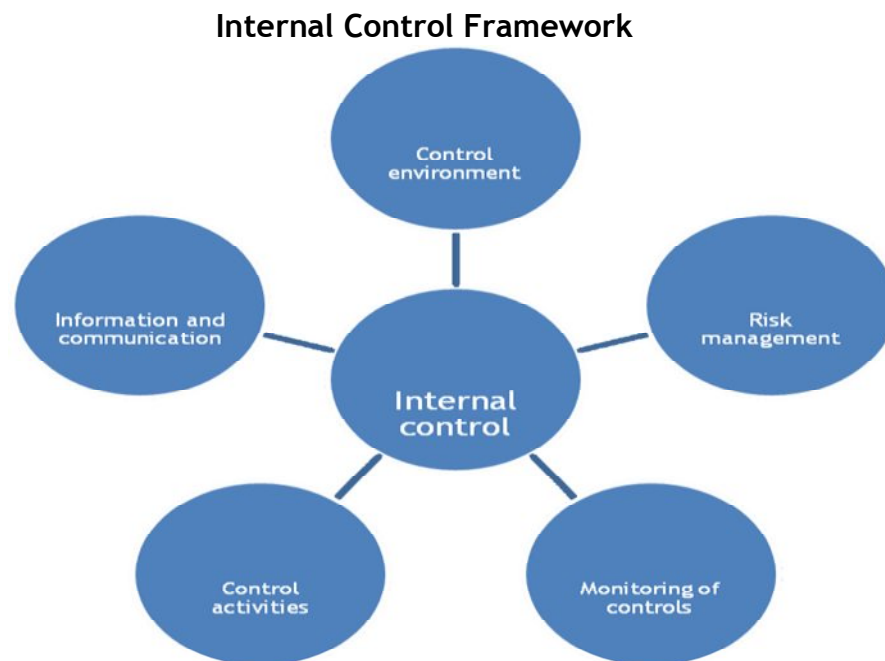
Unutilized funds imply that the earmarked services/benefits to the intended Community have been delayed. This may also bring about budget revision to accommodate possible price fluctuations due to the effect of inflation.

3.2 Assessment of Internal Control Systems in LGAs

This part highlights audit findings relating to various elements of LGAs' internal controls including accounting systems, control environment the risk assessment process, fraud management and controls and audit of Information Technology (IT) systems focusing on the IT control environment.

Assessment of the LGA's internal controls is part of my financial audit. Internal controls is how the LGA can reasonably assure itself that its financial reporting is reliable, its operations are effective and efficient and that it is complying with laws and regulations. The audit of the design and effectiveness of the control environment at Local Government Authorities includes a review of controls over those financial systems that provide information for the preparation of annual financial statements.

The figure below shows the main components of an effective internal control frame work.



The internal control framework comprises:

- The control environment - provides the fundamental discipline and structure for controls and includes governance and management functions and the attitudes awareness and actions of those charged with governance and management.
- Risk management - involves identifying, analysing and mitigating risks.
- Monitoring of controls - assesses the effectiveness of internal controls in practice.
- Control activities - are the policies, procedures and practices that management prescribes to help meet the entity's objectives.
- Information and communication-involves communicating control responsibilities throughout the entity and providing information in a form and time frame that allows offices to discharge their responsibilities.

The following weaknesses were noted from the assessment of internal control frame work in some selected LGAs.

3.2.1 Review of Accounting Systems in LGAs

3.2.1.1 Integrated Financial Management System Audit

The Government of the United Republic of Tanzania through the National Audit Office (NAO) engaged KPMG Tanzania to conduct an IFMS audit under the Accountant General's Office between August, 2009 and June, 2010. This audit was conducted by KPMG on behalf of the National Audit Office.

3.2.1.2 Objectives of the assignment

The main objectives of the assignment were aimed at establishing that:

- (i) The IFMS is supported by an appropriate set of general and application controls for ensuring integrity, confidentiality and availability of the desired information resources;

- (ii) The IFMS is operated with the expected efficiency and effectiveness as measured against accepted standards and benchmarks;
- (iii) The financial resources utilized in the implementation of the system were spent with due regard to efficiency and effectiveness and conformed to the applicable statutes and regulations; and
- (iv) The IFMS is adequately meeting the information needs of the various users of the system including MDAs and LGAs.

3.2.1.3 Outcome of the review in LGAs

14 out of 134 LGAs were covered under this review namely: Temeke MC, Ilala MC, Arusha MC, Meru DC, Dodoma MC, Chamwino DC, Moshi MC, Moshi DC, Mwanza CC, Magu DC, Iringa MC, Iringa DC, Mbeya CC and Mbeya DC.

The review raised the following findings for LGAs.

(a) Value for Money Issues

(i) Lack of Refresher end user Training

At the Moshi District Council, user training was done for staff members who had since left for further studies. As a result, none of the current system users have had formal training on the system. Also, due to the lack of training on the IFMS, users at the Iringa and Mbeya Councils have devised manual approaches for the recording and processing of their financial information e.g. preparing their cash book, trial balance, balance sheet and income statement. Additionally, at Iringa Council, users perform bank reconciliation manually.

(ii) IFMS not implemented at Meru District Council

In July 2007, the newly created Meru District Council was left without a system following the split of the

Arumeru District. This has led to the following challenges:

- It takes approximately 4-5 days to prepare the daily and monthly statements for the Council.
- It takes approximately one month to make adjustments and consolidation while preparing year end financial statements; and
- All financial accounting and reporting is done manually at the Local Government. This has been reported to the PMO-RALG but no final decision has been made as to whether to implement as system there.

(iii) Under Utilization of the IFMS

The following tasks are performed manually though the IFMS system has been implemented in line with the Local Government Reform Program (LGRP) strategy:

- Retirement of imprest using credit memos.
- Commitment control and Local Purchase Orders processing.
- Receiving of goods and Cheque printing.
- Asset Management.

In addition, Moshi Municipal Council had already purchased a cheques printer but it was still packed in its box and not being used. However, the users had not been trained on its use.

(iv) Uncoordinated Upgrade Management

There is currently no formal process utilized for the upgrade of functionality or system versions at the LGs. As a result, It was noted that the analysis codes of the Government Financial Statistic Codes (GFS), for the Chart of Accounts (CoA) at the Magu District Council system (v.7.3.5) have not been updated with the same fix provided to the Central

Government EPICOR system. In this way, the Local Government users are forced to manually amend their CoAs before loading their approved budgets into the General Ledger in order to conform to the approved budgets.

(v) Un-updated Inventory of IFMS at LGAs

It was observed that there is conflicting Local Government IFMS version information between the list provided to KPMG by the PMO-RALG and what was observed in the visited regions during the course of audit. For instance, the PMO provided a list indicating that the Ilala Council as having version 7.2 but the audit reveals that version 7.3.5 is in use.

(vi) Implemented EPICOR 7.2 Version did not fully meet requirements

It was observed that, contrary to original implementation of GoT requirements, Version 7.2 of the IFMS solution that is in use in an estimated 42 LGAs does not enforce commitment control functionality. This feature is not available despite it being a requirement for the GoT. This feature has, however, been implemented in the Central Government systems. From the review of the original project charter, this feature had been cited for customization. I was unable to confirm its delivery due to limitation of information provided to us by the Auditee.

(vii) EPICOR 7.3.5 Upgrade not used even after implementation

EPICOR version 7.2 was upgraded for the Arusha Municipal Council to 7.3.5 in August 2009 by consultants provided by the PMO-RALG office. However, users are still using version 7.2 mainly because of inadequate staff training on the use of EPICOR 7.3.5.

(viii) Support costs too high for LGAs

At the Arusha Municipal Council, the EPICOR 7.3.5 upgrade project was initially meant to be done by Soft-Tech but the Council found their services very expensive. Soft-Tech had sent an initial quotation amounting to TZS 55 million to perform the upgrade and an additional TZS 2 million per participant for training exclusive of night allowances. Also, the training required a minimum of at least 5 participants. Users at the visited LGAs are unable to access Soft Tech support as their costs are too high. This has resulted in the use of independent consultants for provision of this support.

(b) IT Application Controls Issues

(i) PLAN-REP.2 is not interfaced with EPICOR

Currently, PLAN-REP2 (an MS Access database) is used by the Local Government for budget planning. However, the information captured in PLAN-REP2 has to be manually re-entered into the General Ledger in EPICOR due to the lack of an automated interface. For example, for the June 2009/2010 budget, information already captured in PLAN-REP2, had to be re-entered again in EPICOR. In addition, PLAN-REP2 did not allow users to create their own input activity codes other than those predefined within the system.

(ii) EPICOR is Not IPSASs compliant

The chart of accounts in EPICOR did not comply with International Public Sector Accounting Standards (IPSASs). Therefore, to finalize the LGAs final accounts, manual adjustments and consolidation of accounts had to be done. For example, IPSASs requires Local Taxes to include: Property tax, Land rent; Council house rent; and other levies on

business activity etc. Since, EPICOR does not categorize the above accounts under local taxes as required by IPSASs, manual adjustments have to be done.

(iii) Lack of segregation of duties

In the Iringa and Mbeya, the ability to approve vouchers, debit memos, imprests and invoices had not been segregated from the operator who entered them. It was noted that operators could enter and approve vouchers, payments, debit memos, imprests and invoices. In the Mwanza LGAs, it was noted that the financial accountant, District Accountant and data entry clerk respectively, had access to entry posting and approval rights within the systems.

(c) IT General Controls Issues

(i) Draft IT Security Policy

There is one IFMS security policy that serves both the Central Government and Local Government Authorities. This IFMS security policy was in draft and not approved by the appropriate government body.

(ii) Transactions processed by the System Administrator

It was possible for IFMS users to enter, approve and post transactions using the system administrator “sa” user account.

| Customer Name | User Name | Post Date | Amount (Shs.) |
|----------------|-----------|-----------|---------------|
| DED Mbeya D.C | sa | 2/7/2008 | 14,530,650 |
| Upendo Nsalala | sa | 14/5/2009 | 184,400 |
| Samaria Mshewe | sa | 14/5/2009 | 420,000 |

Source: Data obtained from IFMS at Mbeya District Council.

(iii) Inadequate database management controls

For each of the LGAs I visited, it was noted that encryption was not used in the SQL databases and the database security auditing option was disabled in the IFMS database. Furthermore it was noted that it was possible for a domain administrator to modify and directly manipulate database records without the use of the IFMS software. Lastly, there was no documented approval granting IT personnel access to the live database server.

(iv) Unsecured sensitive database files

Auditors noted the database server contained sample database namely: Pubs and North wind. Furthermore, noted sensitive install logs and files which store passwords in plaintext were not removed. These logs were named sqisp.log and setup.iss

(v) Lack of IT personnel training

There were no IT specific training programmes scheduled to upgrade IT personnel knowledge at the LGAs.

(vi) Absence of segregation of duties review

The key IFMS users in the LGA include the municipal treasurer who approves transactions and accountants who enter the transactions. However, there were no independent segregation of duties reviews carried out around access permissions to the IFMS.

(vii) Absence of procedures and training on emergencies

There were no emergency shutdown procedures in case of fire and other emergencies. There was also no training done on use of firefighting equipment. In addition, exits were not clearly marked and instructions posted to explain what to do in the event of fire.

(viii) Absence of end user testing documentation

According to the system administrators, program changes are tested by end users. However, there was no documentation to verify this.

(ix) Weak backup management process

There were no backup policies or procedures at all the Local Government Authorities visited. Furthermore users at Moshi District Council had not been trained on how to perform backup of the EPICOR data. Therefore, no backups were done making it impossible to restore the system in the event of a disaster.

(x) Other IT audit findings from Individual reports

Other audit findings noted during my audits of Integrated Financial Management System were as follows:

- Finance and accounting staff are not well trained to use all modules of EPICOR Accounting Package.
- The system is not in use rather data are posted manually using excel due to lack of competent and skilled staff.
- Final financial statements had always been prepared manually and cheques are not printed by the system.
- Commitment controls have not been accommodated i.e. no commitment under expenditure codes exist in the system, hence over expenditure of items is possible.
- Assets are not controlled in the system, thus assets management is done manually and at the end of the year, Journal Voucher is passed in order to effect it in the computerized final accounts.
- I identified that, not all modules are being used due to lack of adequate knowledge by the finance and accounting staff. Also there is no adequate local systems support in cases of system breakdowns.

3.2.2 Use of Manual Accounting Systems

Accounting Circular No.1 of 1999/2000 requires all Government transactions to be processed on the Integrated Financial Management System (IFMS). The IFMS has modules such as the budget input active planner, the exchequer releases and warrant issue, asset management, procurement/commitment and expenditure control,

payment of creditors/bank reconciliation, development expenditure accounting, general ledger and management and financial reporting. The IFMS uses the EPICOR accounting package. However, contrary to the requirements of the cited Circular, I noted that 50 LGAs as shown in Annexure 5 of this report are operating manual accounting systems. Manual systems are not reliable for producing accurate and timely information. This makes reporting difficult and also lacks access controls thus exposing the data to unauthorised changes.

- From the above observations it can be concluded that there is a need for all LGAs to ensure that its finance and accounting staff members are adequately trained to enable them to operate the EPICOR accounting package.
- Accounting systems of the LGAs should be strengthened because they are key to successful management of the entities. These systems process transactions for revenue, expenditure, assets, and liabilities which, when aggregated, comprise the financial statements. Accounting systems also provide reports to management to assist them discharge their responsibilities effectively. Controls over accounting systems are fundamental to good management and in enhancing the reliability of information produced for the preparation of financial statements and reports.

3.2.3 Performance of Internal Audit Units in LGAs

I noted that the internal audit performance in a sample of 122 Local Government Authorities as per Annexure 5 leaves a lot to be desired in terms of human resources, financial resources, audit coverage, audit methodology/ approach and quality of their reports.

- The Units continue to be understaffed having one to two staff and experiencing inadequate funding. Taking into account the diversity of the Councils' activities, one or two auditors are not adequate for sufficient audit coverage.

- The audit coverage and scope of internal audit functions during the year was limited due to inadequate resources. As such financial and operational controls were not properly evaluated therefore as such I could not place reliance on the works of Internal Audit Units in order to reduce the extent of audit tests.
- The position of internal audit in the governance framework, as well as roles and responsibilities were not articulated in the Internal Audit Charter.
- Lack of audit working paper files which could facilitate the review process and forming the basis of audit findings and recommendations contained in the internal audit reports.

The LGAs Management in collaboration with PMO-RALG and Ministry of Finance should strengthen the internal audit functions through increased financial and human resources. In addition, internal auditors should be equipped with knowledge and skills to enable them increase the scope of audit and enhance their performance.

3.2.4 Performance of Audit Committees in LGAs

The Audit Committee is an integral part of the governance process of an entity, designed to enhance the control framework of an organization. An effective Audit Committee has the potential of strengthening the control environment and consequently assisting the Accounting Officers to fulfill their stewardship, leadership and control responsibilities as well as facilitating the effectiveness of internal audit functions and enhancing financial reporting.

Although this has been clear, I noted the performance of the Audit Committees in 116 Local Government Authorities (LGAs) as per Annexure 5 to be ineffective due to the following shortcomings:

- Weak performance of Internal Audit Units indicates that the Audit Committee failed to oversee the role of internal auditors.

- The Committee did not review the financial statements and reports of the Councils.
- In some cases there was no proof that the annual committee reports have been prepared and submitted to the Accounting Officers for taking appropriate action on Committees' recommendations.
- Terms of Reference issued by PMO-RALG contained in the Circular No. CHA/3/215 of 27/11/2007 and the letter with Ref No. CD.10/9/3 of 24/01/2008 disclosed that no provision was made in any of the two (2) documents for Audit Committee to obtain external professional advice and invite outsiders with relevant experience to attend its meetings if necessary.

The inefficiency performance of Audit Committees could spread inefficiencies in the overall control environment and good governance within the Councils.

It is important for PMO-RALG to include some more tasks in the audit committee terms of reference such as review of financial statements and reports, risk management and fraud management and control in order to make it a strong tool in monitoring internal controls.

3.2.5 Fraud Prevention and Control

ISA 240 defines fraud as “an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.” The primary responsibility for the prevention and detection of fraud rests with both those charged with governance and employees of the Council and management.

Fraud prevention and control are important to the Local Government Authorities and, of course, to other levels of Government and the private sector. It is one of the many issues which need to be managed effectively by LGAs to ensure they adhere to the principles of sound corporate governance. The aim of fraud assessment is to provide

assurance to the Parliament that LGAs have a suitable framework in place to assist in preventing and dealing with fraud and to identify areas for improvement.

My assessment of fraud issues at the selected sample of 83 LGAs disclosed that the Councils management have not documented and approved fraud prevention plans for the financial year 2009/2010 and there were no processes that have been put in place by the Councils' Management for identifying and responding to the risk of fraud in the Councils. In addition, the LGAs managements have no written identification evidences and specific controls to mitigate the risk resulting from fraud. In addition, the following indicators/red flags which are viewed as symptoms of fraud were noted:

- Inefficiency performance of Audit committees,
- Ineffective Internal Audit Functions,
- Missing payment vouchers,
- There were instances of revenue not banked in the accounts of the Councils.
- Payment without supporting documents,
- Misstatement of financial statements,
- An unauthorized payments,
- Absence of Inspection and Acceptance Committee for procured works and goods,
- Inadequate management, recording and valuation of non current assets management, recording and valuations,
- Unclaimed salaries not transferred to Treasury,
- Inadequate controls to ensure that all revenue due to the LGAs is collected and accurately recorded on the financial systems.
- Missing revenue receipt books.

The nature of the indicators of fraud noted above impairs the internal control systems hence there is a high risk of concealing management fraud and/or

employees' fraud at various managerial and/or operational levels of the Councils respectively. Inadequate fraud control management may lead to fraud not being prevented and detected by the Council management.

Since the responsibility for prevention and detection of fraud rests with the Councils' management; the noted loopholes that may support fraud occurrence should be plugged by devising mitigating factors besides formulation of fraud policy. In addition, attention is drawn to the Councils management to document and approve Fraud Prevention Plans and perform risk assessment on regular basis.

Fraud control risk management should be integrated into the LGAs' practices and business plans to ensure it becomes the business of everyone in the organization. The fraud control plan should state among other things the collective responsibility for indentifying risks and should be based on prevention, detection, deterrence and awareness training.

3.2.6 Risk Management Framework

Risk management is an inherent part of an entity's controls framework to manage business risks, as it involves identifying and analysing risks and consistently working towards mitigating these in a timely manner. LGAs need to be regularly keep on monitoring and updating their risk management framework to ensure that it is an effective element of a Council's processes and procedures to deliver services to its community. My audit review of a sample of 91 LGAs revealed that they lack Risk Management Framework and had not undertaken recent risk assessment to identify existing risks and those emerging as a result of the changing environment and methods of services delivery and the risk management policy and procedures were not established.

In absence of active risk management policy and plans, the Councils are not in a position to respond in a timely way to risks which may have an adverse effect on their operations.

The LGAs should establish risk management framework which are regularly monitored and updated to ensure that it is an effective element of a Councils' processes and procedures to deliver services to the communities. Effective Audit Committees can play a pivotal role in monitoring and assessing the Councils' risk management activities. This would be significantly enhanced by effective internal audit functions.

3.3. Presentation of Financial Statements

3.3.1 Introduction

Financial statements are an important means of demonstrating how the Public Sector, both at individual entity and the whole government level including LGAs, meet their financial management obligations and responsibilities.

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

3.3.2 Adopting and Implementation of International Public Sector Accounting Standards by LGAs

There is an increasing demand for accountability and transparency by all stakeholders in the Public Sector in Tanzania. Frequent revelation during the Local Authority Accounts Committee (LAAC) hearing the CAG's reports raise issues of financial accountability and transparency.

The preparation of transparent and understandable financial statements is an important way for LGAs to demonstrate their accountability to the citizens who funds them through taxes and as well as development partners who often contribute to the development activities of the Government either through the General Budget Support or other acceptable means.

International Public Sector Accounting Standards (IPSASs) is a set high quality, independently developed accounting standards aimed at meeting the financial reporting needs of the Public Sector. IPSASs are developed by the International Public Sector Accounting Standards Board (IPSASsB), which is an arm of the International Federation of Accountants (IFAC); the global organization for the accounting profession.

Transition to IPSASs as an accounting framework is designed to improve the quality and consistency of financial reporting, enhance transparency and accountability, facilitate better decision making and financial management and good governance in our entire Public Sector.

3.3.3 Challenges

The success of IPSASs adoption and implementation in LGAs will therefore depend on the efforts of various stakeholders who support the improvement of financial management and reporting in the Public Sector.

In relation to the above, it is a fact that the Local Government Finances Act No.9 of 1982 (revised in 2000) and Local Authorities Financial Memorandum (LAFM), 1997 which are in use today as basis of preparation of LGAs financial statements, do not mention IPSASs neither prescribe it as a basis of financial statement preparation. A new Legal framework will therefore require to be drafted which will prescribe IPSASs as the basis of preparation of LGAs financial statements.

With the adoption and implementation of IPSASs, the financial information management system of the LGAs will require to be upgraded to cope with the financial data requirements of these standards. The current Integrated Financial Management System (IFMS) in use by the LGAs and the Central Government for financial management will therefore require to be evaluated for its adequacy with the adoption of new accounting standards. Capacity building will likewise require to be undertaken in this area to ensure that it does not become an implementation drawback.

The adoption of this new financial reporting framework will herald significant changes to the systems and process of financial reporting by the LGAs. This has come with new formats and financial reporting templates requirements. It requires the Accountants and other responsible staff in the LGAs to adopt changes from the usual, routine reporting structure.

It is notable that some progress has been made towards IPSASs adoption in LGAs; the Prime Minister's Office Regional Administration and Local Government issued a Circular with Ref. No. CA: 26/307/01A/79 of 28th September, 2009 requiring the LGAs to prepare their financial reports/statements on the basis of IPSASs. The PMO-RALG has also prepared an IPSASs based financial reporting template and guide to be adopted by all the 134 Local Government Authorities in the preparation of their financial reports.

The stakeholders to this new public management initiative will need to be spear headed by the PMO-RALG, Ministry of Finance, National Board of Accountants and Auditors (NBAA), Development Partners and the government as a whole. It will also be essential for my Office - the National Audit Office (NAO) to provide Auditor's perspective to the adoption and implementation process.

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

3.3.4.1. Submission of Financial Statements

Order Nos. 82 and 88 of LAFM, 1997 together with Sect. 45(4) of the Local Government Finances Act, 1982 requires the Accounting Officer to prepare the final accounts and submit them to the Controller and Auditor General for audit purposes on or before 30th September of each financial year.

Out of 134 Councils, 8 Councils delayed to submit their accounts within the statutory due date (30th September, 2010) for the period of between 7 to 60 days as shown in the table below:

| S/No. | Name of the Council | Date of Submission of Financial Statements | Days delayed |
|-------|---------------------|--|--------------|
| 1. | Babati DC | 29 th November, 2010 | 60 |
| 2. | Chamwino DC | 7 th October, 2010 | 7 |
| 3. | Temeke MC | 7 th October, 2010 | 7 |
| 4. | Kilosa DC | 17 th Nov., 2010 | 48 |
| 5. | Kongwa DC | 7 th October, 2010 | 7 |
| 6. | Mtwara DC | 15 th October, 2010 | 15 |
| 7. | Babati TC | 22 nd November, 2010 | 52 |

| | | | |
|----|-------------|--------------------------------|----|
| 8. | Morogoro MC | 18 th October, 2010 | 18 |
|----|-------------|--------------------------------|----|

Out of eight Councils mentioned above, two Councils revised and resubmitted their financial statements as shown below:

| S/No. | Name of the Council | Date of Submission of Financial Statements | Date of Submission Revised /Adjusted Statements |
|-------|---------------------|--|---|
| 1. | Babati TC | 22 nd November, 2010 | 30 th December, 2010 |
| 2. | Morogoro MC | 18 th October, 2010 | 2 nd December 2010 |

In addition, 43 Councils which submitted their financial statements within the statutory due date withdrew their financial statements and re-submitted the amended financial statements between 7th October, 2010 and 2nd February, 2011 as summarized below:

| S/No. | Name of the Council | Date of Submission of Financial Statements | Date of Submission Revised /Adjusted Statements |
|-------|---------------------|--|---|
| 1. | Singida MC | 28 th Sept., 2010 | 31 st Dec., 2010 |
| 2. | Urambo DC | 27 th Sept., 2010 | 1 st Dec., 2010 |
| 3. | Njombe TC | 27 th Sept., 2010 | 7 th Oct., 2010 |
| 4. | Tunduru DC | 29 th Sept., 2010 | 15 th Oct., 2010 |
| 5. | Arusha MC | 30 th Sept., 2010 | 22 nd Jan., 2011 |
| 6. | Kiteto DC | 28 th Sept., 2010 | 14 th Dec., 2010 |

| | | | |
|-----|-----------------|------------------------------|------------------------------|
| 7. | Mpwapwa DC | 27 th Sept., 2010 | 7 th Oct., 2010 |
| 8. | Newala DC | 29 th Sept., 2010 | 7 th Dec.,2010 |
| 9. | Ukerewe DC | 29 th Sept., 2010 | 11 th Jan.,2011 |
| 10. | Kigoma Ujiji MC | 30 th Sept., 2010 | 30 th Dec.,2010 |
| 11. | Mufindi DC | 27 th Sept., 2010 | 7 th Oct., 2010 |
| 12. | Iramba DC | 27 th Sept., 2010 | 1 st Dec., 2010 |
| 13. | Kigoma DC | 29 th Sept., 2010 | 28 th Dec., 2010 |
| 14. | Meatu DC | 30 th Sept., 2010 | 11 th Dec. 2010 |
| 15. | Muleba DC | 14 th Sept., 2010 | 11 th Dec. 2010 |
| 16. | Mvomero DC | 29 th Sept., 2010 | 11 th Dec. 2010 |
| 17. | Namtumbo DC | 30 th Sept., 2010 | 15 th Oct., 2010 |
| 18. | Rombo DC | 30 th Sept., 2010 | 29 th Jan., 2011 |
| 19. | Morogoro DC | 30 th Sept., 2010 | 10 th Dec. 2010 |
| 20. | Kibondo DC | 29 th Sept., 2010 | 31 st Dec., 2010 |
| 21. | Songea DC | 28 th Sept., 2010 | 10 th Oct., 2010 |
| 22. | Bahi DC | 30 th Sept., 2010 | 15 th Oct., 2010 |
| 23. | Singida DC | 30 th Sept., 2010 | 1 st Dec.,2010 |
| 24. | Sikonge DC | 30 th Sept., 2010 | 31 st Dec., 2010 |
| 25. | Igunga DC | 30 th Sept., 2010 | 14 th Dec., 2010 |
| 26. | Kasulu DC | 30 th Sept., 2010 | 30 th Dec.,2010 |
| 27. | Kilombero DC | 28 th Sept., 2010 | 2 nd Dec.,2010 |
| 28. | Tabora DC | 30 th Sept., 2010 | 17 th , Jan. 2011 |
| 29. | Longido DC | 28 th Sept., 2010 | 20 th Jan., 2011 |
| 30. | Mbinga DC | 30 th Sept., 2010 | 15 th Oct. 2010 |
| 31. | Mbulu DC | 28 th Sept., 2010 | 8 th Dec., 2010 |
| 32. | Meru DC | 30 th Sept., 2010 | 7 th Jan., 2011 |
| 33. | Moshi MC | 29 th Sept., 2010 | 30 th Jan., 2011 |

| | | | |
|-----|--------------|------------------------------|-----------------------------|
| 34. | Dodoma MC | 14 th Sept., 2010 | 1 st Dec., 2010 |
| 35. | Hai DC | 30 th Sept., 2010 | 9 th Jan. 2011 |
| 36. | Mbarari DC | 30 th Sept., 2010 | 11 th Jan., 2011 |
| 37. | Tabora MC | 30 th Sept., 2010 | 1 st Dec., 2010 |
| 38. | Arusha DC | 30 th Sept., 2010 | 15 th Jan. 2011 |
| 39. | Nzega DC | 28 th Sept., 2010 | 20 th Dec., 2010 |
| 40. | Siha DC | 30 th Sept., 2010 | 9 th Jan., 2011 |
| 41. | Simanjiro DC | 18 th Sept., 2010 | 17 th Dec, 2010 |
| 42. | Songea MC | 30 th Sept., 2010 | 12 th Oct. 2010 |
| 43. | Lindi DC | 27 th Sept., 2010 | 1 st Dec., 2010 |
| 44. | Moshi DC | 30 Sept., 2010 | 2 nd Febr. 2011 |

In the course of audit of financial statements submitted I noted that there were a number of Councils which submitted with so many errors and omissions solely with the intention of meeting the deadline for submission of such financial statements for audit purposes.

The audit of such financial statements resulted in a number of changes and adjustments to the draft statements submitted for audit purposes after which they were re-submitted.

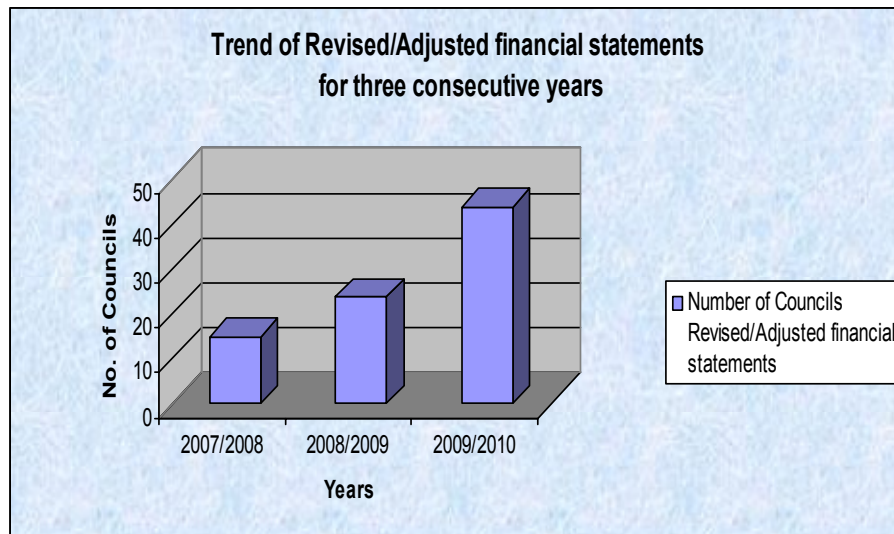
The number of changes and adjustments and the significant nature of the accounting issues involved indicated that an improvement is required in the accuracy of figures and disclosures included in the draft financial statements.

A number of Councils which withdrew their financial statements and re-submitted revised or adjusted financial statements has increased from 24 last year (2008/2009) to 44 during the year under review (2009/2010). The trend for three consecutive years is as follows:

Trend of Revised/Adjusted financial statements for three consecutive years

| Financial Year | Number of Councils Audited | Number of Councils Revised/Adjusted financial statements | percentage |
|----------------|----------------------------|--|------------|
| 2007/2008 | 133 | 15 | 11 |
| 2008/2009 | 133 | 24 | 18 |
| 2009/2010 | 134 | 44 | 33 |

The above analysis can also be presented in a histogram as shown below:



The above trend indicates that there is a gradual increase in the number of Councils that revised/adjusted the financial statements. This is mainly caused by lack of adequate training on preparation of IPSASs compliant financial statements and transfers of IPSASs literate staff.

It is recommended that, in future years, the Councils should introduce quality control and assurance process and time table for preparation of financial statements to help ensure the accuracy of the draft financial statements submitted for audit purposes. In addition, PMO-RALG should conduct periodical trainings so as to build the capacity of the staff involved in the preparation of financial statements.

3.3.4.2 Audit of financial statements

Generally, the audit of financial statements in LGAs for the financial year 2009/2010 noted some weaknesses as follows:

(a) Compliance with applicable reporting framework

The submitted financial statements of all 134 LGAs for year ended 30th June 2010 were prepared basing on International Public Sector Accounting Standards (IPSASs) - accrual basis of accounting and Part IV of the Local Government Finances Act No. 9 of 1982 (revised 2000) and in accordance with the provisions of Order No.53 of the Local Authority Financial Memorandum (LAFM) of 1997 as the applicable reporting framework for Local Government Authorities.

However, the financial reporting frameworks i.e. Local Authority Financial Memorandum (LAFM) of 1997 and the Local Authority Accounting Manual (LAAM) including other LGAs Legislations are outdated and thus are not in tandem with the adopted IPSASs - accrual basis of accounting.

It is a high time that LGAs legislations together with the Local Authority Financial Memorandum (LAFM) of 1997 and the Local Authority Accounting Manual (LAAM) to be reviewed in line with IPSASs - accrual basis of accounting.

(b) Improper presentation of Financial Statements

Three (3) Council's financial statements presented had material errors in the presentation thus misleading the prepared financial statements as follows:

| Council | Weakness |
|-----------|---|
| Kilolo DC | The Council's statement of financial position as at 30 June, 2010 reflected balances of payables totaling to Shs.660,599,974. However, the audit noted that there is no classification between current and non current liabilities. |
| Kilwa DC | The Council did not prepare the statement of capital expenditure and its financing for the year ended 30 th June 2010. In the absence of statement of capital expenditure and its financing I was unable to ascertain the source of funds, name of projects, budgeted funds, balance from the previous year, actual revenue received, total funds available, actual expenditure and unapplied capital. |
| Lindi TC | The statements of financial performance of Lindi Town Council for the year ended 30 th June, 2010 disclosed and recognized Development Grants of Shs.1,911,447,792 as Recurrent Grants and therefore Development Grants received was understated by the same amount. |

It can be concluded that Councils should prepare the annual financial statements as per IPSASs - accrual basis of accounting and also should establish a Quality Control Unit for review before signing of the accounts.

(c) Incorrect figures reported in the financial statements

A number of submitted financial statements of Local Government Authorities i.e. the statement of financial

position, cash flow statements, statement of financial performance, statement of changes in net assets and statement of capital expenditure and its financing lacked correctness in the reported figures shown as Annexure 6.

Under the circumstances, these financial statements were found to be unreliable to the users.

Due to increase in misstatements in the financial statements as compared to previous year, this implies that the respective management were not keen in the preparation of financial statements thus resulting into issuing audit opinion other than unqualified opinion.

(c) Disclosure of assets with no value

The review of financial statements of 6 Councils disclosed that, there were schedules of assets which were shown without book values. This anomaly has an effect of understatement of value of assets reported in the financial statements as follows:

| Council | Weakness |
|----------------|---|
| D'salaam CC | 53 Property, Plant and Equipment were reported in the financial statements without showing their values contrary to IPSASs 17 which requires to disclose the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period. |
| Mtwara DC | 18 Secondary Schools which were handed over to the Council from the Ministry of Education had no carrying amount. |

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|-------------|---|
| Mtwara MC | The schedule of assets owned by the Council including motor vehicles, desk top computer, Digital camera reflected in the financial statements had no carrying amount. |
| Newala DC | Non-current assets revalued as per revaluation report of May, 2010 were not disclosed in the financial statements. |
| Nanyumbu DC | Property, plant and equipment (PPE) acquired by the former Ministry of Education and Vocational Training and handed over to the Council disclosed in the financial statements had no carrying amount. |
| Tabora MC | The statement of financial position disclosed a sum of Shs.10,293,265,180 as property, plants and equipment but the disclosed figure excluded four vehicles, scanner and printers with no book value. |

Presentation and reporting of assets without values reduces the value of assets reported in the financial statements and does not reflect the real situation of Councils' owned assets as at the year end. The Councils are advised to value all of their assets so as to obtain the fair value to be incorporated in the preparation of reliable financial statements.

(e) Omissions of Assets in the Statements of Financial Position

I noted that 9 Councils have omitted in their financial statements non current assets, and the non current assets registers were not maintained and updated as required by law as shown below:

| Councils | Weaknesses |
|-----------|---|
| Temeke MC | <ul style="list-style-type: none"> The Council own and uses software like Local Government Monitoring Data Base (LGMDB), PLAN-REP, Unplanned Settlement Programmes (USP), Management of Land Information System (MOLIS), Epicor, Municipal Revenue Collection Manager (MRECOM) and Geographical Information System (GIS) which were not disclosed in the Councils' financial statements contrary to IPSASs 31. Land or open spaces owned by the Council were not disclosed on the face of the financial statements contrary to IPSASs 17 Para 74. |
| Kilolo DC | The statement of financial position disclosed an amount of Shs.6,869,600 being cost of inventory held by the Council at headquarter but not disclosed during stocktaking contrary to IPSASs 12 which requires the entity to include inventory held at outstation. |
| Kasulu DC | The Council owns EPICOR computer software. However, the value of either hardware or software parts of such intangible assets has been omitted from Intangible Assets reported in the statement of financial position. |
| Kilwa DC | Assets worth Shs.251,724,000 were recorded in the stock count sheets but not disclosed in the Financial Statements as at 30 th June, 2010. |

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|-------------|---|
| Lindi TC | <ul style="list-style-type: none"> • The Council installed and uses some Computer Software which can be classified as Intangible assets which was neither included in the Assets Register nor disclosed in the financial statements. These include plan rep and epicor softwares. • Motor Cycle XL - YAHABA with Registration number SM 3246 was neither included in the Asset Register nor disclosed in the final financial statement and the its value was not established. • Non current Assets worth Shs.17,678,756 were not reported in the financial statement for the year ended 30th June, 2010 although they were owned and used by the Council. |
| Mbinga DC | Projects whose implementation status was below 50% amounting to Shs.67,537,675 were not disclosed as work in progress and excluded in the calculation of depreciation for the year. |
| Namtumbo DC | Work in Progress amounting to Shs.193,606,222 which were 50% status of completion were not disclosed as PPE in the statement of financial position. |
| Sikonge DC | Note 28 to the financial statements disclosed various non current assets including buildings, Schools and various furniture owned and used by the Council but not valued and included in the statements of financial position under plant, property and equipment. |
| Urambo DC | The value of IFMS - EPICOR acquired through the Local Government Reform Program since 2005, had not been recognized in the statement of the financial position as at 30 th June, 2010. |

The Councils' management are advised to maintain proper records of all assets including intangible assets and ensure proper maintenance of the fixed assets register as a base for preparation of financial statements thus avoiding misstatements.

(f) **Non Disclosure of Explanatory Notes/Description Schedules**

During audit of the financial statements for the year under review, I noted that figures in the individual accounts submitted along with the financial statements were not linked with figures in the notes to the financial statements as shown in the table below:

| Councils | Weaknesses |
|-----------------|--|
| Rombo DC | The cash flow statement submitted for audit did not contain explanatory notes to support various account items reflected therein which are necessary in confirming the amount reported contrary to Order No.85 of the Local Authority Financial Memorandum (1997). |
| Kilwa DC | Figures in the note submitted along with the financial statement of Shs.10,597,761,876 were not supported with description schedules. |
| Sumbawanga MC | Note 39 to support deferred income capital grant of Shs.6,880,172,568 reflected in the financial position as at 30 th June, 2010 was not attached to the financial statements. |
| Korogwe DC | Note to support a sum of Shs.363,656,341 reflected in the statement of financial performance as transfers from other government entities was not attached to the financial statements. |

| | |
|------------|--|
| Korogwe TC | The statement of financial position for the year ended 30 th June, 2010 was not cross-referenced with the notes on its face contrary to IPSASs 1. |
|------------|--|

Order No. 85 of the LAFM (1997) and IPSASs 1, require Councils to provide notes to financial statements, providing such details and explanation as may be necessary to promote full understanding of each summary item of the accounts for the users. In this regard, the Councils are insisted to prepare the explanatory notes to support the various accounts items reflected therein which are necessary in confirming the amount reported.

(g) Non Disclosure of Community Contributions

A test check of community contributions from villages and wards noted that, 15 Councils as listed below, did not quantify and/or disclose in the financial statements the in-kind contribution made by community towards the development projects contrary to IPSASs 1 (127) and IPSASs 22 (107) (d), although the community contributions were recognised in the Councilors' reports that the communities were engaged in different activities, that enhanced the completion of development projects.

| Councils | Weaknesses |
|-----------|--|
| Iringa MC | The Council contributed a sum of Shs. 254,688,293 to support implementation of various projects at lower (wards and villages) level but community contribution was not quantified. |
| Ludewa DC | Community contributions were not quantified in most of the projects implemented. |
| Kilolo DC | The Council contributed a sum of Shs.49,384,944 to support implementation of various projects at lower level but the community contribution was not quantified and disclosed in the progress report. |

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|-------------|---|
| Bukoba DC | Community contributions were not reported in the financial statements; hence it was not possible to ascertain the contributions made by community towards the accomplishment of development projects. |
| Chato DC | The Council management did not quantify and/or disclose in the financial statements the in-kind contribution made by community towards the development projects |
| Moshi MC | The in-kind contribution made by community towards the development projects shown in Note 17(b) of the Councilor's report were not quantified and reflected in the financial statements. |
| Chunya DC | The community contributions were not quantified and reflected in the financial statements. |
| Mbinga DC | According to Note 17 of the Councilors' report, the community was engaged in different activities that enhanced the completion of development projects which were not properly disclosed in the financial statements. |
| Tunduru DC | The Councilor's report recognised the community contributions involvement in different activities that enhanced the completion of development projects which were not disclosed in the financial statements. |
| Namtumbo DC | The Council management did not quantify in the financial statements the contribution in-kind made by community towards the development projects contrary to the requirements of IPSASs 22(107) (d). |

| | |
|------------|---|
| Kishapu DC | The Council Management did not quantify and/or disclose in the financial statements the in-kind contribution made by community towards the development projects contrary to the requirements of IPSASs 1 (127) and IPSASs 22 (107) (d). |
| Korogwe TC | The Council management did not quantify in the financial statements the in-kind contribution made by community towards the development projects contrary to the requirements of IPSASs 1 (127) and IPSASs 22 (107) (d). |
| Sikonge DC | Note 17 of District Councilors' report showed Community contribution towards various development projects carried out during the year but the same were not quantified and disclosed in the financial statements. |

As the community contributions reflect the actual value of the respective asset, they should therefore be quantified and reported in the financial statements.

(h) Inappropriate disclosure of items in the financial statements

Information in thirty two (32) Councils which is crucial to users of the financial statements was inappropriately disclosed in the financial statements as shown below:

| Council | Inappropriate disclosures |
|-------------|---|
| D'salaam CC | <ul style="list-style-type: none"> The Council has failed to determine the current value of shares held in UDA Investment which were bought in October, 2000 for Shs.363,104,600 (i.e. 3,631,046 shares @ Shs. 100). Included in the value of Investments reported in the financial statement of DCC as at 30th June, 2010 was an amount of Shs.821,369,000 in respect of value of |

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|-----------|---|
| | <p>shares held. The value of shares was not supported by current balance of units held by Dar es Salaam City Council.</p> <ul style="list-style-type: none"> • The Council acquired 240 shares worth Shs.24,000,000 (51%) holding from Kariakoo Market Corporation which were not supported with share certificate. • The Council has received a loan of Shs.1,269,792,000 from NSSF for procurement of building materials for Business Park Complex. DCC did not disclose the loan in the foot notes to the financial statements as required by Order No.81 of LAFM (1997). In addition, the contract document between DCC and NSSF was not submitted. |
| Temeke MC | <ul style="list-style-type: none"> • Review of cash flow statement for the year revealed that, an amount of Shs.4,216,451,684 was reported to have been received as Development Grant but detail analysis to evidence receipts of the amount was not provided. |
| | <ul style="list-style-type: none"> • Each class of property, plant and equipment was not disclosed separately contrary to IPSASs 17 Para 88. |
| Njombe DC | <ul style="list-style-type: none"> • Note 27 property, plant and equipment of the statement of financial position reports revaluation of buildings, forestry assets, plant, machinery and equipments and water system the sum of Shs.41,518,389,000. The Council could not submit evidence to prove that revaluation was done by a competent valuer. • Stores held at outstations, example dispensaries, schools, and offices were not included in the statement of financial position. |

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|-----------|---|
| Kasulu DC | <ul style="list-style-type: none"> Based on the Councilors' report, the Council declared to have no investment property, however, fixed assets schedule revealed properties worth Shs.79,468,000 seem to have all the features of Investment property as per IPSASs 16(20). The value of Kasulu Bus Stand, one of the Council's properties acquired during financial year 2009/10 has not been included in the figure of addition property, plant and equipment reported as Shs.2,861,407,297. |
| Rombo DC | <ul style="list-style-type: none"> Statement of financial position as at 30th June 2009 disclosed an amount of Shs.92,299,856 as provision for Legal case (Refer note 29 of the financial statements) but the statement of financial position disclosed a nil balance contrary to IPSASs 19. The statement of financial position as at 30th June 2009 reflected short term borrowings worth Shs.17,244,256 but the same amount was not reflected in the current year cash flow statement. |
| Kilwa DC | Financial assets totaling Shs.16,102,800 shown in note 25 to the financial statements were valued at cost and not at fair value contrary to IPSASs 15. |
| Lindi TC | The Council included assets totalling Shs.10,529,464 in the property plant and equipment. However, these assets were kept for rental purposes and therefore were supposed to be disclosed separately as Investment property and presented at fair value as per IPSASs No. 16 - Investment property. |

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|-----------|---|
| Babati DC | Expenditure amounting to Shs.233,152,000 which was incurred at the lower levels for development activities was erroneously termed as transfers instead of normal expenditure in the statement of capital expenditure and its financing. The money was used for construction of buildings which the Council included in the property, plant and equipments as its assets. |
| Hanang DC | Expenditure amounting to Shs.439,176,000 which related to the lower levels for development activities was erroneously termed as transfers while this is normal expenditure in the statement of capital expenditure and its financing . The money was used for construction of buildings which the Council included in the schedule of Property, Plant and Equipments as its assets. In addition the above figure include Shs.68,505,000 relating to Councilors' allowances paid in the headquarter of the Council but termed as transfer. |
| Mbulu DC | The figure of receivables includes Shs.73,763,000 which is inter account transfers and receivables. These are inter account indebtedness and not debtors of the Council. |
| Babati TC | Review of case files noted that the Council had three civil cases whereby the claimants are praying for compensation from the Council. The actual amounts being claimed are not yet determined but management did not make any disclosure contrary to para 34 of IPSASs 19. |
| Ileje DC | Financial statements show the value of closing stock as Shs.32,992,320 which was not supported by stock taking sheets. |

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|-------------|---|
| Mbeya CC | <ul style="list-style-type: none"> • The Council reported Shs.103,601,000 as inventory at the year end. However, stock were not supported by stock taking sheets. • The Statement of Financial Position disclosed Shs.168,715,000 being the investments which are kept in Local Government Loans Board (LGLB) which were not evidenced by security, deed or contractual document. |
| Morogoro MC | Statement of financial position for the year ended closed with cash and cash equivalent of Shs.1,799,763,375 out of which Shs.32,073,913 were not analysed. |
| Newala DC | The compensation grants for the year under review were not disclosed separately to the statement of financial performance for the year. The amount was also not analyzed in the recurrent grants in note 11 of the financial statements despite of being shown in the Councilors' report in note 10. |
| Nanyumbu DC | Out of outstanding long term contribution Shs.56,583,600 reflected in the financial position, only Shs.12,500,000 was contributed during the year under review hence Shs.44,083,600 was improperly disclosed. |
| Mpanda DC | Cash flow statement reflected outflow of cash for purchase of property, plant and equipment of Shs.9,131,887,000. However, the schedule of property, plant and equipment shows additional PPE during the year of Shs.7,486,598,000 which records a difference of Shs.1,645,299,000. Hence the figure in cash flows statement is incorrect. |

| | |
|------------|--|
| Mbinga DC | The Council disclosed a total of Shs.178,287,821 as other own source revenue in the statement of financial performance and under Note 14, however, there was no detailed schedule for the amount disclosed hence audit couldn't determine the accuracy of the figure. In addition, the same were not included in own source revenue summary shown on page 10 of the Councilors' report. |
| Korogwe TC | The statement of financial performance for the year reflected revenue from exchange transactions of Shs.7,189,973. Included in this figure is Shs.3,967,068 which could have been classified as emanating from either local taxes or fines, fees and penalties but wrongly termed as emanating from exchange transactions although both of them fall under revenue own sources. |
| Tanga CC | <ul style="list-style-type: none"> • Note 20 to the financial statements disclosed Shs.121,406,000 as grants and other transfer payments which comprised allowances paid in the headquarter of the Council but termed as transfer. • On the other hand, audit observed expenditure items relating to grants and other transfer payments worth Shs.1,157,071,778 but were not booked in this component. |

In view of the above circumstances it implies that the Councils' management were either not keen in the preparation of financial statements especially on proper categorization of the presented items or they are not competent enough in the preparation of financial statements. PMO-RALG is advised to conduct periodical trainings to accountants and Council management so as to strengthen their capacity.

(h) Overdrawn items in deposit account

Councils reported deposits as part of their payables during the year. However, some items of the deposit account were overdrawn, meaning that they have spent other depositors' funds thus affecting the planned activities of those other depositors and no evidence was made available to confirm as to whether the over drawn deposits have been paid back. A sample of Councils which have overdrawn deposit account is as summarized below:

| Councils | Overdrawn deposits (Shs.) |
|------------|---------------------------|
| Monduli DC | 98,937,742 |
| Iringa DC | 51,777,574 |
| Mufindi DC | 80,055,753 |

Deposit account is made specifically for special purposes, all expenditure made on this account are advised to be charged in the respective deposit item to avoid spending other depositors funds thus affecting their planned activities. Also non control of these funds may result misappropriation of the same.

3.4 Expenditure management

3.4.1 Missing payment vouchers (Unvouched expenditure)

Shs.2,830,338,208

Unvouched expenditure is an expenditure which lacks payment vouchers and other supporting documents to substantiate the authenticity of expenditure.

During the financial year 2009/2010, 34 Councils out of 134 audited had effected payments amounting to Shs.2,830,338,208 whereby supporting payment vouchers were not made available for audit purpose, hence limiting the scope of audit. This is contrary to Order Nos. 368 and 369 which requires payment vouchers together with

supporting documents be maintained and given proper security and custody for period of not less than 5 years.

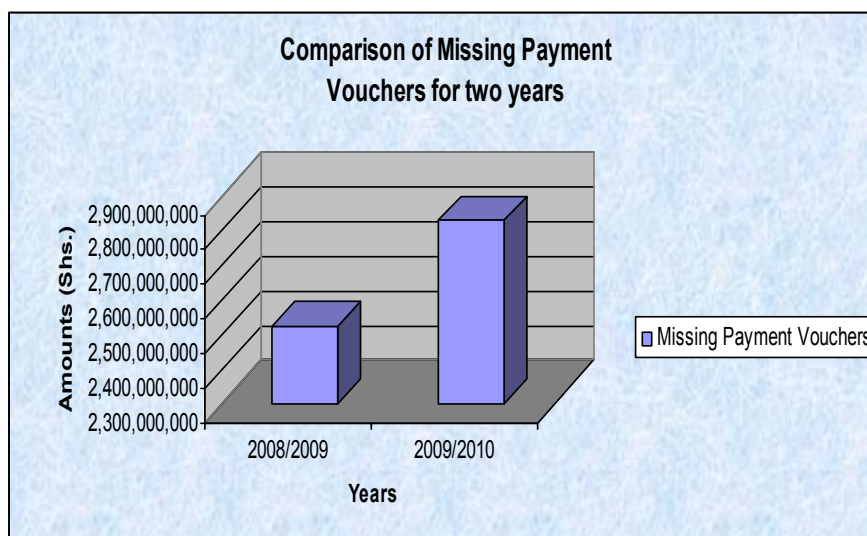
A payment without payment voucher lacks important information in regard to such payments e.g. the nature, purpose, and type of the payment. Furthermore, it can surely be an avenue for misappropriation of the Public funds.

Since this has been a persistent problem with the majority of the Councils for a long time, I would like to remind the management of Councils on 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 expenditure are as shown in Annexure 7.

A summary of Missing payment vouchers for F/Year 2008/2009 and 2009/2010 is as shown below:-

| F/Year | Amount (Shs.) | No. of Councils involved |
|---------------|----------------------|---------------------------------|
| 2008/2009 | 2,526,117,587 | 33 |
| 2009/2010 | 2,830,338,208 | 34 |

This can also be presented in a histogram as shown below:



Council management should keep all original documents supporting payments for reported expenditure for each financial year.

3.4.2 Payments made without proper supporting documents (Improperly vouched expenditure) Shs.5,515,453,908

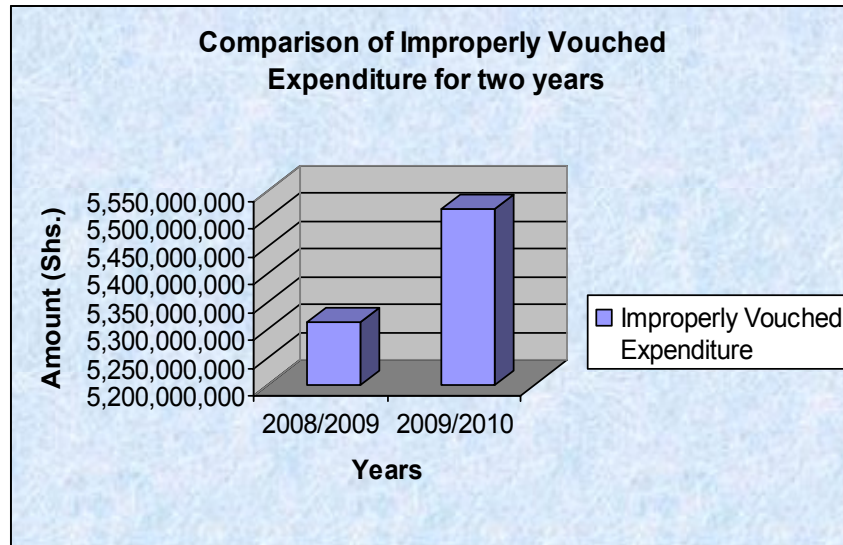
Order No. 5(c) and 368 of the Local Authority Financial Memorandum of 1997 requires all payments made from Councils to be supported by proper supporting documentation.

During audit, based on sample selected, I noted that some of the supporting documents of the reported expenditures totalling Shs.5,515,453,908 in respect of 71 Councils were missing contrary to the above cited order shown as Annexure 8.

A Summary of improperly vouched expenditures for financial year 2008/2009 and 2009/2010

| F/Year | Amount (Shs.) | No. of Councils involved |
|-----------|---------------|--------------------------|
| 2008/2009 | 5,313,071,671 | 62 |
| 2009/2010 | 5,515,453,908 | 71 |

This above analysis can also be presented in histogram as shown below:



Council management should ensure that all payments made are supported by the appropriate documents such as invoices, signed paysheets, delivery notes, advance requests etc. to enable verification of the payments' authenticity and occurrence. Such supporting documents should be kept by Council management for verification whenever required.

3.4.3. Deferred payments - Shs. 620,278,565

Order No.46 of the LAFM of 1997 stipulates that, expenditure properly chargeable to the account of a year shall, if possible, be incurred within that year by raising a creditor if necessary and under no circumstances will payment of a charge be deferred for the purpose of avoiding an over expenditure.

During the year under review I noted payments amounting to Shs.620,278,565 in respect of 24 Councils were required to be properly chargeable in the financial year 2008/2009, but were charged in the financial year 2009/2010 contrary

to the above cited Order. In addition, there is no evidence that the payments formed part of 2008/2009 creditors. Refer Annexure 9.

3.4.4 Missing acknowledgement receipts from recipients - Shs.8,074,271,947

A sum of Shs. 8,074,271,947 which was either deducted at source by the Treasury as statutory deductions or paid to various institutions /Agencies for various services rendered to the Council was not supported by acknowledgement receipts to acknowledge the receipts of the amounts deducted or received contrary to Order No.5 (c) of the LAFM (1997). The 8 Councils tested are as listed below:

(i) Statutory deductions made at source Shs.7,570,902,570

| S/N | Council | Amount (Shs.) |
|--------------|-------------------------|----------------------|
| 1 | Hai District Council | 3,522,681,073 |
| 2 | Rombo District Council | 2,294,823,312 |
| 3 | Moshi Municipal Council | 1,753,398,185 |
| Total | | 7,570,902,570 |

(ii) Statutory deductions paid to various institutions Shs.503,369,377

| S/N | Council | Amount (Shs.) |
|--------------|-----------------------------|--------------------|
| 1 | Kwimba District Council | 222,575,000 |
| 2 | Babati District Council | 117,023,587 |
| 3 | Ngorongoro District Council | 104,375,500 |
| 4 | Kibondo District Council | 30,280,834 |
| 5 | Mafia District Council | 29,114,456 |
| Total | | 503,369,377 |

Management of Councils should strengthen Internal Controls over payments by obtaining acknowledgement receipts immediately after effecting payments. Such acknowledgement receipts should be secured and made available for verification whenever required.

3.5 Payroll Audit

Review of Councils' payroll for the year ended 30th June 2010 revealed some shortcomings as summarized below:

3.5.1 Unclaimed Salaries not remitted to Treasury Shs.1,185,252,606

Order No. 307 of the LAFM of 1997 requires that, all unclaimed salaries should be rebanked after a maximum of 10 (ten) working days. Also, instruction from Ministry of Finance 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 Secretariat. Contrary to the above requirements, a test check on salaries payments revealed unclaimed salaries amounting to Shs.1,185,252,606 in respect of 55 Councils which were not remitted to Treasury as per the instruction. Refer Annexure 10.

3.5.2 Payments made to Retired, Absconded and Terminated employees amounting to Shs.583,221,297

Audit scrutiny of the computer payrolls, control sheets and unclaimed salaries register for the financial year ended 30th June, 2010 disclosed a sum of Shs.583,221,297 paid by 38 Councils in respect of employees who were either died, retired, resigned, terminated or absconded continued appearing in the computer payrolls of the Councils. (Refer Annexure 11)

3.5.3 Differences between Exchequer Issues (Personal Emoluments) received and actual salaries paid Shs.790,203,584

A test check of Personal Emoluments received from Treasury and actual salary paid for the financial year 2009/2010 revealed differences of Shs.790,203,584. The

difference justifies an overpayment of salaries to six (6) Councils as shown below:

| S/N | Auditee | Received (Shs) | Paid (Shs.) | Amount Shs. |
|-----|--------------|-----------------------|-----------------------|----------------------|
| 1. | Siha DC | 3,201,721,056 | 2,819,238,923 | 382,482,133 |
| 2. | Rombo DC | 11,075,806,996 | 11,183,922,726 | (108,115,730) |
| 3. | Moshi MC | 8,204,205,453 | 9,399,577,761 | (1,195,372,308) |
| 4. | Songea DC | 6,035,775,448 | 5,950,532,590 | 85,242,858 |
| 5. | Temeke MC | 19,177,406,550 | 19,137,802,440 | 39,604,110 |
| 6. | Mafia DC | 1,845,124,098 | 1,839,168,745 | 5,955,353 |
| | Total | 49,540,039,601 | 50,330,243,185 | (790,203,584) |

3.5.4 Repayments of Loans for Non Existing Employees Shs.290,174,973

Total payments of Shs.290,174,973 were paid to various financial institutions by six (6) Councils as repayments of loans taken by former Councils' employees who are no longer in the government service and therefore not entitled to any salary payments as summarized below:

| S/N | Auditee | Amount (Shs). |
|-----|--------------|--------------------|
| 1 | Kwimba DC | 227,569,484 |
| 2 | Kibondo DC | 22,271,871 |
| 3 | Rombo DC | 18,313,962 |
| 4 | Moshi MC | 15,255,618 |
| 5 | Mtwara MC | 3,626,840 |
| 6 | Mbinga DC | 3,137,198 |
| | Total | 290,174,973 |

Internal Control over payroll is a challenge in many LGAs. Councils' management should strengthen controls to eliminate wasteful expenditures of government resources through salaries payments.

3.5.5 Employees Excessive borrowing not controlled

Staff Circular No. CCE.45/271/01/87 dated 19/03/2009 requires that deductions of employees' salaries should not exceed 2/3 of the basic salary. However, I noted a number of cases where salaries of Councils' employees were

deducted to a point of exceeding 2/3 of their basic salaries. In some specific cases some of employees were completely not paid (zero net pay). An example of this is Dodoma Municipal Council; out of 198 employees tested, 45 employees equivalent to 23% were completely not paid. Out of the sample selected 36 Councils did not comply with the above quoted circular. Annexure 12.

I am concerned with this uncontrolled borrowing arrangement which may adversely affect employees' performance and ultimately affecting the Council's overall performance because of its de-motivation effects. This could also demonstrate laxity of LGAs management to ensure employees' welfare is protected.

Salaries payment control should not only involve ensuring that right employees are paid right salaries but also fairness is observed which will ultimately be one of the assurance that there is no negative effect on employees' productivity.

3.6 Accountability of funds donated to disaster victims

A disaster is a serious disruptions of the functioning of a society causing wide spread human, material and environmental losses, which exceed the ability of the affected society to cope with using its own resources.

This paragraph intends to evaluate the accountability of funds, and non - monetary items issued and donated for assisting victims of floods and bombs explosions disasters occurred particularly in Kilosa District, Iringa District, Same District, Mpwapwa District and Dar es Salaam region.

3.6.1 Kilosa District Council - Cash and non cash items not acknowledged and booked in the accounts worth Shs.193,901,000

Due to heavy rains in Dodoma region on 26th December, 2009, Kilosa District was prone to the floods originating from Dodoma Town, Mpwapwa and Kongwa Districts thus more emergency intervention both foodstuff and other items were donated to rescue victims communities.

However, a test check made on the various correspondences and financial statements prepared by Kilosa District Council revealed that, relief both cash and non cash items were not acknowledged and reflected in the accounts prepared by the Council as shown in the table below:

Cash donations Shs. 69,441,000

| Name of Organisation | Cash (Shs.) | Reference |
|---|--------------------|-----------------------|
| Rotary Club of Morogoro Central | 400,000 | AB.74/175/01 F.7 |
| MMCF | 3,900,000 | AB.74/175/01 F.25 |
| Mzumbe University | 1,000,000 | AB.74/175/01 F.27 |
| Rotary Club of Morogoro Central | 500,000 | AB.74/175/01 F.31 |
| RC Office Mara | 5,000,000 | AB.74/175/01 F.61 |
| KKKT Morogoro Diocese | 1,300,000 | AB.74/175/01 F.80 |
| RAS - Coast | 9,200,000 | AB.74/175/01 F.64 |
| Teachers College Morogoro | 1,000,000 | AB.74/175/01 F.120 |
| PMO | 4,940,000 | AB.74/175/01 F.65 "B" |
| ELGBO SACCOS Morogoro | 200,000 | AB.74/175/01 F.11 "B" |
| Mzumbe University | 1,200,000 | AB.74/175/01 F.1 "B" |
| Tanzania Association of Foresters | 301,000 | AB.74/175/01 F.117 |
| Morogoro Municipal Community Foundation | 500,000 | AB.74/175/01 F.112 |
| Clouds Entertainment and Vodacom Foundation | 40,000,000 | AB.74/175/01 F.93 |
| Total | 69,441,000 | |

Donation in Kind Shs.82,460,000

| Name of Organization | In Kind | Cash (Shs.) | Reference |
|---|--------------------------------|--------------------|--------------------------|
| Karimjee Jivanjee Foundation and Toyota Tz. Ltd | 2000 Matress and 2000 blankets | 75,000,000 | AB.74/175/01 F.87 and 88 |
| Staff of Tanzania High Commission Nairobi Kenya | 232 each mosquito Nets | 1,360,000 | AB.74/175/01 F.110 |
| Free Pentecostal Church of Tanzania | 50 G30, Clothes | 1,300,000 | 39 of 27/5/2010 |
| Anglikana Coast Diocese | clothes and foods | 2,300,000 | 160 of 22/1/2010 |
| DAWASA | Maize | 1,500,000 | 98 |
| DAWASA/ DAWASCO | Maize | 1,000,000 | 98 |
| Total | | 82,460,000 | |

Donations Euro 20,000

| Name of Organization | In Kind | Reference |
|--------------------------------|---------------------------------|--------------------|
| Care International In Tanzania | Scholastic materials & Sweaters | AB.74/175/01 F.106 |

Donations not quantified

| Name of Organization | In Kind | Reference |
|-----------------------------|----------------------------|-------------------|
| Libya Government | construction of 200 houses | AB.74/175/01 F.93 |

3.6.2 Iringa District Council- Under remittance of revenue earnings from sales of maize Shs.74,674,500

During the year under review Iringa District Council received 2908.8 tons of maize from National Relief Committee for people affected with floods at Idodi village in Ismani wards. The distribution was as follows:

- 126.1 tons distributed free to poor families.
- 2782.7 tons were sold at lowest rate of Shs.50 per kg of maize.

An examination of sales proceeds of 2,782.7 tons of maize revealed that total Shs.139,135,000 were collected out of which Shs.64,460,500 were remitted to Prime Minister Office (PMO) leaving a balance of Shs.74,674,500. In addition, funds remitted to PMO were not supported by acknowledgement receipts.

3.6.3 Same District Council

(i) Over expenditure on Payment of Mamba Miamba Disaster Contributions Shs.4,684,256

Perusal of deposit account records disclosed that the Council received Shs.36,694,500 as contribution to the victims of land slide disaster at Mamba Miamba Village and spent Shs.41,378,756 resulted to over expenditure of Shs.4,684,256 equivalent to 12.8 % of the total receipts.

(ii) Expenditure not adequately supported Shs.2,000,000

Weaknesses in Internal Control have made it possible for the Council to effect payments of Shs.2,000,000 without adequate documentation to confirm amounts paid and received contrary to the requirement of Order No.5 (c) of LAFM (1997). In absence of sufficient documents the genuineness of the payment made could not be ascertained and confirmed.

3.6.4 Mpwapwa District Council - Unspent balance of emergence funds Shs.100,201,000

The Management of the Mpwapwa District Council lodged a special request of funds to the Permanent Secretary, Ministry of Finance for the emergency maintenance of the Chiseyu - Msagali road which was distracted by heavy rains in December, 2009.

The request was made through the letter with Ref.HW/MPW/R.10/ 10/3 dated 05th February, 2010. On 1st March, 2010 the PMO-RALG issued a letter with RNo.FA.307/488/ 0IJ/21 to the District Executive Director Mpwapwa to notify that the Ministry has send

Shs.230,000,000 for that purpose. The Council received the funds on 28th February, 2010 vide HW5 No. 00130240 in the Roads Fund Account.

At the time of receipt of funds the Council had already contracted the same work to M/S Singida General Supplies Co. Ltd to carry out Spot Improvement and Routine Maintenance vide Contract No. MDC/RFB/RD/C04/09/10 at a contract sum of Shs.129,799,000. However, the contract was awarded in December, 2009 before the floods occurred and the addendum for the addition work was not produced on demand.

Other contract works were made on 8th July, 2010 on the same roads was as follows:

| Contract No. | Contract Sum (Shs.) | Contractor's name | Amount paid (Shs.) |
|-------------------------|---------------------|---|--------------------|
| MDC/RFB/RD/01/2010/2011 | 42,800,000 | Ms Peace Construction | 42,800,000 |
| MDC/RFB/RD/02/2010/2011 | 76,536,000 | Ms Joroji Contractors Co. Ltd | 35,000,000 |
| MDC/RFB/RD/03/2010/2011 | 49,580,000 | Ms Hakika Contractors and Civil Engineers Co. | 168,916,000 |
| Total | 168,916,000 | | 246,716,000 |

Up to the end of financial year 2009/2010, the unspent balance of the emergence funds was Shs.100,201,000 which was carried out and included in the Roads Fund Account in the financial year 2010/2011. This implies that there was an over estimate of funds applied by the Council.

3.6.5 RAS - Dar es Salaam, Compensation to Mbagala bombs explosions victims Shs.8,669,779,560

During the year under review 2009/2010 RAS - Dar es Salaam has received Shs.8,669,779,560 from PMO to meet compensation to Mbagala bombs explosions victims as follows:-

| ERV and Date | Amount (Shs.) | Account |
|---------------------------|----------------------|---------|
| 24344829 of 14/08/2009 | 8,050,000,000 | Deposit |
| 24344833 of 16/10/2009 | 84,266,000 | Deposit |
| 24344832 of 09/10/2009 | 380,080,300 | Deposit |
| 24344516 of 17/06/2010 | 136,313,060 | Deposit |
| 24344545 of 02/08/2010 | 4,120,200 | Deposit |
| 24344438 of 21/12/2009 | 15,000,000 | Deposit |
| Total | 8,669,779,560 | |

However, payment vouchers related to compensation were submitted for audit without supporting documents contrary to Reg. No.86 of PFR, 2001 which requires payment vouchers to have full particulars of the service for which payment is made.

Based on the above noted shortfalls on the accountability of funds and non monetary items for victims of disasters, there is a need for Councils and Regional Administrative Secretariats to improve disasters management procedures including accountability of cash and non cash items, records management, estimation of funds and the necessary capacity for disaster preparedness. In addition, all bodies dealing with disaster management in the Country should strengthen institutional coordination so as to build on existing synergies in order to avert the threat of disasters.

3.7 Audit of Councils Revenues

3.7.1 Missing revenues earnings receipt books

Order Nos. 101 and 102 of the Local Authority Financial Memorandum, 1997 stipulate 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 948 revenue receipt books from 48 Councils were missing and therefore not availed for audit verification as summarised below and detailed in Annexure 13.

Summary of Missing revenue receipt books for financial year 2008/2009 and 2009/2010

| Year | No of missing books | No of Councils involved |
|-----------|---------------------|-------------------------|
| 2008/2009 | 1341 | 50 |
| 2009/2010 | 948 | 48 |

- Since these revenues receipt books were meant for collection of Councils' revenues, I could not ascertain how much revenues had been collected.
- There is great likelihood of outright theft of Councils' revenues by the revenues collectors and it ends up distorting the planned target of the Councils.

Councils' management should institute adequate Internal Control System over the management of revenues receipt books so as to eliminate possibilities of loss of Council's revenue and missing revenues receipt books are traced and submitted for audit verification.

Remedial action on the part of Councils' management including legal action for defaulting revenues collectors should be taken.

3.7.2 Revenue collection not remitted by Collecting Agents

Shs. 2,756,763,702

To comply with the Order No.110 of the Local Authority Financial Memorandum of 1997 all revenue collections by

designated officers shall be remitted to the Councils' cashiers for safe custody.

Contrary to the above cited Order, during the financial year under review, out of the selected audited Councils, 43 were noted to have a sum of Shs.2,756,763,702 as revenues collected at various centres by collecting agents but apparently had not been remitted to the Councils. List of Councils and amount involved is as shown in Annexure 14.

A Summary of revenue collections not remitted to the Councils for two financial years 2008/2009 and 2009/2010 is as shown below:-

| Year | Revenues not remitted (Shs.) | No. of Councils Involved |
|-----------|------------------------------|--------------------------|
| 2008/2009 | 1,095,113,399 | 43 |
| 2009/2010 | 2,608,924,620 | 43 |

From the table above, it can be noted that, the amount involved have been increased from Shs.1,095,113,399 to Shs.2,608,924,620. This implies weak internal controls over the revenues collections and inadequate follow up and monitoring of revenues contracts.

Management of Councils should strengthen internal controls over collection of revenues from own internal sources. This could include strengthening mechanism of entering to contracts with revenue collecting agent and following up remittance from those agents.

3.7.3 Un-remitted revenue accruing from Communication Tower, Cane produces cess, signboards and billboards fees Shs.745,038,193

Order No. 120 of the LAFM 1997, stipulates that "it shall be a duty of the Treasurer to make adequate financial and accounting arrangement to ensure proper recording of all monies due to Council and proper collection, custody and

banking of such monies''. To the contrary revenues amounting to Shs.745,038,193 in respect of Communication Tower, Cane produces cess, Commission fees, sign boards and billboards had not been collected from the respective tax payers as shown below:

| S/N | Council | Source | Amount not collected (Shs) |
|--------------|---------------|----------------------------|----------------------------|
| 1. | Ilala MC | Communication Towers | 193,598,000 |
| 2. | Dodoma MC | Signboards and billboards | 26,963,920 |
| 3. | Mvomero DC | Cane produces cess | 248,103,791 |
| 4. | Morogoro MC | Various Sources | 197,354,831 |
| 5. | Tandahimba DC | Produce cess (cashew nuts) | 69,030,155 |
| 6. | Singida MC | Commission fees | 9,987,496 |
| Total | | | 745,038,193 |

From the above sample selected it can be concluded that, there is laxity by Councils in soliciting other avenues of collecting revenues and even maximizing on the existing identified sources. Therefore it is the duty of all Councils' management to make adequate financial and accounting arrangements to ensure the proper recording of all monies due the Councils and the proper collection, custody, and banking of such monies.

3.8 Management of Current Assets and Liabilities

3.8.1 Cash Management

Cash management accounting process covers the collection and receiving of the Public funds and management of the official bank accounts. A test check on the cash management in the Councils noted various issues were as summarised below:

3.8.1.1 Outstanding Items in Bank Reconciliation Statement

Order No.68 of the Local Authority Financial Memorandum of 1997 requires every Councils' Treasurer to ensure that, all necessary reconciliations of individual accounts, cash books and bank statements are carried out monthly and adjust the agreed differences immediately in the books of accounts. Contrary to this Order, one hundred and three (103) Councils had outstanding items in the bank reconciliation which were not cleared such as, receipts in cash books not in bank statements, un-presented cheques, cash in transit, debit in bank statements not in cash books and receipts in bank statements not in cash books. In addition, no evidence was availed to audit as to whether bank reconciliation statements were reviewed by the senior official of the Councils. A summary of outstanding matters in the bank reconciliation statements for the year ended 30th June, 2010 is as shown below:

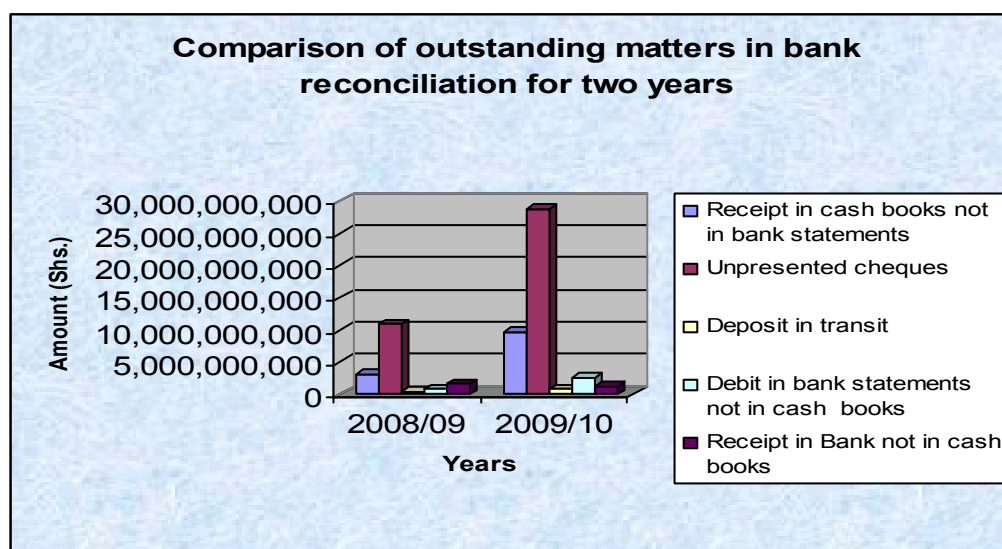
- A sum of Shs.9,612,413,862 was noted as total receipts in Councils cash books but not in bank statements.
- A total amount of Shs.28,792,732,991 in respect of cheques drawn in favour of various payees were not presented to bank until the closure of the financial year 30th June, 2010.
- A sum of Shs.805,665,694 from various Councils were as cash in transit. No efforts were made to ensure cash in transit was actually credited to the bank.
- A total amount of Shs.2,586,187,823 was debited to the Council's bank accounts without being credited to the Council's cash books respectively.
- A sum of Shs.1,257,775,757 was recovered by bank on behalf of the Councils without corresponding debits in the Council's cash books.

The detailed list of Councils with outstanding items in the bank reconciliation statements is attached as Annexure 15

The table below shows outstanding matters in bank reconciliation statements for the financial year 2008/2009 and 2009/2010

| F/Y | Receipt in cash books not in bank statements (Shs.) | Unpresented cheques (Shs.) | Deposit in transit (Shs.) | Debit in bank statements not in cash books (Shs.) | Receipt in Bank not in cash books (Shs.) |
|---------|---|----------------------------|---------------------------|---|--|
| 2008/09 | 3,160,893,295 | 10,895,917,505 | 350,907,782 | 838,210,104 | 1,634,905,409 |
| 2009/10 | 9,612,413,862 | 28,792,732,991 | 805,665,694 | 2,586,187,823 | 1,257,775,757 |

The above trend outstanding matters in bank reconciliation can be presented as:



- From the above summary it shows that, receipt in Cash Books not in bank statements in the financial year 2008/2009 was Shs.3,160,893,295 whereas during the year under review 2009/2010 was Shs.9,612,413,862.
- Cheques drawn in favour of various payees but not presented to the bank in the financial year 2008/2009 was Shs. 10,895,917,505 whereas the amount of cheques

drawn in favour of various payees in the financial year 2009/2010 was Shs.28,792,732,991.

- Cash in transit in financial year 2008/2009 was Shs.350,907,782 whereas during the financial year 2009/2010 cash in transit was Shs. 805,665,694.
- Shs. 838,210,104 was debited to LGAs accounts but not in cash book during the year 2009/2010 whereas an amount of Shs.2,586,187,823 was debited to LGAs bank account in the financial year 2009/2010 without corresponding credits in LGAs cash books.
- A sum of Shs.1,634,905,409 in the year 2008/09 was recovered by bank on behalf of the LGAs without a corresponding debit in the LGAs cash books where as Shs.1,257,775,757 were received in bank but not in cash books.

Errors and misappropriation of the Public funds resulted from outstanding issues in the bank reconciliation may go undetected for a long time without the knowledge of the Council's management and may result into unnecessary losses to the Councils and in some cases it is a source of fraud. In this respect, the Council's management has to ensure that, bank reconciliation statements are monthly prepared and approved by the Senior Officials, also necessary adjustments should be recorded in the Council's books of accounts.

3.8.2 Surprise Cash Survey

(i) Surprise Cash Survey

Order No.170 of the LAFM of 1997 requires the Director or his authorised representative to arrange for a surprise check of cash on hand at regular intervals. To the contrary, audit conducted in the selected Councils revealed that, thirty four (34) Councils had neither had the arrangement nor conducted surprise checks for cash on hand by the

Director or his authorized representative. (Refer Annexure 16)

(ii) Maximum limits for cash holdings

Order No.352 of the LAFM of 1997 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”. To the contrary, cash surveys conducted on the selected Councils revealed that, six (6) Councils had no maximum limits for cash holdings agreed by the Finance Committees. (Refer Annexure 16).

**3.8.3 Outstanding Receivables and Prepayments (Debtors)
Shs.44,059,104,038**

Review of LGAs financial statements and their supporting schedules disclosed outstanding debtors in 109 Councils amounting to Shs.44,059,104,038 which had not yet been cleared as detailed in Annexure 17.

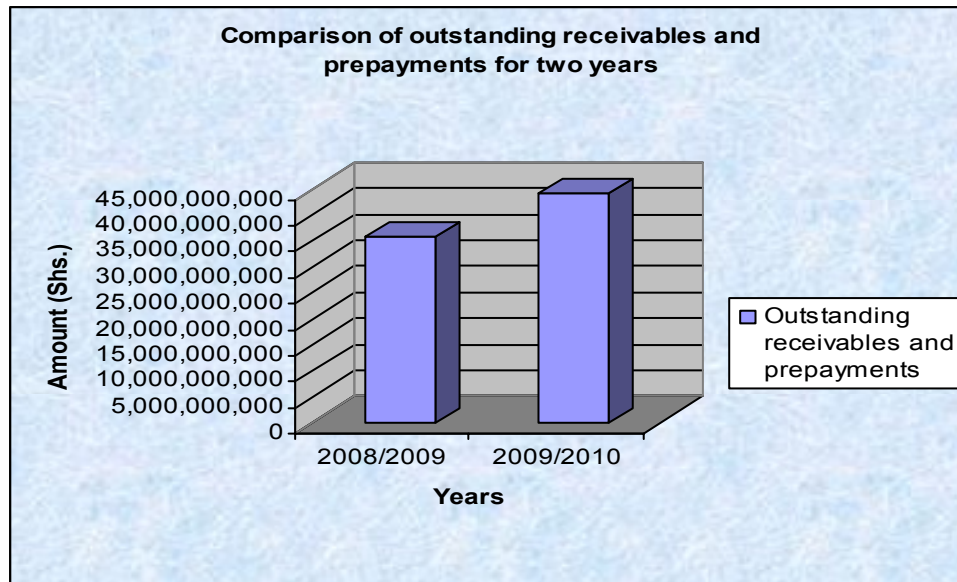
The major components of the debtors in the most of the Local Government Authorities include:

- Various prepayments
- Account receivable from revenue collecting agents
- Staff advances and imprests and
- Women and Youth loans

Holding funds in the form of debtors is against Order Nos.120 and 121 of the Local Authority Financial Memorandum of 1997. It also, affects the level of the Councils’ working capitals and ultimately hamper implementation of the planned activities in the scheduled time due to liquidity problems.

The table below shows a comparison of outstanding receivables and prepayments (debtors) for the year 2008/09 and 2009/10.

| Financial Year | Amounts (Shs.) | No. of Councils involved |
|----------------|----------------|--------------------------|
| 2008/2009 | 35,644,785,554 | 113 |
| 2009/2010 | 44,059,104,038 | 109 |



The above trend shows an increase of debtors by Shs.8,414,318,484 from Shs.35,644,785,554 reported in the previous year to Shs.44,059,104,038 recorded during the 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”.

Failure to collect outstanding debtors when fall due is the reflection of weakness and ineffective control over receivables and prepayments and partly attributed by lack of clear policies and procedures for debt management.

Councils are urged to exert more efforts and seriousness in monitoring their financial resources including establishment of policies and procedures for guidance and put forward the best way of managing debtors including all kind of receivables and prepayments without affecting other activities and customers relation.

3.8.4 Outstanding Payables (Creditors) Shs.52,041,114,397

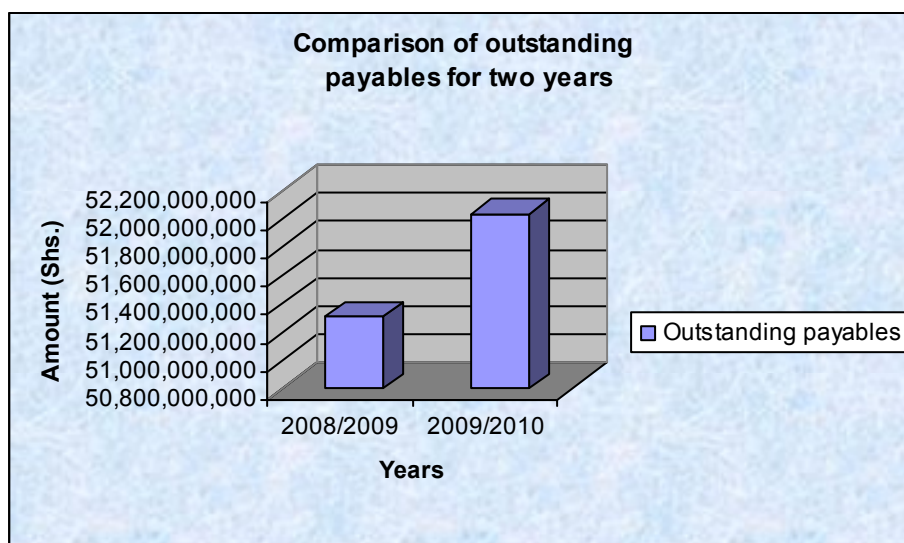
It is crucial to maintain good reputation and harmony between Councils and suppliers of good and services through timely settlement of creditors as well as creating confident to the society they serve.

However, review of the Councils financial statements of the Local Government Authorities for the year ended 30th June 2010 in respect of 113 Councils disclosed outstanding creditors amounting to Shs.52,041,114,397 which is a increase of Shs.729,527,635 compared to Shs.51,311,586,762 reported during the previous financial year.

The Councils with the highest outstanding creditors are Ilala Municipal Council, Ludewa District Council and Mwanza City Council with outstanding creditors amounting to Shs.5,687,236,970, Shs.2,278,790,650, and Shs.2,084,870,291 respectively.

The table below shows a trend of outstanding payables (creditors) for the year 2008/09 and 2009/2010.

| Financial Year | Amounts (Shs.) | No. of Councils involved |
|----------------|----------------|--------------------------|
| 2008/2009 | 51,311,586,762 | 113 |
| 2009/2010 | 52,041,114,397 | 113 |



The Local Government Authorities are strongly recommended to pay their creditors promptly when they fall due and institute adequate control, policies and procedures to ensure that the Councils' managements are accountable for any fruitless commitments they create. List of Councils with outstanding creditors is shown as Annexure 18 of the report.

3.8.5 Stock-taking not conducted and stock-taking sheets missing

Order Nos.241-242 of Local Authority Financial Memorandum, 1997 requires the Council to conduct annual stock-taking at the end of each financial year which covers stocks, inventories and properties of the Council. However, I noted that, stock-taking exercises was not conducted to

four (4) Councils contrary to the requirement of the above Order. In addition nine (9) Councils purported to have conducted the stock-taking but there was no evidence that as stock-taking sheets were produced to confirm that the exercise was properly carried out.

This implies that the correctness of the reported figures of stock in the financial statements could not be ascertained. The Councils' management should conduct stock counts at the year end and at least three Officers should attend the stock counts and stock count sheets be countersigned by all Officers who participate in the stock counts. Details are as shown in the table below;

| S/N | COUNCIL | Stocktaking not conducted | Missing stock taking sheets |
|-----|--------------|---------------------------|-----------------------------|
| 1 | Kibaha DC | ✓ | |
| 2 | Kibaha TC | ✓ | |
| 3 | Kisarawe DC | ✓ | |
| 4 | Mkuranga DC | ✓ | |
| 5 | Mwanga DC | | ✓ |
| 6 | Same DC | | ✓ |
| 7 | Ileje DC | | ✓ |
| 8 | Mbarali DC | | ✓ |
| 9 | Mbeya CC | | ✓ |
| 10 | Sengerema DC | | ✓ |
| 11 | Shinyanga DC | | ✓ |
| 12 | Korogwe TC | | ✓ |
| 13 | Lushoto DC | | ✓ |

3.9 Non - current assets management

3.9.1 Inadequate Management of Asset

This part summarizes inadequate management of non current assets by Local Government Authorities (LGAs) 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 meant to deliver 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.

Shortcomings noted during the assessment of management of non - current assets involving fifty (50) Councils as analysed in Annexure 19.

3.9.2 Non maintenance of proper non current asset register

Order Nos. 366-367 of the Local Government Financial Memorandum, 1997 direct the Council to maintain a register of the fixed assets which shall in minimum include date of acquisition, original cost of the asset, details of any additions and details of disposal of assets during the year. However, in eighteen (18) Councils 5 Councils had no assets register where as the remaining 13 Councils had register which were not properly maintained for recording and controlling of non-current assets which can facilitate internal control system over assets. Non current asset register enables assets to be identified and comparisons between the general ledger, non-current asset register and the assets themselves provide evidence that the assets are completely recorded. In addition some of the registers were not updated to reflect the movement of various assets such as disposals, allocations and reallocations.

Given the above situation it was difficult to ascertain the correctness of non current assets owned by the Councils. The Councils' Management should ensure proper maintenance of non current assets register which must include all important information.

The table below shows Councils which were either not maintaining or improperly maintaining non current asset register.

| S/No | Council | Non current Assets register not maintained | Non Current Assets register not properly maintained |
|------|---------------|--|---|
| 1 | Kibaha TC | | / |
| 2 | Ilala MC | / | |
| 3 | Temeke MC | | / |
| 4 | Bahi DC | | / |
| 5 | Kondoa DC | | / |
| 6 | Mpwapwa DC | | / |
| 7 | Same DC | | / |
| 8 | Nachingwea DC | / | |
| 9 | Ruangwa D | / | |
| 10 | Hanang' DC | | / |
| 11 | Kiteto DC | | / |
| 12 | Chunya DC | | / |
| 13 | Kyela DC | | / |
| 14 | Morogoro DC | | / |
| 15 | Geita DC | / | |
| 16 | Songea DC | | / |
| 17 | Tunduru DC | | / |
| 18 | Manyoni DC | / | |

3.9.3 Un-utilized Non current assets Shs.1,647,221,445

During the year under audit, six (6) Councils acquired equipment for hospitals and constructed buildings in village/wards. However, during the site visit I observed that, the items were not in use. This imply that the earmarked services/benefits to the intended community have been delayed and value for money could not be achieved due to non utilisation of the items as intended. Details are as shown in the table below;

| S/N | Council involved | Amount (Shs) | Audit Findings |
|-------|------------------|---------------|---|
| 1 | Karatu DC | 1,008,931,062 | Construction of Council Office and main hall completed but the building is not in use. |
| 2 | Bahi DC | 312,786,983 | Completed buildings at Ibugule, Bahi Mkulu and Bahi Town ward/village were observed not in use during the site visit conducted on 1 st and 2 nd September, 2010. |
| 3 | Kasulu DC | 70,000,000 | Council acquired 1 PC of Anaesthesia Machine assets and 1 PC of Patient Monitor for District Hospital in June, 2010 but not put into use. |
| | | 30,258,000 | One staff house constructed at Mkigo Secondary School had been completed but not in use. |
| 4 | Mbarali DC | 23,865,000 | The Council purchased washing and drying machines for District hospital. However up to the time of audit i.e. November, 2010 it was revealed that the machine was yet to be installed. |
| 5 | Mtwara MC | 3,000,000 | The purchased air conditioners had not been installed |
| 6 | Temeke MC | 198,380,400 | (i) Temeke bus stand constructed in the year 2008, but the bus stand is not in use. (ii) Laundry machines, Sterilizing machine and CG machines(Echo Cargiogram) all granted by Government of Korea in 2007 were not in use and not disclosed in the financial statements |
| Total | | 1,647,221,445 | |

3.10 Operations of Special Funds

3.10.1 The Constituencies Development Catalyst Fund

Sect. 5 of the Constituencies Development Catalyst Fund Act 2009 states that, the government shall, for each financial year, allocate funds for the development expenditure of each constituency and the funds shall be reflected in the printed estimates of that particular financial year. However, audit check on a sample of 29 Councils revealed that 25 Councils had unspent balance as at 30th June, 2010 due to delays in release of funds from Treasury as illustrated in the table below:

| S/N | Council | Date Funds Released | Amount Received | Amount Spent | Unspent/ Balance/ Over |
|-----|-------------|-----------------------|-----------------|--------------|------------------------|
| 1. | Kilolo DC | | 26,269,000 | 24,852,000 | 1,417,000 |
| 2. | Njombe TC | June 2010 | 19,000,000 | | 19,000,000 |
| 3. | Misenyi DC | June 2010 | 45,382,000 | 24,454,000 | 20,928,000 |
| 4. | Kibaha DC | 11/5/2010 & 21/6/2011 | 27,762,000 | | 27,762,000 |
| 5. | Mvomero DC | June 2010 | 28,406,000 | | 28,406,000 |
| 6. | Siha DC | June 2010 | 30,334,000 | | 30,334,000 |
| 7. | Mwanga DC | May-June 2010 | 33,576,000 | | 33,576,000 |
| 8. | Moshi MC | May-June 2010 | 34,958,000 | | 34,958,000 |
| 9. | Songea MC | May-June 2010 | 36,130,000 | | 36,130,000 |
| 10. | Mufindi DC | May-June 2010 | 40,155,000 | 1,319,400 | 38,835,600 |
| 11. | Mwanza CC | May-June 2010 | 45,470,335 | | 45,470,335 |
| 12. | Morogoro DC | May-June 2010 | 46,222,000 | | 46,222,000 |
| 13. | Meru DC | May-June 2010 | 47,090,000 | | 47,090,000 |
| 14. | Kondoa DC | 6/5/2010 & 16/6/2010 | 47,446,225 | | 47,446,225 |
| 15. | Nzega DC | May-June 2010 | 51,000,000 | | 51,000,000 |
| 16. | Mbozi DC | May-June 2010 | 55,962,999 | 3,426,800 | 52,536,199 |
| 17. | Dodoma DC | June 2010 | 67,838,000 | | 67,838,000 |
| 18. | Musoma MC | 11/5 and | | | |

| | | | | | |
|--------------|---------------|--------------------|----------------------|-------------------|----------------------|
| | | 24/6/2010 | 69,918,000 | | 69,918,000 |
| 19. | Hai DC | May-June 2010 | 71,174,000 | | 71,174,000 |
| 20. | Tunduru DC | May-June 2010 | 73,686,000 | | 73,686,000 |
| 21. | Mpwapwa DC | May-June 2010 | 75,576,000 | | 75,576,000 |
| 22. | Rungwe DC | 19/5 and 22/6/2010 | 80,533,000 | | 80,533,000 |
| 23. | Ulanga DC | May-June | 85,148,000 | | 85,148,000 |
| 24. | Maswa DC | May-June 2010 | 90,101,000 | | 90,101,000 |
| 25. | Sumbawanga MC | May-June 2010 | 99,396,000 | 2,067,500 | 97,328,500 |
| Total | | | 1,328,533,559 | 56,119,700 | 1,272,413,859 |

Further, Sect. 7(3) of CDF Act 2009 requires the Council to submit the records of the amount received by each Constituency Development Catalyst Committee and the record of expenditure of amount so received to the Minister responsible for local governments which is necessary to depict the clear financial status of the CDF Funds. To the contrary, none of the above Councils prepared progress reports of the projects funded by the CDF and as such did not submit to PMO-RALG.

3.10.2 20% Contributions not transferred to Villages/Wards

Sect. 9 (e) of LGFA No.9 of 1982 state that, the revenues source of the Village Council shall consist of all revenues accruing from the Government, the District or from any Private individual or Public Institution by way of contributions, grants-in-aid endowments or any other manner of payments. Order No. 91 of LAFM, of 1997 also states that, the Director shall ensure each village Council within the local authority's jurisdiction is in receipt of funds from the local authority either indirectly or through a lien on certain Council revenues.

In 2004 the Government abolished some of its own sources of taxes and decided to make compensation to Councils for all abolished taxes. The Councils were directed to transfer

20% of the abolished taxes to the Wards and Villages for administration of village and ward offices and support to development activities.

Audit sample of 22 Councils listed below noted that, the Councils did not remit Shs.1,244,275,051 in respect of 20% of compensation grants from the Central Government for abolished revenues sources to the Villages and Wards:-

| SN. | Councils | 20% Contribution (Shs.) | Amount remitted (Shs.) | Outstanding Amount (Shs.) |
|-----|-------------|-------------------------|------------------------|---------------------------|
| 1. | Namtumbo DC | 43,436,580 | 12,350,000 | 31,086,580 |
| 2. | Bukoba DC | 57,469,692 | - | 57,469,692 |
| 3. | Kondoa DC | 112,367,080 | - | 112,367,080 |
| 4. | Longido DC | 46,525,600 | 34,690,705 | 11,834,895 |
| 5. | Mbinga DC | 86,192,000 | 84,181,843 | 2,010,157 |
| 6. | Meru DC | 68,319,464 | 14,558,800 | 53,760,664 |
| 7. | Morogoro DC | 85,812,400 | - | 85,812,400 |
| 8. | Mwanga DC | 60,340,581 | - | 60,340,581 |
| 9. | Songea MC | 62,887,380 | 6,825,000 | 56,062,380 |
| 10. | Ulanga DC | 68,752,180 | 24,400,000 | 44,352,180 |
| 11. | Tunduru DC | 68,752,180 | 24,400,000 | 44,352,180 |
| 12. | Arusha MC | 87,822,300 | 25,726,223 | 62,096,077 |
| 13. | Kiteto DC | 86,010,000 | 23,087,000 | 62,923,000 |
| 14. | Monduli DC | 115,033,679 | - | 115,033,679 |

| | | | | |
|--------------|------------|----------------------|--------------------|----------------------|
| 15. | Mpwapwa DC | 60,792,541 | 17,500,000 | 43,292,541 |
| 16. | Kigoma MC | 58,956,499 | 41,290,828 | 17,665,671 |
| 17. | Mbozi DC | 56,498,600 | 14,180,108 | 42,318,492 |
| 18. | Dodoma MC | 95,769,386 | 89,397,190 | 6,372,196 |
| 19. | Mbarali DC | 81,040,440 | - | 81,040,440 |
| 20. | Same DC | 83,760,340 | - | 83,760,340 |
| 21. | Hanang DC | 170,323,826 | - | 170,323,826 |
| Total | | 1,656,862,748 | 412,587,697 | 1,244,275,051 |

From the table above, I can conclude that the villages' communities have been denied their respective shares of the development funds and therefore the planned activities at Villages and Wards levels could not be implemented.

The Councils' management should ensure that eligible funds to Villages and Wards are disbursed in compliance with the Government directives.

3.10.3 Community Health Fund

The Community Health Fund (CHF) was established in 1997 being one among financial resources identified by the Government to encourage community on cost sharing in the Health Sector in Tanzania.

Collections and utilization of the Fund is clearly stated in Circular No. 2 of 1997 issued by the Ministry of Health and Social Welfare which directed that, the funds will be utilized for various approved activities including medicine, drugs, hospital equipment, minor building repairs, fuel and night out allowance upon follow up procurement of medicines and medical equipment from approved suppliers.

During the year under review, I reviewed management of the Community Health Fund in 10 Councils and I found Councils had unspent balaces of Shs.383,337,857 which was mainly caused by non-opening and operating separate accounts in respect of CHF and delay in release of the matching grants. The Councils also did not prepare annual financial statements for the Fund.

The list below shows Councils which had unspent balaces of Shs.383,337,857.

| S/N | Council | Unspent Amount (Shs) |
|--------------|---------------|----------------------|
| 1. | Rungwe DC | 18,388,594 |
| 2. | Namtumbo Dc | 34,206,954 |
| 3. | Njombe DC | 88,374,000 |
| 4. | Maswa DC | 20,712,500 |
| 5. | Songea MC | 13,709,211 |
| 6. | Ulanga DC | 55,398,903 |
| 7. | Tunduru DC | 25,595,500 |
| 8. | Mpwapwa DC | 98,048,186 |
| 9. | Sumbawanga MC | 10,174,246 |
| 10. | Dodoma MC | 18,729,763 |
| Total | | 383,337,857 |

In addition, the amount collected under CHF Shs.4,748,850 at Musoma District Council had not been sent to NHIF headquarter for top up of the same amount due to delay of signing of the contract agreement between the Ministry of Health and Social Welfare and the District Council. Shs.1,810,700 collected by Health Centers and Dispensaries in Kwimba District Council was not remitted to Council main revenue Office for accountability.

I highly recommend that Councils should prepare annual financial statements for the Fund. Also, Councils should spend contributions for the Community Health Fund for the intended and approved activities as stated in the circular

No. 2 of 1997 issued by the Ministry of Health and Social Welfare.

3.10.4 Women and Youth Revolving Fund

The Councils in collaboration with the Central Government established the Fund for the aim of facilitating Women and Youth groups by giving loans within their areas of jurisdiction.

My review of the operation performance of the Fund observed that out of the sample of 27 Councils selected, 11 Councils did not prepare the Women and Youth Revolving Fund financial statements to show the financial position of the Fund. This is contrary to the requirements of Order 84 (iii) of the Local Authority Financial Memorandum, 1997.

In addition, the Councils did not remit Shs.279,415,551 to the Women and Youth being 10% of contribution from own sources revenue and there were outstanding loans to Women and Youth Groups amounting to Shs.522,297,988. Non recovery of loans denies other groups to have advantage of getting loans.

The table below summarizes few issues in respect of Women and Youth Revolving Fund:-

| S/N | Council | 10% Contribution | Status of financial statements | Outstanding Loans Amount (Shs.) |
|-----|-------------|------------------|--------------------------------|---------------------------------|
| 1. | Kilosa DC | 48,004,456 | Not prepared | 12,650,000 |
| 2. | Namtumbo DC | 8,894,000 | Not prepared | 10,500,000 |
| 3. | Rombo DC | 0 | Prepared | 17,720,900 |
| 4. | Rungwe DC | 0 | Prepared | 26,353,900 |
| 5. | Njombe DC | 0 | Prepared | 9,042,260 |
| 6. | Bukoba Dc | 0 | Prepared | 7,863,000 |
| 7. | Kilindi DC | 0 | Prepared | 5,248,300 |
| 8. | Kilolo DC | 0 | Prepared | 5,845,600 |
| 9. | Kondoa DC | 0 | Not prepared | 9,970,000 |
| 10. | Kwimba DC | 0 | Prepared | 23,897,500 |

| | | | | |
|--------------|-------------|--------------------|--------------|--------------------|
| 11. | Mbeya DC | 0 | Not prepared | 36,268,556 |
| 12. | Mbinga DC | 0 | Prepared | 4,091,500 |
| 13. | Meru DC | 0 | Prepared | 6,980,500 |
| 14. | Moshi MC | 0 | Prepared | 72,115,868 |
| 15. | Morogoro DC | 222,517,095 | Not prepared | 12,448,119 |
| 16. | Mwanga DC | 0 | Not prepared | 11,560,000 |
| 17. | Siha DC | 0 | Not prepared | 8,788,000 |
| 18. | Ulanga DC | 0 | Not prepared | 5,990,300 |
| 19. | Urambo DC | 0 | Prepared | 92,871,181 |
| 20. | Monduli DC | 0 | Prepared | 4,306,910 |
| 21. | Kigoma MC | 0 | Prepared | 12,481,000 |
| 22. | Mbozi DC | 0 | Prepared | 68,878,789 |
| 23. | Mufindi DC | 0 | Prepared | 4,464,684 |
| 24. | Handeni DC | 0 | Not prepared | 5,079,000 |
| 25. | Dodoma MC | 0 | Not prepared | 9,985,500 |
| 26. | Mbarali DC | 0 | Not prepared | 28,876,621 |
| 27. | Same DC | 0 | Prepared | 8,020,000 |
| Total | | 279,415,551 | | 522,297,988 |

The Councils management should prepare analysis of the Fund accounts showing the total accumulated funds since its establishment, the amount contributed by Central Government, the Councils and other donors including NGOs for each year.

In addition, the analysis should indicate cash available; the outstanding loans, total interest realized and the Council's outstanding contributions to the Fund.

Furthermore, Management should set strategy for recoveries of long outstanding loans in order to enable other groups improve their standard of living through loans funding.

3.10.4 Village Councils accounts not prepared and funds transferred not recorded in the books of Accounts

A test check of Villages/Wards accounts in Moshi Municipal Council observed that annual accounts in respect of various Villages/Wards Councils for the year 2009/2010 were not

prepared contrary to Order No.91 and 92 of the LAFM (1997).

In addition, a total amount of Shs.52,920,298 was noted to have been transferred from the Council General Fund account to various Wards/Village Councils as Development grants for 2009/2010 but the accounts were not audited.

In the absence of proper records for receipts and utilization of funds transferred to Wards/Villages the funds could not be confirmed to have been spent as planned.

The Council authority should have programs of preparing the Wards/Villages accounts and arrange for their audit.

3.11 Follow up on the implementations of the previous years' auditor's recommendations on General and Individual reports for LGAs

3.11.1 Follow up on the implementation of the previous years' General Report

Sect. 40 of the Public Audit Act, 2008 gives guidance on providing responses and or action plan to the CAG's annual audit reports. Further, Sect. 40(4) requires the CAG to include the implementation status of the action plan in the next annual audit report. This paragraph is referring to the implementation status of the CAG's recommendations on the financial statements of the Local Government Authorities for the financial year 2008/09.

According to Sect. 40(2) of PAA, 2008 the Pay Master General (PMG) is supposed to receive responses from Accounting Officers and thereafter submit to the Minister who is supposed to hand it before the National Assembly. Again the PMG is obliged to submit a copy of consolidated responses and action plan to the CAG.

For the audit report on the financial statements for the year ended 30th June 2009, I received responses from the PMG dated 27th July 2010 and also received a copy of action plan from PMO-RALG addressed to Regional Administrative Secretariats.

I would like to express my appreciation for the efforts made by the Government through the Pay Master General, Permanent Secretary - PMO RALG and all Accounting Officers for responding to the audit reports and actions taken on the recommendations contained in the reports thereon. However, there are few recommendations which were not attended to or covered in any of the responses received as follows:

(i) 2007/08 and 2008/09 - Revenue Collection on behalf of the Councils by Agents

I noted weaknesses on revenue collections outsourced to agents on behalf of the Councils. This area was noted to reflect unfavourable contracts which benefited agents more than the Councils. The ability of the Councils to fund its operation using internal sources of revenues is hampered by inadequate internal controls over revenues collection.

I recommended that, Councils should do a thorough feasibility study before entering into any revenue collection contract. All contracts should be reviewed by the competent lawyers before the Councils sign the contract agreement. In the action plan addressed to the RASs, the PMO-RALG committed to issue a guideline concerning outsourcing of revenues collection at the LGA level. Implementation of the same is still awaited.

(ii) 2008/09 - Updating the Local Government Legislations

I reported on the outdated legal frameworks including the Local Government Finances Act No. 9 of 1982 (revised 2000), Local Government (District Authorities) Act No. 7 of 1982 (revised 2000), Local Government (Urban Authorities) Act No. 8 of 1982 (revised 2000). These Acts are supported by the Local Authority Financial Memorandum of 1997 and Local Authority Accounting Manual of 1993.

I recommended that in order to have meaningful reforms, especially on the adopted frameworks which are based on the best practices like adoption of IPSASs and establishment of the Audit Committees, the outdated legal framework also needs to be repealed or amended to cope up with the current demand framework like IPSASs - accrual basis of accounting. Implementation of this recommendation is still awaited.

(iii) 2008/09 - Sustainability of the adopted IPSASs - accrual basis of accounting

To be assured of the sustainability of the adopted IPSASs accrual basis of accounting adopted by the LGAs and improving financial management in the LGAs, I recommended the Government to consider the possibility of having an Office entrusted with the functions of the Accountant General for the LGAs. This Office will be equivalent to that of the Accountant General in the Central Government. Alternatively, the solution could be an extension of the roles of the existing Accountant General for LGAs. Response or action plan to this recommendation is still awaited.

(iv) 2008/09 - Top management of the Councils should be employed under Renewable Contract Employment basis

In real terms the financial management situation in LGA's is not improving as expected therefore, I recommended the need to improve the employment framework in order for the Government's philosophy of decentralization by devolution (D by D) to succeed. This proposal rose from the fact that, the current employment framework of the permanent and pensionable system has failed to provide that kind of leadership in the LGAs.

Hence, I recommended that, in order to strengthen the Councils' management, the appointing authority should shift from the permanent and pensionable employment system to the contract and renewable employment system of the Councils' top management. Response or action plan on this recommendation is still awaited.

3.11.2 Follow up of implementation of previous years' Individual Councils' Reports

This paragraph summarizes outstanding issues, which were either not implemented or partially implemented and specifically I have decided to include all issues which have been quantified and follow up made in the Special Audits conducted in 2008/2009 in the respective Local Government Authorities.

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. I observed that 5 Councils namely Iringa Municipal Council, Njombe Town Council, Kilolo District Council, Chato District Council and Songea Municipal

Council had made efforts to implement my recommendations. However, 129 Councils had outstanding matters of previous years' audits amounting to Shs.122,128,377,615 of which Kilwa District Council, Same District Council, Kongwa District Council and Manyoni District Council had huge outstanding amounts of Shs.8,992,407,355, Shs.8,176,961,278, Shs.7,242,561,049 and Shs.6,097,936,644 respectively.

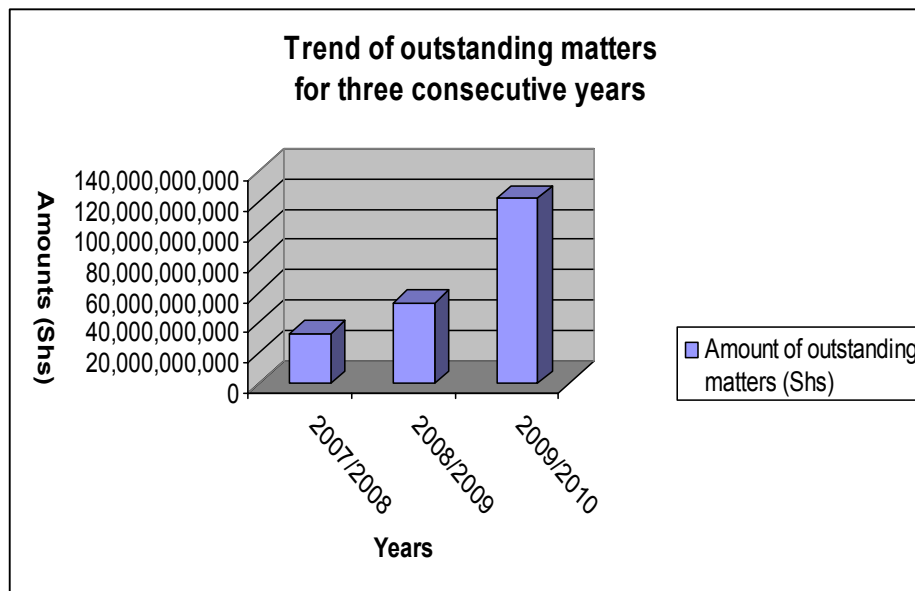
The attitude or habit of not responding to the auditors' observations and recommendations may lead to the recurrence of anomalies observed by the auditors in subsequent financial reporting years. This can also, reflect lack of seriousness and non commitment on the part of the management of the respective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

I have been issuing audit observations and recommendations to LGAs 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 Councils' resources.

A Comparative summary of outstanding matters of previous years audits for the three consecutive years (F/Y 2007/2008; 2008/2009 and 2009/2010) is as shown in the table below:-

| Financial Year | Amount of outstanding matters (Shs) | No. of Councils involved |
|-----------------------|--|---------------------------------|
| 2007/2008 | 32, 903,395,306 | 112 |
| 2008/2009 | 53,463,558,647 | 126 |
| 2009/2010 | 122,128,377,615 | 129 |

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



The pictorial presentation above depicts the total value of outstanding matters Shs.53,463,558,647 from the previous audits for the year 2008/2009 which involved 126 Councils. During the financial year 2009/2010 the number of Councils with outstanding matters from previous audits increased from 126 to 129 Councils involving Shs.122,128,377,615 registering a high increase of Shs.68,664,818,968 as pointed out above. This also includes outstanding matters from the Special Audits carried out in 2008/2009. The trend indicates that the Councils' management did not take appropriate action in dealing with my recommendations. Annexure 20 contains a summary of Councils with outstanding matters from the previous audits.

CHAPTER FOUR

4.0 REVIEW OF CONTRACTS AND COMPLIANCE WITH THE PUBLIC PROCUREMENT LEGISLATIONS IN LGAs

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 works or services including description of requirements, selection and invitation of tenderers and preparation and award of Contracts. Given the fact that substantial amount of the government resources devoted into the procurement of goods and services, there is a need for enhancing financial discipline and transparency throughout procurement process for the sake of achieving optimal level of value for money.

4.1 Compliance with Procurement Legislations

Sect. 44(2) of the Public Procurement Act No.21 of 2004 and Reg. 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 Councils, my general statement is that, the status of compliance with the Public Procurement Legislations learned from the transactions tested as part of my audits is still not satisfactory as far as the legal requirements is concerned.

4.2 Effectiveness of Procurement Management Unit (PMU)

The Public Procurement Act No.21 of 2004 Sect. 34 and Reg.22 of the Local Government Authorities Tender Board

Regulations, of 2007, requires 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.

Review of effectiveness of PMU during this year in various Councils as compared to the preceeding years shows deterioration of their performance. During the year under review, 29 Councils were noted with ineffective Procurement Management Units compared to 11 Councils reported in the previous year's audit report.

The noted weaknesses includes; Suppliers providing services before signing the contract documents and failure to prepare monthly procurement and other reports for Tender Boards as per Sect. 35 (o) and (q) of PPA, 2004 and Reg. 23 of LGATBR, 2007.

Summary of the noted weaknesses is as detailed in the table below:

| S/N | Name of Council | Audit findings | Amount involved (Shs.) |
|-----|-----------------|--|------------------------|
| 1. | Arusha DC | Due to ineffective PMU it was observed that, purchase of goods and services were effected using cash monies instead of cheques. | 12,678,650 |
| 2. | Dares Salaam CC | Goods and services were paid to various suppliers through special Imprest contrary to Reg. 68(4) of the PPR, 2005 which encourage competitive binding to minimize unnecessary costs. | 59,850,000 |
| 3. | Songea MC | The Council purchased goods worth Shs.21,492,500 which | 21,492,500 |

| | | | |
|-----|------------|--|------------|
| | | were not in the annual procurement plan contrary to Sect.45 of the PPA, 2004. | |
| 4. | Mbeya CC | Imprests issued to various officials were used for procurements of goods and services contrary to Order No. 128 of the LAFM, 1997 and Sect. 44 of PPA, 2004. | 3,000,000 |
| 5. | Babati DC | Special imprest were issued to employees for purchase various items/equipment contrary to order 250 of LAFM, 1997. | 12,119,000 |
| 6. | Nzega DC | Monthly procurement reports were not prepared and copies of all contracts not sent to CAG's Regional Office within thirty days from contract signing date, contrary to Reg.116 of PPR, 2005. | - |
| 7. | Longido DC | Special imprest was issued to an officer for purchase of tyres contrary to Order No. 128 of the LAFM, 1997 and Sect. 44 of PPA, 2004. | 3,800,000 |
| 8. | Mbinga DC | Special imprests were issued to various staff for procurement of goods and services contrary to Reg.68 (4) of the PPR of 2005. | 7,789,000 |
| 9. | Liwale DC | Head of PMU reports to the Treasurer instead of the Accounting Officer and the Unit does not prepare monthly procurement reports. | - |
| 10. | Moshi MC | Contrary to Reg. 116 of PPR of 2005 (goods, works, non-consultant services) copies of all contracts were not sent to CAG's Regional Office within thirty | - |

| | | | |
|-----|-----------------|---|-----------|
| | | days from the date that each contract was signed. | |
| 11. | Kiteto DC | Special imprests were issued to Council's officers for the purchase of stationery during the LAAC session contrary to Reg.68 (4) of the PPR of 2005. | 7,300,000 |
| 12. | Kigoma/Ujiji MC | The Council does not use standard documents including standard bidding documents, competitive quotations, evaluation guidelines and contracts, contrary to Sect. 63 (1) of PPA 2004 and Reg. 83 (3) of PPR, 2005. | - |
| 13. | Mbozi DC | Procurement of goods and services were made through issue of imprest contrary to Sect. 128 of LAFM 1997 and sect. 44 of PPA of 2004. | 1,206,550 |
| 14. | Morogoro DC | Imprests were issued on rehabilitation of CTC building at Duthrum Health Centre contrary to Sect. 59 of PPA No. 21, 2004. | 3,370,000 |
| 15. | Mwanga DC | Monthly procurement reports not prepared and copied to CAG contrary to Reg.116 of PPR, 2005. | - |
| 16. | Chunya DC | Monthly procurement reports not prepared and copied to CAG contrary to Reg. 116 of PPR, 2005. | - |
| 17. | Moshi DC | Monthly procurement reports not prepared and copies of all contracts were not submitted to CAG's Regional office within thirty days from contract signing date. | - |
| 18. | Ruangwa DC | Monthly procurement reports | - |

| | | | |
|-----|---------------|--|-----------|
| | | not prepared and copies of all contracts were not submitted to CAG's Regional Office within thirty days from contract signing date. | |
| 19. | Tabora DC | Monthly procurement reports not prepared and copies of all contracts were not submitted to CAG's Regional Office within thirty days from contract signing date. | - |
| 20. | Kilombero DC | Implementation reports on procurement were not properly prepared by Procurement Management Unit as a result the performance of procurement management unit was not confirmed. | - |
| 21. | Sumbawanga DC | Review of the effectiveness of PMU noted that, membership of the Unit comprising head of other departments in which they cannot participate fully in procurement activities owing to their responsibilities. | - |
| 22. | Karatu DC | Monthly procurement reports not prepared and copies of all contracts were not submitted to CAG's Regional office within thirty days from contract signing date. | - |
| 23. | Rungwe DC | Monthly procurement reports not prepared and copies of all contracts were not submitted to CAG's Regional office within thirty days from contract signing date. | - |
| 24. | Kilosa DC | A test check made on the payment vouchers and related | 6,676,850 |

| | | | |
|--------------|------------|--|--------------------|
| | | records revealed that cheques were drawn by DED-Kilosa for the procurement of various goods and services by using Cash monies. | |
| 25. | Siha DC | Non-Submission of minutes of decision of the Tender Board to the CAG contrary to Reg. No. 96(2) of PPR of 2005. | - |
| 26. | Singida MC | Suppliers provided services to the Council before signing the contract documents. | 43,671,001 |
| Total | | | 182,953,551 |

During audit, it was noted that the major cause of non-compliance with PPA of 2004 and its underlying Regulations of 2005 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.

4.3 Appraisal of Contract management and procurement of goods, works and services in LGAs

This paragraph highlights general aspects of compliance with the Public Procurement Act No.21 of 2004 and its related Regulations of 2005 and the Local Authority Financial Memorandum of 1997. It also, deals with contract management and compliance with procurement legislation matters that were found to be material to be included in this report and that were reported in the management letters to the respective Councils during the financial year ended 30th June, 2010. My review of the general aspects of compliance with the above cited legislations noted the following shortfalls:

4.3.1 Stores not recorded in Ledgers Shs.577,578,107

Order No. 207 of the Local Authority Financial Memorandum of 1997 requires a record of receipts, issues

and physical balances of each item of stores to be recorded on 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. However, test checks on the management of stores observed that, 24 Councils did not adhere to the above Order as shown in Annexure 21.

4.3.2 Goods paid for but not delivered Shs.240,494,600

Reg. No. 122 (1) of PPR (Goods, Works, non-consultant Services and disposal of Public assets by Tender) of 2005 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. To the contrary, goods worth Shs.240,494,600 ordered and paid for in eight Councils were found undelivered as shown in the table below.

| SN | Council | Amount (Shs.) |
|--------------|-------------|--------------------|
| 1 | Iringa MC | 11,066,000 |
| 2 | Lushoto DC | 31,796,600 |
| 3 | Urambo DC | 92,300,000 |
| 4 | Kibondo DC | 58,077,000 |
| 5 | Mkuranga DC | 16,849,000 |
| 6 | Manyoni DC | 7,200,000 |
| 7 | Tarime DC | 23,206,000 |
| Total | | 240,494,600 |

4.3.3 Procurements made without competitive bidding Shs.570,589,420

Review of procurement records for the year ended 30th June, 2010 noted a sum of Shs.570,589,420 paid by twenty six (26) Councils for procurement of works, goods and consultancy services without following competitive bidding process contrary to Reg. 63 of the PPR of 2005. This is an increase of Shs.402,062,833 compared to Shs.168,526,587

reported in my previous year's report where sixteen (16) Councils effected payments of this nature. Non-adherence to standard procurement procedures may cast doubt on whether the value for money was achieved.

The table below shows the amount paid for each Council without competitive bidding.

| SN | Council | Amount (Shs.) |
|--------------|-------------|--------------------|
| 1. | Songea MC | 12,848,600 |
| 2. | Babati DC | 6,572,000 |
| 3. | Chamwino DC | 60,929,650 |
| 4. | Karagwe DC | 11,171,450 |
| 5. | Chato DC | 27,952,860 |
| 6. | Lushoto DC | 44,499,600 |
| 7. | Mbeya DC | 11,490,000 |
| 8. | Mbulu DC | 15,829,700 |
| 9. | Urambo DC | 2,382,000 |
| 10. | Arusha MC | 12,484,800 |
| 11. | Mufindi DC | 6,400,000 |
| 12. | Mbozi DC | 1,206,550 |
| 13. | Bukoba MC | 14,109,446 |
| 14. | Ruangwa DC | 27,059,400 |
| 15. | Bahi DC | 8,884,000 |
| 16. | Iringa DC | 6,122,430 |
| 17. | Tabora DC | 10,610,000 |
| 18. | Karatu DC | 7,372,200 |
| 19. | Mvomero DC | 19,850,910 |
| 20. | Lindi DC | 52, 029,840 |
| 21. | Dodoma MC | 22, 667,270 |
| 22. | Missenyi DC | 1,419,329 |
| 23. | Hanang DC | 13,250,000 |
| 24. | Nantumbo DC | 7,973,403 |
| 25. | Mwanza CC | 161,630,582 |
| 26. | Makete DC | 3,843,400 |
| Total | | 570,589,420 |

Councils' management should ensure that, at least three competitive quotations are sought from the suppliers of goods and services before the procurement is effected to comply with the standard procurement procedures. In case of single sourcing, justification has to be provided and approved.

4.3.4 Inadequate documentation of contracts and project records Shs.1,755,429,901

Adequate documentation of contracts and project records is crucial for easy reference and effective execution and monitoring of the contracts and projects.

A systematic documentation would also facilitate easy access to information by the Councils themselves and other interested parties including Development Partners and Auditors.

However, review of contracts management during the year under review revealed a number of inadequately documented contracts where, vital information/documents were noted missing in the respective contract files including contract agreements, Bills of Quantities (BOQ), Engineers' estimates, interim certificates and procurement made outside the Procurement Plan.

The level of compliance to procurement legislations is still inadequate although there is an improvement in monetary terms where, during the year under review, a sum of Shs.1,755,429,901 as detailed in Annexure 22 was noted to have been incurred in expenditure of this nature compared to Shs.1,930,772,578 reported in my previous year's audit report.

The Councils' management is once again called upon to strengthen the procurement processes in order to obtain value for money in funds used on this area. Pursuant to Order No. 281 of LAFM of 1997, the respective Councils should appoint contract officers to be specifically responsible for the management of each contract and the monitoring of contracts performance.

CHAPTER FIVE

5.0 AUDIT OF DEVELOPMENT PROJECTS/PROGRAMMES

Apart from revenue from own sources, LGAs receive grants from government and other donors for implementation of various projects and programmes. During the year under review, I evaluated the implementation and physical performance of projects financed under Local Government Development Grants (LGDG) and other programmes including; National Multi-Sectoral Strategy Framework (NMSF), PEDEP and PHSDP. In addition, LGAs receive grants from various donors for improvement of social facilities through TASAF, HBF, ASDP and WSDP. However, outcome from the audit of projects financed under these funds are included in the individual management letters issued separately to the management of the respective Councils and general report of donor funded projects tabled to the Parliament.

5.1 Financial Performance

5.1.1 Development Grants under LGDG

(a) Unspent balances Shs.5,739,576,430

My audit test check on the financial performance and utilization of LGDG received by 18 Councils during the year under review noted that the Councils had unspent balances of Shs.5,739,576,430 as at 30th June, 2010 which was supposed to be utilized for implementing LGDG activities.

The list of Councils with unspent balances is as shown below:

| S/N | Council | Unspent Amount (Shs.) |
|-----|-----------|--------------------------|
| 1. | Njombe DC | 698,315,317 |
| 2. | Kibaha DC | 17,290,615 |
| 3. | Kondoa DC | 600,504,026 |

| | | |
|--------------|--------------|----------------------|
| 4. | Lushoto DC | 971,787,949 |
| 5. | Mbulu DC | 107,248,632 |
| 6. | Bunda DC | 56,209,962 |
| 7. | Mbeya CC | 10,000,000 |
| 8. | Nzega DC | 1,039,971,348 |
| 9. | Siha DC | 148,661,815 |
| 10. | Simanjiro DC | 104,843,339 |
| 11. | Ulanga DC | 118,752,291 |
| 12. | Urambo DC | 659,671,000 |
| 14. | Kisarawe DC | 51,426,574 |
| 15. | Kiteto DC | 590,349,022 |
| 16. | Mpwapwa DC | 207,280,787 |
| 17. | Dodoma MC | 134,870,560 |
| 18. | Misenyi DC | 222,393,193 |
| Total | | 5,739,576,430 |

**(b) Unreconciled funds received by LGAs and LGRP
Shs.3,547,208,794**

A comparison of funds received by the Councils and information extracted from the financial statements of LGRP for the year ended 30th June, 2010 noted that funds disbursed by the Ministry of Finance were Shs.4,745,078,000 against Shs.8,292,286,794 received by the respective LGAs resulting in a difference of Shs.3,547,208,794 as shown below:

| S/N | Councils | Amount received by Council (Shs.) | Amount as per LGRP Accounts (Shs.) | Difference (Shs.) |
|-----|------------|-----------------------------------|------------------------------------|-------------------|
| 1. | Njombe DC | 1,942,411,302 | 508,569,000 | 1,433,842,302 |
| 2. | Kibaha DC | 238,760,641 | 163,399,000 | 75,361,641 |
| 3. | Kondoa DC | 1,820,541,242 | 975,678,000 | 844,863,242 |
| 4. | Lushoto DC | 1,289,470,874 | 654,006,000 | 635,464,874 |
| 5. | Mbulu DC | 577,191,021 | 536,428,000 | 40,763,021 |

| | | | | |
|--------------|----------|----------------------|----------------------|----------------------|
| 6. | Bunda DC | 820,853,581 | 671,767,000 | 149,086,581 |
| 7. | Nzega DC | 1,274,863,332 | 993,754,000 | 281,109,332 |
| 8. | Siha DC | 328,194,801 | 241,477,000 | 86,717,801 |
| Total | | 8,292,286,794 | 4,745,078,000 | 3,547,208,794 |

(c) Development Grants not received Shs.33,830,000

Audit scrutiny made against receipts revealed that, Liwale District Council was allocated Shs.33,830,000 for implementation of CDG activities from the Ministry of Finance but the same was not received by the Council.

(d) Grants borrowed not refunded Shs.42,753,019

Hanang' District Council borrowed a sum of Shs.42,753,019 from Local Government Capital Development Grant account to finance various activities in different Accounts. However, as at the time of audit, no evidence was produced to confirm refund of the money to the respective account.

This implies that the targeted communities have been denied the services accruing from the planned activities.

I also can conclude that, there is lack of adequate record management and proper communication between Councils and financiers.

Financiers should clearly communicate with the recipient of funds by notifying disbursements of funds and activities that have been approved for implementation.

5.1.2 Unspent balance for National Multisectoral Strategic Framework (NMSF) Shs.175,049,929

During the year under review, TACAIDS through the Ministry of Finance released funds to Local Government under the National Multisectoral Strategic Framework (NMSF) 2008-2012 whose major financiers includes the Government of

United State of America through USAID, PEPFAR, other Multi and Bilateral Donors and the Government of the United Republic of Tanzania through MTEF.

However, my test check on the utilization of funds in 15 selected Councils noted unspent balance of Shs.175,049,929 as at 30th June, 2010 as shown in the table below.

| S/N | Council | Amount available (Shs) | Amount spent (Shs) | Unspent Amount (Shs.) |
|-----|-------------------------|------------------------|--------------------|-----------------------|
| 1. | Kilosa DC | 100,958,400 | 66,997,400 | 33,961,000 |
| 3. | Kondoa DC | 102,301,900 | 101,512,890 | 789,010 |
| 4. | Mbeya DC | 92,387,288 | 87,923,498 | 4,463,700 |
| 5. | Bunda DC | 74,183,000 | 74,183,000 | - |
| 6. | Morogoro DC | 44,646,000 | 44,597,742 | 48,258 |
| 7. | Mtwara DC | 45,179,000 | 26,966,100 | 18,212,900 |
| 8 | Singida MC | 23,775,000 | 23,775,000 | - |
| 9 | Ulanga DC | 45,340,000 | 25,407,000 | 19,933,000 |
| 10 | Newala DC | 56,134,162 | 40,595,000 | 15,539,162 |
| 11 | Ukerewe DC | 87,036,703 | 51,994,897 | 35,041,806 |
| 12 | Mtwara/ Mikindani MC | 22,695,500 | 21,594,300 | 1,101,200 |
| 13 | Kigoma MC | 27,735,000 | 14,890,000 | 12,844,200 |
| 14 | Sumbawanga DC | 201,368,409 | 194,368,730 | 6,998,679 |
| 15 | Dodoma MC | 60,117,014 | 34,000,000 | 26,117,014 |
| | Total | 983,857,376 | 808,805,557 | 175,049,929 |

Huge amount of unspent balance indicates that some of the planned activities were not satisfactorily implemented and therefore deny the beneficiaries to enjoy the intended services.

5.1.3 Development Grants under PHSDP (MMAM)

(a) Un-utilised Grants Shs.787,229,499

A test check on the financial performance and utilization of PHSDP (MMAM) funds received by Councils for improving accessibility and quality of the Health service noted unspent balances of Shs. 787,229,499 in respect of five (5) Councils as at 30th June, 2010 as shown on the table below:

| | Council | Amount received (shs) | Expenditure (Shs) | Unspent balance (Shs) |
|---|--------------|-----------------------|----------------------|-----------------------|
| 1 | Bariadi DC | 688,913,172 | 250,515,615 | 438,397,557 |
| 2 | Mbeya CC | 188,940,286 | 25,877,880 | 163,062,406 |
| 3 | Mbozi DC | 402,952,843 | 261,638,434 | 141,314,409 |
| 4 | Iringa MC | 117,269,198 | 73,855,750 | 43,413,448 |
| 5 | Mbeya DC | 370,540,615 | 369,498,935.60 | 1,041,679 |
| | Total | 1,768,616,114 | 981,386,614.6 | 787,229,499 |

(b) Under release of funds Shs.555,077,569

A sum of Shs.1,067,574,915 was budgeted for implementation of MMAM activities in three (3) Councils of which only Shs.512,497,346 equivalent to 48% was received by the respective Councils leaving under release of Shs.555,077,569 as shown in the table below:

| S/N | Council | Budget (Shs.) | Actual Receipt (Shs.) | Under Release (Shs.) | % |
|-----|--------------|----------------------|-----------------------|----------------------|------|
| 1 | Mbeya CC | 228,000,000 | 188,940,000 | 39,060,000 | 17 |
| 2 | Mbulu DC | 404,574,915 | 203,425,346 | 201,149,569 | 50.3 |
| 3 | Mbarari DC | 435,000,000 | 120,132,000 | 314,868,000 | 72 |
| | Total | 1,067,574,915 | 512,497,346 | 555,077,569 | |

This implies that the planned activities were not fully implemented and therefore, the intended objectives could not be achieved.

5.1.4 Unutilized Development Grants under PEDP Shs.68,707,324

The Ministry of Finance disbursed funds to LGAs in respect of PEDP activities aiming at improving quality, expanding school access and increasing school retention at primary level.

However, audit test check on the Councils' financial performance and utilization of fund noted that, Urambo District Council had in total funds of Shs.188,707,324, out of which Shs.120,000,000 was spent for implementing PEDP activities, leaving unspent balance of Shs.68,707,324 as at the year end.

In addition, Shs.153,380,000 was disbursed by the Ministry of Finance to Musoma District Council for implementing PEDP activities but the same was not supported by implementation report and statement of expenditure and thus the planned activities were not implemented as intended.

5.2 Projects performance evaluation review

Test checks on physical performance of projects implemented at different levels of Councils disclosed significant deficiencies in the overall management and monitoring of activities which require immediate attention by the respective Councils to optimize the use of the intended facilities.

I noted that, LGA's officials had not complied with the requirements imbedded in the respective programmes which requires among other things to make regular inspection of works constructed in various villages. As a consequent, most of the projects were implemented with considerable delays resulting in a number of problems including; projects not completed within the agreed period, facilities completed but not put in use and poor workmanship due to lack of supervision by the Councils' management. Summary of sampled projects with various defects are portrayed in the succeeding sub paragraphs.

i) Delay in the completion of projects

I noted that, most of the projects visited were not completed within the agreed period, whereas project works in 18 Councils with a total budget of Shs.1,532,483,668 had not yet been completed as shown in Annexure 23.

Inadequate supervision and monitoring of projects and late release of funds to the lower level are major factors which contributed to delays in completion of the Projects.

ii) Community Facilities completed but not put into use

As mentioned earlier, basically the Local Government Development Grants intend to improve access of communities especially the poor, to local services through expanding the physical stock of new and rehabilitated infrastructure. The expected outcome from the grants is tangible benefits received by the intended communities through the completed facilities at their areas. However, site visits to completed projects worth Shs.700,971,208 in nine (9) Councils were constructed but not put into use as summarized below.

| S/N | Name Of Council | Name of Project | Completion date | Amount spent (Shs) |
|-----|-----------------|--|---------------------------------|--------------------|
| 1 | Kongwa DC | Construction of OPD in Kibaigwa | 30 th September 2009 | 105,000,000 |
| 2 | Bahi DC | Construction of a dispensary in Ibugule Ward | - | 66,244,400 |
| | | Construction of a dispensary in Bahi Makulu | - | 64,669,749 |
| | | Construction of administration block in Bahi town | - | 181,872,834 |
| 3 | Chunya DC | Construction of Slaughter Slab at Makongolosi | December, 2009 | 6,964,500 |
| | | Construction of Small Cattle Dip at Namkukwe, Mkola and Mapogoro | July, 2010 | 16,533,000 |
| 5 | Kigoma DC | Construction of WEO's | - | 24,213,950 |

| | | | | |
|--------------|--------------|--|------------|--------------------|
| | | Office block at Ilagala | | |
| | | Construction of Maternity ward and Mortuary-Uvinza. | - | 60,236,000 |
| 6 | Mbeya DC | Construction of two class rooms at Ihango Secondary School | - | 2,500,000 |
| | | Completion of WEOs Office at bonde songwe | - | 13,270,000 |
| | | Construction of WEOs Office at Iwindi | - | 6,594,350 |
| | | Completion of Nsambya Health Centre | 15/06/2010 | 18,398,050 |
| | | Completion of Izumbwe Health Centre | 15/06/2010 | 20,588,300 |
| | | Completion of Luanda Health Centre | 15/06/2010 | 24,110,600 |
| | | Completion of Iwowo Health Centre | 15/06/2010 | 28,396,850 |
| 7 | Kondoa DC | Expansion of Bukulu water supply | - | 4,378,625 |
| | | Finishing of two classrooms | - | 10,000,000 |
| 8 | Kilombero DC | Construction of Market in Matema Village | May, 2010 | 35,000,000 |
| 9 | Rungwe DC | Completion of two classrooms at Lupoto Secondary School | - | 12,000,000 |
| TOTAL | | | | 700,971,208 |

Non utilization of completed community facilities denies the beneficiaries the opportunity to enjoy the intended services out of the completed projects.

iii) Unsatisfactory workmanship on the construction of community facilities/projects

A test checks on projects performance evaluation for the year under review, disclosed a sum of Shs.630,876,670 spent by three (3) LGAs for the construction of various community facilities which were

completed with various defects as detailed below. I noted that, facilities constructed require major re-works because of several faults due to unsatisfactory workmanship resulting in not achieving the intended objectives.

| S/N | Council | Project | Amount (Shs.) | Observation |
|-----|-----------|---|---------------|--|
| 1 | Kigoma DC | Installation of solar in Rugufu Girls' Secondary School. | 39,200,000 | Solar panels supplied differ from the agreed specification. Instead 20 panels of 100w, 40 panels of 45W each were installed with the deficit of 200 watts. |
| | | Rehabilitation of Msimba Dispensary | 5,698,000 | Some parts of the ceiling board were found defective |
| | | Rehabilitation of Staff house and Dispensary at Mwandiga | 43,225,200 | Shutters were not properly fixed and they need to be adjusted. Also there were a number of cracks in the sitting room and pavement floor. |
| | | Construction of one classroom Kagongo Secondary School | 14,293,070 | Floor developed cracks |
| | | Nyarubanda Dispensary staff house | 24,000,000 | The wall developed cracks and two doors were not fixed properly |
| | | Construction of two Classrooms at Sunuka Secondary School | 24,000,000 | Wire mesh not yet completed and Ceiling board not properly fixed |
| | | Construction of Maternity Ward | 60,236,000 | Door shutters not fixed properly |

| | | | | |
|---|-------------|--|------------|---|
| | | and Mortuary at Uvinza Health centre | | |
| 2 | Chunya DC | Rehabilitation work for Uinde dispensary | 8,280,000 | Shutters for mosquito gauze wire were not made, instead the fitted gauze were cut to provide spaces for opening and closing of windows. |
| 3 | Bagamoyo DC | Construction of Changalikwa Secondary School | 41,194,440 | There are cracks in the walls which needs rehabilitation. |
| | | Construction of Kibindu Secondary School | 41,194,440 | Fisher boards not fitted and generally construction is substandard. |
| | | Construction of Matipwili Secondary School | 41,194,440 | Classrooms are of low quality (standard) due to many cracks in the walls and floor is not very strong. |
| | | Construction of Msata Secondary School | 41,194,440 | Classrooms are sub standard with a lot of cracks on the walls and floor. |
| | | Construction of Dunda Secondary School | 41,194,440 | Classrooms are of sub standard, with cracks and holes on the walls and floor. |
| | | Construction of Zinga Secondary School | 41,194,440 | Defects noted in all 3 classrooms, which implies that there were unproportion ration on materials used. |
| | | Construction of Sanzale Secondary School | 41,194,440 | Classrooms are of low standard with many cracks on the walls and floor. |
| | | Construction of | 41,194,440 | Classrooms are of low |

| | | | | |
|--|--|--|--------------------|---|
| | | Ubena Secondary School | | standard with cracks on the walls and floor. |
| | | Construction of Mdaula Secondary School | 41,194,440 | Classrooms constructed are of sub standard with cracks on the walls and floor. |
| | | Construction of Vigwaza Secondary School | 41,194,440 | Major floor destruction noted in all classrooms implies that the ration of materials used for constructing floor was not in standard. |
| | | Total | 630,876,670 | |

Inadequate supervision and monitoring of projects at the lower level is a major factor contributed to delay in completion of the projects and ending up with unsatisfactory projects.

5.3 Implementation of “Kilimo Kwanza”

“Kilimo Kwanza” is a Government initiative that aims to revamp agricultural sector. The set up of the implementation framework (pillars of “Kilimo Kwanza”) has analyzed various key players/responsible figure including the LGAs under Prime Minister’s Office Regional Administration and Local Government to make “Kilimo Kwanza” strategy enforceable. Review of implementation of “Kilimo Kwanza” in selected sample of 20 LGAs revealed the following matters which impede the smooth implementation of “Kilimo Kwanza”.

5.3.1 General Audit Findings

| SN | Councils | Audit Findings | Amounts (Shs.) | Implications/Remarks |
|----|------------|--|----------------|---|
| 1. | Mbarali DC | <ul style="list-style-type: none"> Dip tanks at 28 Villages equivalent to 25% are not | - | The situation indicates that National Level target of |

| | | | | |
|----|-------------|---|------------|---|
| | | <p>working at all for a long period of time.</p> <ul style="list-style-type: none"> 2 out of 4 cattle troughs are out of use and 3 out of 4 charcoal dams are out of use | | ensuring poverty reduction among community could not be achieved. |
| 2. | Ulanga DC | 372 agriculture inputs vouchers were not used and returned to the Ministry of Agriculture through Regional Vouchers Committee | 3,177,000 | Village vouchers committee were not careful in selecting and approving names of beneficiaries. Some farmers were not ready to contribute their portion so that they can get vouchers. |
| 3. | Mwanga DC | "Kilimo Kwanza" implementation Strategy Document not produced for audit verification | | Anticipated achievement of "Kilimo Kwanza" within Mwanga District Council could not be assessed. |
| 4. | Morogoro MC | Stolen agriculture inputs vouchers | 34,055,000 | Intended services were not received by the community. |
| 5. | Babati DC | A site visit made on 29/11/2010 found thirteen (13) power tillers were not yet distributed to the | | The need assessment should be performed before |

| | | | | |
|----|-------------|--|------------------------------|--|
| | | respective groups. | | procurement. |
| 6. | Iramba DC | Unutilized 21,847, Cotton seeds and Pesticides subvention vouchers. | 98,311,500 | The intended production for the season was not achieved contrary to the objectives of “Kilimo Kwanza”. This occurred due to late distribution of vouchers to farmers. |
| 7. | Namtumbo DC | <ul style="list-style-type: none"> • Implementation report of “Kilimo Kwanza” as per Council action plan was not prepared. • Most farmers are not aware or do not understand the objectives of “Kilimo Kwanza” | | In absence of implementation report, the public outcry concerned the poor performance of the “Kilimo Kwanza” in their areas and action taken by Council’s management could not be confirmed. |
| 8. | Kilosa DC | <ul style="list-style-type: none"> • 1,600 Agriculture inputs vouchers were stolen. • 608 agriculture vouchers were allocated to Council but not used. | 32,300,000 11,994,000 | The targets were not achieved. |
| 9. | Kibaha DC | The Council had not identified priority | | “Kilimo Kwanza” target |

| | | | | |
|-----|------------|--|------------------------------|--|
| | | areas and modalities for production of crops that can transform agriculture quickly for the Country's food self sufficient so as to alleviate the problem of poverty. | | not identified. |
| 10. | Sikonge DC | 1,981 Agriculture inputs vouchers of maize seeds not used and returned to the Regional Administrative Secretariat Tabora. | 16,838,500 | The targets were not achieved. |
| 11. | Bahi DC | Outstanding Power tillers loans | 34,423,140 | The outstanding loans deny other beneficiaries to receive the intended services |
| 12. | Ileje DC | <ul style="list-style-type: none"> • Loss of 200 subsidized vouchers for fertilizer and seeds • 10 Cattle Dips in 10 Villages not in use • During the financial year 2007/2008 and 2008/2009 the government through Mbeya Zone Irrigation Office, Japan | 3,600,000 534,540,950 | Lack of proper planning and inadequate protection of scheme and Value for Money will not be sustainable. |

| | | | | |
|--|--|---|--|--|
| | | <p>Tanzania Food Aid Programme and Ileje Development Organisation completed the Sasenga irrigation scheme which cost Shs.452,346,710 and covers a total of 540 hectares.</p> <p>In addition, in the financial year 2009/2010 Ileje DC spent a total of Shs.82,194,240 for the construction of main canal (lining the trench with stones).</p> <p>Site visit conducted on August, 2010 revealed that the irrigation scheme is underutilized as only 270 hectares were utilized.</p> <ul style="list-style-type: none"> • Livestock grazing is done within the scheme and no action is being taken and there was | | |
|--|--|---|--|--|

| | | | | |
|-----|--------------|---|-------------------------------------|---|
| | | blazing of fire in the scheme | | |
| 13. | Kilombero DC | <p>Delay by the Agents to distribute agriculture inputs to farmers at</p> <ul style="list-style-type: none"> • Kibaoni Village: received 1200 agriculture vouchers in November, 2009 but the agents delay to distribute the agriculture inputs till January, 2010. • Mofu and Ikwambi Village: Agriculture Vouchers Disbursed from the Council but not delivered to Mofu Village and Ikwambi villages | <p>23,200,000</p> <p>21,900,000</p> | The agriculture inputs could not be utilized effectively as it was in the mid of the agriculture season. |
| 14. | Songea DC | <ul style="list-style-type: none"> • Implementation report of “Kilimo Kwanza” as per Council action plan was not prepared. • Most farmers are not aware or do not understand objectives of “Kilimo Kwanza” | | In absence of implementation report, the public outcry concerned the poor performance of the “Kilimo Kwanza” in their areas and action taken by Council’s |

| | | | | |
|-----|-------------|---|------------|---|
| | | | | management could not be confirmed. |
| 15. | Morogoro DC | 6,441 vouchers were not used and returned to the office of RAS | 33,090,000 | Some agents failed to supply farm implements of farmers on time. Inadequate capital to some of agents. Some farmers failed to contribute on the purchasing price of farm implements |
| 16. | Same DC | Out of 38 activities set for “Kilimo Kwanza” strategy, 18 activities were implemented, 15 activities are in progress while 5 activities have not been implemented. | | Planned activities within the year were not fully implemented. |
| 17. | Dodoma Mc | Review of the implementation of “Kilimo Kwanza” noted that, most of the agricultural project activities were at the preliminary stage hence, positive result could not be | | Low speed in implementation of planned activities. |

| | | | | |
|--------------|----------|---|--------------------|--|
| | | attained. | | |
| 18. | Mbozi DC | Loss of Subsidies Vouchers of fertilizers and seeds | 130,800,000 | Intended services were not received by the community |
| Total | | | 977,430,090 | |

5.3.2 Shortages of fertilizers in Mbozi DC

During the year under review the Council budgeted to distribute 40,184 tons of different types of fertilizers to farmers in various wards/villages. However, the Council received 21,720 tons of difference types of fertilizer which is equivalent to 54% of the estimated figure. It was also noted that, the Council received 360 tons of fertilizer which were not requested by the Council Details are shown below:

| SN. | Type of fertilizer | Budget (tons) | Receipts (tons) | Difference (tons) |
|-----|--------------------|---------------|-----------------|-------------------|
| 1. | DAP | 10,785 | 6,050 | 4,735 |
| 2. | UREA | 21,570 | 13,650 | 7,920 |
| 3. | CAN | 2,669 | 861 | 1,808 |
| 4. | SA | - | 330 | 330 |
| 5. | NPK | 600 | 71 | 529 |
| 6. | MRP | 4,200 | 728 | 3,472 |
| 7. | TSP | - | 30 | 30 |

5.3.3 Short supply of Agricultural Inputs in Mbeya City Council

During the year under review Mbeya City Council had requirements of different agricultural inputs (fertilizers) to support farmers around the City. However, during audit it was revealed that the inputs were not supplied in line with the Council's requirements (demand) as detailed here under:

| Types of Inputs | Demand (Tons) | Amount supplied (Tons) | Shortage (Tons) | Percentage of Shortage |
|---------------------|---------------|------------------------|-----------------|------------------------|
| DAP | 1,000 | 750 | 250 | 25 |
| Minjingu | 1,800 | - | 1,800 | 100 |
| UREA | 1,600 | 740 | 860 | 54 |
| Chotara maize seeds | 135 | 15 | 120 | 89 |

In view of the aforementioned matters, the agriculture inputs vouchers system faced the following challenges:

- Insufficient knowledge on the whole procedure of agriculture inputs vouchers to the farmers and Villages Voucher Committees.
- Agricultural inputs Agents delayed in distributing vouchers in time to some places.
- Agricultural inputs Agents had low capital that makes them difficult to bring the vouchers in bulk to the villages.
- Poor infrastructure therefore it was difficult to distribute agriculture vouchers to some villages.
- Insufficient funds to make follow up and provide education to the Village Vouchers Committees.
- Inadequate control mechanism over distribution of agriculture vouchers and close monitoring of the vouchers.

In order to attain the expected “Kilimo Kwanza” objectives, I recommend the following:

- The responsible committees should ensure close monitoring of the agricultural vouchers are in place and that legal action is taken against those who facilitated the loss.

- Management should make sure that agents responsible for distribution of the agriculture inputs abide to the contractual obligations.
- The Councils should coordinate with the Ministry of Agriculture to ensure that agricultural inputs are supplied timely and as per requirements to stimulate agriculture within the Councils.

CHAPTER SIX

6.0 RESULTS OF SPECIAL AUDITS

6.1 Introduction

Sect.36 (1) of the Public Audit Act No.11 of 2008 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 a Special Report relating to such matter and submit the report to the Parliament through the President.

6.2 Trend of changes after Special Audit

In the last financial year 2008/2009, eight (8) Special Audit Reports were issued and a summary of audit follow up on implementation of recommendations have been covered in chapter 3.11 of this report. In 2009/2010, five (5) Special Audits were conducted on Local Government Authorities (LGAs). Out of the five Special Audits completed, three (3) were requested by the Local Government Authorities and two (2) were initiated by the Controller and Auditor General as per Reg. 78 of the Public Audit Regulations of 2009. The five Special Audits were carried out in five Councils namely Rombo, Kilosa, Sumbawanga Municipal, Rorya and Tarime. The matters arising from Special Audits for each of this Council are summarized in the following paragraphs:

6.3 A Summary of matters arising from the Special Audits conducted in financial year 2009/2010

6.3.1 Rombo District Council

Rombo District Council underwent special audit for the periods covering from 1st July, 2007 to 30th October, 2009. A summary of findings arising from the audit are stated below:

- There were four items of deposits which were overdrawn to the tune of Shs.105,209,155. This had impact on other depositors' funds, which however needs to be refunded to the affected deposit items.
- Unclaimed salaries amounting to Shs.15,537,292 were not surrendered to Treasury through RAS, Kilimanjaro. The amount was erroneously disbursed to the Council for payment of salaries to non-existing employees.
- There was transfer of funds amounting to Shs.15,868,475 from Deposit account to meet expenditures for whose purposes could not be established.
- Payments to approved tenderers amounting to Shs.13,499,945 was paid as cash to Council's staff for supply of goods and services.
- Bank loans to Council's employees amounting to Shs.6,158,680 were paid twice from Deposit account.
- Bags of cement worth Shs.4,795,000 issued from Council's stores to seven (7) Secondary Schools were not confirmed to have been received at the respective schools.
- Three accounts of the Council enjoyed unauthorized bank overdraft facilities without the knowledge of the Finance and Administration Committee contrary to Sect. 12 (1) of the Local Government Finance Act No. 9 of 1982 and Order 183 of the Local Authority Financial Memorandum of 1997. In addition to that, there is no evidence to confirm how the Council benefited from the bank overdraft granted.

- **Irregularities on payment of salaries**
 - (i) The Council paid salaries amounting to Shs.2,493,240 to non existing employees.
 - (ii) Government grants used to pay salaries to employees whose salaries are supposed to be paid from General Fund amounting to Shs.16,064,413.
- **Weaknesses noted in management of Council's own source revenues**
 - (i) Non remittance of the Revenue Collection from collecting agents amounting to Shs.20,306,000
 - (ii) Uncollected revenue from coffee cess amounting to Shs.56,234,011
 - (iii) Coffee cess collected using forged receipts amounting to Shs.11,058,063
 - (iv) Revenue collection from forest produces amounting to Shs.27,857,794 was neither recorded in cash book nor banked. This was caused by the negligence of the District Treasurer to make follow-up on the daily collection and banking of the cash.
 - (v) Revenue from lease of farming plots within the half mile strip of the local government forest amounting to Shs.27,787,500 was not collected
 - (vi) Payment of per diem allowances and other expenses amounting to Shs.11,090,000 were made in excess of the approved limit.
 - (vii) Night out allowances amounting to Shs.7,280,000 claimed and paid were fictitious as the officers were noted to have signed the attendance registers on the dates claimed to have been on duty out of their stations. The internal control over issuance of allowances is weak.
 - (viii) For the financial years 2007/2008 and 2008/2009, there was an over-expenditure of Shs.190,078,699 on motor vehicle fuel.
 - (ix) Diesel and petrol worth Shs.64,581,030 ordered and paid for were received and issued to Councils motor vehicles without evidence of motor vehicles log books in support. Drivers of the respective motors

- vehicles alleged to have been issued with fuel confirmed to have not received the fuel.
- (x) Fuel worth Shs.4,024,500 was issued and consumed by private motor vehicles.
 - (xi) The Council misappropriated Education funds amounting to Shs.31,020,000 in form of theft of Printer cartridges worth Shs.14,635,000 and Photocopy ink worth Shs.16,385,000.
 - (xii) Misappropriation of photocopy paper, stationeries and photocopy ink worth Shs.18,699,000.
 - (xiii) The Council overstated the price for lesson plan and subject log book during the procurement process of which an approved supplier of the Council charged higher rates than the prevailing market price resulting in over expenditure of Shs.17,500,000.
 - (xiv) There was unlawful expenditure amounting to Shs.7,949,204.
 - (xv) Remittances from sale of maize proceeds to PMO-RALG of Shs.232,393,000 were not acknowledged by bonafide recipient.
 - (xvi) Undelivered famine relief maize worth Shs.9,866,726.
 - (xvii) Ineligible expenditure of Shs.2,760,000 from use of funds allocated for transportation of famine relief maize to purchase tyres for Council's motor vehicles.
 - (xviii) Building materials worth Shs.14,238,000 issued from Council main stores had not been received at the sites.
 - (xix) Cash amounting to Shs.7,380,000 realized from sale of building plots at Holili Town was not accounted for in the Council's books of account.

6.3.2 Kilosa District Council

The following are the weaknesses identified during the special audit of Kilosa District Council for the years 2008/09 and 2009/2010.

(i) **Weak internal control system and accounts**

Review made on the internal control system revealed the following anomalies:

- Failure of controls over Integrated Financial Management System (IFMS) as there is no segregation of duties and override controls on the use of pass words within the IFMS.
- Unauthorised adjustments by District Executive Director and District Treasurer within the IFMS as shown in the table below:

| Year | Debit (Shs.) | Credit (Shs.) |
|-----------|---------------|---------------|
| 2007/2008 | 8,887,051,520 | 7,622,245,054 |
| 2008/2009 | 5,850,462,464 | 4,014,388,619 |

- During the year 2008/2009 the Council changed the IFMS - Epicor accounting system from FRX version 7.2 to 7.3.5 as recommended, without involving system specialist from PMO-RALG. As a result some of the items with their respective balances were not captured in the new version accurately, by indicating the items had no funds and this affected the implementation of budget for the financial year 2009/2010.
- Payment vouchers worth Shs.766,489,920 were not made available for audit.
- Payments amounting to Shs.838,990,537 were inadequately supported by acknowledgement receipts.
- Six incidences were noted involving misappropriation of Council funds amounting to Shs.277,026,849, caused by laxity in the internal controls whereby reconciliations were not done timely by some unfaithful employees.
- During the year 2008/2009, the Council made payments amounting to Shs.7,966,372,050 from Miscellaneous Deposit account without quoting relevant receipts on which the money was initially deposited to justify the authority of the payment.
- There was no schedule of duties in the Finance Department for two consecutive financial years

2007/2008 and 2008/2009 contrary of Order No. 10 of LAFM 1997.

- The coverage of internal auditor is based on school projects only instead of all development projects. The Council management also delayed to respond to both internal and external audit queries; as a result, discussion of the same queries was delayed in Finance and Administration Committee meetings.
- The District Treasurer was out of office for a considerable long period of time due to illness resulting to inefficient in performance of finance department.
- The Council has substantial liabilities amounting to Shs.991,968,836 as up to the financial year 2007/2008.
- The Council transferred a total amount of Shs.132,550,989 during the financial years 2007/2008 and 2008/2009 to various accounts. The amount had not been reimbursed to the giving account up to the time of special audit.
- Expenditure amounting to Shs.29,041,360 was charged to wrong GFS codes during the year 2008/2009.
- Special audit also revealed that there were various cases in the courts of law in which the Council may be required to pay a sum of Shs.504,620,000. On top of that, the Council has outstanding liabilities of Shs.296,287,840.

(ii) **Laxity over control in revenue collections**

- 394 revenue earning receipts books were not made available for audit.
- It was noted that the Council usually exchange cash collections with cheques, in addition revenue collection amounting to Shs.34,913,620 was debited to cash book but not reflected in the bank statement.
- The cost of collecting revenue is not effective as the Council spent Shs.119,614,000 to collect revenue amounting to Shs.57,226,690 resulting in a loss of Shs.62, 387,110.
- Council raised a sum of Shs.217,358,920 from livestock operations which were conducted between 29/1/2009

and 29/2/2009. However the funds purported to be used for development projects were not confirmed to audit.

- The motor vehicles hire project operated by the Council during the years 2007/2008 and 2008/2009 realised a sum of Shs.42,650,000 against operating costs of Shs.49,373,141 resulting into a loss of Shs.6,723,143.
- The Council did not adhere to revenue collection by-laws thus, a sum of Shs.727,562,725 was not collected from Kilombero Sugar company due to negligence of Finance Department in charging Shs.200 per ton as a cane cess instead of 5% and 3%.

(iii) **Short falls on human resource management**

- Special audit revealed various anomalies on human resource issues such as suspension of employees and some of employees were noted to have been overstayed in one station between 7 to 36 years.
- Allowances in respect of luggage were paid twice and some of the night out allowances were not verified as the respective attendance registers were not made available to audit. The questionable payments of this nature were Shs.196,099,000.
- Special audit revealed that the Council did not have Unclaimed Salaries Register and as a result, information from various departments and stations in respect of retirement, death or dismissal of Council employee was not communicated timely. Therefore, a sum Shs.94,786,202 was paid to the personal bank accounts of the employees who were either retired, dead or dismissed.
- Salaries to new employed teachers paid as night out allowances amounting to Shs.11,200,000 not yet recovered.
- Non deduction of statutory deductions and loans to employees were not effected on time which led to respective cheques worth Shs.77,909,218.26 become stale. Further, it was noted that there is excessive deduction from employees' salaries and as a result some

of the employees received salaries less than 1/3 or a nil balance.

(iv) **Non adherence to procurement laws and regulations**

The Council did not adhere to Public Procurement Laws and Regulations as a result the following shortcomings were noted:

- A sum of Shs.34,572,145 was paid to private garage for the repair and maintenance of the Council's motor vehicles without routing them (motor vehicles) through District Mechanical Engineer for inspection before and after repair and the log sheets for the same were also missing.
- The Council procured computers worth Shs.6,400,000 but technical specifications were not shown in procurement records.
- Questionable procurement and repair of photocopy machine Shs.22,185,700.
- Stores worth Shs.12,431,600 purchased and paid for were not taken on ledger charge.
- 47,696.6 Litres of diesel worth Shs.78,623,015 were not recorded in the motor vehicles' log books.
- The Council procured items worth Shs.28,980,060 on imprest basis.
- Questionable award of tender of Shs.47,380,000 for the procurement of science kits for human skeleton.
- Procurement of items worth Shs.39,400,805 were contrary to Procurement Regulations.
- Procurement of goods and services worth Shs.663,899,454 without prior approval of the tender board.
- Procurement of goods and services worth Shs.14,423,805 were made without competitive bids
- Stores worth Shs.214,660,229 were not verified as having been received due to unavailability of respective ledger from Agriculture Department to be audited.

- 6 motor vehicles belonging to the Council were retained in private garage due to outstanding debt of Shs.164,159,267.
- Missing register of absolute and redundant items.

(v) **Notable weaknesses on the implementation of development projects**

- Unutilised HIV/AIDS funds of Shs.117,242,851 was used for the purposes not intended such as budget preparation and other activities not in action plan.
- During the year 2007/2008 Council transferred a total amount of Shs.42,565,000 from DADPS to General Fund account apparently for the purchase of motor vehicles and to finance economic, works and environmental meetings. The amount had not been reimbursed to the giving account.
- Some of the contractors were paid advance payment at a rate ranging from 30% to 70% of the contract sums contrary to recommended rate of 15% issued by PPRA.
- Funds budgeted to implement the intended activities for the year 2008/2009 amounting to Shs.264,159,900 were transferred to other development projects which were neither authorised nor in action plan. In addition, a sum of Shs.119,000,000 was spent over and above the budget for the same period.
- There are inadequate documentations in the projects file whereby, the expenditure was not based on core activities of the development projects such as payment of allowances and fuel. Also it was revealed that a sum of Shs.51,656,253 was supposed to be transferred to the villages for the implementation of development projects at lower lever. To the contrary the same was not transferred to villages.

- Some of the contracts entered into between the Council and various contractors lack essential clauses such as contract period, liquidated damages clause and security for advance payments made to contractors.
- Meshungi water project which started during the year 2001/2002 and financed by World Bank at a cost of Shs.160,261,190 had not been completed at the time of writing this report (January, 2011).
- Mtumbatu water project worth Shs.267,247,007 which started in 2000 and financed by Quick Wins not operating due to failure by the Community to purchase 400 litres of diesel per day to run the engine in order to fill the water tank as a result the infrastructure was laid idle for the considerable long period of time thus exposed to risk of being stolen or vandalized.

6.3.3 Sumbawanga Municipal Council

Summary of findings from special audit and investigations of 5.9 Kilometre Town roads construction is as follows:

- The Road construction project was not in procurement plan contrary to Sect. 45 of the Public Procurement Act No. 21 of 2004. This has affected implementation of the planned activities.
- Tender was advertised on 3rd January, 2008 before Tender Board's approval on 14th January, 2008 contrary to Sect. 30 of the Public Procurement Act No. 21 of 2004. This has limited the scope of Council's Tender Board.
- PMU was not involved in appointment of evaluation team contrary to Sect. 37(2) of the Public Procurement Act No. 21 of 2004. This has intervened the independency of the PMU in accomplishing its duties as required by law.
- Personal Covenant was done after completion of Project evaluation contrary to Sect. 37(6) of the Public Procurement Act No. 21 of 2004. In the absence of the

Personal Covenant, personal interest could not be ruled out.

- Extension of working time for one month was given to the contractor without request by the contractor and approval from Tender Board. This is the weakness on the part of PMU during preparation of contract documents.
- Contract performed without performance bond of 15% of the contract price contrary to Clause No. 55.1 of the condition of the contract. In absence of the performance bond the Council was in unsecured part of the contract.
- There was a contradiction between completion period of nine (9) months stated in the letter of acceptance and eight (8) months stipulated in the Tender Form. This has resulted into delayed service provision to the targeted community.
- Defects liability period for construction of tarmac road was set at six (6) months, below the required Standard period of one year to confirm that the road is passable throughout the year.
- There is a contradiction between Clause No. 23 of the specific conditions of the contract which requires liquidated damages to be 0.15% of the contract sum per days delayed to a maximum of 100 days; while clause no. 29 of the Specific conditions of the contract requires liquidated damages to be charged at a maximum of 45 days. This is a weakness of the PMU during preparation of contract documents, which may cause conflict between the contractor and employer.
- Advances issued to the contractor without advance payment bond contrary to Clause No.25 of the Specific Conditions of Contract.
- Project drawings were not properly formulated to demarcate the former road level and the levels to be achieved at various stages of construction. This is a weakness on the part of Municipal Engineer which caused the road to have uneven formation.

- An overpayment of advances of Shs.37,486,156 was made to the contractor while he was already at the site. However, this was supposed to be paid during mobilization stage. In addition, the contractor was initially paid an advance payment of Shs.134,860,015 i.e. 15% of the contract price.
- During quality control review it was noted that the laboratory test results conducted by TANROADS Rukwa revealed that the base course was constructed using gravel which is below standard, thus the construction was not supposed to continue until rectified. This may result into easy worn out of the road.
- An amount of Shs.43,006,210 was spent from Roads Fund account without approval from Roads Fund Board. The funds were over and above the approved budget.

6.3.4 Rorya District Council

The main focus of this special audit was on accountability of funds allocated and used by Rorya District Council.

(i) Main findings of the Special Audit

- During the financial years 2007/2008 and 2008/2009 the Council transferred a total of Shs.98,927,500 from Development Account to General Fund Account for construction of DED's office temporary building without budgetary provision. No evidence of refund of the same to Development Account was provided.
- A total of Shs.13,138,500 was paid to sundry laborers without signing on the attendance sheets.
- There was an over expenditure of Shs.7,790,167 in the budget for materials used for construction.
- During the year 2006/2007 the Council received Shs.90,000,000 from Ministry of Water and Irrigation for the purpose of Water projects at Masonga, Gabimori and Shirati village. However, Gabimori water Project was not completed as the funds set aside for the project amounting to Shs.23,345,050 were spent for other activities.

- A sum of Shs.9,308,611 being 20% of own source revenue to be transferred to the villages for 2008/09 was not supported with acknowledgment receipts. Further, the sum of Shs.3,710,789 was not remitted to villages.
- A sum of Shs.39,610,000 out of Shs.84,895,923 transferred from one account to other accounts were not reimbursed to the respective account.
- A total of Shs.54,585,923 was transferred from one account to other accounts without approval of Finance, Administration and Planning Committee.

(ii) **Costs of standard VII - 2007/08 examinations**

- There were missing payment vouchers worth Shs.108,299,500 from Tarime District Council.
- Payments vouchers amounting to Shs.7,318,000 were not supported with relevant documents.
- Imprests amounting to Shs.4,096,500 had not been retired.
- Particulars for Fuel and Lubricants consumption worth Shs.12,438,000 were not presented for audit purpose.
- 35 employees' personal files were not submitted when called for to support verification of personal emmolment payments.

6.3.5 Tarime District Council

Main findings of the Special Audit

- A sum of Shs.12,699,800 for construction of Weigita Charcoal dam project was paid to TASAF Coordinator personal account instead of contractor's account. The project was consequently constructed below standard and rejected by the community.
- Rehabilitation of ward no.1 and 2 and Laboratory building of Tarime District Hospital for Shs.300,000,000 was sub standard and it was revealed that District Engineer did not make final inspection after rehabilitation was completed.

- Tarime District Council contracted Benchmark Investment Co. Ltd for Mto Mori bridge construction for Shs.145,566,200 but special audit team revealed the following as the pitfalls; evaluation team vetted after evaluation work, Benchmark Investment Engineer was unqualified, Contractor executed the work without performance bond, Tender Board did not approve additional work and defects liability period was changed.

6.3.6 Summary of findings from special audits and investigations

From the results of the five (5) Special Audits completed during the financial year 2009/10 as briefly presented above, I conclude that, the Councils practiced fraudulent and corruptive acts. The examples are mismanagement of contracts such as construction contracts, advance payments to contractors made between 30% to 70% of the contract price contrary to PPRA guides which requires a maximum advance payment to be 15% of the contract price. In addition, payments were effected without payment vouchers or proper supporting documents, non submission of receipt books for audit purposes and misappropriation of funds resulting from the improper reconciliation of cash are other contributing factors. There were also incidences where some deposit items were overdrawn and the funds were used for unintended purposes.

On the other hand procurement is one of the most sensitive areas prioritized to be at risk. It was also observed that major findings were procurement without competitive quotations, procurement without the approval of tender boards, non delivery of procured items, over purchase and misuse of fuel, just to mention a few.

The Councils have a very long way to go to improve the internal control systems which will ultimately reduce the risk of fraudulent and corruptive acts.

6.3.7 Conclusion on Special Audits

As at the time of writing this report, two other Special Audits were ongoing, one in Longido District Council and the other in Sengerema District Council whose outcome will be reported in the coming year's audit report together with other reports which will be done in the year as one of the measures to enhance public accountability in Local Government Authorities. The office will continue to receive requests for Special Audits from all angles but taking into consideration the existing legislation that the CAG is not obliged and shall not be bound to accept all requests but will consider each request based on its merit.

CHAPTER SEVEN

7.0 CONCLUSION AND RECOMMENDATIONS

This chapter deals with conclusions and recommendations on the key audit findings which needs the attention and action of the Central Government and Local Government Authorities as pointed out in the individual chapters of this report. As pointed out in the background chapter that, the General Report is a summary of what has been reported in the individual reports issued separately to the Councils. These individual reports also contain recommendations on every issue noted which requires improvements. The Accounting Officers of LGAs are required to prepare structured responses on the CAG's audit findings and recommendations and submit them to the Paymaster General as per requirement of Sect. 40 of the Public Audit Act No.11 of 2008 and Regs. 86 and 94 of the Public Audit Regulations of 2009. In order to effectively address the weaknesses pointed out in this report, I have made several recommendations which, if implemented will enhance sound financial management within the Local Government Authorities in the country.

7.1 Conclusions

7.1.1 Audit Opinions on the LGAs

For the financial year 2009/2010, the number of qualified audit opinions for LGAs has increased from 55 equivalent to 41% in 2008/2009 to 65 equivalent to 48.5% in 2009/2010.

The above outcome was a result of widening the scope of audit in terms of coverage and is an indicator of inadequate financial management and controls within the LGAs.

Most of the recommendations issued in the previous year's Individual Report of Local Government Authorities were not responded to, which is an indicator of the LGAs lacking seriousness in implementing those recommendations.

In this year's audit, 129 LGAs had previous years' outstanding issues amounting to Shs.122,128,377,615 with the Kilwa District Council having the largest share of Shs.8,992,407,355 followed by Same District Council with Shs.8,176,961,278, Kongwa District Council is third with an amount of Shs.7,242,561,049 and the fourth is Manyoni District Council with Shs.6,097,936,644. There were also some qualitative matters such as inadequate accounting systems, ineffective Audit Committees, lack of risk management policies and ineffective of Internal Audit Units and Procurement Management Units which are still outstanding.

7.1.2 Lack of Guidance for Internal Control Framework

For some years now, I have raised a number of observations concerning the weaknesses noted in the Councils' internal controls; the same have not been properly addressed. These weaknesses include the ones in connection with the adopted IT systems such as lack of IT policy leading to inadequate controls to prevent unauthorized access to the systems, lack of business continuity and disaster recovery plans that would ensure the availability of information in instances of disaster. Underutilization or not utilizing the full paid IFMS-epicor accounting system is another weakness noted.

Other important areas which require the formal guidance from the PMO-RALG in connection with internal controls are the risk management, corruption and fraud management and control. It has been noted during audit that many LGAs do not have a documented risk management mechanisms in place which will ensure that LGAs achieve the main objectives of their existence by delivering services to the public effectively.

7.1.3 Inconsistency of Financial reports and outdated LGAs Legislations

After adopting the IPSAS reporting framework, PMO-RALG organized training in August 2009 to some LGAs staff as groundwork for the preparation of IPSASs compliant financial statements. Staffs involved were Council Treasurers, Internal Auditors and the Accountants responsible for the Final Accounts Section in each Council. However, apart from the recommendable training carried out, I have noted inconsistencies in financial reports prepared by the Councils' management for different circumstances/purposes. This is happening because of inadequate participation of the management in the process of preparing the financial reports. It should be considered that, Management is responsible for preparing all financial records and all related information for audit purpose.

Lack of guidance on the adopted IPSASs - accrual basis of accounting is one of the areas which still poses a challenge. As noted in preceding years' audit report, the existing guidance are outdated and are no longer helpful in giving satisfactory guidance under the IPSASs - accrual basis of accounting. The outdated guidance includes the Local Authority Accounting Manual of 1993 and the Local Authority Financial Memorandum, 1997. These two together with the entire legal framework guiding Local Government operation need to urgently be updated.

7.1.4 Excessive Borrowing by Councils' Employees not Controlled by Management

During payroll audit, apart from Councils paying salaries to employees who are no longer in public service, I also noted a good number of Council employees who are being paid monthly salaries of less than 1/3 of their entitlements. In extreme cases some employees were completely not paid anything at all (zero net pay). An example is Dodoma Municipal Council; out of 198 employees tested, 45 employees equivalent to 23% were completely not paid. This is contrary to the Staff Circular with Ref. No.

CCE.45/271/01/87 dated 19/03/2009 which requires deductions of employees' salaries not to exceed 2/3 of the basic salary. I am concerned with this uncontrolled arrangement which may adversely affect employees' performance and thus affecting the Council's overall performance. This demonstrates laxity of LGAs management to ensure employees' welfare is protected.

7.1.5 Non Preparation of Financial Statements and Audit of Village Accounts

Challenges have been noted on accountability of funds transferred to and collected at the Lower Level Government (LLG) especially in villages. In many cases funds at this level are not properly accounted for. The Councils which have the responsibilities of setting up financial management frameworks according to Sect. 45(3) of LGFA, 1982 are not fulfilling their responsibility as per expectations. I noted a number of cases where funds at the LLG were not properly accounted for. Improper accountability of funds at the village level discourages community contributions and hence delays implementation of development projects at the lower level.

7.1.6 Inadequate Capacity Building in Financial Management at the Lower Levels Government

It has been noted during audit that various projects are being implemented at the village level. The condition in implementing these projects is that village leadership should take the lead role in the execution of these projects. The logic behind this arrangement is to ensure strong ownership of these projects even after completion, this is very important for sustainability reasons.

However, it was noted that the village managements do not have basic and formal techniques for supervising these planned projects. Lack of capacity has been one of the main reasons for not achieving the projects target, hence denying the intended services to the targeted community.

7.1.7 Weaknesses Observed in Special Audits

From the special audits that were carried out during the year, I noted various cases of fraudulent and corruptive nature. The same were handled to PCCB and DCI as per Sect.27 of the Public Audit Act, No. 11 of 2008. These cases include mishandling of contracts e.g. under the construction contracts, Contractors were paid ‘advance payment’ between 30% to 70% of the contract price contrary to the PPRA guidelines which requires that advance payment should not be above 15% of the contract price. Other cases included effecting payments without payment vouchers or effecting payments without enough supporting documents, revenue receipts books not presented for audit and theft cases resulting from improper bank reconciliations.

Councils still have major challenges in the procurement functions, whereby I saw collusion playing a big role in facilitating the tempering of the Public Procurement Act No.21 of 2004. Common weaknesses include purchasing without competitive tendering procedures, purchasing without approval of tender boards, purchasing items and not delivering to the intended destination, over purchase and misuse of fuel. Another area of great weakness is on procurement contract management.

These are a number of examples which have demonstrate that Councils’ management still have challenges in ensuring that there are proper systems for financial management in the whole procurement process.

7.1.8 Constituency Development Catalyst Fund (CDCF)

CDCF was established in July 2009 for the purpose of development projects in every electoral Constituency. All receipts, savings and accruals to CDCF and the balance of funds at the end of each financial year are retained for CDCF activities.

I noted with concern on the utilization of CDCF funds. In some Councils, the audit noted that funds were completely not utilized. Reasons behind include no separate accounts were opened at the Council and also funds were released at the end of the year i.e between May and June 2010. It can be concluded that the objective for having this Fund during the financial year 2009/10 was not fully achieved.

In few cases where money was spent, the Councils did not prepare and submit to the Minister responsible for Local Government Authorities the record of the amount received and spent by each Constituency Development Catalyst Committee. This is non adherence to the requirements of Sect. 7 (3) of the Constituencies Development Catalyst Fund Act, 2009.

7.1.9 Delays in completion of projects and completed projects not put into use

It was noted during audit that, some construction projects had not been completed and a number of construction projects in different Councils had been completed but not put into use. The common reasons behind this includes lack of community contributions example in projects where the community was supposed to contribute cash or contribution in kind, lack of medical staff for the completed health centres/dispensaries and lack of services such as water. In all cases, the value for money on the funds invested in these projects has not been achieved.

In an abnormal circumstance Kigoma District Council engaged a contractor to construct one staff house for a contract sum of Shs.30,258,000 at Mkigo Secondary school. The construction had been completed but the contractor had not handed over the house to the employer although there was no any other house for teachers in that school. The reason for not handing over the house was that, there are disputes between the contractor and his watchman in payment terms which are not part of the contract. Keys for the house are kept by the watch man who is not at site for

a long period. The purpose of constructing the house has not been attained for remaining unoccupied despite of its completion.

All these reasons indicate lack of adequate contracts management and supervision in implementation of development projects.

7.1.10 Inadequate Accountability of LGDG and NMSF

It was noted during audit of Local Government Development Grant (LGDG) that in the sample of Councils selected, the amount recorded as received at the Council level differs with the amount recorded as paid to Councils in Local Government Reform Programme (LGRP) accounts under PMO-RALG.

The conclusion which can be reached is that the noted differences have been caused by lack of proper communication and supervision; funds transferred to Councils are not followed-up. In addition, the Councils do not get the credit advices on time for the amount transferred to their bank accounts. Lastly, there is lack of periodical reconciliation efforts between the giver and receiver of such funds.

There was a notable delay in releasing funds for National Multi Sectoral Strategic Framework (NMSF) activities. In some extreme cases funds for 2009/10 were received in 2010/11. Some of these cases include Kilosa District Council which received Shs.45,501,000 on 23/7/2010 and these funds were for approved activities of 2009/10. Also, Kisarawe District Council received Shs.12,376,000 on 30/6/2010 and Shs.16,165,000 on 16/7/2010 both for the financial year 2009/10. Hence, it can be concluded that with such delays the planned activities to be implemented by the Councils were not implemented in the financial year 2009/10.

7.1.11 Need for Consolidation of financial statements of LGAs

It has been observed that LGAs can finance their recurrent expenditure on average of 7% through their own source revenue collections. This implies that more than 93% of LGAs funding is from the Central Government. It is also fact that the information on aggregate for LGAs does not exist. Hence, statistics on the performance of LGAs in total is lacking.

7.2 Recommendations

Based on the above conclusions drawn from this financial year's audit, I put forward the following recommendations for improvement of the financial management and control of financial and other non financial resources in the LGAs as follows:

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

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

7.2.2 Lack of Guidance for Internal Control Framework

It is hereby recommended that the PMO-RALG should come up with an appropriate internal control structures to support LGAs in documenting internal controls in their organizations for smooth achievement of their objectives. This could include a general guidance in preparation of IT policy, Risk management framework, Audit committee charter, internal Audit Charter and other guiding documents necessary for an effective internal control system in LGAs.

7.2.3 Inconsistency of Financial Reports and Outdated LGAs Legislations

As pointed out in last year's general audit report, PMO-RALG should champion the required changes in the existing legislations and guidelines so as to cope up with the adopted IPSASs - accrual basis of accounting and other best practices.

Council's management should be facilitated to appreciate the collective responsibility for the preparation of Councils' financial statements. This can be done as it was done in August 2009, when Councils adopted IPSASs for the first time and PMO - RALG facilitated the exercise by conducting training to few officers. In addition, in order to enforce accountability of the LGAs to the relevant stakeholders including the Public, Central Government, Councillors, National Audit Office, Parliament and in order to reduce the work load and minimize errors, omissions and non disclosures at the end of the financial year, I advice the LGAs to produce/prepare montly and quarterly financial statements and reports including General Ledgers, Trial Balances, statements of financial position, statements of financial performance, cash flow statements, statements of comparison of budget and actual amount and statements of capital expenditure and its financing.

7.2.4 Excessive Borrowing by the Councils' Employees not Controlled by Management

As pointed out above, excessive borrowing is not only the breach of lawful order but also against human rights and is a de-motivation for employees to work efficiently. Management of Councils should be instructed to ensure that all loan applications are approved by the Accounting Officer and that monthly loans/advance deductions do not exceed 2/3 of the employee's monthly basic salaries. The management should have a mechanism to ensure that awareness is created among staff on the restrictions of the excessive borrowing which is of great advantage to the staff themselves.

7.2.5 Preparation of Financial Statements and Audit of Village Accounts

Management of the Councils should take a leading role to ensure the provisions of the Local Government Finances Act No.9 of 1982 are adhered to. This could include ensuring that the village management prepares simple but appropriate financial statements and the Councils should make maximum use of the Internal Audit Unit to make a follow-up and monitor the preparation of these statements. This arrangement is expected to strengthen financial management at the village level and improve implementation of development projects at the LLG.

7.2.6 Capacity Building for Management of LLG

Councils' management should introduce a simple training programme which will help village leaders to properly supervise the implementation of development projects and at the same time ensuring that there are proper controls over the collection and use of the public resources. Such simplified training programs could also help in building the capacity of Councillors in managing the Council's resources.

7.2.7 Weaknesses noted in Special Audits

Apart from strengthening Internal Controls as suggested above as a measure to correct the weaknesses noted in normal and special audits; Councils should specifically strengthen the Procurement function within each LGA. This could include preparing auditable periodic reports on procurements, enforcing Councils to use the services provided by the Government Procurement Services Agency (GPSA) who are responsible to arrange and manage procurements of common use items and services by procurement entities through framework agreements. Generally, systems for financial management within Councils need to be periodically monitored and evaluated.

7.2.8 Constituency Development Catalyst Fund (CDCF)

This is the first year of operation of CDCF. Councils should be proactive to ensure that all the accountability systems are implemented as per the CDCF Act No 16 of 2009 and the existing legal framework for managing public resources. For non preparation and submission of the record of the amount received and spent by each Constituency Development Catalyst, PMO - RALG should enforce the provision of the CDCF Act by ensuring that no disbursements for succeeding year is made until the required report is prepared, submitted and accepted.

7.2.9 Delays in completion of projects and completed projects not put into use

In the course of my audit I have come across a number of construction projects which had not been completed even after the planned completion date because of a number of reasons including delays in community contributions particularly where cash contribution or contribution in kind was required to supplement the Government grant, I am calling all politicians at all levels to increase their advocacy role in ensuring communities actively participate in the implementation of development projects in their localities. This will not only ensure the completion of projects but also will enable the communities to build a culture of self reliance.

Also, audit have come across completed projects but which have not in put in use which demonstrates inadequate planning and lack of Monitoring and Evaluation (M&E) mechanism at the Council level. Councils' management should strengthen periodical M&E mechanism which will ensure that follow up is strengthened and noted challenges are quickly solved for smooth implementations of planned projects. Particularly so, in making sure that once planned projects undertakings are fully completed they are immediately put into use.

7.2.10 Accountability of LGDG and NMSF

Information on funds transferred to LGAs should be released to the Councils as soon as funds have been transferred to Councils. Released funds should be accompanied with a clear clarification of the purpose of transferred funds. Timely disbursement of approved funds is important to ensure planned activities are timely implemented.

7.2.11 Consolidation of financial statements of LGAs

Given the fact that more than 93% of the LGAs finances come from the Central Government as presented in the preceding chapters and given another fact that there is a move to strengthen financial management in the LGAs by creating a position of Assistant Accountant General - LGAs, it is high time that performance of the Local Government Authorities need also to be disclosed in aggregate as a starting point. This will be in addition to the individual financial statements traditionally being prepared. Aggregation of these statistics will be preparatory process for future proper consolidation for all the LGAs' accounts and hence lead into improving on what currently are referred to as National Accounts which in the real sense of the word have no national outlook as they are currently confined to the accounts of the Central Government only.

7.2.12 Need to Strengthen the Coordination and Supervisory Roles of the Regional Secretariats

From the numerous weaknesses noted in the financial management in LGAs, there is a need for the PMO-RALG to ensure proper actions are taken against officers who are mismanaging or who fail to properly manage the Local Government Authorities' resources. The actions taken will help to instil a culture of financial discipline within the LGAs.

Also, under the Decentralization by Devolution (D by D) reforms the Central Government is allocating a lot of resources to Local Government Authorities. The Government under the circumstance is operating under “eyes on hand off” philosophy in order to ensure the existence of a meaningful D by D.

In order to have the expected results from the Local Government Authorities, the Government should seriously strengthen the coordination and supervisory roles of the Regional Administrative Secretaries. This will include ensuring that, the Secretariats have the required capacity in terms of facilitating the promotion, development fostering and upholding of Local Governments and the realisation of goals and targets of LGAs in relation to national development goals.

Annexure 1

Funding from own sorces (Own Source against recurrent expenditure)

| S/N | Auditee | Recurrent expenditure Grant | Own Sorces | % |
|-----|--------------|-----------------------------|---------------|-----|
| 1 | Simanjiro DC | 6,442,572,580 | 365,250,719 | 6% |
| 2 | Kiteto DC | 7,159,263,661 | 269,646,993 | 4% |
| 3 | Hanang DC | 11,256,439,000 | 626,533,000 | 6% |
| 4 | Babati DC | 11,067,567,000 | 238,465,000 | 2% |
| 5 | Mbulu DC | 14,198,786,000 | 401,196,000 | 3% |
| 6 | Babati TC | 6,551,599,607 | 684,214,924 | 10% |
| 7 | Tanga CC | 17,519,575,372 | 2,294,944,064 | 13% |
| 8 | Muheza DC | 9,348,438,390 | 711,480,963 | 8% |
| 9 | Mkinga DC | 6,890,406,140 | 287,834,484 | 4% |
| 10 | Korogwe DC | 12,640,433,114 | 226,988,370 | 2% |
| 11 | Lushoto DC | 20,679,337,344 | 422,728,094 | 2% |
| 12 | Handeni DC | 14,598,713,127 | 359,344,326 | 2% |
| 13 | Pangani DC | 5,479,535,447 | 174,404,189 | 3% |
| 14 | Korogwe TC | 5,518,154,933 | 167,878,220 | 3% |
| 15 | Kilindi DC | 6,449,411,828 | 151,580,554 | 2% |
| 16 | Moshi MC | 13,028,502,397 | 1,824,433,099 | 14% |
| 17 | Moshi DC | 31,046,997,087 | 552,738,766 | 2% |
| 18 | Same DC | 17,189,007,905 | 475,367,430 | 3% |
| 19 | Rombo DC | 17,408,798,215 | 545,607,567 | 3% |
| 20 | Hai DC | 16,037,792,852 | 408,192,657 | 3% |
| 21 | Siha DC | 5,944,035,786 | 547,398,731 | 9% |
| 22 | Mwanga DC | 11,977,271,505 | 265,016,203 | 2% |
| 23 | Arusha MC | 18,987,332,000 | 3,819,719,000 | 20% |
| 24 | Meru DC | 14,901,004,905 | 267,794,852 | 2% |
| 25 | Monduli DC | 8,977,417,000 | 491,314,000 | 5% |

| | | | | |
|----|---------------|----------------|---------------|-----|
| 26 | Ngorongoro DC | 7,727,362,114 | 483,755,404 | 6% |
| 27 | Karatu DC | 11,549,889,153 | 520,494,039 | 5% |
| 28 | Longido DC | 6,263,502,000 | 326,522,960 | 5% |
| 29 | Arusha DC | 18,664,351,000 | 3,183,444,000 | 17% |
| 30 | Magu DC | 17,810,477,682 | 847,920,522 | 5% |
| 31 | Kwimba DC | 14,922,942,970 | 416,876,008 | 3% |
| 32 | Mwanza Cc | 31,073,725,955 | 5,941,271,736 | 19% |
| 33 | Misungwi DC | 13,770,059,914 | 205,241,178 | 1% |
| 34 | Geita DC | 23,406,193,000 | 1,390,374,000 | 6% |
| 35 | Sengerema DC | 22,589,706,000 | 823,942,000 | 4% |
| 36 | Ukerewe DC | 11,622,817,230 | 633,835,348 | 5% |
| 37 | Bukoba MC | 7,081,417,860 | 696,706,746 | 10% |
| 38 | Bukoba DC | 12,977,824,187 | 494,802,604 | 4% |
| 39 | Misenyi DC | 7,605,833,747 | 367,552,167 | 5% |
| 40 | Biharamulo DC | 8,076,950,817 | 814,566,066 | 10% |
| 41 | Chato DC | 8,329,808,716 | 602,882,803 | 7% |
| 42 | Karagwe DC | 18,735,198,349 | 819,854,091 | 4% |
| 43 | Muleba DC | 14,308,420,893 | 856,741,054 | 6% |
| 44 | Ngara DC | 11,319,298,401 | 421,211,805 | 4% |
| 45 | Shinyanga MC | 7,911,893,123 | 553,229,866 | 7% |
| 46 | Shinyanga DC | 8,785,075,559 | 212,463,958 | 2% |
| 47 | Bariadi DC | 19,818,702,569 | 1,320,530,224 | 7% |
| 48 | Kahama DC | 10,972,743,955 | 2,582,610,452 | 24% |
| 49 | Bukombe DC | 12,161,776,484 | 708,060,190 | 6% |
| 50 | Maswa DC | 13,236,488,682 | 935,161,729 | 7% |
| 51 | Meatu DC | 10,509,697,739 | 1,129,799,124 | 11% |
| 52 | Kishapu DC | 10,972,743,955 | 543,069,405 | 5% |
| 53 | Musoma MC | 8,270,896,146 | 263,718,382 | 3% |
| 54 | Musoma DC | 14,363,277,481 | 277,329,694 | 2% |

| | | | | |
|----|------------------|----------------|----------------|------|
| 55 | Rorya DC | 8,047,392,125 | 116,250,732 | 1% |
| 56 | Tarime DC | 17,931,492,931 | 1,018,201,625 | 6% |
| 57 | Bunda DC | 14,971,384,156 | 455,353,900 | 3% |
| 58 | Serengeti DC | 10,302,581,000 | 589,633,374 | 6% |
| 59 | Temeke MC | 38,515,172,162 | 9,010,647,663 | 23% |
| 60 | Ilala MC | 52,754,032,944 | 11,392,929,279 | 22% |
| 61 | Kinondoni MC | 45,199,363,213 | 10,261,003,012 | 23% |
| 62 | Dar es Salaam CC | 4,856,907,000 | 4,503,230,000 | 93% |
| 63 | Kibaha TC | 7,257,595,178 | 1,277,781,314 | 18% |
| 64 | Bagamoyo DC | 18,083,275,108 | 3,087,759,197 | 17% |
| 65 | Mkuranga DC | 11,125,675,030 | 614,316,602 | 6% |
| 66 | Rufiji DC | 11,125,675,030 | 824,067,413 | 7% |
| 67 | Mafia DC | 4,809,680,210 | 227,996,000 | 5% |
| 68 | Kisarawe DC | 8,593,913,800 | 390,068,430 | 5% |
| 69 | Kibaha DC | 7,267,724,532 | 123,557,063 | 2% |
| 70 | Lindi TC | 5,070,712,300 | 341,410,601 | 7% |
| 71 | Lindi DC | 10,541,158,000 | 183,458,000 | 2% |
| 72 | Ruangwa DC | 9,253,856,000 | 481,579,000 | 5% |
| 73 | Nachingwea DC | 10,720,188,000 | 984,637,000 | 9% |
| 74 | Liwale DC | 6,349,775,000 | 605,900,000 | 10% |
| 75 | Kilwa DC | 12,269,802,181 | 692,732,784 | 6% |
| 76 | Mtwara MC | 9,391,582,000 | 471,220,000 | 5% |
| 77 | Mtwara DC | 11,032,629,000 | 220,107,000 | 2% |
| 78 | Masasi TC | 217,059,281 | 290,733,139 | 134% |
| 79 | Masasi DC | 17,674,833,511 | 1,410,981,232 | 8% |
| 80 | Nanyumbu DC | 6,937,131,439 | 523,273,875 | 8% |
| 81 | Newala DC | 10,983,301,414 | 578,460,163 | 5% |
| 82 | Tandahimba DC | 12,130,315,759 | 1,021,847,112 | 8% |
| 83 | Mbeya CC | 19,029,765,000 | 2,874,987,000 | 15% |

| | | | | |
|-----|-------------|----------------|---------------|-----|
| 84 | Mbeya DC | 18,875,038,387 | 572,191,320 | 3% |
| 85 | Mbarari DC | 8,768,441,349 | 811,316,031 | 9% |
| 86 | Rungwe DC | 20,427,740,689 | 1,245,521,321 | 6% |
| 87 | Mbozi DC | 25,094,294,981 | 1,417,696,847 | 6% |
| 88 | Chunya DC | 11,726,354,686 | 1,394,279,466 | 12% |
| 89 | Kyela DC | 10,286,775,902 | 814,352,387 | 8% |
| 90 | Ileje DC | 6,936,305,257 | 144,203,728 | 2% |
| 91 | Songea MC | 9,261,572,141 | 383,296,913 | 4% |
| 92 | Songea DC | 11,682,638,697 | 398,224,109 | 3% |
| 93 | Tunduru DC | 14,080,858,518 | 419,462,348 | 3% |
| 94 | Mbinga DC | 22,061,721,858 | 852,830,262 | 4% |
| 95 | Namtumbo | 7,378,514,339 | 510,281,659 | 7% |
| 96 | Iringa MC | 11,129,063,650 | 1,825,961,078 | 16% |
| 97 | Iringa DC | 16,793,806,803 | 779,225,879 | 5% |
| 98 | Mufindi DC | 17,812,215,300 | 1,270,842,838 | 7% |
| 99 | Njombe DC | 27,989,669,383 | 945,949,741 | 3% |
| 100 | Njombe Tc | 7,985,638,713 | 308,759,944 | 4% |
| 101 | Makete DC | 7,160,147,979 | 434,247,262 | 6% |
| 102 | Ludewa DC | 8,656,331,051 | 225,627,383 | 3% |
| 103 | Kilolo DC | 11,490,327,301 | 536,161,994 | 5% |
| 104 | S'wanga MC | 10,123,531,422 | 908,029,654 | 9% |
| 105 | S'wanga DC | 20,317,076,113 | 593,495,485 | 3% |
| 106 | Mpanda DC | 22,803,225,000 | 1,810,037,000 | 8% |
| 107 | Mpanda Tc | 6,294,249,975 | 268,284,357 | 4% |
| 108 | Nkasi DC | 9,160,984,408 | 330,433,547 | 4% |
| 109 | Dodoma MC | 14,935,648,101 | 1,352,264,501 | 9% |
| 110 | Chamwino DC | 9,869,577,794 | 501,588,324 | 5% |
| 111 | Bahi DC | 8,409,137,517 | 180,584,125 | 2% |
| 112 | Kondoa DC | 23,863,800,859 | 605,437,284 | 3% |

| | | | | |
|-----|--------------|--------------------------|------------------------|-----|
| 113 | Mpwapwa DC | 13,829,894,097 | 241,453,086 | 2% |
| 114 | Kongwa DC | 13,437,956,615 | 291,221,993 | 2% |
| 115 | Kigoma MC | 9,123,764,000 | 828,410,000 | 9% |
| 116 | Kigoma DC | 17,124,238,000 | 634,383,000 | 4% |
| 117 | Kasulu DC | 19,272,978,322 | 347,982,602 | 2% |
| 118 | Kibondo DC | 14,692,382,000 | 287,414,000 | 2% |
| 119 | Singida MC | 9,052,692,619 | 699,795,331 | 8% |
| 120 | Singida DC | 17,353,317,000 | 187,364,866 | 1% |
| 121 | Manyoni DC | 12,343,566,573 | 575,445,984 | 5% |
| 122 | Iramba DC | 16,487,000,000 | 310,677,000 | 2% |
| 123 | Tabora MC | 13,016,104,033 | 1,100,893,429 | 8% |
| 124 | Tabora DC | 8,560,279,231 | 979,633,897 | 11% |
| 125 | Sikonge DC | 7,853,485,395 | 987,375,080 | 13% |
| 126 | Urambo DC | 16,175,372,500 | 2,717,648,381 | 17% |
| 127 | Igunga DC | 13,981,676,000 | 616,797,000 | 4% |
| 128 | Nzega DC | 15,241,607,489 | 802,981,322 | 5% |
| 129 | Morogoro MC | 16,191,285,392 | 2,225,170,954 | 14% |
| 130 | Morogoro DC | 18,623,453,246 | 532,915,759 | 3% |
| 131 | Kilosa DC | 24,529,401,570 | 480,044,561 | 2% |
| 132 | Ulanga DC | 13,081,133,838 | 389,198,485 | 3% |
| 133 | Kilombero DC | 16,826,017,674 | 234,824,935 | 1% |
| 134 | Mvomero DC | 17,034,274,000 | 575,726,000 | 3% |
| | Total | 1,823,788,009,947 | 137,416,106,722 | |

Annexure 2

Underspent of recurrent grant Shs. 148,360,934,211

| | Council | Revenue | Expenditure Grant | Underspent Rec. |
|----|--------------|----------------|-------------------|-----------------|
| 1 | Kiteto DC | 11,897,665,008 | 7,159,263,661 | 4,738,401,347 |
| 2 | Hanang DC | 13,109,779,000 | 11,256,439,000 | 1,853,340,000 |
| 3 | Babati DC | 12,450,504,000 | 11,067,567,000 | 1,382,937,000 |
| 4 | Babati TC | 6,828,024,576 | 6,551,599,607 | 276,424,969 |
| 5 | Tanga CC | 17,612,274,325 | 17,519,575,372 | 92,698,953 |
| 6 | Muheza DC | 12,869,252,888 | 9,348,438,390 | 3,520,814,498 |
| 7 | Mkinga DC | 7,470,942,931 | 6,890,406,140 | 580,536,791 |
| 8 | Korogwe DC | 13,405,576,997 | 12,640,433,114 | 765,143,883 |
| 9 | Lushoto DC | 22,028,979,773 | 20,679,337,344 | 1,349,642,429 |
| 10 | Pangani DC | 7,623,229,581 | 5,479,535,447 | 2,143,694,134 |
| 11 | Korogwe TC | 7,185,026,332 | 5,518,154,933 | 1,666,871,399 |
| 12 | Kilindi DC | 11,087,671,843 | 6,449,411,828 | 4,638,260,015 |
| 13 | Moshi MC | 13,158,724,481 | 13,028,502,397 | 130,222,084 |
| 14 | Moshi DC | 35,295,421,110 | 31,046,997,087 | 4,248,424,023 |
| 15 | Rombo DC | 19,572,809,994 | 17,408,798,215 | 2,164,011,778 |
| 16 | Hai DC | 16,912,222,221 | 16,037,792,852 | 874,429,369 |
| 17 | Siha DC | 6,172,488,219 | 5,944,035,786 | 228,452,433 |
| 18 | Mwanga DC | 12,267,588,368 | 11,977,271,505 | 290,316,863 |
| 19 | Arusha MC | 19,915,750,000 | 18,987,332,000 | 928,418,000 |
| 20 | Longido DC | 7,396,261,960 | 6,263,502,000 | 1,132,759,960 |
| 21 | Arusha DC | 18,857,386,000 | 18,664,351,000 | 193,035,000 |
| 22 | Magu DC | 19,233,220,788 | 17,810,477,682 | 1,422,743,106 |
| 23 | Mwanza CC | 32,450,208,054 | 31,073,725,955 | 1,376,482,099 |
| 24 | Geita DC | 23,888,640,000 | 23,406,193,000 | 482,447,000 |
| 25 | Sengerema DC | 24,834,953,000 | 22,589,706,000 | 2,245,247,000 |
| 26 | Bukoba MC | 7,115,425,728 | 7,081,417,860 | 34,007,868 |

| | | | | |
|----|------------------|----------------|----------------|---------------|
| 27 | Bukoba DC | 13,199,854,137 | 12,977,824,187 | 222,029,950 |
| 28 | Misenyi DC | 8,567,490,770 | 7,605,833,747 | 961,657,023 |
| 29 | Biharamulo DC | 8,268,053,217 | 8,076,950,817 | 191,102,400 |
| 30 | Chato DC | 8,367,891,367 | 8,329,808,716 | 38,082,651 |
| 31 | Karagwe DC | 22,963,527,400 | 18,735,198,349 | 4,228,329,051 |
| 32 | Muleba DC | 14,972,369,473 | 14,308,420,893 | 663,948,580 |
| 33 | Ngara DC | 11,957,820,695 | 11,319,298,401 | 638,522,294 |
| 34 | Shinyanga DC | 9,462,713,316 | 8,785,075,559 | 677,637,757 |
| 35 | Kahama DC | 18,885,683,559 | 10,972,743,955 | 7,912,939,604 |
| 36 | Bukombe DC | 12,220,151,378 | 12,161,776,484 | 58,374,894 |
| 37 | Maswa DC | 13,487,933,856 | 13,236,488,682 | 251,445,174 |
| 38 | Meatu DC | 10,581,253,303 | 10,509,697,739 | 71,555,564 |
| 39 | Kishapu DC | 11,215,813,360 | 10,972,743,955 | 243,069,405 |
| 40 | Musoma MC | 8,351,577,108 | 8,270,896,146 | 80,680,962 |
| 41 | Musoma DC | 18,962,685,946 | 14,363,277,481 | 4,599,408,465 |
| 42 | Rorya DC | 11,273,183,020 | 8,047,392,125 | 3,225,790,895 |
| 43 | Tarime DC | 18,178,996,283 | 17,931,492,931 | 247,503,352 |
| 44 | Bunda DC | 15,993,620,330 | 14,971,384,156 | 1,022,236,174 |
| 45 | Serengeti DC | 10,874,260,000 | 10,302,581,000 | 571,679,000 |
| 46 | Temeke MC | 46,830,908,004 | 38,515,172,162 | 8,315,735,842 |
| 47 | Kinondoni MC | 46,148,866,804 | 45,199,363,213 | 949,503,591 |
| 48 | Dar es Salaam CC | 6,328,749,000 | 4,856,907,000 | 1,471,842,000 |
| 49 | Kibaha TC | 7,541,098,964 | 7,257,595,178 | 283,503,786 |
| 50 | Bagamoyo DC | 19,334,576,843 | 18,083,275,108 | 1,251,301,735 |
| 51 | Mkuranga DC | 14,468,653,110 | 11,125,675,030 | 3,342,978,080 |
| 52 | Rufiji DC | 13,030,039,369 | 12,870,879,579 | 159,159,790 |
| 53 | Mafia DC | 4,829,674,000 | 4,809,680,210 | 19,993,790 |
| 54 | Kibaha DC | 7,342,940,553 | 7,267,724,532 | 75,216,021 |
| 55 | Lindi Tc | 5,589,296,667 | 5,070,712,300 | 518,584,367 |

| | | | | |
|----|---------------|----------------|----------------|----------------|
| 56 | Lindi DC | 11,398,909,000 | 10,541,158,000 | 857,751,000 |
| 57 | Ruangwa DC | 9,454,170,000 | 9,253,856,000 | 200,314,000 |
| 58 | Nachingwea DC | 11,704,825,000 | 10,720,188,000 | 984,637,000 |
| 59 | Liwale DC | 8,022,608,000 | 6,349,775,000 | 1,672,833,000 |
| 60 | Mtwara DC | 12,235,781,000 | 11,032,629,000 | 1,203,152,000 |
| 61 | Masasi TC | 303,919,443 | 217,059,281 | 86,860,162 |
| 62 | Masasi DC | 19,225,747,181 | 17,674,833,511 | 1,550,913,670 |
| 63 | Nanyumbu DC | 8,768,501,959 | 6,937,131,439 | 1,831,370,520 |
| 64 | Newala DC | 11,543,493,033 | 10,983,301,414 | 560,191,619 |
| 65 | Tandahimba DC | 13,919,285,318 | 12,130,315,759 | 1,788,969,559 |
| 66 | Mbeya CC | 19,894,087,000 | 19,029,765,000 | 864,322,000 |
| 67 | Mbeya DC | 19,008,331,260 | 18,875,038,387 | 133,292,873 |
| 68 | Mbarari DC | 9,383,972,996 | 8,768,441,349 | 615,531,647 |
| 69 | Chunya DC | 11,857,446,582 | 11,726,354,686 | 131,091,896 |
| 70 | Kyela DC | 11,302,394,813 | 10,286,775,902 | 1,015,618,911 |
| 71 | Songea DC | 11,698,929,928 | 11,682,638,697 | 16,291,231 |
| 72 | Tunduru DC | 14,977,101,280 | 14,080,858,518 | 896,242,762 |
| 73 | Mbinga DC | 22,209,220,685 | 22,061,721,858 | 147,498,827 |
| 74 | Iringa DC | 17,019,298,936 | 16,793,806,803 | 225,492,133 |
| 75 | Mufindi DC | 17,912,463,502 | 17,812,215,300 | 100,248,202 |
| 76 | Ludewa DC | 10,228,423,977 | 8,656,331,051 | 1,572,092,926 |
| 77 | Kilolo DC | 12,794,030,389 | 11,490,327,301 | 1,303,703,088 |
| 78 | S'wanga MC | 12,794,030,389 | 10,123,531,422 | 2,670,498,967 |
| 79 | S'wanga DC | 21,072,772,439 | 20,317,076,113 | 755,696,326 |
| 80 | Mpanda TC | 24,106,680,241 | 6,294,249,975 | 17,812,430,266 |
| 81 | Dodoma MC | 16,643,324,791 | 14,935,648,101 | 1,707,676,690 |
| 82 | Chamwino DC | 11,054,977,587 | 9,869,577,794 | 1,185,399,793 |
| 83 | Bahi DC | 9,536,172,749 | 8,409,137,517 | 1,127,035,232 |
| 84 | Kondoa DC | 24,136,757,753 | 23,863,800,859 | 272,956,894 |

| | | | | |
|-----|--------------|--------------------------|--------------------------|------------------------|
| 85 | Kongwa DC | 14,091,056,724 | 13,437,956,615 | 653,100,109 |
| 86 | Kigoma MC | 10,869,162,031 | 9,123,764,000 | 1,745,398,031 |
| 87 | Kigoma DC | 18,477,342,000 | 17,124,238,000 | 1,353,104,000 |
| 88 | Kasulu DC | 20,439,697,820 | 19,272,978,322 | 1,166,719,498 |
| 89 | Kibondo DC | 20,624,967,000 | 14,692,382,000 | 5,932,585,000 |
| 90 | Singida MC | 10,124,147,261 | 9,052,692,619 | 1,071,454,642 |
| 91 | Manyoni DC | 14,084,463,839 | 12,343,566,573 | 1,740,897,266 |
| 92 | Iramba DC | 17,731,917,200 | 16,487,000,000 | 1,244,917,200 |
| 93 | Tabora MC | 13,596,636,001 | 13,016,104,033 | 580,531,968 |
| 94 | Tabora DC | 8,997,679,058 | 8,560,279,231 | 437,399,827 |
| 95 | Sikonge DC | 9,042,529,592 | 7,853,485,395 | 1,189,044,197 |
| 96 | Urambo DC | 16,243,548,166 | 16,175,372,500 | 68,175,666 |
| 97 | Igunga DC | 13,981,676,000 | 13,799,054,000 | 182,622,000 |
| 98 | Nzega DC | 17,140,344,348 | 15,241,607,489 | 1,898,736,859 |
| 99 | Morogoro MC | 18,397,548,771 | 16,191,285,392 | 2,206,263,379 |
| 100 | Kilosa DC | 25,499,063,851 | 24,529,401,570 | 969,662,281 |
| 101 | Ulanga DC | 13,568,407,799 | 13,081,133,838 | 487,273,961 |
| 102 | Kilombero DC | 17,060,842,609 | 16,826,017,674 | 234,824,935 |
| 103 | Mvomero DC | 17,888,810,000 | 17,034,274,000 | 854,536,000 |
| | Total | 1,521,937,206,309 | 1,373,576,272,098 | 148,360,934,211 |

Annexure 3

Over Spent of Current Grant Shs. 25,354,809,887

| | Council | Revenue (Shs.) | Expenditure (Shs) | Overspent (Shs) |
|----|---------------|----------------|-------------------|-----------------|
| 1 | Simanjiro DC | 6,407,404,385 | 6,442,572,580 | (35,168,195) |
| 2 | Mbulu DC | 12,025,331,000 | 14,198,786,000 | (2,173,455,000) |
| 3 | Handeni DC | 13,853,969,283 | 14,598,713,127 | (744,743,844) |
| 4 | Same DC | 16,717,465,126 | 17,189,007,905 | (471,542,779) |
| 5 | Meru DC | 14,783,308,526 | 14,901,004,905 | (117,696,379) |
| 6 | Monduli DC | 8,916,753,000 | 8,977,417,000 | (60,664,000) |
| 7 | Ngorongoro DC | 7,691,996,922 | 7,727,362,114 | (35,365,192) |
| 8 | Karatu DC | 10,308,467,003 | 11,549,889,153 | (1,241,422,150) |
| 9 | Kwimba DC | 14,712,669,889 | 14,922,942,970 | (210,273,081) |
| 10 | Misungwi DC | 13,135,998,998 | 13,770,059,914 | (634,060,916) |
| 11 | Ukerewe DC | 11,360,239,157 | 11,622,817,230 | (262,578,073) |
| 12 | Shinyanga MC | 7,567,236,533 | 7,911,893,123 | (344,656,590) |
| 13 | Bariadi DC | 19,689,789,262 | 19,818,702,569 | (128,913,307) |
| 14 | Ilala MC | 50,141,709,712 | 52,754,032,944 | (2,612,323,232) |
| 15 | Kisarawe DC | 8,578,884,769 | 8,593,913,800 | (15,029,031) |
| 16 | Kilwa DC | 12,126,511,558 | 12,269,802,181 | (143,290,623) |
| 17 | Mtwara MC | 9,321,109,000 | 9,391,582,000 | (70,473,000) |
| 18 | Rungwe DC | 20,419,308,868 | 20,427,740,689 | (8,431,821) |
| 19 | Mbozi DC | 24,035,687,425 | 25,094,294,981 | (1,058,607,556) |
| 20 | Ileje DC | 6,516,013,044 | 6,936,305,257 | (420,292,213) |
| 21 | Songea MC | 8,894,070,506 | 9,261,572,141 | (367,501,635) |
| 22 | Namtumbo DC | 6,810,233,191 | 7,378,514,339 | (568,281,148) |
| 23 | Iringa MC | 10,962,714,404 | 11,129,063,650 | (166,349,246) |
| 24 | Njombe DC | 27,352,245,701 | 27,989,669,383 | (637,423,682) |
| 25 | Njombe TC | 7,676,878,769 | 7,985,638,713 | (308,759,944) |
| 26 | Makete DC | 5,460,264,924 | 7,160,147,979 | (1,699,883,055) |

| | | | | |
|----|--------------|------------------------|------------------------|-------------------------|
| 27 | Mpanda DC | 21,072,772,439 | 22,803,225,000 | (1,730,452,561) |
| 28 | Nkasi DC | 5,871,112,950 | 9,160,984,408 | (3,289,871,458) |
| 29 | Mpwapwa DC | 13,700,872,301 | 13,829,894,097 | (129,021,796) |
| 30 | Singida DC | 14,084,463,839 | 17,353,317,000 | (3,268,853,161) |
| 31 | Morogoro DC | 16,224,028,027 | 18,623,453,246 | (2,399,425,219) |
| | Total | 426,419,510,511 | 451,774,320,398 | (25,354,809,887) |

Annexure 4

Unspent Development Funds/Grants Shs.175,774,156,104

| | Council | Development fund Available (Shs) | Expenditure (Shs) | Unspent/ Overspent Balance (Shs) |
|----|--------------|----------------------------------|-------------------|----------------------------------|
| 1 | Simanjiro DC | 12,918,033,116 | 12,809,780,090 | 108,253,026 |
| 2 | Kiteto DC | 1,410,694,755 | 870,971,345 | 539,723,410 |
| 3 | Hanang DC | 1,735,888,000 | 1,094,218,000 | 641,670,000 |
| 4 | Babati DC | 2,397,597,000 | 1,522,523,000 | 875,074,000 |
| 5 | Mbulu DC | 9,582,268,000 | 6,980,837,000 | 2,601,431,000 |
| 6 | Babati TC | 2,143,003,575 | 1,550,847,258 | 592,156,317 |
| 7 | Tanga CC | 3,107,340,826 | 1,637,876,061 | 1,469,464,765 |
| 8 | Muheza DC | 2,048,915,069 | 2,048,915,069 | - |
| 9 | Mkinga DC | 8,802,816,747 | 8,802,816,747 | - |
| 10 | Korogwe DC | 2,593,150,271 | 1,382,312,409 | 1,210,837,862 |
| 11 | Lushoto DC | 5,364,634,651 | 1,980,757,601 | 3,383,877,050 |
| 12 | Handeni DC | 1,888,675,150 | 1,888,675,150 | - |
| 13 | Pangani DC | 1,572,281,949 | 570,224,669 | 1,002,057,280 |
| 14 | Korogwe TC | 631,540,032 | 331,540,032 | 300,000,000 |
| 15 | Kilindi DC | 3,646,461,037 | 2,949,061,603 | 697,399,434 |
| 16 | Moshi MC | 2,221,920,684 | 1,420,812,645 | 801,108,039 |
| 17 | Moshi DC | 2,087,558,845 | 2,069,311,326 | 18,247,519 |
| 18 | Same DC | 4,824,309,604 | 1,400,995,481 | 3,423,314,123 |
| 19 | Rombo DC | 1,711,331,560 | 1,360,567,007 | 350,764,553 |
| 20 | Hai DC | 4,031,864,818 | 2,281,382,830 | 1,750,481,988 |

| | | | | |
|----|---------------|---------------|---------------|---------------|
| 21 | Siha DC | 3,166,725,659 | 1,094,038,915 | 2,072,686,744 |
| 22 | Mwanga DC | 1,323,256,833 | 1,318,193,047 | 5,063,786 |
| 23 | Arusha MC | 4,669,924,999 | 2,877,556,000 | 1,792,368,999 |
| 24 | Meru DC | 3,730,287,918 | 2,247,712,352 | 1,482,575,566 |
| 25 | Monduli DC | 2,702,832,000 | 137,556,000 | 2,565,276,000 |
| 26 | Ngorongoro DC | 3,612,416,127 | 1,481,500,695 | 2,130,915,432 |
| 27 | Karatu DC | 4,584,249,785 | 3,712,982,635 | 871,267,150 |
| 28 | Longido DC | 3,230,584,447 | 1,615,960,447 | 1,614,624,000 |
| 29 | Arusha DC | 2,179,945,000 | 950,792,000 | 1,229,153,000 |
| 30 | Magu DC | 9,139,070,709 | 6,444,697,636 | 2,694,373,073 |
| 31 | Kwimba DC | 2,924,811,583 | 1,318,777,192 | 1,606,034,391 |
| 32 | Mwanza CC | 6,264,567,231 | 5,711,260,137 | 553,307,094 |
| 33 | Misungwi DC | 3,322,787,127 | 2,240,630,031 | 1,082,157,096 |
| 34 | Geita DC | 6,130,214,428 | 5,451,548,306 | 678,666,122 |
| 35 | Sengerema DC | 4,755,103,000 | 3,347,822,000 | 1,407,281,000 |
| 36 | Ukerewe DC | 4,526,432,061 | 2,607,415,526 | 1,919,016,535 |
| 37 | Bukoba MC | 1,462,639,699 | 1,459,997,199 | 2,642,500 |
| 38 | Bukoba DC | 2,963,908,697 | 2,215,651,731 | 748,256,966 |
| 39 | Misenyi DC | 5,138,419,967 | 4,195,651,163 | 942,768,804 |
| 40 | Biharamulo DC | 2,863,333,162 | 1,746,945,631 | 1,116,387,531 |
| 41 | Chato DC | 2,247,410,001 | 1,532,996,289 | 714,413,712 |
| 42 | Karagwe DC | 3,775,050,217 | 3,553,986,013 | 221,064,204 |
| 43 | Muleba DC | 4,351,530,650 | 2,259,283,339 | 2,092,247,311 |

| | | | | |
|----|--------------------|----------------|---------------|----------------|
| 44 | Ngara DC | 5,465,139,309 | 3,602,049,868 | 1,863,089,441 |
| 45 | Shinyanga MC | 3,328,037,774 | 2,240,785,011 | 1,087,252,763 |
| 46 | Shinyanga DC | 2,983,267,023 | 1,561,636,168 | 1,421,630,855 |
| 47 | Bariadi DC | 6,485,991,717 | 4,290,042,955 | 2,195,948,762 |
| 48 | Kahama DC | 6,363,842,658 | 4,227,771,534 | 2,136,071,124 |
| 49 | Bukombe DC | 5,825,168,686 | 4,390,827,829 | 1,434,340,857 |
| 50 | Maswa DC | 3,982,849,720 | 2,628,245,843 | 1,354,603,877 |
| 51 | Meatu DC | 2,726,668,031 | 1,061,893,209 | 1,664,774,822 |
| 52 | Kishapu DC | 2,930,997,358 | 2,198,034,388 | 732,962,970 |
| 53 | Musoma MC | 4,708,959,419 | 3,138,101,135 | 1,570,858,284 |
| 54 | Musoma DC | 3,216,645,114 | 2,917,289,090 | 299,356,024 |
| 55 | Rorya DC | 3,414,774,658 | 1,247,620,304 | 2,167,154,354 |
| 56 | Tarime DC | 2,611,774,305 | 2,611,774,305 | - |
| 57 | Bunda DC | 2,558,598,196 | 2,004,770,604 | 553,827,592 |
| 58 | Serengeti DC | 5,209,795,840 | 3,199,284,710 | 2,010,511,130 |
| 59 | Temeke MC | 4,089,220,880 | 3,228,458,362 | 860,762,518 |
| 60 | Ilala MC | 6,306,898,608 | 5,692,352,364 | 614,546,244 |
| 61 | Kinondoni MC | 11,696,621,661 | 8,996,387,962 | 2,700,233,699 |
| 62 | Dar es Salaam City | 24,028,148,000 | 761,511,000 | 23,266,637,000 |
| 63 | Kibaha TC | 1,381,311,605 | 552,779,523 | 828,532,082 |
| 64 | Bagamoyo DC | 5,578,686,520 | 3,939,090,248 | 1,639,596,272 |
| 65 | Mkuranga DC | 5,991,898,752 | 3,188,264,167 | 2,803,634,585 |
| 66 | Rufiji DC | 3,932,118,586 | 2,170,652,148 | 1,761,466,438 |

| | | | | |
|----|---------------|---------------|---------------|---------------|
| 67 | Mafia DC | 2,119,562,000 | 1,566,015,000 | 553,547,000 |
| 68 | Kisarawe DC | 1,874,691,879 | 694,313,616 | 1,180,378,263 |
| 69 | Kibaha DC | 1,569,902,544 | 585,744,338 | 984,158,206 |
| 70 | Lindi TC | 758,011,733 | 245,501,884 | 512,509,849 |
| 71 | Lindi DC | 2,287,666,000 | 2,287,666,000 | - |
| 72 | Ruangwa DC | 2,737,398,000 | 1,991,998,000 | 745,400,000 |
| 73 | Nachingwea DC | 1,196,345,050 | 942,330,067 | 254,014,983 |
| 74 | Liwale DC | 1,261,667,000 | 694,847,000 | 566,820,000 |
| 76 | Mtwara MC | 2,019,365,000 | 1,264,519,000 | 754,846,000 |
| 77 | Mtwara DC | 1,305,755,000 | 1,273,383,000 | 32,372,000 |
| 79 | Masasi DC | 2,443,546,514 | 2,028,135,626 | 415,410,888 |
| 80 | Nanyumbu DC | 2,904,488,643 | 833,787,319 | 2,070,701,324 |
| 81 | Newala DC | 3,314,646,150 | 2,429,927,204 | 884,718,946 |
| 82 | Tandahimba DC | 2,035,850,618 | 1,497,586,048 | 538,264,570 |
| 83 | Mbeya CC | 6,916,568,888 | 6,310,623,237 | 605,945,651 |
| 84 | Mbeya DC | 2,401,339,609 | 1,100,659,001 | 1,300,680,608 |
| 85 | Mbarari DC | 2,857,885,659 | 2,532,132,998 | 325,752,661 |
| 86 | Rungwe DC | 4,157,187,107 | 2,597,548,871 | 1,559,638,236 |
| 87 | Mbozi DC | 4,368,374,546 | 2,947,019,472 | 1,421,355,074 |
| 88 | Chunya DC | 1,926,435,320 | 1,754,913,658 | 171,521,662 |
| 89 | Kyela DC | 2,287,535,096 | 1,677,423,630 | 610,111,466 |
| 90 | Ileje DC | 2,503,978,082 | 1,890,572,431 | 613,405,651 |
| 91 | Songea MC | 2,364,297,504 | 1,785,069,627 | 579,227,877 |

| | | | | |
|-----|-------------|---------------|---------------|---------------|
| 92 | Songea DC | 2,208,982,595 | 1,474,117,797 | 734,864,798 |
| 93 | Tunduru DC | 4,299,747,541 | 2,772,096,240 | 1,527,651,301 |
| 94 | Mbinga DC | 1,198,456,774 | 900,294,949 | 298,161,825 |
| 95 | Namtumbo | 3,916,339,982 | 3,253,078,451 | 663,261,531 |
| 96 | Iringa MC | 2,259,955,240 | 1,293,086,996 | 966,868,244 |
| 97 | Iringa DC | 5,739,455,566 | 3,940,169,916 | 1,799,285,650 |
| 98 | Mufindi DC | 6,321,911,459 | 3,172,786,828 | 3,149,124,631 |
| 99 | Njombe DC | 5,200,641,043 | 4,141,009,367 | 1,059,631,676 |
| 100 | Njombe TC | 3,131,703,965 | 2,683,165,030 | 448,538,935 |
| 101 | Makete DC | 2,477,163,246 | 1,234,571,701 | 1,242,591,545 |
| 102 | Ludewa DC | 4,556,198,624 | 2,743,174,255 | 1,813,024,369 |
| 103 | Kilolo DC | 4,208,932,948 | 3,780,366,850 | 428,566,098 |
| 104 | S'wanga MC | 2,130,367,528 | 2,887,905,584 | (757,538,056) |
| 105 | S'wanga DC | 6,008,547,159 | 4,012,952,592 | 1,995,594,567 |
| 106 | Mpanda DC | 9,267,583,274 | 7,486,538,515 | 1,781,044,759 |
| 107 | Mpanda Tc | 3,508,811,511 | 2,888,178,654 | 620,632,857 |
| 108 | Nkasi DC | 1,084,815,855 | 878,908,794 | 205,907,061 |
| 109 | Dodoma MC | 3,551,241,017 | 2,784,742,490 | 766,498,527 |
| 110 | Chamwino DC | 6,049,816,240 | 1,511,366,919 | 4,538,449,321 |
| 111 | Bahi DC | 3,826,609,196 | 2,249,039,070 | 1,577,570,126 |
| 112 | Kondoa DC | 3,487,748,941 | 1,728,421,501 | 1,759,327,440 |
| 113 | Mpwapwa DC | 2,080,800,218 | 590,876,325 | 1,489,923,893 |
| 114 | Kongwa DC | 4,603,465,908 | 2,288,800,162 | 2,314,665,746 |

| | | | | |
|-----|--------------|------------------------|------------------------|------------------------|
| 115 | Kigoma MC | 1,709,024,031 | 1,087,272,411 | 621,751,620 |
| 116 | Kigoma DC | 6,248,731,061 | 3,471,381,234 | 2,777,349,827 |
| 117 | Kasulu DC | 3,304,521,437 | 2,861,407,297 | 443,114,140 |
| 118 | Kibondo DC | 1,667,461,603 | 1,668,761,603 | (1,300,000) |
| 119 | Singida MC | 1,915,821,322 | 1,513,686,768 | 402,134,554 |
| 120 | Singida DC | 2,361,453,406 | 1,911,562,923 | 449,890,483 |
| 121 | Manyoni DC | 5,314,788,403 | 3,157,522,724 | 2,157,265,679 |
| 122 | Iramba DC | 7,479,816,000 | 5,155,514,000 | 2,324,302,000 |
| 123 | Tabora MC | 2,424,573,639 | 1,663,946,173 | 760,627,466 |
| 124 | Tabora DC | 3,258,124,867 | 1,679,719,386 | 1,578,405,481 |
| 125 | Sikonge DC | 1,186,403,881 | 892,831,900 | 293,571,981 |
| 126 | Urambo DC | 4,216,689,111 | 2,798,517,435 | 1,418,171,676 |
| 127 | Igunga DC | 2,873,844,275 | 1,586,343,486 | 1,287,500,789 |
| 128 | Nzega DC | 3,293,769,643 | 2,440,424,842 | 853,344,801 |
| 129 | Morogoro MC | 3,147,939,341 | 1,964,549,322 | 1,183,390,019 |
| 130 | Morogoro DC | 3,754,369,942 | 1,880,837,548 | 1,873,532,394 |
| 131 | Kilosa DC | 3,599,582,278 | 2,555,008,949 | 1,044,573,329 |
| 132 | Ulanga DC | 3,151,031,711 | 2,811,174,583 | 339,857,128 |
| 133 | Kilombero DC | 5,994,699,534 | 3,411,924,631 | 2,582,774,903 |
| 134 | Mvomero DC | 3,628,959,000 | 1,625,688,000 | 2,003,271,000 |
| | Total | 507,866,599,666 | 332,092,443,562 | 175,774,156,104 |

Annexure 5

ASSESSMENT OF INTERNAL CONTROL SYSTEMS IN LGAs

| Council | Inadequate Accounting system | Use of Manual Accounting Systems | Ineffective Internal Audit Functions Compliance with applicable reporting framework | Inefficiency Performance of Audit Committee | Lack of Risk Management Framework | Inadequate Information Control Environment | Lack of documented Fraud Prevention Plan | Inadequate Internal Control Environment |
|----------------------|------------------------------|----------------------------------|---|---|-----------------------------------|--|--|---|
| ARUSHA REGION | | | | | | | | |
| Arusha MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Karatu DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Meru DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Monduli DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ngorongoro DC | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ |
| Longido DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Arusha DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| COAST REGION | | | | | | | | |
| Bagamoyo DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Kibaha DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Kibaha TC | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Kisarawe DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mafia DC | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Mkuranga DC | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Rufiji/Utete DC | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| DSM REGION | | | | | | | | |

| | | | | | | | | |
|----------------------|---|---|---|---|---|---|---|---|
| D'salaam CC | ✓ | | | | | ✓ | ✓ | |
| Ilala MC | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Kinondoni MC | | | | | | | ✓ | |
| Temeke MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| DODOMA REGION | | | | | | | | |
| Bahi DC | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Chamwino DC | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Dodoma MC | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Kondoa DC | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Kongwa DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mpwapwa DC | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| IRINGA REGION | | | | | | | | |
| Iringa DC | ✓ | | | | | | | |
| Iringa MC | ✓ | | ✓ | | | | | |
| Ludewa DC | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ |
| Makete DC | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Mufindi DC | ✓ | | | ✓ | ✓ | | ✓ | |
| Njombe DC | ✓ | ✓ | ✓ | ✓ | | | | |
| Njombe TC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Kilolo DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| KAGERA REGION | | | | | | | | |
| Biharamulo DC | | | | | | | | |
| Bukoba DC | | | ✓ | | | | | |
| Bukoba MC | | | ✓ | | | | | |
| Karagwe DC | | | | | ✓ | ✓ | ✓ | ✓ |
| Muleba DC | | | ✓ | | | ✓ | ✓ | |
| Ngara DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Missenyi DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |

| | | | | | | | | |
|---------------------------|---|---|---|---|---|---|---|---|
| Chato DC | ✓ | ✓ | ✓ | | | ✓ | | |
| KIGOMA REGION | | | | | | | | |
| Kasulu DC | ✓ | | ✓ | ✓ | | | | |
| Kibondo DC | ✓ | ✓ | ✓ | ✓ | | | | |
| Kigoma DC | | | ✓ | ✓ | | | | ✓ |
| Kigoma/Ujiji MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| KILIMANJARO REGION | | | | | | | | |
| Hai DC | ✓ | | ✓ | ✓ | | ✓ | | ✓ |
| Moshi DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Moshi MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Siha DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mwanga DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Rombo DC | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Same DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| LINDI REGION | | | | | | | | |
| Kilwa DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Lindi DC | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Lindi TC | ✓ | | ✓ | | ✓ | | | ✓ |
| Liwale DC | ✓ | ✓ | ✓ | ✓ | | | | |
| Nachingwea DC | ✓ | ✓ | ✓ | ✓ | | | | |
| Ruangwa DC | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| MANYARA REGION | | | | | | | | |
| Babati DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hanang DC | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ |
| Kiteto DC | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mbulu DC | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Simanjiro DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Babati TC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | | | | | | | | |
|------------------------|---|---|---|---|---|---|---|---|
| MARA REGION | | | | | | | | |
| Musoma DC | ✓ | | ✓ | ✓ | | | ✓ | |
| Bunda DC | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Musoma MC | | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Serengeti DC | | | ✓ | ✓ | | ✓ | ✓ | |
| Tarime DC | ✓ | ✓ | | | ✓ | | ✓ | |
| Rorya DC | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| MBEYA | | | | | | | | |
| Chunya DC | | | ✓ | | | | | |
| Ileje DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Kyela DC | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Mbarali DC | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Mbeya DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mbeya CC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mbozi DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Rungwe DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| MOROGORO REGION | | | | | | | | |
| Kilombero DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Kilosa DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Morogoro DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Morogoro MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ulanga DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Mvomero DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| MTWARA REGION | | | | | | | | |
| Masasi DC | ✓ | | | ✓ | | ✓ | | |
| Mtwara DC | ✓ | | | | | | | ✓ |
| Mtwara MC | ✓ | | | | | ✓ | ✓ | |

| | | | | | | | | |
|-----------------------------|---|---|---|---|---|---|---|---|
| Newala DC | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| Tandahimba DC | ✓ | ✓ | | | ✓ | | | |
| Nanyumbu DC | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Masasi TC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| MWANZA REGION | | | | | | | | |
| Geita DC | ✓ | | ✓ | | ✓ | | ✓ | ✓ |
| Kwimba | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Magu | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Misungwi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mwanza CC | | | ✓ | ✓ | ✓ | ✓ | | |
| Sengerema DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Ukerewe DC | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| RUKWA REGION | | | | | | | | |
| Mpanda DC | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Mpanda TC | ✓ | ✓ | ✓ | ✓ | | | | |
| Nkasi DC | ✓ | | ✓ | ✓ | | | | ✓ |
| Sumbawanga DC | ✓ | | ✓ | ✓ | | | ✓ | |
| Sumbawanga MC | ✓ | | ✓ | ✓ | | ✓ | | ✓ |
| RUVUMA REGION | | | | | | | | |
| Mbinga DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Songea MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Songea DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tunduru DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Namtumbo DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| SHINYANGA REGION | | | | | | | | |
| Bariadi DC | ✓ | | ✓ | ✓ | ✓ | ✓ | | |
| Bukombe DC | | | | ✓ | ✓ | ✓ | | |

| | | | | | | | | |
|--------------------------|------------|-----------|------------|------------|-----------|-----------|-----------|-----------|
| Kahama DC | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Meatu DC | | | | ✓ | | | | ✓ |
| Shinyanga DC | | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Shinyanga MC | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Kishapu DC | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Maswa DC | ✓ | | ✓ | ✓ | | ✓ | | ✓ |
| SINGIDA REGION | | | | | | | | |
| Iramba DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Manyoni DC | ✓ | | ✓ | ✓ | ✓ | | | |
| Singida DC | ✓ | | ✓ | ✓ | ✓ | ✓ | | |
| Singida MC | ✓ | | ✓ | ✓ | ✓ | ✓ | | |
| TANGA REGION | | | | | | | | |
| Handeni DC | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Korogwe DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Korogwe TC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Lushoto DC | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| Muheza DC | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Pangani DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tanga CC | | | ✓ | ✓ | | ✓ | | ✓ |
| Kilindi DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mkinga DC | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| TABORA REGION | | | | | | | | |
| Igunga DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Nzega DC | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Sikonge DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| TaboraDC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tabora MC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Urambo DC | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Total No. of LGAs | 115 | 50 | 122 | 116 | 91 | 95 | 83 | 86 |

Annexure 6

Incorrect figures reported in the Financial Statements

(i) Statement of Financial position

| Council | Weakness |
|-----------------|---|
| Kisarawe DC | The property, plant and equipment includes additional assets valued Shs.694,313,616. Verification made in these additional assets revealed that some assets reported in the Final Financial Statements were neither procured nor constructed instead only funds were transferred to the Villages or Schools. |
| Rufiji/Utete DC | Additional assets reflected in the Financial Statements under Property, Plant and Equipment (Note 25) purchased under water fund was Shs.280,383,610 resulting in unexplained difference of Shs.40,196,610. In addition, boreholes constructed during the year under RWSSP amounting to Shs.176,874,879 reflected in the statement of Capital Expenditure and its Financing were noted not supported by detailed schedule analysis. |
| Temeke MC | Trade payable reported in the statement of cash flows had an overstatement of by Shs.9,704,102 in comparison with the figures reported in the statement of financial positions |
| Dodoma MC | There is a substantial variance between the amounts reported in the financial statement as compared to the supporting notes to the accounts as the reported Deferred income Capital grants Amount as per statement of financial position was Shs.6,831,624,162, while amount as per note 42 to the accounts was Shs.8,528,923,436 resulting into a variance of Shs.1,697,299,274. |

| | |
|------------|---|
| Mpwapwa DC | <ul style="list-style-type: none"> • There is a difference between property, plant and equipment presented in the financial statements and in the notes amounting to Shs.20,524,794. • Inventory reported in the statement of financial position was different from the amount presented in the notes to financial statements. This difference was caused by omission consumables reported under Note No 25. |
| Njombe TC | Audit noted a difference of Shs. 32,769,111 between the figure of Shs.186,432,724 reported in the deposit account balances for the year ended June 2010 and Deposit register balance Shs.219,201,836.00 in the Miscellaneous Deposit account |
| Kasulu DC | The value of Kasulu Bus Stand, one of the Council's Properties acquired during financial year 2009/10 has not been included in the figure of addition Property, Plant and Equipment reported. |
| Rombo DC | The submitted Financial Statements disclosed cash and cash equivalent figure as Shs.2,124,476,689 against verified figure of Shs.2,148,969,901 thus resulting in unexplained variance of Shs.24,493,212. |
| Kilwa DC | <ul style="list-style-type: none"> • Reported figure for Cash and cash equivalent Shs.3,042,262,002 did not Agree with Shs.3,031,858,931 as per verified figure thus result into overstatement of Shs. 10,403,070. • The reported figure in the statement of financial position of PPE was Shs.7,586,056,782, while the verified figure was Shs. 7,709,278,581, resulting into an understatement of Shs.123,221,799. • Schedule supporting Statement of Financial Position for the year 30th June 2010 reflected property, plant and Equipment of Shs.6,246,559,798 while the account balance reflected Shs 7,709,278,581 resulting into unreconciled balance of Shs.1,462,718,780. |

| | |
|-------------|---|
| Babati DC | The Statement of financial position as at 30 th June 2010 disclosed investments to the Local Government Loan Board of Shs.16,831,000 but the verified figure as per LGLB records is 12,444,210. The reported figure therefore was overstated by 4,386,790. |
| Kilosa DC | <ul style="list-style-type: none"> The balance of cash and cash equivalent brought forward this financial year changed from Shs.1,719,579,353 closing balance of previous year to Shs.1,750,933,156 brought forward results to overstatement of opening balance of cash and cash equivalent by Shs.31,353,802. Shs.172,742,805 was included in cash and cash equivalent Note 24 as cash balances in respect of transfers made to Villages, Wards, Dispensaries, Health centers, Primary Schools and Secondary School as at 30th June, 2010. However; the schedule of balances attached at page 84 - 86 were not supported by proper justification such as bank statements or certificate of bank balance confirmation to confirm the genuineness of the reported figure. |
| Morogoro DC | Account payables on note 33 together with cash and cash equivalents note 19 for Miscellaneous Deposit account revealed the difference of Shs.119,140,006 |
| Masasi TC | Receivables of Shs.67,110,223 reflected in the statement of financial position included Shs.66,616,923 which are inter account transfers. |
| Magu | The balances of drugs and equipment, and loose tools reported on the financial statement had a difference of Shs.3,061,000 between the figure of Shs.16,235,300 and certified Stock sheet balances of Shs.13,174,300 by Shs.3,061,000. |
| Mwanza CC | The statement of financial position incorrectly reflected outstanding payables of Shs.2,084,870,291 against Shs.2,146,869,777 as per schedules submitted together the financial statements thus causing a difference of Shs. 61,999,486. |

| | |
|------------|---|
| Ukerewe DC | <ul style="list-style-type: none"> • Current asset of Shs.2,916,673,051, was overstated by 43,753,174. • Non current asset disclosed Shs.22,667,759,269 which was understated by Shs.2,943,376,138. • Current liabilities disclosed of Shs.1,457,236,027, was over stated by Shs.417,058,803. • Non current liabilities disclosed Shs.3,878,840,805 as deffered capital grant; however the amount was understated by Shs.8,369,694,199. |
| Mpanda DC | <ul style="list-style-type: none"> • The cash flow statement reflected Shs.3,699,808,000 as increase in inventory while actual increase was Shs.132,530,583 was posted in trial balance without having originating balance from general ledger. |
| Mpanda TC | The Council has misposting in some items which caused a difference of Shs.180,806,394 between amount in ledger of Shs. 19,007,867 and amount as per trial balance of Shs.199,814,261. |
| Nkasi DC | <ul style="list-style-type: none"> • The figure for cash and cash equivalent was overstated by Shs.1,384,083,268 • There is Understatement of cash and cash equivalent in the statement of financial position and statement of cash flows by Shs.416,521.70 |
| Songea DC | Review of the closing stock disclosed in the statement of financial position indicated that only power tillers were disclosed as stock with the amount of Shs. 250,000,000 while stock taking conducted on 30/6/2010 indicated that the council had stock balance worth Shs. 274,678,300 hence understating stock by Shs.24,678,300. |

| | |
|------------|---|
| Kishapu DC | Audit scrutiny of Cash books together with reconciliation reports noted unknown payments amounting to Shs.754,064,592 to have been paid by the Council from various bank accounts. On the other hand, the amount of Shs.754,064,592 was wrongly recognized as other financial assets held to maturity under current assets in Note 21 supporting current assets in the Statement of Financial Position. |
| Singida MC | The Statement of Financial Position disclosed outstanding loan of Shs.29,154,455 from Local Government Loans Board. However the correct figure from Local Government Loans Board was Shs.36,058,540 hence understated by Shs.6,904,085. |
| Korogwe DC | The statement of financial position as at 30 th June,2010 disclosed Cash and cash equivalent of Shs.2,424,131,093 which was not confirmed during audit because of anomalies noted in the bank reconciliation statements |
| Korogwe TC | The statement of financial position as at 30 th June,2010 disclosed Cash and cash equivalent of Shs.1,388,079,944 against actual figure Shs.1,350,085,193 resulting into un-reconciled difference of Shs.37,994,751. |
| Pangani DC | <ul style="list-style-type: none"> The statement financial position as at 30th June,2010 disclosed deferred income (Capital grant)-Shs.1,694,235,150 while unapplied grants in the statement of capital expenditure and its financing was Shs. 2,238,983,199 resulting into difference of Shs. 544,748,049. |
| Igunga DC | Note 11 to the financial statements disclosed balance of recurrent grants amounting to Shs.516,936,000. However, the correct figure is Shs.40,380,000 thus overstating the figure by Shs.476,556,000 |

| | |
|-----------|--|
| Tabora MC | The examination of case register revealed that the Municipal Director was ordered to pay Shs.74,343,357 to Majajulu Investment Limited. However, this amount was reflected in the schedules to financial statements as Shs.42,000,000 while the register reflected an outstanding liability of Shs.74,343,357 resulting into understatement by Shs.32,343,357. |
| Urambo DC | Note 25 to the financial statements have disclosed receivables and prepayments amounting to Shs.270,939,148 as at 30 th June 2010. This includes amount due from customers for contract work amounting Shs.20,394,450. However, further audit tests discovered that the reported amount has been overstated by Shs.3,470,000. |

(ii) Statement of Financial performance

| Council | Weakness |
|--------------|---|
| Bagamoyo DC | The statement of financial performance for the year under review 2009/10 reflected recurrent grants of Shs.16,135,984,991. However, review of the related notes No.10 to the financial statements noted that revenue grants received under RWSSP was erroneously reflected as Shs.11,228,350 instead of Shs.105,198,785 thus, making understatement of revenue grants reported of Shs.93,970,435, the actual revenue grants received should therefore be Shs.16,229,955,426 and not Shs.16,135,984,991. |
| Kinondoni MC | The total payment in the Maintenance component was Shs.9,226,705,601 and not Shs.3,771,617,958 as indicated in the financial statements thus causing the understatements of Shs.5,455,867,644. |
| Mbeya CC | Receipts and expenditure statements were misstated due to the omission and errors made in extracting accounts balances from general ledgers to individual trial balances thus resulting into a variance of Shs.358,807,206. |

| | |
|------------|---|
| Geita DC | Statement of financial performance closed with a surplus of Shs.482,442,167,000 as at 30 th June 2010. However, I noted that the figure for recurrent grants as calculated in Note 11 to the financial statements was overstated by Shs.168,982,000 which affected also the reported surplus as well as cash generated from operating activities in the cash flow statement |
| Ukerewe DC | <ul style="list-style-type: none"> • Total revenue disclosed of Shs.10,013,197,002 was over stated by Shs.28,226,837 the correct figure should read Shs.10,041,423,839, • Total expenditure disclosed of Shs.10,309,576,227 was understated by Shs.3,177,528,466 being salary deductions and therefore correct figure should read Shs.13,487,104,693. |
| Kishapu DC | The Statement of financial performance as at 30 th June, 2010 reported an amount of Shs.469,887,398 in respect of amortisation of Capital Grant. Note 25 of the financial Statement (Deferred income-Capital Grant) reported accumulated amortisation at the end of the year of Shs.1,656,661,931. However, Note 29 of the financial Statement (PPE) reported an amount of Shs.1,782,332,482 in respect of accumulated amortisation at the end of the year, hence resulted to understatement of Shs.125,670,551. |

| | |
|------------|---|
| Korogwe TC | <ul style="list-style-type: none"> • The statement of financial performance together with note 20 submitted together with the financial statements for the year ended 30th June, 2010 reported grants and other transfer payments of Shs.24,505,400 which only comprised of allowances contrary to the nature of the component, thus misclassified the transaction. • Note 11 to the financial statements submitted as at 30th June, 2010 reflected total recurrent grants available during the year of Shs.7,017,148,112 against Shs.6,922,572,815 resulting into a difference of Shs.94,575,297 which attributed to addition error when preparing note 11. • The Statement of financial performance for the year ended 30th June, 2010 reflected revenue collected under fees, fines, penalties and licenses of Shs.74,895,845 against Shs.60,058,597 obtained from the revenue cash book causing a difference of Shs.14,837,248. |
| Igunga DC | Note 11 to the financial statements disclosed balance of recurrent grants amounting to Shs.516,936,000. However, the correct figure is Shs.40,380,000 thus the closing balance of recurrent grants was overstated by Shs.476,556,000. |
| Sikonge DC | Note 18 to the financial statements have disclosed supplies and Consumables amounting Shs.2,017,260,101. However this includes travel and subsistence of Shs.17,667,510 which is irrelevant to the reported item. |

(iii) Cash flow statement

| Council | Weakness |
|-------------|---|
| Mafia DC | <ul style="list-style-type: none">• Increase or decrease of current assets as items of operating activities was wrongly calculated. The comparison of previous year figures and the current year figures resulted into a difference of Shs.194,762,820• Statement of Capital Expenditure and its financing (Note 38) reported actual expenditure of Shs.1,566,015,550 during the year. However, the Cash flow statement reflected a different figure of Shs.1,561,152,000 as cash flow from investing activities, thus resulting into a difference of Shs.4,863,550. |
| Mkuranga DC | Differences were noted between capital expenditure receipts during the year amounting to Shs.3,816,619,921 (Note 44) and Shs.3,188,264,167 reflected in the Cash flow from financing activities as receipts for development projects. |
| Temeke MC | A copy of consolidated financial statements of the LGLB for the year ended 30 th June, 2010 disclosed that, the Council had outstanding balance of Shs.176,017,600 while the Council reported Shs.167,217,600 in the statement of financial position (Note 22) which results to an overstated statement of cash flows by Shs.8,800,000. |
| Dodoma MC | The cashflow statement for the year 2009/10 submitted together with other financial statements disclosed a total developments grants received of Shs.1,050,759,328 as part of financing activities. However, the submitted statement of capital expenditure and its financing disclosed an amount of Shs. 3,232,895,997 as actual receipts during the year, thus causing an understatement of Shs. 2,182,136,669. |

| | |
|---------------|--|
| Hanang DC | Audit review of capital expenditure and its financing noted that the figure for financing activities should be Shs.1,735,888,000 instead of Shs 1,094,218,000, shown as the cash in flows for investing activities as a result the cash flow was understated by Shs.641,670,000. |
| Babati TC | The figure of net cash from investing activities Shs.1,663,526,312 is overstated by including a balancing figure of Shs.112,679,054 referred to as “Unapplied funds”. Principally, unapplied funds should have formed part of net increase in cash and cash equivalent and cannot be part of investing activities. |
| Mbarari DC | The cashflow statement submitted together with other financial statements disclosed a total net cash from operating activities of Shs.1,554,695,335. However, amortization of capital grant of Shs.572,485,820 which is non cash item was not deducted from non cash items thus resulting into an overstatement of Shs.572,485,820 of net cash flow from operating activities. |
| Kilosa DC | The balance of cash and cash brought forward this financial year changed from Shs.1,719,579,353 closing balance of previous year to Shs.1,750,933,156 brought forward results to overstatement of opening balance of cash and cash equivalent by Shs. 31,353,802. |
| Mpanda TC | Audit verification of figures in cash flows statement revealed that the figures were wrongly posted in the cash flows statement thus misstating the statement by Shs. 58,614,563. |
| Sumbawanga DC | Verification of cash flows statement, statement of financial position and notes to the financial statements revealed that the figures adopted in the preparation of the cash flows statement were found not to be correct as reflected a misstatement of Shs.1,394,261,015. |
| Mbinga DC | In the cash flow statement a total of Shs.2,318,506,507 was disclosed as a deferred revenue grant, however the audit revealed that it was understated by Shs.166,727,197. |

| | |
|------------|--|
| Kishapu DC | The verified figure of Surplus during the year under review amounted to Shs.243,069,406 whereas the Cash flow Statement showed a figure of Shs.117,398,855. The verified figure of amortisation of Capital Grant amount to Shs.595,557,949 whereas the Cash flow Statement showed a figure of Shs.469,887,398. |
| Korogwe DC | A sum of Shs.21,342,200 were disclosed in the cash flow statement as Investments with LBLG under investing activities. The disclosed amount related to previous years and it did not involve cash movement during the financial year under review. The amount of net cash from investing activities was overstated by the same amount. |
| Korogwe TC | The Cash flow statement reflected deferred income (Capital grant) of Shs.238,107,028 as development grants received during the year against Shs.585,866,032 reflected in the Statement of Capital Expenditure and its Financing resulting into difference of Shs.347,739,004. |
| Pangani DC | The statement of cash flow as at 30 th June, 2010 disclosed development grants received of Shs.676,940,669 against the figure shown in the statement of capital expenditure and it's financing (deferred income during the year) of Shs.975,739,649 resulting into a difference of Shs.298,798,980. |
| Igunga DC | Cash flow statement for the year ended 30 th June 2010 reflected development grants received during the year amounting to Shs.1,421,529,000 against Shs.2,552,296,232 reported in the capital expenditure and its financing. |
| Nzega DC | The amount of Development Grant received under cash flow from financing activities in the cash flow statement of Shs.2,358,242,842 was disclosed differently from the figure which was reported in Statement of capital expenditure and its financing of Shs.2,811,039,004 thus differs by Shs.452,796,162 |

(iv) Statement of capital expenditure and its financing

| Council | Weakness |
|-----------------|--|
| Bagamoyo DC | The Statement of Capital Expenditure and its Financing reflected balance brought down during the year of Shs.1,330,835,471. Further, the same statements reflected Shs.5,235,507,265 and Shs.3,939,090,248 in respect of Capital receipts and Capital expenditures respectively during the year. However, reviews of the statements submitted were totally misleading due to wrong additions, subtractions and omission noted. |
| Rufiji/Utete DC | The statement of Capital expenditure and its financing reports total actual revenue received as Shs.3,568,469,628 when the cash flow statement for the year ended 30 June 2010 reports Development grants received as Shs.1,827,153,761. Reason of the different in figures was not provided. |
| Dodoma MC | The statement of capital expenditure and its financing for the year 2009/10 submitted together with the financial statements disclosed total capital receipts of Shs.3,967,542,658 instead of Shs.3,551,241,018 which was obtained after adding opening balance of Shs.318,345,020 with actual receipts during the year of Shs.3,232,895,997, hence overstating the unspent capital by Shs.416,301,640. |
| Liwale DC | During the year under review, the management reported Statement of Capital Expenditures amounting to Shs.694,847,000. However, a comparison of the year end balances between the financial statements and relevant schedule of final financial statements which were submitted for audit, found numerous material omissions and significant differences. |

| | |
|----------|---|
| Mbeya CC | The statement of Capital Expenditure and its financing as at 30 th June, 2010 reflected an amount of Shs. 6,715,192,888 including the previous year's unspent balance of Shs.236,126,000 in respect of total Capital development grants received during the year under review. However, audit computation on the same Statement submitted disclosed the reported figure has been understated by Shs.4,692,736,888. |
|----------|---|

(v) **Statement of changes in net assets**

| Council | Weakness |
|------------|---|
| Lindi TC | Examination of the statement of changes in Net Assets for the year ended 30 th June, 2010 disclosed that the statement of changes in Net Asset was overstated by Shs.149,614,461 as the Reported figure of Shs.246,496,800 differs with actual figure of Shs.96,882,339 |
| Dodoma MC | The statement of changes in net assets for the year 2009/10 submitted together with other financial statements disclosed surplus/deficit for the year of Shs.214,485,080 instead of Shs.1,707,676,690 which was obtained in the statement of financial performance as at the year end thus understating the figure by Shs.1,493,191,610. |
| Kishapu DC | The statement of Changes in net assets as at 30 th June, 2010 reported an amount of Shs.(103,296,272) in respect of accumulated Surplus (deficit). However, the statement of financial performance reported an amount of Shs.117,398,855 for surplus (deficit) during the year under review, hence resulted to understatement of Shs.125,670,551 |

Annexure 7

Missing Payment Vouchers (Unvouched Expenditure) Shs.2,830,338,208

| S/N | Name of Council | Amount (Shs.) |
|-----|-----------------|----------------|
| 1 | Arusha MC | 57,426,376 |
| 2 | Karatu DC | 31,423,650 |
| 3 | Meru DC | 1,595,178 |
| 4 | Monduli DC | 5,416,000 |
| 5 | Longido DC | 40,983,532.71 |
| 6 | Bagamoyo DC | 92,935,100 |
| 7 | Kisarawe DC | 1,350,000 |
| 8 | Rufiji/Utete DC | 15,977,500 |
| 9 | Dodoma MC | 6,589,000 |
| 10 | Ruangwa DC | 411,876,805.55 |
| 11 | Chato DC | 35,261,757 |
| 12 | Kasulu DC | 8,939,476 |
| 13 | Same DC | 83,940,229.08 |
| 14 | Kilwa DC | 144,994,980.96 |
| 15 | Babati DC | 35,109,084 |
| 16 | Hanang DC | 13,751,000 |
| 16 | Mbulu DC | 209,508.16 |
| 17 | Simanjiro DC | 6,219,339.94 |
| 18 | Tarime DC | 24,335,886.80 |
| 19 | Mbarari DC | 34,040,000 |
| 20 | Mbeya CC | 6,881,800 |
| 21 | Rungwe DC | 3,676,000 |
| 22 | Kilombero DC | 3,359,437 |
| 23 | Masasi DC | 19,790,000 |
| 24 | Geita DC | 54,913,157 |

| | | |
|--------------|-------------|----------------------|
| 25 | Kwimba DC | 37,180,000 |
| 26 | Misungwi DC | 63,645,996 |
| 27 | Mpanda TC | 42,921,265 |
| 28 | Nkasi DC | 1,656,900 |
| 29 | Tunduru DC | 12,524,523.15 |
| 30 | Namtumbo DC | 5,940,000 |
| 31 | Kishapu DC | 1,393,123,804 |
| 32 | Maswa DC | 11,336,000 |
| 33 | Korogwe TC | 119,938,993 |
| 34 | Urambo DC | 1,075,929 |
| Total | | 2,830,338,208 |

Annexure 8

Payments made without proper supporting documents (Improperly Vouched) Shs. 5,515,453,908

| S/N | Name of Council | Amount(Shs) |
|-----|-----------------|----------------|
| 1 | Arusha MC | 16,041,000 |
| 2 | Karatu DC | 4,396,495 |
| 3 | Meru DC | 5,065,402 |
| 4 | Monduli DC | 42,259,848 |
| 5 | Longido DC | 20,659,000 |
| 6 | Kinondoni MC | 4,846,000 |
| 7 | Temeke MC | 5,830,000 |
| 8 | Chamwino DC | 31,560,770 |
| 9 | Dodoma MC | 46,306,498 |
| 10 | Iringa DC | 491,380,196 |
| 11 | Ruangwa DC | 803,959,614.53 |
| 12 | Njombe TC | 1,240,000 |
| 13 | Kilolo DC | 20,823,688 |
| 14 | Biharamulo DC | 34,415,500 |
| 15 | Bukoba DC | 64,992,270.14 |
| 16 | Muleba DC | 9,600,000 |
| 17 | Missenyi DC | 9,044,625.15 |
| 18 | Kasulu DC | 31,169,058 |
| 19 | Kibondo DC | 967,666,496 |
| 20 | Kigoma/Ujiji MC | 11,286,445 |
| 21 | Hai DC | 35,072,736.16 |
| 22 | Moshi MC | 11,023,992 |
| 23 | Mwanga DC | 46,563,500.10 |
| 24 | Same DC | 4,478,126.65 |

| | | |
|----|---------------|----------------|
| 25 | Kilwa DC | 449,681,751.83 |
| 26 | Liwale DC | 378,494,275 |
| 27 | Nachingwea DC | 21,387,111 |
| 28 | Babati DC | 23,080,000 |
| 29 | Hanang DC | 116,468,930 |
| 30 | Kiteto DC | 41,148,782 |
| 31 | Mbulu DC | 5,042,646 |
| 32 | Simanjiro DC | 14,493,989 |
| 33 | Babati TC | 153,528,149.67 |
| 34 | Musoma DC | 14,340,000 |
| 35 | Bunda DC | 31,759,989 |
| 36 | Serengeti DC | 90,555,436 |
| 37 | Tarime DC | 15,591,576 |
| 38 | Rorya DC | 49,278,700 |
| 39 | Mbarari DC | 6,310,000 |
| 40 | Mbeya CC | 4,820,000 |
| 41 | Rungwe DC | 5,100,000 |
| 42 | Morogoro DC | 147,040,898 |
| 43 | Masasi DC | 16,668,682.17 |
| 44 | Mtwara DC | 78,130,000 |
| 45 | Mtwara MC | 837,000.00 |
| 46 | Kwimba DC | 8,070,000 |
| 47 | Magu | 251,120,465 |
| 48 | Misungwi DC | 13,800,353 |
| 49 | Mwanza CC | 148,410,500 |
| 50 | Sengerema DC | 83,619,400 |
| 51 | Mpanda DC | 3,264,750 |
| 52 | Mpanda TC | 41,746,552.35 |
| 53 | Nkasi DC | 14,341,000 |
| 54 | Sumbawanga DC | 7,014,581 |
| 55 | Sumbawanga MC | 14,317,450 |

| | | |
|--------------|--------------|----------------------|
| 56 | Songea MC | 9, 566,700 |
| 57 | Songea DC | 3,917,500 |
| 58 | Tunduru DC | 1,704,000 |
| 59 | Namtumbo DC | 4,858,000 |
| 60 | Bukombe DC | 41, 045,000 |
| 61 | Kahama DC | 2,123,300 |
| 62 | Shinyanga DC | 5,727,124.08 |
| 63 | Kishapu DC | 144,089,120 |
| 64 | Maswa DC | 13,181,395 |
| 65 | Korogwe TC | 174,310,892 |
| 66 | Pangani DC | 21,500,000 |
| 67 | Nzega DC | 11,900,163 |
| 68 | Sikonge DC | 5,000,000 |
| 69 | TaboraDC | 11,849,900 |
| 70 | Tabora MC | 13,061,128 |
| 71 | Urambo DC | 82,475,458 |
| Total | | 5,515,453,908 |

Deferred payments Shs. 620,278,565

| S/N | Name of Council | Amount (Shs.) |
|-----------------------|-----------------|--------------------|
| 1 | Karatu DC | 12,536,000 |
| 2 | Longido DC | 20,658,335 |
| 3 | Arusha DC | 3,564,000 |
| 4 | Kinondoni MC | 83,038,574 |
| 5 | Chamwino DC | 11,420,800 |
| 6 | Dodoma MC | 29,173,860 |
| 7 | Kongwa DC | 14,212,250 |
| 8 | Bukoba MC | 26,285,028.92 |
| 9 | Moshi MC | 112,213,369 |
| 10 | Siha DC | 40,583,040 |
| 11 | Mwanga DC | 34,113,753.87 |
| 12 | Rombo DC | 24,440,351.50 |
| 13 | Same DC | 21,711,948 |
| 14 | Liwale DC | 1,650,250 |
| 15 | Hanang DC | 51,370,679 |
| 16 | Kiteto DC | 19,510,000 |
| 17 | Magu | 6,700,000 |
| 18 | Mwanza CC | 8,183,000 |
| 19 | Sengerema DC | 2,362,000 |
| 20 | Ukerewe DC | 49,112,766 |
| 21 | Maswa DC | 15,379,280 |
| 22 | Kilindi DC | 1,480,000 |
| 23 | Sikonge DC | 4,784,480 |
| 24 | Urambo DC | 25,794,800 |
| Total (24) | | 620,278,565 |

Annexure 10

Unclaimed salaries not Remitted to Treasury Shs.1,185,252,606

| S/N | Name of Council | Amount (Shs.) |
|-----|-----------------|---------------|
| 1 | Arusha MC | 5,609,448.23 |
| 2 | Karatu DC | 16,524,108.16 |
| 3 | Monduli DC | 2,980,603.28 |
| 4 | Longido DC | 28,626,256 |
| 5 | Kisarawe DC | 15,356,114.07 |
| 6 | Mafia DC | 3,532,075.30 |
| 7 | Mkuranga DC | 14,881,265.26 |
| 8 | Ilala MC | 27,389,762 |
| 9 | Iringa DC | 26,877,436.58 |
| 10 | Mufindi DC | 4,410,540 |
| 11 | Njombe DC | 15,722,198.35 |
| 12 | Bukoba DC | 10,762,662.32 |
| 13 | Muleba DC | 3,516,948.79 |
| 14 | Kigoma/Ujiji MC | 48,872,145 |
| 15 | Moshi MC | 6,604,238 |
| 16 | Mwanga DC | 23,728,582.86 |
| 17 | Rombo DC | 1,560,881.81 |
| 18 | Liwale DC | 4,170,392.00 |
| 19 | Ruangwa DC | 2,652,305.94 |
| 20 | Babati DC | 1,628,410 |
| 21 | Kiteto DC | 27,963,340 |
| 22 | Mbulu DC | 11,299,628.98 |
| 23 | Babati TC | 16,897,000 |
| 24 | Chunya DC | 4,095,563 |
| 25 | Ileje DC | 109,698,842 |
| 26 | Mbeya CC | 40,811,968 |
| 27 | Mbozi DC | 46,868,337 |

| | | |
|--------------|---------------|----------------------|
| 28 | Kilombero DC | 27,552,083 |
| 29 | Morogoro MC | 8,076,558.88 |
| 30 | Ulanga DC | 59,456,636.83 |
| 31 | Mvomero DC | 17,751,283 |
| 32 | Masasi DC | 31,656,695 |
| 33 | Tandahimba DC | 13,487,586.30 |
| 34 | Geita DC | 27,672,753 |
| 35 | Kwimba DC | 16,247,200 |
| 36 | Magu | 22,058,689 |
| 37 | Misungwi DC | 23,953,808 |
| 38 | Mwanza CC | 106,142,575 |
| 39 | Sengerema DC | 43,462,812 |
| 40 | Mpanda DC | 5,227,823 |
| 41 | Tunduru DC | 14,629,455 |
| 42 | Bariadi DC | 7,011,879.73 |
| 43 | Meatu DC | 3, 058,300 |
| 44 | Shinyanga DC | 8,915,776.95 |
| 45 | Kishapu DC | 40,964,790 |
| 46 | Iramba DC | 17,504,172 |
| 47 | Manyoni DC | 15,450,394 |
| 48 | Singida MC | 29,905,200 |
| 49 | Handeni DC | 12,313,738 |
| 50 | Korogwe DC | 31,861,192 |
| 51 | Lushoto DC | 23,250,578.61 |
| 52 | Pangani DC | 24,056,793.97 |
| 53 | Kilindi DC | 9,114,105 |
| 54 | Nzega DC | 19,097,570 |
| 55 | TaboraDC | 2,331,105 |
| Total | | 1,185,252,606 |

Annexure 11

Payment of salaries to absconded/ retired/unreported workers Shs.583,221,297

| S/N | Name of Council | Amount (Shs.) |
|-----|-----------------|---------------|
| 1 | Arusha MC | 31,583,428.20 |
| 3 | Meru DC | 3,458,842 |
| 4 | Longido DC | 2,010,784 |
| 5 | Bagamoyo DC | 478,681.52 |
| 6 | Rufiji/Utete DC | 1,513,198.15 |
| 7 | D'salaam CC | 15,507,940 |
| 8 | Kinondoni MC | 56,014,740.38 |
| 9 | Bahi DC | 1,544,890 |
| 10 | Chamwino DC | 2,593,379 |
| 11 | Dodoma MC | 5,988,945 |
| 12 | Kongwa DC | 2,446,194 |
| 13 | Biharamulo DC | 2,088,838.37 |
| 14 | Ngara DC | 15,531,684 |
| 15 | Kibondo DC | 7,236,739 |
| 16 | Kigoma/Ujiji MC | 18,919,324 |
| 17 | Moshi MC | 3,341,543 |
| 18 | Siha DC | 3,880,270.82 |
| 19 | Mwanga DC | 4,445,128.76 |
| 20 | Rombo DC | 28,043,643.95 |
| 21 | Same DC | 6,140,153.72 |
| 22 | Liwale DC | 3,064,244.15 |
| 23 | Babati DC | 1,628,410 |
| 24 | Musoma MC | 833,932.47 |
| 25 | Chunya DC | 2,614,856 |
| 26 | Kyela DC | 4,662,244 |

| | | |
|--------------|--------------|--------------------|
| 27 | Kilombero DC | 8,680,936 |
| 28 | Kilosa DC | 34,835,826.29 |
| 29 | Kwimba DC | 16, 111,245 |
| 30 | Magu DC | 81,817,088 |
| 31 | Misungwi DC | 1,461,409 |
| 32 | Ukerewe DC | 92, 792,690 |
| 33 | Tunduru DC | 5,098,783 |
| 34 | Maswa DC | 21,823,586.39 |
| 35 | Manyoni DC | 1,390,105.48 |
| 36 | Singida MC | 4,485,343 |
| 37 | Korogwe DC | 16,796,234 |
| 38 | Urambo DC | 72,356,016 |
| Total | | 583,221,297 |

Annexure 12

Employees Excessive Borrowing not controlled

| S/N | Region | Name of Council |
|-----|----------|-----------------|
| 1 | Arusha | Meru DC |
| 2 | | Ngorongoro DC |
| 3 | | Longido DC |
| 4 | | Arusha DC |
| 5 | Coast | Rufiji/Utete DC |
| 6 | Dsm | D'salaam CC |
| 7 | | Kinondoni MC |
| 8 | Dodoma | Chamwino DC |
| 9 | | Dodoma MC |
| 10 | | Kondoa DC |
| 11 | | Kongwa DC |
| 12 | | Mpwapwa DC |
| 13 | Manyara | Babati DC |
| 14 | | Simanjiro DC |
| 15 | Mbeya | Chunya DC |
| 16 | | Ileje DC |
| 17 | | Kyela DC |
| 18 | | Mbeya DC |
| 19 | Morogoro | Kilombero DC |
| 20 | | Morogoro DC |
| 21 | | Ulanga DC |
| 22 | Mtwara | Mtwara DC |
| 23 | Mwanza | Ukerewe DC |
| 24 | Ruvuma | Mbinga DC |
| 25 | | Tunduru DC |
| 26 | | Namtumbo DC |
| 27 | Singida | Iramba DC |

| | | |
|----|--------|------------|
| 28 | | Manyoni DC |
| 29 | | Singida DC |
| 30 | | Singida MC |
| 31 | Tanga | Korogwe TC |
| 32 | | Muheza DC |
| 33 | | Tanga CC |
| 34 | Tabora | Sikonge DC |
| 35 | | Tabora MC |
| 36 | | Urambo DC |

Annexure 13

Missing Revenue Receipts Books 948

| S/No | Region | Name of Council | Number of books |
|------|-------------|-----------------|-----------------|
| 1. | Arusha | Arusha MC | 11 |
| 2. | | Monduli DC | 33 |
| 3. | | Ngorongoro DC | 168 |
| 4. | Coast | Kibaha TC | 1 |
| 5. | Dodoma | Bahi DC | 38 |
| 6. | | Chamwino DC | 15 |
| 7. | | Dodoma MC | 9 |
| 8. | | Kongwa DC | 7 |
| 9. | Iringa | Iringa DC | 5 |
| 10. | | Makete DC | 7 |
| 11. | | Mufindi DC | 7 |
| 12. | Kagera | Bukoba DC | 4 |
| 13. | Kigoma | Kigoma/Ujiji MC | 42 |
| 14. | Kilimanjaro | Moshi DC | 65 |
| 15. | | Mwanga DC | 36 |
| 16. | | Same DC | 35 |
| 17. | Lindi | Kilwa DC | 101 |
| 18. | | Lindi TC | 2 |
| 19. | | Liwale DC | 2 |
| 20. | | Ruangwa DC | 20 |
| 21. | Manyara | Babati DC | 53 |
| 22. | | Hanang' DC | 4 |
| 23. | | Kiteto DC | 3 |
| 24. | | Mbulu DC | 3 |

| S/No | Region | Name of Council | Number of books |
|--------------|-----------|-----------------|-----------------|
| 25. | | Babati TC | 14 |
| 26. | Mbeya | Kyela DC | 8 |
| 27. | | Mbarali DC | 1 |
| 28. | | Mbeya CC | 4 |
| 29. | Mbeya | Rungwe DC | 28 |
| 30. | Mtwara | Masasi DC | 6 |
| 31. | | Mtwara MC | 41 |
| 32. | Mwanza | Kwimba DC | 41 |
| 33. | | Magu DC | 10 |
| 34. | | Misungwi DC | 26 |
| 35. | | Mwanza CC | 4 |
| 36. | | Sengerema DC | 6 |
| 37. | | Ukerewe DC | 38 |
| 38. | Rukwa | Mpanda TC | 1 |
| 39. | Ruvuma | Mbinga DC | 5 |
| 40. | | Songea MC | 5 |
| 41. | | Tunduru DC | 4 |
| 42. | | Namtumbo DC | 3 |
| 43. | Shinyanga | Maswa DC | 3 |
| 44. | Tanga | Mkinga DC | 9 |
| 45. | Tabora | Igunga DC | 4 |
| 46. | | Nzega DC | 1 |
| 47. | | Sikonge DC | 12 |
| 48. | | Urambo DC | 3 |
| Total | | | 948 |

Annexure 14

Revenue collection not remitted by Collecting Agents Shs.2,756,763,702

| S/N | Name of Council | Amount (Shs.) |
|-----|-----------------|---------------|
| 1. | Arusha MC | 627,244,100 |
| 2. | Meru DC | 56,274,600 |
| 3. | Bagamoyo DC | 38,912,363 |
| 4. | Kibaha DC | 5,197,500 |
| 5. | Kibaha TC | 12, 580,000 |
| 6. | Mafia DC | 11,206,044 |
| 7. | Rufiji/Utete DC | 2,591,854 |
| 8. | Kinondoni MC | 1,132,294,000 |
| 9. | Njombe DC | 13,449,000 |
| 10. | Bukoba DC | 12,405,000 |
| 11. | Kasulu DC | 3,005,000 |
| 12. | Kibondo DC | 11,622,000 |
| 13. | Kigoma DC | 10,061,500 |
| 14. | Mwanga DC | 15,620,000 |
| 15. | Same DC | 4,399,000 |
| 16. | Kilwa DC | 11,269,910 |
| 17. | Lindi TC | 13, 149,082 |
| 18. | Babati DC | 15,371,840 |
| 19. | Mbulu DC | 1,645,050 |
| 20. | Simanjiro DC | 6,556,000 |
| 21. | Babati TC | 2,405,000 |
| 22. | Bunda DC | 2,500,000 |
| 23. | Musoma MC | 12,320,000 |
| 24. | Mbeya DC | 1,218,900 |
| 25. | Rungwe DC | 15,771,000 |

| | | |
|--------------|--------------|----------------------|
| 26. | Magu DC | 4,846,000 |
| 27. | Mwanza CC | 188,628,176 |
| 28. | Sengerema DC | 4,305,000 |
| 29. | Ukerewe DC | 37,442,000 |
| 30. | Mpanda TC | 4,200,000 |
| 31. | Mbinga DC | 7,848,000 |
| 32. | Bariadi DC | 119,774,883 |
| 33. | Bukombe DC | 2,474,000 |
| 34. | Kishapu DC | 32,230,000 |
| 35. | Maswa DC | 2,290,000 |
| 36. | Singida MC | 46,940,900 |
| 37. | Handeni DC | 109,790, 000 |
| 38. | Tanga CC | 13,060,000 |
| 39. | Igunga DC | 36,431,000 |
| 40. | Nzega DC | 5,300,000 |
| 41. | Sikonge DC | 58,345,000 |
| 42. | Tabora MC | 20,180,000 |
| 43. | Urambo DC | 23,610,000 |
| Total | | 2,756,763,702 |

Annexure 15

Outstanding Items in the Bank Reconciliation Statements

| Council Involved | Receipts in Cash book not in Bank (Shs) | Un presented Cheques (Shs) | Cash in Transit (Shs) | Debit in Bank Statement not in Cash book(Shs) | Receipts in Bank Statement not in Cash book(Shs) |
|------------------|---|----------------------------|-----------------------|---|--|
| Arusha MC | 71,640,913.51 | 699,392,648.94 | | | |
| Karatu DC | 1,437,958.52 | 113,477,493.29 | | 1,680,421.00 | |
| Monduli DC | 445,647,308.00 | 899,973,742.15 | | | |
| Ngorongoro DC | | 8,651,432.07 | | | |
| Meru DC | | 536,657.00 | | 74,597,878.00 | |
| Longido DC | 17,721,230.00 | 76,039,009.00 | | | |
| Bagamoyo DC | | 2,027,241.30 | | | |
| Kibaha DC | 3,245,170.43 | | | | |
| Kisarawe DC | 112,000.00 | | | 83,589.38 | 31,330,204.88 |
| Mkuranga DC | 4,217,035.00 | 26,690,183.26 | | | 193,200.00 |
| Mafia | 3,425,726.83 | 8,884,135.69 | | 2,839,787.68 | 7,536.00 |
| Rufiji/Utete DC | 15,333,018.90 | 55,335,708.71 | | 240,000.00 | |
| Ilala MC | 2,808,512,464 | 4,753,801,740 | | | |
| Temeke MC | 303,301,895.00 | 371,087,204 | | | |
| Dodoma MC | | 2,987,214.02 | | | |
| Kondoa DC | 11,098,164.00 | 26,784,516.57 | | | |
| Kongwa DC | | 6,468,015.58 | 7,012,738.31 | | |
| Mpwapwa DC | 5,565,600.00 | 26,052,741.00 | | | |
| Iringa MC | 6,257,300.00 | 70,000.00 | | | |
| Ludewa DC | 26,000.00 | 57,151,051.00 | | | |

| | | | | | |
|-----------------|------------------|------------------|--------------|----------------|----------------|
| Makete DC | 513,000.00 | 62,638,832.17 | | 960,000.00 | |
| Mufindi DC | 83,843,526.31 | 101,124,718.1 | | 478,000.00 | 3,003,221.06 |
| Njombe DC | 7,962,912.00 | 120,313,640.00 | | 8,212,449.00 | 1,074,848.00 |
| Njombe TC | 25,117,686.00 | 278,549,407.00 | | | 729,608.00 |
| Kilolo DC | 25,938,349.00 | 36,466,727.00 | | | |
| Bukoba DC | | 97,401,024.18 | | | |
| Karagwe DC | 1,337,065,276.00 | 2,257,198,014.00 | | | |
| Missenyi DC | | 154,562,918.00 | | | |
| Chato DC | 4,025,965.00 | 124,852,895.00 | | 137,008.00 | |
| Kasulu DC | 20,390,365.00 | 332,915,312.00 | | 2,596,874.00 | 288,158,829.00 |
| Kibondo DC | | | | 418,900,186.86 | |
| Kigoma DC | | 4,479,140.24 | | | |
| Kigoma/Ujiji MC | 14,304,017.85 | 110,591,508.53 | | | 92,240,800.00 |
| Hai DC | 145,379,759.12 | 227,765,513.66 | | | |
| Mwanga DC | | 25,689,146.44. | | | |
| Rombo DC | | | | 75,700.00 | 3,492,750.00 |
| Same DC | 3,084,994.00 | | | | |
| Kilwa DC | 15,746,001.00 | 507,401,005.00 | 891,175.50 | 58,435,645.58 | 42,824,424.02 |
| Lindi DC | | | | | |
| Lindi TC | 0.00 | 10,905,233.00 | 3,232,550.50 | 907,600.00 | 0.00 |
| Liwale DC | 5,752,160.00 | 81,117,351.60 | 0.00 | 0.00 | 148,500.00 |
| Nachingwea DC | 4,014,202.31 | 6,768,714.72 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|--------------|------------------|------------------|--------------|----------------|----------------|
| Hanang' DC | | 118,470,819 | | | |
| Mbulu DC | 0.00 | 28,824,383.81 | 0.00 | 0.00 | 0.00 |
| Simanjiro DC | 434,000 | 23,224,999.64 | | | |
| Babati TC | 126,000.00 | 1,386,462.48 | | | |
| Musoma DC | 298,389,324.85 | 1,213,211,674.57 | | | |
| Bunda DC | 771,666,972.07 | 1,519,836,843.77 | | | |
| Musoma MC | 216,652,777.01 | 481,688,015.00 | | | |
| Serengeti DC | 205,850,408.56 | 374,968,338.12 | | 59,175,245.08 | 1,218,689.25 |
| Tarime DC | 4,803,989.00 | 384,603,319.87 | | 9,585,024.00 | 64,462,828.00 |
| Rorya DC | 20,131,231.56 | 606,238,619.84 | | 1,484,775,639 | 517,242,371.00 |
| Chunya DC | 64,919,931 | 65,325,315.00 | | 10,527,812.00 | 93,829,615.00 |
| Ileje DC | | 5,882,000.00 | 3,915,242.00 | | |
| Kyela DC | 21,606,195 | 87,558,161.00 | | 5,729,436.00 | 1,520,005.00 |
| Mbarali DC | 166,430,882 | 45,886,748.00 | | 25,215,525.00 | 503,000.00 |
| Mbeya DC | 1,931,534.00 | 6,052,892.22 | | | |
| Mbeya CC | 234,355,938.51 | 1,207,363,763.42 | | | |
| Mbozi DC | | 20,169,993.82 | | 15,095,000.00 | |
| Rungwe DC | 36,382,644.08 | 108,998,006.45 | | 143,871,221.00 | 5,120,500.00 |
| Kilombero DC | 33,623,733 | 898,151,462.00 | | | |
| Kilosa DC | 1,615,405,880.76 | 1,486,154,033.52 | | | |
| Morogoro DC | 75,499,358 | 168,019,806.00 | | | |
| Morogoro MC | | 901,669,903.28 | 7,663,521.00 | | |
| Ulanga DC | 210,241,782.85 | 510,422,962.59 | | | |

| | | | | | |
|---------------|---------------|----------------|---------------|----------------|--------------|
| Masasi DC | 12,433,856.18 | 24,686,992.09 | | | |
| Masasi TC | | | | | |
| Mtwara DC | | 29,162,333.00 | | 854,000.00 | 1,346,000.00 |
| Mtwara MC | 2,514,173.00 | 1,325,182.00 | | 275,981.80 | |
| Newala DC | 5,309,090.00 | 149,783,966 | | 634,000.00 | |
| Tandahimba DC | 10,935,092.13 | 6,406,441.25 | | | |
| Nanyumbu DC | | 109,505,231.43 | 39,941,924.18 | 1,970,865.61 | |
| Geita DC | 794,000.00 | 78,893,792.00 | | | |
| Kwimba DC | 5,593,500.00 | 46,250,561.00 | | | |
| Magu DC | | 81,276,626.17 | | | |
| Misungwi DC | 48,365,022.00 | 364,996,772.13 | | | |
| Mwanza CC | 27,634,950.00 | 945,704,105 | | | |
| Sengerema DC | | 949,516,591.07 | | | |
| Ukerewe DC | | 186,272,083 | | | |
| Mpanda DC | 497,000.00 | 313,741,265.79 | | 4,174,178.63 | |
| Nkasi DC | 7,463,924.00 | 22,726,153.34 | | | 4,413,770.00 |
| Mbinga DC | 589,840.00 | 25,171,451.00 | | | |
| Songea MC | 9,448,560.00 | 141,500.00 | | 4,661,634.00 | 87,850.00 |
| Songea DC | 70,000.00 | | | 231,857,106.00 | |
| Bariadi DC | | 108,595,500.84 | | | |
| Kahama DC | | 781,500.00 | | | |
| Meatu DC | 37,708,573.00 | 70,669,755.00 | | | |
| Shinyanga MC | 28,554,330.00 | 116,108,547.00 | | | |

| | | | | | |
|--------------|----------------------|-----------------------|--------------------|----------------------|----------------------|
| Kishapu DC | | 605,246,825.31 | 528,097,936 | | |
| Singida MC | | 35, 005,678.00 | | | |
| Handeni DC | | 409,157,351.00 | 10,322,830.00 | 1,081,500.00 | 39,919,214.00 |
| Korogwe DC | 44,573,221.00 | 104,211,857.00 | | 1,113,509.00 | 1,502,756.00 |
| Korogwe TC | 796,150.00 | 226,724,956.00 | | 3,118,120.00 | 2,354,930.00 |
| Lushoto DC | | 749,796,747.00 | 169,359,088.00 | | 444,425.00 |
| Pangani DC | | 87,541,361.00 | 3,984,619.00 | 5,614,683.00 | 5,943,920.00 |
| Tanga CC | | 86,013,184.00 | | | |
| Kilindi DC | | 405,619,297.00 | 9,472,441.00 | 6,000.00 | |
| Mkinga DC | | 445,293,237.00 | 16,723,977.00 | 6,706,203.00 | 54,661,963.00 |
| Igunga DC | | 70,176,341.06 | | | |
| Nzega DC | | 6,910,930.41 | | | |
| Sikonge DC | | 3,543,928.00 | | | |
| Tabora DC | | 11,203,738.00 | | | |
| Tabora MC | | | 5,047,651.00 | | |
| TOTAL | 9,612,413,862 | 28,792,732,991 | 805,665,694 | 2,586,187,823 | 1,257,775,757 |

Cash Survery and Surprise Check

| S/N | Council involved | Surprise cash survey not performed by Management | No maximum limits for cash holdings |
|-----|------------------|--|-------------------------------------|
| 1 | Arusha MC | ✓ | |
| 2 | Karatu DC | ✓ | ✓ |
| 3 | Monduli DC | ✓ | |
| 4 | Meru DC | ✓ | ✓ |
| 5 | Longido DC | ✓ | |
| 6 | Temeke MC | ✓ | |
| 7 | Bahi DC | ✓ | |
| 8 | Mpwapwa DC | ✓ | |
| 9 | Moshi DC | ✓ | |
| 10 | Moshi MC | ✓ | |
| 11 | Siha DC | ✓ | |
| 12 | Rombo DC | ✓ | |
| 13 | Same DC | ✓ | |
| 14 | Lindi TC | ✓ | |
| 15 | Liwale DC | ✓ | |
| 16 | Babati DC | ✓ | |
| 17 | Hanang' DC | ✓ | |

| | | | |
|----|--------------|-----------|----------|
| 18 | Kiteto DC | ✓ | |
| 19 | Mbulu DC | ✓ | ✓ |
| 20 | Simanjiro DC | ✓ | |
| 21 | Babati TC | ✓ | |
| 22 | Rorya DC | ✓ | |
| 23 | Chunya DC | | ✓ |
| 24 | Ileje DC | ✓ | |
| 25 | Mbarali DC | ✓ | ✓ |
| 26 | Mbeya DC | ✓ | ✓ |
| 27 | Mbeya CC | ✓ | |
| 28 | Mbozi DC | ✓ | |
| 29 | Morogoro MC | ✓ | |
| 30 | Songea MC | ✓ | |
| 31 | Songea DC | ✓ | |
| 32 | Namtumbo DC | ✓ | |
| 33 | Bariadi DC | ✓ | |
| 34 | Manyoni DC | ✓ | |
| 35 | Nzega DC | ✓ | |
| | | 34 | 6 |

Annexure 17

Outstanding Receivables and Prepayments (Debtors) Shs.44,059,104,038

| S/No | Region | Council | Amount (Shs) |
|------|--------|-----------------|-------------------|
| 1 | Arusha | Arusha MC | 1,087,965,000 .00 |
| 2 | | Karatu DC | 1,227,479,366.00 |
| 3 | | Monduli DC | 119,665,000.00 |
| 4 | | Ngorongoro DC | 195,247,664.00 |
| 5 | | Meru DC | 28,306,646.00 |
| 6 | | Longido DC | 154,402,000.00 |
| 7 | | Arusha DC | 29,901,892.00 |
| 8 | Coast | Bagamoyo DC | 562,844,419.00 |
| 9 | | Kibaha DC | 98,373,805.00 |
| 10 | | Kibaha TC | 192,078,850.00 |
| 11 | | Kisarawe DC | 94,713,209.00 |
| 12 | | Mkuranga DC | 105,395,018.00 |
| 13 | | Rufiji/Utete DC | 389,313,112.00 |
| 14 | Dsm | Ilala MC | 1,385,205,993.00 |
| 15 | | Kinondoni MC | 1,889,960,006.00 |
| 16 | | Temeke MC | 642,935,089.00 |
| 17 | Dodoma | Bahi DC | 66,562,179.00 |
| 18 | | Dodoma MC | 768,703,912.00 |
| 19 | | Kondoa DC | 63,758,001.00 |

| | | | |
|----|-------------|-----------------|------------------|
| 20 | | Mpwapwa DC | 85,995,841.00 |
| 21 | Iringa | Iringa DC | 239,224,746.00 |
| 22 | | Ludewa DC | 6,132,448,512.00 |
| 23 | | Makete DC | 55,528,083.45.00 |
| 24 | | Mufindi DC | 205,340,603.00 |
| 25 | | Njombe DC | 529,551,672.00 |
| 26 | | Kilolo DC | 159,927,592.00 |
| 27 | Kagera | Bukoba DC | 256,528,318.00 |
| 28 | | Bukoba MC | 146,609,477.00 |
| 29 | | Ngara DC | 17,341,000.00 |
| 30 | | Missenyi DC | 396,760,704.00 |
| 31 | | Chato DC | 59,835,688.00 |
| 32 | Kigoma | Kasulu DC | 200,285,359.00 |
| 33 | | Kibondo DC | 401,469,000.00 |
| 34 | | Kigoma DC | 201,158,000.00 |
| 35 | | Kigoma/Ujiji MC | 9,906,000.00 |
| 36 | Kilimanjaro | Hai DC | 52,257,074.00 |
| 37 | | Moshi DC | 289,931,029.00 |
| 38 | | Siha DC | 310,589,441.24 |
| 39 | | Mwanga DC | 278,462,874.31 |
| 40 | | Rombo DC | 58,646,500.00 |

| | | | |
|----|---------|--------------|-------------------|
| 41 | | Same DC | 253,582,354.00 |
| 42 | Lindi | Kilwa DC | 261,844,562.00 |
| 43 | | Lindi DC | 463,800,000.00 |
| 44 | | Lindi TC | 63,702,501.00 |
| 45 | | Liwale DC | 122,049,000.00 |
| 46 | Manyara | Babati DC | 250,198,000.00 |
| 47 | | Hanang' DC | 2, 554,931,000.00 |
| 48 | | Mbulu DC | 1,417,112,100.00 |
| 49 | | Simanjiro DC | 82,660,701.92 |
| 50 | | Babati TC | 151,486,924.00 |
| 51 | Mara | Musoma DC | 139,328,031.00 |
| 52 | | Bunda DC | 580,547,638.00 |
| 53 | | Tarime DC | 348,442,852.00 |
| 54 | | Rorya DC | 306,735,841.00 |
| 55 | Mbeya | Chunya DC | 503,108,602.00 |
| 56 | | Kyela DC | 149,260,514.00 |
| 57 | | Mbarali DC | 370, 993,393.00 |
| 58 | | Mbeya DC | 78,380,239.00 |
| 59 | | Mbeya CC | 388, 047,000.00 |
| 60 | | Mbozi DC | 609,443,271.15 |
| 61 | | Rungwe DC | 453,879,492.00 |

| | | | |
|----|----------|---------------|------------------|
| 62 | Morogoro | Kilombero DC | 76,490,742.00 |
| 63 | | Morogoro DC | 137,191,203.00 |
| 64 | | Ulanga DC | 892,838,980.00 |
| 65 | | Mvomero DC | 101,127,000.00 |
| 66 | Mtwara | Masasi TC | 66,616,923.00 |
| 67 | | Mtwara DC | 699,794,000.00 |
| 68 | | Mtwara MC | 88,996,000.00 |
| 69 | | Newala DC | 174,526,405.00 |
| 70 | | Tandahimba DC | 554,814,409.00 |
| 71 | Mwanza | Geita DC | 67,455,200.00 |
| 72 | | Kwimba DC | 1,116,038,587.00 |
| 73 | | Magu DC | 213,415,546.00 |
| 74 | | Misungwi DC | 68,099,952.00 |
| 75 | | Mwanza CC | 1,229,600,079.00 |
| 76 | | Sengerema DC | 335,454,716.00 |
| 77 | | Ukerewe DC | 515,660,013.00 |
| 78 | Rukwa | Mpanda TC | 29,000,000.00 |
| 79 | | Sumbawanga MC | 343,975,567.00 |
| 80 | Ruvuma | Mbinga DC | 92,384,934.00 |
| 81 | | Songea MC | 110,113,293.00 |
| 82 | | Songea DC | 40,209,884.00 |

| | | | |
|-----|-----------|--------------|------------------|
| 83 | | Tunduru DC | 635,152,410.00 |
| 84 | | Namtumbo DC | 245,004,929.00 |
| 85 | Shinyanga | Bariadi DC | 1,171,242,655.00 |
| 86 | | Bukombe DC | 300,314,450.00 |
| 87 | | Kahama DC | 71,234,769.00 |
| 88 | | Meatu DC | 231,309,522.10 |
| 89 | | Shinyanga DC | 168,937,277.00 |
| 90 | | Shinyanga MC | 181, 050,710.00 |
| 91 | | Kishapu DC | 528,097,935.99 |
| 92 | | Maswa DC | 274,182,609.00 |
| 93 | Singida | Manyoni DC | 27,589,714.00 |
| 94 | | Singida DC | 20,098,000.00 |
| 95 | Tanga | Handeni DC | 248,824,186.00 |
| 95 | | Korogwe DC | 94,023,923.00 |
| 97 | | Korogwe TC | 33,684,706.00 |
| 98 | | Lushoto DC | 71,984,483.00 |
| 99 | | Muheza DC | 83,445,680.00 |
| 100 | | Pangani DC | 178,104,849.00 |
| 101 | | Tanga CC | 494,495,329.00 |
| 102 | | Kilindi DC | 655,663,001.00 |
| 103 | | Mkinga DC | 51,812,014.00 |

| | | | |
|--------------|--------|------------|-----------------------|
| 104 | Tabora | Igunga DC | 448,779,906.00 |
| 105 | | Nzega DC | 887,168,022.00 |
| 106 | | Sikonge DC | 388,769,190.00 |
| 107 | | Tabora DC | 434,944,212.68 |
| 108 | | Tabora MC | 164,834,282.00 |
| 109 | | Urambo DC | 274,409,149.00 |
| Total | | | 44,059,104,038 |

Annexure 18**Outstanding Payables (Creditors) Shs. 52,041,114,397**

| S/No | Region | Council | Amount (Shs) |
|------|--------|------------------|------------------|
| 1 | Arusha | Arusha MC | 556,762,000.00 |
| 2 | | Karatu DC | 660,387,526.00 |
| 3 | | Monduli DC | 98,937,742.00 |
| 4 | | Ngorongoro DC | 850,761,303.00 |
| 5 | | Meru DC | 239, 006,151.00 |
| 6 | | Longido DC | 316,010,000.00 |
| 7 | | Arusha DC | 371,405,789.83 |
| 8 | Coast | Bagamoyo DC | 775,105,290.00 |
| 9 | | Kibaha DC | 217,467,025.00 |
| 10 | | Kibaha TC | 188,581,867 .00 |
| 11 | | Mkuranga DC | 190,366,489.00 |
| 12 | | Mafia | 114,591,150 .00 |
| 13 | Dsm | Dar es Salaam CC | 318,918,000.00 |
| 14 | | Ilala MC | 5,687,236,970.00 |
| 15 | | Kinondoni MC | 1,456,183,036.00 |
| 16 | | Temeke MC | 478,600,869.00 |
| 17 | Dodoma | Bahi DC | 512,973,349.00 |
| 18 | | Dodoma MC | 396,507,886.00 |
| 19 | | Kondoa DC | 395, 713,014.00 |

| | | | |
|----|-------------|-----------------|------------------|
| 20 | | Mpwapwa DC | 329,391,900.00 |
| 21 | Iringa | Iringa DC | 267,250,817.18 |
| 22 | | Ludewa DC | 2,278,790,650.00 |
| 23 | | Makete DC | 155,677,572.00 |
| 24 | | Mufindi DC | 263,820,965.00 |
| 25 | | Njombe DC | 777,620,728.00 |
| 26 | | Njombe TC | 405,273,706.00 |
| 27 | | Kilolo DC | 604,743,120.00 |
| 28 | Kagera | Bukoba DC | 152,343,185.00 |
| 29 | | Bukoba MC | 53,535,024.00 |
| 30 | | Ngara DC | 37,098,648.00 |
| 31 | | Missenyi DC | 58,906,558.00 |
| 32 | | Chato DC | 43,202,769.00 |
| 33 | Kigoma | Kasulu DC | 84,764,593.00 |
| 34 | | Kibondo DC | 305,920,000.00 |
| 35 | | Kigoma DC | 39,306,000.00 |
| 36 | | Kigoma/Ujiji MC | 519,055,000.00 |
| 37 | Kilimanjaro | Hai DC | 712,322,837.00 |
| 38 | | Moshi DC | 1,002,874,537.00 |
| 39 | | Moshi MC | 442,008,349.26 |
| 40 | | Siha DC | 581,640,104.02 |

| | | | |
|----|---------|--------------|-----------------|
| 41 | | Mwanga DC | 592,425,388.55 |
| 42 | | Rombo DC | 196,331,434.99 |
| 43 | | Same DC | 540,472,053.00 |
| 44 | Lindi | Kilwa DC | 610,803,712.00 |
| 45 | | Lindi DC | 328,055,000.00 |
| 46 | Manyara | Babati DC | 48,804,000.00 |
| 47 | | Hanang' DC | 119,156,000.00 |
| 48 | | Kiteto DC | 394,306,637.00 |
| 49 | | Mbulu DC | 410,173,000.00 |
| 50 | | Simanjiro DC | 172,634,473.00 |
| 51 | | Babati TC | 86,046,640.00 |
| 52 | Mara | Musoma DC | 209,936,203.00 |
| 53 | | Bunda DC | 797,044,816.00 |
| 54 | | Tarime DC | 490,854,507.00 |
| 55 | | Rorya DC | 481,118,646.00 |
| 56 | Mbeya | Chunya DC | 173,637,125.00 |
| 57 | | Kyela DC | 487,081,843.00 |
| 58 | | Mbarali DC | 237,923,914.00 |
| 59 | | Mbeya DC | 24,482,882.20 |
| 60 | | Mbeya CC | 138, 563,000.00 |
| 61 | | Mbozi DC | 278,423,974.09 |

| | | | |
|----|----------|---------------|------------------|
| 62 | | Rungwe DC | 1,347,861,613.52 |
| 63 | Morogoro | Kilombero DC | 190,350,379.00 |
| 64 | | Kilosa DC | 731, 321,979.00 |
| 65 | | Morogoro DC | 98,678,423 .00 |
| 66 | | Morogoro MC | 384,757,636.00 |
| 67 | | Ulanga DC | 847,207,262.00 |
| 68 | | Mvomero DC | 126,722,000.00 |
| 69 | Mtwara | Masasi TC | 24,764,005.00 |
| 70 | | Mtwara DC | 1,028,794,000.00 |
| 71 | | Newala DC | 108,696,592.00 |
| 72 | | Tandahimba DC | 147, 845,812.00 |
| 73 | Mwanza | Geita DC | 180,948,596.00 |
| 74 | | Kwimba DC | 472,805,808.00 |
| 75 | | Magu DC | 91,523,726.00 |
| 76 | | Misungwi DC | 428,760,592.00 |
| 77 | | Mwanza CC | 2,084,870,291.00 |
| 78 | | Sengerema DC | 404,524,000.00 |
| 79 | | Ukerewe DC | 1,457,236,027.00 |
| 80 | Rukwa | Mpanda DC | 9,967,970.00 |
| 81 | | Sumbawanga MC | 472,692,287.00 |
| 82 | Ruvuma | Mbinga DC | 269,831,011.00 |

| | | | |
|-----|-----------|--------------|-----------------|
| 83 | | Songea MC | 87,418,680.00 |
| 84 | | Songea DC | 176,710,027.00 |
| 85 | | Tunduru DC | 381,478,344.00 |
| 86 | | Namtumbo DC | 427,740,057.00 |
| 87 | Shinyanga | Bariadi DC | 231,608,546.48 |
| 88 | | Bukombe DC | 329, 658,617.00 |
| 89 | | Kahama DC | 26,435,345.00 |
| 90 | | Meatu DC | 538,849,325.00 |
| 91 | | Shinyanga DC | 559,708,876.00 |
| 92 | | Shinyanga MC | 311,470,814.41 |
| 93 | | Kishapu DC | 755,201,236.00 |
| 94 | | Maswa DC | 39,570,588.00 |
| 95 | Singida | Iramba DC | 512,345,000.00 |
| 95 | | Manyoni DC | 237,485,947.00 |
| 97 | | Singida DC | 67,207,000.00 |
| 98 | | Singida MC | 305,526,900.00 |
| 99 | Tanga | Handeni DC | 739,870,519.00 |
| 100 | | Korogwe DC | 267,639,186.00 |
| 101 | | Korogwe TC | 168,213,475.00 |
| 102 | | Lushoto DC | 332,834,402.00 |
| 103 | | Muheza DC | 305,406,080.00 |

| | | | |
|--------------|--------|------------|-----------------------|
| 104 | | Pangani DC | 200,207,526.00 |
| 105 | | Tanga CC | 411,293,945.00 |
| 106 | | Kilindi DC | 565,921,064.00 |
| 107 | | Mkinga DC | 587,890,357.00 |
| 108 | Tabora | Igunga DC | 195,598,000.00 |
| 109 | | Nzega DC | 516,996,508.00 |
| 110 | | Sikonge DC | 379,494,020.64 |
| 111 | | Tabora DC | 533,976,186.00 |
| 112 | | Tabora MC | 585,914,919.00 |
| 113 | | Urambo DC | 591,945,129.00 |
| Total | | | 52,041,114,397 |

Annexure 19

Management of Non Current Assets Inadequate ownership, recording, maintenance and disposal of non- current assets

| S/N | Region | Council Involved | Amount (Shs) | Audit Findings |
|-----|--------|------------------|--------------|---|
| 1 | Arusha | Karatu DC | - | Computers and office furniture were found not working and need either repair or disposal as required under order numbers 159-161 of the Local Authority Financial Memorandum (LAFM 1997). |
| 2 | | Monduli DC | - | 13 Schools were disclosed in the financial statements as at the end of the year without showing their market values. |
| 3 | Coast | Kibaha DC | - | Assets such as motor vehicles, motor cycles and tractors are not covered by road insurance. |
| 4 | | Kisarawe DC | 291,444,800 | <ul style="list-style-type: none"> • Verification made in these additional assets revealed that some assets reported in the Final Financial Statements were neither procured nor constructed instead only funds were transferred to the Villages or Schools. • A number of motor vehicles which are either not covered by road insurance or |

| | | | | |
|---|-----|------------------|-------------|---|
| | | | | covered by third party insurance. |
| 5 | | Rufiji/Utete DC | 176,874,879 | Boreholes constructed during the year under RWSSP amounting to Shs.176,874,879 reflected in the statement of Capital Expenditure and its Financing were noted not supported by detailed schedule analysis. |
| 6 | DSM | Dar es Salaam CC | 162,000,000 | <ul style="list-style-type: none"> Review of financial statements revealed that, schedule of fixed assets was verified except for the Asphalt Plant Site Mandela Road worth Shs. 151,200,000 and Weigh bridge worth Shs. 10,800,000 which were not evidenced as to whether they belong to the Council or not Review of financial statements for the year ended 30th June, 2010 revealed that, about 23 motor vehicles and 5 plants which do not exist were included in the Property, Plant and Equipment schedule contrary to IPSASs 17. Review of financial statements for the year ended 30th June, 2010 revealed that, about 53 Property, Plant and Equipment were reported in the financial statements without |

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|----|--------|------------|-------------|---|
| | | | | disclose land and buildings as the separate assets and accounted for separately even when they are acquired together. |
| 8 | Dodoma | Kondoa DC | 117,104,866 | Motor vehicles with registration numbers SM 3308 ,SM 3309, SM 2721, STJ 4312, STJ 3386, STJ 7303, STJ 7302, STG 3121, SM 3277, STH 8243 and STA 686 which had been grounded for a long time without being repaired or disposed off. |
| 9 | | Mpwapwa DC | - | Some of the Council's vehicle does not have insurance cover. |
| 10 | Iringa | Njombe DC | - | The Council reflects in the statement of financial position as at 30 th June 2010 assets with zero value i.e. Education network, Health network and Agriculture and livestock extension. It was noted that among other assets with zero values there are 29 secondary schools transferred from the Ministry of Education zero values. These assets are supposed to be recognized as per IPSASs 17 Property, Plant and Equipment. |

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|----|-------------|------------|-------------------|---|
| 11 | Kagera | Chato DC | - | Verification of Non current assets shown in the Financial Statements for the year 2009/2010 revealed that Title deeds to support Land and other property such as buildings owned by the District Council are missing. |
| 12 | Kigoma | Kibondo DC | 5,995,530,000 | Review of the financial statements noted non current assets - Buildings worth Shs.5,995,530,000 at cost. However the land where the buildings located had no Title Deeds such as Administration Block. |
| 13 | | Kigoma DC | - | Examination of statement of financial position during the year under review revealed that Non current assets including land of the administration block and other Council's building has no title deeds. This makes the ownership of those non current assets be not formal. |
| 14 | Kilimanjaro | Moshi DC | 16,517,446,673.87 | Review of the Fixed Assets Register as at 30 th June 2010 revealed that assets worth Shs. 16,517,446,673.87 which includes staff quarters, Administration block, Ward offices, Veterinary centres, village offices, Health centres, Dispensaries, Secondary schools, has no title deeds. |
| 15 | | Moshi MC | 2,780,449,335 | Review of the Fixed Asset Register especially on Land |

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|----|-------|----------|-------------|---|
| | | | | and Buildings revealed that Land and Buildings worth Shs.2,780,449,335 where the buildings located had no Title Deeds example - Administration Block Shs.318,384,287, 12 Dispensaries Shs.158,152,474, 29 Primary Schools Shs. 1,274,003,434, 18 Secondary Schools Shs.531,723,316, 6 markets Shs.833,897,079, 2 health centres Shs.196,012,061 are located at areas where land has no Title Deeds. |
| 16 | | Rombo DC | - | The closing balances carried to the financial statements were not supported by notes, Schedules or analysis so as to support the reported figures beside that the Council had not maintained assets registers. |
| 17 | Lindi | Kilwa DC | 228,522,800 | A test check of the Council's records in respect of assets to assess the rights and obligations there of for use, rental purposes and investments revealed that there were no title deeds to justify ownership of the Assets valued at Shs. 228,522,800 . |
| 18 | | Lindi TC | 10,529,464 | During the audit it was noted that Motor Cycle XL-YAHAHA with Registration number SM 3246 was neither included in the Asset Register nor disclosed in the final financial statement |

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| | | | 5,066,890,524 | <p>and the value thereon was not made known.</p> <p>The Council included assets totalling Shs.10,529,464 in the Property Plant and Equipments. However, these asset were kept for rental purposes and therefore were supposed to be disclosed separately as Investment property and presented at fair value as per IPSASs No. 16 .</p> <p>The Lindi Town Council Financial Statements for the year ended 30th June, 2010 disclosed buildings with value of Shs. 5,066,890,524. How ever the title deeds in respect of Council Head Office, and Town Council Treasurer Buildings of were not produced for audit when called for.</p> |
| 19 | | Liwale DC | 21,110,000.00 | <p>A test check was made to the Council's records to confirm rights and obligations of assets held by the management for use, rental purposes and investments.</p> <p>It was however noted that there were no title deeds to justify ownership of the Assets value to Shs. 21,110,000.00.</p> |
| 20 | Manyara | Babati DC | 149,000,000 | <p>Motor vehicles with registration No. STG 2154, STC 932, SM 83, SM 1146,STJ 3454, CW 3488 and CW 3480 were found grounded at the Councils yard for more than a year</p> |

| | | | | |
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| | | | | without any effort to maintain or dispose them. |
| 21 | | Simanjiro DC | - | Nine motor vehicles with registration numbers SM 2922, SM 2362, SM 2741 SM 3223 ,SM 3243, SM 3154, CWT 2398, DFP 2406 and STK 2149 were found grounded at Councils yard for more than a year without any effort to dispose them off . |
| 22 | Mbeya | Chunya DC | - | The Council is in possession of various unserviceable motor vehicles with registration numbers TZD 9652, SM 2529, SM 2344, STH 5994 TQ250/750B44 and STH 1644 which have been recommended for disposal in the year 2007/2008 but to date they are still in the Council's yard. |
| 23 | | Kyela DC | - | <ul style="list-style-type: none"> During the year under review, it was noted that one motor vehicle SM 266 Isuzu track and other three Land rover with registration Nos.STH 5996 STG 8799 STK 2119 were found grounded at the Council's yard for more than 2 years without any effort being taken to dispose them off. It was noted during audit that, six (6) motor |

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| | | | | vehicles of the Council with registration Nos. SM 3266, STH 8567, STJ 3684, STK 321, STK 334 and SM 3692 have no registration cards to confirm ownership of the same. |
| 24 | | Mbeya DC | - | During site visit conducted on early December 2010, it was observed that Ipwizi Primary School of four class rooms was abandoned since 12/10/2010 as per letter with ref no REC/P/9. of 12/10/2010 from RAS Mbeya and the buildings are not in use since then. |
| 25 | Morogoro | Kilombero DC | | An audit carried out physical verification of non-current assets and noted that, seven motor vehicles owned by the Council were found grounded for a long time without testing them for impairment as required by IPSASs 21. |
| 26 | | Morogoro DC | - | In conducting physical verification I noted that, the Council four vehicles such as SM 133 Isuzu Lorry, SM 3425 Toyota D. Cabin, SM 2263 Defender 110, STK 342 Isuzu Trooper which has been grounded for a long time without being tested for the impairment as required by IPSASs 21: |
| 27 | | Morogoro MC | 368,250,000 | <ul style="list-style-type: none"> Physical verifications made revealed that |

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|--|--|--|------------|---|
| | | | 49,600,000 | <p>motor vehicles, motorcycles, plant and machinery valued at Shs.368,250,000 were not utilised out of which Roller SM 60 valued Shs. 84,000,000 Plate Compactor HP 3.9 valued Shs.3,500,000 AIR Compressor Model: P4S - P35 valued 3,150,000 and Concrete Vibrator 2.5 HP valued Shs. 630,000 which make a total value of Shs. 91,280,000 were not exist .</p> <p>These assets were therefore wrongly recognised in the statement of financial position while they did not meet recognition criteria of generating future economic benefits to the Council.</p> <ul style="list-style-type: none"> • Audit fail to confirm the ownership of motor vehicles, motorcycles, plants and machinery valued at Shs. 49,600,000 as the respective ownership documents such as title deeds, registration cards, contracts and or log books were not made available to audit verifications . • Council entered into contract with Ardhi Institute Tabora for to carry out physical |
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| | | | | <p>verification, coding and detailed valuation of fixed assets at a contract sum of Shs. 50,000,000 vide contract No.LGA/079/20092010/CS/02</p> <ul style="list-style-type: none"> • However, the physical verification of the valued assets noted that some of the assets particularly motor vehicles were valued as if they are working while they have been grounded for several years. |
| 28 | | Ulanga DC | 13,309,046,811 | <p>Included in the Property, Plant and Equipment of the Council is being value of building held by the Council as at 30th June 2010. However, the ownership of the build could not be established due to non availability of title deed.</p> |
| | | Mvomero DC | - | <p>The assets and operations of the Council are exposed to various risks such as human and natural disasters that can interfere with its services because management has not yet established policies for mitigation of risks, frauds and environmental degradation as well as</p> |

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|----|--------|-----------|-----------|--|
| | | | | creating awareness to all employees for preparedness. |
| 29 | Mtwara | Masasi DC | - | Non current assets including buildings of primary schools, Secondary Schools, Health centres, Dispensaries and Administration blocks/offices have no title deeds. This makes the ownership of those non current assets be not formal. |
| 30 | | Mtwara DC | - | The financial statements for the year ended 30 th June, 2010 under note 27 properties, plant and equipment reflected 18 Secondary Schools which were handled over to the Council from the Ministry of Education with no carrying amount. |
| 31 | | Mtwara MC | 3,000,000 | <ul style="list-style-type: none"> The Council's financial statements for the year ended 30th June 2010 disclosed a number of assets including buildings owned by; Primary Schools, Secondary Schools, Health Centres, Dispensaries and Administration Blocks. However, the respective title deeds were not produced to confirm ownership of the buildings. Note 21 to the financial statements disclosed a |

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| | | | | <p>number of assets owned by the Council including motor vehicles, desk top computer, Digital camera etc but the value of the respective assets were not indicated in the schedule. It was noted that, most of the assets acquired by the Ministry of Education and Vocational Training prior to the adoption of the International Public Sector Accounting Standards (IPSASs) and transferred to the LGA.</p> |
| 32 | | Newala DC | - | <ul style="list-style-type: none"> • The non current assets of the Council including buildings are not properly protected against fire hazards due to non availability of fire extinguishers and sands were not kept within and outside buildings for use to rescue buildings against fire. • The financial statements as at 30th June, 2010 disclosed non current assets including buildings of primary schools, Secondary Schools, Health Centre, Dispensaries and administration |

| | | | | |
|----|--|---------------|---|---|
| | | | | <p>blocks which have no title deeds. The ownership of those non current assets is not formal; due to lack of such important documents.</p> <ul style="list-style-type: none"> • Despite of revaluation of non-current assets been made during the year under review carrying amounts of revalued assets as per revaluation report of May, 2010 were not disclosed in the financial statements. |
| 33 | | Tandahimba DC | - | <ul style="list-style-type: none"> • Review of the financial statements revealed that Secondary Schools and shallow wells disclosed in Note 25 to the financial statements without carrying amount. IPSASs 17 Property, Plant and Equipment require initial recognition and subsequent accounting (determination carrying amount and the depreciation charges and impairment losses) |

| | | | | |
|----|--|-------------|--|--|
| | | | | <p>for property, plant and equipment.</p> <ul style="list-style-type: none"> Title deeds in respect of buildings of primary schools, secondary schools, health centre, dispensaries and administration blocks appearing on the Statement of Financial Position under non current assets were not made available to auditors. |
| 34 | | Nanyumbu DC | | <ul style="list-style-type: none"> I noted that some of the Council's Property, plant and equipment (PPE) are disclosed in the financial statements without carrying amount. The non-current assets shown in note 28 were acquired by the former Ministry of Education and Vocational Training prior adoption of the International Public Sector Accounting Standards (IPSASs). Non current assets including buildings of administration blocks, primary and Secondary Schools, Health centre and Dispensaries which |

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|----|--------|-------------|----------------|--|
| | | | | had no title deeds were disclosed in the financial statements. |
| 35 | MWANZA | Kwimba DC | 16,261,369,751 | Verification of physical existence and ownership revealed that there are few buildings which have title deeds worth Shs.221,514,000 out of total value of Shs.16,482,883,751. The remained buildings worth Shs.16,261,369,751 the title deeds for the Council's ownership were missing. |
| 36 | RUVUMA | Songea MC | 841,265,372 | Audit made on the Council's documents and statements regarding rights and obligations to its non current asset, investments and financial assets held by Council for use, rental or investment purposes revealed that the assets had no title deeds and certificates to justify ownership amounting to Shs.841,265,372 . |
| 37 | | Namtumbo DC | | Review of the financial statements revealed that secondary schools, motor vehicles, computer |

| | | | | |
|----|-----------|------------|----------------|---|
| | | | | accessories and health centres, dispensaries and Agriculture and livestock extension system disclosed in Note 24 to the financial statements without carrying values. IPSASs 17 Property, Plant and Equipment require initial recognition and subsequent accounting (determination carrying amount and the depreciation charges and impairment losses) for property, plant and equipment. Users of financial statements can not discern information about entity. |
| 38 | SHINYANGA | Bariadi DC | 576,630,379 | The statement of Financial Position as at 30 th June, 2010 together with their supporting schedules disclosed motor vehicles worth Shs. 576,630,379 to have been included in the Property Plant and Equipments figure but ownership of the same could not be confirmed as the motor vehicles registration cards were not produced for audit verification. |
| 39 | | Kahama DC | 15,246,455,037 | During the year under review, the Council revalued its assets. However, a scrutiny of the Council's valuation report revealed that the |

| | | | | |
|----|---------|--------------|---------------|--|
| | | | | report had not yet been approved by the Chief Government Valuer. |
| 40 | | Shinyanga DC | 84,497,432.00 | Audit scrutiny through statement of Financial Position as at 30 th June, 2010 together with their supporting schedules disclosed motor vehicles worth Shs.84,497,432.00 to have been included in the Property Plant and Equipments figure but its ownership by the Council could not be confirmed, in addition there were no motor vehicles registration cards produced for audit verification. Further investigation observed that the assets were purchased by using the Council funds. |
| 41 | | Kishapu DC | 387,075,744 | Review of statement of Financial Position as at 30 th June, 2010 together with its supporting schedules disclosed motor vehicles worth Shs. 387,075,744 to have been included in the Property Plant and Equipments figure but its ownership by the Council could not be confirmed, in that there were no motor vehicles registration cards produced for audit verification. Further verification observed that the same assets as listed below were purchased by using the Council funds. |
| 42 | SINGIDA | Manyoni DC | - | It was noted during audit that the vehicles SM 3634 - |

| | | | | |
|----|--|------------|---|---|
| | | | | <p>Toyota D/C, SM 3248 - Toyota Hilux, SM 2955 - Toyota L/C and STJ 2588 - Toyota L/R 110 were grounded at the Council premises and at private garage in Dodoma for the period of 6 month to two years without service and repair.</p> |
| 43 | | Singida DC | <p>-</p> <p>277,792,000</p> <p>16,588,650,000</p> | <ul style="list-style-type: none"> • Four (4) Motor vehicles with registration No. SM 3351, SM 2343, SM 5031 and STJ 6252 were found grounded at the Council premises for long time. Audit noted that no action has been taken to dispose them off or to service and repair them. • During the year under review the Council disclosed in the Statement of Financial Position non current assets amounting to Shs.19,531,184,000. The statement included buildings with carrying value of Shs.277,792,000 for which their service potentials has been ceased. • Verification of fixed assets shown in the Financial Statements for the year 2009/10 revealed that the Non Current Asset in terms of buildings amounting to Shs. 16,588,650,000 |

| | | | | |
|----|--------|------------|---------------|--|
| | | | | were not supported by any title deeds. |
| 44 | | Tanga CC | | A physical verification of Council's motor vehicles revealed one motor vehicle acquired on 2007 manufactured by FORD Company which serving fire department was not registered contrary to the motor vehicles (tax on registration and transfer) act, Revised 2006 Cap 124 Sect. 4(1). In addition, the value of the motor vehicle could not be ascertained due to non availability of update records in the assets register. |
| 45 | | Kilindi DC | 24,167,500 | Procured 25 hand water pumps under Rural water account worth Shs.24,167,500 were not in use. |
| 46 | TABORA | Igunga DC | 1,421,884,160 | Included in the figure of property, plant and equipment is Shs 1,421,884,160 being work in progress as at 30 th June 2010. However, the analysis showing how the figure arrived at was not submitted along with financial statements. |
| 47 | | Sikonge DC | - | <ul style="list-style-type: none"> Note 28 to the financial statements disclosed various non current assets including buildings, Schools and various furniture, which |

| | | | | |
|----|--|-----------|---------------|---|
| | | | 6,386,696,123 | <p>are owned and used by the Council but not assigned with values and therefore not included in the statements of financial positions under plant, property and equipments.</p> <ul style="list-style-type: none"> • The statement of financial position disclosed property, plant and equipments valued at shs 6,386,696,123 at carrying cost. However the schedules to support these assets were not available for audits. |
| 48 | | Tabora DC | - | <p>Audit examination and verification of the assets owned by Council revealed that they are not valued from time to time for the purpose of determining the correct value of the assets at a given time.</p> |
| 49 | | Tabora MC | - | <ul style="list-style-type: none"> • It was noted at the time of audit examination that motor vehicle with registration Number SM 3123 was being used by the Council and it has been used since year 2001. Audit could not be able to confirm the ownership of the vehicle as there was no registration card to confirm such ownership. • The statement of financial position |

| | | | | |
|--------------|--|-----------|------------------------|---|
| | | | | disclosed a sum of Shs.10,293,265,180 as property, plants and equipments. However, the disclosed figure excluded some of the fixed assets under PPE as they contained no value these are STJ 5083, STJ 5086, STK 5589, Desktop scanner A9854K, Printer medium and STK 6820. |
| 50 | | Urambo DC | 989,118,691 | Property, Plant and Equipments bought using own source was reported in the financial statement without supporting schedules and not valued. |
| Total | | | 146,249,448,160 | |

Annexure 20

Councils with outstanding matters from the previous years Shs.122,128,377,615

| S/No. | Region | Name of Council | Amount (Shs) |
|-------|--------|------------------|---------------|
| 1 | Arusha | Arusha MC | 479,586,084 |
| 2 | | Karatu DC | 110,535,138 |
| 3 | | Monduli DC | 999,413,125 |
| 4 | | Ngorongoro DC | 58,474,550 |
| 5 | | Meru DC | 322,498,304 |
| 6 | | Longido DC | 1,338,493,872 |
| 7 | | Arusha DC | 11,681,193 |
| 8 | Coast | Bagamoyo DC | 570,091,161 |
| 9 | | Kibaha DC | 62,365,591 |
| 10 | | Kibaha TC | 50,751,313 |
| 11 | | Kisarawe DC | 165,617,608 |
| 12 | | Mkuranga DC | 651,686,561 |
| 13 | | Mafia | 73,360,600 |
| 14 | | Rufiji/Utete DC | 670,337,676 |
| 15 | Dsm | Dar es Salaam CC | 2,166,537,227 |
| 16 | | Ilala MC | 1,321,872,417 |
| 17 | | Kinondoni MC | 1,196,735,731 |
| 18 | | Temeke MC | 220,610,723 |

| | | | |
|----|--------|---------------|---------------|
| 19 | Dodoma | Bahi DC | 603,285,345 |
| 20 | | Chamwino DC | 447,909,074 |
| 21 | | Dodoma MC | 641,728,616 |
| 22 | | Kondoa DC | 16,000,000 |
| 23 | | Kongwa DC | 7,242,561,049 |
| 24 | | Mpwapwa DC | 216,814,934 |
| 25 | Iringa | Iringa DC | 183,567,104 |
| 26 | | Ludewa DC | 37,719,159 |
| 27 | | Makete DC | 65,297,158 |
| 28 | | Mufindi DC | 121,876,775 |
| 29 | | Njombe DC | 20,023,290 |
| 30 | Kagera | Biharamulo DC | 5,882,000 |
| 31 | | Bukoba DC | 17,610,000 |
| 32 | | Bukoba MC | 27,151,975 |
| 33 | | Karagwe DC | 43,742,335 |
| 34 | | Muleba DC | 79,168,652 |
| 35 | | Ngara DC | 8,525,690 |
| 36 | | Missenyi DC | 2,000,000 |
| 37 | Kigoma | Kasulu DC | 89,495,152 |
| 38 | | Kibondo DC | 710,725,188 |
| 39 | | Kigoma DC | 4,005,346,083 |

| | | | |
|----|-------------|-----------------|---------------|
| 40 | | Kigoma/Ujiji MC | 255,890,587 |
| 41 | Kilimanjaro | Hai DC | 48,672,709 |
| 42 | | Moshi DC | 918,471,812 |
| 43 | | Moshi MC | 977,857,631 |
| 44 | | Siha DC | 1,249,095,399 |
| 45 | | Mwanga DC | 2,975,409,044 |
| 46 | | Rombo DC | 2,027,883,245 |
| 47 | | Same DC | 8,176,961,278 |
| 48 | Lindi | Kilwa DC | 8,992,407,355 |
| 49 | | Lindi DC | 273,335,411 |
| 50 | | Lindi TC | 282,387,982 |
| 51 | | Liwale DC | 715,642,236 |
| 52 | | Nachingwea DC | 295,054,629 |
| 53 | | Ruangwa DC | 1,205,972,166 |
| 54 | Manyara | Babati DC | 431,820,407 |
| 55 | | Hanang' DC | 629,422,514 |
| 56 | | Kiteto DC | 55,204,989 |
| 57 | | Mbulu DC | 62,272,402 |
| 58 | | Simanjiro DC | 64,254,564 |
| 59 | | Babati TC | 3,330,920 |
| 60 | Mara | Musoma DC | 311,894,000 |

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|----|----------|--------------|---------------|
| 61 | | Bunda DC | 108,188,075 |
| 62 | | Musoma MC | 2,837,472,039 |
| 63 | | Serengeti DC | 3,210,317,944 |
| 64 | | Tarime DC | 1,627,514,569 |
| 65 | | Rorya DC | 131,445,568 |
| 66 | Mbeya | Chunya DC | 13,980,520 |
| 67 | | Ileje DC | 501,258,956 |
| 68 | | Kyela DC | 127,961,485 |
| 69 | | Mbarali DC | 562,395,000 |
| 70 | | Mbeya DC | 150,985,460 |
| 71 | | Mbeya CC | 288,220,385 |
| 72 | | Mbozi DC | 56,884,000 |
| 73 | | Rungwe DC | 30,267,366 |
| 74 | Morogoro | Kilombero DC | 373,368,650 |
| 75 | | Kilosa DC | 534,553,878 |
| 76 | | Morogoro DC | 1,377,751,706 |
| 77 | | Morogoro MC | 516,843,284 |
| 78 | | Ulanga DC | 2,963,488,518 |
| 79 | | Mvomero DC | 309,445,293 |
| 80 | Mtwara | Masasi DC | 928,658,817 |
| 81 | | Masasi TC | 26,533,584 |

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|-----|--------|---------------|---------------|
| 82 | | Mtwara DC | 325,680,026 |
| 83 | | Mtwara MC | 74,339,951 |
| 84 | | Newala DC | 391,365,375 |
| 85 | | Tandahimba DC | 2,042,211,393 |
| 86 | | Nanyumbu DC | 262,394,799 |
| 87 | Mwanza | Geita DC | 2,059,318,761 |
| 88 | | Kwimba DC | 934,549,199 |
| 89 | | Magu DC | 1,167,513,176 |
| 90 | | Misungwi DC | 2,762,849,939 |
| 91 | | Mwanza CC | 3,245,821,694 |
| 92 | | Sengerema DC | 3,730,861 |
| 93 | | Ukerewe DC | 6,605,010,864 |
| 94 | Rukwa | Mpanda DC | 11,064,145 |
| 95 | | Mpanda TC | 108,716,768 |
| 95 | | Nkasi DC | 33,260,585 |
| 97 | | Sumbawanga DC | 29,102,384 |
| 98 | | Sumbawanga MC | 138,206,968 |
| 99 | Ruvuma | Mbinga DC | 151,822,813 |
| 100 | | Songea DC | 48,083,318 |
| 101 | | Tunduru DC | 131,129,838 |
| 102 | | Namtumbo DC | 4,657,849 |

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| 103 | Shinyanga | Bariadi DC | 3,461,292,313 |
| 104 | | Bukombe DC | 819,784,556 |
| 105 | | Kahama DC | 205,274,380 |
| 106 | | Meatu DC | 1,240,542,153 |
| 107 | | Shinyanga DC | 582,408,808 |
| 108 | | Shinyanga MC | 946,957,921 |
| 109 | | Kishapu DC | 495,835,193 |
| 110 | | Maswa DC | 272,876,441 |
| 111 | Singida | Iramba DC | 33,053,902 |
| 112 | | Manyoni DC | 6,097,936,644 |
| 113 | | Singida DC | 13,366,039 |
| 114 | | Singida MC | 389,879,389 |
| 115 | Tanga | Handeni DC | 27,627,279 |
| 116 | | Korogwe DC | 153,707,665 |
| 117 | | Korogwe TC | 428,746,897 |
| 118 | | Lushoto DC | 729,503,297 |
| 119 | | Muheza DC | 437,224,994 |
| 120 | | Pangani DC | 79,215,365 |
| 121 | | Tanga CC | 480,264,000 |
| 122 | | Kilindi DC | 1,523,560,530 |
| 123 | | Mkinga DC | 14,209,100 |

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|--------------|--------|------------|------------------------|
| 124 | Tabora | Igunga DC | 2,053,196,187 |
| 125 | | Nzega DC | 2,067,554,300 |
| 126 | | Sikonge DC | 896,084,873 |
| 127 | | Tabora DC | 1,715,151,528 |
| 128 | | Tabora MC | 369,466,104 |
| 129 | | Urambo DC | 4,374,972,221 |
| Total | | | 122,128,377,615 |

Annexure 21

Stores not recorded in ledgers Shs.577,578,107

| S/N | Region | Name of Council | Amount (Shs) |
|--------------|-------------|-----------------|--------------------|
| 1 | Arusha | Arusha MC | 1,742,400 |
| 2 | | Ngorongoro DC | 2,863,000 |
| 3 | | Meru DC | 6,280,000 |
| 4 | | Longido DC | 4,051,000 |
| 5 | Dsm | Ilala MC | 3,852,000 |
| 6 | | Kinondoni MC | 136,331,268 |
| 7 | Iringa | Iringa DC | 12, 400,000 |
| 8 | | Makete DC | 5,857,000 |
| 9 | | Njombe TC | 16,910,050 |
| 10 | Kagera | Karagwe DC | 17,002,000 |
| 11 | Kilimanjaro | Mwanga DC | 27,183,900 |
| 12 | Lindi | Kilwa DC | 6,748,250 |
| 13 | | Lindi TC | 18,448,000 |
| 14 | Manyara | Hanang' DC | 17,588,000 |
| 15 | | Kiteto DC | 14,400,000 |
| 16 | Mara | Musoma DC | 89,709,205 |
| 17 | Morogoro | Morogoro MC | 11,228,950 |
| 18 | Mwanza | Misungwi DC | 77, 555,399 |
| 19 | | Mwanza CC | 56,114,885 |
| 20 | Mwanza | Sengerema DC | 34,714,000 |
| 21 | Rukwa | Mpanda DC | 5,505,000 |
| 22 | | Nkasi DC | 2,035,100 |
| 23 | Tanga | Pangani DC | 3,996,500 |
| 24 | Tabora | Sikonge DC | 5,062,200 |
| Total | | | 577,578,107 |

Annexure 22

Inadequate documentation of contracts and project records Shs.1,755,429,901

| SN | Council | Amount (Shs.) | Missing documents/Information |
|----|------------|---------------|--|
| 1 | Arusha MC | 653,898,000 | Contracts documents for seven (7) revenue collecting agents were missing. |
| 2 | Temeke MC | 895,622,853 | The list of tax payers who had paid the taxes and the time in which the payments were made were not produced during the audit. Furthermore, the Council had failed to identify the defaulters who had not paid the Property tax. |
| 3 | Kongwa DC | - | Absence of Contract between the Council and Board of Directors- Kibaigwa International Market. |
| 4 | Pangani DC | - | Contract Register maintained not susceptible for audit as it lack essential information such as <ul style="list-style-type: none"> • Details of contract payments made were not recorded. • Retention period, release of retention money and date of the contract were not recorded in the register. • Securities retained were not disclosed. Contrary to Regulation 23(n) of the Local Government Authority Tender Board of 2007. |
| 5 | Ukerewe DC | 50,920,668 | Twenty three (23) revenue agents' contract agreements were not produced when called for contrary to order no. 368 of the Local |

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| | | | Authority Financial Memorandum of 1997 |
| 6 | Monduli DC | 16,647,288 | The Council entered into a contract with transport for transportation of maize from Strategic Grain Reserve (SGR-Arusha) to Monduli at a price of Shs. 15,000 per ton. However, there was an extra payment of Shs. 16,647,288 which was made to the contractor through deposit account. |
| 7 | Karatu DC | - | Contract register not maintained according to Sect. 4.16 of Local Authority Accounting Manual and Order No.290 of Local Authority Financial Memorandum, 1997 all together requires the Council to prepare and maintain Contract register showing the status of contracts awarded. |
| 8 | Mvomero DC | - | <ul style="list-style-type: none"> The Council management is lacking expertise in contracting managing and supervision of procurement contracts. Almost all contract documents were not well drawn to ensure the Council is secured against possible instances of failure of contractors to render their obligations. As a result, several projects were delayed and in various cases the performance was below standards. Owing to the foregoing weaknesses, the Council could not impose rightful remedies. If these weaknesses are not restrained, the Council shall always be at a loss because it might not realize equitable |

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| | | | value for the monies invested in the development projects. |
| 9 | Siha DC | 7, 913,393 | Consultancy fees was paid to M/S Tanzania Building Agency, Arusha, for consultancy services provided on going construction of the Proposed Siha District Office Block, Phase I. though there was no contractual obligations between the Consultant and the Council. |
| 10 | Hai DC | 138,341,092 | Implemented Projects Activity Reports for the projects undertaken were missing. |
| Total | | 1,763,343,294 | |

Annexure 23

Delays in completion of Projects

| S/N | Councils | Projects | Status/Outstanding works | Amount (Shs.) |
|-----|------------|--|--|---------------|
| 1 | BARIADI DC | Construction of Old Maswa Sec School | Sanitary system not completed | 1,849,020 |
| | | Construction of Bunamhala Mbugani Secondary School | Fixing mninga timber frame and doors, grill steel frame, ceiling boards and painting wall and ceiling board. | 4,104,400 |
| | | Construction of Nyasosi Secondary School | Fixing Weld mesh to window, mortise locks Yale type made in-UK, painting walls and ceiling board and installation of electrical fittings. | 1,421,680 |
| | | Construction of one classroom at Masewa B Primary School | Floor concrete, finishers, black board, plastering of both inside and outside walls, window frames - five (5) pieces, wire mesh - five (5) pieces, door frame - One (1) piece, door shutter - One (1) piece, painting works, mort ice Locks - One (1) piece. | 5,194,000 |
| | | Construction of Mwabuki Dispensary (OPD) and staff house | Masonry works, roofing works, Ceiling structure, wood works (windows), complete door frame and shutters, plumbing and electrical works, plastering and rendering, painting | 73,216,978 |

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| | | | and decoration. | |
| | | | Foundation, walling, doors (Type 101), window(TypeW 2), roofing, ceiling, plastering, painting, sanitary system, electricity. | |
| 2 | KISHAPU | Renovation Ilebelebe Dispensary | Paint in three coats to block wall door window foundation surface, supply and fix Ex UK UNIC mortise locks framed ledged door and Windows | 4,754,000 |
| | | Bulima Dispensary | Floor screed (including verandah) in 1:3:6 cement sand mortar, provide internal instate finishing 20mm cement (1:4:) plastering in two coats steel trowel led to smooth finish, supply and fix prome quality hardwood frame with 4 side hung timber shutters for windows, supply and fix Ex UK Union mortise locks, framed ledged doors with transom window. | 13,042,000 |
| | | Laboratory - Ukenyenge Sec. School | Fix doors and windows, opening and joinery work, construction of soap pit. | 15,413,510 |
| | | renovation of school infrastructures at Lagana, Kiloleli, and Mwamadulu Secondary | Superstructure, roofing, openings, electrical installation, and finishing works. | 31,628,160 |

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| | | Schools | | |
| | | Laboratory at Bulekela Secondary School | Supply and fix framed ledged, sans (1:4) plastering into coats steel trowel led smooth finish, block work or concrete to internally, roof covering 28G galvanized corrugated iron sheet, fabrication. | 19,603,840 |
| | | Completion of 1 Laboratory, Two 3 Bed Room Houses, and 1 Classroom at Ukenyenge Secondary School | Plain incite concrete sand screed, fabrication and creation of roof trusses, supply and fix frames and shutters with 4 side hung, block work and construction of soak pit. | 19,342,910 |
| | | Completion of 1 Laboratory, Two Classrooms at Busily Secondary School, and Completion of 1 Laboratory 3 Classrooms at Malaga Secondary School | Three level Union mortise lockset model 2237, 30mm diameter rubber door, Doors, painting, substructure, Roofing and finishing works. | 42,203,570 |
| | | Completion of 2 classrooms, 1 laboratory at Belle Secondary School, 3 bed rooms House for teachers and construction of pit latrines at Balele Secondary School | Construction works worth Shs.35,127,900 had not been completed (works were in progress and the contractor was on site executing the works). | 35,127,900 |
| | | Classrooms Block for (Three room) | Floor screed, Supply & fix UK UNION | 7,110,000 |

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| | | at Maganzo Secondary School. | mortice locks, Supply and fix hardwood frame with 4 side hung timber shutters. | |
| | | Construction Pit Latrines at Mangu, Isoso, Secondary School and completion Pit Latrines at Mwamadulu Secondary School, construction laboratory, kitchen and food stores at Kishapu secondary school | Excavate cover site, excavate foundation trend, excavate pit latrine, select back fill excavated materials around foundation, concrete works for pit and structure, roofing covering 28gauge corrugated iron sheet, Supply and fix 0.9 X 2.0mt in size. | 24,833,400 |
| | | Completion of laboratory at Kishapu Secondary School, completion of 3 Classrooms and 2 Bed rooms house at Isoso Secondary School | Covering 28G galvanized corrugated iron, provide plain inside concrete c 2 sheet, roof covering 28G galvanized corrugated iron sheet with one and half corrugated side laps 200mm end laps fixed with approved roofing nail, plastering in two coats steel trowel. | 24,367,660 |
| | | Completion of staff quarter houses grade II Phase II | Fabrication and erection of roof trusses made of treated soft wood timber, supply and fix hard wood timber frames with paneled doors, supply and fix flush doors to wet areas. | 19,173,920 |
| | | Completion of 1 laboratory and 2 classrooms at Igaga Secondary | Wall in solid sand sound cement sand blocks bedded and jointed in gauged, | 10, 435,800 |

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| | | School | supply and fix frames and shutters with 4 side hung (2100 x 1750)mm, plastering in two coats steel trowel led to smooth finish. | |
| | | Completion of laboratory at Bunambiyu Secondary School | Thick hardcore bed leveled and compacted blinded to receive oversight concrete, provide plain insile c 20, provide 30mm cement: sand screed, construct Wall in solid sand sound cement sand blocks bedded and jointed in gauged mortar. | 27,852,354 |
| 3 | KWIMBA | Construction of six hostel at Ngulla, Mhande, Malya, Mwamala, Maligisu and Walla Secondary Schools. | 3 Hostels at Mhande, Mwamala and Maligisu are at super structure (Boma), Walla at roofing stage and Malya at foundation stage. | 31,000,000 |
| | | Renovation of Administration office Council Headquarter. | Renovation of Administration office has not started. | 79,983,000 |
| | | Construction of 20 classrooms at 20 schools in Kwimba District Council. | Classrooms at 14 schools had not yet started. | 65,000,000 |
| 4 | MOSHI MC | Construction of Msasani Sec. School | Still under construction | 5,000,000 |
| | | Construction of teachers house Msandaka Primary School | Still under construction, | 10,000,000 |
| | | Construction of Anna Mkapa Sec. school | Still under construction (painting & ceiling board | 5,000,000 |

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| | | Construction Reginald Mengi Sec. School | Still under construction (painting & ceiling board) | 4,133,400 |
| 5 | SIKONGE DC | Construction of two (2) classrooms at Kipili Secondary School. | Roofing, doors tops fitting, flooring, wire measures, plastering inside and outside, cheeping, painting, blundering ceiling board. | 14,000,000 |
| | | Construction of one classroom at Langwa Secondary School. | Roofing, flooring, painting, door tops, wire mesh, replacement of one window due to poor quality. | 7,000,000 |
| | | Construction of two classrooms at Ilgigwa Secondary School. | Blundering, ground flooring, painting, doorstops, cheeping, painting and black board. | 14,000,000 |
| | | Construction of one classroom at Mole Secondary School. | Plastering, flooring, blundering, doorstops and cheeping. | 8,000,000 |
| | | Construction of 10 staff quarters for District Council staff (head of departments). | Ceiling board, painting, windows, doors frame and its tops, cheeping, plastering, wire measures, facial board and flooring. | 261,000,000 |
| 6 | BUKOMBE DC | Construction of General Ward BLOCK B at Masumbwe Health Centre | Ceiling, flooring, supply and fix ceramic tiles to floor and walls for selected rooms and skirting, doors, Windows, Painting, Plumbing for Water works and sewerage system and Electrical works. | 11,177,762 |
| 7 | ILALA MC | Shallow well digging at Central Police | Works not started | 7,595,766 |

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| | | Construction of Classrooms and dispensary at Ulongoni | 20% of the project not yet completed | 15,600,285 |
| | | Construction of Ward Executive Office at Gerezani Ward | The work not yet started | 5,395,412 |
| 8 | KASULU DC | Completion of buildings (Teacher's house and Kitchen) at Munanila Secondary school | Value of work executed at 39% as per Engineer's report, Work still in progress, Completion of work delayed for 5 months to date | 53,133,023 |
| 9 | ULANGA DC | Completion of two classrooms and administration block at Usangule Secondary School | Plastering in and outside walls, Painting, Floor not completed, windows and doors not fixed | 11,000,000 |
| | | Construction of Igawa Village's Office | The work not yet started | 4,000,000 |
| 10 | IRINGA MC | Construction of one staff House at Njiapanda Disp | Not completed | 13,000,000 |
| | | To support construction of 1 matron house at Tagamenda sec | Not completed | 6,039,500 |
| | | To support completion of 14 teachers houses | Construction of staff house at Kigamboni primary school not completed | 58,872,000 |
| 11 | MUSOMA MC | Rehabilitation of Doctor's House at Bweri Dispensary | Internally and externally paint not done, Window frames and shutters sizes not fitted, Mosquito gauze not fitted | 3,612,000 |
| 12 | MOROGORO MC | Construction of (two) 2 Classrooms at Kola hill | Ceiling board not completed and wire mesh for 12 windows not fixed. | 33,834,873 |

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|----|------------|--|--|---------------|
| | | Secondary School | | |
| | | Construction of Classroom and Administration block at Kingolwira Secondary School Shs. | <p>Classroom: The outstanding of works are roofing, Plastering, painting, windows and doors.</p> <p>Administration block: The outstanding of works are roofing, Plastering, painting, windows and doors also I note that no fund remained in the project bank account.</p> | 21,272,435.45 |
| | | Construction of Classroom and Administration block at Mwembesongo Secondary School | <p>Classrooms: ring beam, Plastering, painting, roofing, and flooring works windows and doors,</p> <p>Administration block: Plastering, painting windows and doors.</p> | 20,990,000 |
| | | Construction of Classrooms at Mji Mpya Secondary School | 15 windows with wire mesh, 3 doors not fixed and poles on the corridor, Plastering and Painting works not completed. | 24,412,274 |
| 13 | SINGIDA DC | Construction of a house at Mwalala Primary School | Painting of outside walls, Painting of the ceiling board, Fixing of one door shutter, Completion of a septic tank. | 19,600,000 |
| | | Construction of dispensary at Wibia village. | Rip and Plastering work for the whole building, Fixing of Ceiling board in the whole dispensary building, Floor work, Painting of the whole dispensary building, | 1,300,000 |

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| | | | Fixing of the windows, Fixing of door tops and doors. | |
| 14 | KIBONDO DC | Rehabilitation of two in one staff quarter at Mabamba Health Centre | The contractor has been terminated | 50,433,545 |
| | | Renovation for one house for Dispensary Kasongati | Renovation was not completed and the contractor had been out of the site since February 2010 | 14,000,000 |
| | | Rehabilitation of Kakonko Health Centre | Renovation was not completed and the contractor terminated. | 51,222,095 |
| 15 | SONGEA MC | Construction of a Laboratory at Mashujaa secondary school | The project changed to classrooms but also construction of classrooms was not completed as doors and windows have not been fixed as per bill of quantities. | 7,200,000 |
| | | Construction of two houses for teachers at Kalembo Secondary School. | The constructions works have not been completed. | 12, 000,000 |
| 16 | MASWA DC | Completion of three (3) classrooms and one (1) office at Badi Secondary School. | Doors not fixed, Painting not done. | 7,586,962 |
| | | Completion of two (2) teachers houses at Budekwa Secondary School | Windows not yet fixed with glass shutter, Painting not yet done, Mosquito gauze to not yet fitted. | 17,500,000 |
| | | Completion of teachers houses at Mwagala | Sixteen (16) windows not fixed with glass shutters, Twenty | 13,000,000 |

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| | | Secondary School (two in one) | (20)-not fixed Doors (Top) not fixed. | |
| | | Completion of teachers houses at Jigalo Secondary School (two in one) | Four (4) windows not fixed, Floor not completed. | 10,000,000 |
| | | Completion of two classrooms at Gumali Primary School. | Doors (Top)-2 not fixed, Painting not done. | 10,000,000 |
| | | Completion of two teachers houses at Mwabomba Primary School (Single) | Doors (frames and Top) not fixed, Painting not completed, Ceiling board not fixed, Mosquito gauze to window frames not fixed. | 16,401,000 |
| | | Construction of Labolatory at Seng'wa Secondary | Floor not completed, Plastering (Inside & outside) not done, Windows not fixed, Doors not fixed, Veranda not completed, Ceiling board not completed, Septic tank not fitted. | 25,000,000 |
| 17 | BUNDA DC | Construction of two classrooms at Bulamba Secondary School | Plastering, Floor surface, Painting, Ceiling board, Fabrication and fixing of Window shutters and frames, Fabrication and fixing of Door shutters and frames. | 8,000,000 |
| | | Construction of two classrooms at Nansimo Secondary School | Plastering, Floor surface, Painting, Ceiling board, Fabrication and fixing of Window shutters and frames Fabrication and fixing of Door shutters and frames | 8,000,000 |

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| | | Construction of two classrooms at Makongoro Secondary School | Plastering, Floor surface, Painting, Ceiling board, Fabrication and fixing of Window shutters and frames Fabrication and fixing of Door shutters and frames | 8,000,000 |
| | | Construction of two office buildings at Neruma and Sazira Wards | Plastering, Floor surface, Painting, Ceiling board, Fabrication and fixing of Window shutters and frames Fabrication and fixing of Door shutters and frames | 40,000,000 |
| 18 | ROMBO DC | Construction of Karume Health Centre | The project which started during the year 2005/2006 not yet completed | 38,513,254.50 |
| Total | | | | 1,532,483,668 |