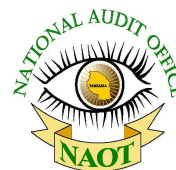


ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL

**On the Financial Statements of Local Government Authorities
for the financial year ended 30th June, 2011**



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



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In reply please quote;

Ref. No.CFA.27/249/01

and Date:

28/3/2012

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, 2011

Pursuant to Article 143 (4) 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 Audit Report of Local Government Authorities (LGAs) for the financial year ended 30th June, 2011 for your information and necessary action.

I submit,

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

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

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

The statutory duties and responsibilities of the Controller and Auditor General are under Article 143 of the Constitution of the URT of 1977 (revised 2005) and further elaborated in Sects. 45 and 48 of the Local Government Finances Act No. 9 of 1982 (revised 2000) and in Sect.10 (1) of the Public Audit Act No. 11 of 2008.

Vision

To be a centre of excellence in public sector auditing

Mission

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

Our Core Values are:-

- Objectivity:** We are an impartial organization, offering services to our clients in an objective and unbiased manner.
- Excellence:** We are professionals providing high quality audit services based on best practices.
- Integrity:** We observe and maintain high standards of ethical behaviour and the rule of law.
- People's focus:** We focus on our stakeholders' needs by building a culture of good customer care and having competent and motivated work force
- Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization

© This audit report is intended to be used by Government Authorities. However, upon tabling of this report in Parliament, the report becomes a matter of public record and its distribution may not be limited.



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
CDG	Community Development Fund
CHF	Community Health Fund
DADPS	District Agriculture Development Plans
GPSA	Government Procurement Services Agency
HBf	Health Basket Fund
HESLB	Higher Education Student's Loan Board
HIV/AIDS	Human Immuno Deficiency Virus/Acquired Immune Deficiency Syndrome
HRM	Human Resources Management
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
LAAM	Local Authorities Accounting Manual, 1993
LAFM	Local Authority Financial Memorandum, 1997
LAPF	Local Authorities Pension Fund
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
PHSDP	Primary Health Service Development Programme (MMAM)
MTEF	Medium Term Framework
NAO	National Audit Office
NHIF	National Health Insurance Fund
NMSF	National Multi Sectoral Strategic Framework



NSSF	National Social Security Fund
PEDEP	Primary Education Development Plan
PEPFAR	President's Emergency Plan for AIDS Relief (US) Government initiative to help save the lives of those suffering from HIV/AIDS)
PFM	Participatory Forestry Management
PFMRP	Public Finance Management Reform Programme
PMG	Pay Master General
PMO-RALG	Prime Minister's Office - Regional Administration and Local Government
PMU	Procurement Management Unit
PO-PSM	President's Office Public Service Management
PPA	Public Procurement Act No.21, 2004 (revised 2005)
PPE	Property, Plant and Equipment
PPR	Public Procurement (Goods, Works, Non Consultant Services and Disposal of Public Assets by Tender) Regulations, 2005
PPRA	Public Procurement Regulatory Authority
PSPF	Public Sector Pension Fund
RAS	Regional Administrative Secretariat
Reg.	Regulation
Sect.	Section
SEDP	Secondary Education Development Program
SIDA	Swedish International Development Agency
SNAO	Swedish National Audit Office
TACAIDS	Tanzania Commission for Aids
TASAF	Tanzania Social Action Fund
TRA	Tanzania Revenue Authorities
UDEM	Urban Development Environmental Management
UNHCR	United Nations High Commissioner for Refugees
URT	United Republic of Tanzania
VAT	Value Added Tax
VFM	Value for Money
WSDP	Water Sector Development Programme
WYDF	Women and Youth Development Fund



Foreword

This report is a consolidation in summary of what has been detailed in the individual audit reports issued to the respective Local Government Authorities' Managements.

In compliance 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 Controller and Auditor General is required to express professional opinion, in respect of each account and the results of the audit, prepare a report upon the audit of all such accounts and submit a report to the President.

I have the honour therefore, to submit to the President of the United Republic of Tanzania, His Excellency, Dr. Jakaya Mrisho Kikwete and through him to Parliament, my Annual General Report on the audit of Local Government Authorities (LGAs) for the financial year ended 30th June, 2011.

The intention of this report is to inform our stakeholders who include: 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) for the financial year ended 30th June, 2011.

This report gives an overall assessment on the financial statements, compliance with the laws and regulations as well as accountability and governance issues pertaining to the running of Local Government Authorities (LGAs). It also gives conclusions and recommendations from the assessments that directly concern the Local Government Authorities.

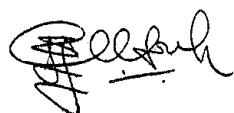
Local Government Authorities have been given opportunity to scrutinize and discuss the factual contents in the individual audit reports to each LGA through management letters issued and



discussions held during the audit and at the exit meeting. I wish to acknowledge that the discussions with auditees were very constructive. My Office intends to carry out a follow up at an appropriate time regarding necessary actions taken by the Government through the Paymaster General (PMG) in accordance with Sect. 40 of the Public Audit Act No. 11 of 2008 in relation to the recommendations from this report.

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 carry out these responsibilities, they have to collect revenues through taxes, licences, fees and other sources. In this respect, sound financial management is crucial if the Local Government Authorities are to convince the public that such revenues have been properly accounted for and utilized for the intended purposes, and have achieved the maximum benefit.

Finally, I would like to express my gratitude to all those who created an enabling environment for me to discharge my Constitutional obligations with timely completion of the Annual Audit Report for Local Government Authorities for the financial year ended 30th June, 2011.



Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

Office of the Controller and Auditor General,
National Audit Office,
Dar es Salaam,
28th March, 2012



Acknowledgement

First and foremost, I would like to give special thanks to the Almighty God who gave me special grace and favour, sound mind and health, which enabled me to successfully complete this work.

There are many stakeholders to whom I am indebted in the writing of this report.

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

I also owe a special debt of appreciation to the Prime Minister of the United Republic of Tanzania, Honourable, Mizengo Kayanza Peter Pinda (MP) for his great effort in insisting on accountability of Public Funds through instructing every Regional Commissioner, Mayor, Chairman and Executive Director on the implementation of matters raised during the audit and also ensuring that my audit is completed timely by insisting them on the implementation of my Annual Audit Calendar.

Further, my sincere thanks are extended to our Development Partners particularly the Swedish National Audit Office (SNAO), the Government of Sweden through SIDA, the World Bank through PFM RP project, AFROSAI-E and all well wishers who have contributed immensely towards the modernization of my Office. Their contributions in developing human resource, IT systems and physical assets have had a tremendous impact in our success.

Equal appreciation goes to all our other stakeholders including the Permanent Secretary PMO-RALG, Paymaster General, the Treasury



and all Accounting Officers of the LGAs for their close and much needed cooperation.

I will be unfair if I do not mentioning Media groups for creating awareness of the contents of my reports to the general public.

I also thank my staff for their professionalism and commitment in undertaking the entire audit work which is reflected in this report. Their efforts have again ensured that the audit report is on schedule, and enabled the tabling in Parliament of this report timely.

Lastly but not least, I would like to offer special thanks to the Tanzania Public whom we ultimately serve. I strongly encourage the Tanzanian Public to always continue demanding and pushing for greater transparency and accountability on the use of public resources in the Country.

May the almighty God bless you all as we commit ourselves to promote greater accountability and value for money in the collection and use of public resources.



Executive Summary

This general report provides a summary of the final audit results of the financial statements of all Local Government Authorities (LGAs) in the Country for the financial year ended 30th June, 2011. Financial statements audit is an independent examination of the financial accounting and reporting of public sector entities.

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.

1. Outlines of Audit Outcomes

The statutory audit on the financial statements of the 133 out of 134 LGAs existing in the country for the financial year ended 30th June 2011 has been completed. The audit of Tabora Municipal Council has not been finalized as at 31st December, 2011 and its report will be issued separately. 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 respective LGAs reported to the management of each LGA, and to the responsible Chairperson of each LGA.

General trend of audit opinions issued to LGAs

This part intends to analyse the trend of audit opinions issued to LGAs for the year 2007/08, 2008/09, 2009/10 and 2010/11. The rationale of this presentation is to determine trends of financial performance and accountability of LGAs for a period of four years.

Trend of Audit Opinions issued to LGAs for the financial years 2007/08, 2008/09, 2009/10 and 2010/11:

Opinions	Unqualified		Qualified		Adverse		Disclaimer	Total Councils
Years	Total	%	Total	%	Total	%	Total	
2007/08	72	54	61	46	0	0	0	133
2008/09	77	58	55	41	1	1	0	133
2009/10	66	49	64	48	4	3	0	134
2010/11	72	54	56	42	5	4	0	133

Controller and Auditor General (CAG)

General Report on LGAs for 2010/2011

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From the above table, unqualified opinions have increased by 4% from the year 2007/08 to 2008/09, decreased by 9% from the year 2008/09 to 2009/10 and increased by 5% from year 2009/10 to 2010/11.

Qualified opinions have decreased by 5% from the year 2007/08 to 2008/09, increased by 7% from the year 2008/09 to 2009/10 and decreased by 6% from the year 2009/10 to 2010/11.

Adverse opinions have increased by 1% from the year 2007/08 to 2008/09, increased by 2% from the year 2008/09 to 2009/10 and also increased by 1% from year 2009/10 to 2010/11.

Specific trend of audit opinions issued to LGAs

From the trend of audit opinions issued to LGAs for four years, the following has been noted:

- i) Eleven (11) Councils have maintained the status of receiving unqualified audit opinions for four years.
- ii) Thirty Six (36) Councils have improved from the previous years where they received qualified and adverse audit opinions to the current years where they received unqualified audit opinion.
- iii) Eleven (11) Councils have maintained the status of receiving modified opinion (adverse/qualified) audit opinions for four years.
- iv) Twenty Nine (29) Councils dropped from the previous years where they received unqualified audit opinions to the current years where they received qualified and adverse audit opinions.

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

- Intervention of the Prime Minister, Honorable Mizengo Pinda (MP) by instructing top ranking Regional Administration Officers to take the lead role in ensuring that, actions are taken on recommendations contained in the auditor's management letters issued to the respective Councils' managements.
- Involvement of Regional Commissioners by making a close follow ups to the Councils' management on progress concerning the implementation of the CAG's recommendations. This includes chairing of the Full Councils' meeting discussing the CAG's reports
- There is improvement on disclosures in a number of submitted financial statements as per the requirements of IPSASs accruals basis of accounting.
- The Local Authorities Accounts Committee (LAAC) which is one of the Parliamentary Oversight Committees entrusted to oversee the accounts of LGAs has done a commendable job by enforcing accountability to all Accounting Officers of LGAs who had not demonstrated good performance in this aspect.
- There has been a slight improvement in the compliance to the existing internal control systems, laws and regulations within some LGAs.

2. 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:

Outstanding recommendations

(i) General Report

I have received response to my General Report for the financial year 2009/2010 from the Government through the Paymaster General through his letter with Ref. No.EB/AG/485/01/VOL.III/31 dated 28th June, 2011. Review of the responses received noted that out of the 12 recommendations issued in the previous year only 1 had



been implemented, 2 partially implemented and 9 were not implemented at all.

(ii) LAAC Report

On coming up with the structured responses concerning the audit report on the financial statements for the year ended 30th June 2010, the PMG did not take into account the seven (7) LAAC recommendations. The LAAC's report was presented to the National Assembly on April, 2011. The summary of the LAAC recommendations which were not responded to is as follows:

- The Government should take appropriate action that will ensure that, salaries paid to ghost workers (Shs.792.2mil) are recovered.
- The committee recommended that, the Government has to take affirmative action on LGAs so as to strengthen their Systems of Internal Controls.
- LAAC recommended that, all Accounting Officers and Heads of Departments of LGAs should be responsible in ensuring effective implementation of Development Projects under their jurisdiction. The Committee also recommended introduction of social audit for Government accountability and transparency. The committee further recommended that, Value for Money in the National Audit Office should be strengthened by increasing the number of auditors and widening the scope of VFM audit so as to cover a good number of councils.
- The committee recommended that, management of the respective LGAs should comply with the requirements of the PPA, 2004 and its underlying Regulations of 2005. Government should effectively use reports and guidelines issued by PPRA on the day to day procedures regarding public procurement in the LGAs.
- The committee recommended to the Government to come up with specific technology to control the misuse



of public funds resulting from the procurement of fuel and motor vehicle spare parts.

- The Committee recommended that, the Government should ensure that, funds allocated for projects like TASAF, TACAIDS, DADPS, CDG and UDEM are purely used for those projects' activities instead of more funds being used to pay allowances to staff for attending seminars and workshops.
- The Committee recommended to the Government to implement the CAG's recommendations issued in the various special audit reports.

(iii) Individual Council Reports

Out of 133 Councils, 130 Councils had outstanding matters of previous years' audit amounting to Shs.105,263,165,967.

(iv) Special Audits

The table below shows cumulative outstanding matters which resulted from the special audits of the year 2008/2009, 2009/2010 and 2010/2011

F/ Year	Outstanding matters with values (Shs.)	Outstanding matters without values (Numbers)	No. of Councils involved
2008/09	2,533,956,821	11	7
2009/10	44,415,697,227	43	11
2010/11	27,615,658,694	69	19

Non response to audit recommendations could lead to recurrence of weaknesses noted during previous audits. This deters the efforts to improve internal control environment and ultimately financial management in the Local Government Authorities.

(v) Current year's audit findings

a) Improper Preparation and Presentation of Financial Statements

The submitted draft financial statements for 60 Councils had various irregularities such as errors, omissions,



understatements and overstatements of figures, non disclosures, and improper disclosures. The magnitude of total errors and omissions in the draft of financial statements was understatement of Shs.187,064,788,252 which is 16% of the total expenditure and overstatement of Shs.118,967,438,259 which is 10% of the total expenditure. Due to the significance of errors and omissions, the Councils re-submitted the revised financial statements for audit purposes which limited the completion of audits. The number of changes and adjustments made indicates the lower level of competency of the Councils' Accountants in the preparation of financial statements.

b) Weak Internal control system and Internal Audit function

- **Manual Accounting system**

Our review and assessments of the accounting systems shows that, a sampled 36 Councils uses both computerised (IFMS-EPICOR as the accounting package) and the manual accounting systems. IFMS is used to generate payment vouchers and for recording the payment transaction details in the cash book. The subsidiary, detailed ledgers, trial balances, statement of financial position, statement of income and expenditure are generated manually.

- **Underutilization of IFMS/Epicor Accounting System**

We noted during the assessment of accounting systems that, many Councils' IFMS/Epicor accounting package are either not operational or their utilization is still at low levels. Also, we noted lack of refresher and user training on IFMS/Epicor, Epicor not compliant to IPSASs and Implementation of Epicor Version 7.2 did not fully meet the LGAs requirements.

- **Ineffective Internal Audit Function and Audit Committees**

Our review indicates that despite efforts made to strengthen the Internal Audit function, there are still capacity gaps that need to be addressed in order to make the internal audit function more effective. Audit committees are still not effective. There is also no Audit Charter that would give the function strategic direction. It was also noted that the Units have outdated internal audit manuals to guide staff on the work methodology and procedures. We also observed that in some LGAs, internal audit reports are acted upon by the management while in others they are not regularly produced. In some LGAs, internal audit staff are too few to adequately meet the needs of the LGAs given their size and geographical coverage.

With the automation of accounting processes and the introduction of IFMS - Epicor Version 9.05, the need for a strong internal audit function to mitigate the associated risks of computerized accounting environment is crucial.

- **Risk management**

The Councils are expected to manage the key risks specific to their environment which includes controls relating to risks that may have a material impact on the Councils' financial statements.

The audit review of a sample of 73 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.



- **Fraud Prevention and Control**

Fraud assessment of the selected sample of 68 LGAs disclosed that the Councils' management have not documented and approved fraud prevention plans 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 indicators of red flags such as inefficient performance of Audit committees, ineffective internal audit function, missing payment vouchers, instances of revenue not banked, payment without supporting documents, misstatement of financial statements, missing revenue receipt books. payment of salaries to ghost workers which are viewed as symptoms of fraud were noted. 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.

c) Laxity in Revenue Management

- A total of 682 revenue receipt books from 36 Councils were noted missing and therefore, were not availed for audit verification. Hence, auditors could not ascertain completeness of revenue collection. This amounted to limitation of scope of the audit.
- During the financial year under audit, out of the selected audited Councils, 47 Councils had a sum of Shs.4,227,984,618 being revenue from collecting agents which had not been remitted to the Councils.
- Laxity in internal control and monitoring of revenue collection resulting in non collection of own sources revenue amounting to Shs.8,332,985,545 from various tax payers accruing from 22 tested Councils.



- Property taxes amounting to Shs.2,328,276,795 equivalent to 44% of the budgeted amount of Shs.5,085,350,996 was not collected by 14 LGAs.

d) Weaknesses in Cash management

Management and control of cash are critical to ensuring all cash due is properly collected, banked and recorded. The following matters were noted in 2010/2011:

- Bank reconciliations are a core financial control that mitigates the risk that fraudulent or incorrect transactions will be processed through councils' bank accounts. Bank reconciliation control weaknesses were identified in 88 LGAs. These includes Shs.4,662,975,016 being total receipts in Councils cash books but not in bank statements. A sum of Shs.425,988,778 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.1,002,195,882 was debited (withdrawn) from the Councils' bank accounts without being credited to the Councils' cash books.
 - Regular cash surveys were not carried out in 38 sampled LGAs.
 - There were losses of cash amounting to Shs.34,436,525 involving 3 LGAs.

e) Irregularities in Expenditure Management

Controls over expenditure systems are necessary to ensure all expenses incurred are correctly paid and recorded. Specific matters identified in 2010/2011 included:

- 32 Councils out of 133 audited had effected payments amounting to Shs.1,080,519,637 where supporting payment vouchers were not made



available for audit purpose, hence limiting the scope of audit.

- Payments made without proper supporting documents (improperly vouched expenditure) was noted in 63 Councils with the total amount of Shs.5,668,730,107.
- Inter account transfers in the form of Loans amounting to Shs.677,556,900 were not reimbursed to the respective accounts.

f) Inadequate Payroll Controls

- Periodic reconciliations and checks not carried out by the council management to confirm the validity of all payroll entries resulted in payments of salaries to retired, absconded, resigned and terminated employees through their bank accounts without being detected. Such payments are very difficult to recover once detected since the money would have already been drawn and spent by the beneficiaries. Payments made to retired, absconded and terminated employees amounting to Shs.961,394,959 were noted in 36 Councils.
- Unclaimed salaries amounting to Shs.1,468,085,615 relating to deceased, retired and absconders in 46 Councils were not remitted to the Treasury contrary to the directives issued by the Ministry of Finance vide letter reference No.EB/AG/5/03/01/Vol.IV/136 dated 31st August, 2007. It is likely that the amount was misused because the Councils have not yet cleared the amount even after the audit queries were issued.
- The audit test check made on the payment of salaries to some selected 3 Councils' staff revealed that 22 employees were paid salaries which were above their required salary scales to the tune of Shs.42,869,832 without the prior approval from the



Permanent Secretary-President's Office Public Service Management.

- Review of control sheet for months of February and March 2011 revealed a sum of Shs.65,007,802 deducted by the Treasury from gross salaries staff of the Mtwara Municipal Council Shs. 37,185,550 and Njombe Town Council Shs. 27,822,252 and paid to various institutions including loans recoveries. However, we noted that the same amount was also deducted by the Councils and paid to the same Institutions resulting into double payment of deductions.
- 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 any salary (zero net pay). A test check of 55 Councils revealed that more than 8,587 employees were receiving less than 2/3 of their salaries. This is against the requirement of Circular No.CCE.45.271/01/87 dated 19th March, 2010 issued by the PO-PSM in which it prohibits deduction of civil servant salaries beyond 1/3 of the monthly salary.

g) Unutilized Grants

The audit results of development funds and grants showed that 130 LGAs had a sum of Shs.542,339,143,645 for financing Councils' Development Projects. However, as at 30th June, 2011 Shs353,449,871,684 had been spent, leaving unspent balance of Shs160,518,294,140 or 29.6 % .

In addition, during the year under review, 128 LGAs had incurred a total recurrent expenditure of



Shs.1,978,117,478,839 against total recurrent grants of Shs.2,105,926,241,086 thus resulting into an unspent balance of Shs.146,774,839,643 which is equivalent to 7%.

h) Inadequate Human Resource Management and Payroll Controls

Human resource management processes encompasses the day-to-day management and administration of employee entitlements and payroll functions. The main components of employee expenses consists of salary and wages, leave and other entitlements, employer superannuation contributions, and workers compensation expenses. These items represent significant proportion expenditure for many Councils. Employee entitlement liabilities, particularly relating to annual leave and staff claims, generally are also one of the larger liabilities on Council's Statement of financial position.

The audits of sampled LGAs show that some of them have serious weaknesses in the effective management of Human Resources. In several instances, it was noted that recruitments are not done as a result some of the LGAs' departments are seriously understaffed hence hampering the service delivery. It was also, noted that most LGAs have problems in keeping vital staff records. Human Resource Officers have appeared to give little weight on anomalies which may create inconveniences in case of termination or retirement of an employee. A number of LGAs have demonstrated significant weaknesses in the performance appraisal of their employees.

i) Low Compliance with Procurement Procedures

- 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 totalled to Shs.4,452,071,069 for 2 Councils tested.

- Laxity in control over contract payments and supervision of councils' projects and construction works by councils' management resulting in shoddy works and delays in completion of projects within agreeable time frame.
- Procurement valued at Shs.397,571,968 in 20 LGAs were made to various suppliers of goods and services without competitive bidding contrary to the requirements of Reg. 63 of PPR, 2005.
- Procurement of Goods and Services amounting to Shs.195, 983,847 were made without Tender Board approval in 7 LGAs.
- A test check on the management of stores observed that, 22 Councils did not record in ledgers stores worth Shs.594,164,665. This contravened Order No. 207 of LAFM,1997.
- Goods worth Shs.833,707,405 were ordered and paid for by 13 Councils but not delivered contrary to Reg. No. 122 (1) of PPR (Goods, Works, non-consultant Services and disposal of Public assets by Tender) Regulations, 2005. In addition, weaknesses in stock taking procedures were noted in 28 sampled LGAs.

Non adherence to recommended procurement procedures undermines the principle of competitiveness and value for money.

j) Ineffective Operation of Funds

- **Constituency Development Catalyst Fund (CDCF)**

A total amount of Shs. 2,683,368,422 earmarked for Constituency Development Catalyst Fund activities was not utilized in 51 sampled Councils. This was caused by poor supervision and management of the Fund by the established Constituency Development Catalyst Committees, hence the objectives of establishing the Fund including provision of additional resources for communities to spend on priority areas like water, education, health, infrastructure or agriculture and an opportunity for ordinary citizens to have a stronger stake in deciding their local priorities and allocating funds and resources to meet these priorities were not fully attained. In addition, most of 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 as required by Sect. 7 (3) of the CDCF Act, 2009.

- **Community Health Fund (CHF)**

During the year, selected reviews were made on the management of the Community Health Fund in 33 Councils and it was found that these Councils had unspent balances of Shs.2,963,900,725 which was mainly caused by non-opening and operating separate accounts in respect of CHF and delay in release of the matching grants.

During the course of audit, it was observed that, CHF funds worth Shs.44,086,650 in 4 LGAs namely Songea MC, Dodoma MC, Ulanga DC and Iramba DC were used to implement unrelated CHF activities which are not allied with CHF Operations and Guidelines.

- **Women and Youth Revolving Fund**

Audit test carried out in 23 Councils revealed Shs.1,587,780,350 are idle in the Councils' bank accounts without being issued as loans to the Women and Youth groups.

k) Projects Management

A sample of three development and donor funded projects of NMSF, PHSDP and LGCDG showed a slow pace of implementation with large unspent balances of Shs.1,104,364,692 for NMSF (41 Councils), Shs.5,848,929,864 for PHSDP (48 Councils) and Shs.15,541,946,695 for LGCDG (74 Councils). The underperformance implies that a significant number of planned activities of the same magnitudes were partially or not implemented at all. As such, the earmarked services/benefits that councils intended for the community have been delayed. This may also bring about budget revision in future to accommodate possible price fluctuations due to the effect of inflation.

l) Projects Implementation Reports

Following the agreement between Parliament, National Audit Office and PMO-RALG and in accordance with the letter reference No.2/CA.26/215 dated 10/11/2010 from PMO-RALG to the Accounting Officers, the LGAs are required to submit the LAAC reports to the CAG along with the financial statements before or on 30th September, each year. My follow up on adherence to the agreement for sampled Council revealed that, out of 133 Councils, five (5) Councils did not submit their project implementation reports contrary to instructions issued by PMO-RALG, fifteen (15) Councils did not submit their project implementation reports within the statutory due date (on or before 30th September 2011) for the period between 67 to

108 days. Also fifteen (15) Councils submitted substandard Project Implementation Reports.

m) Sharing of Revenue between the Higher Level and Lower Level Government

Interaction between Lower Level Government and Higher Level Government was inadequate in that:

- Most of the Councils did not transfer 20% of the abolished taxes to Villages/Wards contrary to Government instructions. Audit sample of 50 Councils noted that the Councils did not remit Shs.1,556,830,464 during the year under review.
- Most Higher Level Government did not comply with the requirement of sharing their own source revenues with Lower Level Government.

n) Budget Performance

- There was under release of Government Grants. The Parliament approved some of the budgeted items of Shs.163,361,311,033 in respect of 18 selected Councils. However, only Shs.130,326,225,146 was received by the respective Councils, ending up with under release of Shs.33,035,085,889 which is equivalent to 20%.
- Payments amounting to Shs.444,367,001 in respect of 25 Councils were required to be properly chargeable in the financial year 2009/2010, but were charged in the financial year 2010/2011 contrary to Order No.46 of LAFM.1997.
- A test check on approved budget and actual expenditure disclosed that, 18 Councils had incurred excess expenditure in some items amounting to Shs.24,880,254,344 over the approved budget of Shs.116,967,975,198.
- Expenditure amounting to Shs.4,673,316,247 in respect of 19 Councils were incurred out of the approved budget without seeking any



authorization contrary to Sect. 10(3) of the Local Government Finances Act No. 9 of 1982 (revised 2000).

o) Contingent Liabilities

Ten (10) Councils have various cases pending in courts. A total of Shs.5,852,750,556 in contingent liabilities have been disclosed in the financial statements in this respect. However, it was noted that staffing level of the legal departments is still inadequate to enable LGAs effectively handle all the legal matters. This has sometimes led to the LGAs not being represented in courts. The LGAs face a risk of loss of court cases which is uncalled for. This calls for strengthening of the legal departments within the LGAs.

p) Results of Special Audits

A number of issues were revealed during the special audits conducted in Sengerema District Council, Ludewa District Council, Kishapu District Council, Kilindi District Council, Moshi District Council, Monduli District Council, Longido District Council and Ilala Municipal Council. These issues can be summarized as follows:

- Payment vouchers worth Shs.1,171,735,534 and Shs.31,245,700 were not made available to audit in Kishapu and Kilindi District Councils respectively as such the propriety and authenticity of the expenditure incurred could not be ascertained and the scope of audit was limited.
- There were double payments of retention money made by Ludewa District Council to the contractor amounting to Shs.11,796,685.
- Some of Ludewa District Council's employees were paid salaries above their approved scales



amounting to Shs.48,148,000 and there was existence of salaries for employees who are no longer in service in the Kishapu District Council's payrolls amounting to Shs. 66,325,162.

- In Kishapu District Council, there were misappropriations of funds for development projects amounting to Shs. 5,513,049,264 through various ways such as forged cheques, forged bank statements and bank paying to unknown payees.
- Supporting documents worth Shs. 4,258,312,634 were missing from contract files selected for audit purposes in Kishapu District Council.
- Sengerema District Council effected payments amounting to Shs.1,119,955,370 to various payees without supporting documents such as pay lists and analysis of costs from the contractors.
- There was an over payment of Shs.4,846,715 to the contractor for the Construction of two dormitories and toilets at Nyampulikano Secondary School in Sengerema District Council.
- A site visit made on 21/09/2011 and review of a report of 5/10/2011 from the contractor for construction of Faru and Ndekombeka water irrigation schemes in Moshi District Council revealed that, the project was still at 49% equivalent to Shs. Sh.8,303,030 but the contractor had already been paid the whole amount of contract sum of Shs.17,000,000.
- There were unsupported receipts and payments of Shs. 9,207,000 and Shs.10,029,880 at Barabarani Village in Monduli District Council.



- A sum of Shs.270,460,200 being VAT relating to various contractors who worked with the Longido District Council was not paid to Tanzania Revenue Authority (TRA) by the contractors.
- Non compliance to procurement procedures and advice of the Consultant by the Longido District Council has resulted into a loss of Shs.36,357,496.
- Longido District Council paid a sum of Shs.10,556,000 for the activities which have not been performed by the contractor.
- The corrugated iron sheets worth Shs.44,250,000 used for roofing Kilindi District Council Administration Block were not as per required specification in the contract.
- Audit site visit at Vingunguti abattoir in Ilala Municipal Council, revealed that the Council does not make a follow up to reconcile the reported number of goats/cattle received from Pugu Market, hence the Council failed to attain the budgeted revenue by Shs.45,728,700.

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

3. 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) Follow-up of the previous years' audit recommendations

There were significant matters reported in my previous year's audit reports which were either partly implemented or not implemented at all as highlighted in chapter three (3) of this report.

The Local Government Authorities should exert more efforts to ensure that the outstanding previous years' audit matters are timely implemented to bring efficiency in the operations of the LGAs.

(ii) Revenue Management

The LGAs should ensure that revenues are properly estimated, timely collected and accurately recorded in the books of account. Revenue contracts should be properly managed to enhance completeness of revenue collection and improve revenue management to avoid any loophole for revenue leakage and misappropriation of public funds.

(iii) Expenditure Management

The Accounting Officers should ensure compliance with applicable legislations that provide for expenditure management processes that ensure resources are used in an effective, efficient, economical and transparent manner. This responsibility includes ensuring the Council's accountable documents including payment vouchers are properly safe guarded and should be made available for audit verification when needed.

(iv) Human Resources Management and Payroll Controls

Human Resources is the key asset to the organization, therefore the Accounting Officers of LGAs should ensure that human resources management is given high priority and attention to assist the attainment of the LGAs strategic objectives.

The LGAs in collaboration with PMO RALG should ensure continuous system of monitoring staffing levels and taking

timely and appropriate action by filling the vacant positions in order to improve service delivery in the public sector.

The Accounting Officers in collaboration with the Ministry of Finance and President Office's Public Service Management should clean and remove invalid records from the government's payroll in order to get the departmental heads authenticate that; payroll data is valid, update the personnel information, identify invalid records in the payroll and obtain accurate payroll numbers that would facilitate government to budget accurately for salaries.

The problem of excessive borrowing by the Councils' employees is still persisting. Excessive borrowing is not only a 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.

(v) Compliance with Procurement Legislation

The procuring entities should follow-up and demonstrate best practice in procurement of goods, services and works, in order to achieve value for money in procurement process.

Local Government Authorities in collaboration with PPRA and PMO-RALG should organize regular training to PMU staff, members of Council Tender Boards; Heads of departments, Accounting Officers and councillors in order to enhance their knowledge about the procurement law and their responsibilities as far as public procurement is concerned.

(vi) Improving Accounting and Internal Control Systems

Some weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability of the Councils to record, process, summarize and report financial and other relevant data. If these Internal Control weaknesses are not acted upon it may result in material misstatements in the financial statements.

- **Strengthening Financial Statements Preparation Process**

The Councils' financial statements are an integral part of accounting for the stewardship of their resources. The objectives of government accounting is to provide useful information to guide the decision making process of other potential users such as Parliament, NAO, financial entities, investors, employees, tax payers, Media and Civil Society Organizations.

The number of errors and omissions in the draft financial statements submitted for audit was unacceptable. The number of revisions to these accounts has increased substantially the amount of work for both finance staff and the audit teams to conduct the audit of the financial year 2010/11. Therefore, there is a need to improve the financial statements preparation process.

- **Independence of Internal Audit Units**

Internal audit is a key source of independent and objective assurance advice on the council's risk framework and internal control. It can play an important role in assessing the adequacy of both the financial systems that underpin a council's financial statements, and the preparation process. The effectiveness of internal audit is enhanced when the internal function is operationally independent from the

activities it audits and reviews. This helps to ensure internal audit acts in an objective, impartial manner and avoids any conflicts of interest or inherent bias or undue external influence. Operational independence is enhanced to the Heads of Internal Audit Units when reporting to the Audit Committee and be accountable to the Accounting Officer.

- **Risks Management Framework**

The LGAs need to regularly monitor and update their risk management framework to ensure that it is an effective element of LGA's processes and procedures to deliver services to its community. Councils and their audit committees need to be aware that while the external auditors may include some review of risk management in the audit plan, it will not necessarily be a thorough review of the adequacy or effectiveness of the risk management framework.

The Councils should ensure that risk management plans are in place and they are monitored and reported on regularly. In the absence of active plans, the Councils are not in a position to respond in a timely way/manner to risks which may have adverse effects on their operations. The effective audit committees can play a pivotal role in monitoring and assessing Councils' risk management activities. This would be significantly enhanced by effective internal audit function.

- **Audit Committee**

With the implementation of IPSASs there was a significant change in the disclosures required in the financial statements. The audit committee should be given/ provided sufficient opportunity to review the un audited financial statements before being submitted to auditors. Further, training should be provided to elected members so as to become more engaged with the context of the financial statements so that members

are better placed to challenge officers on reported figures. There is scope to improve the effectiveness of the Audit Committee and increase clarity in additional scrutiny roles.

- These matters require prompt and effective management attention because they represent significant risks that may prevent LGAs from achieving their objectives at the required or reasonable level of performance.
- The Councils, in collaboration with Internal Auditor General's Department and PMO-RALG should put in place a comprehensive programme to address the issues related to internal control and governance framework I have identified. The programme should set clear objectives, milestones and time schedule for delivery.

(viii) Project's Implementation Reports for LAAC Purposes

The Project's Implementation reports prepared in accordance with the LAAC format should be submitted to my office on or before 30th September each year together with financial statements for the year. This will enable the auditors to compare the financial performance for the period under review against other financial reports and to conduct site visits to verify physical implementation of planned activities as well as assessing the progress made in an effort to establish the existence of value for money in such projects undertaken by the Councils and report on the outcomes of assessment.

(ix) Utilization of Monies for Constituency Development Catalyst Fund (CDCF)

A CDCF can provide additional resources for communities to spend on priority areas like water, education, health, infrastructure or agriculture. A CDCF can also provide an opportunity for ordinary citizens to have a stronger stake in deciding their local priorities and allocating funds and resources to meet these priorities.

The Councils should be proactive to ensure that all the accountability systems are implemented as per the CDCF Act No. 16 of 2010 and the existing legal framework for managing such public resources. There should be a sanction for non preparation and submission of the record of the amount received and spent by each Constituency Development Catalyst Fund as required by law, PMO - RALG should enforce the provisions of the CDCF Act by effecting sanction of non disbursement for the succeeding years until the requirement of the law have been met.

(x) Enhancement of Project Management

Project management involves the structures, processes and tools to determine achievable time, cost and quality targets as the first step, and then to ensure these targets are met.

The findings on project management indicate that supervision and monitoring of projects implementation was inadequate. There was poor workmanship on other projects which were not constructed according to prescribed standards; there were delays in completion of the projects within agreeable time frame and some completed projects were not put in use.

If there is weak project supervision and monitoring, significant additional costs are more likely to arise.

- Councils' management should strengthen periodical M&E mechanism which will ensure that follow up is strengthened and noted challenges are quickly solved for smooth implementation of planned projects and timely use of the completed projects.
- 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 the transferred funds. Timely disbursement of approved funds is

important to ensure planned activities are implemented smoothly and timely.

(xi) Need for Clear Guidance on Operations of LGAs Six Bank Accounts

The Government has made an appreciated decision of reducing the number of LGAs' bank accounts from an average of 33 to 6 accounts for each LGA. It is expected that, this will reduce operational cost and enhance financial management within LGAs by substantially improving on the cash management system by:

- a) Holding manageable bank account which can be reconciled monthly.
- b) Reducing or eliminating Council's dormant accounts and therefore minimising the handling of idle cash.
- c) Minimizing the possibilities or chances of misappropriation of Councils' idle cash normally carried in idle bank accounts.

In order to bring the positive results for this change, I have the following recommendations which are in line with the expectations of the stakeholders of LGAs:

- There is a need to strengthen the use of vote book or an equivalent system; where by the position of operation for each programme, project and fund can easily be recorded in one bank account.
- The PMO-RALG should devise a strong coding for the successful operation of these accounts as it will improve production of the required reports. An appropriate coding system will enable individual projects funds to be tracked in one bank account and be able to produce the required accountability reports and financial statements. These include; daily, weekly, monthly, quarterly and yearly reports.
- Another important area to take into account is the migration from Epicor accounting system version 7.35 to Epicor accounting system version 9.05. I recommend that, all LGAs should implement the use of Epicor



accounting system version 9.05 and centralized to PMO-RALG. This will help to have smooth bank reconciliation for different type of funds in a single bank account.



CHAPTER ONE

1.0 BACKGROUND AND GENERAL INFORMATION

1.1 Audit Mandate and Rationale for Audit

1.1.1 Audit Mandate

This report is issued in accordance with 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, which requires the Controller and Auditor General to be the statutory auditor of all Government revenue and expenditure, including the revenue and expenditure for Local Government Authorities.

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 audit report 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 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) spells 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 Controller and Auditor General to audit these LGAs.

Furthermore, Sect. 45(5) of the Local Government Finances Act No.9 of 1982 (revised 2000) gives the Controller and Auditor General the authority 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.

Moreover, Sect. 48(1), (2) and (4) of the Local Government Finances Act No. 9 of 1982 requires the Controller and Auditor General 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 same section further requires the Controller and Auditor General 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. The Controller and Auditor General shall also draw attention to any deficiency or loss incurred by negligence or misconduct of any person and to any sum which was supposed to have been brought to account by that person, but has not been done. Another issue is to certify the amount of that unlawful expenditure, deficiency or loss and the sum that has not been brought to account.

This is the third year of implementation of IPSASs accrual basis of accounting whereby, the submitted financial statements of the LGAs were prepared in compliance with 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 according to IPSASs - accrual basis of accounting, which is supposed to be submitted by all LGAs for audit, includes the following:

- a) A statement of financial position
- b) A statement of financial performance
- c) A statement of changes in net assets/equity
- d) Cash flows statement
- e) 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 the Local Government Finances Act No. 9 of 1982 (Revised 2000) and as amplified by Order No. 90 of the Local Authority Financial Memorandum (LAFM) 1997 requires that, every local government authority shall, at its own offices and in such other manner as may be directed by the Regional Commissioner, publish within its area 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;
- (ii) any report on the accounts made and signed by the auditor, within six months after the close of the financial year to which the accounts relate or within six months of the receipt of the report of the auditor, as the case may be.

I consider the adoption of the above financial reporting frameworks and the publication of statements of accounts and audit reports by LGAs as an opportunity for them to



encourage greater communication and awareness as well as increasing accountability in the use of public resources.

1.1.2 Rationale for Audit

The main objective of conducting the audit is to enable the Controller and Auditor General to express an independent audit opinion on the financial statements of the Local Government Authorities for the financial year ended 30th June, 2011 and establish whether they were prepared in all material respects, in accordance with the applicable reporting framework and, in particular to:



Approval of budget	<ul style="list-style-type: none"> •Determining whether all funds as approved by Parliament were received and used exclusively and judiciously for eligible expenses as per approved budget and regulations governing government expenditure
Accountability	<ul style="list-style-type: none"> •Determining whether all revenue collected was properly accounted for
Documentation	<ul style="list-style-type: none"> •Ascertaining whether all necessary documents, books, registers, accounts, financial data and information have properly been kept in respect of all transaction and balances.
Presentation and disclosure	<ul style="list-style-type: none"> •Ensuring that all relevant financial statement items have properly been presented and disclosed
Controls Effectiveness	<ul style="list-style-type: none"> •Evaluating and testing the relevant controls within the LGAs by ascertaining the adequacy and effectiveness of the internal control system including the related IT control environment
Risk assessment	<ul style="list-style-type: none"> •Determining the risk of audit error(audit risk)
Desired results	<ul style="list-style-type: none"> •Determining whether the desired results or benefits are being achieved, whether the objectives established by Parliament or other authorizing bodies are being met.
Compliance	<ul style="list-style-type: none"> •Assessing and evaluating the Council's compliance with the Public Procurement Act No. 21 of 2004 and its Regulations.
Good governance	<ul style="list-style-type: none"> •Ensuring whether good governance has been enforced in the day-to-day operations of the Council and in carrying out its overall strategy and how management has addressed the social and environmental issues arising thereon.

1.2 Applicable Auditing Standards and Reporting procedures

1.2.1 Applicable Auditing Standards

National Audit Office of Tanzania is a member of the International Organization of Supreme Audit Institutions (INTOSAI) through the African Organization of Supreme Audit Institutions - English Speaking Countries (AFROSAI-E) which promotes and develops exchange of ideas and experience among the SAs of the African - English speaking countries in the field of public sector auditing.

Being a member of these international organizations, the National Audit Office of Tanzania is obliged to comply with the requirements of the INTOSAI standards which are the 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.

1.2.2 Reporting Procedures

Various steps which involve communication with the management of the audited entity have been taken before issuing this general audit report. Therefore, it is worth pointing out that these steps to users of this report are important in order to have a clear understanding of the general report and the general reporting procedures being undertaken. These steps include the following:

1. Issuing engagement letter to auditees before the audit commences which explains the nature and scope of the audit expected to be conducted and defines roles and responsibilities of the auditor and management of auditees.
2. Preparing the Overall Audit Strategy that explains the audit approach adopted based on the preliminary evaluation of the audited entity.
3. Conducting entrance meeting with the management of the audited entity to explain to client about the goals

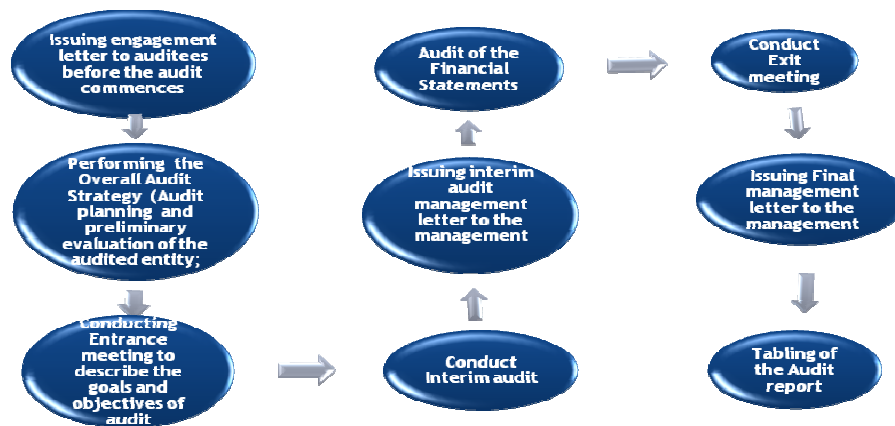


and objectives for performing the audit. This meeting gives an opportunity to the auditee to identify areas of audit.

4. Conducting interim audit to evaluate and test the relevance of controls within the LGAs by ascertaining the adequacy and effectiveness of the Internal Control System
5. Issuing interim audit findings in terms of management letters to management which requires the management of the audited entity to respond.
6. Conducting audit of the financial statements to ensure whether the financial statements are prepared in accordance with the applicable financial reporting framework.
7. Conducting exit meeting to inform the auditee of the results of the audit conducted and to provide an opportunity for management to comment on the audit findings before issuing final management letters.
8. 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 audit report and annual general report for LGAs.
9. Preparing the Annual General Report for LGAs and tabling it to the Parliament through the President of the United Republic of Tanzania as required by the provisions of Article 143(4) of the Constitution of the United Republic of Tanzania.
10. Making follow ups on the matters issued in the audit report as stipulated in Sect.40 of the Public Audit Act, 2008 to identify and report on whether the respective auditees have come up with the action plan or have implemented recommendations pointed out in the audit report as well as to include the implementation status in the next audit report as required by Sect.40 (4) of the Public Audit Act, 2008.



In summary, the diagram below depicts audit steps followed in the course of audit of LGAs.



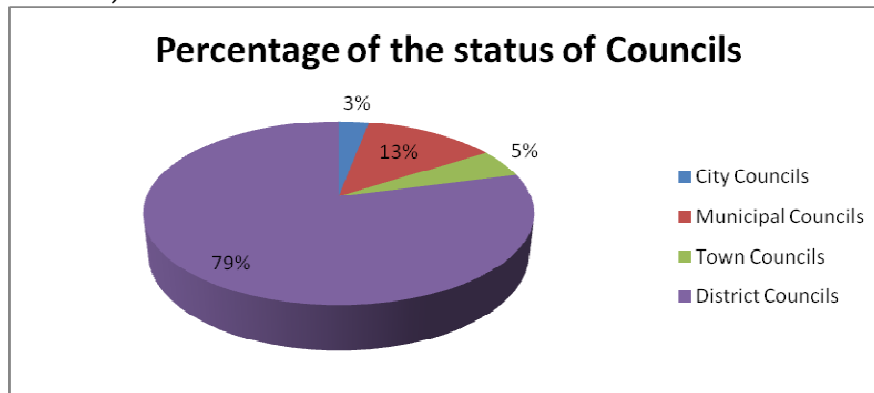
1.3 Number of Auditees and NAO's set up

1.3.1 Number of Auditees

During the financial year of 2010/2011, there were 134 Local Government Authorities in the mainland Tanzania of each of which was issued with the respective 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	106	79%
	TOTAL	134	100%

The above analysis can be presented in a pie chart as follows;-



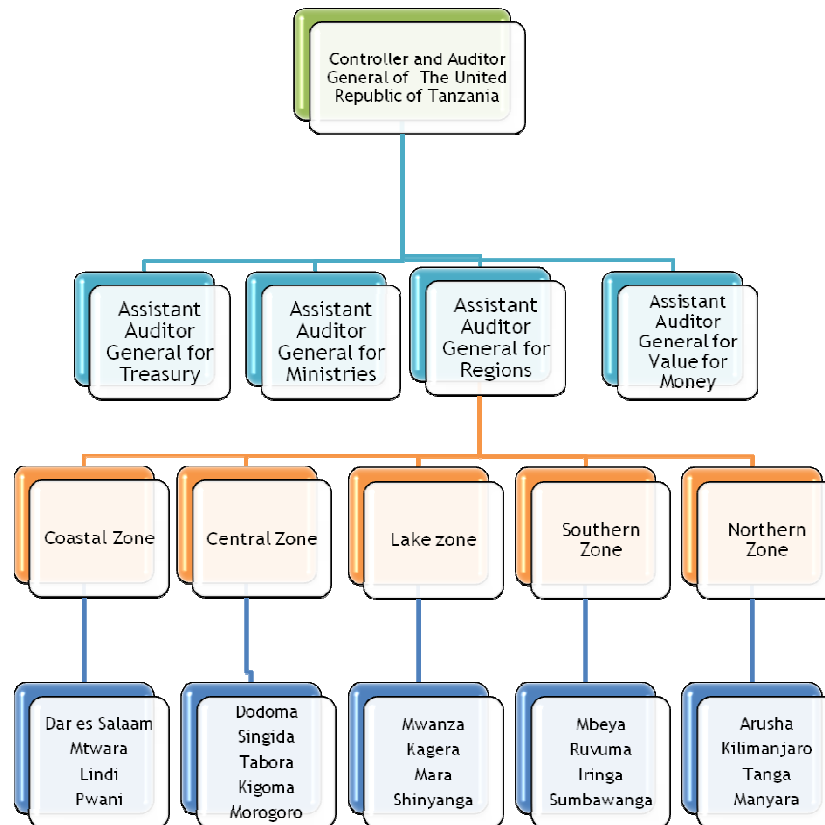
The preceding pie chart shows that, during the year 2010/11, there were 106 District Councils equivalent to 79% of the total Councils, Municipal Councils were 13% of the total Councils while; Town Councils and City Councils were 5% and 3% respectively of the total Councils.

However, in the next financial year, the number of Auditees is expected to increase up to 162 as a result of establishing four Regions and 19 new District.

1.3.2 NAOT's Set up

A total number of 134 Local Government Authorities were serviced by 24 Regional Audit Offices spreading all over Tanzania mainland. There are 267 auditors who are responsible to audit LGAs' financial statements with an average of 11 auditors in each Regional Office. These Regional Offices are headed by Resident Auditors who reports to Zonal Auditors. For the purpose of auditing LGAs in the country, these Regional Offices are grouped into five zones which are headed by Zonal Auditors who reports to the Assistant Auditor General (Regions). According to the organization structure of the NAOT, the Assistant Auditor General (Regions) reports directly to the Controller and Auditor General as shown in the extract organogram here under:

NAOT'S EXTRACT ORGANOGRAM FOR LGAs



1.4 Statutory Responsibilities of LGAs in Connection with the Preparation of Financial Statements

The management of each Council is responsible for the preparation and fair presentation of the financial statements and for establishing appropriate 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; and income and expenditure of the authority.

The above Section has also been amplified by Order Nos. 9 to 16 of the Local Authority Financial Memorandum (LAFM), 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) accrual basis of accounting.

Apart from the responsibilities of the preparation of the financial statements, Sect.49 of the LGFA No. 9 of 1982 (revised 2000) and Order No.90 of the LAFM, 1997 requires every LGA to publish the audited financial statements within their areas of jurisdiction.

1.5 Submission of Financial Statements.

Order Nos. 82 and 88 of LAFM (1997) and 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.

During the financial year ended 30th June, 2011, LGAs submitted their financial statements in compliance with the statutory due date on or before 30th September, 2011.

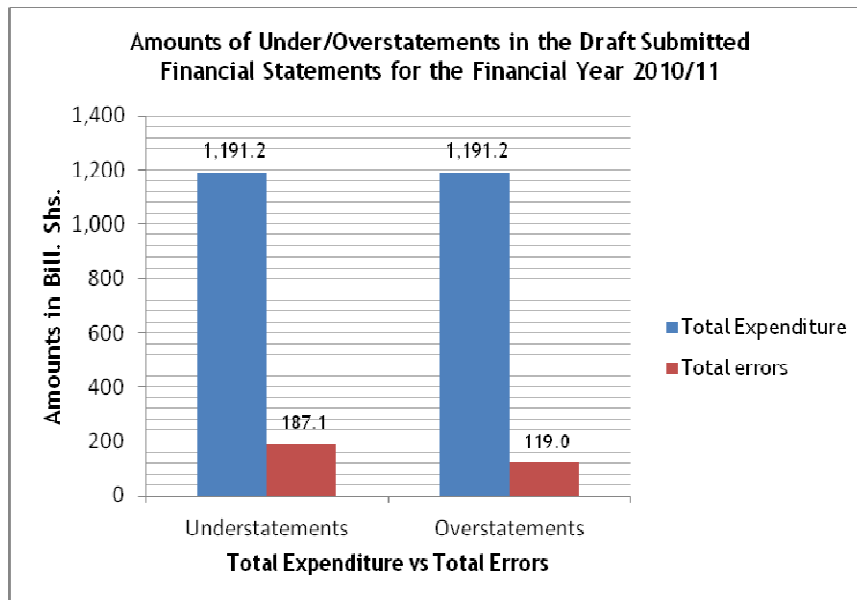


However, in the course of audit of these financial statements submitted, it was noted that, there are LGAs which submitted their financial statements containing serious and fundamental errors and omissions solely with the intention of meeting the deadline for submission of such financial statements for audit purposes.

The submitted financial statements from sixty (60) LGAs had various irregularities such as understatements and overstatements of figures. The magnitude of the total errors and omissions in the draft submitted financial statements was understatement by Shs.187,064,788,252 which is equivalent to 16% of the total expenditure and overstatement by Shs.118,967,438,529 which is equivalent to 10% of the total expenditure as summarised in the table below. A detailed list of Councils with misstatements of figures is as shown in **Annexure (i)**

Details	Understatement (Shs.)	Overstatement (Shs.)
Total Expenditure	1,191,182,477,501	1,191,182,477,501
Total errors	187,064,788,252	118,967,438,529
Percentage (%)	16%	10%

The above analysis can be presented in the Histogram as follows:-



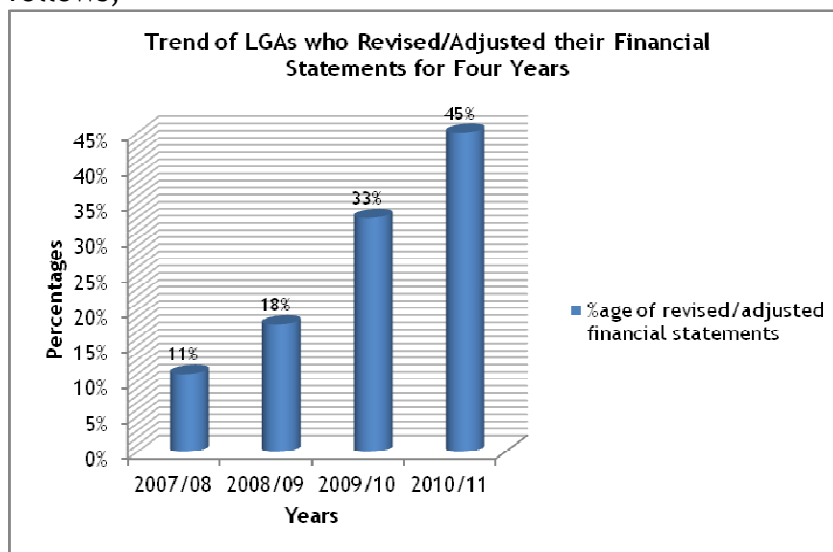
From the histograms above, it can be illustrated that, during the year under review the total amount of expenditure from sixty (60) LGAs were Shs.1,191.2 bill., whereas the amount of Understatement and Overstatement in the draft submitted financial statements were Shs.187.1 bill. and Shs.119 bill. respectively.

Due to such errors, omissions and irregularities which lead to understatement and overstatement of figures in the financial statements, the affected LGAs withdrew their financial statements and re-submitted revised/adjusted financial statements.

A number of the Councils which withdrew their financial statements and re-submitted revised or adjusted financial statements have increased from 44 last year (2009/2010) to 60 during the year under review (2010/2011). The trend for the past four consecutive years is as follows:

Financial Year	No. of LGAs Audited	No. of LGAs revised/adjusted financial statements	Percentage
2007/08	133	15	11%
2008/09	133	24	18%
2009/10	134	44	33%
2010/11	133	60	45%

The above analysis can be presented in a histogram as follows;



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

The number of changes, adjustments and the significant nature of the accounting issues involved, indicate the need for improvement in the accuracy of figures and disclosures included in the draft financial statements.

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



CHAPTER TWO

2.0 DEFINITION, TYPES, BASIS AND ANALYSIS OF AUDIT OPINIONS

2.1 Audit Opinion

To comply with statutory requirements, I am obliged to give an assurance to stakeholders of the respective Local Government Authorities whether their financial statements present fairly, in all material respects, the financial position of the respective LGAs as at 30th June, 2011 and its financial performance and cash flows for the year then ended. This certification provides with stakeholders the audit assurance as to the genuineness of the financial position and operations of the respective LGAs including compliance with prescribed requirements.

2.2 Definition of Audit Opinion

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

2.3 Types of Audit Opinion

According to the International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAIs) the following are types of audit opinions which were issued as a measure of the assessment on the financial statements:

2.3.1 Unqualified Opinion

An unqualified opinion is issued when I conclude that, the financial statements of the respective LGAs are prepared, in all material respects, in accordance with the applicable financial reporting framework.



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, LGAs issued with an unqualified opinion have also been issued with management letters which gives details of issues that are equally potential to risks of material misstatements of financial statements and if not addressed, then they could lead to a qualified opinion in the future.

2.3.2 Emphasis of Matters and Other Matters

Emphasis of matters and other matters entail to send additional communication through audit reports 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.

2.3.2.1 Emphasis of matters

In certain circumstances, I have included an emphasis of matter paragraph to highlight matters that, though appropriately presented or disclosed in the financial statements, in my judgment, are of such importance that they are fundamental to users' understanding of the financial statements. The addition of such emphasis of matters paragraph does not affect the audit opinion. An emphasis of matter paragraph is only 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.

2.3.2.2 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 I consider it appropriate to communicate matters other than those presented or disclosed in the financial statements, I use an other matters paragraph for such matters with the heading Other Matters, placed after the auditor's opinion and any emphasis of matter paragraph. These Other Matters are in a separate Section 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.



2.3.3 Qualified Opinion

A qualified opinion is issued when I conclude that, there are material misstatements in the financial statement due to the disagreements with management or limitation of scope which is neither material nor pervasive and except for the effect of the matter giving rise to the modification of audit opinion, financial statements of the respective LGAs are prepared, in all material respects, in accordance with the applicable financial reporting framework, 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 misstatements do not affect the rest of the financial statements from being fairly presented when taken as a whole.

2.3.4 Adverse Opinion

An adverse opinion is issued when I conclude that, financial statements are not fairly presented in accordance with the applicable financial reporting framework or accounting standards that, they comprises of material and pervasive disagreements with the management on either the acceptability of the accounting policies selected or the adequacy of disclosures in the financial statements. 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.

2.3.5 Disclaimer of Opinion

A disclaimer of opinion is issued when I am unable to obtain sufficient appropriate audit evidence on which to base the opinion and the possible effects on the financial statements



so prepared and submitted or in the situations involving multiple material uncertainties that are significant to the financial statements as a whole. 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 factors that make it impossible for me 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.

2.3.6 Basis or Circumstances that may lead to express a qualified or modified audit opinion

The following are the basis or circumstances that lead the Controller and Auditor General to express a qualified or modified audit opinions

- (a) Limitation of Scope of Audit due to restriction of access to evidence.
- (b) matters related to non-compliance is not:
 - Appropriately disclosed in the financial statements as required by the applicable financial reporting framework
 - Properly accounted for in the financial statements as regards the financial consequences of that non-compliance; and
 - Material or pervasive and therefore requires a modified opinion on the financial statements.

2.4 Analysis of trends of audit opinions for LGAs

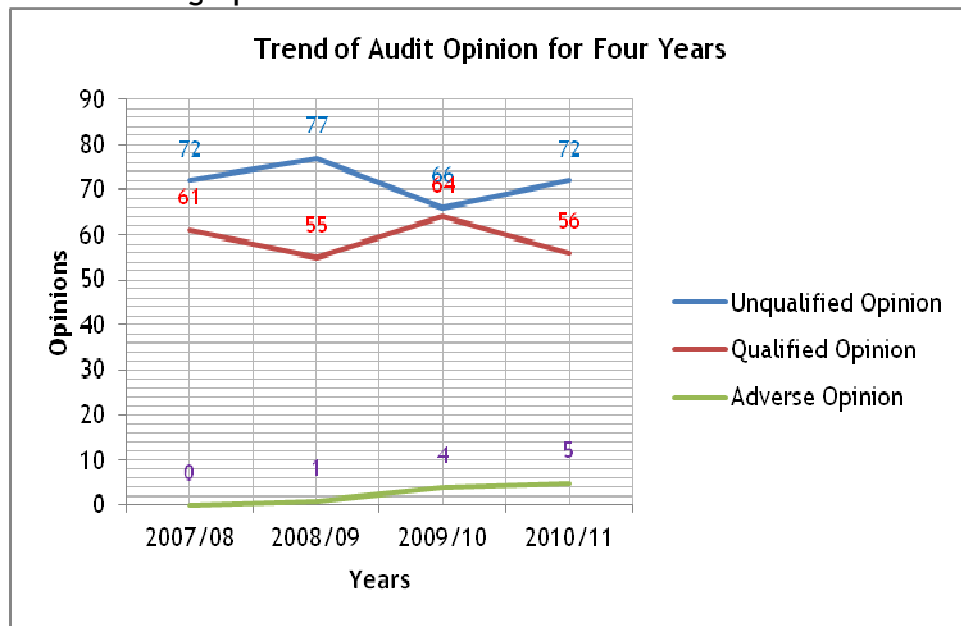
2.4.1 General trend of audit opinions issued to LGAs

This part intends to analyse the trend of audit opinions issued to 133 LGAs for the year 2007/08, 2008/09, 2009/10 and 2010/11. The rationale of this presentation is to determine trends of financial performance and accountability of LGAs for four years period. List of respective LGAs with their audit opinion for four years is shown in **Annexure (ii)**

Trend of Audit Opinions issued to LGAs for the financial years 2007/08, 2008/09, 2009/10 and 2010/11

Opinions	Unqualified		Qualified		Adverse		Disclaimer	Total Councils
Years	Total	%	Total	%	Total	%	Total	
2007/08	72	54	61	46	0	0	0	133
2008/09	77	58	55	41	1	1	0	133
2009/10	66	49	64	48	4	3	0	134
2010/11	72	54	56	42	5	4	0	133

The above analysis of audit opinions can be presented in a form of line graphs as shown below:-



From the above table, unqualified opinions has increased by 4% from the year 2007/08 to 2008/09, decreased by 9% from the year 2008/09 to 2009/10 and increased by 5% from year 2009/10 to 2010/11.

Qualified opinions has decreased by 5% from the year 2007/08 to 2008/09, increased by 7% from the year 2008/09 to 2009/10 and decreased by 6% from the year 2009/10 to 2010/11.

Adverse opinions has increased by 1% from the year 2007/08 to 2008/09, increased by 2% from the year 2008/09 to 2009/10 and also increased by 1% from year 2009/10 to 2010/11.

2.4.2 Specific trend of audit opinions issued to LGAs

From the trend of audit opinion issued to LGAs for four years, the following have been noted:

- (i) Eleven (11) Councils had maintained the status of receiving unqualified audit opinions for a continuous four years. The list of Councils is as shown below:

S/N	Name of the Council
1	Kisarawe DC
2	Mufindi DC
3	Biharamulo DC
4	Missenyi DC
5	Siha DC
6	Nachingwea DC
7	Serengeti DC
8	Kyela DC
9	Shinyanga MC
10	Maswa DC
11	Singida DC

- (ii) Thirty six (36) Councils had improved from the previous years where they received qualified and adverse audit opinions to the current year's situation where they received

unqualified audit opinion. The list of Councils and their respective audit opinion is as shown in **Annexure (iii)**

- (iii) Eleven (11) Councils had maintained the status of receiving modified audit opinion (adverse/qualified) for four years. The list of Councils is as shown below:

S/N	Name of the Council
1	Mvomero DC
2	Kilosa DC
3	Morogoro DC
4	Monduli DC
5	Ngorongoro DC
6	Longido DC
7	Makete DC
8	Moshi DC
9	Mwanza CC
10	Namtumbo DC
11	Korogwe TC

- (iv) Twenty nine (29) Councils dropped from the previous years where they received unqualified audit opinions to the current years where they received qualified and adverse audit opinions. The list of Councils and their respective audit opinion is as shown in **Annexure (iv)**

2.5 List of LGAs issued with Qualified and Adverse Audit Opinion and Reasons

During the year under review, there were 56 LGAs issued with a qualified audit opinion and 5 Councils issued with adverse audit opinions. The details of matters that form the basis for qualified and adverse audit opinions for the respective LGA is shown in **Annexure (v)**

From the annexure, samples of matters that form the basis for qualified and adverse opinion are as follows:

- Salaries were paid to employees who were retired, deceased, terminated, absconded and seconded through their personal bank accounts; the Government did not receive any benefits from such payments rendering such payments to be nugatory expenditure.
- During the review of contract documents and transactions it was noted that contracts had suspected fraudulent practices resulting to extra cost on contract sums.
- Review of payment vouchers and payment certificates for construction revealed overpayment to the contractors and the payments being made without being supported by payment certificate.
- Council owning 100% of shares of a Limited Company did not prepare consolidated financial statements as a holding Entity.
- There was non disclosure of investments in the Council's financial statements which understated the assets of the Councils.
- The payment vouchers and the respective supporting documents were missing in their relevant batches hence limiting the scope of audit.
- Some payment vouchers were inadequately supported and accountable documents were not availed for audit hence authenticity of the payments made could not be justified.
- There are misstatements and non disclosures of assets, liabilities, income and expenditure which do not fairly present the true view of the submitted financial reports.
- Non preparation of supporting schedules and notes to the financial statements results into incomplete records in respect of the submitted financial statements.
- A substantial number of revenue earning receipt books were not submitted for audit therefore revenue collected thereof could not be justified.



- Items of expenditure were charged to the wrong accounting codes thus misstating the presented financial statements
- Payments were not evidenced to be acknowledged by bonafide payees. It could not be evidenced that the payees received the amount entitled to them hence limiting the scope of audit
- The Councils made payments which they received no benefit hence creating nugatory expenditure to the Government

The above matters were mainly caused by the following reasons:

- Lack of adequate training on preparation of IPSASs compliant financial statements
- Unethical council staff involved in misappropriation of council funds
- There are weaknesses in the overall internal control systems of councils
- Collusion between Council's staff and staff of the same banks in defrauding Council's funds.

It is recommended that, as a matter of urgency the PMO-RALG should come up with appropriate operational manuals and guidelines including guiding formats in the preparation of IPSASs accrual basis of accounting compliant financial statements. In addition to that, PMO-RALG together with the assistant Accountant General responsible for LGAs accounts should:

- a) Ensure that the adoption of IFMS/Epicor version 9.05 is compulsory to all LGAs in the Country.
- b) Establish strong and competent quality control and assurance teams at the Head Office and designated Zonal Offices. These teams should supervise and ensure that LGAs within their jurisdiction prepare proper IPSASs



accrual basis of accounting compliant financial statements

- c) Establish a financial reporting calendar for LGAs which should specify the dates in which reports such as quarterly financial reports, internal audit reports and final accounts should be ready. Once the calendar has been worked out and approved, it should strictly be adhered to
- d) Strengthen the operation of the Council's internal audit and Audit Committees functions.
- e) There is a need to strengthen the LGAs Internal Control Systems so as to avoid recurring of the noted weaknesses
- f) Need for PMO-RALG and LGAs to ensure that, audit recommendations are acted upon

In addition the PMO-RALG and Councils' management should ensure appropriate action is taken against all staff who are involved in misappropriation of Councils' resources.



CHAPTER THREE

3.0 FOLLOW UP OF THE IMPLEMENTATIONS OF THE PREVIOUS YEARS' RECOMMENDATIONS

This part includes follow up on the implementations of the previous years' CAG's recommendations on the General Report and summarizes qualitative and quantitative issues raised in the individual audit reports and special audit reports which were either not implemented or partially implemented. Also, this part includes follow up on the directives issued by the Local Authorities Accounts Committee (LAAC) to the respective Councils. This chapter ends by a follow-up of recommendations contained in the LAAC's annual report adopted by the National Assembly.

3.1 Follow up of the Implementations of the Previous Year's CAG's Recommendations on General Report

Sect. 40 of the Public Audit Act No. 11 of 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 an implementation status of the action plan in the next annual audit report. This paragraph refers to the implementation status of the CAG's recommendations on the financial statements of the Local Government Authorities for the financial year 2009/10.

According to Sect. 40(2) of Public Audit Act, 2008, the Pay Master General (PMG) is supposed to receive responses from Accounting Officers and thereafter submit to the Minister who shall lay it before the National Assembly. Again the Pay Master General is obliged to submit a copy of consolidated responses and action plan to the Controller and Auditor General.

Responses on issues raised from the audit of the financial year ended 30th June, 2010 were received from the Paymaster General through letter with ref. No.



EB/AG/485/01/Vol.III/31 of 28th June, 2011. I would like to express my appreciation for the efforts made by the Government through the Paymaster General and all Accounting Officers for responding to the issues raised on the audit reports and actions taken on the recommendations contained in the reports thereon.

However, many recommendations in the CAG's annual report for LGAs for the year ended 30th June, 2011 were not covered in the responses received. The outstanding issues include the following:

- (i) **Lack of Guidance for Internal Control Framework**
For some years now, weaknesses noted in the LGAs' internal controls have been reported. These weaknesses include; lack of IT policy, lack of business continuity and disaster recovery plans and underutilization or non utilization of IFMS/Epicor accounting system. 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 was recommended that, the PMO-RALG should come up with appropriate internal controls structures to support LGAs in documenting internal control 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 controls system in LGAs.

(ii) Inconsistency of Financial Reports and Outdated LGAs Legislations

It was reported that, there were inconsistencies in financial reports prepared by LGAs' management for different circumstances/purposes. This is happening because of inadequate participation of the management in the process of preparing the financial reports. It was also reported that, the existing guidance which includes the Local Authority Accounting Manual of 1993 and the Local Authority Financial Memorandum of 1997 are outdated and are no longer helpful in giving satisfactory guidance under the IPSASs - accrual basis of accounting. These two, together with the entire legal framework guiding Local Government operations in the Country needs to be updated urgently.

It was recommended that, the LAAM of 1993 and the LAFM of 1997 should be updated. Also it was recommended that, LGAs should produce/prepare monthly and quarterly financial statements and reports including General Ledgers, Trial Balances, statements of financial position, statements of financial performance, cash flows statement, statements of comparison of budget versus actual amounts and statement of capital expenditure and it's financing. Also, LGAs' management should be facilitated to appreciate the collective responsibility for the preparation of their financial statements by conducting training to these officers.

(iii) Preparation of Financial Statements and Audit of Village Accounts

It was reported on the issue concerning accountability of funds transferred to and collected at the Lower Level Government (LLG) especially in villages. Councils which have the responsibilities of setting up financial management frameworks



according to Sect. 45(3) of LGFA, 1982 are not fulfilling their responsibilities as per expectations. It was noted that, 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.

In this regard, it was recommended that the management of 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 will strengthen financial management at the village level and improve implementation of development projects at the LLG.

(iv) Capacity Building for Management of LLG

In the last year's report, it was noted that the village leadership and managements do not have basic and formal techniques for supervising various projects which are being implemented at the village level. Lack of capacity has been one of the main reasons for not achieving various projects' targets, hence denying the intended services to the targeted community.

It was recommended that, 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 public resources. Such

simplified training programs could also help in building the capacity of Councillors in managing the Councils' resources.

(v) Weaknesses noted in Special Audits

It was reported that, there are serious weaknesses on the Councils' internal controls especially in contracts and procurement management. Various cases of fraudulent and corruptive nature concerning contract and procurement management were reported.

It was recommended that, apart from strengthening internal controls as a measure to correct the weaknesses noted in normal and special audits; LGAs should specifically strengthen the Procurement function within each LGA. This could include preparing auditable periodic reports on procurement, enforcing Councils to use the services provided by the Government Procurement Services Agency (GPSA) who are responsible for arranging and managing procurements of common use items and services by procurement entities through framework agreements.

(vi) Constituency Development Catalyst Fund (CDCF)

Constituency Development Catalyst Fund (CDCF) was established in July 2009 for the purpose of development projects in every electoral Constituency. With the concern on the utilization of CDCF funds, it was noted that these funds in some Councils, were completely not utilized. The reasons behind include failure to open separate accounts at the Council and also funds being released at the end of the year that is between May and June 2010.

I concluded that, the objective of 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 reports to the Minister responsible for Local Government Authorities showing 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.

It was recommended that, LGAs 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.

Also, for non preparation and submission of the record of the amount received and spent by each CDCF Committee, 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.

(vii) Delay in completion of projects and completed projects not put into use

It was reported that, some of the construction projects which had not been completed in different Councils and those which 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 contribute in kind, lack of medical staff for the completed health centres/dispensaries and lack of services such as water. In all cases, value for money on the funds invested in these projects had not been achieved.

It was recommended to Councils' managements to strengthen periodical Monitoring and Evaluation mechanism which will ensure that, follow up is strengthened and noted challenges are promptly 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.

Also, it was advised that, all politicians at all levels should 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 on time but also will enable the communities to build a culture of self reliance.

(viii) Accountability of LGDG and NMSF

It was reported that, there were differences which were noted during audit of Local Government Development Grant (LGDG) between the amounts recorded as received at the Council level and the amounts recorded as paid to Councils in Local Government Reform Programme (LGRP) accounts under PMO-RALG. Differences have been caused by lack of proper communication, supervision and follow ups of funds transferred to Councils. In addition, Councils do not get credit advice or warrant of funds on time for the amount transferred to their bank accounts.

It was recommended that, 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.

(ix) Need to strengthen the coordination and supervisory roles of the Regional Secretariats

The last area is with regard to the numerous weaknesses noted in the financial management of LGAs. More emphasise was pointed out on the 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.

It was recommended that, 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 by ensuring that, the Secretariats have the required capacity in terms of facilitating the promotion, development fostering and upholding of Local Governments and the realization of goals and targets of LGAs in relation to national development goals.

(x) Excessive borrowing by the Councils' Employees not controlled by Management

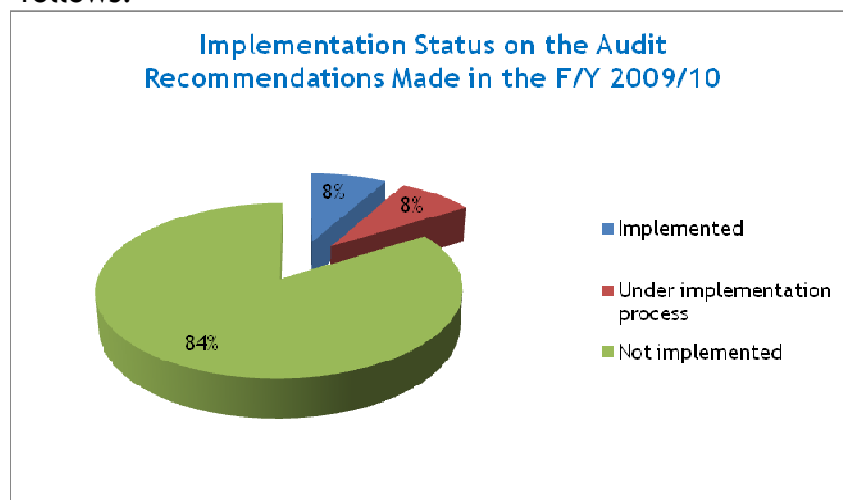
I reported some weaknesses on the management of borrowing so as to ensure employees' welfare is protected. I noted a good number of Council employees who are being paid monthly salaries of less than 1/3 of their entitlements contrary to the Staff Circular with Ref. No.CCE.45/271/01/87 dated 19/03/2009 which requires deductions of employees' salaries not to exceed 2/3 of the basic salary. In extreme cases some employees were completely not paid anything at all (zero net pay).

I recommended that the Councils Management should be instructed to ensure that all loan applications should be approved by the Accounting Officer to control loans/advances deductions. Also 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 their welfare.

In summary, implementation status of the recommendations issued can be shown in the table below:

S/N	Implementation status	No. of recommendation	%
1	Implemented	1	8
2	Under implementation process	1	8
3	Not implemented	10	84
Total		12	100

The above table can be presented in a pie chart as follows:



From the above pie chart it can be noted that, responses given are not adequate because of little

effort and attention which has been given to the recommendations made with the aim of improving Public Financial Management in LGAs. Responses given do not show intense commitment by the Government to fully implement and resolve them. Most of the recommendations are still outstanding and few are under implementation process. I am of the view that, serious steps and measures should be taken by the Government to ensure all previous recommendations are appropriately implemented for better performance and accountability of LGAs.

3.2 Follow up of the implementations of the previous year's CAG's recommendations on individual audit reports

The purpose of the CAG's recommendations issued to auditees is to enable the respective LGA's management to rectify observations raised during audits of financial statements by acting promptly and implementing recommendations issued so as to improve on the internal controls and management of the Council's resources.

During previous years' audit, various recommendations were made on major findings which required LGAs' management's necessary attention and action for implementations and improvement. Some of LGAs have made efforts to implement the CAG's recommendations.

Out of 133 Councils, 130 Councils had outstanding matters of previous years' audit amounting to Shs.105,263,165,967 of which Kishapu District Council had the largest amount of Shs.5,354,805,097 followed by Misungwi District Councils with Shs.5,080,403,320 and Rungwe District Council with the lowest amount of Shs.1,020,000.

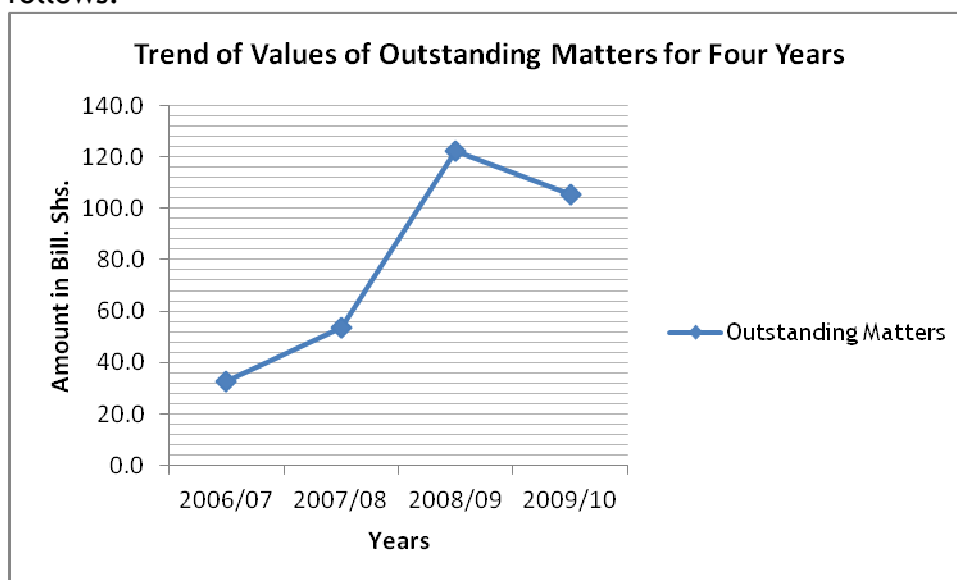
The attitude or habit of not responding to the CAG's observations and recommendations may lead to the recurrence of the anomalies observed by the auditors in subsequent financial years. This is also a reflection of lack

of seriousness and non commitment on the part of the Accounting Officers and management of the respective LGAs.

The table below shows a summary of outstanding matters of previous years' audits of the financial year 2006/07, 2007/08, 2008/09 and 2009/10 as follows:-

F/ Year	Outstanding matters with values (Shs.)	No. of Councils involved
2006/07	32,903,395,306	112
2007/08	53,463,558,647	126
2008/09	122,128,377,615	129
2009/10	105,263,165,967	130

The above analysis can be presented in a line graph as follows:



The line graph above depicts that, the total value of outstanding matters from the previous audits for the year 2007/2008 was Shs.32.9 bill which involved 112 Councils. During the financial year 2008/2009 the number of Councils with outstanding matters from previous audits increased from 112 to 126 Councils involving Shs.53.5 bill resulting to

an increase of Shs.20.6 bill. Also during the financial year 2009/2010 the number of Councils with outstanding matters from previous audits increased from 126 to 129 Councils involving Shs.122.1 bill resulting to an increase of Shs.68.7 bill. Furthermore, during the financial year 2010/2011 the number of Councils with outstanding matters from previous audits increased from 129 to 130 Councils involving Shs.105.2 billion resulting to a decrease of Sh.16.8bill.

The above trend indicates that, the Councils' managements did not take appropriate actions in dealing with recommendations issued in the audit reports. A summary of LGAs with outstanding matters from the previous years' audits is shown on **Annexure (vi)**.

3.3 Follow up of the implementations of the CAG's recommendations on Special Audit Reports.

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 Parliament through the President.

During previous years' audit, various recommendations were made to the respective LGAs on major findings from the Special Audit Reports which required the respective LGAs' management's necessary attention and action for implementations and improvement.

The list of Councils with outstanding recommendations made on special audit is shown in **Annexure (vii)**



The table below shows cumulative outstanding matters which resulted from special audits of the year 2008/2009, 2009/2010 and 2010/2011

F/ Year	Outstanding matters with values (Shs.)	Outstanding matters without values (Numbers)	Number of Councils involved
2008/09	2,533,956,821	11	7
2009/10	44,415,697,227	43	11
2010/11	27,615,658,694	69	19

3.4 Follow up on the Implementation of LAAC's Recommendations

This section covers the status for implementation of LAAC recommendations as per the requirements of Sect. 40(3) of the Public Audit Act, 2008. The act requires the PMG, in preparing the responses and action plan on the reports of the CAG to take into account the observations and recommendations of the Parliamentary Oversight Committees. The chairman of LAAC presented the Committee's report inclusive of recommendations concerning the accounts of the Local Government Authorities for the financial year ended 30th June 2009. This report was presented to the National Assembly on 4 April 2011. On coming up with the structured response concerning the audit report on the financial statements for the year ended 30th June 2010, the PMG did not take into account the LAAC recommendations. The summary of LAAC recommendations were not responded to as follows:

(a) Salaries paid to ghost workers

With regards to salaries paid to ghost workers, LAAC recommended that, the Government should have appropriate plans which will ensure that, salaries paid to ghost workers (Shs.792.2mil) are recovered including salaries not remitted to Treasury.

The Committee also recommended to the Government to find a permanent solution concerning salary payments to ghost workers.

(b) Inadequate Internal Control System

LAAC found out that, the issue of inadequacy in the Internal Control System has a direct relationship with paying salaries to ghost workers together with fictitious prices in procurements.

The committee recommended that, the Government has to take an affirmative action in LGAs on strengthening the Systems of Internal Controls. This also includes strengthening of the internal audit function by increasing independence from the control of the Executive Directors.

(c) Poor Management of Development Projects

Projects implemented in the Local Government Authorities are also under supervision of Heads of Departments of the respective projects. Therefore, LAAC recommended that, all Accounting Officers and those Heads of Department should be responsible in ensuring effective supervision and implementation of Development Projects under their jurisdiction.

The Committee also recommended introduction of social audit for Government accountability and transparency. This is expected to enhance Project Implementation.

The committee recommended to the need of strengthening the Local Government Inspectorate Department within PMO-RALG as a sensitive and responsive system in getting information on the implementation of different Development Projects in each Council.

The committee further recommended that, Value for Money in the National Audit Office should be strengthened by increasing the number of performance auditors and widening the scope of VFM audit so as to cover a good number of councils.

Also, it has been recommended that, Councillors especially members of the Finance Committee should be strengthened so as to have capacity to properly supervise and coordinate implementation of development projects and make proper follow up on the projects being implemented within the Council.

(d) Non Compliance with the Public Procurement Act and its Underlying Regulations

The committee recommended that, management of the respective organisations should comply with the requirements of the PPA, 2004 and its underlying Regulations of 2005. Government should effectively use reports and guidelines issued by PPRA on the day to day procedures regarding public procurement. Internal Auditors should increase concentration on the procedures and validity of procurement done in their respective Councils.

(e) Fictitious Price in the Maintenance and Procurement of Spares and Fuel

The committee recommended to the Government to seek specific technology to control the misuse of public funds resulting from the procurement of fuel and motor vehicle spares for Government vehicles use.

(f) Excessive Allowance Payments in Relation to the Costs of Projects Implemented

The committee recommended that, the Government should revisit its circulars on the procedures for use of funds in some of the projects like TASAF, TACAIDS, DADPS, CDG and UDEM. Statements of receipts and

payments prepared by the Councils regarding these projects show that most of the project funds are used for payments of allowances instead of using it for the core function for instance, in the environmental projects, it is recommended that, funds should be allocated to research on environmental issues, costs on planting trees, natural resources conservation instead of training allowance to staff.

(g) Implementation of CAG's Recommendations

The Committee recommended to the Government to implement the CAG recommendations issued in the special audit reports. Implementation of these recommendations will be one of the ways of restoring financial discipline within the LGAs.



CHAPTER FOUR

4.0 FINANCING ANALYSIS

4.1 Budgeting

Budgeting is an essential element of the financial planning, control and evaluation processes of the Local Government Authorities. By its nature, it is a means of allocating resources to achieve objectives. It is a management tool for planning as well as a means of controlling funds to ensure that, as far as possible the stated objectives are being met.

Sect. 43(1) of the Local Government Finances Act, 1982 (Revised 2000) states that, every Local Government Authority shall, not less than two months before the beginning of every financial year, at a meeting specially convened for the purpose, pass a detailed budget of the estimates of the amounts respectively (a) expected to be received and (b) expected to be disbursed, by the Authority during the financial year, and whenever circumstances so require, an authority may pass a supplementary budget in any financial year.

During the year under review, the following shortcomings were observed while performing audit of Councils' budget:

4.1.1 Under release of Government Grants Shs.33,035,085,889

During the year, some of the budget items approved by parliament amounting to Shs.163,361,311,033 in respect of selected 18 Councils for implementation of Councils' operational and development activities. However, only Shs.130,326,225,146 was received by the respective Councils leaving under release of Shs.33,035,085,889 equivalent to 20% of the approved budget as shown in the table below.

S/N	Name of the council	Approved grants budgeted (Shs.)	Grants received (Shs.)	Grants not received (Shs.)	%
1	Bahi DC	1,564,405,150	87,229,915	1,477,175,235	94%
2	Ulanga DC	4,350,771,000	1,313,319,000	3,037,452,000	70%
3	Siha DC	754,103,000	279,391,635	474,711,365	63%
4	Kilosa DC	4,155,700,467	1,664,156,000	2,491,544,467	60%
5	Mbarali DC	1,562,332,900	753,733,684	808,599,216	52%
6	Mbozi DC	1,562,332,900	753,733,684	808,599,216	52%
7	Morogoro DC	3,706,429,212	1,942,999,090	1,763,430,122	48%
8	Morogoro MC	6,179,183,118	3,287,788,354	2,891,394,764	47%
9	Kilombero DC	5,363,595,000	2,958,916,608	2,404,678,392	45%
10	Mpwapwa DC	21,640,041,266	15,813,383,562	5,826,657,704	27%
11	Mbulu DC	2,458,721,000	1,799,516,400	659,204,600	27%
12	Chamwino DC	21,004,013,050	17,765,134,760	3,238,878,290	15%
13	Kongwa DC	19,123,728,712	16,456,272,881	2,667,455,831	14%
14	Babati DC	16,798,491,000	14,590,120,000	2,208,371,000	13%
15	Iringa DC	16,654,813,000	15,435,329,755	1,219,483,245	7%
16	Simanjiro DC	18,618,376,629	17,852,295,726	766,080,903	4%
17	Kiteto DC	9,184,375,629	8,987,102,091	197,273,539	2%
18	Hanang' DC	8,679,898,000	8,585,802,000	94,096,000	1%
	TOTAL	163,361,311,033	130,326,225,145	33,035,085,889	20%

This implies that, the Councils' planned activities worth Shs.33,035,085,889 were not fully implemented and therefore, the intended objectives of Councils could not be achieved.

4.1.2 Deferred Payments Shs.412,414,001

Order No.46 of the Local Authorities Financial Memorandum, 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, payments of Shs.412,414,001 in respect of 24 Councils were required to be properly chargeable in the financial year 2009/2010, but were charged in the financial year 2010/2011 contrary to the above Order. In addition, there is no evidence that, the payments formed part of the creditors for the financial year 2009/2010. Details are shown below:

S/N	Name of the Council	Deferred Amount (Shs.)
1	Mpwapwa DC	98,009,078
2	Chato DC	42,155,809
3	Dodoma MC	38,990,458
4	Sengerema DC	34,635,368
5	Chunya DC	30,237,600
6	Babati TC	28,192,003
7	Muleba DC	22,471,700
8	Mbulu DC	19,425,000
9	Sumbawanga DC	14,803,647
10	Pangani DC	12,504,400
11	Bahi DC	11,215,271
12	Kasulu DC	9,985,000
13	Nzega DC	7,247,729
14	Karatu DC	5,783,620
15	Meatu DC	5,741,880
16	Bukoba DC	5,052,099
17	Tabora DC	4,260,000
18	Kibaha TC	4,148,400
19	Kilwa DC	4,148,400
20	Kahama DC	4,000,000
21	Mpanda DC	3,972,400
22	Rufiji/Utete DC	2,022,000
23	Kondoa DC	1,829,770
24	Rombo DC	1,582,369
TOTAL		412,414,001

The budgets for the year in the respective Councils were affected by the same amounts and as a result some planned activities for the year under review have not been implemented.

Again, it is recommended that, Councils' management should ensure that all unpaid bills are recorded in the books of accounts. In addition, the unpaid bills should be considered during preparation of the budget for the next financial year.

4.1.3 Expenditure Incurred Exceeding the Approved Budget Shs.10,632,598,935

Sect. 43 (1) of the Local Government Finances Act No. 9 of 1982 state that, every Local Government Authority shall pass a detailed budget of the estimates of the amounts expected to be received and expected to be disbursed, and whenever circumstances so require, an authority may pass a supplementary budget in any financial year.

A test check on approved budget and actual expenditure disclosed that, 12 Councils had incurred excess expenditure in relation to some components amounting to Shs.10,633,138,935 over the approved budget of Shs.78,083,615,788 without a supplementary budgets as shown in the table below;

S/N	Name of the Council	Expenditure			% of Over Budget
		Approved budget	Actual expenditure	Over budget	
1	Morogoro MC	640,516,822	958,584,855	318,068,033	50%
2	Musoma DC	2,991,261,195	4,457,377,329	1,466,116,134	49%
3	Kibondo DC	14,487,081	21,566,477	7,079,396	49%
4	Maswa DC	2,587,049,719	3,509,360,519	922,310,800	36%
5	Bukoba DC	385,732,000	517,732,000	132,000,000	34%
6	Morogoro DC	12,148,485,000	16,097,882,307	3,949,937,307	33%
7	Mtwara MC	3,872,822,000	4,794,450,000	921,628,000	24%
8	Masasi TC	382,657,081	466,750,094	84,093,013	22%
9	Kilosa DC	19,505,416,319	21,695,486,945	2,190,070,626	11%
10	Kishapu DC	841,828,000	893,241,334	51,413,334	6%
11	Tabora DC	24,522,737,064	24,964,042,931	441,305,867	2%
12	Urambo DC	10,190,623,507	10,339,739,932	149,116,425	1%
	TOTAL	78,083,615,788	88,716,214,723	10,633,138,935	14%

4.1.4 Expenditure Made out of Approved Budget Shs.4,673,316,247

During the financial year 2010/11, expenditure amounting to Shs.4,673,316,247 in respect of 19 Councils were incurred out of the approved budget without seeking any authorization contrary to Sect. 10 (3) of the Local Government Finances Act No. 9 of 1982 (Revised 2000).

Details of the respective Councils are as shown in the table below:

S/N	Name of the Council	Amount (Shs.)
1	Bahi DC	2,687,711,211
2	Iramba DC	1,060,000,000
3	Mpwapwa DC	236,995,838
4	Kinondoni MC	204,207,523
5	Geita DC	136,815,000
6	Arusha MC	75,000,000
7	Shinyanga MC	66,528,000
8	Chamwino DC	46,532,500
9	Misungwi DC	29,627,840
10	Tabora DC	28,360,000
11	Bukombe DC	24,453,000
12	Handeni DC	17,604,590
13	Chato DC	15,816,800
14	Bagamoyo DC	12,719,945
15	Nanyumbu DC	10,000,000
16	Namtumbo DC	7,895,000
17	Kahama DC	7,000,000
18	Rorya DC	3,799,000
19	Bariadi DC	2,250,000
	TOTAL	4,673,316,247

4.1.5 LGAs' Own Source Revenue Collection Trend against Approved Budgets

Own Source Revenue are those collection of public funds through, taxes, fees, licenses and charges, while Recurrent Expenditure are those expenditure on a day to day activities of the Councils.

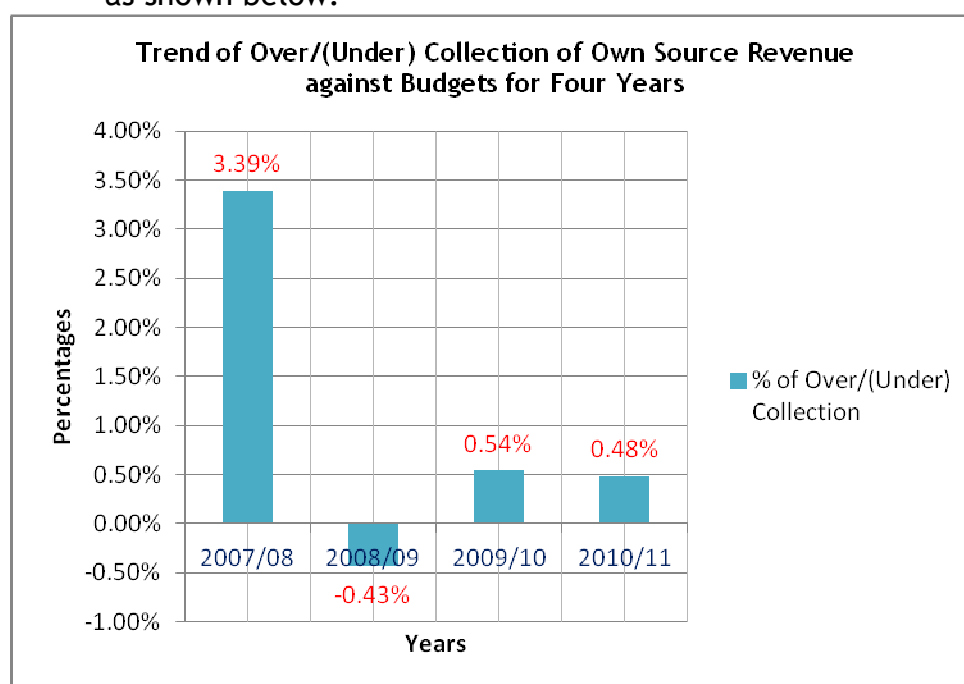
During the year under review, LGAs budgeted to collect revenue of Shs.183,470,314,765 from their own sources. However, the LGAs managed to collect revenue of Shs.184,344,284,252 indicating that, there was over collection of revenue of Shs.873,969,486 equivalent to 0.5%.

The analysis below shows the amounts of LGAs' own revenue source's estimates and actual collection for four

(4) consecutive years. Details of revenue collection for the respective Councils for their financial year are shown as in Annexure (viii)

Financial year	Approved Budget	Actual revenue from LGAs own sources Collection (Shs.)	Over/(Under) Collection	%
2007/08	90,477,657,278	93,545,987,812	3,068,330,534	3.4%
2008/09	111,327,810,815	110,852,341,512	(475,469,303)	0.4%
2009/10	136,673,109,767	137,416,106,722	742,996,955	0.5%
2010/11	183,470,314,765	184,344,284,252	873,969,486	0.5%

The above analysis can also be presented in the Histogram as shown below:-



The above Histogram shows that, during the year 2007/08, there was over collection of revenue against approved budgets equivalent to 3.4%, while in the year 2008/09 there was under collection equivalent to 0.4%. For the financial years 2009/10 and 2010/11, there was over

collection of revenue against approved budgets from own sources equivalent to 0.5% and 0.5% respectively.

The LGAs are recommended to prepare realistic budgets and to have strong strategies in revenue collection with a view of boosting revenue collection and eventually enable the Councils to sustain their operations more effectively.

4.2 LGA's Own Source Revenue Collection Trend against Recurrent Expenditure

During the year under review, the Local Government Authorities collected revenue of Shs.184,344,284,251 from their own sources and incurred expenditure of Shs.2,153,971,770,095 on recurrent operations. However, a comparison between revenue collected and expenditure incurred by LGAs revealed that, LGAs are capable of funding their recurrent operations without depending on the Central Government and Donors by 8.6%. Details of percentage for the respective Councils are shown in **Annexure (ix)**

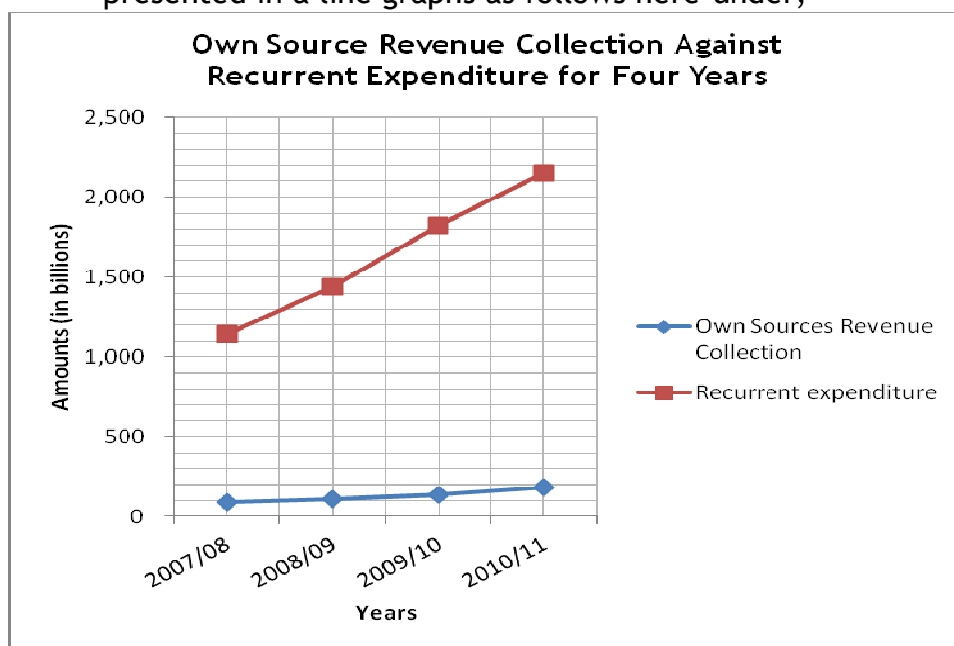
As shown in **Annexure (ix)**, the Council with the highest percentage of capability to fund their recurrent operations without depending on the Central Government and Donors is Masasi Town Council with 102%, followed by Dar es salaam City Council with 73%.

On average, Councils cannot sustain from their own revenue sources since the majority of these sources were abolished by the Central Government and thus, the remaining own revenue sources bases should be reviewed to include any untapped revenue sources.

Summary of Own Sources Revenue collected against Recurrent Expenditure trend for four (4) years is as analysed in the table below:

Financial Year	Own Sources Revenue Collection (Shs.)	Recurrent expenditure (Shs.)	%
2007/08	93,545,987,812	1,140,847,566,087	9.2
2008/09	110,852,341,512	1,437,216,933,939	8
2009/10	137,416,106,722	1,823,788,009,947	7.5
2010/11	184,344,284,252	2,153,971,770,095	8.6

The above Analysis of Own Sources Revenue Collection against Recurrent Expenditure for four (4) years can be presented in a line graphs as follows here-under;



The line graphs above shows that, the dependence of LGAs on Government Grants is increasing with increase in time as compared to revenue collected from their own sources. It further stipulates that, LGAs cannot sustain their operations from their own revenue sources without relying on Government Grants.

4.3 Unutilized Recurrent Grants Shs.146,774,839,643

Recurrent Grants are those Grants from the Central Government to meet expenditure on a day to day activity of the LGAs.

During the financial year 2010/11, 127 LGAs had incurred total expenditure on their day to day activities amounting to Shs.1,978,117,478,839 against total recurrent grants of Shs.2,105,926,241,086 resulting to a balance of Shs.146,774,839,643 equivalent to 7% of the total recurrent grant being unutilized. Details of this analysis with the respective LGAs are shown in **Annexure (x)**

4.4 Over Spent Recurrent Grants Shs.4,041,504,154

During the year under review, six (6) Local Government Authorities have incurred a total expenditure on their day to day activities amounting to Shs.92,477,645,440 against total recurrent grants of Shs.88,436,141,286 resulting to an excess expenditure of Shs.4,041,504,154. Details of this analysis and the respective LGAs are shown in the table below:

S/N	Name of the council	Recurrent grant available (Shs.)	Recurrent Expenditure (Shs.)	Excess expenditure (Shs.)	% of overspent
1	Ludewa DC	11,728,301,656	13,851,856,856	2,123,555,200	18%
2	Mvomero DC	18,565,175,752	19,541,702,512	976,526,760	5%
3	Musoma DC	19,062,654,006	19,514,686,923	452,032,917	2%
4	Iringa DC	16,121,233,007	16,372,459,871	251,226,864	2%
5	Hanang' DC	14,012,493,000	14,186,175,000	173,682,000	1%
6	Ngara DC	8,946,283,865	9,010,764,278	64,480,413	0.7%
TOTAL		88,436,141,286	92,477,645,440	4,041,504,154	4.6%

4.5 Unspent Development Grants Shs.174,560,896,003

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 of empowering communities, improving service delivery and reducing poverty.

These funds are mostly spent within the key poverty reduction areas (Health, Education, Water and Sanitation, Roads and Agriculture).

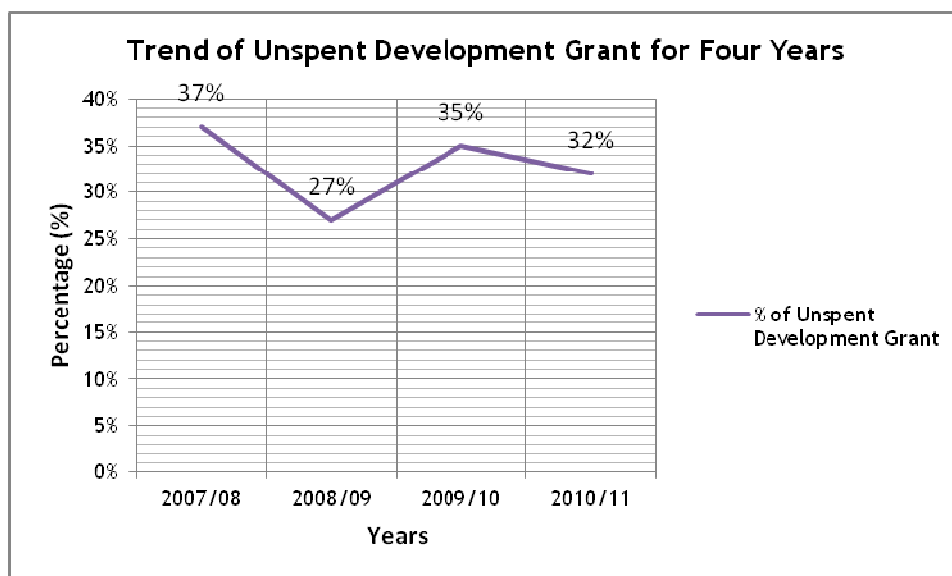
During the financial year 2010/11, the results of development funds and grants showed that 130 LGAs had been granted a sum of Shs.542,339,143,645 to finance Councils' Development Projects.

However, as at 30th June, 2011 Shs.367,778,247,642 had been spent, leaving unspent balance of Shs.174,560,896,003 or 32%. The detailed list of Councils and the unspent amount is as indicated in **Annexure (xi)**

A trend of unutilized grants for the financial years 2007/2008, 2008/2009, 2009/2010 and 2010/2011 can be analysed in the table as follows:

Financial Year	Development grant received (Shs.)	Development grant spent (Shs.)	Unspent amount (Shs.)	%	No of Councils involved
2007/08	270,547,629,434	171,791,488,611	98,756,140,823	37	111
2008/09	328,203,178,845	239,482,549,650	88,720,629,195	27	118
2009/10	507,866,599,666	332,092,443,562	175,774,156,104	35	133
2010/11	542,339,143,645	367,778,247,642	174,560,896,003	32	130

The above analysis can be presented in the following line graph;



From the above line graph, the unspent balance of development grant from the year 2007/08 to 2008/09 decreased by 10% of the total development grant received, while from the year 2008/09 to 2009/10, the unspent balance of development grant increased by 8% of the grant received. However, from the year 2009/10 to 2010/11, the unspent balance of the same decreased by 3% of the total grant received.

Unutilized Development Grants implies that, some LGAs activities were either partially or not implemented at all, thus the earmarked services/benefits to the intended Community have been deserted. This may also bring about budget revision to accommodate possible price fluctuations due to the effect of inflation.

4.6 Under Collection of Revenue from Property Tax

Tanzania Revenue Authority has been collecting Property Tax on behalf of LGAs since 2008. During the financial year 2010/11, a sample of 14 LGAs budgeted to collect Shs.5,085,350,996 from property tax. However, Councils collected Shs.2,757,074,201 reflecting under collections of

Shs.2,329,686,795 equivalent to 46% of the total budgeted amount. List of Councils and respective revenue collected from property tax is as shown below:

S/N	Name of the Council	Property Tax collection			%
		Approved budget	Actual collection	Variance	
1	Kigoma/Ujiji MC	135,309,000	25,889,000	109,420,000	81%
2	BABATI TC	11,250,000	3,138,200	8,111,800	72%
3	Urambo DC	1,090,000	1,795,000	705,000	65%
4	Temeke MC	2,139,373,294	786,866,155	1,352,507,139	63%
5	Tanga CC	300,000,000	128,808,764	171,191,236	57%
6	Lindi TC	36,000,000	19,306,800	16,693,200	46%
7	Mwanza CC	1,384,520,650	808,645,863	575,874,787	42%
8	Shinyanga MC	50,000,000	30,244,443	19,755,557	40%
9	Singida MC	104,791,500	83,995,246	20,796,254	20%
10	Morogoro MC	384,616,552	312,090,588	72,525,964	19%
11	Songea MC	77,000,000	69,582,987	7,417,013	10%
12	Moshi MC	288,000,000	277,952,240	10,047,760	3%
13	Iringa MC	110,000,000	117,758,215	(7,758,215)	-7%
14	Kibaha TC	63,400,000	91,000,700	(27,600,700)	-44%
	TOTAL	5,085,350,996	2,757,074,201	2,329,686,795	46%

This implies that the sampled LGAs did not collect 46% of the approved budget for the expected revenue from property tax.

The LGAs are advised to prepare realistic budgets and also to establish strong strategies in property tax revenue collection with a view of boosting revenue collection and eventually enable the Councils to sustain their operations more effectively.

CHAPTER FIVE

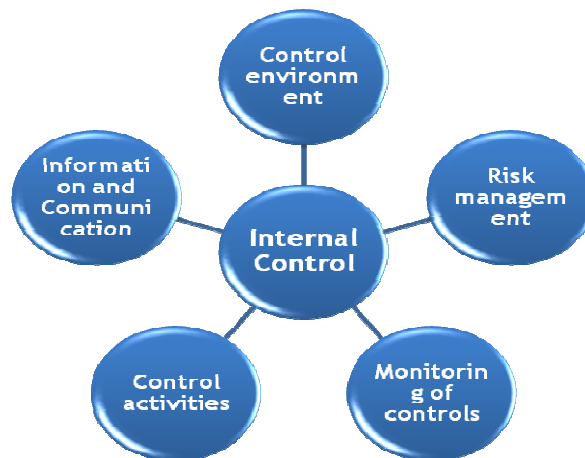
5.0 KEY ISSUES FROM AUDITS OF THE FINANCIAL STATEMENTS AND INTERNAL CONTROL ISSUES

5.1 Evaluation of Internal Control System and Governance Issues

Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. For the purpose of this report, Internal controls is how LGAs can reasonably assure themselves that their financial reporting is reliable, their operations are effective and efficient and that they comply with laws and regulations.

This part highlights audit findings relating to various elements of LGAs' internal controls including; accounting systems, control (or operating) environment, risk assessment process, control activities, information and communication, monitoring of controls and fraud prevention and controls.

The figure below shows main components of an effective Internal Control Framework.



During the year under review there were some observations from the Evaluation of Internal Control System as follows:-

5.1.1 Inadequate Accounting System

Accounting Circular No.1 of 1999/2000 requires all Government transactions to be processed on the Integrated Financial Management System (IFMS). The IFMS has various 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.

During the year under review it was noted that, IFMS (Epicor accounting package) was not fully utilized to generate reports in 67 Councils as shown in the **Annexure (xii)** This is caused by the following weaknesses;

- Three modules namely; Asset Management, Procurement Management and Payroll management were not customized in the system so as to be utilized by the user,
- Individual Statement of Financial Position, Statement of Financial Performance, Trial Balance and Cash Flow Statements are not generated by the system,
- The system does not process individual general accounts with both revenue and expenditure; as a result the audit could not confirm monthly revenue and expenditure,
- Commitment controls have not been accommodated, i.e. no commitment under expenditure codes exist in the system, hence over expenditure of items is a possible risk.
- The system does not print cheques,

- Chart of accounts generated from the system is not in conformity with the International Public Sector Accounting Standards (IPSASs)

The above weaknesses imply that, users of the system from LGAs are not conversant with the utilization or applications of the system in the production of various financial reports.

It is recommended that, PMO-RALG should ensure that all modules were customized and the accounting system is fully utilized.

Furthermore, Councils' management in collaboration with PMO-RALG should ensure that, users are trained on IFMS/Epicor system in order to improve their skills in utilisation of the system.

5.1.2 Use of Manual Accounting Systems

During audit it was noted that, 36 LGAs as shown in **Annexure (xii)** of this report are operating under manual accounting systems.

Risks associated with the use of manual accounting system is that, records are more prone to errors and can be easily manipulated without a proper audit trail and hence reduce the level of integrity of the report being generated out of the manually operated system. The use of manual system also impairs accuracy, speed and brings about ambiguity in reporting at all levels.

From the above observations, it can be concluded that there is a need for all LGAs to ensure that their finance and accounting staff members are adequately trained to enable them to utilize fully the new IFMS/Epicor version 9.05 accounting package.

In addition, PMO-RALG and Ministry of Finance should consider full adoption of the customized IFMS/Epicor



version 9.05 computerised accounting systems for LGAs which will process transactions and produce/generate financial and other related reports timely. The use of this system should be mandatory for all LGAs and both the PMO-RALG and the Ministry of Finance should supervise its implementation.

5.1.3 Inadequate Performance of Internal Audit Units in LGAs

Internal auditing is an independent objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance issues.

Sect. 45 (1) of The Local Government Finance Act, 1982 and Order No. 12 of the Local Authorities Financial Memorandum, 1997 requires the Accounting Officers of each Council to establish and maintain an effective Internal Audit Unit as part of the organization's framework of internal controls. An effective Internal Audit Unit is required to appraise on the soundness and application of accounting, financial and operational controls within the Council by performing systematic review, reporting of the adequacy and effectiveness of the managerial, financial, operational systems and budgetary controls.

Contrary to the above requirements, the following weaknesses were noted from the assessment of the performance of the Internal Audit Units in 116 LGAs as shown in **annexure (xii)**

- The Units continue to be understaffed, with some having one to two staff and are inadequately funded. 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 I could not rely 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 clearly articulated in the Internal Audit Charters.
- Lack of audit working paper files which could facilitate the review process and form the basis of audit findings and recommendations contained in the internal audit reports.

It is still insisted that, LGAs' management in collaboration with the PMO-RALG and the Internal Auditor General Department under the Ministry of Finance should strengthen the internal audit function 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.

5.1.4 Inadequate 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 fulfil their stewardship, leadership and control responsibilities as well as facilitating the effectiveness of internal audit functions and enhancing financial reporting.

In addition, the Audit Committee must provide independent oversight of the internal and external audit work plans and results, assessing audit resources needs, and mediating the auditors' relationship with the Local Government Authority.



The Audit Committee is also supposed to ensure that, audit results are aired and any recommended improvements or corrective actions are implemented.

According to Circular No. CHA/3/215/01 of 27th November, 2007 issued by PMO-RALG, each Local Government Authority is required to establish an effective Audit Committee.

During review of the performance of Audit Committees, it was noted that, 95 LGAs as per **annexure (xii)** were ineffective due to the following shortcomings:

- Weak performance of Internal Audit Units which 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 had been prepared and submitted to the Accounting Officers for taking appropriate action on Committees' recommendations.
- Audit Committee did not meet with External Auditors or even invite them to attend the meeting to discuss unresolved issues as per the PMO RALG directives.

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

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



5.1.5 Risk Management Assessment

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

LGAs need to regularly monitor and update their risk management framework to ensure that it is an effective element of a Councils' processes and procedures to deliver services to its community.

The audit review for a sample of 73 LGAs as shown in **annexure (xii)** 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. It was noted that risk management policy and procedures were not established.

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

The LGAs' management should design and institute an adequate mechanism of risks identification, assessment, grading of risks, analysis of their impact, as well as control activities for monitoring and mitigating such risks, because it is an effective element of a Councils' processes and procedures to deliver services to the communities

5.1.6 Information Technology Control Environment

During the assessment of IT control environment, the following shortcomings were observed in 108 LGAs as shown in **Annexure (xii)**

- The LGAs have no IT policy which may lead to poor management and handling of IT equipment including computer software and hardware.
- It was not possible to assess and evaluate the IT plans that the Councils have and their implementation program as Councils' IT strategic plans were not made available for audit.
- There were no unauthorized physical accesses to servers for automatic backups. Servers have been located in the rooms where other normal operations are carried out contrary to IT best practices which require servers to be kept in isolated, secured, clean and free from dust rooms.
- No policy and procedures in place to ensure the protection of data includes data transmitted over telecommunication lines, data in the system and the transportation of data which are backed up to an offsite location.
- Backups for data stored in removable media like tapes are not safely stored hence they are kept in the cabinets which are not free from dust. Some of the data stored in tapes were found to be damaged within few days. This may results to loss of data.
- In some LGAs no backups of data in the IFMS (Epicor) were done, making it impossible to restore the system in the event of a disaster. In the absence of offsite backup facility there is a risk of loss of data and information in the event of system disruption, crashing of sever or other disasters like fire to the server room or Councils' buildings. Due to this situation loss or damage of data may occur which may limit the availability of data when required.
- There was no IT disaster recovery plan in place and disaster recovery tests were not done. In the absence of disaster recovery plan it will be difficult to restore the system in a timely manner and there will be no tested sources of data for restoration and no specific persons



responsible for the restoration. This poses a risk to business continuity of the Councils.

It is recommended that;

- PMO-RALG should assist Councils to introduce written and documented IT Policy and Procedures so that every operational staff should be aware of its roles and responsibilities in safeguarding the IT equipments and software.
- LGAs Management should ensure that, backups are taken regularly which should be stored at an offsite location away from the building with the servers. The offsite location should be adequately secured and easily accessible. There should be a test server for testing the backup and new changes in the IFMS.
- LGAs should have disaster recovery plans in place which means that they should; develop, document, test and implement disaster recovery plan that considers all IFMS and any other critical business systems within the Councils.

5.1.7 Fraud Prevention and Control

According to ISA 240, “fraud is 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 is an important tool to the Local Government Authorities. 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.

Fraud assessment at the selected sample of 68 LGAs disclosed that the Councils management have not documented and approved fraud prevention plans. There were no processes put in place by the Councils' Management for identifying and responding to the risk of fraud in the Councils as shown in **Annexure (xii)**

Also, the LGAs managements had 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:

- Ineffective Internal Audit Functions,
- Missing payment vouchers,
- There were instances of revenue not banked in the accounts of the Councils,
- Payments without supporting documents,
- Misstatement of financial statements,
- Absence of Inspection and Acceptance Committee for procured works and goods,
- Inadequate management, recording and valuation of non current assets.
- 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.
- Payment of salaries to ghost workers
- Inefficient performance of Audit committees,

The nature of the indicators of fraud noted above impairs the internal control systems and 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 failure to detect and prevent fraud 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 to ensure involvement 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.

5.2 Revenue Management

Revenue Management is the application of disciplined analytics that predict the public behavior and optimize service availability and value to maximize revenue growth. The primary aim of Revenue Management is to provide the right service to the right community at the right time for the right amount. During the year under review, some of the weaknesses noted in LGAs regarding Revenue Management is as shown here under.

5.2.1 Missing 682 Revenues Earnings Receipt Books

Order Nos. 101 and 102 of the Local Authority Financial Memorandum, 1997 stipulates that, all officers issued with receipt books must render a return of used and unused receipts at the end of every month in the prescribed form, and all losses of accountable documents must be reported immediately to the Proper Officer. A copy of the report should be forwarded to the Controller and Auditor General

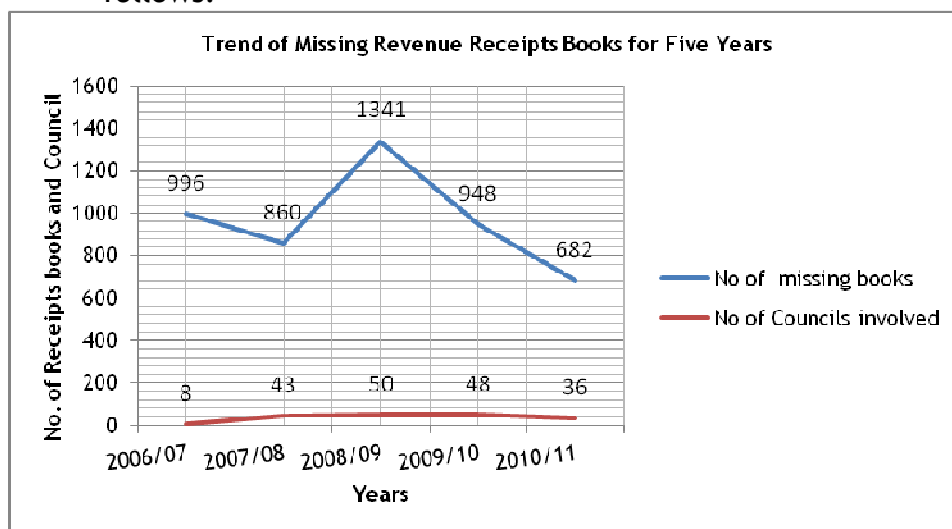


and the Assistant Proper Officer. Contrary to the above Orders, revenue receipt books totalling 682 from 36 Councils were missing and therefore not availed for audit verification as detailed in **Annexure (xiii)**

Trend of Missing Revenue Receipt Books for the Financial Years 2006/2007, 2007/2008, 2008/2009, 2009/2010 and 2010/2011 is analysed as follows:

Year	No. of missing books	No. of Councils involved
2006/07	996	8
2007/08	860	43
2008/09	1341	50
2009/10	948	48
2010/11	682	36

The above analysis can be presented in a line graphs as follows:



From the above line graphs, it can be interpreted that, there is no correlation between the number of missing receipt books and number of Councils involved. That is, an average of 37 Councils involved for five (5) consecutive years, the number of missing receipts books decreased by 136 from 2006/07 to 2007/08 and increasing by 481 from

the year 2007/08 to 2008/09. From the year 2008/09 to 2009/10 to 2010/11, the number of receipts books has decreased by 393 and 266 respectively.

Since these revenue receipt books were meant for collection of the Councils' revenues, I could not ascertain the total amount of revenue that has been collected during the year under review. This implies that, there is great risk of outright theft of Councils' revenues by the revenue collectors and in the end it may distort the planned revenue collection targets of the Councils.

Therefore, it is recommended that, Councils' management should institute adequate Internal Control System over the management of revenue receipt books so as to eliminate possibilities of loss of Councils' revenue and ensure that missing revenue receipt books are traced and submitted for audit verification.

Remedial action for those who would be found responsible on the part of Councils' management should be taken including taking legal action against defaulting revenue collectors.

5.2.2 Revenue Collection not Remitted by Collecting Agents Shs. 4,360,299,618

Order No.110 of the Local Authority Financial Memorandum, 1997 states that, all revenue collections by designated officers shall be remitted to the Councils' cashiers for safe custody.

Contrary to the cited Order, out of the selected audited Councils, 48 Councils were noted to have a sum of Shs.4,360,299,618 as revenue collected from various centres by collecting agents but apparently had not been remitted to the Councils during the financial year under review. List of Councils and amounts involved is as shown in **Annexure (xiv)**



A summary of revenue collections not remitted to the Councils for two years is as shown below:-

Year	Revenue not Remitted (Shs)	No. of Councils Involved
2009/10	2,756,763,702	43
2010/11	4,360,299,618	48

From the table above, it can be noted that, the amount involved has increased by Shs.1,603,535,916 which is equivalent to 58% from Shs.2,756,763,702 in the year 2009/10 to Shs.4,360,299,618 in the year 2010/11. This implies weak internal controls over revenue collections and inadequate follow up and monitoring of revenue contracts.

It is recommended that, Councils' management should strengthen internal controls over collection of revenue from their own internal sources. This could include strengthening mechanism of entering into contracts with revenue collecting agents and making follow up on remittances from those agents.

5.2.3 Own sources revenue not collected by Councils Shs. 8,332,986,175

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, revenue amounting to Shs. 8,332,986,175 in respect of the following Councils, had not been collected from the respective tax payers as shown in the table below:

S/N	Council	Source	Amount not collected (Shs)
1.	Ilala MC	Billboards, City Service Levy and Property Tax	1,382,625,902

2.	Kinondoni MC	Billboards	906,613,704
3.	Dodoma MC	Sign Boards and parking fees	327,842,806
4.	Biharamulo DC	Communication Towers	35,000,000
5.	Bukoba MC	Sign and billboards	315,642,595
6.	Ngara DC	Hunting licenses	19,800,000
7.	Chato DC	Lake shores	2,112,000
8.	Mbeya DC	Service levy	3,712,300
9.	Kilombero DC	Cane produce cess	1,365,308,289
10.	Kilosa DC	Cane produce cess	1,270,628,385
11.	Morogoro DC	Service levy	328,500,000
12.	Ulanga DC	Communication Towers	19,200,000
13.	Mvomero DC	Cane produce cess	375,826,802
14.	Masasi TC	Produce cess from AMCOS	25,356,960
15.	Mwanza CC	Market stall rent	13,483,000
16.	Mpanda DC	Tobacco dealers Produce cess	252,739,447
17.	Mbinga DC	Bus stand, stalls and garage yards	7,010,000
18.	Manyoni DC	Guest House Levy	44,418,750
19.	Singida MC	Sale of road licenses, fines and fees from SUMATRA	9,501,100
20.	Pangani DC	House rent and sale of plots	8,871,883
21.	Nzega DC	Central market stall rent	66,000,000
22.	Urambo DC	Tobacco cess rate undercharged	1,552,792,252
	Total		8,332,986,175

From the above table, it can be concluded that, there is laxity by Councils in soliciting other avenues of collecting revenue 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 proper recording of all monies due to the Councils and the proper collection, custody, and banking of such monies.

5.3 Cash Management

Cash management accounting process covers the collection and receiving of public funds, and management of official bank accounts with the primary objective of maintaining adequate monies to meet the daily cash requirements of the Councils while maximizing the amount available for investment through developing strong internal controls for cash receipts and disbursements, establishing improved procedures for collecting outstanding taxes, establishing clear lines of communication between the treasurer and department heads and developing solid professional relationships with local bankers and other members of the investment community.

During audit test check on cash management in the LGAs, various issues were noted as summarized below:

5.3.1 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 adjustments for the agreed differences are immediately entered in the books of accounts. Contrary to this Order, 88 Councils had outstanding items in the bank reconciliation statements which were not cleared. In addition, no evidence was availed to audit as to whether bank reconciliation statements were reviewed by the senior officials of the Councils. A summary of outstanding matters in the bank reconciliation statements for the year ended 30th June, 2011 is as shown below:

- Receipts amounting to Shs.4,662,975,016 from 46 Councils were recorded in the Councils' cash books but not posted in bank statements which signifies that these funds were not banked.
- A total amount of Shs.10,897,078,986 in respect of cheques drawn in favour of various payees in 81



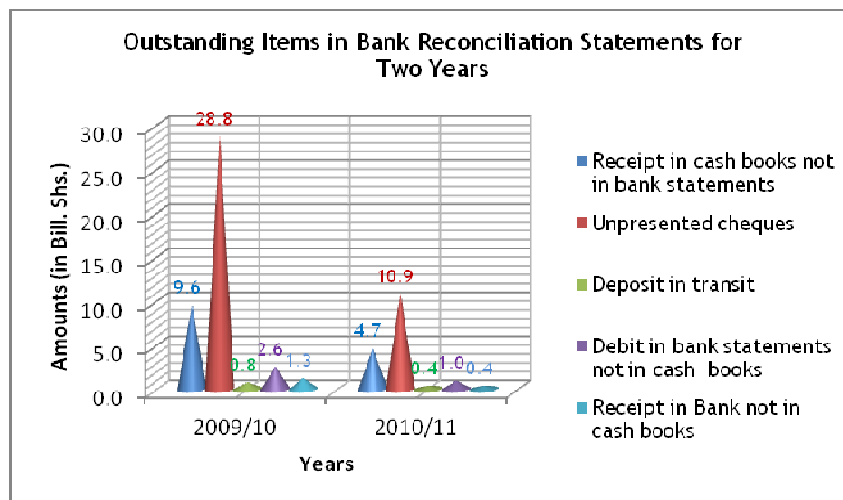
Councils were not presented to banks until the closure of the financial year ended 30th June, 2011.

- No efforts were made to ensure that, cash in transit amounting to Shs.425,988,776 from 8 Councils was actually credited to the bank as cash in transit.
- A total amount of Shs.1,002,195,882 was debited to 21 Councils' bank accounts without being credited to the respective Councils' cash books.
- A sum of Shs.401,528,675 was recovered by bank on behalf of the Councils without corresponding debits in the 22 Councils' cash books.

The table below shows comparison of outstanding matters in bank reconciliation statements for the financial year 2009/10 and 2010/11

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.)
2009/10	9,612,413,862	28,792,732,991	805,665,694	2,586,187,823	1,257,775,757
2010/11	4,662,975,016	10,897,078,986	425,988,776	1,002,195,882	401,528,675

The above analysis of outstanding matters in bank reconciliation statements can be presented in pyramids form as follows:



From the above pyramids, it can be illustrated that;

- Receipts recorded in Cash Books and not recorded in bank statements decreased by Shs.4,949,438,846 from financial year 2009/2010 to the financial year 2010/2011.
- Cheques drawn in favour of various payees but not presented to the bank decreased by Shs.17,895,654,005 from financial year 2009/2010 to the financial year 2010/2011.
- Cash in transit decreased by Shs.379,676,918 from the financial year 2009/2010 to the financial year 2010/2011.
- Debit in bank statements not in cash book decreased by Shs.1,583,991,941 from financial year 2009/2010 to the financial year 2010/2011.
- Receipt in Bank not recorded in cash books decreased by Shs.856,247,082 from the financial year 2009/2010 to the financial year 2010/2011.

Errors and misappropriation of the Public funds resulting from outstanding issues in the bank reconciliation may go undetected for a long time without the knowledge of the Council's management. This may result into unnecessary

losses to the Councils and in some cases it may be a source of fraud. In this respect, the Councils' management has to ensure that, bank reconciliation statements are mandatorily prepared monthly and approved by the Councils' Senior Officials. Necessary adjustments should also be recorded in the Council's books of accounts.

The detailed list of Councils with outstanding items in the bank reconciliation statements is attached as **Annexure (xv)**

5.3.2 Surprise Cash Survey and Surprise Cash Checks

(i) Surprise Cash Survey

Order No.170 of the LAFM of 1997 requires the Director, or his authorized representative to arrange for a surprise check of cash on hand at regular intervals. However, the audit conducted in selected Councils revealed that 39 Councils neither had the arrangement nor conducted surprise checks of cash on hand by the Director or his authorized representative. A detailed weaknesses on cash survey for the selected Councils is as shown in **Annexure (xvi)**

(ii) Maximum Limits for Cash Holdings

Order No.352 of the LAFM, 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. However, cash surveys conducted on selected Councils revealed that, 16 Councils had no maximum limits for cash holdings agreed by the respective Finance Committees as per the above Order as shown in **Annexure (xvi)**

5.3.3 Outstanding Imprests Shs.984,955,534

Order Nos. 134 and 136 of the Local Authority Financial Memorandum, 1997 stipulate that, a Safari imprest or Special imprest must be retired within two (2) weeks after



the officer has returned from the journey or after finalization of the activity; failure to do so will not only necessitate the outstanding amount to be deducted from the officer's salary at an enhanced rate, but may also attract a surcharge of not less than 5% of his salary. In addition, imprests outstanding beyond one month, whether or not a surcharge has been levied, shall attract an interest charge not less than the commercial bank rate applicable during that period.

Contrary to the above Orders, imprests amounting to Shs.984,955,534 from 34 Councils were still outstanding as at the year end. A list of these Councils with outstanding imprests is shown in **Annexure (xvii)**

However, it could not be known if Accounting Officers of the respective Councils took any action as required by the above orders regarding late retirement of imprests issued to various employees.

5.3.4 Loss of Cash/Stores Shs.34,436,525

Order Nos. 173 and 174 of the Local Authority Financial Memorandum, 1997 stipulate that, where a loss of cash occurs, it shall be reported to the Director. The contents of the report include the following:

- The nature, total amount, date discovered and by whom;
- The manner in which it has arisen;
- The reason why the system of internal control and internal check and supervision failed to prevent it;
- Action taken to prevent its occurrence;
- Date of report to the police;
- Where an official is held responsible, the procedure proposed in connection with recovery, disciplinary or legal action including any possible surcharge.



However, a total of Shs.34,436,525 was reported as a loss of cash and stores from 3 Councils as shown below:-

S/N	Council	Type of loss	Amount /Value (Shs)
1.	Kasulu DC	Cash	17,810,000
2.	Rombo DC	Stores	3,239,025
3.	Shinyanga MC	Cash	13,387,500
	Total		34,436,525

It could not be established whether actions were taken against responsible officers following these incidences as required by the above Orders.

5.4 Human Resources Management

Human Resources Management (HRM) is the functions within LGAs that focus on the register of all employees for matter relating to personnel emoluments, promotion, transfers, deceased, dismissals and absenteeism. HRM also prescribes a system that ensures that all information regarding salaries and amendments on payment particulars is received timely. Furthermore, HRM oversees the exercise of performance appraisal through OPRAS; a system whereby each member of staff is assigned specific targets, the achievement of which will form the basis for their annual performance appraisals.

It is also the function of HRM to ascertain that the number of employees in the payroll is in line with approved establishment

During the year under review, assessment was done on the effectiveness of Human Resource Management and payroll for the year ended 30th June 2011 in LGAs. Some weaknesses noted were as follows:

5.4.1 Absence/Inadequate Open Performance Review and Appraisal System

A test made on some employees of LGAs revealed that, 19 Councils as analysed in the table below were not doing

regular performance evaluation to its employees. This is contrary to Sect. D (62-63) of Standing Orders for the Public Service, 2009. Most of the performance evaluations were done to employees based at Head Office and mostly those who were due for promotion. The Councils involved were as follows:

S/N	Name of Council
1	Namtumbo DC
2	Songea DC
3	Kahama DC
4	Bariadi DC
5	Maswa DC
6	Bukombe DC
7	Kishapu DC
8	Meatu DC
9	Shinyanga DC
10	Shinyanga MC
11	Mpwapwa DC
12	Kilombero DC
13	Morogoro DC
14	Morogoro MC
15	Mbinga DC
16	Songea DC
17	Namtumbo DC
18	Tunduru DC
19	Arusha MC

In the absence of open performance review and appraisal system it would be difficult to determine employees who are due for rewards or sanctions. In addition, the respective Council will be unable to know the performance of the staff at all levels.

It is recommended that, Councils' management should make sure; performance appraisal system is in place so that it becomes possible to discover, evaluate and document the potentials and shortcomings in the performance of its employees to enable measures to be taken for improvement.

5.4.2 None Maintenance and Update of Employees Register

Order No. 302 of LAFM, 1997 requires the Head of Human Resource Department to keep an up-to-date register in respect of all employees and their details. In addition, Order No. 307 of LAFM, 1997 requires all necessary details of unclaimed salaries to be entered in an unclaimed salaries register. Contrary to these legislations, the following weaknesses were observed in 14 Councils as follows;

- Unclaimed salary register was not adequately maintained as in most cases details for check numbers and reasons for not paying the salaries were not given.
- No prescribed system to ensure that all necessary information is received in salaries section.
- The salaries sections were not keeping records to control the salaries of absentees.

These weaknesses were noted from the following Councils;

S/N	Region	Name of Council
1	Mbeya	Ileje DC
2	Shinyanga	Kishapu DC
3	Kagera	Bukoba DC
4	Dodoma	Mpwapwa DC
5	Morogoro	Kilombero DC
6	Morogoro	Kilosa DC
7	Morogoro	Morogoro DC
8	Morogoro	Morogoro MC
9	Morogoro	Mvomero DC
10	Morogoro	Ulanga DC
11	Tabora	Igunga DC
12	Tanga	Kilindi DC
13	Tanga	Lushoto DC
14	Coast	Kibaha DC

The Councils' management should make sure that, they institute proper records keeping so as to avoid possibility of paying ghost workers. In addition, Human Resource Departments are required to introduce employees register for effective management of staff matters including their

emoluments. Furthermore, there should be proper maintenance of unclaimed salaries registers.

5.4.3 Non Performance of Monthly Salary Reconciliation by the Council

Good practice requires LGAs to perform reconciliation between the payroll amount and deductions forms from the Treasury i.e. list 11 and list 12 as an attachment to the payroll and Bank transfer documents to see if Treasury has transferred the entire required funds for that month in order to avoid payment of salary by using their own sources of revenue.

However, during the audit it was noted that, some Councils do not perform formal salary reconciliation since there was no evidence indicating performance of monthly salary reconciliation. This is evidenced from the following 5 sampled Councils;

S/N	Region	Name of Council
1	Sindida	Singida MC
2		Manyoni DC
3	Kilimanjaro	Rombo DC
4	Ruvuma	Songea DC
5	Manyara	Hanang' DC

In the absence of monthly salary reconciliation incorrect amount of funds might be deducted by Treasury without being noticed. This may lead Councils to unnecessarily use their own source revenue in the General fund account in paying salary and deductions.

The Councils' management should ensure that; monthly salary reconciliation is performed before payment, file for reconciliation is maintained and the Treasury is notified immediately in case of any difference in order to avoid payment of salary using their own source which is supposed to be used in other Council's activities.

5.4.4 Unclaimed Salaries not Remitted to Treasury Shs.4,400,144,124

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 the 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 requirements, a test check on salaries payments revealed unclaimed salaries amounting to Shs.4,400,144,124 in respect of 46 Councils which were not remitted to Treasury as per the instruction. This could have been caused by lack of proper accountability over unclaimed salaries which could lead to losses of government funds. The list of 46 Councils involved is shown in **Annexure (xviii)**

It is recommended that, Councils should promptly remit the unclaimed salaries to the Treasury through the Regional Administrative Secretariat and Treasury should strive to ensure that the sums are accordingly remitted.

5.4.5 Payment of Salaries to Absconded, Retired, Deceased Employees Shs.961,394,959

Audit scrutiny of the payroll systems, control sheets and unclaimed salaries register for the financial year ended 30th June, 2011 disclosed a sum of Shs.961,394,959 paid by 36 Councils in respect of employees who either died, retired, resigned, terminated or absconded who continued appearing in the payroll systems of the respective Councils. **(Refer Annexure (xix))**

This is a reflection of weak internal control which may leads to substantial loss of Government funds by paying non existing employees. Also this may lead to overstatement of the wage bill.



Councils' management should investigate the situation and ensure that the salaries paid for non existing officers are recovered and submitted to Treasury through RAS office as per letter Re. No.CA: 307/334/01 issued on 15/01/2010.

I strongly recommend that, PMO-RALG, PO-PSM and the Treasury should establish a closer working relationship and conduct a census of employee in the civil service and thereafter, design an effective internal control system to be adopted by LGAs over payroll.

5.4.6 Employees Excessive Borrowing not Controlled

Staff Circular No. CCE.45/271/01/87 dated 19/03/2010 requires that, deductions of employees' salaries should not exceed 2/3 of the basic salary.

However, the audit 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 cases employees had zero net pay. Test check of 55 Councils revealed that, 8827 employees were receiving less than 1/3 of their salaries as shown in **Annexure (xx)**

This uncontrolled borrowing arrangement may adversely affect employees' performance and ultimately affecting the Council's overall performance because of its demotivation effects. This could also demonstrate laxity of LGAs management to ensure employees' welfare is protected.

It is recommended that, salaries payment controls should, apart from ensuring that right employees are paid right salaries, also fairness should be observed. This will mitigate the possibility of having negative effect on employees' productivity.

5.4.7 Differences between Exchequer Issues (Personal Emoluments) received and actual salaries paid Shs.267,544,718

The audit revealed under release of personal emoluments to the Councils by the Treasury. A test check of Personal Emoluments received from Treasury and actual salary paid for the financial year 2010/2011 revealed that, six (6) Councils had under releases of Personal Emoluments amounting to Shs.267,544,718. These Councils paid salaries over and above what they received as shown below:

S/N	Auditee	Received (Shs)	Paid (Shs.)	Differences (Shs.)
1.	Kahama DC	14,953,194,946	14,953,983,436	788,489
2.	Bunda DC	10,989,222,708	11,027,876,490	38,902,383
3.	Njombe DC	1,936,775,988	1,956,056,223	19,280,235
4.	Chunya DC	6,017,691,354	6,071,867,128	54,175,774
5.	Mbeya DC	8,303,441,870	8,402,202,979	98,761,109
6.	Arusha DC	11,410,698,661	11,452,491,359	55,636,726
Total				267,544,718

Since the balances of salaries were unfavourable to Councils, it is apparent that, the respective Councils used other funds which were not budgeted for personal emoluments.

It is recommended that, Councils' management should reconcile its Personal Emoluments (grants) records with Treasury's exchequer issues maintained at RAS offices and communicate with Treasury immediately for refund whenever balances are unfavourable.

5.4.8 Unrealistic Dates of Birth for Employees Recorded in Treasury Master Payroll

Payroll system is still not stabilized. Test check of Mara Region Councils employees' data from Treasury master payroll as at 30/6/2011 revealed that, dates of birth for 3819 employees were un-realistic. It was observed that, dates of birth for employees were recorded as 1/1/1700

and 1/1/1900 in the Treasury master payroll as summarized below:

S/N	Name of Council	No. of employees recorded to be born in 1/1/1700 and 1/1/1900
1	Bunda DC	935
2	Musoma DC	547
3	Musoma MC	524
4	Rorya DC	587
5	Tarime DC	815
6	Serengeti DC	411
	Total	3819

This implies that, the retirement dates of the employees cannot be determined and monitored by Treasury.

It is recommended to the management of LGAs to ensure that, data of the employees between the respective Councils' records and the Treasury master payroll are reconciled and birth dates are adjusted accordingly.

5.4.9 Employees who are not contributing to Pension Funds, National Health Insurance and paying Income Tax

Audit test check for a sample of three (3) Councils for the month of June 2011 revealed existence of various employees who were not contributing to Pension Funds (366 employees), National Health Insurance Fund (44 employees) and not paying Income Tax (23 employees) as the computer deduction component codes were not observed in their respective control sheets as summarized here below:-

S/N	Name of the Council	Number of employees Involved		
		LAPF/ PSPF	NHIF	Income Tax
1	Ileje DC	43	44	23
2	Ukerewe DC	182		
3	Mbozi DC	141		
	Total	366	44	23



The implication for non-contributing to the above statutory bodies is that, various employees will not have retirement benefits, employees lack health care benefits and also the government is losing income for non deductions of Income Tax.

It is recommended that the respective Councils' Internal Auditors should carry out payroll audit and conduct frequent checks on employee records.

5.4.10 Deductions Not Remitted to the Respective Institutions Shs.316,614,938

A review of various salaries documents such as bank deposit account and Sheet No.11 from Treasury revealed that, deductions amounting to Shs.316,614,938 in respect of a sample of four (4) Councils had not been remitted to the respective Institutions such as LAPF, PSPF, NSSF, PPF and TRA as follows:

S/N	Region	Name of Council	Amount (Shs.)
1	Dodoma	Dodoma MC	126,882,042
2	Morogoro	Kilosa DC	165,019,277
3	Tabora	Nzega DC	22,329,780
4	Ruvuma	Songea DC	2,383,839
		Total	316,614,938

From the above table, it can be noted that, there are possibilities for the respective Councils to be sued by the respective financial institutions and other bodies such as Pensions Funds and TRA for not remitting statutory deductions. Also, the amount of creditors in the respective financial statements has been understated by the same amount.

It is recommended that, the LGAs' management should ensure that deductions not remitted are paid to appropriate Institutions and submit the refund particulars

for audit purpose. Furthermore, the Council should disclose the payable amount in their financial statement.

5.4.11 Missing acknowledgement receipts for Unclaimed salaries and Statutory Deductions paid Shs.521,617,627

A sum of Shs.521,617,627 which included Shs.192,486,204 as unclaimed salaries surrendered to Treasury through RAS offices from five (5) Councils, and Shs.329,131,422 as statutory deductions paid to various institutions from nine (9) Councils was not supported by acknowledgement receipts to acknowledge the receipts of the amounts received, contrary to Order No.5 (c) of the LAFM (1997). Councils tested are as shown below:

- (i) Missing acknowledgement receipts for unclaimed salaries amounting to Shs.192,486,204.84 surrendered to the respective RAS

S/N	Region	Name of the Council	Amount (Shs)
1	Morogoro	Kilosa DC	140,192,319
2	Iringa	Njombe DC	16,238,333
3	Rukwa	Sumbawanga MC	17,232,199
4	Mtwara	Nanyumbu DC	5,246,592
5	Shinyanga	Maswa DC	13,576,761
		Total	192,486,205

- (ii) Missing acknowledgement receipts from recipients for statutory deductions paid amounting to Shs.329,131,422.10

S/N	Name of Council	Institutions	Amount (Shs)
1	Bukombe DC	National Health Insurance Fund and TALGHU	9,528,143
2	Shinyanga MC	Higher Education Students Loan Board (HESLB)	4,364,760
3	Meatu DC	Local Authority Pensions Fund(LAPF)	1,930,488

4	Urambo DC	Various social security and financial institutions as loans payment and contributions	66,117,798
5	Iringa DC	Various social security and financial institutions as loans payment and contributions	11,929,415
6	Iringa MC	Various financial institutions and loans repayment	23,915,927
7	Mafia DC	revealed LAPF and PSPF statutory deductions	73,518,099
8	Rufiji DC	Various social security and contributions	56,441,591
9	Kibaha DC	LAPF and PSPF statutory deductions	81,385,201
TOTAL			329,131,422

The absence of the acknowledgement receipts from the bonafide payees implies that, there is a possibility of payments being made to wrong payees.

Management of LGAs should strengthen Internal Controls over payments by making a follow up to the recipients immediately after effecting payments to confirm the receipt.

5.4.12 Employees sharing one bank account

Audit scrutiny of monthly bank payroll and other related documents which were sent to Bank Managers by the Ministry of Finance for paying of staff salaries revealed that, some of the employees shared one bank account. An amount of Shs.79,809,738 with respect to Kilombero District Council and Shs.28,923,897 for Morogoro District Council made a total sum of Shs.108,733,635 paid as salaries to various employees who were sharing one bank account number.

Sharing of one bank account may result to double payment of salaries to the same employee, which may lead to misappropriation of government funds and hamper implementation of other government activities that were to be funded by this amount.

Therefore, Councils should examine the whole situation and ensure anomalies are reconciled and reported to the responsible authority. Furthermore, the management of LGAs should ensure that, every employee has their own recognised bank account before transferring of salaries to them.

5.4.13 Employee's Name appears more than once on the Payrolls

Audit examination of payroll system in 4 Councils sampled for the year 2010/2011 revealed that, there are 11 employees who are having more than one check number as summarised below:

S/N	Region	Name of Council	No.of employees involved
1	Morogoro	Kilombero DC	4
2		Morogoro MC	3
3		Ulanga DC	1
4	Ruvuma	Namtumbo DC	3
Total			11

Lack of periodic reconciliation between actual existing employees and what was allocated in the payroll system might results into the excess amount of Personal emolument received.

Double payment of salaries to the same employee may lead to misappropriation of government funds and distort other government activities that were to be funded by this surplus amount.

The Council management should examine the whole situation and ensure anomalies noted are reconciled and reported to the responsible authority; also the management should ensure that the involved amount is refunded to Treasury through Regional Administrative Secretary.

5.4.14 Salaries Paid Above Approved Scales (Overpayments) to 22 employees Shs.42,869,832

The audit test check made on the payment of salaries to some selected three (3) Councils revealed that 22 employees were paid salaries which were above their salary scales to the tune of Shs.42,869,832 without the prior approval from the Permanent Secretary-President's Office Public Service Management as required by the circular with reference No.C/AC.45/257/01/C/14 of 26/10/2006. Approvals from both PMO-RALG and the Public Service Management were not produced on demand. The three Councils tested are shown in the table below:

S/N	Name of Council	No. of employees	Amount Paid (Shs)
1	Ludewa DC	18	36,621,300
2	Njombe TC	1	4,361,226
3	Meru DC	3	1,887,306
	Total	22	42,869,832

I recommend that, the officials responsible for Human Resources should ensure that there is compliance with all relevant regulations and circulars in respect of payments of salaries. Furthermore, the overpaid salaries should be recovered from the respective employees.

5.4.15 Double Deductions Made From Employees' Salaries Shs.65,007,802

Review of control sheet for the months of February and March 2011 revealed a sum of Shs.65,007,802 deducted by the Treasury from staff gross salaries of Mtwara Municipal Council Shs.37,185,550 and Njombe Town Council Shs.27,822,252. This amount was paid to various institutions including loans recoveries. However, it was



noted that, the same amount was also deducted by the Councils and paid to the same bank, resulting into double payment of deductions.

S/N	Name of Council	Months	Amount (Shs.)
1	Mtwara MC	February and March 2011	37,185,550
2	Njombe TC	February and March 2011	27,822,252
		Total	65,007,802

The respective staff were financially affected by the amounts deducted twice.

The Councils' Management should make a reconciliation of the payments and the appropriate amounts should be returned. In addition, it should be a policy for all LGAs to conduct monthly salaries reconciliations.

5.4.16 Salary Advances not Recovered Shs.32,875,432

Order No. 137 of Local Authority Financial Memorandum (1997) stipulates that a Director may approve personal advances up to a maximum of three month's salary and recoverable over a maximum period of twelve months in equal monthly instalments.

However, scrutiny of payment vouchers for the year under review in 4 Councils revealed that payments made to various staff as salary advances amounting to Shs.32,875,432 were not recovered. This is contrary to the cited Order. Four sampled Councils are;

S/N	Name of Council	Amount (Shs)
1	Hai DC	14,475,503
2	Siha DC	5,150,000
3	Makete DC	9,630,294
4	Sumbawanga DC	3,619,635
	Total Shs.	32,875,432

Non recovery of advances on time hinders the implementation of budgeted activities due to inadequate funds and might end up being irrecoverable.

Management of the Council should comply with the LAFM Order No.137, by ensuring that advances are recovered and evidence for audit verifications is submitted.

5.4.17 Retired Employees not deleted in the Treasury Master Payroll

Order 302 of the LAFM, 1997 requires head of departments to maintain updated registers of all employees and their details which shall notify the Treasurer of all matters pertaining to appointment, resignations, dismissals suspensions secondments, transfers and other information necessary to maintain records of services for income tax, provident fund contributions, etc. at the same time, Sect. 57(1) of the Public Service Act No. 8 of 2002 requires that “where a public servant is absent from duty without leave or reasonable cause for a period exceeding five (5) days, that public servant may be charged with the disciplinary offence of being absent without leave and punished by dismissal”.

To the contrary, audit scrutiny of the computer payrolls as well as control sheets and unclaimed salaries register for the financial year ended 30th June, 2011 disclosed that 120 employees from seven (7) sampled Councils who had died, retired, terminated or absconded continued to appear in the computer payrolls as summarised below:

S/N	Name of Council	No. of non-existing employees
1	Bunda DC	7
2	Musoma DC	18
3	Tarime DC	3
4	Igunga DC	57
5	Njombe DC	5
6	Handeni DC	17
7	Morogoro DC	13
		120

Late deletion of the names of retired, deceased or resigned staff may result into an increase of wage bills and loss of public money by paying salaries to ghost employees.

Management should ensure that retirement, death or dismissal information of Council employees is properly and promptly dealt with by deleting the individual names from the payrolls and consequently deducting the corresponding sum from the individual's terminal benefits.

5.4.18 Misappropriations of Unclaimed Salaries in Kilosa District Council Shs.20,893,662

Audit of the personal emoluments in Kilosa District Council observed that, a sum of Shs.95,688,250 in respect of unclaimed salaries were drawn from the Bank by the main Cashier during the month of December, 2010 and January, 2011 to pay employees who have no Bank accounts. However, review of payment particulars such as pay lists, payment vouchers, bank statements, receipt books observed that only Shs.63,797,588 was paid to bonafide payees and Shs.11,000,000 was paid back to the Deposit Bank account No. 218100003 at NMB-Kilosa leaving a balance of Shs.20,893,662 which was not confirmed to be paid or remitted to the Bank Account

This implies that, the amount not remitted might have been misappropriated by the Council's management or staff under control of cash. This lack of proper accountability over unclaimed salaries could lead to losses of Government funds.

The Council's management should investigate and recover the misappropriated unclaimed salaries amounting to Shs.20,893,662.

5.4.19 Irregular payment of salary in Cash Shs.191,194,302

During review of payment vouchers and related documents it was revealed that, salaries amounting to Shs.191,194,302 in respect of employees of the Morogoro District Council was paid by cash instead of using employees personal bank Account, contrary to Treasury Regulations which require employees' salaries to be paid through personal Bank Accounts. The implication of paying by cash instead of using employees' personal Bank Account includes:

- Holding huge amounts of money at the cash office which is contrary to the set limit as per Order No. 352 of LAFM, 1997
- It brings complications to employees located far from the Council who must physically come to collect their salaries.

Management of the Council must ensure employees are encouraged to open personal bank accounts which will be used to credit their salaries.

5.5 Asset Management

5.5.1 Non - Current Assets Management

5.5.1.1 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, from 22 Councils tested, 2 Councils had no Assets Registers where as 15 Councils had register which were not properly maintained. The remaining 6 Councils have not coded their Assets and one of them did not maintain the Non current assets register. 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 asset registers which must include all important information of such owned assets.

The table below shows Councils whose non current asset registers were either not maintained or improperly maintained:

S/N	Council	Non Current Assets register not properly maintained	Non current Assets register not maintained	Assets not coded
1.	Arusha MC			✓
2.	Arusha DC			✓
3.	Monduli DC			✓
4.	Longido DC		✓	✓
5.	Arusha MC		✓	
6.	Mbinga DC	✓		
7.	Namtumbo DC	✓		
8.	Songea MC	✓		
9.	Tunduru DC	✓		
10.	Mbeya DC	✓		
11.	Biharamulo DC	✓		
12.	Mwanza CC			✓
13.	sengerema DC	✓		
14.	Shinyanga DC	✓		
15.	Bahi DC			✓
16.	Dodoma MC	✓		
17.	Mpwapwa DC	✓		
18.	Iramba DC	✓		
19.	Nzega DC	✓		
20.	Urambo DC	✓		
21.	Masasi DC	✓		
22.	Masasi TC	✓		
Total		15	2	6

5.5.1.2 Grounded and un-serviceable non current assets not in use

During the year under audit, Seventeen (17) Councils had Properties, Plants and Equipment (PPE) which were not in use and were grounded contrary to Order Nos.159-161 of LAFM of 1997 and Para No.26 of IPSAS 21 and 23. However,

out of the above stated number of Councils, 15 Councils had grounded PPEs with no monetary values, while two (2) Councils had grounded PPEs with monetary valued at Shs.133,157,150.00 as shown in the following paragraph (i) and in the table under paragraph (ii) respectively;

(i) Grounded unserviceable Non Current Assets Disclosure with no values

The review of financial statements of 15 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. Refer to Annexure (xxi)

(ii) Grounded and Unserviceable Non-current Assets Shs.133,157,150.00

S/N	Council	Description	Number	Amount (Shs)
1	Babati DC	Motor Vehicles not in Use; Obsolete assets still grounded at Council's yard contrary to Order No 159 of Local Authority Financial Memorandum 1997. Include STG 2154 Isuzu L/Base, STJ 3454 Toyota Holus (D/C0, CW 3488 Wheel Loader and CW 3480 Motor Grader.	4	124,000,000
2	Kinondoni MC	Unserviceable Items amounting to Shs 9,157,150 Physical verification of the quantities and condition of items held in an inventory noted unserviceable items totalling Shs.9,157,150 remained in the store room for a long time without being disposed	Various	9,157,150
		Total (Shs.)		1 33,157,150

5.5.1.3 Un Revalued Plants, Properties and Equipment (PPE)

IPSASs No.17 requires that; assets are required to be revalued and recognized in the financial statements provided that they belong to Property, Plant and Equipment (PPE) and the same shall be carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation, and subsequent accumulated impairment losses.

Contrary to this standard, 13 Councils' management shown in **Annexure (xxii)** did not revalue their PPEs and were fully depreciated to zero value though still in use. Under this situation the value of PPE in the financial statements had been misstated.

5.5.1.4 Plant, Property, Equipment and other Financial Assets Lacking Ownership Documents Shs.30,928,516,441

Order Nos. 202 and 203 of LAFM of 1997 states that; "Investments of other than liquid funds for a short term period i.e. in economic ventures, through the purchase of shares or contributions of capital (including by way of joint ventures) shall be subject to formal resolution of the Council and included in the Development or Recurrent Budgets. Such investments shall be evidenced by a security, deed or contractual document which shall be, entered in a register and kept under safe-keeping".

Contrary to the stated orders above, during our audit many assets were revealed lacking ownership documentary evidences. Under such circumstances audit was limited to getting assurance for the existence, ownership, accuracy and validity of the Property, Plant and Equipment (PPE) and other financial assets presented in the financial statements. The said assets had a value of Shs.30,928,516,441 relating to fourteen (14) Councils as shown in **annexure (xxiii)**



5.5.1.5 Misstatement of Plant, Property and Equipment (PPEs)

In the Financial Statements Shs.5,574,172,011

During the year under review, seven (7) Councils as detailed in the table below, either overstated or understated the value of Non Current Assets in the financial statements. The misstatement on financial statements were made through making improper adjustments of revaluations, schedules of assets not reflecting Properties, Plant and Equipment presented in the statement of financial position, wrongly amortising depreciation resulting from own source assets as well as not reporting and disclosing assets belonging to Councils. Also, closing balances of Non Current Assets from previous financial year to the current year were wrongly reported. Therefore, financial statements had been misstated in aggregate to the tune of Shs.5,574,172,011. Misstatements of assets mislead users of the financial statements due to the fact that what had been presented is incorrect, do not reflect the real situation prevailing, and can not be relying upon for decision making purposes.

Council	Description of items	Overstatement Amount (Shs)	Understatement Amount (Shs)	Total Amount (Shs)
Kilombero DC	Schedules for additions and Work in progress of Non Current Assets not submitted	-	719,485,138	719,485,138
	Revaluation loss not adjusted in the Cash flow statement	28,755,199	-	28,755,200
Morogoro DC	Schedules for Additions and Work in progress of Non Current Assets not submitted	3,868,065,392	-	3,868,065,392
Morogoro MC	Incorrect recognition and measurement of PPE	720,241,285	-	720,241,285
	Under statement of total balance of PPE as at 30 th June, 2011	-	13,253,505	13,253,505



Kinondoni MC	Overstated other financial assets	128,781,727	-	128,781,727
Sengerema DC	Overstated PPE in the financial statements	24,800,922	-	24,800,922
Kwimba DC	Overstatement of opening balance of PPE	48,631,991	-	48,631,991
Ngorongoro DC	Depreciation from own source has been wrongly amortised (Over amortisation of Capital Grants)	22,156,851	-	22,156,851
	Total	4,841,433,368	732,738,643	5,574,172,011

5.5.1.6 PPEs not Reported in the Financial Statements Shs.41,456,500

The Local Authority Financial Memorandum (LAFM) states that, all investments shall be made by the Director in the name of the Council as per Order No. 200 of LAFM. Such investments shall be evidenced by security, deed, or contractual document which shall be entered in the register and kept under safe custody as per Order No. 203 of LAFM.

Audit review of financial statements revealed incidences which are contrary to the above Orders whereby investments and assets belonging to four (4) Councils were not disclosed in the financial statements for the year ended 30th June, 2011. As such, the financial statements lacked integrity to the users due to the fact that, assets were understated. At the same time, these public assets are at risk of being misappropriated. The PPEs and investments not reported in the financial statements are as follows;

Council	Description	Amounts (Shs.)
Kishapu DC	Non-Current Assets not disclosed in the Fixed Assets Register	8,956,500
Arusha MC	Investments not disclosed or not reported in the financial statements	32,500,000
Mpanda DC	Motor vehicles received from UNHCR not disclosed in the Financial Statements Toyota L/C Station wagon DFP 6728 (Good Condition), Toyota L/C Station wagon DFP 6753	-

	(in Good condition) Heavy truck-Scania 124 DFP 3769 (Average condition), Heavy truck-Scania 124 DFP 2991 (in Bad condition). Absence of related documents to justify the transfer of ownership from UNHCR to the Council can not be confirmed.	
Mpanda TC	Motor vehicles received from UNHCR not disclosed in Financial Statements Audit verification made in the Council non current Assets records revealed that during the year, the Council was granted 2 Motor vehicles from United Nations High Commissioner for Refugees (UNHCR) with registration Nos DFP 2872 and DFP 3768, these however have not been disclosed in Financial Statements under Property, Plant and Equipments.	

5.5.2 Outstanding Receivables and Prepayments Shs.37,795,747,360

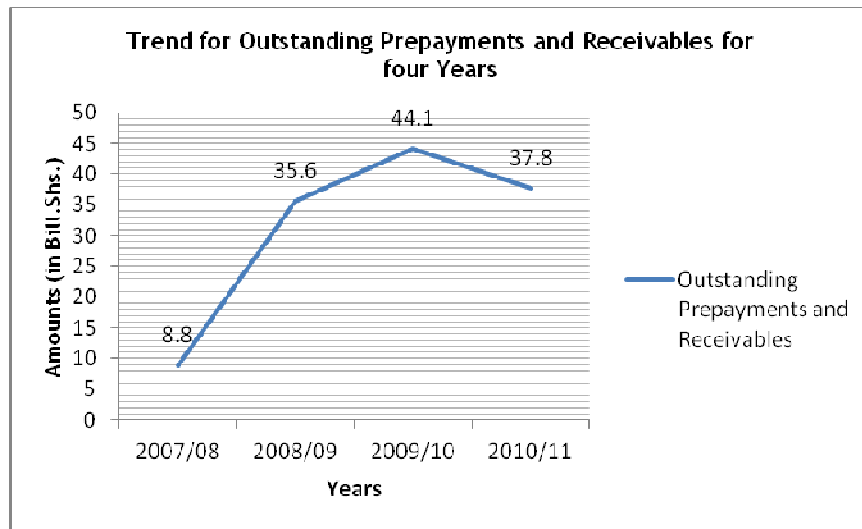
Major components of debtors in most of LGAs include; various prepayments, account receivable from revenue collecting agents, staff advances and imprests and Women and Youth loans.

Review of LGAs financial statements and their supporting schedules disclosed outstanding debtors in 106 Councils amounting to Shs.37,795,747,360 which had not yet been cleared as detailed in **Annexure (xxiv)**

Trend for outstanding receivables and prepayments (debtors) for the financial years 2007/08, 2008/09, 2009/10 and 2010/11 can be Summarised in the table below:

Financial Year	Amounts (Shs.)	No. of Councils involved
2007/08	8,675,739,790	115
2008/09	35,644,785,554	113
2009/10	44,059,104,038	109
2010/11	37,795,747,360	106

The above analysis can be presented in a line graph as follows:



The above trend shows that, outstanding prepayments and receivables increased from the financial year 2007/08 to the year 2008/09 and then to the year 2009/10 by Shs.26.8 bill. and Shs.8.5 bill. respectively.

It also shows that from the financial year 2009/10 to the financial year 2010/11 there was a decrease of debtors by Shs.6.3 bill. from Shs.44.1 bill. to Shs.37.8 bill. reported in the financial year 2009/10 and 2010/11 respectively

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 capital and ultimately hamper implementation of the planned activities in the scheduled time due to liquidity problems.

5.5.3 Outstanding Payables Shs.52,132,811,928

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 confidency to the society they serve.

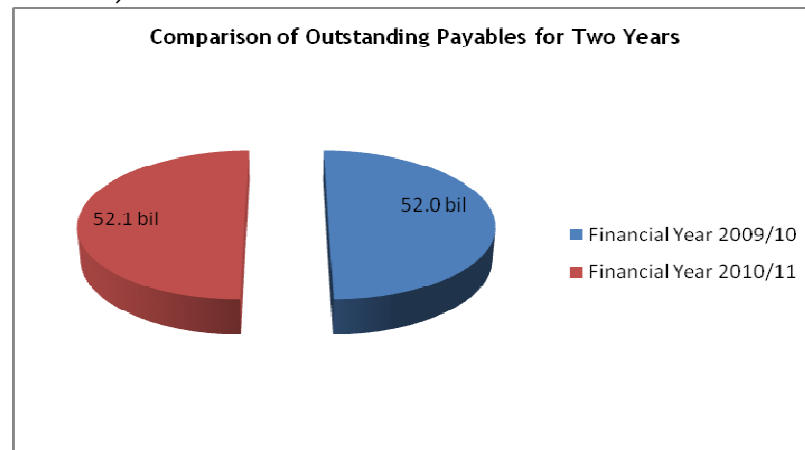
However, review of the financial statements of the LGAs for the year ended 30th June 2011 in respect of 111 Councils disclosed outstanding creditors amounting to Shs.52,132,811,928 which is an increase of Shs.91,697,531 compared to Shs.52,041,114,397 reported during the previous financial year.

Councils with the highest outstanding creditors are Ilala Municipal Council Shs.8,243,132,583, Kilindi District Council Shs.1,857,102,452, Mwanza City Council Shs.1,837,399,546 and Dodoma Municipal Council Shs.1,828,881,645.

The table below shows a comparison of outstanding payables for the financial year 2009/10 and 2010/11.

Financial Year	Amounts (Shs.)	No. of Councils involved
2009/2010	52,041,114,397	113
2010/2011	52,132,811,928	111

The above analysis can be presented in a pie charts as follows;



From the above pie charts, it can be illustrated that, the amounts of outstanding payables for two consecutive years of 2009/10 and 2010/11 were amounting to the average of Shs.52 billions

The LGAs are strongly recommended to pay their creditors promptly when they fall due and institute adequate control, policies and procedures to ensure that, Councils' managements are accountable for any fruitless commitments they create. List of Councils with outstanding payables is shown as **Annexure (xxiv)** of this report.

5.6 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) and PHSDP. In addition, LGAs receive grants from various donors for improvement of social facilities through TASAF, HBF, ASDP and WSDP. The 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.

5.6.1 National Multi-Sectoral HIV/AIDS Framework (NMSF)

5.6.1.1 Unspent balance for National Multi Sectoral HIV/AIDS Framework (NMSF) Shs.1,104,364,692

During the year under review, TACAIDS through the Ministry of Finance released funds to LGAs 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, test checks on the utilization of funds in 41 selected Councils noted unspent balance of Shs.1,104,364,692 as at 30th June, 2011 as shown in the Annexure (xxv)

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

5.6.1.2 Funds wrongly recorded for NMSF activities Shs.859,163,571

A comparison of funds received by a sample of (43) selected Councils and information obtained from the Coordination unit of the National AIDS Control programme at the TACAIDS revealed that funds released for NMSF activities for the year ended 30th June, 2011 were Shs.3,752,178,000 against Shs.4,611,341,571 recorded by the respective Councils resulting in a difference of Shs.859,163,571 involving 25 Councils out of 43 of the sample selected. This indicates that received funds were wrongly recorded to that tune, while the rest of 18 Councils recorded exactly of what was released as shown in Annexure (xxvi)

This situation implies that there is no communication between the coordination unit and LGAs for reconciliation of funds released and received.

5.6.2 Local Government Development Grant (LGDG)

5.6.2.1 Financing

The Local Government Development Grant is financed by contributions from Development Partners; KFW, Embassy of Ireland, Finland, Netherlands, Embassy of Sweden, Bank of Tokyo-Japan, Cooperation Tech Belgium through BoT Holding Account No. 9931206651 and IDA through Standard Chattered Bank Account No.87080-206688-00.

During the year under review, the Programme had a total amount of USD 74,137,084.14 equivalent to Shs. 109,742,900,821 which was contributed by the Development Partners. In addition, there was a contribution from the Government of Tanzania amounting to Shs. 24,047,523,953 which made a total of Shs.133,790,424,774 for implementation of the approved activities in the LGDG. The contributions from Development Partners amounting to USD 74,137,084.14 equivalent to Shs. 109,742,900,821 was as shown below:

S/N.	Development Partner	Amount in USD	Amount in Shs.
1	KFW	18,007,192.75	25,492,730,741
2	Embassy of Ireland	4,588,844.00	6,276,646,521
3	Finland	9,635,136.49	13,851,294,931
4	Netherlands	19,555,137.87	28,723,630,749
5	Embassy of Sweden	2,942,258.18	4,312,663,180
6	Bank of Tokyo -Japan	1,220,774.12	1,794,179,049
7	Cooperation Tech. Belgium	10,381,021.00	15,384,012,889
8	IDA	7,806,719.73	13,907,742,761
	Total	74,137,084.14	109,742,900,821

However, in the Holding Account No.9931206651 for LGDG fund, had an opening balance of USD 2,931,465.64 as at 1st July 2010 equivalent to Shs.4,003,441.063.77.

In addition, the Health Sector Development Grant (HSDG) as a window sector under LGDG System received a total contribution of Shs.12,647,302,763 from various Development Partners and Shs. 7,116,720,000 from the Government of Tanzania, making a total contribution of Shs. 19,764,022,764. The table below shows the contributors and their respective amounts;

SN	Contributor	A/C No.	Amount (USD)	Amount (SHS)
1	KFW via LGDG - BoT Account	9931206651	5,383,840.40	7,908,053,972
2.	DANIDA	011103000383		2,732,680,529
3.	KFW	011103000383		2,006,568,263
4	GoT			7,116,720,000
	Total			19,764,022,764



During the year under review a sum of USD 45,658,149.46 equivalent to Shs.67,259,547,500 was transferred to the Local Government Authorities for LGDG activities.

5.6.2.2 Funds for LGDG under released Shs.153,943,547,023

A review of funds for LGDG disclosed that a total of Shs.324,384,652,759 was allocated to be transferred to Councils during the year under review. However, as at 30th June,2011 a total of Shs. 170,441,105,736 was transferred resulting into a difference of Shs. 153,943,547,023 under released as summarized in the table below :

S/N	Fund	Amount Allocated	Amount Transferred	Under Releases
1	LGDG CORE	175,248,000,200	109,295,521,453	65,952,478,747
2	HSDG	30,284,700,000	17,401,420,000	12,883,280,000
3	ASDG	55,645,745,550	43,744,164,283	11,901,581,267
4	RWSSP	63,206,207,009	0.00	63,206,207,009
	Total	324,384,652,759	170,441,105,736	153,943,547,023

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

However, the audit of LGDG at the Councils` level is ongoing and a comprehensive report will be issued separately after completion of the audit.

5.6.3 Constituency Development Catalyst Fund (CDCF)

CDCF was established by CDCF Act No. 16 of 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 the LGAs` CDCF activities.

During review of CDCF in 51 Councils, with concern to the utilization and accountability of CDCF, the following shortcomings was noted;

**(a) Unspent Amount for CDCF by the Council
Shs.2,683,368,422**

In some of the Councils audit noted that, amount of CDCF were completely not utilized and remained in the Councils' bank accounts. For example in 51 sampled Councils, more than Shs.2,683,368,422 was not utilized as shown in **Appendix (xxvii)**

This was caused by inadequate supervision and management of the fund by the established CDCF Committees, delaying the community to benefit from the funds, hence the objectives of establishing the fund was not attained.

Proper arrangement should be made by the Councils' management and CDCF Committees in order to spend the remaining balance without further delay in order to fulfil the intended objectives.

**(b) Non Preparation of CDCF Reports to be submitted to
PMO-RALG**

Most of 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.

It is recommended that, the PMO - RALG has to ensure no disbursements for succeeding year is made until the reports of the amount received and spent by each Constituency Development Catalyst are prepared and submitted as required by the Act.

**(c) Amount of CDCF spent on Projects not Initiated by
Community Members**

Sect. 19(1) of CDCF Act, 2009 requires that all projects to be community based in order to ensure that the



prospective benefits are available to a wider cross-section of the inhabitants of a particular area. However, contrary to this legal requirement, CDCF in the most of the Councils reviewed were spent on the projects which were not initiated by resident community members.

The LGAs should ensure that all CDCF are spent on the projects which are community based and according to their priorities.

(d) Vacant Post for CDCF Accountant

Para 21(1) of the Constituencies Development Catalyst Fund Act of 2009 states that “Every Councils’ Director shall designate in writing the Councils’ Treasurer to be the Accountant of each of the Constituency account maintained by the Constituencies Development Catalyst Committee within the Council.”

Contrary to the above cited Act, some LGAs did not appoint the Accountant who is responsible for the day to day transactions of CDCF activities.

LGAs’ management should appoint the specific Accountants who should take responsibility for all financial matters regarding the Constituencies Development Catalyst Fund.

5.6.4 Unspent balance for Primary Health Sector Development Grants (PHSDP) Shs.5,848,929,864

A test check on the financial performance and utilization of PHSDP funds received by Councils for improving accessibility and quality of the health service noted unspent balances of Shs.5,848,929,864 in respect of forty eight (48) Councils as at 30th June, 2011 as shown in Annexure (xxviii).

Having unspent amount of Shs.5.8bill. implies that the planned activities were not fully implemented and



therefore the targeted community could not benefit from the projects not implemented.

5.6.5 Unspent Balance of Women and Youth Development Fund (WYDF) Shs.1,587,780,350

LGAs 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.

During review of the operational performance of the Fund, it was observed that, there were unspent balances of Shs.1,587,780,350 in 23 Councils as shown in the table below, which implies laxity of the Councils' issuing loans to the intended groups.

S/N	Name of the Council	Unspent Amount (Shs)
1	Musoma MC	243,844,404
2	Bunda DC	160,070,931
3	Tarime DC	150,648,998
4	Kilwa DC	120,356,124
5	Rorya DC	110,869,620
6	Bukoba MC	106,832,731
7	Muheza DC	86,317,621
8	Musoma DC	64,846,600
9	Serengeti DC	63,801,189
10	Karagwe DC	56,539,109
11	Biharamulo DC	54,883,194
12	Missenyi DC	51,912,102
13	Korogwe DC	44,379,747
14	Karatu DC	43,003,602
15	Mkinga DC	40,573,535
16	Lindi TC	34,778,547
17	Ruangwa DC	34,767,300
18	Manyoni DC	27,930,020
19	Singida DC	27,930,020
20	Lindi DC	22,226,200
21	Kasulu DC	17,017,510
22	Ngara DC	15,178,246
23	Bahi DC	9,073,000
	Total	1,587,780,350

This tendency of having a significant unspent amount of cash in the Women and Youth accounts denies the intended groups to benefit from the established revolving fund.

It is recommended that, the LGAs' management should set a strategy for spending the remaining balance by issuing loans to larger groups in order to enable them to improve their standard of living through revolving fund instead of remaining with a significant amount of unspent balances in their accounts.

5.6.6 Unspent Development Grants under PEDP Shs.997,528,258

A test check on the financial performance and utilization of PEDP funds received by Councils for the aim of improving quality, expanding school access and increasing school retention at Primary level, it was discovered that, there were unspent balances amounting to Shs.997,528,258 in respect of twelve (12) Councils during the financial year 2010/2011 as shown in the table below:

S/N	Council	Amount available (Shs)	Amount spent (Shs)	Unspent Amount (Shs.)	% of Unspent
1	Liwale DC	40,842,000	0	40,842,000	100.0%
2	Shinyanga DC	77,519,000	0	77,519,000	100.0%
3	Kilwa DC	224,761,500	113,434,500	111,327,000	49.5%
4	Mufindi DC	164,630,000	88,228,000	76,402,000	46.4%
5	Rorya DC	111,025,599.85	68,525,599.85	42,500,000	38.3%
6	Kishapu DC	145,850,000	95,000,000	50,850,000	34.9%
7	Muleba DC	512,339,617.96	366,159,484.96	146,180,133	28.5%
8	Karagwe DC	1,550,983,752	1,140,580,756.50	410,402,996	26.5%
9	Missenyi DC	171,127,221.46	152,191,502.47	18,935,719	11.1%
10	Chato DC	130,226,470.63	118,486,621.99	11,739,849	9.0%
11	Karatu DC	212,266,480	202,436,918	9,829,562	4.6%
12	Musoma DC	169,198,000	168,198,000	1,000,000	0.6%
	Total	3,510,769,642	2,513,241,384	997,528,258	28.4%

A huge amount of unspent balances indicates that, some of the planned activities were not satisfactorily implemented and therefore the community is yet to benefit from the allocated funds.

5.6.7 Unutilized Participatory Forests Management (PFM) funds Shs.178,826,876

Audit test check on the financial performance and utilization of Participatory Forests Management funds during the financial year 2010/11 observed that, there was unutilized funds totalling Shs.178,826,876 which is contributed by eleven (11) Councils as shown in the table below:

S/N	Council	Amount available (Shs)	Amount spent (Shs)	Unspent Amount (Shs)	% of Unspent
1	Kilwa DC	28,232,045	-	28,232,045	100.0%
2	Nachingwea DC	42,354,344	8,957,445	33,396,899	78.9%
3	Liwale DC	61,629,366	20,255,000	41,374,366	67.1%
4	Morogoro DC	41,134,773	14,438,300	26,696,473	64.9%
5	Mbinga DC	74,253,235	31,298,217	42,955,018	57.8%
6	Kilosa DC	29,203,720	25,137,032	4,066,688	13.9%
7	Songea DC	24,249,467	23,088,947	1,160,520	4.8%
8	Korogwe DC	29,201,404	28,495,250	706,154	2.4%
9	Kilombero DC	28,232,045	28,029,800	202,245	0.7%
10	Namtumbo DC	6,827,734	6,795,000	32,734	0.5%
11	Muheza DC	4,133,330	4,129,596	3,734	0.1%
	Total	369,451,463	190,624,587	178,826,876	48.4%

This implies that, the targeted communities have been denied the services accruing from the unutilized Participatory Forests Management (PFM) funds.

5.6.8 Community Health Fund

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

Collections and utilization of the Funds 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 which included cost of medicine, drugs, hospital equipments, minor building repairs, fuel and night out allowance. The circular also requires procurement of medicines and medical equipment should be made from approved suppliers. During the year under review, the following were noted under the management of CHF.

**(a) Unspent balances for Community Health Fund
Shs.2,963,900,725**

During the year, selected review were made on the management of the Community Health Fund in 33 Councils and it was found that these Councils had unspent balances of Shs.2,963,900,725 which was mainly caused by non-opening and operating separate accounts in respect of CHF and delay in release of the matching grants. This implies that the targeted communities have been denied the health services accruing from the planned activities of CHF. List of Councils with unspent CHF funds is as shown in **Annexure (xxix)**

It is recommended that, Councils should implement planned health activities in the respective financial year for accountability purpose and for the benefit of the communities involved. Also Council should prepare annual financial statements for the Fund.

**(b) Expenditure incurred contrary to (CHF) Operations
Guidelines Shs.44,086,650**

Community Health Fund (CHF) Operations Guidelines of June, 1999 elaborate that "CHF funds will be used for Health related purposes". The health related goods and services eligible for purchase under this program include drugs, hospital equipment, rehabilitation and/or

maintenance of health facility, furniture and equipment for the facility, materials and supplies for facility use, uniforms for nurses, top-up shift allowances for clinical staff and nurses, travel and per diem expenses incurred by staff on duty if specified in the Ward health plan.

However, during the course of audit it was observed that, CHF funds worth Shs.44,086,650 in 4 LGAs namely Songea MC, Dodoma MC, Ulanga DC and Iramba DC were used to implement unrelated CHF activities which are not allied with CHF Operations and Guidelines.

It is recommended that, Councils should spend contributions from the CHF for the intended and approved activities as stated in the Circular No. 2 of 1997 issued by the Ministry of Health and Social Welfare.

(c) Outstanding claims not paid by National Health Insurance Fund Shs.34,316,220

A test check on management and operations of CHF revealed that there were outstanding claims in respect of two LGAs namely Kilolo DC and Morogoro MC amounting to Shs.34,316,220 which were not paid by the National Health Insurance Fund (NHIF) as a compensation for the health services provided to various members of the Community Health Fund (CHF) who are also members of the National Health Insurance Fund (NHIF).

Also Shs.12,831,520 collected by Health Centers and Dispensaries in Manyoni and Ukerewe District Councils were not remitted to Councils' main revenue Office for accountability.

It is recommended that, Councils' management should make follow-up for reimbursement of claims from NHIF.

5.6.9 Unutilized Development Grants under SEDP Shs.724,673,833

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

However, audit test check on the Councils' financial performance and utilization of funds noted that, 11 LGAs had total available funds amounting to Shs.3,632,457,408 out of which Shs.2,907,783,575 was spent on implementing SEDP activities, leaving unspent balance of Shs.724,673,833 equivalent to 20% as at the year end as shown in the table below:

Name of the Council	Unspent balance of development projects			
	Fund available (Shs.)	Amount Spend (Shs.)	Unspent balance (Shs.)	%
Mufindi DC	271,689,000	239,513,000	32,176,000	11.84%
Bukoba DC	223,144,000	183,266,066	39,877,934	17.87%
Karagwe DC	561,498,167	551,991,536	9,506,631	1.69%
Ngara DC	189,673,000	182,049,463	7,623,537	4.02%
Missenyi DC	163,269,189	156,507,356	6,761,833	4.14%
Chato DC	130,226,471	118,486,622	11,739,849	9.01%
Kilwa DC	104,058,000	79,371,665	24,686,335	23.72%
Liwale DC	130,000,000	50,000,000	80,000,000	61.54%
Nachingwea DC	180,750,000	106,201,501	74,548,499	41.24%
Morogoro MC	1,023,627,472	807,270,695	216,356,777	21.14%
Kahama DC	252,912,489	228,583,489	24,329,000	9.62%
Karatu DC	401,609,621	204,542,182	197,067,439	49.07%
TOTAL	3,632,457,408	2,907,783,575	724,673,833	19.95%

Unutilized funds imply that some activities were either partially or not implemented at all, thus the earmarked services and benefits to the intended Community have not been achieved.

5.7 Expenditure Management

5.7.1 Inadequately supported payments (Improperly vouched expenditure) Shs.5,692,624,802

Examination of expenditure records during the audit, based on the selected sample, I noted that, Expenditures worth

Shs.5,692,624,802 in respect of 63 Councils were not adequately supported with relevant supporting documents contrary to Order No. 5 (c) and 368 of Local Authority Financial Memorandum of 1997 which requires all payments made by Councils to be supported by proper supporting documents. Refer **Annexure (xxx)**

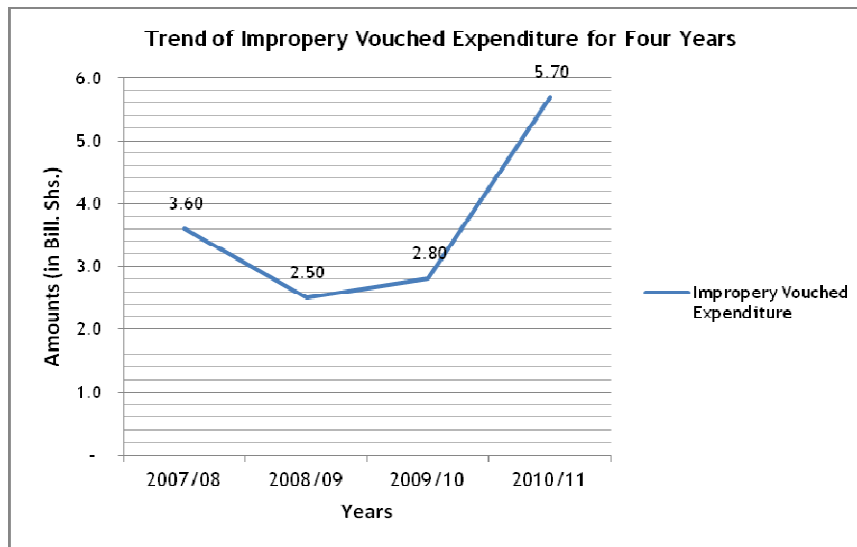
Expenditure lacking adequate supporting documents, limit the auditor's ability in establishing the genuineness of the expenditure incurred.

A summary of inadequately supported payment vouchers for F/Year 2007/08,2008/09,2009/10 and 2010/11 is as shown below:-

F/Year	Amount (Shs.)	No. of Councils involved
2007/08	3,590,228,595	69
2008/09	2,526,117,587	33
2009/10	2,830,338,208	34
2010/11	5,692,624,802	63

The trend indicates that there is an abrupt increase in terms of amount and number of Councils involved in inadequate supporting of payments made. More controls should be instituted in the management of payments made by the Councils in order to minimize the number of Councils involved as well as the amount not properly supported.

The above analysis can be presented hereunder in a line graph as follows:



The above line graph shows that, the amount of unvouched expenditure had decreased by Shs.1.1bill from Shs.3.6bill reported in the financial year 2007/08 to Shs.2.5bill reported in the financial year 2008/09.

Also, the amount increased by Shs.0.3bill and Shs.2.9bill from Shs.2.5bill reported in the financial year 2008/09 to Shs.2.8bill and Shs.5.7bill in the year 2009/10 and 2010/11 respectively.

5.7.2 Missing payment vouchers (Unvouched expenditure) Shs.1,080,519,637

During the financial year 2010/11, Expenditure totalling to Shs.1,080,519,637 which were expended in 32 Councils were not supported by their respective Payment vouchers therefore, nature and validity of expenditure incurred by the respective Councils could not be verified thereby limiting the scope of the audit.

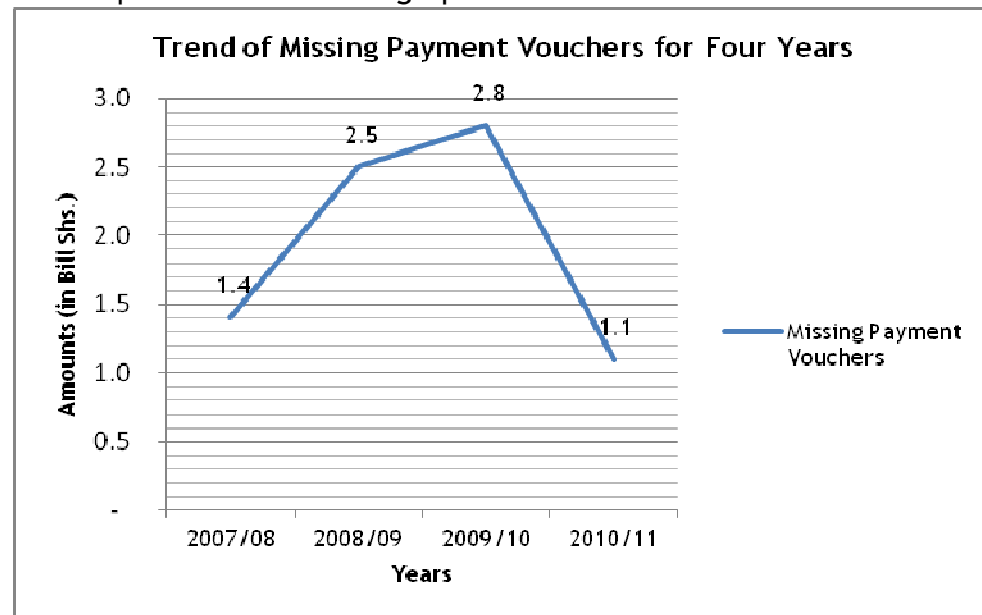
This is contrary to Order Nos. 368 and 369 which requires payment vouchers together with supporting documents be maintained and given proper security and custody for a

period not less than 5 years. The tested Councils with unvouched expenditure has been shown in **Annexure (xxxi)**

The Missing payment vouchers for F/Year 2007/08, 2008/09, 2009/10 and 2010/11 is as shown below:

F/Year	Amount (Shs.)	No. of Councils involved
2007/08	1,370,245,729	45
2008/09	2,526,117,587	33
2009/10	2,830,338,208	34
2010/11	1, 080,519,637	32

The above trend of Missing Payment Vouchers for four years can be presented in a line graph as follows:



From the above line graph it can be illustrated that, from the average number of 36 Councils for four consecutive years, the amount of missing Payment Vouchers had increased by Shs.1.1bill. and Shs.0.3bill from Shs.1.4

reported in 2007/08 to 2008/09 and to 2009/10 in that order.

However from the financial year 2009/10 to 2010/11, the amount of missing Payment Vouchers had decreased by Shs.1.7 bill from Shs.2.8bill to Shs.1.1bill respectively.

Since this has been a continuous repeating problem with the majority of the Councils for a long time, I would like to remind the management of the LGAs on their primary responsibility in ensuring that, the Councils' accountable documents including Payment Vouchers are properly safeguarded and should be made available for audit verification when needed.

5.7.3 Missing acknowledgement receipts from recipients Shs.2,525,230,334

A sum of Shs.2,525,230,334 from 13 Councils 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 sample of Councils are as listed in the table below:

S/N	Name of the council	Amount (Shs.)
1	Morogoro DC	1,048,131,740
2	Longido DC	913,131,204
3	Kibondo DC	199,070,173
4	Babati DC	141,132,883
5	Rufiji/Utete DC	122,323,122
6	Sumbawanga MC	54,797,000
7	Kiteto DC	12,879,000
8	Meru DC	12,719,450
9	Hanang' DC	9,603,775
10	Arusha MC	6,000,000
11	Songea MC	2,400,000
12	Moshi DC	1,541,987
13	Korogwe TC	1,500,000
		2,525,230,334

Missing acknowledgement receipts or any evidence from the recipients limit the auditor's ability from verifying the expenditure on the respective item.

5.7.4 Expenditure Charged to wrong account codes Shs.1,670,251,079

Sect. 43 (5) of the Local Government Finances Act, 1982 (Revised on 2000) state that "where the Local Government authority approves the annual budget as a whole, the budget as approved shall be binding the Local Government Authority, which shall confine its disbursement within the items and amounts contained in the applicable estimates as approved".

To the contrary, expenditure amounting to Shs.1,670,251,079 was noted to have been charged to wrong expenditure codes in 22 Councils without prior approval for reallocation by finance committee as shown in the table below:

S/N	Name of the council	Amount (Shs.)
1	Kondoa DC	818,548,165
2	Kwimba DC	557,897,542
3	Monduli DC	50,674,010
4	Ngara DC	47,790,275
5	Dar es Salaam CC	38,528,640
6	Geita DC	32,439,488
7	Songea MC	29,868,790
8	Mwanza CC	24,000,290
9	Singida MC	13,955,120
10	Muleba DC	10,000,000
11	Rombo DC	8,155,000
12	Tunduru DC	6,413,200
13	Shinyanga DC	5,146,782
14	Kahama DC	5,044,000
15	Mvomero DC	4,710,000
16	Bukoba MC	4,646,000
17	Mbinga DC	3,313,000
18	Missenyi DC	3,046,000

19	Namtumbo DC	2,448,875
20	Biharamulo DC	1,968,502
21	Urambo DC	1,335,000
22	Morogoro MC	322,400
		1,670,251,079

This implies the planned and approved activities in respect of Shs.1,670,251,079 were not implemented.

5.7.5 Expenditure made out of the Approved Budgets

Shs.549,421,946

During the financial year 2010/11, expenditure amounting to Shs.549,421,946 were incurred out of the approved budgets without seeking for any authorization which is contrary to Sect. 10(3) of the Local Government Finances Act No. 9 of 1982 (Revised on 2000).

The said expenditure was noted in nine (9) selected Councils as shown on the table below:-

S/N	Name of the council	Amount (Shs.)
1	Mpwapwa DC	236,995,838
2	Kinondoni MC	204,207,523
3	Misungwi DC	29,627,840
4	Nzega DC	28,360,000
5	Chato DC	15,816,800
6	Bagamoyo DC	12,719,945
7	Nanyumbu DC	10,000,000
8	Namtumbo DC	7,895,000
9	Rorya DC	3,799,000
		549,421,946

Activities in the approved budget could not be implemented because of non-adherence to the appropriation act.

5.7.6 Inter account transfer in form of Loans not reimbursed

Shs.750,621,650

In examination of expenditure records, based on the selected sample, it was noted that, 20 Councils made

transfer from one account to another of the same Council in form of loan which was not reimbursed to the giving accounts up to the year end amounting to Shs.750,621,650. This is contrary to Order No.49 of Local Authority Financial Memorandum of 1997. List of Councils are as shown in the table below:

S/N	Name of the council	Amount (Shs.)
1	Tandahimba DC	190,561,470
2	Chato DC	99,544,000
3	Morogoro DC	99,343,510
4	Rorya DC	57,917,750
5	Dodoma MC	47,040,000
6	Monduli DC	42,067,962
7	Ulanga DC	36,946,000
8	Korogwe TC	36,000,000
9	Sumbawanga DC	30,000,000
10	Bukoba MC	26,897,067
11	Namtumbo DC	20,704,000
12	Babati DC	15,147,000
13	Muleba DC	10,000,000
14	Mbarali DC	7,878,200
15	Hanang' DC	7,154,195
16	Rungwe DC	6,400,000
17	Njombe TC	6,300,000
18	Arusha MC	4,495,000
19	Moshi DC	3,719,531
20	Simanjiro DC	2,505,966
		750,621,650

This kind of transfer leads to the failure of the paying account to fulfil its budgeted activities.

5.8 Liabilities and Commitments Shs.5,852,750,556

Councils in their Legal Capacity and with Commercial Interaction with the Community; they can sue and/or be sued. As a result of such relationship, during the financial year 2010/2011 ten (10) Councils had encountered various legal proceedings amounting to Shs.5,852,750,556 in respect of 10 Councils and almost all of them are civil

cases and their outcome cannot be reliably predicted as well as estimated. Refer **Annexure (xxxii)**

Court case not Properly handled by the Council's management could lead to a loss of Councils resources

5.9 Other Issues

5.9.1 Late submission of Project Implementation Reports for financial year 2010/2011

Following the agreement between the PMO-RALG, Office of the Controller and Auditor General and the Parliament's Office on auditing projects implemented by Councils, the Permanent Secretary of the PMO-RALG decided to issue instructions vide letter with Ref. No.2/CA.26/215/01/1 dated 10th November, 2010 which requires all Accounting Officers to prepare project implementation reports in compliance with LAAC's format and submit them along with the final accounts to the Controller and Auditor General for audit purposes on or before 30th September of each financial year.

Out of the selected sample; five (5) Councils, named; Kongwa District Council, Tabora District Council, Namtumbo District Council, Songea District Council and Kondoa District Council did not submit their project implementation reports contrary to instructions issued by PMO-RALG.

Fifteen (15) Councils did not submit their project implementation reports within the statutory due dates (on or before 30th September 2011) for the period between 67 to 108 days. Also fifteen (15) Councils submitted substandard Project Implementation Reports as per requirement of LAAC's format as shown below:

List of Councils which did not submit their projects implementation reports within the statutory due dates is as follows:

S/N	Name of the Council	Project Implementation Report submitted on;	Days delayed
1	Chamwino DC	31/12/2011	90
2	Iramba DC	16/12/2011	75
3	Chato DC	23/12/2011	84
4	Songea MC	18/01/2012	79
5	Urambo DC	22/12/2011	83
6	Manyoni DC	22/12/2011	83
7	Kasulu DC	6/12/2011	67
8	Kibondo DC	18/12/ 2011	79
9	Kigoma DC	24/11/2011	83
10	Nzega DC	28/12/2011	89
11	Sikonge DC	28/11/2011	89
12	Mbarali DC	09/01/2012	100
13	Tunduru DC	17/01/2012	108
14	Singida DC	16/12/2011	107
15	Singida MC	09/01/2012	100

List of Councils which submitted substandard Project Implementation Reports:

S/N	Name of the Council
1	Tunduru DC
2	Morogoro DC
3	Morogoro MC
4	Ulanga DC
5	Kilombero DC
6	Kilosa DC
7	Kibondo DC
8	Kigoma DC
9	Iramba DC
10	Manyoni DC
11	Singida DC
12	Singida MC
13	Igunga DC
14	Sikonge DC
15	Urambo DC

For Councils which did not submit their respective reports, the audit could not confirm their genuineness. As pointed

earlier, this is non compliance to instructions issued by the Government through PMO-RALG.

5.9.2 (20%) Contributions not Transferred to Villages/Wards

Shs.1,556,830,464

Sect. 9 (e) of LGFA No.9 of 1982 state that the revenue source of the Village Council shall consist of all revenue 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 also Order 91 of LAFM, of 1997 state that, the Director shall ensure each village Council within the local authority's jurisdiction are in receipt of funds from the local authority or either indirectly through a lien on certain Council revenues.

In 2004 the Government abolished some of own sources of taxes and decided to make compensation to Councils for all abolished taxes. The Councils were directed to transfer 20% of the compensation from the abolished taxes to the Wards and Villages for administration of village and ward offices and support development activities.

Audit sample of 50 Councils noted that the Councils did not remit a total of Shs.1,556,830,464 in respect of 20% of compensation grants from the Central Government for abolished revenue sources to the Villages and Wards as summarized in **Annexure (xxxiii)**

It can be concluded that, the villages' communities have been denied their respective shares of the development funds and the planned activities at Villages and Wards levels could not be implemented.

5.9.3 Implementation of "Kilimo Kwanza"

"Kilimo Kwanza" is a Government initiative that aims to revamp agricultural sector and the set up of the implementation framework (pillars of "Kilimo Kwanza") which analyzed various key players/responsible figures including the

LGAs under the PMO-RALG to make “Kilimo Kwanza” strategy enforceable.

Review of implementation of “Kilimo Kwanza” revealed different weaknesses which impede the smooth implementation of “Kilimo Kwanza”. Most of them being under utilization of Subsidized Agricultural Input Vouchers, Delay by Agents to distribute Agriculture Input Vouchers to farmers and stealing of Vouchers. Details of these anomalies has been shown in **annexure (xxxiv)**

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

- The responsible committees should establish strategies for control ensure close monitoring of the agricultural vouchers and ensure 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 with 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 Procurement and Contract Management

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 is 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.

6.1 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 require 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.

6.2 Effectiveness of Procurement Management Unit (PMU)

Sect. 34 of Public Procurement Act No.21 of 2004 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 preceding years shows deterioration of their performance. During the year under review, 35 Councils were noted with ineffective Procurement Management Units compared to 29 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 required under Sect. 35 (o) and (q) of PPA, 2004 and Reg. 23 of LGATBR, 2007. **Annexure (xxxv)**

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.

6.3 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 issues 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 2010/2011. My review of the general aspects of compliance with the above cited legislations noted the following shortcomings:

a) Procurement of Goods and Services without Tender Board Approval Shs.239,984,297

Reg. 7 of the Local Government Authorities Tender Boards, Regulations GN No. 177 published on 3/8/2007 and Sect. 34 of Public Procurement Act No. 21 of 2004 require Councils to form Tender Boards. The Local Government Authority Tender Boards were designed to ensure that, value for money and high quality of goods and services is obtained by the Council in the course of procurement.

However, contrary to the cited laws, a test check discovered that, seven (7) Councils during the financial year 2010/2011 made procurements without obtaining approval of the Tender Board. These Councils and amounts involved are shown in the table below:

S/N	Name of the Council	Amount (Shs.)
1	Mkuranga DC	68,497,262
2	Dodoma MC	47,435,485
3	Tunduru DC	44,000,450
4	Chamwino DC	34,720,000
5	Songea DC	25,271,600
6	Kigoma/Ujiji MC	15,807,500
7	Mtwara MC	4,252,000
	TOTAL	239,984,297

Apart from non-compliance with the Public Procurement Act, value for money on these procurements could also not be ascertained.

b) Procurement of Services from Unapproved Suppliers Shs.272,623,633

Reg. 67 (3) of the Public Procurement Regulations, 2005 states that except where suppliers, contractors or service provider have already pre qualified, a procuring entity issuing a restricted tender shall seek tenders

from a list of potential suppliers, broad enough to assure competitive prices.

However, a test check of payment transactions revealed that, an amount totalling to Shs.272,623,633 in respect of 19 Councils were paid to various suppliers of goods and services who were not in the Council's list of approved suppliers for the financial year 2010/11.

S/N	Name of the Council	Amount (Shs.)
1	Sengerema DC	64,481,290
2	Mkuranga DC	37,000,000
3	Mbinga DC	35,315,000
4	Mvomero DC	23,619,550
5	Meru DC	21,086,150
6	Kishapu DC	20,106,500
7	Kilindi DC	18,969,292
8	Shinyanga MC	12,505,000
9	Songea MC	7,057,000
10	Tandahimba DC	6,646,000
11	Kahama DC	4,339,500
12	Mtwara MC	4,252,000
13	Misungwi DC	4,000,000
14	Kilombero DC	3,441,276
15	Bagamoyo DC	3,068,000
16	Rufiji/Utete DC	2,700,000
17	Morogoro DC	1,924,875
18	Nzega DC	1,100,000
19	Lindi TC	1,012,200
Total		272,623,633

The quality of items procured from unapproved suppliers could not be ascertained. In addition, these Councils did not comply with the provisions of Public Procurement Act, 2004 and its regulations, 2005.

c) Procurements Made without Competitive Bidding Shs.397,571,968.

Review of procurement records for the financial year 2010/2011 discover an amount totalling to Shs. 397,571,968 expended by Councils for procurement of

works, goods and consultancy services without following competitive bidding process contrary to Reg. 63 of the PPR of 2005. Non-adherence to standard procurement procedures may cast doubt on whether the value for money and high quality goods/services was achieved by the Councils.

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

S/N	Name of the Council	Amount (Shs.)
1	Kondoa DC	53,907,992
2	Muleba DC	49,300,600
3	Hanang' DC	44,000,000
4	Babati DC	43,187,500
5	Missenyi DC	40,125,423
6	Bahi DC	34,897,000
7	Shinyanga DC	23,180,670
8	Mufindi DC	19,440,016
9	Meru DC	19,169,575
10	Biharamulo DC	16,470,000
11	Ngara DC	12,142,250
12	Rombo DC	10,650,000
13	Nanyumbu DC	7,868,800
14	Njombe TC	7,000,000
15	Bukoba DC	5,591,440
16	Musoma MC	3,638,723
17	Liwale DC	2,100,000
18	Kilombero DC	1,750,000
19	Kibondo DC	1,701,980
20	Mafia DC	1,450,000
Total		397,571,968

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

d) Stores not recorded in Ledgers Shs.594,164,665

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, 22 Councils did not adhere to the above Order. Refer table below:

S/N	Name of the Council	Amount (Shs.)
1	Ngorongoro DC	242,698,650
2	Arusha MC	94,643,000
3	Monduli DC	49,027,030
4	Meatu DC	37,306,950
5	Kilindi DC	33,485,800
6	Dodoma MC	31,812,200
7	Mbozi DC	27,530,000
8	Mbeya CC	13,292,200
9	Shinyanga DC	9,720,000
10	Longido DC	9,094,960
11	Korogwe TC	8,719,040
12	Mbinga DC	6,785,000
13	Songea DC	6,740,000
14	Shinyanga MC	5,885,000
15	Mtwara MC	4,252,000
16	Chamwino DC	3,699,535
17	Njombe TC	3,020,160
18	Arusha DC	2,748,000
19	Meru DC	1,538,200
20	Mbulu DC	805,940
21	Babati TC	700,000
22	Simanjiro DC	661,000
Total		594,164,665

For stores not taken on ledger charge, it limits the auditor in ascertaining whether the purchased items were received and properly accounted for.

e) Goods Paid for but not Delivered Shs.833,707,405

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.833, 707,405 ordered and paid for in respect of 13 Councils were not delivered as shown in the table below.

S/N	Name of the Council	Amount (Shs.)
1	Kinondoni MC	523,532,623
2	Masasi DC	197,795,500
3	Ngorongoro DC	26,310,181
4	Kilolo DC	22,000,000
5	Njombe TC	11,827,800
6	Bagamoyo DC	11,410,000
7	Nkasi DC	8,998,400
8	Handeni DC	7,807,831
9	Chamwino DC	7,644,300
10	Mbinga DC	6,785,000
11	Sumbawanga MC	5,975,170
12	Mbeya CC	3,498,200
13	Monduli DC	122,400
Total		833,707,405

Inadequate follow-up on pre-paid goods could lead to a loss of Government resources through non delivery of the items prepaid.

f) Inadequate Documentation of Contracts and Project Records Shs.4,452,071,069

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 not attached in the respective contract files including contract agreements, Bills of Quantities (BOQ), Engineers' estimates, interim certificates, site minutes, copy of Payment voucher(s), variations if any and procurement made outside the Procurement Plan.

The level of compliance to procurement legislations is still inadequate. There is also an increase in monetary terms where, during the year under review, a sum of Shs.4,452,071,069 as detailed in **Annexure(xxxvi)** was noted to have been incurred in expenditure of this nature compared to Shs.1,755,429,901 reported in my previous year's audit report. The comparison is as shown below:

Year	No. of Councils	Amount (Shs.)
2009/10	10	1,755,429,901
2010/11	24	4,452,071,069

The Councils' management is once again called upon to strengthen the Procurement Management Unit as well as procurement processes in order to obtain value for



money in the use of the Public 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.

6.4 Inadequate Stock Taking Procedures

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, audit check on a sample of 26 Councils revealed that, stock taking exercises were not conducted which is contrary to the requirement of the above Orders. In addition, other Councils purported to have conducted the stock taking but the correctness of the reported figures could not be established due to non availability of the respective stock count sheets witnessed by the Auditors as per the requirement of ISA 59 (4).

Further, during the stock taking exercise it was noted that various stores items were not arranged in a good manner. There were shortages of shelves in the Store rooms as a result some stocks were laying on the floor. There were also no Bin Tally Cards identifying the goods in some of the stores visited. Given the above situation it was difficult to ascertain the correctness of the reported figures of stock from 26 Councils valued Shs.7,493,150,850 in the financial statements.

The Councils' management should conduct stock counts at the year end and at least three Officers should attend the stock counts. In addition, the stock count sheets should be countersigned by all Officers who participate in the stock counts.

Further, the Council Management should ensure that the stores are properly arranged before stock taking exercise in



order to easily facilitate the stock count and to minimize the possibility of items being over looked or loss of funds due to damaged stocks. In future, the Council Management should comply with Order Nos. 241-243 of LAFM, 1997 and invite auditors during stock taking exercise.

The shortcomings noted during the stock taking exercise involving twenty seven (26) Councils as analysed in the table below:

S/N	Name of Councils	Amounts (Shs)
1	Geita DC	2,462,098,000
2	Mpanda TC	1,007,596,265
3	Kondoa DC	667,117,147
4	Mpwapwa DC	652,684,844
5	Arusha MC	483,349,000
6	Kahama DC	482,603,496
7	Kasulu DC	311,703,542
8	Urambo DC	231,569,049
9	Kinondoni MC	197,801,792
10	Bukombe DC	172,435,414
11	Bariadi DC	131,578,334
12	Maswa DC	114,533,948
13	Tabora DC	89,489,600
14	Kibondo DC	70,668,000
15	Nachingwea DC	70,521,000
16	Babati DC	64,130,000
17	Shinyanga MC	56,605,805
18	Kiteto DC	50,126,865
19	Mbozi DC	42,385,500
20	Shinyanga DC	38,492,200
21	Longido DC	33,237,000
22	Korogwe TC	21,282,051
23	Sumbawanga MC	14,593,244
24	Kilindi DC	10,683,600
25	Kishapu DC	9,322,455
26	Bahi DC	6,542,699
	TOTAL	7,493,150,850

CHAPTER SEVEN

7.0 SPECIAL AUDITS

7.1 Salient Features raised from Special Audits

The Controller and Auditor General may, on request by any person, Institution, Public Authorities, Ministries, Departments, Agencies, Local Government Authorities and such other bodies to undertake any special audit. The law also allows the CAG on his will to conduct any special audit which he considers appropriate. During the year under review, eight (8) special audits were conducted. Salient features raised from the special audits are shown here under:

7.1.1 Ludewa District Council

During the year under audit, special audit was conducted in Ludewa District Council and the following is the summary of findings:

- Non compliance with tendering procedures on construction of staff house worth Shs.127,443,334
- Most of the Contract works not completed within the agreed time due to contractors' low capacity and insufficient supervision.
- Double payments of retention money made to the contractor (Kalumanyili Enterprises) Shs.11,796,685.
- Payment of retention money made prior to the lapse of retention period to Shs.19,411,178.
- Liquidated damages of Shs.42,600,318 were not charged to four (4) uncompleted works.
- The Council made overpayments of Shs.19,963,010 for painting works to 10 houses.
- Non completion of construction works worth Shs.725,033,547 at Lifua and Mkiu irrigation projects.
- Payments of Shs.13,094,400 were made on works which were not performed.



- Inadequate supervision of Mkiu and Lifua irrigation projects by Resident Engineer.
- Completed projects worth Shs.170,173,107 were not put into use.
- Payment of salaries to employees above their approved scales amounting to Shs.48,148,000.
- Employees stayed at one station for a considerable long period without transfer, this situation has resulted into them being ineffective and inefficient.

7.1.2 Kishapu District Council

Special audit was carried out at Kishapu District Council for the periods from 1st July, 2007 to 30th June, 2010. Summary of findings arising from the audit are as follows:

- Outstanding revenue of Shs.32,230,000 from various collecting agents for the year 2009/2010.
- There were missing payment vouchers worth Shs.1,171,735,534 for the financial year 2009/2010.
- Existence of salaries of Shs.66,325,162 in the Councils' payroll paid to employees who are no longer in service.
- There were misappropriations of funds of Shs.5,513,049,264 for development projects. This misappropriation was made possible by forging bank statements, forging cheques, transfer of funds without authority and bank paying unknown payees.
- There were funds in respect of development activities for the year 2009/2010 amounting to Shs.724,632,112 which were not transferred from Development Account to Wards/Villages level for implementation of various development projects within Kishapu District Council. This amount involved NRWSSP Shs.88,700,000, HBF Shs.244,358,000, JRF Shs.338,372,112 and TACAIDS Shs.53,202,000.
- There were payments amounting to Shs.465,780,569 made for unintended activities. This involved Shs.338,974,569 for NRWSSP and Shs.126,806,000 for CHF.



- The Council received Shs.338,372,112 for implementation of HBF and HSDG/JRF activities in the year 2009/2010. Contrary to the guidelines and procedures governing HSDG/JRF funds, the Council did not transfer these funds to Primary Health Construction Committee accounts, instead Councils entered into contract with various contractors for implementation of HSDG/JRF activities.
- During the year 2009/2010 there were unknown payments of Shs.20,800,000 which were made to unknown payees.
- CHF funds of Shs.27,000,000 were allocated from Shinyanga District Council to Kishapu District Council in the year 2007/2008 vide letter with Ref No. 15/32008 but were not recorded in the CHF account as the same could not be traced in the bank statements. Therefore, it could not be known which account received the amount.
- There was a transfer of CHF funds of Shs.12,358,000 and TACAIDS funds of Shs.66,700,000 to various Council's Accounts without being authorized by the District Executive Director.
- Payment vouchers of Shs.221,805,777 were made to various payees without being authorized by the District Executive Director.
- Supporting documents worth Shs.4,258,312,634 were missing from contract files selected for audit purposes.
- In the year 2007/2008 the Council transferred Shs.260,803,765 to 20 wards for construction of 21 Laboratories in 21 secondary schools under LGCDG funds which were not completed as at the period of audit.
- Audit scrutiny through fuel ledgers for the year 2008/2009 and 2009/2010 revealed balance of fuels worth Shs.42,198,300 which had in fact been used for unknown activities.
- Salary deductions worth Shs.281,954,806 were not paid to the respective institutions in the year 2009/2010 contrary to Order No. 309 of LAFM, 1997.



7.1.3 Sengerema District Council

The following is a summary of audit findings that includes outstanding matters which require management's attention and action:

- A sum of Shs.77,070,789 was received from Central Government for project of Nyamazugo Water Scheme and the amount was supposed to be transferred to Sengerema Water Authority account. However, out of Shs.77,070,789, a sum of Shs.73,691,564 was retained in the special account of water and spent for the intended purposes. The difference of Shs.3,379,225 was therefore not accounted for by the Council.
- Payments of Shs.572,569,599 were paid for activities not intended for and were also not approved by the appropriate authority.
- Contracts with a value of Shs.164,791,440 were executed without Engineer's estimation contrary to Reg.46(8) of PPR,2005 (G.N97)
- Contract with a value of Shs.142,748,440 was executed without performance security bond contrary to Order Nos. 294 and 295 of the LAFM, 1997 and Sect. 53 of PPA, 2004.
- Payments of Shs.1,119,955,370 were made to various payees without being supported by invoices and other supporting documents such as playlists and analysis of costs from the contractors contrary to Reg.95(4) of the Public Finance Regulations, 2004
- There were irregularities involving Shs.142,748,440 concerning extension of water pipe line in Nyampulikano - Sengerema Town.
- Contract register was not properly recorded. Thus, some important information for contracts (variation orders, payments vouchers etc) were not recorded in the register contrary to Order No. 282 of LAFM of 1997.
- Liquidated damages of Shs.66,800,523 were not deducted from two Contractors' payments (M/S WEDECO LTD and M/S Gemen Engineering .LTD)



- Payment of Shs.8,869,880 was effected without deducting VAT on contract with reference WEDECO No SDC/DED/DWE/WW/52/2007/2008.
- Payment of Shs.14,175,610 was made to a payee without appropriate authorization contrary to Reg. 89(2) of Public Finance Regulations of 2001 (revised 2004). Refer contract No.SDC/DED/DWE/WW/52/2007/2008.
- Unused water fittings worth Shs.1,595,000 were handed over to the District Council by the contractor M/S WEDECO on completion of Nyamazugo Project but the returned items were not taken on ledger charge nor produced for audit verification contrary to Order No. 223 of the LAFM of 1997 and Reg. 198 of the Public Finance Regulation, 2001.
- A contract with a value of Shs.424,850,543 for the contract works of water pipe extension at Nyamazugo project was executed without being advertised by the Council in the newspaper of the national circulation contrary to Reg. 80(5) of PPR, 2005
- Twelve (12) boreholes were drilled in various areas within the District at the costs of Shs.139,555,884 but out of 12 boreholes drilled, five (5) boreholes worth Shs.30,630,000 had no water.
- There was an over-payment of Shs.4,846,715 to the contractor on the construction of two dormitories and toilets at Nyampulikano Secondary School and Shs.403,132 on construction of DEO's office.
- There was an unauthorized variations of Shs.8,700,000 on extension of contract period for construction of two dormitories and toilets at Nyampulikano Secondary School contrary to Reg. 44 of PPR, 2005.
- The District Council entered into a contract of Shs.36,871,000 with M/s Budaga Contractors Company for spot improvement of Kasomeka-Mwaloni Road. However, Shs.22,871,250 as part of the contract price was paid into personal name instead of business name



contrary to Reg. 94(3) of Public Finance Regulations, 2001.

7.1.4 Irrigation Scheme Rehabilitation at Faru and Ndekombeka Kilema Pofo Village - Southern Kilema Ward: Moshi District Council

This Special Audit was carried out on the PADEP project for renovation of Faru and Ndekombeka water irrigation schemes at Kilema Pofo Village (South Kilema Ward) at Moshi District Council. The following weaknesses were noted

- i) Shs.1,000,000 was over paid after the project committee authorizing Shs.18,000,000 instead of Shs.17,000,000
- (ii) Payment was made before being inspected by District Irrigation Officer. When we requested a report from him concerning accomplishment of the project, the report of 5/10/2011 showed that the project was still at a 49% of a completion stage equivalent to Sh.8,303,030. Therefore, 51%, equivalent to Shs 8,969,970 was not executed. This implies that the contractor was paid the whole amount before completing the work contrary to the contract.
- (iii) A scrutiny of letter with reference no. AG/M.10/6/VOL.II/91 of 30/5/2011 disclosed that the project was to be completed on 28/12/2010. Further, the report for 2009/2010 from the audit conducted specific to this project by an auditor from Ministry of Agriculture, Food and irrigation, directed that the project was required to be completed before 30/6/2011. The site visit which we made on 21/9/2011, 35 weeks after the completion date, noted that the project was not yet completed.



7.1.5 Barabarani Village - Monduli District Council

The following is a summary of findings found during special audit:

- There were unsupported receipts and payments of Shs.9,207,000 for 2005/2006 and Shs.10,029,880 for 2006/07.
- Revenue collection receipt books which collected Shs.2,054,000 were missing and not availed for audit.
- Receipts and receipt books which collected Shs.3,668,409 for the financial year 2005/06 were missing and not submitted to audit.
- There was revenue collection of Shs.818,000 which was collected using payment vouchers instead of using revenue receipts.
- The audit scope of revenue collected through revenue receipts of Shs.12,087,000, was limited due to the fact that there were no cash books and no banking particulars.
- There was a loss of village revenue for the period of 2004/05 and 2005/06 of Shs.880,000 for payment made outside the contract terms.
- There was unsupported expenditure payment of Shs.10,357,030.
- Two Revenue collection receipt books No. 42201 to 42250 and the book with receipt No.24651 - 24700 were missing.
- There was allocation of plots by using receipt books not recognised by Monduli District Council.

7.1.6 Longido District Council

The following are salient issues noted in the special audit carried out at Longido District Council:

- MMAM and Elimu Project funds were wrongly used to settle the deficiency of budgeted fund for buying two Motor vehicles to the tune of Shs.65,386,809. This decision hindered the attainment of planned activities for projects.

- The Council procured items worth Shs.1,008,020,362 which were not in the annual procurement plan contrary to Sect. 45 of PPA No.21
- The contractor engaged and performed contract work without Performance Security of Sh.81,566,375 (10% of the contract price) contrary to the terms of the contract.
- Lack of transparency in the change of contract price termed as “correction error” for three contractors to the value of Shs.99,524,294.
- Liquidated damages not deducted from the contractor payments for failure to complete the work on time Shs.12,166,984. This is contrary to the contract conditions as per Sect.27.1 to 27.4 and No. 27 of contract data sheet.
- A variation of contract of Shs.81,343,000 was made without being approved by the Tender Board on construction of office building.
- Advance payments of Shs.10,000,000 made to the contractor without bank guarantee contrary to PPA and Clause 54.1 of the contract.
- Contracted Activities worth Shs.10,556,000 already paid for and handed over to the Council, without being completed.
- Audit revealed absence of material test and concrete cube test performance for one storey building construction despite the availability of Shs.10,450,000 as per BOQ prime cost and provisional sums item A and C
- DADPS activities of Shs.124,887,200 were performed by the contractor without being authorised and approved by the Tender Board contrary to Reg. 19(1) and (2) of the Local Government Authorities Tender Board.
- Liquidated damages of Shs.9,371,667 were not charged for late completion of construction works for 3 staff houses at Longido and 1 staff house at Matala.



- A sum of Shs.19,975,822 was sent for construction of Hostel at Matale (A) was used for unintended purposes.
- There was inflated and fictitious costs for transportation of materials from Arusha to Kiserian about 105 Kms. Materials were bought for Shs.2,718,000 and transported for Shs.4,500,000 but transport costs at time of audit was Shs.2,046,000.
- Unsupported payments of Shs.4,000,000 paid to District Engineer vide cheque No. 213754 and PV No. 1/6
- There was an inflated price over and above existing price for procuring 257 Gs-pipes “2.5”Class M from various sellers by Shs.22,260,000 when executing water project at Mundarara village.
- A sum of Shs.8,685,000 was incurred in respect of procuring students’ food stuffs. No evidence was produced to confirm receipt and accountability of the same.
- A sum of Shs.270,460,200 being VAT, relating to various contractors who worked with the Council was not paid to Tanzania Revenue Authority (TRA).

7.1.7 Kilindi District Council

Salient issues from the special audit of Kilindi District Council are as shown below:-

- The contractor (MS Afriq) was paid Shs.835,355,000 as cost for “material on site” contrary to the procurement guidelines which requires payments for work done
- The contract price for construction of the office building was changed from Shs.1,509,378,195 to Shs.2,894,804,195 without tender board approval.
- The Council paid Shs.48,000,000 for doors and aluminium windows which were not delivered to the site.
- Liquidated damages of Shs.109,900,000 was not deducted for delay of construction of the Council’s Administration Block.



- Corrugated Iron Sheets used for roofing the Council's Administration Block worth Shs.44,250,000 were not the same as the ones specified in the contract.
- Excessive payment of Shs.800,000 were made on architectural works for drawing Council's Administration Block.
- Shs.4,800,000 paid to NEDCO (Consultant Engineer) as VAT. The same was not remitted to TRA.
- Clear Vision (the contractor) did not pay VAT of Shs.38,288,110 to TRA.
- Fuel of Shs.6,256,000 was purchased and paid for but not having utilization account contrary to Order No. 207 of LAFM (1997).
- Liquidated damages of Shs.6,531,624 made on rehabilitation of dispensaries were not charged contrary to the contract agreement.
- Loss of funds through forgery in the Water Sector Development Programme Shs.22,800,000
- Doubtful payments of Shs.2,370,000 for purchases of building materials for construction of Demo pit latrine.
- Council issued fuel to private motor vehicles worth Shs.1,783,600.
- Employees' statutory deductions of Shs.4,368,684 for ex-employees were paid to the institutions.
- Payment vouchers of Shs.31,245,700 were missing during special audit.
- Missing paid cheques Shs.27,186,000.
- Stores item purchased and paid for but not taken on ledger charge Shs.5,100,000.
- Fuel ordered and paid for but receipt forms not endorsed Shs.1,798,500.

7.1.8 Vingunguti Abattoir - Ilala Municipal Council

During audit, the following irregularities were revealed:

- The Council collects three (3) different types of fees from Vingunguti abattoir viz; slaughtering, meat inspection and meat transportation fees. Nevertheless,



during the financial year 2009/2010 the Council estimated to collect Shs.244,000,000 and Shs.290,000,000 for financial year 2010/2011 which in turn gives a total of Shs.534,000,000 for the two years. However, the Council managed to collect Shs.221,488,650 and Shs.266,782,650 respectively, thus making a total of Shs.488,271,300 which is about 91% out of the estimated amount of Shs.534,000,000.

- The fee rates which are being levied by the Council have not been reviewed for quite a long time.
- There is no system which requires the revenue collector at Vingunguti to prepare and submit weekly/monthly returns to the Revenue Accountant/Municipal Treasurer.
- The Council does not make follow up/reconcile the reported number of cattle/goats received from Pugu market whether or not tally with the number dispatched.
- Records kept by the Council pertaining to cattle/goats received at Vingunguti abattoir, do not indicate reference numbers of permits issued at Pugu market for easy reconciliation.
- The Council does not keep records indicating cattle/goats received from Pugu market with Animal Health Movement Permit numbers.
- With effect from July 2009 up to October 2010 (16 months), the Council did not keep Animal Health Movement Permits issued from Pugu market for reconciliation purposes.
- The Council does not keep a register to record permits from Pugu market as a result the actual daily number of cattle/goats received cannot be determined.
- The audit team observed existence of unofficial markets within Vingunguti area. The mushrooming of these unofficial markets are a result of animals from up-



country being brought directly to Vingunguti without first passing the co-market of Pugu, contrary to Animal Health Act No.19 of 2008 paragraph 8(1)(b) and (e).

- The audit team went further to the Ministry of Livestock Development and Fisheries to inquire whether Vingunguti abattoir has been registered. The response was that Vingunguti abattoir was yet to be registered. It should be noted that, operating an abattoir without being registered is contrary to paragraph 41(1) of the Food and Drugs Commission, Act of 2003.
- The audit team revealed that there were several recommendations made by Ministry experts to Ilala Municipal Council on how to reform Vingunguti abattoir to acceptable standards. For example;
 - Control in accessing the abattoir should be put in place.
 - Sales of meat in the abattoir should be stopped.
 - Stalls of leather should be renovated.
 - Illegal sale of goats and sheep in the fields of rail should be stopped without delay.

As at the time of writing this special audit report for Vingunguti abattoir, none of the above recommendations had been implemented by the Council.

However, there are other Special Audits to seven (7) Auditees which are on-going of which three (3) Special Audits are for District Councils namely; Muheza District Council, Ruangwa District Council, and Kilwa District Council, while two (2) of them is for Dodoma Municipal Council and Temeke Municipal Council. The other two (2) are specifically for the Constituencies Development Catalyst Fund (CDCF) conducted in Musoma Municipal Council and Kilindi District Council. Apart from these ongoing Special Audits and from the outcomes of this year's audit, I have made a decision to conduct a special audit for



Mvomero District Council on various areas including construction of Office building, constructing of residential house for DED and construction of hospital buildings of which its result will be included in the coming audit report.

It's my expectation that the outcome of the ongoing special audit of eight (8) auditees 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.

7.2 Lesson Learnt from Special Audits Conducted During the Year

7.2.1 Internal Control System

It is notable that, there are major weaknesses in the Councils' management on the deployment and management of a consistent Internal Control System. This situation has led to one person completing extravagant transactions without being recognized by the existing system in various ways, including making payments without vouchers or Cheque.

Treasurer has the responsibility of ensuring and overseeing all matters pertaining to finances and their respective controls as well as managing the finance department. The situation has been quite different in the audited Councils (Kishapu being an example) whereby the Treasurer lacks fidelity to be proactive. In conjunction with some of the council staff they misappropriated council funds.

This weakness in the internal control system has enabled the deception / misrepresentation of the reality in the trend of bank statements in various accounts. The condition led the heads of departments to use such forged bank information in preparing various financial reports. Therefore, the situation reflects that the intensity of monitoring the Bank Information through Bank Confirmation as well as performing Bank Reconciliations are vital areas that need to be addressed more seriously.

7.2.2 Participation of Bank Staff in Collusions

On one special audit, it was noted that unfaithful Bank staffs colluded with the Kishapu District Council staff to misappropriate of the Council's funds. In this unusual event, employees of the Bank could allow different transactions to take place, which was contrary to the procedures set out between the Bank and the Council together with other general Financial Institutions guidelines and procedures.

The situation indicates that, apart from being part of the control of misuse of funds through third party confirmation, the Bank has been a means of accomplishing deception of unfaithful council staff including Treasurer and Cashier. Embezzlement done would have been impossible in the absence of existing collusion. Similar situation were observed in special audit conducted in Kilosa District Council and Rombo District Council.

7.2.3 Duration of Staff Staying in the Same Working Station and Effects of Regular Transfers

Despite the good intentions of changing work stations for public servants especially Council Directors to improve public service delivery, this change if done too frequently may affect general performance of the work. Similarly, some Council had a number of staff who have overstayed in one duty station for a long period up to more than 25 years

thus leading to inefficiency and ineffectiveness, and work on business as usual environment.

7.2.4 Weaknesses in Procurement and Contracts Management

- Councils were making contract payments using revised contract sums without being approved by the Tender Board. The powers of the Tender Boards were by-passed
- The District Engineers failed to fully manage the construction of Councils' projects thus resulting into delays and underperformance by the contractors. In addition, liquidated damages were not imposed on defaulting contractors.
- The Councils did not obtain performance security bonds from the contractors so as to secure the contracts entered.
- Some contractors were overpaid as compared to what they were entitled to be paid. This has been caused by negligence of the District Engineers while issuing certificates on the work executed
- A significant amount of Value Added Tax (VAT) was not paid to Tanzania Revenue Authority (TRA) by unfaithful contractors. This has been evidenced after verifying the tax payers' records from TRA. It is evident that, the unpaid amount would be a loss to the Government if not detected by TRA officials.
- There is a serious laxity of the Council managements in securing and safeguarding their accountable documents. This has an impact of limiting the scope of audit thus it is an indicator that the absence of these documents could have been caused by the presence and massive embezzlement of Government money.



7.2.5 Loss of Councils' Revenue

Number of animals received at Vingunguti abattoir is large as compared to that of Pugu, the place where animals are supposed to be inspected before being sent to Vingunguti abattoir for slaughtering. This has been caused by the animals being sent directly to the abattoir thus resulting into loss of council revenue from animals inspection fees. No controls were imposed to control the situation.

To conclude, it is clear that the misuse indicators (Red Flags) should be referred to as serious consideration in all Local Authorities in order to detect earlier misuse that may take place in the Public Funds. Furthermore, there is a need to strengthen the Internal Control System in order to prevent misappropriation by ensuring the presence of division of labour (segregation of compatible duties) which will support the work of one officer to be verified by another officer (Internal Check).

CHAPTER EIGHT

8.0 CONCLUSION AND RECOMMENDATIONS

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

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

After presenting the salient features from audit findings for the year 2010/2011 for the Local Government Authorities in preceding chapters, I am now in a position of coming up with the following conclusions and recommendations, if implemented will enhance sound financial management within the Local Government Authorities in the country.

8.1 Audit Opinions on the LGAs

For the financial year 2010/11, the unqualified opinion increased by 5% from year 2009/10 to 2010/11, qualified opinion has decreased by 7% from the year 2009/10 to



2010/11 and adverse opinion has increased by 1% from year 2009/10 to 2010/11.

8.2 Follow-up of the previous years' audit recommendations

There were significant matters reported in my previous year's audit reports as well as LAAC reports which were either partly implemented or not implemented at all as highlighted in chapter three of this report.

The Local Government Authorities should exert more efforts to ensure that the outstanding previous years' audit matters are timely implemented to bring efficiency in the operations of the LGAs and with a view of securing public accountability by instituting strong financial and accounting controls.

8.3 Revenue Management

There are inadequate internal controls and accounting arrangements to ensure the proper collection and recording of all revenue collections due to the Councils accruing from own internal sources. I have noted with much concern that almost all Councils under the Local Government Authorities are not aggressive enough in collecting revenues due under their jurisdiction and on the other hand they are not soliciting other avenues of revenue collections which might boost their financial base and increase the Council's solvency, liquidity and level of independence. As reported in my previous years' audit reports, Local Government Authorities still rely heavily on Central Government transfers. Recurrent expenditure is being financed by these transfers for more than 90%, whereby under normal circumstances, to a large extent, it was supposed to be financed by internal sources of revenue.

The LGAs should ensure that revenues are properly estimated, timely collected and accurately recorded in the books of accounts. Revenue contracts should also be properly managed to enhance completeness of revenue

collection and improve revenue management to avoid loophole for revenue leakage and misappropriation of public funds. Furthermore, remedial action for those who were found responsible on the part of Councils' management should be taken including legal action for defaulting revenue collectors.

8.4 Expenditure Management

This area is mainly characterized by the missing payment vouchers and improperly vouched expenditure. As this is a recurring problem with the majority of our Councils for a long period of time, I would like to remind accounting officers and management of Councils of their responsibility in ensuring that the Councils' accountable documents including payment vouchers are properly safeguarded and should be made available for audit verification when needed. This involves strengthening the Internal Controls over safe keep of all accountable documents.

The Accounting Officers should ensure compliance with applicable legislations that provide for expenditure management processes so that resources are used in an effective, efficient, economical and transparent manner and is adequately supported, recorded and reported.

8.5 Improving Human Resources Management and Payroll Controls

- It is recommended that, Councils' management should ensure that performance appraisal system is strengthened so that it becomes possible to monitor progress of the employee and discover, evaluate and document the potentials and shortcomings in the performance of its employees to enable measures to be taken for improvement including training, promotions, transfers and terminations.
- The LGAs in collaboration with PMO RALG and President Office Public Service Management should ensure continuous



system of monitoring staffing levels and taking timely and appropriate action by filling in vacant positions in order to improve services delivery in public sector. It has also been observed that frequent changes of Council Directors and Heads of departments, also acting positions of the heads of Departments for a long time especially in Finance Department and Internal Audit contributed in reducing accountability thus affecting performance.

- PMO-RALG is required to ensure that transfers of Directors and Heads of Departments are not too frequent not to allow for continuity of operations. Any vacant post should be filled in as soon as possible by either confirming those who are acting in the positions if they have the qualifications or by way of promoting other competent and qualified officers. In addition, referring to low level staff working in one station for many years, Accounting Officers should annually prepare a list of staff who have worked in their councils for a substantial period of time and the budget for their transfer costs and submit them to PMO-RALG for authority. This will eliminate the habit of “business as usual”.
- The Accounting Officers in collaboration with the Ministry of Finance and President’s Office Public Service Management should clean and remove invalid records from the government payroll.
- The problem of excessive borrowing by the Councils’ employees is still persisting. Excessive borrowing is not only a 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.



- Any employee who in one way or another, has contributed to misappropriation, should be punished accordingly instead of transferring him/her to another working station, a situation which is common in LGAs and which has led into performance problems in the audited LGAs. The measures to be taken should be equivalent to the effect caused by the said employee and should also be in line with the prevailing public service laws, rules and regulations.

8.6 Compliance with Procurement Legislation

According to PPRA Audit Report, procurement for the financial year 2010/2011 was about 41% of total government expenditure as compared to 52% of the previous year hence substantial part of the LGAs financial resources are still utilized through procurement of goods, construction of works, acquisition of consultancy services so as to provide services to the public within LGAs. Therefore every LGA should observe the procedures described in the Public Procurement Act of 2004 and related regulations of 2005 and the Local government Authorities Tender Board Regulations of 2007, to avoid misappropriation of funds, conflict of interest, corruption and waste.

In order for the LGAs to obtain the best value for money in terms of price, quality, quantity and delivery having regard to set specification and criteria, Accounting Officers are argued to observe the requirements of the law.

To ensure compliance with PPA and its related Regulations, we also have the following recommendations:

- Local Government authorities in collaboration with PPRA and PMO-RALG should continue to organize regular training to PMU staff, members of Council Tender boards, Heads of departments, Accounting officers and councillors in order to enhance their knowledge about the procurement



legislations and their responsibilities as far as public procurement is concerned.

- More efforts needs to be employed by relevant state organs to ensure that all procuring entities (PEs) use the system for procurement of Common Used Items and Services (CUIS) that started in the previous financial year because full implementation of the system will minimize procurement transaction costs hence add more value to the Government.
- Councils should use the bidding documents (Tender Documents) and the criteria for analysis of the Tender (Tender Evaluation Criteria) provided by the Public Procurement Regulatory Authority (PPRA).
- The Council Chairman should not be a signatory to contracts involving the Council, though Order No. 280 of LAFM, 1997 points out that “All contracts shall be signed by the Chairman of the Council and countersigned by the Director”. LAFM, 1997 contradicts with section 33 (h) of the Public Procurement Act, 2004 whereby signing of contracts on behalf of procuring entity has been entrusted to the Accounting Officer, and the Accounting Officer has been defined by Section 33 of the Local Government Finances Act No. 9 of 1982 (Revised 2000) as the Council Director.

8.7 Improving Accounting and Internal Control systems

Some weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarizes and report financial and other relevant data. If not acted upon may result in a material misstatement in the financial statements.

- **Strengthening Financial Statements preparation process**

The Councils’ financial statements are an integral part of accounting for the stewardship of their resources. The objectives of government accounting is to provide useful information to guide the decision making process



of other potential users such as Parliament, financial institutions, investors, employees, tax payers, Media and Civil Society Organizations.

The number of errors and omissions in the draft financial statements submitted for audit was unacceptable. The number of revisions to these accounts has increased substantially the amount of work for both Finance staff and the audit teams responsible for audit of the financial year 2010/11. Therefore, there is a need to improve the financial statements preparation process by introducing quality control and assurance processes and timetable for preparation of Financial Statements to help ensure accuracy of the draft Financial Statements for audit purposes. In addition, PMO-RALG should conduct periodical updates trainings so as to build capacity of staff involved in the preparation of the Financial Statements and that all Epicor new version modules are customized and that the accounting system is fully utilized.

- **Independence of Internal Audit Units**

Internal audit is a key source of independent and objective assurance advice on council's risk framework and internal control. It can play an important role in assessing the adequacy of both the financial systems that underpin a Council's financial statements, and the preparation process. The effectiveness of internal audit is enhanced when the Internal Audit Function is operationally independent from the activities it audits and reviews. This helps to ensure internal audit acts in an objective, impartial manner and avoids any conflicts of interest or inherent bias or undue external influence. Operational independence is enhanced when the head of internal audit reports functionally to the Audit Committee and is accountable to the Accounting Officer.



It is strongly recommended that, LGAs' management in collaboration with the PMO-RALG and the Internal Auditor General Department under the Ministry of Finance should strengthen the internal audit functions through increased financial and human resources in Internal Audit Department. In addition, internal auditors should be equipped with knowledge and skills to enable them increase the scope of audit and enhance their performance. Furthermore, the accountability framework should be revised so that the internal auditor should be accountable to the Council Director on the Administrative matters and to the audit committee on the core activity matters.

- **Risks Management Framework**

The LGAs need to regularly monitor and update their risk management framework to ensure that it is an effective element of a LGA's processes and procedures to deliver services to its community. Councils and their audit committees need to be aware that, while the external auditors may include some review of risk management in the audit plan, it will not necessarily be a thorough review of the adequacy or effectiveness of the risk management framework.

The LGAs' management should design and institute an adequate mechanism of risks identification, assessment, grading of risks, analysis of their impact, as well as control activities for monitoring and mitigating them. In absence of active plans, the Council's are not in a position to respond in a timely way/manner to risks which may have adverse effects on their operations. The effective audit committees can play a pivotal role in monitoring and assessing Councils risk management activities. This would be significantly enhanced by effective internal audit function.



- **Audit Committee**

With the implementation of IPSASs there was a significant change in the disclosures required in the financial statements. The audit committee should be given/ provided sufficient opportunity to review the un audited financial statements before submitted to auditors. Further, training on context and interpretation of financial statements should be provided to elected audit committee members to enable members to understand reported figures.

The Councils in collaboration with Internal Auditor General Department and PMO-RALG should put in place a comprehensive programme to address the issued related to internal control and governance framework I have identified. The programme should set clear objectives milestones and time sales for delivery.

8.8 Projects implementation reports for LAAC purposes

The Projects Implementation reports prepared in accordance with the LAAC format should be submitted to My Office on or before 30th September each year together with financial statements for the year. This will enable the auditors to compare the financial performance for the period under review against other financial reports and to conduct site visits to verify physical implementation of planned activities as well as assessing the progress made in an effort to establish the existence of value for money in such projects undertaken by the Councils and report on the outcomes of assessment.

8.9 Utilization of monies for Constituency Development Catalyst Fund (CDCF)

A CDCF can provide additional resources for communities to spend on priority areas like water, education, health,

infrastructure or agriculture. A CDCF can also provide an opportunity for ordinary citizens to have a stronger stake in deciding their local priorities and allocating funds and resources to meet these priorities.

The Councils should 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.

8.10 Enhancement of Project Management

Project management involved the structures, processes and tools to firstly determine achievable time, cost and quality targets and then to ensure these targets are met.

The findings on project management indicate that supervision and monitoring of projects implementation was inadequate, there was poor workmanship on some projects which were not constructed according to prescribed standards, delays in completion of the projects within agreeable time frame and completed projects not put in use.

If there is weak project supervision and monitoring, significant additional costs are more likely to arise, therefore:

- Councils' management should strengthen periodical monitoring and evaluation mechanism which will ensure that challenges observed are quickly solved for smooth implementations of planned projects and timely use of the completed projects.

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

8.11 Ineffective operation performance of Funds

Accountability of Women and Youth Fund and Community Health Fund (CHF) has not been transparently disclosed as required by Order No. 84(iii) of LAFM, 1997 and instructions from LAAC. Non disclosure limits the auditor's ability to give assurance on whether these funds operate as per their establishment objectives.

PMO - RALG should guide Councils to prepare accounts of these Funds in order to account for and reach the objective for establishing these funds. CHF funds were established in different years for different Councils. However, apart from preparing the respective schedules only, since its establishment Councils have failed to prepare the statements of financial position, statements of financial performance and cash flows for audit purposes. The prepared accounts could have formed the base for the audit in order to give assurance on the operations of these funds.

8.12 Improvement in Financial Management and Control

In order for the Local Government Authorities to bring about the intended improvements in accountability, financial management and control in the public sector, the PMO RALG should hold Accounting Officers accountable in ensuring that there is compliance with the requirements of the laws. Accounting Officers should be held responsible for effective control, management and regulation of the collection and use of public resources. In this regard, it is being recommended that the Minister responsible for Local Government implements the Local Government Finances



(Surcharge and Penalties) Regulations, 2010 on all Accounting Officers who are not complying with the law.

8.13 General Conclusion on Special Audits

8.13.1 Involvement of Bank Staff in collusions

From the special audit it have been noted that, unethical Bank staff colluded with Council staff to misappropriate council funds. In this unusual situation, employees of the Bank allowed different unlawful transactions to take place contrary to the procedures set out between the Bank and the Council together with other general Financial Institutions guidelines and procedures. The situation indicates that apart from being a part of the control of misuse of funds, the Bank has been the means of accomplishing deception of unethical council staff. Embezzlement done would be impossible in absence of the existed collusion.

8.13.2 Development Projects Supervision

Councils should enhance efforts in managing and implementing projects in order to take advantage of the financial resources they receive in accordance with approved plans. Also, Councils should timely remit funds allocated for implementation of projects to Lower Level Governments to avoid huge unspent balances in respect of the planned projects at the year end as this denies services to the targeted beneficiaries.

There is little sensitization and awareness of citizens to make them volunteer and contribute towards their own development projects. PMO-RALG as a parent Ministry should issue a directive on community sensitization clearly explaining the roles of the Council and councillors on sensitization of their communities. This will enhance timely completion of development projects as well as minimize costs to the Government arising from delays in completion of development projects.

8.14 Implementation of “Kilimo Kwanza”

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

- The responsible committees on “Kilimo Kwanza” should ensure that there is close monitoring of the agricultural vouchers 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 with the contractual obligations.
- The Councils should coordinate with the Ministry of Agriculture to ensure that agricultural inputs are supplied timely and as per requirements.

8.15 Need for Clear Guidance on Operations of LGAs Six Bank Accounts

The Government has made an appreciated decision of reducing the number of LGAs’ bank accounts from an average of 33 to 6 accounts for each LGA. It is expected that, this will reduce operational cost and enhance financial management within LGAs by substantially improving on the cash management system by:

- (a) Holding manageable bank account which can be reconciled monthly.
- (b) Reducing or eliminating Council’s dormant accounts and therefore minimizing the handling of idle cash.
- (c) Minimizing the possibilities or chances of misappropriation of Council’s idle cash normally carried in idle bank accounts

In order for this decision to realize its intended objectives, I have the following recommendations which are in line with the expectations of the stakeholders of LGAs:

- There is a need to strengthen the use of the vote book or an equivalent system; where by the position of operation for each programme, project and fund within an account can easily be recorded and traced.
- An elaborate coding system is another area necessary for the successful operation of these six accounts as it will improve production of the required reports which could be; daily, weekly, monthly, quarterly or yearly. Proper coding system can easily facilitate development account to be used by more than one project.
- Another important area to take into account is the migration from Epicor accounting system version 7.35 to Epicor accounting system version 9.05. I recommend that, all LGAs should implement the use of Epicor accounting system version 9.05 which should be centralized at the PMO-RALG. This will help to have smooth bank reconciliation for different type of funds in a single bank account.



ANNEXURES

Annexure (i)

A detailed list of Councils with misstatements of figures

S/N	Name of the Council	Total Expenditure	Total Errors		% of Misstatements	
			Understatement	Overstatement	% of Under statement	% of Over statement
1	Arusha MC	27,446,538,646	690,085,425	-	2.51%	0.00%
2	Karatu DC	15,617,993,613	325,637,434	13,926,700	2.09%	0.09%
3	Meru DC	21,643,889,164	2,619,313,310	12,991,740	12.10%	0.06%
4	Mkuranga DC	16,612,853,723	453,790,563	-	2.73%	0.00%
5	Rufiji/Utete DC	18,141,703,472	35,591,187	6,187,500	0.20%	0.03%
6	Temeke MC	49,298,746,483	67,978,937	3,861,000	0.14%	0.01%
7	Bahi DC	12,056,173,205	353,442,837	2,306,300,327	2.93%	19.13%
8	Dodoma MC	26,689,607,120	793,682,851	998,281,645	2.97%	3.74%
9	Kondoa DC	26,965,085,496	1,756,611,483	11,444,021,076	6.51%	42.44%
10	Kongwa DC	16,608,913,306	447,749,553	253,868,733	2.70%	1.53%
11	Mpwapwa DC	17,563,630,000	531,454,497	9,966,520,409	3.03%	56.75%
12	Muleba DC	23,234,751,055	381,445,566	1,902,716,573	1.64%	8.19%
13	Missenyi DC	12,222,708,630	-	104,067,561	0.00%	0.85%



14	Kasulu DC	31,758,657,783	441,516,278	294,239,764	1.39%	0.93%
15	Kibondo DC	22,709,622,145	1,084,612,000	1,039,042,779	4.78%	4.58%
16	Kigoma DC	28,407,321,746	-	1,005,450,844	0.00%	3.54%
17	Kigoma/Ujiji MC	13,632,157,456	688,554,480	420,212,000	5.05%	3.08%
18	Moshi DC	36,586,596,389	2,703,979,166	1,782,414,553	7.39%	4.87%
19	Mwanga DC	16,720,495,448	2,461,725,845	2,094,850,571	14.72%	12.53%
20	Rombo DC	22,114,334,929	5,332,225,813	3,351,633,203	24.11%	15.16%
21	Kiteto DC	9,382,992,479	5,793,000	73,872,800	0.06%	0.79%
22	Babati TC	8,952,577,153	1,187,793,630	181,447,014	13.27%	2.03%
23	Babati DC	15,588,324,000	5,078,643,000	270,095,812	32.58%	1.73%
24	Musoma DC	22,457,424,523	-	1,727,334,858	0.00%	7.69%
25	Tarime DC	18,922,487,024	218,089,842	-	1.15%	0.00%
26	Chunya DC	15,708,175,542	8,816,920,987	120,000,000	56.13%	0.76%
27	Ileje DC	9,744,546,854	653,515,119	14,053,148	6.71%	0.14%
28	Kyela DC	14,785,066,103	9,059,361,838	-	61.27%	0.00%
29	Mbarali DC	14,282,523,546	458,600,570	-	3.21%	0.00%
30	Rungwe DC	30,163,014,004	196,385,053	1,332,000	0.65%	0.00%
31	Kilombero DC	20,496,923,880	55,442,729,673	5,679,291,696	270.49%	27.71%
32	Kilosa DC	34,417,131,546	8,892,058,858	19,434,128,719	25.84%	56.47%
33	Morogoro DC	18,003,402,091	5,835,609,709	1,835,424,605	32.41%	10.19%
34	Morogoro MC	23,750,506,374	9,082,615,653	2,005,194,841	38.24%	8.44%
35	Mvomero DC	21,745,728,763	5,881,248,320	4,011,470,237	27.05%	18.45%
36	Mwanza CC	46,982,085,879	4,627,419,269	-	9.85%	0.00%
37	Ukerewe DC	11,237,985,118	1,191,188,161	1,380,411,123	10.60%	12.28%
38	Mpanda DC	29,764,071,905	5,611,533,000	172,156,000	18.85%	0.58%
39	Nkasi DC	19,527,687,505	1,509,314,479	-	7.73%	0.00%
40	Sumbawanga MC	15,109,312,448	5,008,376,562	-	33.15%	0.00%
41	Songea MC	15,641,202,150	633,109,812	175,476,101	4.05%	1.12%
42	Songea DC	15,617,921,145	13,206,937,207	12,988,826,391	84.56%	83.17%
43	Namtumbo DC	10,924,986,686	1,057,392,298	3,687,751,493	9.68%	33.76%
44	Iramba DC	23,998,741,000	3,838,466,380	188,133,749	15.99%	0.78%
45	Manyoni DC	15,581,502,506	121,919,058	11,237,768,848	0.78%	72.12%
46	Singida DC	21,414,179,000	2,659,394,000	233,610,536	12.42%	1.09%

47	Singida MC	13,030,427,864	91,605,205	1,059,873,799	0.70%	8.13%
48	Handeni DC	17,537,186,205	561,498,936	-	3.20%	0.00%
49	Korogwe DC	14,199,389,727	1,561,932,870	-	11.00%	0.00%
50	Korogwe TC	7,478,605,257	493,294,119	51,397,342	6.60%	0.69%
51	Lushoto DC	30,101,790,317	1,806,107,419	-	6.00%	0.00%
52	Muheza DC	17,309,581,098	368,690,286	1,934,583	2.13%	0.01%
53	Pangani DC	7,945,127,496	250,081,299	4,141,027,576	3.15%	52.12%
54	Tanga CC	24,655,852,635	5,670,846,106	-	23.00%	0.00%
55	Mkinga DC	9,459,567,325	378,382,693	-	4.00%	0.00%
56	Igunga DC	18,970,317,361	213,330,000	9,320,511,904	1.12%	49.13%
57	Nzega DC	22,058,857,391	77,009,632	584,784,466	0.35%	2.65%
58	Sikonge DC	9,851,317,268	2,303,116,701	81,411,604	23.38%	0.83%
59	Tabora DC	16,419,148,832	1,783,929,861	-	10.86%	0.00%
60	Urambo DC	21,933,029,693	61,150,422	1,308,130,307	0.28%	5.96%
	TOTAL	1,191,182,477,501	187,064,788,252	118,967,438,529	15.70%	9.99%



Trend of Audit Opinions issued to LGAs for the financial years 2007/08, 2008/09, 2009/10 and 2010/11

Region	Name of the Council	2007/08	2008/09	2009/10	2010/11
ARUSHA					
1	Arusha MC	Qualified	Qualified	Qualified	Adverse
2	Karatu DC	Unqualified	Unqualified	Unqualified	Qualified
3	Monduli DC	Qualified	Qualified	Qualified	Qualified
4	Ngorongoro DC	Qualified	Qualified	Qualified	Qualified
5	Meru DC	Qualified	Qualified	Unqualified	Unqualified
6	Longido DC	Qualified	Qualified	Qualified	Qualified
7	Arusha DC	Unqualified	Unqualified	Unqualified	Qualified
COAST					
8	Bagamoyo DC	Unqualified	Qualified	Unqualified	Qualified
9	Kibaha DC	Qualified	Qualified	Qualified	Unqualified
10	Kibaha TC	Unqualified	Qualified	Qualified	Unqualified
11	Kisarawe DC	Unqualified	Unqualified	Unqualified	Unqualified
12	Mafia DC	Unqualified	Unqualified	Qualified	Unqualified
13	Mkuranga DC	Qualified	Unqualified	Qualified	Unqualified
14	Rufiji/Utete DC	Qualified	Unqualified	Unqualified	Qualified
DSM					
15	Dar es Salaam CC	Unqualified	Qualified	Qualified	Qualified
16	Ilala MC	Qualified	Qualified	Unqualified	Qualified
17	Kinondoni MC	Unqualified	Qualified	Unqualified	Qualified
18	Temeke MC	Qualified	Unqualified	Qualified	Qualified
DODOMA					
19	Bahi DC	Qualified	Qualified	Unqualified	Qualified
20	Chamwino DC	Qualified	Qualified	Qualified	Unqualified
21	Dodoma MC	Qualified	Unqualified	Qualified	Qualified
22	Kondoa DC	Unqualified	Qualified	Unqualified	Qualified
23	Kongwa DC	Unqualified	Qualified	Unqualified	Qualified
24	Mpwapwa DC	Unqualified	Qualified	Unqualified	Qualified
IRINGA					
25	Iringa DC	Qualified	Qualified	Unqualified	Qualified
26	Iringa MC	Qualified	Unqualified	Qualified	Unqualified
27	Ludewa DC	Qualified	Unqualified	Unqualified	Qualified
28	Makete DC	Qualified	Qualified	Qualified	Qualified
29	Mufindi DC	Unqualified	Unqualified	Unqualified	Unqualified
30	Njombe DC	Qualified	Qualified	Unqualified	Unqualified
31	Njombe TC	Unqualified	Unqualified	Qualified	Unqualified
32	Kilolo DC	Unqualified	Unqualified	Unqualified	Qualified
KAGERA					
33	Biharamulo DC	Unqualified	Unqualified	Unqualified	Unqualified
34	Bukoba DC	Qualified	Unqualified	Unqualified	Unqualified
35	Bukoba MC	Qualified	Unqualified	Unqualified	Unqualified
36	Karagwe DC	Unqualified	Qualified	Unqualified	Unqualified
37	Muleba DC	Qualified	Unqualified	Unqualified	Unqualified
38	Ngara DC	Qualified	Qualified	Unqualified	Qualified
39	Missenyi DC	Unqualified	Unqualified	Unqualified	Unqualified
40	Chato DC	Unqualified	Qualified	Qualified	Qualified



KIGOMA					
41	Kasulu DC	Qualified	Unqualified	Unqualified	Qualified
42	Kibondo DC	Unqualified	Qualified	Unqualified	Qualified
43	Kigoma DC	Unqualified	Qualified	Unqualified	Unqualified
44	Kigoma/Ujiji MC	Qualified	Qualified	Unqualified	Qualified
KILIMANJARO					
45	Hai DC	Qualified	Unqualified	Unqualified	Unqualified
46	Moshi DC	Qualified	Qualified	Qualified	Qualified
47	Moshi MC	Unqualified	Qualified	Qualified	Unqualified
48	Siha DC	Unqualified	Unqualified	Unqualified	Unqualified
49	Mwanga DC	Qualified	Qualified	Adverse	Unqualified
50	Rombo DC	Unqualified	Qualified	Adverse	Unqualified
51	Same DC	Unqualified	Qualified	Unqualified	Unqualified
LINDI					
52	Kilwa DC	Unqualified	Unqualified	Adverse	Unqualified
53	Lindi DC	Qualified	Unqualified	Unqualified	Unqualified
54	Lindi TC	Unqualified	Unqualified	Qualified	Unqualified
55	Liwale DC	Qualified	Unqualified	Qualified	Qualified
56	Nachingwea DC	Unqualified	Unqualified	Unqualified	Unqualified
57	Ruangwa DC	Qualified	Unqualified	Qualified	Unqualified
MANYARA					
58	Babati DC	Qualified	Unqualified	Qualified	Qualified
59	Hanang' DC	Unqualified	Unqualified	Qualified	Unqualified
60	Kiteto DC	Unqualified	Unqualified	Unqualified	Qualified
61	Mbulu DC	Unqualified	Unqualified	Unqualified	Qualified
62	Simanjiro DC	Qualified	Unqualified	Unqualified	Unqualified
63	Babati TC	Qualified	Unqualified	Qualified	Unqualified
MARA					
64	Musoma DC	Unqualified	Unqualified	Qualified	Unqualified
65	Bunda DC	Unqualified	Unqualified	Qualified	Unqualified
66	Musoma MC	Unqualified	Unqualified	Qualified	Qualified
67	Serengeti DC	Unqualified	Unqualified	Unqualified	Unqualified
68	Tarime DC	Unqualified	Unqualified	Qualified	Unqualified
69	Rorya DC	Unqualified	Qualified	Qualified	Unqualified
MBEYA					
70	Chunya DC	Unqualified	Unqualified	Unqualified	Qualified
71	Ileje DC	Qualified	Unqualified	Unqualified	Unqualified
72	Kyela DC	Unqualified	Unqualified	Unqualified	Unqualified
73	Mbarali DC	Unqualified	Unqualified	Qualified	Unqualified
74	Mbeya DC	Unqualified	Unqualified	Qualified	Unqualified
75	Mbeya CC	Unqualified	Qualified	Qualified	Unqualified
76	Mbozi DC	Unqualified	Unqualified	Unqualified	Qualified
77	Rungwe DC	Qualified	Qualified	Unqualified	Unqualified
MOROGORO					
78	Kilombero DC	Qualified	Qualified	Unqualified	Unqualified
79	Kilosa DC	Qualified	Adverse	Qualified	Qualified
80	Morogoro DC	Qualified	Qualified	Qualified	Adverse
81	Morogoro MC	Unqualified	Unqualified	Unqualified	Qualified
82	Ulanga DC	Unqualified	Qualified	Unqualified	Unqualified
83	Mvomero DC	Qualified	Qualified	Qualified	Qualified
MTWARA					



84	Masasi TC	-	-	Qualified	Unqualified
85	Masasi DC	Qualified	Unqualified	Unqualified	Unqualified
86	Mtwara DC	Unqualified	Unqualified	Qualified	Unqualified
87	Mtwara MC	Qualified	Qualified	Unqualified	Unqualified
88	Newala DC	Unqualified	Qualified	Unqualified	Unqualified
89	Tandahimba DC	Qualified	Unqualified	Unqualified	Unqualified
90	Nanyumbu DC	Qualified	Qualified	Unqualified	Unqualified
MWANZA					
91	Geita DC	Unqualified	Unqualified	Qualified	Qualified
92	Kwimba DC	Qualified	Unqualified	Unqualified	Qualified
93	Magu DC	Qualified	Unqualified	Qualified	Qualified
94	Misungwi DC	Unqualified	Unqualified	Qualified	Adverse
95	Mwanza CC	Qualified	Qualified	Qualified	Qualified
96	Sengerema DC	Unqualified	Unqualified	Qualified	Qualified
97	Ukerewe DC	Qualified	Qualified	Qualified	Unqualified
RUKWA					
98	Mpanda DC	Unqualified	Unqualified	Qualified	Unqualified
99	Mpanda TC	Unqualified	Unqualified	Qualified	Qualified
100	Nkasi DC	Unqualified	Unqualified	Qualified	Qualified
101	Sumbawanga DC	Unqualified	Unqualified	Qualified	Unqualified
102	Sumbawanga MC	Unqualified	Qualified	Qualified	Unqualified
RUVUMA					
103	Mbinga DC	Unqualified	Qualified	Qualified	Unqualified
104	Songea MC	Qualified	Unqualified	Qualified	Qualified
105	Songea DC	Unqualified	Qualified	Unqualified	Adverse
106	Tunduru DC	Unqualified	Unqualified	Unqualified	Qualified
107	Namtumbo DC	Qualified	Qualified	Qualified	Qualified
SHINYANGA					
108	Bariadi DC	Qualified	Unqualified	Unqualified	Unqualified
109	Bukombe DC	Qualified	Unqualified	Unqualified	Qualified
110	Kahama DC	Unqualified	Unqualified	Qualified	Unqualified
111	Meatu DC	Unqualified	Unqualified	Qualified	Unqualified
112	Shinyanga DC	Qualified	Unqualified	Unqualified	Unqualified
113	Shinyanga MC	Unqualified	Unqualified	Unqualified	Unqualified
114	Kishapu DC	Unqualified	Unqualified	Adverse	Qualified
115	Maswa DC	Unqualified	Unqualified	Unqualified	Unqualified
SINGIDA					
116	Iramba DC	Qualified	Unqualified	Unqualified	Unqualified
117	Manyoni DC	Unqualified	Unqualified	Unqualified	Qualified
118	Singida DC	Unqualified	Unqualified	Qualified	Unqualified
119	Singida MC	Qualified	Unqualified	Qualified	Qualified
TANGA					
120	Handeni DC	Unqualified	Qualified	Unqualified	Qualified
121	Korogwe DC	Qualified	Qualified	Qualified	Unqualified
122	Korogwe TC	Qualified	Qualified	Qualified	Qualified
123	Lushoto DC	Qualified	Qualified	Qualified	Unqualified
124	Muheza DC	Qualified	Unqualified	Unqualified	Unqualified
125	Pangani DC	Unqualified	Qualified	Qualified	Qualified
126	Tanga CC	Unqualified	Qualified	Qualified	Unqualified
127	Kilindi DC	Qualified	Unqualified	Qualified	Adverse
128	Mkinga DC	Unqualified	Qualified	Qualified	Unqualified
TABORA					



129	Igunga DC	Qualified	Qualified	Qualified	Unqualified
130	Nzega DC	Qualified	Unqualified	Qualified	Unqualified
131	Sikonge DC	Unqualified	Qualified	Qualified	Qualified
132	Tabora DC	Qualified	Unqualified	Unqualified	Qualified
133	Urambo DC	Unqualified	Unqualified	Unqualified	Qualified



Annexure (iii)

List of Councils which improved from qualified and adverse audit opinions to unqualified audit opinion

S/N	Name Of The Council	2009/2010	2010/2011
1	Kibaha DC	Qualified	Unqualified
2	Kibaha TC	Qualified	Unqualified
3	Mafia DC	Qualified	Unqualified
4	Mkuranga DC	Qualified	Unqualified
5	Chamwino DC	Qualified	Unqualified
6	Iringa MC	Qualified	Unqualified
7	Njombe TC	Qualified	Unqualified
8	Moshi MC	Qualified	Unqualified
9	Mwanga DC	Adverse	Unqualified
10	Rombo DC	Adverse	Unqualified
11	Kilwa DC	Adverse	Unqualified
12	Lindi TC	Qualified	Unqualified
13	Ruangwa DC	Qualified	Unqualified
14	Hanang' DC	Qualified	Unqualified
15	Babati TC	Qualified	Unqualified
16	Musoma DC	Qualified	Unqualified
17	Bunda DC	Qualified	Unqualified
18	Tarime DC	Qualified	Unqualified
19	Rorya DC	Qualified	Unqualified
20	Mbarali DC	Qualified	Unqualified
21	Mbeya CC	Qualified	Unqualified
22	Masasi TC	Qualified	Unqualified
23	Mtwara DC	Qualified	Unqualified
24	Ukerewe DC	Qualified	Unqualified
25	Mpanda DC	Qualified	Unqualified
26	Sumbawanga DC	Qualified	Unqualified
27	Sumbawanga MC	Qualified	Unqualified
28	Mbinga DC	Qualified	Unqualified
29	Kahama DC	Qualified	Unqualified
30	Meatu DC	Qualified	Unqualified
31	Korogwe DC	Qualified	Unqualified
32	Lushoto DC	Qualified	Unqualified
33	Tanga CC	Qualified	Unqualified
34	Mkinga DC	Qualified	Unqualified
35	Igunga DC	Qualified	Unqualified
36	Nzega DC	Qualified	Unqualified

Annexure (iv)

Councils dropped from the unqualified audit opinions to the qualified and adverse audit opinions.

S/N	Name of the Council	2009/2010	2010/2011
1	Karatu DC	Unqualified	Qualified
2	Arusha DC	Unqualified	Qualified
3	Bagamoyo DC	Unqualified	Qualified
4	Rufiji/Utete DC	Unqualified	Qualified
5	Ilala MC	Unqualified	Qualified
6	Kinondoni MC	Unqualified	Qualified
7	Bahi DC	Unqualified	Qualified
8	Kondoa DC	Unqualified	Qualified
9	Kongwa DC	Unqualified	Qualified
10	Mpwapwa DC	Unqualified	Qualified
11	Iringa DC	Unqualified	Qualified
12	Ludewa DC	Unqualified	Qualified
13	Kilolo DC	Unqualified	Qualified
14	Ngara DC	Unqualified	Qualified
15	Kasulu DC	Unqualified	Qualified
16	Kibondo DC	Unqualified	Qualified
17	Kigoma/Ujiji MC	Unqualified	Qualified
18	Kiteto DC	Unqualified	Qualified
19	Mbulu DC	Unqualified	Qualified
20	Chunya DC	Unqualified	Qualified
21	Mbozi DC	Unqualified	Qualified
22	Morogoro MC	Unqualified	Qualified
23	Kwimba DC	Unqualified	Qualified
24	Songea DC	Unqualified	Adverse
25	Tunduru DC	Unqualified	Qualified
26	Bukombe DC	Unqualified	Qualified
27	Manyoni DC	Unqualified	Qualified
28	Tabora DC	Unqualified	Qualified
29	Urambo DC	Unqualified	Qualified

Annexure (v)

List of Councils received Adverse and Qualified Opinion with its respective reasons:

(i) Adverse opinion

S/N	Name of the Council	Reasons
1	Arusha MC	<ul style="list-style-type: none"> The Council owns 100% of shares of Arusha Meat Company Limited, but did not prepare consolidated financial statements as a holding Entity. Missing Payment Vouchers Shs.159,200,221.91 Improperly Vouched expenditure Shs.2,640,651,505.71 Council's investment in Happy sausage Co. Ltd worth Shs.30,000,000, was not disclosed in its financial statements The council Inflated price on purchased items by Shs. 25,554,620 The Council charges/rates are below market prices leading to the minimum revenue loss of Shs.1,762,972,800 per year. Service levy not paid to the Council by 1,163 tax payers Questionable recovery of performance bond Shs. 100,000,000 by an agent who still owes the Council. Stores not taken on ledger charge Shs.94,643,000 Irregular and questionable payments of Shs.58,176,500 Fraudulent requisitioning of 3,680 litres of fuel worth Shs. 6,285,150
2	Morogoro DC	<ul style="list-style-type: none"> Adjustments for the prior year's Cash and Cash equivalent not done Shs.98,678,423 Incorrect treatment of Increase in receivables in the cash flows statement Shs.545,229,325 Incorrect treatment of Increase in payables in the cash flow statement Shs.231,247,760 Understatement of Decrease in deferred revenue grant in the cash flows statement Shs.444,204,268 Non inclusion of balance of funds at lower level under Cash and Cash equivalent in the statement of financial position Shs.349,486,230 Understatement of payables Shs.27,502,665 Missing payment vouchers Shs.174,267,118 Missing 15 revenue earning receipt books



		<ul style="list-style-type: none"> • Payment of salaries to non existing employees Shs.85,127,462 • Irregular payment of salary over the counter Shs.191,194,302 • Cash payment of salaries to employees with different signatures Shs.33,623,500 • Employees sharing one bank account Shs. 28,923,897 • Payment of recurrent nature made direct to the development account Shs.19,360,110
3	Misungwi DC	<ul style="list-style-type: none"> • Understatement of unapplied capital grants Shs.1,011,255,170 • Understatement of Deferred Capital Grant Shs.953,165,379 • Unproduced 11 open Earning Revenue receipt books • Unremitted Revenue Collections from Revenue Collecting Agents Shs.63,173,487 not disclosed in the financial statements • Payment made from LCDG not related to development expenditure Shs.27,675,000 • Payments made from the fund without being budgeted for Shs.13,967,500 • Missing payment Vouchers Shs.10,594,800
4	Songea DC	<p>(i) Misstatements of Items In the Cash Flow Statement</p> <ul style="list-style-type: none"> • Amortization of capital grant was overstated by Shs.13,167,862,807 • Inter account/departmental transfers of Shs.12,854,970,498 were reported as cash inflow from financing activities. • Decrease in trade and other receivables were overstated by Shs.39,124,400. In addition the amount was reported as cash outflow instead of cash inflow • Increase in payables was overstated by Shs.14,226,587 <p>(ii) Missing Payment vouchers Shs.15,315,467</p> <p>(ii) Revenue collected but not remitted to main cashier Shs.913,000</p> <p>(iv) Improperly vouched expenditures Shs.56,690,784.38</p> <p>(v) Unproduced revenue receipt books (5 books)</p>
5	Kilindi DC	<ul style="list-style-type: none"> • Cash and cash equivalent understated by Shs.45,154,714 • Understatement of Property, Plant and Equipment



		<p>(PPE) Shs.1,324,994,203</p> <ul style="list-style-type: none"> • Overstatement of Deferred Capital Grant figure Shs.1,595,310,033 • deferred capital grant (income) was overstated by Shs.872,780,469 • Disagreement of closing and opening balances of capital grants Shs.722,529,564 • Inadequately supported payments Shs.233,319,374 • The fixed assets additions not supported amounting Shs. 2,923,969,905 • The figure for depreciation was overstated by Shs.120,155,547.74 • Unreconciled figure of fees, fines and penalties by Shs.46,429,371 • Inventories not supported by stock taking count sheets Shs.10,683,000 • Thirty six (36) Revenue earning receipt books (HW5) were not produced during the audit exercise. <p>The Council did not prepare the following financial statements which limited the scope of our audit ;</p> <ul style="list-style-type: none"> • Statement of Capital Expenditure and financing • Health Basket Fund financial statements • Agriculture Sector Development Programme (ASDP) financial statements
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(ii) **Qualified Opinion**

S/N	Name of the Council	Reasons
	ARUSHA REGION	
1	Karatu DC	<ul style="list-style-type: none">• Missing Payment Vouchers Shs.7,211,820• Improperly Vouched Expenditure Shs.63,988,179• Payables were understated by Shs.242,593,184• There were unadjusted stale cheques of Shs 41,522,125
2	Monduli DC	<ul style="list-style-type: none">• 176 missing revenue earning receipt books.• Inadequately supported Expenditure Shs. 142,904,818.• Outstanding creditors not supported Shs. 69,593,427• Expenditure charged to wrong account codes Shs. 50,674,010• Missing payment vouchers Shs. 26,773,000
3	Ngorongoro DC	<ul style="list-style-type: none">• Missing supporting documents for goods bought Shs.315,993,555• Questionable and misstated figure of outstanding payables Shs.316,202,464• Overstated amortization figure presented in the statement of financial performance, Shs.22,156,851.• Payments not acknowledged by recipient's accounts Shs.13,277,295.58• Outstanding sales proceeds from Famine Maize Shs.48,366,500 not included in the financial statements as outstanding debtors at the year end.• Stores not taken on ledger charge Shs.303,123,661
4	Longido DC	<ul style="list-style-type: none">• Stale cheques amounting to Shs.106,761,146.64 not adjusted• Payment Vouchers for Shs.336,743,695.48 were not produced for audit• Fund deposits totalling Shs.211,172,734.89 were reversed. We were not informed of the reasons behind these reversals of entry• Payments amounting to Shs.87,493,470 were made without adequate supporting documents• Six revenue collection books (HW5) were not produced during our audit



S/N	Name of the Council	Reasons
		<ul style="list-style-type: none"> The Council brought forward as an opening balance of Shs. 3,157,416,000 as at 1st July, 2010 instead of Shs.2,856,110,000 resulting to an overstatement of PPE by Shs.301,306,000
5	Arusha DC	<ul style="list-style-type: none"> Understatement of expenditure in final financial statement by Sh.60,246,110.86 Improperly Vouched Expenditure - Shs.85,550,200 Missing payment vouchers - Shs.16,549,000
	COAST REGION	
6	Bagamoyo DC	<ul style="list-style-type: none"> The carrying value of deferred income (capital grant) was understated by Shs.79,241,889. Shs.1,156,400 was paid from the Agriculture Sector Development Programme (ASDP), however, the acknowledgement receipts from the payees were missing.
7	Rufiji/Utete DC	<ul style="list-style-type: none"> Revenue collections not banked - Shs. 2,494,808 There was deferred Payment amounting to Shs.2,022,000. However, there is no proof that the payment formed part of the 2009/2010 creditors. Unacknowledged Transfer of Funds to Village Councils amounting to Shs.122,323,122 Compulsory Contributions not acknowledged Shs.56,441,591 The ASDP expenditure was understated by Shs.26,056,650 Missing payment vouchers ASDP- Shs.16,059,420 Improperly vouched expenditure HBF- Shs.4,000,000
	DSM REGION	
8	Dar es Salaam CC	<ul style="list-style-type: none"> Revenue amounting to Shs.45,768,541 collected have not been banked Market value of 160,000 shares of Shs.928,988,000 invested in DAR BREW and reflected in the financial statements were not supported. Income received as dividend and interest amounting to Shs.134,984,418 was not supported by detailed records. Amount receivable of Shs.129,950,000 from



S/N	Name of the Council	Reasons
		<p>was not disclosed in financial statement of 2010/2011.</p> <ul style="list-style-type: none"> • During the year under review, the Council paid Shs.6,608,000 which was paid twice for the same service. • thirty three (33) open revenue receipt books were not produced when called for audit
9	Ilala MC	<ul style="list-style-type: none"> • the Council understated its opening balance by Shs. 191,753,448 • Five (5) receipt books with a total value of Shs. 5,840,000 were missing as they were not submitted for audit.
10	Kinondoni MC	<ul style="list-style-type: none"> • Billboard fees not confirmed to have been received Shs.407,005,368 as it was neither traced in the bank account nor documents were produced to support it. Thus the revenue was overstated by Shs.407,005,368. • Inadequately Supported Expenditure Shs.14,551,165.31 • Dividend received but not reflected in the cash flow statement Shs.121,885,836 • The Council overstated other financial Assets to the tune of Shs.128,781,727
11	Temeke MC	<ul style="list-style-type: none"> • Journal Vouchers pertaining to wages and salaries worth Shs. 243,721,368.87 were missing; hence the scope of audit was limited. • During the year under review, we noted that revenue collection of Shs.58,154,334 were not banked. • Fixed Fee Receipt Books worth Shs 62,870,000 were not submitted for audit verification. • In the absence of an Imprest Register, audit failed to ascertain the accuracy and validity of outstanding Imprests totalling Shs.141,308,763. • We noted existence of unvouched expenditure of shs.51,510,207 relating to Health Basket Fund.
	DODOMA REGION	
12	Bahi DC	<ul style="list-style-type: none"> • Wages, salaries and employee benefits were understated by Shs.152,340,128. • Depreciation amounting to Shs.74,539,010 for additions of Non Current Assets was not



S/N	Name of the Council	Reasons
		<p>calculated and charged during the year.</p> <ul style="list-style-type: none"> • The Council did not prepare the statement of financial performance by function as required by the PMO - RALG guidelines. • A total sum of Shs.6,034,000 was paid to various officers being subsistence allowances purported to be on duty outside their station but did not actually travelled. • Net salaries amounting to Shs.14,793,156.45 were paid as salaries for employees who were no longer working with the Council for various reasons. • Imprests amounting to Shs.27,525,210 were not recorded in the imprests register hence understating the debtors.
13	Dodoma MC	<ul style="list-style-type: none"> • The Council made payments amounting to Shs. 791,446,533 without adequate supporting documentation. • Receivables were understated by Shs.67,746,150 • Payables were understated by Shs. 261,753,623 • Expenses were Understated in the statement of financial performance by Shs.115,419,530 • Payables not supported by detailed evidence Shs. 578,782,811
14	Kondoa DC	<ul style="list-style-type: none"> • Understatement of amortization of recurrent grants Shs.7,295,541,076 • Unreliable figure of stock, Shs.59,193,648 • Missing payment vouchers Shs. 11,130,000 • Improperly vouched expenditure Shs. 187,309,192
15	Kongwa DC	The council understated the development grants received by Shs.543,257,525
16	Mpwapwa DC	<ul style="list-style-type: none"> • the council understated deferred income revenue by Shs.853,946,114.36 • Opening balance of Shs.2,427,256,562.84 being deferred income for recurrent grants was not reported in Note 11 (Recurrent grant) resulted to understatement of the Recurrent grants available for the year by the same amount. • There is an over statement of recurrent grants amortized during the year by



S/N	Name of the Council	Reasons
		<p>Shs.3,158,897,103, the amount which was not classified as either development grant or recurrent grant.</p> <ul style="list-style-type: none"> An amount of Shs.37,330,000 was observed to be improperly vouched expenditure as supporting documents were missing
	IRINGA REGION	
17	Iringa DC	<ul style="list-style-type: none"> Payment worth Shs.26,038,000 was done to various payees without supporting documents to justify the authenticity of the payments made. The Council's Management used unapproved fund through overdrawing the miscellaneous deposit account to the tune of Shs.104,936,469. The Council collected a total of Shs.28,287,932 which was neither banked nor physically verified up to the time of audit visit made in December,2011 as it does not appear in the bank reconciliation statements. 118 Agriculture input vouchers were stolen at Itwaga village - Mgama Ward (60 mbegu za mahindi and 58 Mbolea za kupandia) worth Shs 2,208,000. No loss report / action were taken by management to recover the loss. Payment vouchers worth Shs.4,935,000 were missing relevant supporting documents
18	Ludewa DC	<ul style="list-style-type: none"> Amortization of capital grants was overstated by Shs.5,655,568,862. The Council reported an amortization of Intangible assets of Shs. 2,470,672,553 while there were no intangible assets reported in the statement of financial position. The Council overstated deferred income (grant) by Shs. 1,839,797,072. The Council overstated unspent balance (recurrent grants) by Shs.210,927,100.
19	Makete DC	<ul style="list-style-type: none"> The Council paid a total of Shs.25,453,000 for maintenance of a Cat Grader for which the services rendered could not be ascertained to have been delivered and the paid amount was above the contract sum. The Council paid salaries above the sum required to the tune of Shs.93,306,780.



S/N	Name of the Council	Reasons
		<ul style="list-style-type: none"> The Council paid a total sum of Shs.21,796,800 through the Health Basket Fund without supporting them with payment particulars.
20	Kilolo DC	<ul style="list-style-type: none"> The Council failed to recognize salary arrears owed to the Council's Employees amounting to Shs.119,419,470 in its financial statements. The council understated the receivables and payables by Shs. 503,379,980
	KAGERA REGION	
21	Ngara DC	<ul style="list-style-type: none"> There was understatement of Deferred Capital Grant to the tune of Shs. 2,787,755,629 The council understated Development Grants Received by Shs.1,983,966,085 There is a disagreement of Deferred Recurrent Income by Shs.71,321,424 The council made a Payment amounting to Shs. 77,124,000 not supported by expenditure details Non confirmation of Receipt TASAF Funds Transferred to various Villages Shs.156,440,500
22	Chato DC	<ul style="list-style-type: none"> Eighty one (81) - HW5 Revenue earning receipt books were not produced for audit There was a deferred payment amounting to Shs. 42,155,809 from previous year which was not evidenced to form part of previous year's creditors Outstanding creditors not reflected in the financial statements Shs.45,712,113 The Council reported Shs.26,482,750 as being outstanding creditors at the year end. However this figure excluded liabilities to the Council which were not settled during the year of Shs.45,712,113
	KIGOMA REGION	
23	Kasulu DC	<ul style="list-style-type: none"> Review of Full Council and Finance Committee minutes revealed a cash loss of Shs.17,810,000 from UNICEF account; however, the same was not disclosed in the Council's financial statements During the audit of receivables, it was revealed that, Shs.10,566,600 was granted to Women and Youth Group. However, the supporting



S/N	Name of the Council	Reasons
		<p>schedules were not prepared by the Council management.</p> <ul style="list-style-type: none"> the Council did not produce documents to justify the existence of trade payables of Shs.76,567,577 reported as payables in the financial statements An amount of Shs.22,205,000 was not supported with relevant supporting documents payment vouchers amounting to Shs.15,752,000 were missing in their respective batches
24	Kibondo DC	<ul style="list-style-type: none"> Inventory figure of Shs.70,668,000 was not confirmed There was improper preparation of statement of capital expenditure and its financing Non submission of documents for the salary arrears paid worth Shs.34,991,167
25	Kigoma/Ujiji MC	<ul style="list-style-type: none"> The Council could not produce documents to justify the existence of trade payables of Shs.103,989,103 The financial statements for Women and Youth Fund was not prepared and consolidated in the Council financial statements Payment vouchers amounting to Shs.2,370,000 were missing from their respective batches Fourteen (14) revenue receipt books used to collect revenue were not submitted for audit. It was difficult to establish total revenue collected amounting to Shs.80,975,000 as reported in the financial statements for the financial year 2010/2011. Two earning receipt books (HW 5) used to collect revenue were not produced for audit when called for
	KILIMANJARO REGION	
26	Moshi DC	<ul style="list-style-type: none"> Improper disclosure of depreciation on the Statement of financial Performance Shs.8,062,185 Questionable difference of Cash and Cash Equivalent by shs.371,913,909.80 Questionable surplus previously not recognized Shs.528,178,243



S/N	Name of the Council	Reasons
		<ul style="list-style-type: none"> • Unsupported payments Shs.14,477,800
	LINDI REGION	
27	Liwale DC	<ul style="list-style-type: none"> • During the financial year 2009/2010, the audit found numerous material omissions and significant differences in the financial statements prepared by the management of the Council in which we recommended to them to revise the financial statements. The financial statements were not revised as a result the accounts were qualified on this basis. • Year 2009/2010 disclosed the recurrent grant of Shs.7,292,149,000 of which Shs.5,426,011,000 was amortised. The comparative figure in the financial statements of this year on the same item disclosed a recurrent grant of Shs.10,049,136,000 which makes a difference of Shs.2,756,987,000 and the amount amortised of Shs.8,182,998,000 which differs by Shs.2,756,987,000. These figures were not revised by the management. • The amount verified by the auditor in the financial statements of 2009/10 for recurrent grant was Shs.6,928,291,000 and not Shs.7,292,149,000 (unrevised figure) which would result into a closing balance of Shs.1,502,250,000 instead of Shs.1,866,138,000. • Due to these disagreements, the financial statement would not reflect the performance and position of the Council.
	MANYARA REGION	
28	Babati DC	<ul style="list-style-type: none"> • Non recovery of liquidated damages Shs.39,048,320 • Remittances not acknowledged by the Ministry - Shs.54,078,421.44 • Refund to Treasury not acknowledged Shs.54,004,000 • Payments not acknowledged Shs.87,128,882.86 • Ineligible expenditure from ASDP Account - Shs.12,396,500.00 • Unacknowledged transferred funds Shs. 248,000,000 • Un authorized expenditure Shs. 17,318,700



S/N	Name of the Council	Reasons
		<ul style="list-style-type: none"> • Payments without supporting document Shs.44,035,461.86
29	Kiteto DC	<ul style="list-style-type: none"> • Six (6) Revenue Receipt Books not produced for Audit • Missing Payment Vouchers Shs.233,517,980.80 • Improperly vouched expenditure Shs.353,042,131 • Reported motor vehicles not existing Shs.12,400,000
30	Mbulu DC	<ul style="list-style-type: none"> • Missing Supporting documents; Shs.40,307,896 • Missing Revenue Receipt Books • Deferred Payments Shs.19,425,000 not evidenced to form part of previous year's creditors
MARA REGION		
31	Musoma MC	<ul style="list-style-type: none"> • Payment Vouchers and supporting documents worth shs.5,300,000 were not produced for audit. • The Council failed to produce to audit the payment vouchers, supporting documents, expenditure analysis reports in respect of LGCDG projects worth Shs.38,157,200. • One contract was revised from Shs. 499,233,700 to Shs.520,266,162.50, but variation order/addendum was not produced. Hence, the validity of the addendum could not be verified. • In the construction of the Administration block at Musoma Municipal Council, there was an additional work of Shs.18,532,463 granted to the Contractor. However, no evidence was produced to audit to confirm if the same was approved by the Tender Board. • The Council overpaid Shs.3,488,200 for the culvert not constructed. • The Council paid shs.2,000,000 to Architects and Quantity Surveyor's Board in Dar es Salaam through Development Account as penalty for delaying to pay registration fee which was not supported.



	MBEYA REGION	
32	Chunya DC	<ul style="list-style-type: none"> • There was understatement of deferred income (grant) by Shs.64,579,588
33	Mbozi DC	<ul style="list-style-type: none"> • Unjustified recurrent and development grants unspent balances Shs.1,299,324,280.05
	MOROGORO REGION	
34	Kilosa DC	<ul style="list-style-type: none"> • Revenue Collections not Acknowledged by Main Cashier Shs. 2,113,600 • Missing Payment Vouchers Shs.83,970,455 • Payment inadequately Supported Shs. 16,694,600 • Doubtful Remittances of Cash for Unclaimed salaries Shs. 60,722,183 • Salaries paid to the non existing employees Shs.59, 161,480 • Misappropriations of Unclaimed salaries Shs.20,893,662
35	Morogoro MC	<ul style="list-style-type: none"> • Incorrect recognition and measurement of Property, Plant and Equipment (PPE) Shs.720,241,285 • Under statement of total balance of PPE as at 30th June, 2011 Shs.13,253,505 • Non preparation of Itemized statement of Income and Expenditure • Overstatement of Transfer from other Government entities 25,927,819 • Understatement of payables of Shs.5,832,640 • Revenue not posted in the IFMS- Epicor System Shs.60,320,696
36	Mvomero DC	<ul style="list-style-type: none"> • Comparative figures disclosed were not the same as compared to figures shown on the previous year's financial statements • There was payment made for unexecuted work of the Office Block resulting to an extra cost on contract sum amounting to Shs.9,925,489. • There was payment made for unexecuted work of the DED's Residential Building resulting to an extra cost on the contract sum amounting to Shs.16,162,220. • The Council made an overpayment of Shs.72,721,228 to the contractor and the payment was not supported by Payment certificate.



		<ul style="list-style-type: none"> • Payments amounting to Shs.42,232,889 were not properly supported by relevant documents and payments. • Payment vouchers worth Shs.40,863,684 were not produced for audit • Some documents, payment vouchers and payment certificate involving an amount of Shs.31,137,852 for Construction of DED'S Residential House was noted not to be contained in the respective contract files. • An outstanding produce cess which were to be collected from Mtibwa Sugar Company of Shs.357,562,841. However, a receivables note number 21 in the financial statements reflected the figure for sugar cane cess from Mtibwa as Shs.168,000,000 leading to an understatement of Shs. 207,826,802.
	MWANZA REGION	
37	Geita DC	<ul style="list-style-type: none"> • Two (2) General Revenue Receipt books (not quantified) were not produced for audit inspection • imprests totalling Shs.14,370,500 were issued to sundry employees but charged directly to expenditure codes. • Payments made without proper supporting documents Shs.4,153,330 • Unexplained variance of Shs.3,632,186 in unspent balance of capital grants • Wrong charging on expenditure codes Shs.32,439,488 • Payments made to retired and deceased employees Shs.97,355,850
38	Kwimba DC	<ul style="list-style-type: none"> • Unproduced seven (7) open revenue earning receipts books • Overstatement of unspent balance of Capital Expenditure and its financing Shs.119,000,000 • Understatement of Deferred Capital Grant Shs.464,423,062 • Overstatement of opening balance of Property Plant and Equipment Shs.48,631,991 • Overstatement of Deferred Recurrent Grant Shs.346,265,673 • Non disclosure of unretired imprest Shs.76,303,597 in the financial statements



39	Magu DC	<ul style="list-style-type: none"> • Understatement of Capital Grants Shs. 8,565,927,995 • Understatement of Recurrent Grants Shs.1,422,743,106 • Understatement of Development Grants Received in the Cash Flow Statement by Shs.9,945,255,353 • Capital Expenditure reported in the Statement of Capital Expenditures and its Financing but Not Justified Shs.4,334,449,090
40	Mwanza CC	<ul style="list-style-type: none"> • Different figures of value of asset purchased during the year Shs.41,859,739.00 • Improperly Vouched expenditure Shs.80,538,850
41	Sengerema DC	<ul style="list-style-type: none"> i. Disagreement of Property, Plant and Equipment value disclosed in the Statement of Financial Position: <ul style="list-style-type: none"> ▪ The opening balance figure of Property, Plant and Equipment (PPE) as at 1st July, 2010 has been overstated by Shs.13,901,754. ▪ Accumulated depreciation as at 01st July, 2011 amounting to Shs.4,259,000 was not disclosed in note. 23 on Property, Plant and Equipment (PPE) and hence the net PPE was overstated by the same amount. ▪ Disposal of assets worth Shs.12,754,250 was included as part of accumulated depreciation and accumulated impairment of assets. ▪ No detailed schedule of Plant and Equipment (PPE) hence we are not able to trace additions of assets of Shs.44,599,000 disclosed in note 23 of Plant and Equipment (PPE). ii. Un-reconciled differences disclosed as maintenances expenses in the Statement of Financial performance Shs.592,657,000 iii. Understatement of Deferred Capital Grants (Income) Shs.800,574,000 iv. Unexplained difference of Shs.1,703,000 in Capital Expenditure
RUKWA REGION		
42	Mpanda TC	<ul style="list-style-type: none"> • Unauthorised bank overdraft shs.62,295,200.58 • Missing payment vouchers shs.104,671,364



		<ul style="list-style-type: none"> • Improperly vouched expenditures shs.123,376,364 • Items not supported by explanatory notes shs.169,515,995 • Undisclosed two (2) motor vehicles in the financial statements • Overstatement of Cash and cash equivalents shs.81,695,221 • Statement of Financial Performance was understated by Shs.205,691,702 due to the differences noted between the items in the Statement itself and its supporting notes. • Working capital items understated by shs.432,971,853 • Overstatement of PPE in the statement of Cash flows Shs.989,819,764
43	Nkasi DC	<ul style="list-style-type: none"> ▪ Misstatement of Recurrent Grants Shs.1,722,690,342 ▪ Understatement of Cash and Cash equivalent by Shs.3,526,975
	RUVUMA REGION	
44	Songea MC	<ul style="list-style-type: none"> • Unexplained difference on unapplied capital Shs.119,571,257 • Missing 7 revenue earning books • Payments made from restricted expenditure under Community Health Fund (CHF) Shs.10,372,129 • Untransferred capitation grants Shs.19,583,000 which was used for other activities • Non reconciliation between Statement of account and Invoices issued by Medical Stores Department (MSD) during financial year 2010/2011 on medical items worth Shs.1,851,900
45	Tunduru DC	<ul style="list-style-type: none"> • Understatement of Financial Performance by Shs.64,628,765 • Missing revenue receipt books (2 Books) • Improperly Vouched Expenditure Shs.96,794,632
46	Namtumbo DC	<ul style="list-style-type: none"> • Overstatement of own source revenue by Shs.50,562,084 • Disagreement between amount of maintenance expenses disclosed in the financial statements and in individual accounts Shs.269,063,935



		<ul style="list-style-type: none"> • There was a variance of Shs.59,326,608 in expenses figures between statements of financial performance prepared on the basis of function and the one prepared by nature. • Misstatement of cash flow statement Shs.675,261,591 • Missing payment vouchers Shs.13,152,300 • Unproduced revenue receipt books (6 books) • Improperly vouched expenditure Shs.57,825,400 • Payment not properly accounted for Shs.9,185,500 • Outstanding receipts in cash book not in bank statement Shs.17,189,914 not yet cleared for more than two years.
	SHINYANGA REGION	
47	Bukombe DC	<ul style="list-style-type: none"> • Unreconciled cash and cash equivalent (WSDP) Shs.326,066,658 • Understatement of opening balance as at 01st July, 2010 Shs.326,981,342 (ASDP) • Improperly vouched expenditure Shs.69,798,989
48	Kishapu DC	<ul style="list-style-type: none"> • Understatement of opening balance as at 01st July, 2010 Shs.156,900,688 • Understatement of Non-Current Assets Shs.8,956,500 • Statement of revenue and expenditure by department overspent by Shs.51,413,334 • Improperly vouched expenditure Shs.29,826,320
	SINGIDA REGION	
49	Manyoni DC	<ul style="list-style-type: none"> • Missing analysis for outstanding creditors Shs.36,628,178 • Misallocated Deposit Funds Shs.94,827,816 • Missing Itemized supporting schedule • Non preparation of Consolidated Trial Balance • Misstatement of Capital Expenditure Shs.1,114,700,602
50	Singida MC	<ul style="list-style-type: none"> • Understatement of Account Payables Shs.29,905,200 • Singida Municipal Council Bank Accounts Overdrawn by Shs.10,371,537 • Doubtful and Questionable Payment of Extra Duty allowance Shs.2,650,000 • Expenditure Charged to Wrong Code Shs.41,891,904



		<ul style="list-style-type: none"> • There is an overstatement by Shs.70,859,677 in the surplus reported during the year as well as cash and cash equivalent as at 30th June 2011.
	TANGA REGION	
51	Handeni DC	<ul style="list-style-type: none"> • Questionable deduction of Unapplied Capital Grant Shs.658,920,354 • Questionable payments of salaries to ex-employees Shs.5,279,590.
52	Korogwe TC	<ul style="list-style-type: none"> • Forty (40) Revenue Receipt Books not produced for audit • Irregular Expenditure of Shs.32,435,363.5 • Revenue collected but not accounted for Shs.10,872,000
53	Pangani DC	<ul style="list-style-type: none"> • I could not confirm the existence of Plant Property and Equipment valued at Shs.838,800,946 reported in the financial statements under the Water Sector Development Programme. • There is an overstatement of payables by Shs.51,252,996. • A sum of Shs.13,596,921.80 was paid to employee who were no longer employees of the Council due to death and retirement • There was inconsistency in the presentation of receivables and prepayments whereby the statement of financial position disclosed Shs.87,050,999 while supporting schedule disclosed receivable and prepayments of Shs.39,245,614.80 registering a difference of Shs.47,805,384.2. Further; the value of receivable from MSD of Shs.14,214,748.19 was not included in the schedule (vote 24) of the receivables. • There was an unadjusted difference of additional Plant, Properties and Equipments of Shs.7,902,300
	TABORA REGION	
54	Sikonge DC	<ul style="list-style-type: none"> • There is an understatement of total capital receipts and unapplied capital by Shs.58,295,974. • During the year under review it was noted that payments amounting to Shs.31,953,000 were required to be properly chargeable in the financial year 2009/2010 but were charged in



		the financial year 2010/2011 without budget provision
55	Tabora DC	<ul style="list-style-type: none"> • Understatement of PPE by Shs.2,176,716,833 • Incorrect Comparative figure shown on current year financial statements resulting to understatement of PPE by Shs.135,890,093 and Grants received by Shs.818,294,074. • Wrongly transfer of previous years amount in the financial statements Shs.954,184,167 • Stale cheques not adjusted Shs.17,313,802 • Payments made without supporting documents Shs.2,900,000 • Un reconciled difference of Shs.1,620,000,000 in development grant received
56	Urambo DC	<ul style="list-style-type: none"> • Missing 19 revenue earning receipt books • Payment vouchers and their supporting documents amounting to Shs.17,001,578 were missing from their respective batches • During the year under review, the Council purchased fuel worth Shs.91,965,500. However, logbooks for motor vehicles were not availed to audit team for verification • Non current assets were overstated by Shs.333,172,626. • The council understated payables by Shs.58,727,229 • The Council paid Shs.12,838,000 for various activities without adequately supporting documents



Annexure (vi).

Councils with outstanding matters from the previous year's Shs.105,263,165,967

S/N	NAME OF THE COUNCIL	Aggregate level of outstanding matters
1	Kishapu DC	5,354,805,097
2	Misungwi DC	5,080,403,320
3	Ukerewe DC	3,691,167,767
4	Morogoro DC	3,408,852,440
5	Kilindi DC	3,334,106,540
6	Sumbawanga DC	3,091,681,630
7	Chunya DC	3,068,217,163
8	Sengerema DC	3,031,250,156
9	Morogoro MC	2,773,805,047
10	Mwanza CC	2,627,671,923
11	Ngorongoro DC	2,186,057,986
12	Tandahimba DC	2,158,913,076
13	Arusha MC	2,131,522,919
14	Rorya DC	2,129,453,195
15	Kwimba DC	2,074,818,436
16	Shinyanga MC	2,061,306,969
17	Meatu DC	1,962,099,571
18	Kilosa DC	1,911,973,336
19	Nkasi DC	1,857,616,394
20	Dar es Salaam CC	1,830,232,076
21	Kilwa DC	1,643,503,923
22	Igunga DC	1,629,338,273
23	Namtumbo DC	1,558,744,300
24	Bunda DC	1,542,213,829
25	Bariadi DC	1,498,474,860
26	Muleba DC	1,491,848,295
27	Urambo DC	1,465,049,491
28	Shinyanga DC	1,264,423,957
29	Korogwe TC	1,249,634,247
30	Kinondoni MC	1,237,643,425
31	Mbozi DC	1,229,232,057
32	Kyela DC	1,171,606,402
33	Hanang' DC	1,158,880,096
34	Serengeti DC	1,140,816,797

35	Masasi DC	1,139,282,625
36	Sumbawanga MC	1,031,183,545
37	Ruangwa DC	957,586,267
38	Ilala MC	947,776,196
39	Temeke MC	903,302,059
40	Pangani DC	888,879,712
41	Dodoma MC	855,730,106
42	Monduli DC	837,917,984
43	Liwale DC	798,206,674
44	Mvomero DC	751,441,246
45	Kilombero DC	742,368,441
46	Longido DC	715,136,296
47	Ulanga DC	699,054,016
48	Mbeya DC	685,806,126
49	Newala DC	681,938,686
50	Songea DC	665,910,609
51	Maswa DC	658,509,724
52	Karagwe DC	655,167,675
53	Kiteto DC	639,802,410
54	Chato DC	628,151,893
55	Bukombe DC	617,824,156
56	Mbarali DC	604,395,000
57	Sikonge DC	580,745,052
58	Bukoba DC	579,643,342
59	Kongwa DC	569,561,049
60	Babati DC	540,369,994
61	Kibondo DC	534,172,937
62	Mkuranga DC	506,082,743
63	Bagamoyo DC	453,299,528
64	Chamwino DC	447,909,074
65	Babati TC	441,768,635
66	Kigoma DC	425,930,500
67	Bahi DC	381,528,689
68	Karatu DC	377,880,536
69	Musoma MC	351,234,242
70	Bukoba MC	342,285,127
71	Tabora DC	336,838,594
72	Musoma DC	326,878,270
73	Tanga CC	298,899,565
74	Handeni DC	295,216,084
75	Lushoto DC	286,445,655



76	Ileje DC	279,362,523
77	Korogwe DC	271,066,128
78	Nanyumbu DC	262,394,799
79	Nzega DC	258,479,318
80	Singida DC	236,101,204
81	Biharamulo DC	222,068,641
82	Kahama DC	204,276,181
83	Tarime DC	200,441,671
84	Mpwapwa DC	190,808,555
85	Iringa DC	184,239,379
86	Kigoma/Ujiji MC	143,091,816
87	Simanjiro DC	139,615,386
88	Ngara DC	137,938,990
89	Mbeya CC	136,900,784
90	Kondoa DC	133,104,866
91	Nachingwea DC	132,315,733
92	Kasulu DC	130,592,748
93	Mwanga DC	122,791,281
94	Meru DC	119,248,945
95	Mpanda TC	116,898,305
96	Mufindi DC	103,652,874
97	Songea MC	102,341,319
98	Rufiji/Utete DC	101,308,477
99	Mtwara MC	91,709,951
100	Singida MC	91,318,939
101	Iringa MC	89,547,000
102	Njombe TC	81,377,911
103	Iramba DC	81,345,157
104	Mbinga DC	81,028,064
105	Lindi TC	61,047,570
106	Same DC	55,060,327
107	Kilolo DC	50,983,100
108	Kisarawe DC	47,180,655
109	Njombe DC	45,000,000
110	Rombo DC	29,369,184
111	Mpanda DC	26,640,938
112	Kibaha TC	25,791,313
113	Muheza DC	24,678,259
114	Lindi DC	24,583,927
115	Geita DC	23,600,000



116	Mtwara DC	22,317,831
117	Mafia DC	21,704,288
118	Makete DC	19,900,911
119	Mbulu DC	18,903,858
120	Magu DC	16,294,000
121	Ludewa DC	14,990,749
122	Arusha DC	12,678,650
123	Manyoni DC	12,653,686
124	Hai DC	8,644,918
125	Moshi MC	7,966,350
126	Missenyi DC	5,822,229
127	Moshi DC	4,332,596
128	Siha DC	4,204,330
129	Tunduru DC	3,003,300
130	Rungwe DC	1,020,000
	TOTAL	105,263,165,967



Outstanding Matters on Special Audit - Trend From 2008/2009/2010/2011

S/N	Councils	2008/2009		2009/2010		2010/2011	
		Qualitative Matters	Quantitative Matters	Qualitative Matters	Quantitative Matters	Qualitative Matters	Quantitative Matters
1	Mkuranga DC	1	486,110,060	1	356,596,611	1	356,162,111
2	Kilwa DC	1	97,164,218	1	97,164,218	0	-
3	Meatu DC	0	887,862,051	6	22,707,185	0	-
4	Ludewa DC	6	855,833,641	0	5,690,749	0	5,690,749
5	Kibondo	1	122,311,310	0	-	0	-
6	Ukerewe DC	1	67,884,000	0	-	0	-
7	Karatu DC	1	16,791,541	0	-	0	-
8	Rombo DC	0	-	1	941,729,727	0	319,459,245
9	Mwanga DC	0	-	0	122,791,245	0	122,791,245
10	Kilosa DC	0	-	18	41,499,135,227	18	2,188,987,091
11	Morogoro DC	0	-	0	32,554,469	0	32,554,469
12	Sumbawanga MC	0	-	12	80,492,366	10	80,492,366
13	Rorya DC	0	-	4	798,569,430	4	321,762,320
14	Tarime DC	0	-	0	458,266,000	0	-
15	Bagamoyo DC	0	-	0	-	0	168,899,262
16	Dar es Salaam CC	0	-	0	-	0	759,708,486
17	Sumbawanga DC	0	-	0	-	0	1,237,985,109
18	Ludewa DC	0	-	0	-	2	1,177,663,579
19	Kishapu DC	0	-	0	-	0	14,039,757,936
20	Sengerema DC	0	-	0	-	1	2,724,685,320
21	Moshi DC	0	-	0	-	1	9,969,970
22	Monduli DC	0	-	0	-	2	49,201,319
23	Longido DC	0	-	0	-	6	3,200,732,984
24	Kilindi DC	0	-	0	-	12	597,666,484
25	Ilala MC	0	-	0	-	12	221,488,650
Total		11	2,533,956,821	43	44,415,697,227	69	27,615,658,694



Approved Budget Vs Actual Collections

S/N	Name of the council	Approved budget (Shs.)	Own Sources collection (Shs.)	Variance	%
1	Ruangwa DC	731,348,000	307,364,000	423,984,000	58.0%
2	Musoma MC	872,916,000	459,816,087	413,099,913	47.3%
3	Kisarawe DC	854,480,000	491,064,840	363,415,160	42.5%
4	Babati TC	779,973,365	469,358,048	310,615,317	39.8%
5	Korogwe TC	522,075,000	321,755,126	200,319,874	38.4%
6	Handeni DC	526,224,850	346,652,672	179,572,178	34.1%
7	Kasulu DC	475,910,000	316,020,827	159,889,173	33.6%
8	Makete DC	460,390,400	306,886,644	153,503,756	33.3%
9	Ngara DC	583,700,000	389,091,541	194,608,459	33.3%
10	Misungwi DC	397,378,800	272,300,569	125,078,231	31.5%
11	Ulanga DC	900,000,000	644,821,808	255,178,192	28.4%
12	Korogwe DC	619,995,000	448,421,398	171,573,602	27.7%
13	Rombo DC	609,685,000	449,205,686	160,479,314	26.3%
14	Shinyanga MC	1,080,973,000	796,912,397	284,060,603	26.3%
15	Kinondoni MC	16,977,332,000	13,131,155,247	3,846,176,753	22.7%
16	Magu DC	772,082,000	603,214,314	168,867,686	21.9%
17	Kigoma/Ujiji MC	970,975,000	773,502,000	197,473,000	20.3%
18	Monduli DC	630,202,000	502,866,000	127,336,000	20.2%
19	Singida DC	253,666,200	202,475,000	51,191,200	20.2%
20	Kwimba DC	708,855,000	566,187,077	142,667,923	20.1%
21	Meatu DC	1,450,217,843	1,182,308,051	267,909,792	18.5%
22	Mbulu DC	474,004,000	390,159,288	83,844,712	17.7%
23	Mpanda DC	3,410,275,000	2,836,988,000	573,287,000	16.8%
24	Sumbawanga MC	1,479,274,000	1,245,067,618	234,206,382	15.8%
25	Kibondo DC	508,667,000	431,845,286	76,821,714	15.1%
26	Shinyanga DC	398,923,716	340,947,785	57,975,931	14.5%
27	Iringa MC	1,828,529,540	1,577,277,473	251,252,067	13.7%
28	Kiteto DC	555,483,000	479,849,257	75,633,743	13.6%
29	Tabora DC	1,096,998,000	951,890,760	145,107,240	13.2%
30	Geita DC	2,306,831,000	2,021,413,506	285,417,494	12.4%
31	Chato DC	718,144,000	631,809,245	86,334,755	12.0%
32	Kilosa DC	541,516,224	478,319,712	63,196,512	11.7%
33	Chunya DC	1,157,696,000	1,027,156,785	130,539,215	11.3%
34	Same DC	471,242,000	418,257,904	52,984,096	11.2%
35	Bukombe DC	845,959,000	752,865,693	93,093,307	11.0%
36	Ukerewe DC	860,000,000	770,596,512	89,403,488	10.4%
37	Ilala MC	16,110,130,000	14,436,521,471	1,673,608,529	10.4%
38	Rorya DC	234,000,000	210,582,809	23,417,191	10.0%
39	Temeke MC	13,430,142,228	12,098,574,715	1,331,567,513	9.9%
40	Mbarali DC	1,021,500,000	922,379,580	99,120,420	9.7%
41	Kibaha TC	1,016,435,000	930,429,083	86,005,917	8.5%
42	Kyela DC	1,146,458,013	1,052,562,015	93,895,998	8.2%
43	Nzega DC	1,371,314,200	1,261,390,529	109,923,671	8.0%
44	Meru DC	621,719,010	571,955,938	49,763,072	8.0%
45	Musoma DC	400,954,000	371,136,304	29,817,696	7.4%
46	Muheza DC	600,800,000	556,477,354	44,322,646	7.4%



47	Maswa DC	1,103,060,000	1,024,170,445	78,889,555	7.2%
48	Simanjiro DC	691,357,000	642,066,791	49,290,209	7.1%
49	Bariadi DC	1,969,970,000	1,830,139,538	139,830,462	7.1%
50	Mtwara MC	789,206,000	742,033,000	47,173,000	6.0%
51	Igunga DC	882,296,000	831,420,000	50,876,000	5.8%
52	Kilolo DC	702,100,000	661,875,202	40,224,798	5.7%
53	Mpanda TC	233,600,000	220,275,561	13,324,439	5.7%
54	Mufindi DC	1,929,444,740	1,820,916,255	108,528,485	5.6%
55	Iringa DC	724,638,000	685,903,252	38,734,748	5.3%
56	Kilombero DC	1,932,613,000	1,829,848,283	102,764,717	5.3%
57	Babati DC	401,677,000	382,090,000	19,587,000	4.9%
58	Muleba DC	981,298,000	942,080,983	39,217,017	4.0%
59	Njombe TC	672,350,000	646,393,575	25,956,425	3.9%
60	Nkasi DC	429,747,827	418,063,048	11,684,779	2.7%
61	Lushoto DC	806,092,000	784,182,830	21,909,170	2.7%
62	Hanang' DC	385,200,000	379,746,000	5,454,000	1.4%
63	Longido DC	916,819,000	904,271,000	12,548,000	1.4%
64	Biharamulo DC	696,290,000	687,831,940	8,458,060	1.2%
65	Newala DC	941,171,000	932,806,557	8,364,443	0.9%
66	Lindi DC	322,500,000	322,262,000	238,000	0.1%
67	Missenyi DC	518,000,000	519,121,017	(1,121,017)	-0.2%
68	Singida MC	1,091,420,740	1,097,668,878	(6,248,138)	-0.6%
69	Moshi MC	2,319,344,708	2,337,693,781	(18,349,073)	-0.8%
70	Bagamoyo DC	4,838,836,694	4,896,906,417	(58,069,723)	-1.2%
71	Hai DC	497,019,213	505,589,987	(8,570,774)	-1.7%
72	Mafia DC	348,359,000	354,785,000	(6,426,000)	-1.8%
73	Namtumbo DC	583,030,000	594,083,644	(11,053,644)	-1.9%
74	Morogoro DC	430,417,000	439,985,025	(9,568,025)	-2.2%
75	Mwanza CC	7,672,323,000	7,923,099,468	(250,776,468)	-3.3%
76	Rufiji/Utete DC	1,282,500,414	1,334,294,970	(51,794,556)	-4.0%
77	Arusha MC	4,613,077,000	4,799,658,000	(186,581,000)	-4.0%
78	Kishapu DC	856,789,000	895,372,225	(38,583,225)	-4.5%
79	Songea DC	521,300,000	548,315,620	(27,015,620)	-5.2%
80	Sengerema DC	747,445,000	790,013,000	(42,568,000)	-5.7%
81	Liwale DC	662,493,000	707,486,000	(44,993,000)	-6.8%
82	Tandahimba DC	1,843,336,549	1,973,760,052	(130,423,503)	-7.1%
83	Bukoba DC	354,754,611	380,141,566	(25,386,955)	-7.2%
84	Karatu DC	683,450,000	733,913,117	(50,463,117)	-7.4%
85	Kilwa DC	1,393,540,258	1,506,199,942	(112,659,684)	-8.1%
86	Bahi DC	255,934,000	278,165,587	(22,231,587)	-8.7%
87	Morogoro MC	2,950,184,000	3,215,175,447	(264,991,447)	-9.0%
88	Karagwe DC	1,032,017,056	1,130,782,175	(98,765,119)	-9.6%
89	Dar es Salaam CC	3,669,603,000	4,045,360,000	(375,757,000)	-10.2%
90	Nanyumbu DC	895,433,646	987,259,986	(91,826,340)	-10.3%
91	Mvomero DC	1,103,234,500	1,219,890,969	(116,656,469)	-10.6%
92	Songea MC	530,674,762	588,033,347	(57,358,585)	-10.8%
93	Njombe DC	930,358,541	1,038,508,897	(108,150,356)	-11.6%
94	Siha DC	274,900,000	309,829,473	(34,929,473)	-12.7%
95	Mbozi DC	1,943,129,484	2,197,154,565	(254,025,081)	-13.1%
96	Kahama DC	2,208,592,000	2,517,184,299	(308,592,299)	-14.0%
97	Mpwapwa DC	476,676,200	551,255,635	(74,579,435)	-15.6%
98	Iramba DC	253,000,000	294,579,075	(41,579,075)	-16.4%

99	Bunda DC	451,098,000	526,951,470	(75,853,470)	-16.8%
100	Manyoni DC	588,200,000	688,982,334	(100,782,334)	-17.1%
101	Sikonge DC	992,075,000	1,163,342,671	(171,267,671)	-17.3%
102	Tunduru DC	554,875,000	650,994,671	(96,119,671)	-17.3%
103	Kigoma DC	559,075,000	661,439,000	(102,364,000)	-18.3%
104	Serengeti DC	551,959,000	658,012,000	(106,053,000)	-19.2%
105	Tarime DC	1,263,405,000	1,506,489,981	(243,084,981)	-19.2%
106	Tanga CC	3,355,187,015	4,020,153,000	(664,965,985)	-19.8%
107	Ludewa DC	303,432,000	363,732,000	(60,300,000)	-19.9%
108	Rungwe DC	1,507,409,730	1,811,253,222	(303,843,492)	-20.2%
109	Urambo DC	2,411,083,000	2,914,296,390	(503,213,390)	-20.9%
110	Pangani DC	250,655,000	303,158,315	(52,503,315)	-20.9%
111	Nachingwea DC	835,605,000	1,014,350,000	(178,745,000)	-21.4%
112	Masasi DC	1,923,144,505	2,348,752,145	(425,607,640)	-22.1%
113	Mkinga DC	310,173,317	381,071,954	(70,898,637)	-22.9%
114	Kongwa DC	380,705,000	469,659,407	(88,954,407)	-23.4%
115	Lindi TC	350,000,000	438,963,580	(88,963,580)	-25.4%
116	Dodoma MC	1,858,280,000	2,338,272,530	(479,992,530)	-25.8%
117	Masasi TC	372,657,081	475,169,671	(102,512,590)	-27.5%
118	Mkuranga DC	1,115,560,000	1,422,551,334	(306,991,334)	-27.5%
119	Mtwara DC	502,504,000	641,969,000	(139,465,000)	-27.8%
120	Bukoba MC	757,100,000	969,025,508	(211,925,508)	-28.0%
121	Mbeya CC	7,488,990,000	10,564,936,000	(3,075,946,000)	-41.1%
122	Moshi DC	510,288,000	719,924,886	(209,636,886)	-41.1%
123	Ileje DC	142,450,000	202,638,547	(60,188,547)	-42.3%
124	Mwanga DC	194,200,000	279,256,253	(85,056,253)	-43.8%
125	Sumbawanga DC	516,835,900	775,813,955	(258,978,055)	-50.1%
126	Mbeya DC	648,391,952	982,597,297	(334,205,345)	-51.5%
127	Kibaha DC	216,442,000	342,632,176	(126,190,176)	-58.3%
128	Chamwino DC	441,487,000	718,847,340	(277,360,340)	-62.8%
129	Mbinga DC	1,289,700,000	2,133,966,435	(844,266,435)	-65.5%
130	Kilindi DC	175,562,000	324,754,245	(149,192,245)	-85.0%
131	Arusha DC	1,252,792,000	2,754,463,725	(1,501,671,725)	-119.9%
132	Kondoa DC	320,000,000	814,041,923	(494,041,923)	-154.4%
133	Ngorongoro DC	1,015,931	814,343,909	(813,327,976)	-80057.2%
	TOTAL	183,470,314,765	184,344,284,252	(873,969,486)	-0.5%



Annexure (ix)

Own Sources Revenue Collection against Recurrent Expenditure

S/N	Name of the council	Recurrent Expenditure (Shs.)	Own Sources collection (Shs.)	%
1	Masasi TC	466,750,094	475,169,671	101.80%
2	Dar es Salaam CC	5,511,020,000	4,045,360,000	73.40%
3	Mbeya CC	27,681,391,000	10,564,936,000	38.17%
4	Ilala MC	47,838,625,443	14,436,521,471	30.18%
5	Kinondoni MC	46,003,452,333	13,131,155,247	28.54%
6	Temeke MC	42,559,075,486	12,098,574,715	28.43%
7	Bagamoyo DC	24,847,984,883	4,896,906,417	19.71%
8	Arusha MC	24,969,933,000	4,799,658,000	19.22%
9	Mwanza CC	42,080,164,172	7,923,099,468	18.83%
10	Arusha DC	15,163,655,810	2,754,463,725	18.16%
11	Tanga CC	24,906,125,929	4,020,153,000	16.14%
12	Moshi MC	14,596,971,857	2,337,693,781	16.01%
13	Urambo DC	18,688,051,654	2,914,296,390	15.59%
14	Iringa MC	10,281,773,384	1,577,277,473	15.34%
15	Morogoro MC	22,890,611,109	3,215,175,447	14.05%
16	Sikonge DC	8,440,168,978	1,163,342,671	13.78%
17	Nanyumbu DC	7,187,502,229	987,259,986	13.74%
18	Tandahimba DC	15,078,692,689	1,973,760,052	13.09%
19	Mkuranga DC	11,086,941,088	1,422,551,334	12.83%
20	Masasi DC	19,474,348,945	2,348,752,145	12.06%
21	Mpanda DC	23,871,079,000	2,836,988,000	11.88%
22	Kahama DC	21,470,422,463	2,517,184,299	11.72%
23	Newala DC	8,101,781,187	932,806,557	11.51%
24	Longido DC	7,895,253,000	904,271,000	11.45%
25	Lindi TC	4,257,596,557	438,963,580	10.31%
26	Singida MC	10,659,347,874	1,097,668,878	10.30%
27	Kilombero DC	17,956,223,190	1,829,848,283	10.19%
28	Simanjiro DC	6,427,799,976	642,066,791	9.99%
29	Tabora DC	9,616,125,001	951,890,760	9.90%
30	Dodoma MC	23,759,233,404	2,338,272,530	9.84%
31	Meatu DC	12,248,331,140	1,182,308,051	9.65%
32	Sumbawanga MC	13,099,487,924	1,245,067,618	9.50%
33	Liwale DC	7,624,778,000	707,486,000	9.28%
34	Bukoba MC	10,465,282,747	969,025,508	9.26%
35	Chunya DC	11,933,617,318	1,027,156,785	8.61%
36	Tarime DC	17,604,608,018	1,506,489,981	8.56%
37	Shinyanga MC	9,399,975,347	796,912,397	8.48%



38	Rufiji/Utete DC	15,757,842,853	1,334,294,970	8.47%
39	Nachingwea DC	12,004,063,000	1,014,350,000	8.45%
40	Ngorongoro DC	9,730,341,054	814,343,909	8.37%
41	Kibaha TC	11,305,455,835	930,429,083	8.23%
42	Biharamulo DC	8,370,432,786	687,831,940	8.22%
43	Mafia DC	4,402,648,000	354,785,000	8.06%
44	Bariadi DC	22,814,736,062	1,830,139,538	8.02%
45	Mbozi DC	28,459,637,991	2,197,154,565	7.72%
46	Mufindi DC	24,181,391,356	1,820,916,255	7.53%
47	Kishapu DC	12,091,323,477	895,372,225	7.41%
48	Mtwara MC	10,083,970,000	742,033,000	7.36%
49	Kilwa DC	20,772,035,851	1,506,199,942	7.25%
50	Geita DC	28,249,598,000	2,021,413,506	7.16%
51	Rungwe DC	25,429,334,907	1,811,253,222	7.12%
52	Kyela DC	14,785,066,103	1,052,562,015	7.12%
53	Mbarali DC	13,028,121,095	922,379,580	7.08%
54	Chato DC	8,969,255,645	631,809,245	7.04%
55	Mbinga DC	30,427,505,782	2,133,966,435	7.01%
56	Karagwe DC	16,163,267,835	1,130,782,175	7.00%
57	Namtumbo DC	8,530,810,143	594,083,644	6.96%
58	Ukerewe DC	11,237,985,118	770,596,512	6.86%
59	Karatu DC	10,721,370,234	733,913,117	6.85%
60	Nzega DC	18,820,868,117	1,261,390,529	6.70%
61	Babati TC	7,012,813,775	469,358,048	6.69%
62	Maswa DC	16,388,507,798	1,024,170,445	6.25%
63	Mvomero DC	19,541,702,512	1,219,890,969	6.24%
64	Kigoma/Ujiji MC	12,421,581,000	773,502,000	6.23%
65	Muleba DC	16,551,569,730	942,080,983	5.69%
66	Kiteto DC	8,502,409,861	479,849,257	5.64%
67	Missenyi DC	9,500,539,046	519,121,017	5.46%
68	Bukombe DC	14,237,827,804	752,865,693	5.29%
69	Serengeti DC	12,694,487,000	658,012,000	5.18%
70	Manyoni DC	13,677,059,770	688,982,334	5.04%
71	Korogwe TC	6,407,714,964	321,755,126	5.02%
72	Chamwino DC	14,553,529,961	718,847,340	4.94%
73	Njombe TC	13,118,585,201	646,393,575	4.93%
74	Igunga DC	17,191,893,000	831,420,000	4.84%
75	Kilolo DC	14,072,635,916	661,875,202	4.70%
76	Kisarawe DC	10,638,738,646	491,064,840	4.62%
77	Musoma MC	10,546,201,872	459,816,087	4.36%
78	Mkinga DC	8,755,461,854	381,071,954	4.35%
79	Ngara DC	9,010,764,278	389,091,541	4.32%



80	Mtwara DC	14,956,546,000	641,969,000	4.29%
81	Njombe DC	24,501,091,474	1,038,508,897	4.24%
82	Ulanga DC	15,373,890,439	644,821,808	4.19%
83	Iringa DC	16,372,459,871	685,903,252	4.19%
84	Mbeya DC	23,500,134,944	982,597,297	4.18%
85	Songea MC	14,205,189,843	588,033,347	4.14%
86	Muheza DC	13,662,352,870	556,477,354	4.07%
87	Songea DC	13,684,992,255	548,315,620	4.01%
88	Pangani DC	7,664,469,045	303,158,315	3.96%
89	Monduli DC	12,949,784,000	502,866,000	3.88%
90	Tunduru DC	16,943,573,377	650,994,671	3.84%
91	Siha DC	8,065,123,890	309,829,473	3.84%
92	Kibaha DC	9,181,036,225	342,632,176	3.73%
93	Ruangwa DC	8,274,707,000	307,364,000	3.71%
94	Kilindi DC	9,092,918,916	324,754,245	3.57%
95	Sengerema DC	22,315,822,000	790,013,000	3.54%
96	Mpwapwa DC	16,027,004,688	551,255,635	3.44%
97	Mpanda TC	6,426,406,305	220,275,561	3.43%
98	Shinyanga DC	10,319,477,207	340,947,785	3.30%
99	Kongwa DC	14,429,276,830	469,659,407	3.25%
100	Kwimba DC	17,641,373,863	566,187,077	3.21%
101	Sumbawanga DC	24,421,679,292	775,813,955	3.18%
102	Kondoa DC	25,722,341,196	814,041,923	3.16%
103	Bunda DC	16,780,087,158	526,951,470	3.14%
104	Kigoma DC	21,195,026,000	661,439,000	3.12%
105	Magu DC	19,574,292,524	603,214,314	3.08%
106	Meru DC	18,627,064,982	571,955,938	3.07%
107	Korogwe DC	14,719,201,292	448,421,398	3.05%
108	Makete DC	10,077,130,954	306,886,644	3.05%
109	Nkasi DC	14,338,266,448	418,063,048	2.92%
110	Bahi DC	9,600,775,699	278,165,587	2.90%
111	Hai DC	18,225,623,105	505,589,987	2.77%
112	Lushoto DC	28,409,649,613	784,182,830	2.76%
113	Hanang' DC	14,186,175,000	379,746,000	2.68%
114	Babati DC	14,307,876,000	382,090,000	2.67%
115	Ludewa DC	13,851,856,856	363,732,000	2.63%
116	Ileje DC	7,867,072,486	202,638,547	2.58%
117	Morogoro DC	17,207,175,949	439,985,025	2.56%
118	Bukoba DC	15,247,309,829	380,141,566	2.49%
119	Lindi DC	13,116,165,000	322,262,000	2.46%
120	Misungwi DC	11,506,702,881	272,300,569	2.37%
121	Rombo DC	20,145,490,714	449,205,686	2.23%



122	Moshi DC	34,864,029,105	719,924,886	2.06%
123	Same DC	20,261,179,122	418,257,904	2.06%
124	Mbulu DC	19,361,423,000	390,159,288	2.02%
125	Kibondo DC	22,582,757,000	431,845,286	1.91%
126	Musoma DC	19,514,686,923	371,136,304	1.90%
127	Mwanga DC	15,000,900,622	279,256,253	1.86%
128	Handeni DC	19,672,739,256	346,652,672	1.76%
129	Rorya DC	12,575,989,944	210,582,809	1.67%
130	Kilosa DC	30,421,207,696	478,319,712	1.57%
131	Iramba DC	20,180,051,000	294,579,075	1.46%
132	Kasulu DC	27,161,183,946	316,020,827	1.16%
133	Singida DC	20,355,761,000	202,475,000	0.99%
		2,153,971,770,095	184,344,284,252	8.56%



Unutilized Recurrent Grants Shs.146,774,839,643

S/N	Name of the council	Recurrent grant available (Shs.)	Recurrent Expenditure (Shs.)	Unutilized recurrent grant (Shs.)	% of unspent
1	Mkuranga DC	1,603,596,393	11,086,941,088	9,483,344,695	591.4%
2	Pangani DC	9,894,484,067	6,661,307,010	3,233,177,057	32.7%
3	Nkasi DC	16,669,695,459	12,074,211,491	4,595,483,968	27.6%
4	Iringa MC	13,958,528,712	10,281,773,384	3,676,755,328	26.3%
5	Mbeya CC	37,575,510,000	27,681,391,000	9,894,119,000	26.3%
6	Sumbawanga DC	27,604,787,024	20,661,826,018	6,942,961,006	25.2%
7	Longido DC	9,861,630,000	7,895,253,000	1,966,377,000	19.9%
8	Rungwe DC	33,184,589,925	26,639,657,607	6,544,932,318	19.7%
9	Simanjiro DC	7,888,867,803	6,427,799,976	1,461,067,827	18.5%
10	Liwale DC	8,462,040,000	6,967,593,000	1,494,447,000	17.7%
11	Singida MC	12,854,295,598	10,659,347,874	2,194,947,724	17.1%
12	Sengerema DC	26,664,827,000	22,315,822,000	4,349,005,000	16.3%
13	Moshi DC	41,631,961,693	34,864,029,105	6,767,932,588	16.3%
14	Korogwe DC	16,424,680,948	14,123,324,979	2,301,355,969	14.0%
15	Kilwa DC	21,474,640,444	18,518,658,626	2,955,981,818	13.8%
16	Dar es Salaam CC	6,348,653,000	5,511,020,000	837,633,000	13.2%
17	Kiteto DC	9,378,978,624	8,165,442,952	1,213,535,672	12.9%
18	Tandahimba DC	17,204,107,503	15,078,692,689	2,125,414,814	12.4%
19	Sikonge DC	9,603,511,649	8,440,168,978	1,163,342,671	12.1%
20	Ngorongoro DC	9,818,765,341	8,678,875,452	1,139,889,889	11.6%
21	Arusha DC	17,104,388,993	15,163,655,810	1,940,733,183	11.3%
22	Lindi DC	14,422,262	12,800,742	1,621,520	11.2%
23	Masasi DC	19,689,948,836	17,504,488,225	2,185,460,611	11.1%
24	Namtumbo DC	8,470,702,299	7,564,041,830	906,660,469	10.7%
25	Kilolo DC	14,954,772,271	13,376,746,694	1,578,025,577	10.6%
26	Korogwe TC	6,931,844,912	6,204,313,854	727,531,058	10.5%
27	Manyoni DC	15,269,306,158	13,677,059,770	1,592,246,388	10.4%
28	Iramba DC	22,526,597,000	20,180,051,000	2,346,546,000	10.4%
29	Mbulu DC	21,529,268,288	19,361,423,000	2,167,845,288	10.1%
30	Masasi TC	10,363,275	9,512,373	850,902	8.2%
31	Singida DC	22,169,895,000	20,355,761,000	1,814,134,000	8.2%
32	Karatu DC	11,676,610,058	10,721,370,234	955,239,824	8.2%
33	Mpanda DC	19,589,923,000	18,015,245,000	1,574,678,000	8.0%
34	Rufiji/Utete DC	15,888,413,246	14,619,981,179	1,268,432,067	8.0%
35	Magu DC	18,272,305,535	16,849,562,429	1,422,743,106	7.8%
36	Sumbawanga MC	12,755,525,722	11,809,236,533	946,289,189	7.4%
37	Mtwara MC	10,342,332,000	9,592,152,000	750,180,000	7.3%
38	Kigoma DC	22,849,399,000	21,195,026,000	1,654,373,000	7.2%
39	Njombe DC	25,433,613,576	23,639,327,846	1,794,285,730	7.1%
40	Temeke MC	37,247,609,213	34,705,486,358	2,542,122,855	6.8%
41	Bahi DC	10,289,129,658	9,600,775,699	688,353,959	6.7%
42	Missenyi DC	10,181,158,231	9,500,539,046	680,619,185	6.7%
43	Mbarali DC	12,316,749,881	11,503,556,575	813,193,306	6.6%
44	Kahama DC	22,941,194,070	21,470,422,463	1,470,771,607	6.4%
45	Muheza DC	15,460,596,019	14,486,084,426	974,511,593	6.3%
46	Siha DC	8,573,288,346	8,065,123,890	508,164,456	5.9%
47	Kongwa DC	15,313,550,661	14,429,276,830	884,273,831	5.8%
48	Mbinga DC	30,580,714,633	28,823,563,265	1,757,151,369	5.7%
49	Rombo DC	20,885,850,265	19,692,264,351	1,193,585,914	5.7%
50	Lushoto DC	30,105,822,117	28,409,649,613	1,696,172,504	5.6%
51	Meatu DC	12,962,092,132	12,248,331,140	713,760,992	5.5%
52	Mkinga DC	8,869,516,616	8,385,547,116	483,969,500	5.5%

Controller and Auditor General (CAG)

General Report on LGAs for 2010/2011

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53	Tanga CC	21,815,247,124	20,685,523,867	1,129,723,257	5.2%
54	Bagamoyo DC	21,038,238,243	19,993,668,966	1,044,569,277	5.0%
55	Ileje DC	7,949,369,249	7,555,157,790	394,211,459	5.0%
56	Mafia DC	4,630,754,000	4,402,648,000	228,105,000	4.9%
57	Monduli DC	13,618,526,000	12,949,784,000	668,742,000	4.9%
58	Mbozi DC	29,889,061,397	28,459,637,991	1,429,423,406	4.8%
59	Karagwe DC	16,083,421,211	15,325,074,306	758,346,906	4.7%
60	Kibaha DC	9,326,922,711	8,889,943,498	436,979,213	4.7%
61	Kasulu DC	28,487,038,760	27,161,183,946	1,325,854,815	4.7%
62	Njombe TC	12,368,299,543	11,818,213,779	550,085,764	4.4%
63	Makete DC	9,872,626,927	9,435,556,297	437,070,630	4.4%
64	Ruangwa DC	8,302,226,000	7,935,239,000	366,987,000	4.4%
65	Bariadi DC	21,621,178,603	20,671,947,203	949,231,400	4.4%
66	Kigoma/Ujiji MC	12,982,560,000	12,421,581,000	560,979,000	4.3%
67	Handeni DC	20,560,131,119	19,672,739,256	887,391,863	4.3%
68	Mbeya DC	23,670,903,065	22,688,305,767	982,597,298	4.2%
69	Newala DC	8,450,749,648	8,101,781,187	348,968,461	4.1%
70	Mpwapwa DC	16,679,331,122	16,027,004,688	652,326,434	3.9%
71	Ukerewe DC	11,694,971,951	11,237,985,118	456,986,833	3.9%
72	Kilombero DC	18,658,629,259	17,956,223,190	702,406,069	3.8%
73	Kisarawe DC	9,066,047,865	8,737,962,014	328,085,851	3.6%
74	Serengeti DC	13,159,147,000	12,694,487,000	464,049,000	3.5%
75	Tarime DC	18,238,072,617	17,604,608,018	633,464,599	3.5%
76	Misungwi DC	11,915,261,215	11,506,702,881	408,558,334	3.4%
77	Songea DC	13,633,901,802	13,167,862,807	466,038,995	3.4%
78	Kibaha TC	10,869,482,942	10,506,793,568	362,689,374	3.3%
79	Kibondo DC	23,351,616,000	22,582,757,000	768,859,000	3.3%
80	Moshi MC	15,091,196,688	14,596,971,857	494,224,831	3.3%
81	Chato DC	8,603,699,986	8,326,735,932	276,964,054	3.2%
82	Kinondoni MC	46,003,452,333	44,531,261,708	1,472,190,625	3.2%
83	Kishapu DC	12,482,970,900	12,091,323,477	391,647,423	3.1%
84	Kwimba DC	18,180,065,252	17,641,373,863	538,691,389	3.0%
85	Urambo DC	19,252,406,251	18,688,051,654	564,354,597	2.9%
86	Mufindi DC	23,146,547,072	22,468,147,233	678,399,839	2.9%
87	Chamwino DC	14,966,243,325	14,553,529,961	412,713,364	2.8%
88	Nanyumbu DC	7,676,010,369	7,464,367,691	211,642,678	2.8%
89	Babati DC	14,689,966,000	14,307,876,000	382,090,000	2.6%
90	Bukoba DC	15,281,829,928	14,913,013,777	368,816,151	2.4%
91	Mwanga DC	15,114,906,702	14,751,366,714	363,539,989	2.4%
92	Tunduru DC	16,131,400,565	15,747,001,529	384,399,036	2.4%
93	Morogoro DC	17,626,768,965	17,207,175,950	419,593,015	2.4%
94	Kilosa DC	31,159,830,250	30,421,207,696	738,622,554	2.4%
95	Rorya DC	11,454,957,430	11,193,055,887	261,901,543	2.3%
96	Biharamulo DC	8,562,635,092	8,370,432,786	192,202,306	2.2%
97	Morogoro MC	23,412,274,539	22,890,611,109	521,663,430	2.2%
98	Kondoa DC	26,308,096,019	25,722,341,196	585,754,823	2.2%
99	Shinyanga MC	9,593,572,278	9,399,975,347	193,596,931	2.0%
100	Muleba DC	16,879,027,837	16,551,569,730	327,458,107	1.9%
101	Maswa DC	16,706,636,043	16,388,507,798	318,128,245	1.9%
102	Geita DC	28,792,993,000	28,249,598,000	543,395,000	1.9%
103	Meru DC	18,970,962,119	18,627,064,982	343,897,137	1.8%
104	Kilindi DC	7,413,911,443	7,282,973,391	130,938,052	1.8%
105	Nzega DC	19,146,365,962	18,820,868,117	325,497,845	1.7%
106	Songea MC	13,884,686,566	13,656,993,582	227,692,984	1.6%
107	Mpanda TC	5,225,818,156	5,141,875,820	83,942,336	1.6%
108	Hai DC	18,522,627,856	18,225,623,105	297,004,751	1.6%
109	Same DC	20,589,964,135	20,261,179,122	328,785,013	1.6%
110	Shinyanga DC	10,175,614,968	10,018,102,374	157,512,594	1.5%
111	Dodoma MC	25,619,658,532	25,224,420,262	395,238,270	1.5%



112	Bukoba MC	9,561,639,391	9,419,216,816	142,422,575	1.5%
113	Lindi TC	4,313,099,750	4,257,596,557	55,503,193	1.3%
114	Tabora DC	13,332,557,458	13,180,990,256	151,567,202	1.1%
115	Bukombe DC	14,388,546,417	14,237,827,804	150,718,614	1.0%
116	Kyela DC	14,940,821,897	14,785,066,104	155,755,793	1.0%
117	Babati TC	7,008,584,127	6,941,309,419	67,274,709	1.0%
118	Mwanza CC	36,971,682,464	36,642,277,953	329,404,511	0.9%
119	Igunga DC	17,324,698,000	17,191,893,000	132,805,000	0.8%
120	Mtwara DC	15,045,367,000	14,956,546,000	88,821,000	0.6%
121	Arusha MC	25,103,471,000	24,969,933,000	133,538,000	0.5%
122	Nachingwea DC	12,062,459,000	12,004,063,000	58,396,000	0.5%
123	Ilala MC	48,052,016,744	47,838,625,443	213,391,301	0.4%
124	Bunda DC	16,811,694,958	16,780,087,158	31,607,800	0.2%
125	Musoma MC	10,557,892,128	10,546,201,872	11,690,256	0.1%
126	Ulanga DC	15,374,372,651	15,373,890,439	482,212	0.003%
127	Chunya DC	11,161,471,711	11,161,471,711	-	0.0%
TOTAL		2,105,926,241,086	1,978,117,478,839	146,774,839,643	7.0%



Unspent Development grant Shs. 174,560,896,003

S/N	Name of the council	Development grant available (Shs.)	Expenditure (Shs.)	Unspent Development grant (Shs.)	%age of unspent
1	Moshi MC	2,055,646,229	1,404,600	2,054,241,629	99.93%
2	Sengerema DC	8,263,758,000	7,463,188	8,256,294,812	99.91%
3	Korogwe TC	1,070,890,311	407,996,654	662,893,657	61.90%
4	Misungwi DC	4,055,311,421	1,563,510,709	2,491,800,712	61.45%
5	Singida DC	2,744,979,960	1,058,418,000	1,686,561,960	61.44%
6	Mbeya DC	2,393,377,855	935,331,078	1,458,046,777	60.92%
7	Kilombero DC	4,996,618,365	2,036,990,345	2,959,628,020	59.23%
8	Mafia DC	2,008,824,640	822,869,100	1,185,955,540	59.04%
9	Ilala MC	9,924,000,337	4,187,141,052	5,736,859,285	57.81%
10	Nzega DC	2,572,497,064	1,087,437,270	1,485,059,794	57.73%
11	Igunga DC	4,028,953,511	1,778,424,361	2,250,529,150	55.86%
12	Mpwapwa DC	2,010,844,714	938,023,848	1,072,820,866	53.35%
13	Mpanda DC	13,105,621,011	6,235,071,905	6,870,549,106	52.42%
14	Mtwara MC	1,946,416,000	933,964,000	1,012,452,000	52.02%
15	Biharamulo DC	2,952,428,985	1,478,861,697	1,473,567,288	49.91%
16	Kisarawe DC	2,062,318,060	1,042,023,857	1,020,294,203	49.47%
17	Mkinga DC	3,761,794,536	1,905,038,633	1,856,755,903	49.36%
18	Morogoro MC	3,970,511,319	2,011,769,015	1,958,742,304	49.33%
19	Ngorongoro DC	4,311,691,535	2,192,721,959	2,118,969,576	49.14%
20	Kibaha TC	2,442,164,786	1,248,461,313	1,193,703,473	48.88%
21	Siha DC	4,869,770,010	2,555,515,278	2,314,254,732	47.52%
22	Songea DC	3,561,768,304	1,932,928,890	1,628,839,414	45.73%
23	Kilolo DC	3,162,632,852	1,724,897,104	1,437,735,748	45.46%
24	Mkuranga DC	4,644,359,772	2,588,169,127	2,056,190,645	44.27%
25	Lindi TC	2,707,372,420	1,521,893,239	1,185,479,181	43.79%
26	Iramba DC	6,788,252,000	3,818,690,000	2,969,562,000	43.75%
27	Ukerewe DC	4,315,759,415	2,449,881,843	1,865,877,572	43.23%
28	Iringa MC	2,321,875,070	1,349,539,990	972,335,080	41.88%
29	Kilosa DC	6,840,148,098	3,995,923,850	2,844,224,248	41.58%
30	Kiteto DC	1,495,984,563	880,582,615	615,401,948	41.14%
31	Morogoro DC	5,741,597,785	3,386,350,320	2,355,247,465	41.02%
32	Handeni DC	1,618,284,524	959,364,170	658,920,354	40.72%
33	Bariadi DC	6,108,322,651	3,628,523,957	2,479,798,694	40.60%
34	Arusha DC	2,716,845,203	1,619,274,251	1,097,570,952	40.40%
35	Ulanga DC	5,514,344,598	3,292,895,870	2,221,448,728	40.28%
36	Sumbawanga DC	6,457,297,452	3,877,111,289	2,580,186,163	39.96%
37	Musoma MC	2,702,719,559	1,632,490,763	1,070,228,796	39.60%
38	Chamwino DC	5,374,250,923	3,250,054,799	2,124,196,124	39.53%
39	Ludewa DC	4,773,153,114	2,888,805,080	1,884,348,034	39.48%
40	Urambo DC	5,352,756,546	3,244,978,039	2,107,778,507	39.38%
41	Kondoa DC	7,120,742,281	4,323,278,795	2,797,463,486	39.29%
42	Rufiji/Utete DC	3,905,228,652	2,383,860,619	1,521,368,033	38.96%
43	Chato DC	2,343,022,961	1,438,642,723	904,380,238	38.60%
44	Kibondo DC	9,827,640,000	6,040,981,000	3,786,659,000	38.53%
45	Musoma DC	4,704,910,021	2,915,737,600	1,789,172,421	38.03%
46	Makete DC	3,162,639,670	1,963,310,510	1,199,329,160	37.92%
47	Ngara DC	7,451,186,533	4,663,430,904	2,787,755,629	37.41%
48	Mbulu DC	4,703,424,000	2,952,879,000	1,750,545,000	37.22%
49	Monduli DC	3,694,537,000	2,347,301,000	1,347,236,000	36.47%
50	Muleba DC	5,562,606,874	3,538,355,710	2,024,251,164	36.39%
51	Bagamoyo DC	5,267,420,831	3,381,752,523	1,885,668,308	35.80%
52	Rombo DC	3,057,374,741	1,968,844,215	1,088,530,526	35.60%
53	Hai DC	3,246,820,277	2,092,291,024	1,154,529,253	35.56%



54	Tanga CC	3,639,270,223	2,395,333,248	1,243,936,975	34.18%
55	Missenyi DC	4,121,344,893	2,722,169,584	1,399,175,309	33.95%
56	Songea MC	2,173,215,626	1,436,012,307	737,203,319	33.92%
57	Longido DC	3,985,514,460	2,635,288,960	1,350,225,500	33.88%
58	Lindi DC	2,035,522,000	1,351,891,000	683,631,000	33.59%
59	Kilwa DC	3,178,727,780	2,124,926,408	1,053,801,372	33.15%
60	Newala DC	3,096,272,823	2,070,248,042	1,026,024,781	33.14%
61	Tunduru DC	5,096,078,195	3,412,492,603	1,683,585,592	33.04%
62	Lushoto DC	4,983,751,064	3,337,641,448	1,646,109,616	33.03%
63	Babati DC	1,904,300,000	1,280,448,000	623,852,000	32.76%
64	Shinyanga MC	3,592,382,620	2,416,778,359	1,175,604,261	32.72%
65	Karatu DC	3,714,268,055	2,516,300,426	1,197,967,630	32.25%
66	Same DC	4,164,869,218	2,849,995,722	1,314,873,496	31.57%
67	Mbozi DC	4,137,525,145	2,838,200,865	1,299,324,280	31.40%
68	Kyela DC	2,196,466,239	1,507,491,790	688,974,449	31.37%
69	Kongwa DC	2,866,066,432	1,981,792,602	884,273,830	30.85%
70	Tarime DC	2,722,528,581	1,889,156,720	833,371,861	30.61%
71	Mwanga DC	2,469,305,146	1,714,594,826	754,710,321	30.56%
72	Bunda DC	3,316,883,445	2,355,899,632	960,983,813	28.97%
73	Meru DC	4,237,834,834	3,016,824,182	1,221,010,652	28.81%
74	Korogwe DC	3,352,223,697	2,403,213,697	949,010,000	28.31%
75	Muheza DC	3,813,876,675	2,735,526,274	1,078,350,401	28.27%
76	Magu DC	9,536,347,722	6,851,297,948	2,685,049,774	28.16%
77	Ileje DC	2,581,642,016	1,859,864,900	721,777,116	27.96%
78	Kigoma/Ujiji MC	2,022,296,058	1,457,900,000	564,396,058	27.91%
79	Bukoba DC	2,700,791,542	1,950,960,951	749,830,591	27.76%
80	Serengeti DC	2,522,664,140	1,825,932,490	696,731,650	27.62%
81	Rorya DC	5,234,273,929	3,816,921,801	1,417,352,128	27.08%
82	Meatu DC	4,232,767,828	3,091,340,634	1,141,427,194	26.97%
83	Mvomero DC	4,557,997,013	3,338,344,367	1,219,652,646	26.76%
84	Njombe DC	2,658,117,462	1,948,635,658	709,481,804	26.69%
85	Njombe TC	3,129,171,772	2,304,401,241	824,770,531	26.36%
86	Mbarali DC	2,301,635,199	1,698,410,633	603,224,566	26.21%
87	Dodoma MC	1,972,018,281	1,465,186,858	506,831,423	25.70%
88	Mufindi DC	6,878,424,345	5,116,452,608	1,761,971,737	25.62%
89	Sikonge DC	4,344,639,470	3,237,989,274	1,106,650,196	25.47%
90	Kwimba DC	3,911,370,486	2,949,279,836	962,090,650	24.60%
91	Iringa DC	6,296,323,368	4,818,463,866	1,477,859,502	23.47%
92	Manyoni DC	2,488,340,857	1,904,442,736	583,898,121	23.47%
93	Mwanza CC	5,743,192,934	4,420,699,008	1,322,493,926	23.03%
94	Rungwe DC	11,545,986,259	8,902,511,239	2,643,475,020	22.90%
95	Moshi DC	5,165,019,752	3,984,906,130	1,180,113,623	22.85%
96	Nanyumbu DC	2,141,488,600	1,654,666,888	486,821,712	22.73%
97	Mpanda TC	2,823,978,970	2,200,368,022	623,610,948	22.08%
98	Karagwe DC	4,221,083,150	3,346,851,276	874,231,874	20.71%
99	Namtumbo DC	3,015,318,926	2,394,176,544	621,142,382	20.60%
100	Singida MC	2,947,537,608	2,371,079,990	576,457,618	19.56%
101	Shinyanga DC	3,959,809,657	3,185,733,665	774,075,992	19.55%
102	Kinondoni MC	11,263,904,946	9,219,718,939	2,044,186,007	18.15%
103	Bahi DC	2,990,555,282	2,455,397,506	535,157,776	17.89%
104	Kigoma DC	7,316,318,198	6,025,506,746	1,290,811,452	17.64%
105	Kishapu DC	3,602,116,615	2,969,033,092	633,083,523	17.58%
106	Arusha MC	5,223,570,091	4,308,964,646	914,605,445	17.51%
107	Babati TC	2,343,522,681	1,939,763,378	403,759,303	17.23%
108	Kibaha DC	2,779,621,452	2,313,161,732	466,459,720	16.78%
109	Ruangwa DC	2,238,452,762	1,869,850,762	368,602,000	16.47%
110	Bukombe DC	5,153,817,983	4,314,934,533	838,883,450	16.28%
111	Bukoba MC	1,695,118,254	1,420,491,188	274,627,066	16.20%
112	Kahama DC	6,895,963,910	5,784,565,206	1,111,398,704	16.12%

113	Tandahimba DC	2,183,745,783	1,850,987,557	332,758,226	15.24%
114	Mtwara DC	2,762,736,000	2,344,143,000	418,593,000	15.15%
115	Tabora DC	4,379,255,313	3,737,735,893	641,519,420	14.65%
116	Hanang' DC	3,063,441,000	2,632,394,000	431,047,000	14.07%
117	Kasulu DC	3,304,521,437	2,861,407,297	443,114,140	13.41%
118	Sumbawanga MC	2,317,295,541	2,009,824,524	307,471,017	13.27%
119	Nachingwea DC	1,316,220,934	1,164,271,303	151,949,631	11.54%
120	Simanjiro DC	1,346,728,455	1,194,875,430	151,853,025	11.28%
121	Geita DC	5,187,061,017	4,633,051,649	554,009,368	10.68%
122	Pangani DC	1,860,547,801	1,696,164,416	164,383,385	8.84%
123	Masasi DC	2,129,254,135	1,982,267,687	146,986,448	6.90%
124	Mbeya CC	16,875,796,000	15,740,089,000	1,135,707,000	6.73%
125	Maswa DC	4,456,457,336	4,166,485,705	289,971,631	6.51%
126	Temeke MC	7,174,504,667	6,739,670,997	434,833,670	6.06%
127	Nkasi DC	6,723,080,576	6,610,135,297	112,945,279	1.68%
128	Chunya DC	4,635,225,252	4,626,703,831	8,521,421	0.18%
129	Liwale DC	2,037,277,000	2,037,277,000	-	0.00%
130	Mbinga DC	3,558,871,389	3,558,871,389	-	0.00%
TOTAL		542,339,143,645	367,778,247,642	174,560,896,003	32.19%

Evaluation of Internal Control System and Governance Issues in LGAs

S/N	Region/ Councils involved	Ineffective Internal Audit Functions Compliance with applicable reporting framework	Inadequate IT Control Environ- ment	Inefficiency Performa- nce of Audit Committee	Lack of Risk Manage- ment Frame- work	Lack of docu- mented Fraud Preven- tion Plan	Inadequate Accounting system	Use of Manual Account- ing Systems
1	Arusha MC	/	/	/	/	/	/	
2	Karatu DC	/	/	/	/	/	/	
3	Monduli DC	/	/	/	/	/	/	
4	Kondoa DC	/	/	/	/	/	/	
5	Bukoba DC	/	/	/	/	/	/	
6	Bukoba MC	/	/	/	/	/	/	
7	Chato DC	/	/	/	/	/		/
8	Siha DC	/	/	/	/	/		/
9	Mwanga DC	/	/	/	/	/	/	
10	Babati DC	/	/	/	/	/	/	
11	Hanang DC	/	/	/	/	/		/
12	Kiteto DC	/	/	/	/	/	/	
13	Mbulu DC	/	/	/	/	/	/	
14	Simanjiro DC	/	/	/	/	/	/	
15	Babati TC	/	/	/	/	/		/
16	Musoma MC	/	/	/	/	/	/	
17	Mbeya CC	/	/	/	/	/	/	
18	Kilosa DC	/	/	/	/	/	/	
19	Morogoro DC	/	/	/	/	/	/	
20	Morogoro MC	/	/	/	/	/	/	
21	Mvomero DC	/	/	/	/	/		/
22	Tunduru DC	/	/	/	/	/		/
23	Namtumbo DC	/	/	/	/	/		/
24	Bariadi DC	/	/	/	/	/	/	
25	Bukombe DC	/	/	/	/	/	/	
26	Kahama DC	/	/	/	/	/	/	
27	Shinyanga DC	/	/	/	/	/	/	
28	Kishapu DC	/	/	/	/	/		/
29	Maswa DC	/	/	/	/	/	/	
30	Korogwe DC	/	/	/	/	/		/
31	Korogwe TC	/	/	/	/	/		/
32	Pangani DC	/	/	/	/	/		/
33	Urambo DC	/	/	/	/	/	/	
34	Arusha DC	/	/	/		/	/	
35	Rufiji DC		/	/	/	/		/
36	Bahi DC	/		/	/	/		/
37	Dodoma MC	/	/	/		/	/	
38	Kongwa DC	/	/	/		/	/	
39	Iringa MC	/	/	/	/		/	



40	Biharamulo DC	/	/	/	/	/		
41	Moshi DC	/	/		/	/	/	
42	Moshi MC	/	/		/	/	/	
43	Rombo DC	/	/	/		/	/	
44	Lindi TC	/	/	/		/	/	
45	Musoma DC	/	/	/	/		/	
46	Tarime DC	/	/	/	/			/
47	Ileje DC	/	/	/		/	/	
48	Kyela DC	/	/		/	/	/	
49	Mbarali DC	/	/	/	/		/	
50	Rungwe DC	/	/	/	/			/
51	Kilombero DC	/	/	/		/	/	
52	Ulanga DC	/	/	/		/	/	
53	Geita DC	/	/	/	/		/	
54	Magu	/	/	/	/		/	
55	Misungwi	/	/	/	/			/
56	Ukerewe DC	/	/	/	/		/	
57	Songea DC	/	/	/		/	/	
58	Meatu DC	/	/	/		/	/	
59	Iramba DC	/	/	/	/		/	
60	Manyoni DC	/	/	/	/		/	
61	Singida MC	/	/	/	/		/	
62	Handeni DC	/	/	/		/		/
63	Lushoto DC	/	/	/		/	/	/
64	Kilindi DC	/	/	/		/		/
65	Mkinga DC	/	/	/		/		/
66	Igunga DC	/	/	/		/	/	
67	Nzega DC	/	/	/		/	/	
68	Sikonge DC	/	/	/		/	/	
69	Bagamoyo DC		/	/	/	/		
70	Kibaha DC		/	/	/			/
71	D'salaam CC	/	/		/		/	
72	Chamwino DC	/	/			/	/	
73	Mpwapwa DC	/		/		/	/	
74	Iringa DC	/	/	/			/	
75	Karagwe DC	/	/		/	/		
76	Muleba DC	/	/		/	/		
77	Ngara DC	/	/		/	/		
78	Kibondo DC	/	/	/				/
79	Kigoma MC	/	/	/			/	
80	Bunda DC		/	/	/		/	
81	Serengeti DC	/	/	/	/			
82	Rorya DC	/	/		/			/
83	Nanyumbu DC	/	/		/			/
84	Kwimba	/	/	/			/	
85	Mwanza CC	/	/	/	/			
86	Sengerema DC	/	/	/			/	
87	Nkasi DC	/	/	/	/			
88	Sumbawanga MC	/	/	/			/	
89	Songea MC	/		/	/		/	
90	Shinyanga MC	/	/	/		/		
91	Singida DC	/	/	/			/	
92	Muheza DC	/	/	/		/		
93	Tabora DC	/	/	/			/	
94	Ngorongoro DC	/	/		/			
95	Longido DC	/	/	/				

96	Kisarawe DC	/			/			/
97	Kinondoni MC	/		/		/		
98	Tembeke MC	/		/		/		
99	Njombe DC	/		/				/
100	Njombe TC	/	/					/
101	Missenyi DC	/			/			/
102	Kasulu DC	/	/	/				
103	Hai DC		/			/	/	
104	Same DC	/	/				/	
105	Kilwa DC	/		/				/
106	Liwale DC	/		/				/
107	Mbeya DC		/		/		/	
108	Mbozi DC		/	/			/	
109	Masasi DC	/	/		/			
110	Mtwara DC	/	/				/	
111	Mpanda TC	/		/	/			
112	Sumbawanga DC	/		/			/	
113	Meru DC	/		/				
114	Kibaha TC	/						/
115	Mafia DC		/					/
116	Ludewa DC	/						/
117	Makete DC	/						/
118	Mufindi DC			/			/	
119	Kilolo DC		/					/
120	Kigoma DC	/	/					
121	Chunya DC	/			/			
122	Mtwara MC	/	/					
123	Newala DC		/		/			
124	Tandahimba DC	/	/		/			
125	Mpanda DC		/		/			
126	Mbinga DC	/					/	
127	Tanga CC		/			/		
128	Lindi DC							/
129	Ruangwa DC	/						
130	Masasi TC	/						
	TOTAL	116	108	95	73	68	67	36

Annexure (xiii)

Missing Revenue Receipts Books 682

S/N	Name of Council	Number of books
1	Monduli DC	176
2	Chato DC	81
3	Ludewa DC	70
4	Kilindi DC	36
5	Dar es Salaam CC	33
6	Korogwe TC	29
7	Igunga DC	29
8	Sumbawanga DC	28
9	Kigoma DC	22
10	Mafia DC	19
11	Urambo DC	19
12	Morogoro DC	17
13	Kigoma/Ujiji MC	16
14	Babati TC	13
15	Misungwi DC	11
16	Simanjiro DC	8
17	Kwimba DC	7
18	Songea MC	7
19	Longido DC	6
20	Namtumbo DC	6
21	Mkuranga DC	5
22	Ilala MC	5
23	Kilwa DC	5
24	Songea DC	5
25	Mbinga DC	4
26	Arusha MC	3
27	Njombe DC	3
28	Kahama DC	3
29	Nzega DC	3
30	Chamwino DC	2
31	Mbulu DC	2
32	Musoma DC	2
33	Geita DC	2
34	Tunduru DC	2
35	Korogwe DC	2
36	Kibaha TC	1
	Total	682



Annexure (xiv)

**Revenue collection not remitted by
Collecting Agents Shs.4,360,299,618**

S/N	Name of Council	Amount (Shs.)
1	Arusha MC	1,340,601,240
2	Chunya DC	656,080,271
3	Dar es Salaam CC	649,750,000
4	Bagamoyo DC	276,277,000
5	Chato DC	157,328,000
6	Kilindi DC	124,120,000
7	Magu DC	105,637,178
8	Lushoto DC	101,985,000
9	Mpanda DC	84,941,429
10	Kondoa DC	71,862,271
11	Mkinga DC	71,060,000
12	Misungwi DC	63,173,487
13	Kyela DC	54,460,000
14	Rufiji/Utete DC	49,520,987
15	Kasulu DC	45,590,000
16	Shinyanga MC	43,914,750
17	Njombe DC	42,780,000
18	Igunga DC	40,689,730
19	Dodoma MC	39,392,000
20	Korogwe DC	38,485,114
21	Geita DC	34,384,000
22	Ludewa DC	34,260,000
23	Tanga CC	25,215,000
24	Iramba DC	24,868,059
25	Singida DC	21,680,000
26	Mkuranga DC	20,700,000
27	Mbarali DC	18,173,990
28	Monduli DC	17,977,000
29	Mpwapwa DC	12,475,400
30	Urambo DC	10,435,275
31	Ngara DC	9,345,000
32	Nzega DC	9,075,500
33	Maswa DC	8,760,000
34	Iringa MC	8,464,700
35	Nkasi DC	8,220,000
36	Meatu DC	5,628,837
37	Korogwe TC	5,586,000

38	Rombo DC	4,354,900
39	Biharamulo DC	4,335,000
40	Mpanda TC	4,270,000
41	Karagwe DC	4,000,000
42	Kigoma DC	2,479,000
43	Sengerema DC	2,070,000
44	Kibondo DC	1,935,000
45	Tunduru DC	1,548,000
46	Morogoro DC	1,323,000
47	Kibaha DC	837,500
48	Simanjiro DC	250,000
	Total	4,360,299,618



Outstanding Items in the Bank Reconciliation Statements

S/N	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)
1	Arusha MC	-	647,334,656	143,575,696	-	-
2	Arusha DC	-	9,831,135	-	-	-
3	Longido DC	-	173,040,433	30,633,709	-	5,418,785
4	Bagamoyo DC	-	1,979,821	-	-	-
5	Kibaha TC	-	2,125,699	-	-	-
6	Kisarawe DC	-	10,237,940	-	-	-
7	Rufiji/Utete DC	15,000	19,020,799	-	-	-
8	Dar es Salaam CC	2,918,647	-	-	-	1,000,000
9	Ilala MC	2,715,120,853	2,013,263,352	-	-	-
10	Kinondoni MC	167,960,308	41,132,379	-	-	-
11	Temeke MC	417,238,321	109,063,911	-	-	-
12	Bahi DC	-	69,494,306	731,066	-	-
13	Chamwino DC	-	12,387,727	-	-	-
14	Dodoma MC	2,823,700	28,509,577	-	-	-
15	Kongwa DC	-	2,052,475	-	-	-
16	Mpwapwa DC	-	40,221,693	2,530,600	-	-
17	Iringa DC	28,287,931	225,465,482	-	-	13,151,554
18	Iringa MC	-	2,220,000	-	-	-
19	Ludewa DC	-	3,406,105	-	-	-
20	Makete DC	-	3,406,105	-	-	-
21	Mufindi DC	21,766	28,143,017	-	-	-
22	Njombe DC	3,739,670	16,080,180	-	-	-
23	Njombe TC	6,333,409	5,524,693	-	-	-
24	Kilolo DC	-	200,000	-	-	-
25	Bukoba DC	-	366,958,066	68,671,745	-	-
26	Bukoba MC	-	352,782,264	167,024,169	-	-
27	Muleba DC	-	5,383,729	-	-	-
28	Chato DC	-	349,739,497	10,645,391	3,000,000	-
29	Kasulu DC	-	465,897,066	-	368,039,695	285,648,261
30	Kibondo DC	4,656,443	71,721,039	-	382,606,666	2,900,000
31	Kigoma DC	1,417,169	-	-	7,933,367	-
32	Kigoma/Ujiji MC	-	41,404,989	-	-	-
33	Nachingwea DC	1,312,189	-	-	-	-
34	Babati DC	2,266,810	16,338,864	-	-	-
35	Hanang' DC	-	19,836,426	-	-	-
36	Musoma DC	-	87,456,247	-	-	-
37	Musoma MC	-	5,183,955	-	-	-
38	Serengeti DC	3,213,057	420,291,969	-	1,097,000	8,828,229
39	Tarime DC	-	39,398,173	-	-	-
40	Rorya DC	6,762,174	167,009,553	-	6,210,640	3,110,749
41	Chunya DC	219,534,250	290,074,386	-	189,500	3,045,479
42	Ileje DC	419,480	29,348,585	-	-	-
43	Kyela DC	6,539,776	23,096,229	-	5,311,204	13,735
44	Mbarali DC	-	29,018,414	2,176,400	-	-
45	Mbeya DC	1,779,576	832,143	-	-	-
46	Mbeya CC	540,576,780	305,084,995	-	711,000	18,291,750



47	Mbozi DC	-	16,416,455	-	-	805,314
48	Rungwe DC	-	-	-	-	1,938,185
49	Kilosa DC	70,659,535	77,527,842	-	-	-
50	Morogoro DC	14,852,817	707,328,940	-	-	-
51	Morogoro MC	49,381,707	38,286,886	-	-	-
52	Ulanga DC	43,306,928	277,651,491	-	-	-
53	Masasi TC	5,663,717	5,849,627	-	-	-
54	Masasi DC	-	-	-	-	-
55	Newala DC	-	9,126,805	-	299,950	1,298,742
56	Tandahimba DC	4,257,250	15,483,684	-	-	342,761
57	Nanyumbu DC	71,965,076	209,376,697	-	775,000	-
58	Kwimba DC	-	81,469,650	-	-	-
59	Misungwi DC	18,605,386	571,511,292	-	-	-
60	Mwanza CC	35,292,176	184,508,732	-	-	-
61	Sengerema DC	-	14,147,405	-	-	-
62	Ukerewe DC	43,275,135	92,211,219	-	4,949,095	22,227,678
63	Mpanda DC	-	92,348,248	-	19,754,575	-
64	Mpanda TC	150,000	-	-	-	2,000,000
65	Nkasi DC	18,821,704	65,463,037	-	80,309	246,644
66	Sumbawanga DC	12,899,405	79,882,725	-	1,261,881	2,779,095
67	Sumbawanga MC	51,679,732	277,480,632	-	1,354,114	1,891,368
68	Songea MC	9,741,971	-	-	-	-
69	Songea DC	2,563,500	341,692,170	-	4,003,781	1,155,000
70	Tunduru DC	-	505,000	-	-	-
71	Namtumbo DC	18,427,972	536,505,629	-	131,544,810	-
72	Bariadi DC	11,391,575	106,181,822	-	2,577,000	-
73	Bukombe DC	-	11,321,997	-	-	-
74	Kahama DC	-	11,194,104	-	-	-
75	Meatu DC	23,568,184	14,045,130	-	-	-
76	Shinyanga DC	1,365,000	2,081,775	-	-	-
77	Shinyanga MC	-	13,582,817	-	-	-
78	Kishapu DC	305,673	6,067,888	-	-	-
79	Maswa DC	-	12,267,145	-	-	-
80	Iramba DC	4,892,000	74,519,607	-	-	-
81	Manyoni DC	-	8,937,344	-	-	-
82	Singida DC	-	4,854,962	-	-	-
83	Korogwe DC	-	3,666,331	-	-	-
84	Korogwe TC	2,326,200	59,342,777	-	14,500,000	14,500,000
85	Pangani DC	11,750,716	47,601,195	-	45,996,295	10,935,346
86	Kilindi DC	2,894,348	272,256,639	-	-	-
87	Sikonge DC	-	2,354,213	-	-	-
88	Tabora DC	-	1,031,000	-	-	-
Total		4,662,975,016	10,897,078,986	425,988,776	1,002,195,882	401,528,675

Annexure (xvi)

Surprise Cash Survey and Surprise Check

S/N	Council involved	Surprise cash survey not performed by Management	No maximum limits for cash holdings
1	Monduli DC	✓	✓
2	Arusha DC	✓	✓
3	Longido DC	✓	
4	Kibaha TC	✓	
5	Bahi DC	✓	
6	Chamwino DC	✓	
7	Dodoma MC	✓	
8	Kongwa DC	✓	
9	Biharamulo DC	✓	
10	Bukoba MC	✓	
11	Kasulu DC	✓	
12	Kibondo DC	✓	
13	Kigoma DC	✓	
14	Kigoma/Ujiji MC	✓	
15	Mwanga DC	✓	
16	Babati DC		✓
17	Hanang' DC		✓
18	Mbulu DC	✓	
19	Simanjiro DC	✓	
20	Musoma MC	✓	
21	Chunya DC	✓	
22	Ileje DC	✓	✓
23	Kyela DC	✓	
24	Kilombero DC	✓	
25	Kilosa DC	✓	
26	Morogoro DC	✓	
27	Ulanga DC	✓	
28	Mvomero DC	✓	
29	Masasi DC		✓
30	Bariadi DC	✓	✓
31	Bukombe DC	✓	✓
32	Kahama DC	✓	✓
33	Meatu DC	✓	✓
34	Shinyanga DC	✓	✓



35	Shinyanga MC	✓	✓
36	Kishapu DC	✓	✓
37	Maswa DC	✓	✓
38	Iramba DC	✓	
39	Singida DC	✓	
40	Singida MC	✓	
41	Nzega DC	✓	✓
42	Tabora DC	✓	✓
	Total	39	16

Annexure (xvii)

Outstanding imprests-Shs.984,955,534



S/N	Name of Council	Amount (Shs.)
1	Arusha MC	201,145,280
2	Temeke MC	141,308,762
3	Misungwi DC	116,371,557
4	Kwimba DC	76,303,597
5	Ilala MC	55,878,500
6	Kibondo DC	55,787,372
7	Ukerewe DC	48,102,382
8	Kondoa DC	30,995,000
9	Bahi DC	27,525,210
10	Sumbawanga MC	23,840,772
11	Urambo DC	22,873,366
12	Kigoma DC	20,242,400
13	Pangani DC	15,660,850
14	Mwanza CC	15,488,251
15	Geita DC	14,370,500
16	Songea DC	13,998,270
17	Nanyumbu DC	13,808,000
18	Namtumbo DC	12,128,500
19	Arusha DC	9,831,135
20	Mbinga DC	9,721,300
21	Chato DC	9,487,500
22	Iringa DC	7,640,000
23	Babati DC	7,327,500
24	Kisarawe DC	5,582,000
25	Simanjiro DC	4,681,400
26	Kigoma/Ujiji MC	4,650,000
27	Kongwa DC	4,493,460
28	Bukoba MC	3,145,000
29	Tunduru DC	2,992,670
30	Mpanda DC	2,775,500
31	Karatu DC	2,500,000
32	Lindi TC	1,900,000
33	Mtwara MC	1,365,500
34	Kilosa DC	1,034,000
	Total	984,955,534

Annexure (xviii)

Unclaimed Salaries not Remitted to Treasury Shs.4,400,144,124

S/N	Name of Council	Amount (Shs)
1	Iramba DC	2,893,117,681
2	Mbulu DC	233,402,889
3	Dodoma MC	149,354,469
4	Mwanza CC	90,097,198
5	Temeke MC	85,455,131
6	Bahi DC	84,327,596
7	Karatu DC	76,285,252
8	Urambo DC	58,735,249
9	Rungwe DC	57,678,507
10	Chunya DC	51,530,244
11	Kyela DC	43,009,294
12	Misungwi DC	42,303,556
13	Rufiji/Utete DC	37,207,167
14	Kinondoni MC	35,475,000
15	Mpanda TC	33,720,181
16	Moshi DC	33,261,180
17	Mbeya CC	29,021,408
18	Same DC	28,817,675
19	Mpwapwa DC	27,440,255
20	Nzega DC	25,575,738
21	Lushoto DC	22,506,307
22	Morogoro DC	20,793,161
23	Chato DC	19,934,318
24	Shinyanga MC	19,457,802
25	Arusha DC	19,358,038
26	Kiteto DC	19,276,680
27	Ileje DC	18,020,652
28	Kilosa DC	16,395,849
29	Ngara DC	15,728,448
30	Kilombero DC	15,462,344
31	Chamwino DC	12,897,548
32	Longido DC	12,462,521
33	Meatu DC	9,414,069
34	Monduli DC	8,043,974
35	Igunga DC	7,064,450
36	Shinyanga DC	6,004,487
37	Bariadi DC	5,966,500



38	Babati DC	5,704,940
39	Morogoro MC	5,685,146
40	Bukoba MC	5,394,746
41	Handeni DC	5,279,590
42	Biharamulo DC	4,984,542
43	Mpanda DC	2,856,630
44	Sumbawanga DC	2,641,177
45	Kishapu DC	2,538,624
46	Kongwa DC	455,909
	Total	4,400,144,124

Annexure (xix)

**Payment of Salaries to Absconded, Retired,
Deceased and/or Unreported Workers
Shs.961,394,959**

S/N	Name of Council	Amount (Shs)
1	Kwimba DC	98,584,170
2	Geita DC	97,355,850
3	Missenyi DC	97,055,901
4	Sengerema DC	74,708,011
5	Kasulu DC	63,675,209
6	Babati TC	62,463,838
7	Kilosa DC	59,161,480
8	Kilombero DC	58,230,806
9	Morogoro DC	33,889,600
10	Kibondo DC	29,851,198
11	Iramba DC	26,995,797
12	Sumbawanga DC	23,762,200
13	Moshi DC	23,751,392
14	Karagwe DC	19,573,071
15	Ukerewe DC	17,789,950
16	Urambo DC	17,187,957
17	Kigoma DC	17,088,562
18	Hai DC	15,183,000
19	Bahi DC	14,793,156
20	Kilindi DC	12,565,066
21	Mkinga DC	12,154,628
22	Masasi DC	11,670,540
23	Ulanga DC	11,286,571
24	Bukoba MC	7,358,636
25	Arusha MC	7,057,217
26	Muheza DC	6,774,334
27	Pangani DC	6,661,010
28	Mwanga DC	5,992,215
29	Mbarali DC	5,792,821
30	Tanga CC	4,557,810
31	Misungwi DC	4,141,542
32	Morogoro MC	3,576,832
33	Mbeya CC	3,178,446
34	Korogwe TC	3,093,829
35	Korogwe DC	2,508,353
36	Dodoma MC	1,923,960
	Total	961,394,959



Annexure (xx)

Employees Excessive Borrowing not Controlled

S/N	Name of Council	No. of Employees
1	Kondoa DC	1934
2	Kilosa DC	550
3	Morogoro MC	500
4	Kwimba DC	469
5	Mvomero DC	467
6	Kibondo DC	377
7	Lushoto DC	338
8	Same DC	327
9	Kigoma/ujiji MC	313
10	Sengerema DC	280
11	Nzega DC	237
12	Hai DC	224
13	Shinyanga MC	222
14	Shinyanga DC	205
15	Tanga City	200
16	Kigoma DC	194
17	Kasulu DC	192
18	Muheza DC	165
19	Kishapu DC	125
20	Korogwe DC	114
21	Babati DC	102
22	Singida MC	100
23	Korogwe TC	70
24	Kilindi DC	60
25	Bariadi DC	58
26	Dar es saalam CC	58
27	Longodo DC	56
28	Meru DC	55
29	Mkuranga DC	55
30	Kilombero DC	50
31	Ulanga DC	50
32	Urambo DC	50
33	Rufiji DC	49
34	Ilege DC	45
35	Morogoro DC	40
36	Ngorongoro DC	35
37	Mbinga DC	34



38	Dodoma MC	33
39	Handeni DC	33
40	Iramba DC	32
41	Iramba DC	32
42	Mwanga DC	32
43	Mbarali DC	30
44	Songea DC	30
45	Kongwa DC	28
46	Longido DC	26
47	Igunda DC	25
48	Njombe DC	21
49	Mkinga DC	18
50	Ruangwa DC	18
51	Mafia DC	16
52	Chamwino DC	15
53	Bahi DC	15
54	Mbozi DC	12
55	Sikonge DC	11
	Total	8827



Annexure (xxi)

Grounded unserviceable Non current Assets with no values

S/N	Council	Council Weakness	No of PPEs
1	Biharamulo DC	<p>Grounded motor vehicles with unknown value</p> <p>During the year under review, we noted that seven (7) motor vehicles were found grounded at the Council's Headquarter yards without any effort being taken to dispose them off/unserviceable including STK 1495 Mitsubishi, STK 2125 Land Rover, DFP 3302 Toyota, STJ 7758 Isuzu, STK 2198 Toyota, STJ 5776 Toyota and STJ 7759 Toyota.</p>	7
2	Ngara DC	<p>Grounded motor vehicles with unknown value</p> <p>During the year under review, it was noted that five (5) motor vehicles were found grounded at the Council's Headquarter, Town Authority and Water Department yards without any effort being taken to dispose off. Including STJ 7734 Land Rover-TDI, STK 318 Toyota Double Cabins, DFP 914 Isuzu, STJ 5788 Land Rover TID PGA and STJ 5775 Toyota Hilux/Pick up.</p>	5
3	Dodoma MC	<p>Motor vehicles grounded for long Period without maintenance</p> <p>During verification of Non current assets I noted that, the Council owns motor vehicles which had been grounded for a long time without being repaired or disposed off STH 8242 Suzuki, STJ 7651 Toyota hard top, T 987 APU Benz ambulance, SM 2881 Bedford, SM 2882 Bedford, SM 2784 Bedford, SM 3174 Suzuki 50, STH 3987 Honda XL, Grader Mitsubishi.</p>	10
4	Kongwa DC	<p>Grounded motor vehicles with unknown value</p>	4

		During verification of non current assets we noted that, the Council owns motor vehicles which had been grounded for a long time without being repaired or disposed off these include SM 3260 Land cruiser Hard Top, STJ 6389 Land cruiser Hard Top, SM 723 Toyota Stout and SM 2373 Isuzu Tipper.	
5	Kilombero DC	Motor Vehicle STK 2143 Grounded Para 1.5 of the MOU between TASAF and LGA states that Council "Shall provide adequate office space, transport and all other necessary support facilities required by VFC and VFJA which will not be provided by TASAF yet required for carrying out their functions	1
6	singida DC	Motor vehicles grounded for long time without maintenance Motor vehicles SM 3317, SM 3194, DFP 4401 Toyota Land Cruiser, SM 1142 Lorry - Tipper Isuzu, SU 20977 Tractor Fiat, SM 4591, DFP 795 Toyota Hilux, and STK 2152 Land-Rover Defender were grounded at the Council's yard without being repaired or disposed off.	10
7	Singida MC	Public Motor vehicles abandoned in private garages for long time; During the course of auditing it was observed that the following Municipal motor vehicles have been found to stay for long time in private garage for maintenance but not repaired; these include DFP 4382 T/PICK UP HARD TOP is at Vijana Garage and SM 2521 ISUZU ESR AGRO at Vijana Garage.	2
8	Mtwara MC	Out dated non current assets. Examination of the statement financial position and councillors' report disclosed the following motor vehicles which had been used for more than 10 years and grounded most of the time. These include; SM	4



		2787 Toyota LANDCRUISER GX, SM 2698 Toyota Land cruiser Hardtop, STH 6033 Toyota Land cruiser Hardtop and MBU Grader	
9	Nanyumbu DC	Motor Vehicles not in Use During the year under review, it was noted that a motor vehicle with registration No. SM 2938 was noted to have been grounded for a long period of time at Councils yard without undergoing repair/services, hence the Council does not benefit from the motor vehicle since it does not generate economic benefit to the Council	1
10	Newala DC	Non Maintenance of Motor vehicles for periods of time. Review of the council documents and physical verification noted that the council had motor vehicles Toyota land cruiser std SM 2834, Toyota land cruiser station wagon STJ 3998 and Mitsubishi double cabin STK 838. It was observed that the vehicles were not in use and were grounded in the council's yard for a period of 1 to 3 years hence risks of removing spares from the vehicles for personal use is high. However, recommendation received from TAMESA on 27/4/2011 stated that all three Motor vehicles were in a good condition but needed only maintenances to enable them continue with operations of the council.	1
11	Tandahimba DC	Grounded Motor vehicle after spending huge cost on repair Shs.12,430,000 Examination of payment vouchers noted that a sum of Shs 12,430,000 was paid to M/s Heavy Duty garage vide LPO no 5126/27 of 2/7/10 and pv no 211/1 cheque no 089581 of 25/1/11 from general fund account to meet	3



		<p>maintenance cost of motor vehicle with registration no SM 2378 Isuzu Tipper.</p> <p>Audit noted the following irregularities: After major repair of Shs.12,430,000 this Vehicle was grounded in the Council's compound and audit interviews with Council's officials revealed that a Vehicle was travelled from Mtwara to Tandahimba without water in the radiator thus caused the piston engine breakdown. In addition, some items costing Shs.4,231,000 were replaced but could not be traced.</p>	
12	Hanang DC	There are unserviceable 19 Motor vehicles (noncurrent assets) contrary to Orders No. 159 - 162 of LAFM 1997	19
13	Kiteto DC	Physical inspection made on the council yard noted that two plants and three motor vehicles were grounded and no actions appear to have been taken to dispose off the unserviceable motor vehicles	5
14	Kilosa DC	<p>Impairment of Non- Current Assets (13) Motor Vehicles not done. As far as IPSAS 21 paragraph 23, the asset is regarded impaired, as it is no longer capable of providing the entity with service potential, it has little or no utility for the entity in contribution to the achievement of its objectives.</p> <p>To the contrary, in conducting physical verification we noted that, the Council has some grounded motor vehicles for a long time without being tested for the impairment</p>	13
15	Morogoro MC	<p>Impairment of Non- Current Assets IPSAS 21 paragraph No.26 which state that, "An entity shall assess at each reporting date whether there is any indication that asset may be impaired. If any such indication</p>	21



		<p>exists, the entity shall estimate the recoverable service amount of the asset". As far as IPSAS 21 paragraph 23, the asset is regarded impaired, as it is no longer capable of providing the entity with service potential, it has little or no utility for the entity in contribution to the achievement of its objectives.</p> <p>To the contrary, in conducting physical verification we noted that, the Council had 21 grounded motor vehicles and other plants for a long time without being tested for the impairment. The assets might be carried above its recoverable amount.</p>	
		Total	106

Un Revalued Plants, Properties and Equipment (PPE)

S/N	Council	Descriptions
1.	Mbinga DC	Un-revalued non current assets The statements of financial position as at 30 th June disclosed non current assets worth Shs.9,181,341,100. However, (note20) of Plants, Property and Equipment included Seven motor vehicles which are still in use but have not been revalued
2.	Tunduru DC	17 Non-current Assets not revalued International Public Sector Accounting Standards no 17 require assets to be revalued and recognized in the financial statement provided that belong to property, plant and equipment and the same shall be carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation, and subsequent accumulated impairment losses. Contrary to this standard the management did not revalue its assets and were fully depreciated though some were still in use
3.	Misungwi DC	Non revaluated Motor vehicle at costs Shs.314,689,753 Note 28 of property plant and equipment disclosed motor vehicles at costs of Shs.314,689,753 have been fully depreciated by showing accumulated depreciation of Shs.314,689,753 and hence leaving Net Book Value with zero balance to the motor vehicles owned by the Council for the year ending 30 th June, 2011. However, motor vehicles disclosed with no value in the books of accounts are still existing, owned and used by the Council and brings economic benefit to the Council. As such the value of PPEs has been misstated in the financial statements.
4.	Kahama DC	Current Assets Depreciated to Zero Residual Value Physical verification of the Councils Non-Current Assets Register revealed the following 16Motor Vehicles which have been depreciated to zero residual value still in use without been revalued as equals original cost of Shs.357,897,894.00 to Zero Value of PPE



5.	Kishapu DC	<p>Non-Current Assets Depreciated to Zero Residual Value</p> <p>During Physical verification of the Council's non-current assets revealed the ten motor vehicles which have been depreciated to zero residual value still in use without been revalued and have depreciated to Zero Residual Value</p>
6.	Shinyanga MC	<p>Assets of Council not revalued</p> <p>Audit test made on the schedule of Property, Plant and Equipments specifically schedule of motor vehicles submitted along with financial statements noted that 25 Motor vehicles depreciation of shs.534,140,295 equal original cost value;</p> <ul style="list-style-type: none"> • Some of the assets included in the fixed asset register but no value has been assigned to them. • Some of the assets included in the fixed asset register were fully depreciated though were still in use, and had not been revalued.
7.	Dar es salaam CC	<p>Assets reported in the financial statement without values</p> <p>Review of financial statement for the year ended 30th June, 2011 revealed that 43 Property, Plant and Equipments are reported in the financial statement without showing their values contrary to IPSAS 17 which requires to disclosed the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period</p>
8.	Chamwino DC	<p>Property, Plant and Equipment with no values assigned</p> <p>According to the Government policy of 2007 it was agreed that all secondary schools should be transferred from Central to Local Governments. Following the implementation of the policy all secondary school's properties, plants and equipments were also transferred to the Local Government. However, revaluation for properties, plants and equipments was not done as the result the non current (Buildings and other properties) have not been included in the PPEs of the council.</p>
9.	Igunga DC	<p>Intangible assets not valued</p> <p>The Council acquired IFMS-Epicor through Local Government Reform Program since 2006 which form part of the Council's intangible assets. However, the</p>



		values of the acquired system have not yet been established for recognition in the financial statements. Note 30 to the financial statements for the year ended 30 th June, 2011 disclosed zero balance of intangible.
10.	Nzega DC	Intangible assets not valued The Integrated Financial Management System (Epicor) was acquired by the Local Government Reform Programme since 1999. However its value has not yet been recognized and accounted for in council's books of accounts.
11.	Tabora DC	Intangible assets not recognized in the Financial Statements Note 30 to the financial statements disclosed intangible assets which are owned and used by the Council since the year 2005. The assets in use were not valued therefore not included in the statements of financial positions under non- current assets.
12.	Urambo DC	Intangible assets not valued. The council's financial statements disclosed intangible assets of Shs 6,327,300 being for a Satellite Dish for internet sponsored by DADP's project. However, audit checks revealed that there was another Satellite Dish for internet which was purchased and installed by Simmors Project and left to the council with unknown costs while an IFMS - Epicor was acquired by the local Government reform Program since 1999 and its value has not yet been recognized as 30 th June 2011. Thus, the reported value of intangible assets has been understated the statements mislead financial statements users
13.	Tandahimba DC	Non current assets disclosed without value Despite of the same observation been raised during last two years there is no asset valuation has been made in respect of asset transferred from central Government without carrying amounts. Assets transferred from central Government are buildings of secondary schools and shallow wells refer note 25 of the financial statements.



Annexure (xxiii)

Plant, Property and Equipment and other Financial Assets lacking Ownership Documents Shs.30,928,516,441

S/N	Councils	Details	Amount (Shs)
1	Songea DC	Lack of title deeds A test check made on Council's records in respect of assets to assess the rights and obligations thereof for its assets revealed that there were no title deeds to justify ownership of the assets as shown hereunder: Building not having Title deeds, Plot No.19 Block "H" Songea Township, Plot No.41 & 43 Low Density , Plot No.50 and Plot at Land, Agriculture and Cooperative Offices- Un-surveyed area	-
2	Songea MC	Financial assets without share certificates Audit made on the Council's documents and statements regarding rights and obligations of its noncurrent assets, investments and financial assets held by Council for use, rental or investment purposes revealed that the financial assets amounting to Shs.21,286,900 had no share certificates to justify their ownership. Such as Paid up investment in the LGLB, Shares in KAURU and Un paid up portion of investment in LGLB.	21,286,900
3	Ileje DC	Missing Investments Certificates Shs.14,244,200.00 The submitted financial statements for the year under review reflected a total of Shs.14, 244,200 as investments in various institutions. However, it appears that the Council does not have ownership documents as they were not made available when requested. This is contrary to Order number 203 of the LAFM, (1997). The analysis of investment is as follows: Local Government Loan Board Shs.12,189,200 and Mbeya Community Bank Shs. 2,055,000.	-
4	Mbozi DC	Missing investments Certificates	



		Shs.65,626,200 The District financial statements showed a total of Shs.65,626,200 as investment in the financial institution. However it appears that the council does not have ownership documents as was not made available during audit inspection contrary to Order No.203 of the LAFM (1997) as follows:- Investment in TBL Shs.8,337,000 and Investment in Local Government Loans Board Shs.57,289,200	65,626,200
5	Mpanda DC	Investments (Other financial assets) lacking ownership certificates Shs.67,961,000.00 The Statement of Financial Position as at 30 th June, 2011 disclosed that the Council had invested Shs.67,961,000 by buying shares from NICO, Rukwa Retco, ALAT Dodoma and LGLB, however the Council's legal ownership of such investments could not be justifiable due to the absence of Share certificates, sales agreements and minutes of councillor's relating to acquisition of such investments Investments (Other financial assets) lacking ownership certificates	67,961,000
6	Ukerewe DC	Missing Title Deeds, Registration Cards and Log Books Substantive audit procedures performed to the selected non current assets observed that all buildings owned by the Council worth Shs.19,282,908,655 have no title deeds and motor vehicles/cycles worth shs.428,714,352 out of Shs.828,213,975 have no registration cards and log books to justify the Council's ownership.	19,711,623,007
8	Bariadi DC	Unconfirmed ownership for Councils Motor vehicles worth Shs.381,964,233 Audit scrutiny through statement of Financial Position as at 30 th June, 2011 together with their supporting schedules reported Councils motor vehicles with a net book value of Shs.381,964,233 to have been included in the Property Plant and Equipments figure but its ownership by	381,964,233



		<p>the Council could not be confirmed, in that there were no motor vehicles registration cards produced for audit verification when called for. However, the record shows that the motor vehicles were purchased by using the Council funds for Eight Motor Vehicles. There a great risk of; The Council may have restricted rights of ownership and control of the above assets.</p> <p>Recorded assets may not be under the ownership and control of the Council</p>	
9	Shinyang a DC	<p>Additions of Property, Plant and Equipment Not Supported By Title Deeds Shs.2,126,398,331</p> <p>The statement of financial position as at 30th June, 2011 together with their supporting schedules disclosed additions property, plant and equipment specifically Land and building worth Shs.2,126,398,331 which were not supported by title deeds to authenticate Council's ownership.</p> <p>In the absence title deeds, ownership of Land and Building by the Council could not be confirmed.</p>	2,126,398,331
10	Bahi DC	<p>Council's non current assets not coded and have no Title deeds Shs.6,570,780,347</p> <p>The Financial statements reflected Non Current Assets worth to Shs.6,570,780,347 which includes Buildings, Plant Machinery and equipment, Furniture's & Fittings, Equipments and Computers. Audit verification noted the assets were not coded contrary to Order No.204 of 1997. In addition, Council's properties have no title deeds for the justification of ownership. Council management should seek title deeds and make sure all assets of the Council are coded to easily identify the assets owned by the Council and additions.</p>	6,570,780,347
11	Mvomero DC	<p>Additions Property, Plant and Equipments not supported by</p>	1,599,315,589



		<p>documents Shs.1,599,315,588.48</p> <p>Additional Property, Plant and equipments Shs.1,917,967,911 presented in the financial statements includes PPE valued Shs.1,599,315,588.48 which are not supported by completion certificates. The Property, Plant and Equipments are; Land and Buildings Shs.1,232,417,099.01, Road Networks Shs.343,692,101.60 Bridges Shs.23,206,387.87 and Water System Shs.162,284,110.60.</p>	
12	Lindi TC	<p>Council's Motorcycles with private registration Shs.2,800,000</p> <p>The analysis of assets register revealed the Council to have purchased two motorcycles each valued Shs 1,400,000. The purchased motorcycles were found to be registered privately as T656 ANY and T652 ANY Dayun Model bearing the name of Samweli Mchele Chitatilo. However, in the absence of the registration cards bearing the name of the council we could not substantiates as whether the assets belong to the council or not. Ownership and existence of the said assets could not be ascertained.</p>	
13	Ruangwa DC	<p>Questionable ownership of financial assets Shs. 34,075,000</p> <p>The statement of the financial position as at 30th June 2011 in respect of Ruangwa District Council reflected financial assets amounting to Shs 34,075,000 summarized below: (refer Note 23) Deposit With Local Govt Loan Board (LGLB Shs.24,975,000, Investment at Cost Lindi Farmers Shs. 8,100,000 and Shs. Investment Carried at Cost Ruangwa Community Banks Shs.1,000,000. However, the existence of the above instruments could not be ascertained due to the following aspects.</p> <ul style="list-style-type: none"> • No share certificate or other evidence produced for audit verification. • The period of investment and the interest derived was not disclosed 	34,075,000

14	Meru DC	<p>Council's motor vehicles not supported by registration cards</p> <p>During our audit we noted 12 council motor vehicles with no registration cards, however the council was required to change the cars which are registered as STK to SM so that the council motor vehicles will all be insured to avoid unnecessary loss in case of any accident or theft of the council motor vehicles as follow;</p> <table> <tr> <th>S/N</th><th>Registration no.</th><th>Model</th><th>Net book value</th></tr> <tr> <td>1</td><td>SM 1882</td><td>Suzuki</td><td>4,500,000</td></tr> <tr> <td>2</td><td>SM 4387</td><td>Toyota Land cruiser</td><td>27,436,250</td></tr> <tr> <td>3</td><td>SM 1076</td><td>Isuzu Tipper</td><td>26,461,750</td></tr> <tr> <td>4</td><td>SM 89</td><td>Isuzu Tipper</td><td>25,323,250</td></tr> <tr> <td>5</td><td>STJ 6017</td><td>Toyota Land cruiser</td><td>10,461,750</td></tr> <tr> <td>6</td><td>SM 1458</td><td>Land rover</td><td>1,185,526</td></tr> <tr> <td>7</td><td>SM 4405</td><td>Land rover</td><td>8,718,125</td></tr> <tr> <td>8</td><td>SM 5080</td><td>Land cruiser Ambulance</td><td>16,410,702</td></tr> <tr> <td>9</td><td>CW3454</td><td>Grader</td><td>1,019,651</td></tr> <tr> <td>10</td><td>STK 5415</td><td>Toyota land cruiser</td><td>68,708,790</td></tr> <tr> <td>11</td><td>STK 5555</td><td>Toyota land cruiser hardtop</td><td>68,708,790</td></tr> <tr> <td>12</td><td>STK 5981</td><td>Toyota land cruiser hardtop</td><td>79,200,000</td></tr> <tr> <td>13</td><td>STK 2222</td><td>Toyota land cruiser hardtop</td><td>11,351,250</td></tr> </table>	S/N	Registration no.	Model	Net book value	1	SM 1882	Suzuki	4,500,000	2	SM 4387	Toyota Land cruiser	27,436,250	3	SM 1076	Isuzu Tipper	26,461,750	4	SM 89	Isuzu Tipper	25,323,250	5	STJ 6017	Toyota Land cruiser	10,461,750	6	SM 1458	Land rover	1,185,526	7	SM 4405	Land rover	8,718,125	8	SM 5080	Land cruiser Ambulance	16,410,702	9	CW3454	Grader	1,019,651	10	STK 5415	Toyota land cruiser	68,708,790	11	STK 5555	Toyota land cruiser hardtop	68,708,790	12	STK 5981	Toyota land cruiser hardtop	79,200,000	13	STK 2222	Toyota land cruiser hardtop	11,351,250	349,485,834
S/N	Registration no.	Model	Net book value																																																								
1	SM 1882	Suzuki	4,500,000																																																								
2	SM 4387	Toyota Land cruiser	27,436,250																																																								
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13	STK 2222	Toyota land cruiser hardtop	11,351,250																																																								
		Total	30,928,516,441																																																								

Outstanding Receivables Shs.37,795,747,360 and Payables Shs.52,132,811,928

S/N	Council	Outstanding payables (Shs)	Outstanding receivables (Shs)
1	Ilala MC	8,243,132,583	1,382,625,902
2	Dodoma MC	1,828,881,645	2,537,531,953
3	Mbeya CC	476,882,749	3,421,364,218
4	Bahi DC	1,675,660,686	1,214,861,759
5	Kwimba DC	1,035,641,675	1,847,987,575
6	Kilosa DC	1,425,199,310	1,172,594,240
7	Ukerewe DC	1,266,934,055	1,294,205,952
8	Njombe DC	1,044,876,031	1,283,647,721
9	Kilindi DC	1,857,102,452	252,016,475
10	Mwanza CC	1,837,399,546	246,809,950
11	Bagamoyo DC	979,619,994	1,083,636,137
12	Kinondoni MC	967,951,072	1,050,029,751
13	Iringa DC	1,043,823,738	697,368,834
14	Kilombero DC	1,199,981,743	479,418,061
15	Musoma MC	1,509,988,147	67,459,513
16	Njombe TC	1,186,455,162	381,485,451
17	Monduli DC	760,046,000	596,227,000
18	Rufiji/Utete DC	630,019,906	639,772,374
19	Lindi DC	528,422,000	588,800,000
20	Bariadi DC	217,812,690	845,893,429
21	Shinyanga DC	656,789,052	362,540,741
22	Morogoro DC	329,926,182	684,220,528
23	Arusha DC	452,045,408	555,278,015
24	Sikonge DC	640,547,270	337,805,482
25	Chamwino DC	688,526,225	268,777,516
26	Handeni DC	655,273,235	262,480,415
27	Ulanga DC	555,621,266	355,252,616
28	Igunga DC	291,219,000	557,466,000
29	Hai DC	652,113,684	192,070,500



30	Mwanga DC	278,958,428	521,037,537
31	Kibondo DC	401,218,000	383,044,000
32	Rorya DC	462,210,117	313,117,541
33	Lushoto DC	549,349,863	224,062,269
34	Kishapu DC	589,004,365	177,911,424
35	Babati DC	212,055,000	535,523,000
36	Ruangwa DC	297,763,000	444,812,000
37	Moshi MC	304,755,701	414,464,978
38	Kongwa DC	465,836,553	241,987,863
39	Bukoba DC	60,539,963	638,064,167
40	Sengerema DC	671,489,423	17,033,715
41	Tandahimba DC	165,763,098	498,507,306
42	Mtwara DC	643,390,000	-
43	Kilwa DC	222,135,962	370,131,383
44	Mbulu DC	540,327,000	39,954,000
45	Nachingwea DC	442,741,000	124,863,000
46	Kigoma DC	352,794,000	206,595,000
47	Bukombe DC	223,955,427	319,320,267
48	Ileje DC	228,847,513	307,000,140
49	Nanyumbu DC	82,643,732	440,458,698
50	Liwale DC	207,056,000	306,269,000
51	Hanang DC	338,220,000	171,288,000
52	Meatu DC	263,813,208	243,504,485
53	Tunduru DC	161,351,918	328,871,855
54	Mpanda DC	488,109,283	-
55	Makete DC	290,328,704	183,077,291
56	Kyela DC	228,302,857	230,584,039
57	Iringa MC	269,449,263	176,711,338
58	Missenyi DC	10,690,840	399,804,047
59	Rombo DC	248,105,764	160,647,652
60	Geita DC	392,244,208	11,353,800
61	Longido DC	246,152,000	152,629,000
62	Mkinga DC	336,107,814	62,575,113
63	Kahama DC	222,450,365	173,333,425
64	Singida MC	372,892,663	7,487,000
65	Pangani DC	200,207,526	178,104,849
66	Musoma DC	318,792,990	50,400,399
67	Mbeya DC	4,701,880	361,656,704
68	Tanga CC	186,300,969	161,694,225
69	Songea MC	203,748,595	142,376,609
70	Namtumbo DC	305,789,510	40,307,521
71	Serengeti DC	310,479,420	34,106,400
72	Kibaha TC	126,783,233	215,468,050
73	Mufindi DC	298,068,803	41,836,447
74	Kisarawe DC	285,194,535	54,001,900
75	Magu DC	58,380,160	264,668,173
76	Singida DC	303,577,000	14,520,000
77	Misungwi DC	210,110,115	98,718,759
78	Kibaha DC	270,525,405	28,960,645
79	Shinyanga MC	270,435,311	24,740,850
80	Mafia DC	230,765,000	63,378,000

81	Ludewa DC	140,917,926	148,910,426
82	Tabora DC	100,526,095	187,676,629
83	Kilolo DC	139,037,283	148,277,694
84	Muheza DC	193,156,741	80,666,315
85	Korogwe DC	146,929,192	115,007,718
86	Bukoba MC	26,180,193	226,824,181
87	Maswa DC	29,863,165	219,515,136
88	Korogwe TC	209,716,682	35,156,309
89	Sumbawanga DC	99,494,583	131,023,490
90	Urambo DC	58,727,229	164,822,759
91	Mpwapwa DC	-	217,921,507
92	Newala DC	85,455,856	131,476,773
93	Mtwara MC	54,129,000	160,907,000
94	Mvomero DC	-	168,000,000
95	Songea DC	150,034,533	10,311,346
96	Simanjiro DC	154,811,701	-
97	Nzega DC	71,505,709	80,450,750
98	Morogoro MC	135,441,325	-
99	Tarime DC	116,750,209	14,746,500
100	Kigoma/Ujiji MC	103,989,103	17,583,000
101	Manyoni DC	97,651,649	8,691,765
102	Iramba DC	93,131,236	-
103	Muleba DC	67,124,932	22,312,872
104	Kasulu DC	76,567,577	11,655,600
105	Mpanda TC	65,949,424	21,999,816
106	Karagwe DC	28,384,710	52,237,277
107	Mbozi DC	79,275,335	-
108	Biharamulo DC	14,691,450	58,827,819
109	Bunda DC	15,714,750	50,000,000
110	Chato DC	26,482,750	34,290,481
111	Dar es Salaam CC	44,403,300	-
112	Ngara DC	7,425,610	11,677,375
113	Masasi TC	6,536,690	4,184,850
	Total	52,132,811,928	37,795,747,360

Annexure (xxv)

Unspent balance for National Multi-Sectoral Strategic Framework (NMSF) Shs.1,104,364,692

S/N	Council	Amount Received (Shs)	Previous balance (Shs)	Total amount available (Shs)	Amount Spent (Shs)	Amount Unspent (Shs)	% Of Unspent
1	Meatu DC	86,600,000	0	86,600,000	28,059,000	58,541,000	67.6%
2	Mpwapwa DC	77,114,000	25,871,590	102,985,590	40,341,300	62,644,290	60.8%
3	Bukoba DC	101,362,000	1,050,889	102,412,889	42,378,098	60,034,791	58.6%
4	Kishapu DC	79,112,000	0	79,112,000	38,660,200	40,451,800	51.1%
5	Magu DC	124,108,000	8,520,950	132,628,950	69,832,800	62,796,150	47.3%
6	Songea MC	54,034,000	0	54,034,000	30,091,682	23,942,318	44.3%
7	Musoma MC	50,794,000	0	50,794,000	29,013,875	21,780,125	42.9%
8	Kasulu DC	269,361,600	2,684,765	272,046,365	166,143,977	105,902,388	38.9%
9	Bukombe DC	117,246,000	10,000	117,256,000	76,603,000	40,653,000	34.7%
10	Ngorongoro DC	52,378,000	9,225,625	61,603,625	41,165,100	20,438,525	33.2%
11	Rorya DC	71,946,000	2,775	71,948,775	48,419,000	23,529,775	32.7%
12	Serengeti DC	88,138,000	3,943,566	92,081,566	63,048,060	29,033,506	31.5%
13	Shinyanga DC	89,000,000	41,853,558	130,853,558	91,212,170	39,641,388	30.3%
14	Iramba DC	119,520,000	40,879,575	160,399,575	112,495,731	47,903,844	29.9%
15	Chamwino DC	109,949,000	12,841,000	122,790,000	87,440,000	35,350,000	28.8%
16	Karagwe DC	119,796,000	122,292,138	242,088,138	173,107,000	68,981,138	28.5%
17	Monduli DC	37,662,000	11,883,967	49,545,967	36,199,673	13,346,294	26.9%
18	Morogoro MC	62,136,000	15,558,758	77,694,758	57,029,050	20,665,708	26.6%
19	Bariadi DC	247,306,000	20,971,491	268,277,491	201,940,880	66,336,611	24.7%
20	Misungwi DC	83,184,000	23,861,602	107,045,602	82,752,300	24,293,302	22.7%
21	Arusha MC	71,944,000	6,627,000	78,571,000	60,786,000	17,785,000	22.6%
22	Bahi DC	77,714,266	16,449,040	94,163,306	73,988,090	20,175,216	21.4%
23	Sengerema DC	194,325,250	3,932,410	198,257,660	161,153,400	37,104,260	18.7%

24	Kongwa DC	114,673,892	20,384,997	135,058,889	109,885,600	25,173,289	18.6%
25	Singida DC	151,849,000	341,261	152,190,261	128,911,450	23,278,811	15.3%
26	Musoma DC	105,016,000	65,715,191	170,731,191	149,993,830	20,737,361	12.1%
27	Meru DC	81,837,000	3,536,593	85,373,593	75,073,500	10,300,093	12.1%
28	Karatu DC	57,796,000	17,842,800	75,638,800	67,303,620	8,335,180	11.0%
29	Biharamulo DC	60,374,800	6,893,834	67,268,634	60,374,800	6,893,834	10.2%
30	Kilosa DC	191,537,000	37,961,000	229,498,000	208,282,371	21,215,629	9.2%
31	Namtumbo DC	65,160,000	2,794,437	67,954,437	61,791,600	6,162,837	9.1%
32	Arusha DC	109,271,000	874,499	110,145,499	101,130,430	9,015,069	8.2%
33	Bunda DC	142,519,973	8,261,250	150,781,223	142,519,973	8,261,250	5.5%
34	Maswa DC	136,475,000	10,589,500	147,064,500	142,105,300	4,959,200	3.4%
35	Kigoma DC	183,526,000	6,479,743	190,005,743	184,039,456	5,966,287	3.1%
36	Kahama DC	171,428,000	0	171,428,000	166,474,399	4,953,601	2.9%
37	Ngara DC	178,455,790	48,260,122	226,715,912	220,524,494	6,191,418	2.7%
38	Longido DC	25,834,000	2,040	25,836,040	25,457,902	378,138	1.5%
39	Manyoni DC	93,321,000	29,822	93,350,822	92,140,000	1,210,822	1.3%
40	Singida MC	33,090,000	0	33,090,000	33,089,000	1,000	0.003%
41	Kigoma MC	38,602,000	3,262,144	41,864,144	41,863,700	444	0.001%
	TOTAL	4,325,496,571	601,689,932	4,927,186,503	3,822,821,809	1,104,364,692	22.4%



Annexure (xxvi)

Funds wrongly recorded for NMSF activities Shs.859,163,571

S/N	Council	Amount released (Shs)	Amount recorded as received (Shs)	Difference (Shs)	% of Difference
1	Shinyanga DC	42,848,000	89,000,000	46,152,000	108%
2	Ngara DC	95,560,000	178,455,790	82,895,790	87%
3	Bunda DC	82,932,000	142,519,973	59,587,973	72%
4	Kongwa DC	71,160,000	114,673,892	43,513,892	61%
5	Kasulu DC	168,508,000	269,361,600	100,853,600	60%
6	Bariadi DC	175,260,000	247,306,000	72,046,000	41%
7	Bukoba DC	72,426,000	101,362,000	28,936,000	40%
8	Arusha DC	79,882,000	109,271,000	29,389,000	37%
9	Maswa DC	100,242,000	136,475,000	36,233,000	36%
10	Tarime DC	87,812,000	118,507,000	30,695,000	35%
11	Sengerema DC	145,016,000	194,325,250	49,309,250	34%
12	Biharamulo DC	45,702,000	60,374,800	14,672,800	32%
13	Bahi DC	59,176,000	77,714,266	18,538,266	31%
14	Serengeti DC	67,200,000	88,138,000	20,938,000	31%
15	Singida DC	115,776,000	151,849,000	36,073,000	31%
16	Kigoma DC	139,928,000	183,526,000	43,598,000	31%
17	Meru DC	62,396,000	81,837,000	19,441,000	31%
18	Kilosa DC	146,036,000	191,537,000	45,501,000	31%
19	Manyoni DC	71,152,000	93,321,000	22,169,000	31%
20	Chamwino DC	83,830,000	109,949,000	26,119,000	31%
21	Songea MC	41,198,000	54,034,000	12,836,000	31%
22	Musoma MC	38,728,000	50,794,000	12,066,000	31%

23	Karagwe DC	114,796,000	119,796,000	5,000,000	4%
24	Namtumbo DC	63,160,000	65,160,000	2,000,000	3%
25	Karatu DC	57,196,000	57,796,000	600,000	1%
26	Arusha MC	71,944,000	71,944,000	0	0%
27	Monduli DC	37,662,000	37,662,000	0	0%
28	Ngorongoro DC	52,378,000	52,378,000	0	0%
29	Longido DC	25,834,000	25,834,000	0	0%
30	Ilala MC	167,338,000	167,338,000	0	0%
31	Mpwapwa DC	77,114,000	77,114,000	0	0%
32	Kigoma/Ujiji MC	38,602,000	38,602,000	0	0%
33	Musoma DC	105,016,000	105,016,000	0	0%
34	Rorya DC	71,946,000	71,946,000	0	0%
35	Morogoro MC	62,136,000	62,136,000	0	0%
36	Magu DC	124,108,000	124,108,000	0	0%
37	Misungwi DC	83,184,000	83,184,000	0	0%
38	Bukombe DC	117,246,000	117,246,000	0	0%
39	Kahama DC	171,428,000	171,428,000	0	0%
40	Meatu DC	86,600,000	86,600,000	0	0%
41	Kishapu DC	79,112,000	79,112,000	0	0%
42	Iramba DC	119,520,000	119,520,000	0	0%
43	Singida MC	33,090,000	33,090,000	0	0%
	Total	3,752,178,000	4,611,341,571	859,163,571	23%



Appendix (xxvii)

Non Utilization of CDF Funds Shs. 2,683,368,422.21

S/N	Region	Name of the Council	Constituency	Amount (Shs)
1	ARUSHA	Karatu DC		835,527
2	DAR ES SAALAM	Kinondoni MC	Kawe	47,804,000
			Ubungo	52,031,830
			Kinondoni	53,628,895
3	IRINGA	Makete DC		33,812,172
4		Mufindi DC	North	23,162,565
			South	26,990,636
5	KAGERA	Bukoba DC		29,862,000
6		Bukoba MC		30,293,990
7		Karagwe DC		27,017,077
8		Ngara DC		26,792,968
9		Missenyi DC		23,233,202
10		Chato DC		1,436,480
11	KIGOMA	Kigoma DC		54,490,050
12		Kigoma/Ujiji MC		42,619,494
13	KILIMANJARO	Siha DC		1,087,299
14		Mwanga DC		36,200,200
15	LINDI	Kilwa DC		73,070,130
16		Lindi DC		32,397,203
17		Lindi TC		20,351,969
18		Liwale DC		18,481,846
19		Nachingwea DC		51,250,250
20		Ruangwa DC		32,626,999
21	MANYARA	Hanang' DC		36,511,825
22		Mbulu DC		58,087,354
23		Simanjiro DC		36,541,000
24		Babati TC		82,556,652
25	MARA	Musoma MC		34,171,478
26		Serengeti DC		58,807,372
27		Tarime DC		62,395,562
28	MOROGORO	Kilombero DC		122,627,925
29		Kilosa DC		174,098,442
30		Morogoro DC		81,280,033
31		Morogoro MC		46,145,524
32		Ulanga DC		85,874,198
33		Mvomero DC		85,356,720
34	MWANZA	Sengerema DC	Sengerema	48,372,480
			Buchosa	56,093,500



35		Ukerewe DC		60,246,012
36	RUVUMA	Mbinga DC		20,180,112
37		Songea MC		36,503,270
38		Songea DC		940,000
39		Namtumbo DC		69,854,143
40	SHINYANGA	Bariadi DC		172,284,838
41		Kahama DC		76,132,789
42		Shinyanga DC		29,200,000
43		Shinyanga MC		1,146,168
44		Kishapu DC		55,223,943
45		Maswa DC		8,283,000
46	SINGIDA	Manyoni DC		102,624,000
47		Singida DC		124,207,904
48		Singida MC		38,208,057
49		Korogwe DC		26,447,275
50		Muheza DC		44,109,335
51		Mkinga DC		9,380,729
	TOTAL			2,683,368,422



Unspent balance for Primary Health Sector Development Grants (PHSDP)
Shs.5,848,929,864

S/N	Council	Amount Received (Shs)	Previous balance (Shs)	Total amount available (Shs)	Amount Spent (Shs)	Amount Unspent (Shs)	% of Unspent
1	Lindi TC	73,302,000	30,598,397	103,900,397	0	103,900,397	100.00%
2	Mbeya CC	121,980,000	54,599,847	176,579,847	0	176,579,847	100.00%
3	Mwanza CC	191,220,000	74,605,790	265,825,790	44,639,556	221,186,234	83.21%
4	Magu DC	166,049,145	14,560,855	180,610,000	35,000,000	145,610,000	80.62%
5	Bukoba DC	126,003,000	0	126,003,000	24,728,550	101,274,450	80.37%
6	Arusha MC	108,787,000	267,154,112	375,941,112	75,598,608	300,342,504	79.89%
7	Mpwapwa DC	227,671,000	246,305,547	473,976,547	103,971,311	370,005,236	78.06%
8	Kibondo DC	289,159,700	191,609,863	480,769,563	118,834,840	361,934,723	75.28%
9	Misungwi DC	158,221,000	189,396,110	347,617,110	86,133,260	261,483,850	75.22%
10	Ngorongoro DC	157,748,000	89,021,608	246,769,608	61,775,456	184,994,152	74.97%
11	Ruangwa DC	85,812,000	0	85,812,000	22,024,000	63,788,000	74.33%
12	Kilwa DC	172,079,000	196,603,954	368,682,954	95,290,920	273,392,034	74.15%
13	Ileje DC	80,571,502	67,639,851	148,211,353	47,853,415	100,357,937	67.71%
14	Mbarali DC	125,000,000	0	125,000,000	41,016,700	83,983,300	67.19%
15	Same DC	232,197,000	229,002,763	461,199,763	164,796,087	296,403,676	64.27%
16	Mufindi DC	224,179,000	315,211,010	539,390,010	209,179,543	330,210,467	61.22%
17	Kasulu DC	435,268,000	4,020,000	439,288,000	192,826,549	246,461,451	56.10%
18	Chato DC	75,546,000	200,228,186	275,774,186	129,131,753	146,642,433	53.17%
19	Kahama DC	374,959,000	301,874,858	676,833,858	328,994,358	347,839,500	51.39%
20	Monduli DC	115,437,200	39,035,200	154,472,400	76,402,000	78,070,400	50.54%
21	Kongwa DC	192,622,000	24,986,704	217,608,704	113,310,895	104,297,809	47.93%
22	Kilosa DC	332,911,000	206,925,975	539,836,975	311,138,635	228,698,340	42.36%
23	Shinyanga DC	138,177,000	76,831,000	215,008,000	128,316,327	86,691,673	40.32%
24	Ukerewe DC	132,962,000	293,990,573	426,952,573	267,472,848	159,479,725	37.35%
25	Ngara DC	408,216,000	205,533,390	613,749,390	390,584,045	223,165,345	36.36%
26	Chamwino DC	214,238,000	73,764,807	288,002,807	188,685,091	99,317,716	34.48%
27	Kishapu DC	195,883,000	0	195,883,000	133,135,304	62,747,696	32.03%
28	Bukombe DC	295,352,000	5,000	295,357,000	204,351,462	91,005,538	30.81%
29	Ulanga DC	170,124,000	159,904,885	330,028,885	242,835,193	87,193,692	26.42%
30	Kigoma MC	161,809,000	204,125,000	365,934,000	271,215,662	94,718,338	25.88%
31	Musoma MC	127,933,000	1,473,926	129,406,926	97,167,093	32,239,833	24.91%

32	Rorya DC	101,062,000	0	101,062,000	77,165,000	23,897,000	23.65%
33	Biharamulo DC	136,622,000	106,488,845	243,110,845	194,901,648	48,209,197	19.83%
34	Karagwe DC	174,633,000	36,234,404	210,867,404	170,867,404	40,000,000	18.97%
35	Siha DC	84,181,000	34,377,000	118,558,000	96,084,517	22,473,483	18.96%
36	Bunda DC	130,868,512	26,357,338	157,225,850	127,426,850	29,799,000	18.95%
37	Muleba DC	80,689,363	0	80,689,363	66,467,851	14,221,512	17.63%
38	Longido DC	97,539,000	77,768,525	175,307,525	145,629,339	29,678,186	16.93%
39	Mvomero DC	353,334,000	0	353,334,000	293,830,571	59,503,429	16.84%
40	Kigoma DC	328,328,000	0	328,328,000	290,233,000	38,095,000	11.60%
41	Bahi DC	89,482,000	2,864,384	92,346,384	82,574,098	9,772,286	10.58%
42	Tarime DC	136,462,000	0	136,462,000	123,807,284	12,654,716	9.27%
43	Nachingwea DC	106,151,000	65,761,620	171,912,620	158,316,618	13,596,002	7.91%
44	Bariadi DC	382,060,000	0	382,060,000	362,132,689	19,927,311	5.22%
45	Karatu DC	168,742,000	43,524,480	212,266,480	202,436,918	9,829,562	4.63%
46	Lindi DC	193,491,000	180,738,863	374,229,863	362,945,230	11,284,633	3.02%
47	Arusha DC	571,535,000	1,434,000	572,969,000	571,006,750	1,962,250	0.34%
48	Meru DC	442,803,175	19,044,471	461,847,646	461,837,646	10,000	0.00%
	TOTAL	9,489,399,597	4,353,603,141	13,843,002,738	7,994,072,874	5,848,929,763	42.25%



Annexure (xxix)

Unspent balances for Community Health Fund Shs.2,963,900,725					
S/N	Name of the Council	Fund available (Shs)	Amount Spend (Shs)	Unspent balance (Shs)	%ge of Unspent
1	Bahi DC	144,774,218	-	144,774,218	100.00%
2	Kondoa DC	39,963,000	-	39,963,000	100.00%
3	Bukoba DC	20,428,459	-	20,428,459	100.00%
4	Moshi DC	106,925,000	-	106,925,000	100.00%
5	Nachingwea DC	4,952,000	-	4,952,000	100.00%
6	Kyela DC	22,106,815	-	22,106,815	100.00%
7	Kishapu DC	19,810,921	-	19,810,921	100.00%
8	Tunduru DC	43,093,000	910,000	42,183,000	97.89%
9	Mbeya DC	92,206,990	11,523,834	80,683,156	87.50%
10	Singida DC	384,408,000	78,110,000	306,298,000	79.68%
11	Manyoni DC	53,745,500	12,527,500	41,218,000	76.69%
12	Sikonge DC	69,913,889	16,580,769	53,333,120	76.28%
13	Kasulu DC	149,514,349	36,862,000	112,652,349	75.35%
14	Muleba DC	397,393,928	112,683,819	284,710,109	71.64%
15	Rombo DC	411,368,281	124,797,828	286,570,453	69.66%
16	Bariadi DC	306,974,033	105,491,235	201,482,798	65.64%
17	Karagwe DC	228,623,936	90,928,935	137,695,000	60.23%
18	Songea MC	96,241,111	42,260,761	53,980,350	56.09%
19	Chato DC	29,244,975	13,056,500	16,188,475	55.35%
20	Kahama DC	649,278,518	291,390,843	357,887,675	55.12%
21	Iramba DC	462,089,491	230,535,491	231,554,000	50.11%
22	Tabora DC	100,279,830	53,719,750	46,560,080	46.43%
23	Chamwino DC	145,905,100	80,108,700	65,796,400	45.10%
24	Mbinga DC	76,738,777	48,046,225	28,692,552	37.39%
25	Mpwapwa DC	294,727,291	203,717,307	91,009,984	30.88%
26	Kibondo DC	108,280,907	76,878,965	31,401,942	29.00%
27	Songea DC	84,655,445	63,093,979	21,561,466	25.47%
28	Shinyanga DC	119,465,114	92,740,717	26,724,397	22.37%
29	Kigoma DC	331,273,988	280,927,200	50,346,788	15.20%
30	Dodoma MC	121,508,958	105,396,604	16,112,354	13.26%
31	Kongwa DC	116,723,794	108,006,380	8,717,414	7.47%
32	Igunga DC	193,459,580	183,656,159	9,803,421	5.07%
33	Namtumbo DC	37,585,506	35,808,477	1,777,029	4.73%
	TOTAL	5,463,660,702	2,499,759,976	2,963,900,725	54.25%

Annexure (xxx)



Improperly vouched expenditure Shs. 5,692,624,802

S/N	Name of the council	Amount (Shs.)
1	Arusha MC	2,635,651,505
2	Dodoma MC	767,063,533
3	Kiteto DC	301,250,784
4	Kilindi DC	233,319,374
5	Kondoa DC	187,309,192
6	Musoma DC	169,178,000
7	Mpanda TC	123,376,364
8	Tunduru DC	96,794,632
9	Monduli DC	91,459,413
10	Longido DC	87,493,470
11	Namtumbo DC	84,130,400
12	Meru DC	69,252,037
13	Sengerema DC	66,422,795
14	Mbinga DC	65,335,725
15	Liwale DC	43,201,143
16	Mvomero DC	42,232,889
17	Songea DC	40,650,570
18	Arusha DC	37,726,400
19	Mpwapwa DC	37,330,000
20	Iringa MC	30,439,800
21	Mtwara MC	28,533,925
22	Karatu DC	28,445,662
23	Misungwi DC	27,312,000
24	Ukerewe DC	26,986,254
25	Kasulu DC	22,205,000
26	Sumbawanga DC	20,548,083
27	Songea MC	20,273,000
28	Babati TC	17,372,675
29	Mbeya CC	16,978,261
30	Mwanza CC	16,755,000
31	Kilosa DC	16,694,600
32	Bukombe DC	16,284,994
33	Mbulu DC	16,121,620
34	Mpanda DC	15,838,970
35	Kahama DC	14,555,500
36	Kinondoni MC	14,551,165
37	Moshi DC	14,477,800
38	Lushoto DC	13,882,900
39	Mafia DC	12,910,000
40	Urambo DC	12,838,000

41	Ileje DC	12,621,390
42	Kilolo DC	10,805,424
43	Mbarali DC	7,878,200
44	Simanjiro DC	7,263,756
45	Shinyanga MC	6,650,000
46	Nzega DC	6,203,000
47	Ruangwa DC	6,030,000
48	Chamwino DC	5,860,000
49	Shinyanga DC	5,700,000
50	Kigoma DC	5,630,000
51	Njombe TC	4,769,024
52	Geita DC	4,153,530
53	Masasi TC	3,933,000
54	Rorya DC	3,849,000
55	Korogwe TC	3,308,333
56	Nkasi DC	3,260,000
57	Tabora DC	2,900,000
58	Maswa DC	2,290,000
59	Kishapu DC	2,130,724
60	Rombo DC	1,356,800
61	Meatu DC	1,340,000
62	Bariadi DC	1,250,000
63	Sumbawanga MC	259,185
		5,692,624,802

Annexure (xxxi)



Unvouched Expenditure Shs.1,080,519,637

S/N	Name of the council	Amount (Shs.)
1	Morogoro DC	174,267,118
2	Arusha MC	159,200,222
3	Kiteto DC	156,899,181
4	Mpanda TC	104,671,364
5	Kilosa DC	83,970,455
6	Ludewa DC	51,582,032
7	Mvomero DC	40,863,684
8	Ukerewe DC	38,673,700
9	Longido DC	29,535,846
10	Kilwa DC	24,597,174
11	Korogwe TC	24,020,521
12	Urambo DC	21,723,568
13	Masasi DC	18,949,426
14	Iringa DC	18,000,000
15	Arusha DC	16,549,000
16	Kasulu DC	15,752,000
17	Namtumbo DC	13,152,300
18	Kondoa DC	11,130,000
19	Njombe TC	11,000,000
20	Rorya DC	10,006,620
21	Misungwi DC	8,794,800
22	Songea DC	8,047,200
23	Mbarali DC	7,988,401
24	Karatu DC	7,211,820
25	Hanang' DC	6,034,584
26	Monduli DC	5,399,500
27	Babati TC	4,801,654
28	Rombo DC	2,605,060
29	Kigoma/Ujiji MC	2,370,000
30	Sumbawanga DC	1,735,855
31	Simanjiro DC	500,000
32	Tandahimba DC	486,552
		1,080,519,637

Annexure (xxxii)

Councils with Pending Legal Cases Shs.5,852,750,556

Controller and Auditor General (CAG)

General Report on LGAs for 2010/2011

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S/N	Name of the council	Details of the case	Amount of contingent Liability
1.	Bahi DC	<ul style="list-style-type: none"> • Magira magoma versus Bahi District Council, DMC Civil Case No.06/2009, The Defendant (the Dodoma District Council) ordered the Plaintiff to print and Supply Mock Exams paper for standard Seven which were under the said Council. The case was settled outside the Court and the Plaintiff agreed to be paid Shs.6,482,000/= by the Defendant. • Magira magoma versus Chamwino District Council and Bahi District Council, DMC Civil Case No.19/2009, The case originated from the Decree in Civil Case No.2/2005 whereby the Execution Order issue the payment of Shs.39,987,524 by the Defendants. • The Board of Trustees of the Local Authorities Pensions Fund (LAPF) versus Bahi District Council, the District Executive Director and District Treasurer, RMS Civil CaseNo.50/2009, The Plaintiff claimed against the Defendants is for the payment of unremitted statutory Contributions and the Penalty. Both parties' greed and the Defendant shall pay the Outstanding Principle sum of shs.75,201,717.60/= as a debt. • Eizeck Masasu versus Chamwino District Council and Bahi District Council, HC Civil Case No.20/1998, The Plaintiff was terminated by the Defendant, the then Dodoma District Council who failed to pay the Plaintiff subsistence allowance. The claim 	336,231,242



		<p>is shs.214,560,000.</p> <ul style="list-style-type: none"> • Robert Mbukila versus Bahi District Executive Director and Chamwino District Executive Director, DMC civil Case no.17/2008, The Plaintiff supplied Office item to the Defendant the former Council and played part of the claim. 	
2.	Chamwino DC	<ul style="list-style-type: none"> • Magira magoma versus Chamwino District Council and Bahi District Council, DMC Civil Case No.19/2009, The case originated from the Decree in Civil Case No.2/2005 whereby the Execution Order issue the payment of shs.39,987,524 by the Defendants. • Eizeck Masasu versus Chamwino District Council and Bahi District Council, HC Civil Case No.20/1998, The Plaintiff was terminated by the Defendant, the then Dodoma District Council who failed to pay the Plaintiff subsistence allowance. The claim is shs.214,560,000. • Civil case no 17 of 2008 Robert t/a Kango general supply versus Chamwino District Council the plaintiff claimed to be paid his debts Shs.4,078,170 principal, general damage Shs.20,000,000 the case is in progress. • Civil Case No.2 of 2005 between Magira Magoma t/a Yukos general supplies versus Chamwino District Council was ruled by the former Dodoma District Council 07/11/2005 to be paid Shs.28,493,400 including interest principal Shs.5,918,000 interest 24% and general damage Shs.20,000,000 arrangements of payments are in progress. 	647,239,667



		<ul style="list-style-type: none"> • Civil case of 2005 between Mr John Kangaulu, Nelson Kachimba versus Chamwino District Council plaintiffs both claimed to be paid, Principal Shs.32,750,000 with interest of 31%, both totalling to Shs.63,750,000 the case is in investigations to confirm the claims. • Civil case No.49 of 2010 instituted by LAPF versus Chamwino District Council the plaintiff claimed to be paid debt of Shs.250,452,573 including interest charges resulted from not being paid Council employees statutory deductions during the former Dodoma District Council, the case is in progress. 	
3.	Dodoma MC	<ul style="list-style-type: none"> • The Council is facing unresolved matters which might have material effect to the financial statements in the current year this is a case against Dodoma Municipal Council by info bridge Consultants Co. Ltd another consultants Co. Ltd claims to be paid Shs.709,000,000 after terminating its contract for failure to comply with terms and conditions. • The plaintiff in this case has instituted the said case against the Municipal for a claim of Shs.31,123,948 following the decision of the Council to transfer all illegal garage dealers to the new industrial area in Kizota Ward, the decision the is complained by him on the basis that may dealers have returned back to the condemned areas as 	784,123,948

		<p>a result he has suffered loss.</p> <ul style="list-style-type: none"> The Applicants have instituted the application against the Respondent Dodoma Municipal Council for the Claim of Shs.15,000,000 being the expected loss that could be unnecessary incurred by them following an order to the Municipal to evict and demolish their business premises at the Bus Stand of which they have been paying rent for years. <p>Hassan Shekwavi & others claim against the Dodoma Municipal Council that is for adequate compensation for the shops that they constructed on several pieces of land allocated to them by the Dodoma Municipal Council within the New Bus Terminal (Stendi Kuu ya Mabasi). The said application is at mention stage ever the Dodoma Municipal Council raise a Counterclaim against Comra Enterprises claim for Shs.29,000,000 being the accruing debt of collecting various levies and fees from sellers at Majengo and Mwembetayari market for the year 2010/2011.</p>	
4.	Kongwa DC	<ul style="list-style-type: none"> Robby Traders Ltd versus Kongwa District Council, Case No. 7 of 2011 where Robby Traders claim General Damages amounting to Shs.111,012,713 where by the Plaintiff claimed to be paid outstanding balance of Shs.62,507,204 resulted from additional works of the contract which was not recognized by Kongwa District Council. This case is before Honourable Judge 	342,954,917



		<p>Mwangesi of the High Court of Tanzania at Dodoma.</p> <ul style="list-style-type: none"> • Salum Nassoro Sengella versus District Land Officer (1st Defendant) & Kongwa District Council (2nd Defendant), Land case Number 4 of 2005. This case was instituted at the High Court of Tanzania (Land Division) where the Plaintiff, one Mr. Salum Sengella claim the general damages amounting to Shs.10,000,000 for the demolish of the Plaintiff Building to allow the passage of a road to the Kibaigwa Market from the Dodoma - Dar es Salaam road. • Mbuga Enterprises versus Kongwa District Council, Civil Case Number 1 of 2010, instituted in the High Court of Tanzania at Dodoma where the Plaintiff, one Mbuga Enterprises claim the General Damages amounting to Shs.150,000,000 for termination of contract regarding the spot improvement of Suguta Ihanda Chiwe- Moleti road. • Saidi Njachi versus Kongwa District Council, Civil Case Number 36 of 2003. This case was instituted in Residence Magistrate Court at Dodoma where the Plaintiff, one Mr. Said Njachi claim the general damages amounting to Shs.9,435,000 for the arrest and subsequent detention of the Plaintiff by the Njoge militia at Njoge ward remand custody. 	
5.	Mpwapwa DC	<ul style="list-style-type: none"> • Civil Case No 1-2010 In the Mpwapwa District Court Eligy Olomy (Plaintiff) VS Mpwapwa District Council and Others (Defendants) In this case, the Plaintiff claims the sum of 	27,765,133



		<p>Shs.15,253,775 from the Defendants jointly. It is for Mention Status.</p> <ul style="list-style-type: none"> • Civil Case No. 2 of 2007-Filed in District Court of Mpwapwa Rufina M. Kiria (Plaintiff) Vs Mpwapwa District Council In this case, The Plaintiff claims the sum of Shs.12,511,358/- from the Defendant, it is for Hearing Status. 	
6.	Kigoma DC	<ul style="list-style-type: none"> • Questionable selection and employment of consultant, 77,100,000, Court ruling is awaited (2007/08). • Case No 20/2006, Case No.4/2009, case No.10/2008 and case for Shekali Ndinalyo Vs Kigoma District Council on pension these entire amount to Shs. 596,000,000 	673,100,000
7.	Kilombero DC	<ul style="list-style-type: none"> • Civil case No; 8 of 2011 In the District Court of Kilombero, J&T Company (Plaintiff) V/S District Executive Director Kilombero District Council (Defendant). In this case the Plaintiff claimed shs.46, 250,000 as a specific shs.26,250,000 and shs.20,000,000 as a general damages from the Plaintiff. It is for Hearing status. Cause of the case, termination of contract for drilling of borehole at Uchindile village. • Civil case No 25 of 2010 In the Resident Magistrate Court of Morogoro, the M/s Fair Class Construction Ltd (Plaintiff) V/S DED Kilombero District Council (Defendant). In this case the Plaintiff claims the sum of Shs.116,777,955.05 for breach of contractual obligations, shs.66,777,955.05 being specific 	350,745,890



		<p>damages and Shs.50,000,000 being a general damages.</p> <ul style="list-style-type: none"> • Civil case No; 12 of 2010 In the District Court of Kilombero, Mohamed Kindindindi t/a Mood Auto Garage(Plaintiff) V/s The Kilombero District Council (Defendant) In this case the Plaintiff claimed a sum of shs 24,689,980. Cause of case, is debt of services rendered to various motor vehicles. It's about to be heard on 9/9/2011 	
8.	Morogoro DC	<ul style="list-style-type: none"> • Civil case No: 23 of 2010 In the Resident Magistrate Court of Morogoro, The Board of Trustees of the Local Authorities Pensions Fund Plaintiff V/S Morogoro District Council (Defendant).In this case, the Plaintiff claims the Shs.744,652,886.39 being outstanding debt arising from unremitted statutory contributions of Shs.6,377,096 and Shs.738,275,790.39 as a penalty from the Defendant it is for hearing on 2/2/2011. • Civil case No: 2/2005 In the Resident Magistrate Court of Morogoro, the R.H.Transporter & Garage Ltd (Plaintiff) V/S Morogoro District Council (Defendant).In this case the plaintiff claims Shs.16,137,146.75 for maintenance of councils' vehicles. 	1,505,442,920
9.	Ulanga DC	<p>There are pending legal cases amounting to Shs.106,646,839 in the council if are successful can result into severe financial difficulties in the council.</p> <ul style="list-style-type: none"> • Civil Case No 5 of 2010 In the Ulanga District Court, Ulanga District Council (Plaintiff) V/S M/s Mwilanga Hardware Ltd 	106,646,839



		<p>(Defendant). In this case, the Plaintiff claims the sum of Shs.24,026,463 as a specific damages and 25,000,000 as a general damages from the Defendants, it is for Hearing Status.</p> <ul style="list-style-type: none"> • Civil Case No 10 Of 2008 in the Resident Magistrate Court of Morogoro Gasto A. Mushi t/a Gasto Hardware (Plaintiff) V/S Ulanga District Council 1st Defendant, and Tanzania Social Action Fund (TASAF) 2nd Defendant. In this case, the Plaintiff claimed over Shs.32,620,376 as a specific damages and Shs.25,000,000 as a general damages from the Defendants, it is for Hearing Status. 	
10.	Singida MC	<ul style="list-style-type: none"> • Case Number 3/2010 LEONARD JOHN SUIH Vs SINGIDA MUNICIPAL shs.1,073,000,000. • Case Number 4/2011 SUMACO ENGINEERING Co. LTD Vs SINGIDA MUNICIPAL COUNCIL Shs.5,500,000 	1,078,500,000
Total			5,852,750,556

(20%) Contributions not Transferred to Villages/Wards Shs.1,556,830,463

S/N	Councils	20% Contribution (Shs.)	Amount remitted (Shs.)	Outstanding Amount (Shs.)	% of Outstanding Amounts
1	Bahi DC	18,243,940	0	18,243,940	100.00%
2	Chamwino DC	29,806,638	0	29,806,638	100.00%
3	Dodoma MC	21,092,320	0	21,092,320	100.00%
4	Kondoa DC	36,147,860	0	36,147,860	100.00%
5	Mpwapwa DC	23,321,520	0	23,321,520	100.00%
6	Biharamulo DC	40,717,720	0	40,717,720	100.00%
7	Bukoba DC	36,933,511	0	36,933,511	100.00%
8	Ngara DC	61,103,940	0	61,103,940	100.00%
9	Chato DC	45,712,113	0	45,712,113	100.00%
10	Kasulu DC	43,887,820	0	43,887,820	100.00%
11	Kilwa DC	33,943,320	0	33,943,320	100.00%
12	Lindi TC	36,799,340	0	36,799,340	100.00%
13	Liwale DC	32,394,140	0	32,394,140	100.00%
14	Nachingwea DC	32,394,140	0	32,394,140	100.00%
15	Ruangwa DC	25,537,200	0	25,537,200	100.00%
16	Bunda DC	80,554,640	0	80,554,640	100.00%
17	Serengeti DC	60,982,844	0	60,982,844	100.00%
18	Mbeya DC	26,752,060	0	26,752,060	100.00%
19	Morogoro DC	39,603,740	0	39,603,740	100.00%
20	Namtumbo DC	14,004,211	0	14,004,211	100.00%
21	Shinyanga DC	18,543,943	0	18,543,943	100.00%
22	Shinyanga MC	69,257,348	0	69,257,348	100.00%
23	Manyoni DC	9,727,342	0	9,727,342	100.00%
24	Singida DC	55,860,040	0	55,860,040	100.00%
25	Korogwe DC	30,617,960	0	30,617,960	100.00%
26	Kilindi DC	36,418,361	0	36,418,361	100.00%
27	Mkinga DC	34,057,723	0	34,057,723	100.00%
28	Hanang' DC	39,194,760	1,260,000	37,934,760	96.79%
29	Kilosa DC	83,083,140	10,000,000	73,083,140	87.96%
30	Sikonge DC	27,629,140	5,263,529	22,365,611	80.95%
31	Songea MC	33,763,140	6,500,000	27,263,140	80.75%
32	Iramba DC	45,054,740	9,883,675	35,171,065	78.06%
33	Morogoro MC	66,169,140	14,549,167	51,619,973	78.01%
34	Singida MC	32,874,240	10,000,000	22,874,240	69.58%
35	Rombo DC	33,365,340	12,000,000	21,365,340	64.03%
36	Musoma DC	55,193,360	20,663,300	34,530,060	62.56%
37	Kyela DC	31,101,940	11,900,000	19,201,940	61.74%
38	Babati DC	35,218,760	13,691,530	21,527,230	61.12%
39	Same DC	44,865,140	18,200,000	26,665,140	59.43%
40	Longido DC	19,982,250	8,986,131	10,996,119	55.03%
41	Tunduru DC	44,835,744	20,880,193	23,955,551	53.43%
42	Kilombero DC	40,698,074	20,461,799	20,236,275	49.72%
43	Rorya DC	45,857,160	26,845,000	19,012,160	41.46%
44	Urambo DC	72,889,740	44,946,719	27,943,021	38.34%



45	Karagwe DC	52,154,940	34,640,069	17,514,871	33.58%
46	Kishapu DC	35,978,940	24,128,032	11,850,908	32.94%
47	Ulanga DC	34,773,940	26,000,000	8,773,940	25.23%
48	Mwanga DC	42,199,920	33,284,644	8,915,276	21.13%
49	Kinondoni MC	90,290,592	74,629,500	15,661,092	17.35%
50	Kigoma/Ujiji MC	36,234,400	32,280,523	3,953,877	10.91%
	Total	2,037,824,274	480,993,811	1,556,830,463	76.40%



“Kilimo Kwanza”

S/N	Council	Weaknesses
1	Chamwino DC	<p>Slow pace in Implementation of “Kilimo Kwanza” Slogan Shs.801,175,473</p> <p>A review on the ten pillars against action plan and implementation reports in Chamwino District Council noted some of project activities worth Shs.801,175,473 including Construction of infrastructures for Chinangali II grape vine drop irrigation scheme and Chalinze irrigation scheme, Rehabilitation and upgrading of Mpwayungu irrigation Scheme, Borehole drilling at Mvumi Makulu irrigation scheme and Previous year balance used for rehabilitation of Buigiri irrigation scheme, were not adequately implemented as required by the real objectives of Kilimo Kwanza mission.</p>
2	Ruangwa DC	<p>Unutilized subsidized vouchers for fertilizer and seeds Shs.310,488,000</p> <p>Ruangwa District Council received government subsidies in form of agricultural input vouchers i.e. fertilizer and seeds totalling 22287 worth Shs.454,266,000. However, during audit it was revealed that, agricultural input vouchers totalling 15083 worth 310,488,000 were not utilized. Also agricultural input vouchers worth Shs.19,344,000 were not received by the intended beneficiaries and their whereabouts were not known during audit</p>
3	Nachingwea DC	<p>Unutilised Subsidies Vouchers for Fertilizer and Seeds Shs.9,990,000 and Shortages of fertilizer Vouchers</p> <p>Nachingwea District Council received a total amount of 2609 government subsidies in form of agricultural input vouchers i.e. fertilizer and seeds worth Shs.26,090,000. However, Audit conducted in October 2011 revealed that a total amount of 999 of subsidized vouchers worth Shs.9,990,000 were not utilized</p>



4	Kilombero DC	<p>Achievements of the Council's Kilimo Kwanza Objectives/pillars.</p> <p>During the financial year 2010/11 Kilombero District Council targeted to accomplish various activities related to Kilimo Kwanza. The performance assessment/evaluation revealed some of the weaknesses including complaints received from farmers that the power tillers procured were of low standard, delay in procurement process for activities: also During the year financial year 2010/11 Kilombero District Council received 87531 Agriculture vouchers worth Shs.1,676,036,500. As at the time of audit 86937 agriculture vouchers worth Shs.1,663,265,500 were already distributed and authorized for payment. 594 agriculture vouchers were not used for the financial year 2010/11. The receipt of agriculture vouchers is as detailed below</p>
5	Kilosa DC	<p>Delay by the Agents to distribute agricultural inputs to farmers</p> <p>There was a delay in the distribution of agricultural input vouchers caused by incompetent agents noted during the financial year 2010/2011 in five villages namely; Kiberege, Mkasu, Sanje, Miwangani, Msolwa station. A review of complaints letters revealed that, selected agents for the five villages delayed while one agent failed at all to distribute agriculture inputs to the farmers in time thereby disrupting the seasonal agricultural activities.</p> <p>Agricultural Inputs vouchers Stolen Shs.54,727,000</p> <p>During the year under review, Kilosa District Council received 72857 vouchers worth Sh.1,265,269,500. All vouchers were distributed to farmers through VEO's and appointed agro dealers. During review of agricultural input vouchers, a total amount of 7805 vouchers worth 143,179,500 were</p>



		<p>returned. However, it was further noted that 215 vouchers worth Shs.54,727,000 were stolen at Rudewa ward as evidenced by letter with ref.No.FERT/20/10/191 of 22/2/2011 and RB No.KIM/RB/130/2011 while 53054 vouchers worth Shs.885,457,500 are still in the hands of agro dealer</p> <p>Anomalies noted in pursuing to achieve Kilimo Kwanza Objectives</p> <ul style="list-style-type: none"> • Funds amounting to Shs.251,469,780 were disbursed to lower level but as the time of audit, they were still in the village accounts. • Only 15 power tillers out of 50 were distributed to villages leaving 35 power tillers. • Some activities including training on environment management to farmers were not implemented due to non release of funds to facilitate those projects as evidenced in the 4th quarter progress report. • The Council suffers from a shortage of 87 extension officers because there are only 77 extension officers compared to the requirement of 164 extension officers. Employment plan has been sent to PMO-RALG for approval. • Though there are established market centres in the district, but there is no specific rules which guides farmers to sell their products to those market centres instead the market is free.
6	Morogoro DC	<p>Anomalies noted in pursuing to achieve Kilimo Kwanza Objective</p> <ul style="list-style-type: none"> • There was a delay in procurement process for these activities • Only 10 farmers were trained • During the year 2010/2011 Morogoro District Council received 61,497



		Agriculture vouchers worth Shs.1,172,485,500. However, as at the time of audit only 55702 agriculture vouchers worth Shs.1,052,955,000 were distributed and authorized for payment leaving 5795 vouchers which were not used.
7	Ulanga DC	<p>Anomalies noted during the distribution of the subsidized agriculture vouchers</p> <p>During the year 2010/2011 Ulanga District council received 79,592 agriculture vouchers worth Shs.1,426,728,000. However, as at the time of audit 76147 agriculture vouchers worth Shs.1,363,269,000 were distributed and authorized for payment leaving 3445 vouchers which were not used</p>
8	Mvomero DC	<p>Unutilized of vouchers received Shs. 67,985,500</p> <ul style="list-style-type: none"> • Mvomero District Council received 103,152 vouchers worth Sh.1,994,358,000. However, out of vouchers received, 4,982 vouchers worth Shs.67,985,500 were not used instead they were returned to the office of the Regional Administrative Secretary vide letter ref. No.MVDC/AGRIC/A.30/11/79 of 2/9/2011 • Some agro dealers were involved in corruption with farmers whereby they bought agricultural input subsidy vouchers from farmers instead of supplying agriculture inputs (seeds and fertilizer). Five of them were reported to police involved in a corruption of agricultural inputs subsidy vouchers worth Shs. 74,932,500 and the matter is pending court judgement. • Inadequate capital to some of agro dealers led to none or inadequate supplying of enough farm implements at once. • The Council has no ward agricultural resource centre in use instead construction



		<p>of three ward agricultural resource centres and one livestock keeper training centre are in progress.</p> <ul style="list-style-type: none"> • The council has established market centres but have not established policies in place to enforce farmers to sell there products at those market centres • Furthermore, it was noted that some the farmers failed to contribute on the purchasing price of the farm implements due to financial problems • 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 closes monitoring of the vouchers.
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Annexure (xxxv)

Effectiveness of Procurement Management Unit (PMU)

S/N	Name of Council	Audit findings	Amount involved (Shs.)
1.	Bahi DC	Due to ineffective PMU, Bahi DC purchased goods and services using cash monies instead of cheques.	12,183,350
2.	Dodoma MC	Order No.249 of Local Authority Financial Memorandum of 1997, requires all payments to be made by cheques to the contrary the Council give cash to its Officers to procure goods and services.	10,000,000
3.	Kondoa DC	The Council purchased goods totalling to Shs.21,492,500 which were out of the annual procurement plan contrary to Sect.45 of the PPA, 2004 also the Council did not prepare the annual Procurement report contrary to Section 26 of the Public Procurement Act, 2004	14,471,947
4.	Mpwapwa DC	Pursuant to Regulation 116 of PPR 2005, "The Head of the procuring entity did not sent copies of all contracts to the Controller and Auditor General within thirty days from the date of contract signature as well as monthly procurement reports.	-
5.	Kasulu DC	During the year under review goods and services were procured through the use of imprests contrary to Order Nos. 249 and 250 of the LAFM, 1997.	58,726,000
6.	Kilombero DC	Annual procurement reports on for the year under review was not properly prepared also goods and services were purchased through the use of cash contrary to Regulation 71(d) of Public Procurement Regulations of 2005 and Order 250 of LAFM 1997	2,393,000



7.	Kilosa DC	Due to ineffective PMU, goods and services were purchased by cash monies contrary to Regulation 71(d) of Public Procurement Regulations of 2005 and Order 250 of LAFM 1997.	-
8.	Morogoro 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.	24,778,500
9.	Ulanga DC	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.	-
10.	Tabora DC	The Council has no Head of Procurement Management Unit contrary to requirements of Section 34 (4) of the PPA, 2004.	-
11.	Dar es Salaam CC	Special imprests were issued to various staff for procurement of goods and services contrary to Reg.68 (4) of the PPR of 2005.	20,000,000
12.	Kilwa DC	Imprests were issued on rehabilitation of finance dept. building contrary to Sect. 59 of PPA No. 21, 2004.	48,000,000
13.	Lindi DC	Procurement of service in respect of extension of a clinic block at Madangwa dispensary does not have evaluation report contrary to Regulation 67 (1&2) of the PPR, 2004.	4,765,000
14.	Monduli DC	Procurement of goods and services was effected before the preparation and authorization of Local Purchase Order, contrary to order No 250 of the LAFM, 1997	8,521,500
15.	Kilindi DC	Procurement of stationery was effected before the preparation and authorization of Local	1,230,000



		Purchase Order, contrary to order No 250 of the LAFM, 1997	
16	Korogwe TC	Procurement of goods was made through issue of imprest contrary to Sect. 128 of LAFM 1997 and sect. 44 of PPA of 2004.	3, 378,000
17	Korogwe DC	Procurement of Assets through the use of Imprest contrary to regulation 27(1)-(3) of Local Government Authorities Tender Boards Regulations 2007.	3,969,000
18.	Iringa MC	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.	12,474,000
19.	Chunya DC	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.	49,350,000
20.	Mbeya CC	Notifications for tender awards decisions by the Council during year under review were not copied to the Office of the Controller and Auditor General as required by Reg.96 (2) of Public Procurement, 2005.	-
21.	Mpanda TC	Due to ineffective PMU, cash monies were issued to various officials for purchase of goods contrary to Regulation 71(d) of Public Procurement Regulations of 2005 and Order 250 of LAFM 1997.	10,850,000
22.	Namtumbo DC	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.	-
23.	Songea DC	Special imprests were issued to various staff for procurement of goods and services contrary to	11,040,000



		goods and services contrary to Order No.128 of the LAFM, 1997 and Sect.44 of PPA, 2004	
29	Kishapu DC	Pursuant to Regulation 116 of PPR 2005, "The Head of the procuring entity did not sent copies of all contracts to the Controller and Auditor General within thirty days from the date of contract signature as well as Annual procurement reports.	-
30.	Maswa DC	Pursuant to Regulation 116 of PPR 2005, "The Head of the procuring entity did not sent copies of all contracts to the Controller and Auditor General within thirty days from the date of contract signature as well as Annual procurement reports.	-
31.	Meatu DC	Pursuant to Regulation 116 of PPR 2005, "The Head of the procuring entity did not sent copies of all contracts to the Controller and Auditor General within thirty days from the date of contract signature as well as Annual procurement reports.	-
32.	Shinyanga DC	Pursuant to Regulation 116 of PPR 2005, "The Head of the procuring entity did not sent copies of all contracts to the Controller and Auditor General within thirty days from the date of contract signature as well as Annual procurement reports.	-
33.	Shinyanga MC	Pursuant to Regulation 116 of PPR 2005, "The Head of the procuring entity did not sent copies of all contracts to the Controller and Auditor General within thirty days from the date of contract signature as well as Annual procurement reports.	-
34.	Same DC	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.	
35.	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.	-
Total			344,715,870

Annexure (xxxvi)

Inadequate documentation of contracts and project records
Shs.4,452,071,069

SN	Council	Amount (Shs.)	Missing documents/Information
1	Chamwino DC	88,872,000	Council enter into two contracts with M/s Balton Tanzania Ltd, However those contract lack important information such as Commencement and completion dates, no clear contract reference number as well as terms and conditions of contracts.
2	Dodoma MC	189,864,000	Nine (9) revenue agents' contract agreements were not produced when called for contrary to order no. 368 of the Local Authority Financial Memorandum of 1997
3	Kongwa DC	-	Absence of Contract between the Council and Board of Directors-Kibaigwa International Market on revenue sources such as market levy, Excel and godown rent.
4	Mpwapwa DC	-	Contract register not properly maintained as required by 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.
5	Kasulu DC	-	Council does not maintain contract register contrary to Order No.290 of the LAFM (1997) and Section 4.16 of LAAM which requires the District Treasurer to maintain a Contracts Register showing the state of each contract between the Council and Contractors, and Order No. 291 states that, payment to contractors shall be made only on the issuance of a Consultant's certificate, showing the original contract sum and approved variations, the amount of the current payment,

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SN	Council	Amount (Shs.)	Missing documents/Information
			the total of payments to date and retentions.
6	Kibondo DC	545,279,830	Council enter into various contracts with different contractors during the year ,however a test check discover five contracts which lack important information such as Commencement and completion dates, no clear contract reference number as well as terms and conditions of contracts.
7	Kigoma DC	290,588,204	During audit it was noted that, copies of payments vouchers, inspection certificates and PMU evaluation committee reports for each certificate issued as well as retention payments details are not properly documented in their respective correspondence files.
8	Kilombero DC	- 1,138,310,390	<ul style="list-style-type: none"> 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. Council enter into various procurement contracts during the financial year 2010/2011, however it was noted that all contracts awarded, none had its records properly filed which contains all the relevant information and correspondences as follows:- <ul style="list-style-type: none"> - Some of the contract Files had no payment vouchers - All contract files have no site meeting reports. - No project supervision reports kept in the contract files



SN	Council	Amount (Shs.)	Missing documents/Information
9	Kilosa DC	-	According to Reg.121(1)a - c of the PPR 2005 and Reg.24(i) of LGATB requires a procuring entity to maintain a proper records for each contract in order to maintain effective management of any procurement of goods, services or works which is undertaken by the entity. Contrary to the cited laws Council maintains contract files of contractors which include more than one project undertaken by the same contractor at different period.
10	Morogoro DC	12,503,200	<ul style="list-style-type: none"> Contracts documents for construction of Selembara ward office was missing.
11	Mvomero DC	1,246,909,406	<p>Council enter into contracts with various contractors to implement various development projects during the year,however after review the following important clause were observed to be missing as follows:</p> <ul style="list-style-type: none"> The deffect liability period were not stated. The date of agreement was not indicated Commencement and completion date was not stated also.
12	Iramba 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.
13	Manyoni 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



SN	Council	Amount (Shs.)	Missing documents/Information
			together requires the Council to prepare and maintain Contract register showing the status of contracts awarded.
14	Singida 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.
15	Urambo DC	25,800,000	Contracts documents for two (2) revenue collecting agents were missing.
16	Bagamoyo 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.
17	DSM CC	694,242,740	City Services Levy documents not produced when called for contrary to Order 120 of LAFM, 1997
18	Ruangwa DC	34,989,949	Contracts documents for two (2) Contractors were not produced when called for.
19	Nanyumbu 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.
20	Kilolo DC	48,674,300	Contracts documents for two (2) revenue collecting agents not produced when called for contrary to Order 120 of LAFM, 1997.



SN	Council	Amount (Shs.)	Missing documents/Information
21	Mbarali 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.
22	Mbeya CC	-	<p>Contract register should be maintained for the purpose of recognizing the contract entered by it. However, during the audit it was revealed that, necessary particulars describing the contract were not recorded or updated contrary to order no 290 of LAFM, 1997 as listed below;-</p> <ul style="list-style-type: none"> (i) Reference/Contract number (ii) Completion date (iii) Trends of payments including certificates particulars (iv) Descriptions of the contracts (v) Arbitrator (vi) Security (vii) Contact sum (viii) Retention period
23	Bukoba DC	-	Council does not maintain contract register contrary to Order No.290 of the LAFM (1997) and Section 4.16 of LAAM which requires the District Treasurer to maintain a Contracts Register showing the state of each contract between the Council and Contractors, and Order No. 291 states that, payment to contractors shall be made only on the issuance of a Consultant's certificate, showing the original contract sum and approved variations, the amount of the current payment, the total of payments to date and retentions.



SN	Council	Amount (Shs.)	Missing documents/Information
24	Kahama DC	136,037,050	<p>Council enter into contracts with various contractors to implement various development projects during the year,however after review the following important clause were observed to be missing as follows:</p> <ul style="list-style-type: none"> • The deffect liability oeriod were not stated. • The date of agreement was not indicated <p>Commencement and completion date was not stated also.</p>
Total		4,452,071,069	