



THE UNITED REPUBLIC OF TANZANIA

**NATIONAL AUDIT
OFFICE**



**GENERAL REPORT ON THE
PERFORMANCE AND FORENSIC AUDITS
CONDUCTED FOR THE PERIOD ENDING
31ST MARCH, 2012**

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

March 2012

THE UNITED REPUBLIC OF TANZANIA



National Audit Office

Vision

To be a centre of excellence in public sector auditing

Mission

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

Core Values

In providing quality service, NAO shall be guided by the following Core Values:

Objectivity

To be an impartial entity, which offers services to our clients in an unbiased manner

We aim to have our own resources in order to maintain our independence and fair status

Excellence

We are striving to produce high quality audit services based on best practices

Integrity

To be a corrupt free organization that will observe and maintain high standards of ethical behaviour and the rule of law

Peoples' Focus

We focus on our stakeholders needs by building a culture of good customer care, and having a competent and motivated workforce

Innovation

To be a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization

Best Resource Utilization

To be an organization that values and uses public resources entrusted to us in an efficient, economic and effective manner



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



Samora Avenue, P.O. Box 9080, Dar es Salaam
Telegram: "Ukaguzi", Telephone: 255(022)2115157/8, Fax: 255(022)2117527, E-
mail: ocag@nao.go.tz,
Website: www.nao.go.tz

In reply please quote

Ref. No.....

30th March, 2012

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

**Re: Submission of a General Report of the Controller and Auditor
General on the Four Performance Audit Reports and Two
Forensic Audit Reports**

Pursuant to Article 143(4) of the Constitution of the United Republic of Tanzania of 1977 (as revised in 2005), and Sec.10 (1) of the Public Audit Act No. 11 of 2008, I hereby submit to you my third general report on Performance and Forensic Audit.

This report includes four performance audit reports and two forensic audit reports covering the Central and Local Government to be tabled before our August Parliament as of April, 2012.

I submit.

Ludovick S. L. Utouh
CONTROLLER AND AUDITOR GENERAL

TABLE OF CONTENTS

Abbreviations.....	v
Foreword	vii
Acknowledgement	xi
Executive Summary	xiii
 Chapter 1: Reflections on the previous audits	 1
Performance Audit	1
Forensic Audit	5
 Chapter 2: Performance Audit	 7
Introduction	7
Water distribution in urban areas.....	11
Maintenance of government vehicles.....	17
Forest harvesting	23
Outsourced revenue collection function in LGAs	29
 Chapter 3: Forensic Audit	 35
Introduction	35
Bills filed by health service providers to NHIF	39
Special Audit - Misungwi District Council (MDC)	45
 Chapter 4: Matters that need Special Consideration	 53
Performance Audit	53
Forensic Audit	59
 Chapter 5: Areas of focus in the next audit	 61
Performance Audit	61
Forensic Audit	63
 Appendix 1: Matrix Analysis of Key Issues.....	 65

LIST OF ABBREVIATIONS

AFROSAI-E	- African Organization of Supreme Audit Institution for English speaking countries
CAG	- Controller and Auditor General
CED	- Customs and Exercise Department
CBOs	- Community Based Organizations
DFO	- District Forest Officer
DHC	- District Harvesting Committee
EWURA	- Energy and Water Utilities Regulatory Authority
FAO	- Food and Agriculture Organization
FBD	- Forestry and Beekeeping Division
FHC	- Faraja Health Centre
FMP	- Forest Management Plan
FSU	- Forest Surveillance Unit
HQ	- Headquarter
INTOSAI	- International Organizations of Supreme Audit Institutions
KCMC	- Kilimanjaro Christian Medical Centre
LGAs	- Local Government Authorities
MDAs	- Ministries, Department and Agencies
MMIS	- Members Management Information System
MNH	- Muhimbili National Hospital
MNRT	- Ministry of Natural Resources and Tourism
MSD	- Medical Store Department
MoF	- Ministry of Finance
MoU	- Memorandum of Understanding
MUHC	- Moshi Upendo Health Centre
NAOT	- National Audit Office of Tanzania
NGOs	- Non Governmental Organizations
NHIF	- National Health Insurance Fund
NRW	- Non-Revenue Water
PA	- Performance Audit
PA&OB	- Public Authorities and Other Bodies
PAA	- Public Audit Act
PMO-RALG	- Prime Ministers' Office- Regional Administration and Local Government
RAS	- Regional Administrative Secretary
SIDA	- Swedish International Development Agency
SNAO	- Swedish National Audit Office
TEMESA	- Tanzania Electrical, Mechanical and Electronic Services Agency
TFS	- Tanzania Forest Service
URT	- United Republic of Tanzania
UWSSAs	- Urban Water Supply and Sewerage Authorities
VFM	- Value for Money



Foreword

I am pleased to present my third General Report on Performance and Forensic Audit. The Performance Audit report concerns four individual audits of the Central Government (Ministry of Water, Ministry of Works, Ministry of Natural Resources and Tourism and Prime Minister's Office Regional Administration and Local Government) tabled before our August Parliament. The first report, on the other hand, concerns two audits conducted in the National Health and Misungwi District Council. The Forensic reports were submitted to the Board of Directors and the Board of Directors respectively.

I am pleased to provide our stakeholders (Members of Parliament, Central and Local Government Officials, Media, the Donor Community, NGOs, CBOs etc.) with a summary of the findings arising from the individual performance and forensic audits conducted by my office as of March 2012. The details of the summarized matters can be read from the individual audit reports issued to individual Accounting Officers.

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

Under Article 143(4) of the Constitution of the URT of 1977 as amended from time to time, the Controller and Auditor General is required to submit to the President every report he makes pursuant to the provisions of sub Article (2) of the same Article. Upon receipt of such report, the President shall direct the persons concerned to submit such reports in the first sitting of the National Assembly before the expiration of seven days from the day the sitting of the National Assembly began. The same Article allows the Controller and Auditor General to submit his reports to the Speaker of the National Assembly should the

President, for whatever reason, fail to submit the reports to the Speaker as is required by law.

The enactment of the Public Audit Act No. 11 of 2008 enhanced the operational independence of my office in the fulfilment of my constitutional mandate.

The operational independence of my office is expected to enable me acquire the necessary controls over all the resources available for the office including human and financial resources, which will enable my office to perform its tasks without being under the undue influence and control of any person or authority including those that I audit.

The legislation has broadened the scope of audit to be conducted by my office by mandating me to carry out Performance, Forensic, Environmental and Special Audits in addition to the normal Regularity Audits we have been conducting over the years.

Following the broadening of the scope of audit, my office has produced this report, which includes four (4) Performance Audit Reports already tabled in Parliament and two (2) Forensic Audit Reports which have already been submitted to the Board of Directors of the NHIF and the Chief Secretary.

In essence, this report has enabled me to provide the necessary independent assurance to Parliament concerning the proper use and accountability, transparency and probity in the use of public resources on areas such as management of water distribution, maintenance of government motor vehicles, forest harvesting, outsourced revenue collection function, bills filed by health service providers to NHIF and resource management in Misungwi District Council. The main objective of conducting VFM audit was to establish whether allocated resources have been effectively spent with due regard to economy, efficiency and effectiveness as intended and appropriated by Parliament in the above mentioned areas.

It is worth noting that, while my office conducts audits and reports on the performance of various Central, Local Government and Public Body programmes and activities based on various laws, rules and regulations, the ultimate responsibility for ensuring there is efficiency, economy and effectiveness in the use of public resources lies with Accounting Officers. At the same time it is the responsibility of the Accounting Officers to ensure that the observations and recommendations raised by the Controller and Auditor General are acted upon.

Parliament looks upon the Controller and Auditor General and the National Audit Office for assurance in regard to financial reporting and public resources management in the MDAs, LGAs and PA&OBs, particularly regarding economy, efficiency and effectiveness in programme implementation. My office contributes through recommendations given towards improvements in the public sector performance. In this regard, the Central, Local Governments and Public Authorities and my office each has a role to play in contributing to parliamentary and public confidence building in the better use of public resources with the view of speeding the development process of the country and its people. However, while the roles of public sector entities and NAO may differ, the desire for efficient utilization of public resources remains a common ground.

In order to meet the Parliamentarians' expectations and, more broadly, of the public at large, NAO continually reviews its audit approaches to ensure that the audit coverage provides an effective and independent review of the performance and accountability of public sector entities. Moreover, we seek to ensure that our audit coverage is well targeted and addresses priority areas so as to maximize our contribution in improving public administration. Hence, our work acts as a catalyst in improving efficient utilization of public resources.

I would like to acknowledge the professionalism and commitment of my staff in achieving our goals and undertaking the work associated with meeting our ambitious audit programs despite the fact that they have

been working in very difficult conditions marked with insufficient funding, working tools, low salaries and sometimes working in very remote and inaccessible locations.

I hope that the National Assembly, the media and the public at large will find the information in this report useful in holding the Government accountable for its stewardship of public funds and its delivery of services to the Tanzanian population. In this regard, I will appreciate to receive feedback on how to further improve this report in the future.

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

**National Audit Office,
Dar es Salaam.**

30th March, 2012



Acknowledgement

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

I would like to thank the Government and the Parliament for their continued support to my Office in carrying out its duties.

Furthermore, my sincere appreciation are extended to the donor community particularly the Swedish National Audit Office (SNAO), the Government of Sweden through SIDA and SNAO, the World Bank through the Public Financial Management Reform Programme funding and all well wishers who have contributed immensely towards the transformation of my office. Their contributions in developing the mental asset, IT systems and physical assets have had tremendous impact in our success.

I am equally indebted to all our other stakeholders including Accounting Officers of the Ministry of Water, Energy and Water Utilities Regulatory Authority, Ministry of Works, Ministry of Natural Resources and Tourism, Prime Minister's Office - Regional Administration and Local Government, National Health Insurance Fund and Misungwi District Council for providing full support on vital information needed for the preparation of the individual performance and forensic audit reports which are the inputs to this general report. The performance audit reports were successfully tabled before the Parliament whereas the forensic audit reports were sent to the Chairman of the Board of Directors of NHIF and the Chief Secretary for NHIF and Misungwi local authority respectively.

My special appreciation is also extended to the academic community and subject matter experts from the University of Dar es Salaam, Mzumbe University, Sokoine University of Agriculture, National Institute of Transport, freelance

experts and retired officers who added value to our reports through critical reviews which immensely improved the output of the performance audit reports.

I would also like to pay tribute to the Public Accounts Committee (PAC) to which these reports will be subjected for scrutiny and discussion. We look forward to the PAC inputs and directives emanating from the discussion of these reports.

Last but not least, I would like to thank all the Accounting Officers and all public servants throughout Tanzania, without forgetting the role of the taxpayers to whom this report is dedicated. Their invaluable contributions in building the nation cannot be underestimated. May the almighty God bless you all as we commit ourselves to promote accountability on the use of public resources in the country.



Executive Summary

This general report starts with the reflections on the previous performance audit reports that were deliberated by the Public Accounts Committee (PAC) in October 2011. These reports concerned: School Inspection, Maternal Health and Roadworks.

During the PAC hearings, Accounting Officers agreed with the weaknesses pointed out in the reports. However, the Accounting Officers were directed to prepare appropriate action plans explaining how and when they are going to implement the audit recommendations.

The forensic audit reports were also well received by their respective Boards of Directors at MSD and CED. The MSD have started working on some of the audit recommendations. The CED, on the other hand, is yet to implement any of the recommendations raised in the reports.

The report also gives summaries of four performance audit reports tabled before our August Parliament in February 2012 and two forensic audit reports conducted in the period of audit. One forensic audit was submitted to the Board of Directors of the NHIF. The other was submitted to the Chief Secretary since the outcome of the audit touched on key personalities of the audited entity.

The performance audit reports focused on the management of: Water distribution in urban areas; government vehicles maintenance; forest harvesting and outsourced revenue collection function by LGAs. The forensic audit reports focused on the bills filed by health service providers to the National Health Insurance Fund (NHIF) and Special audit of Misungwi District Council. Key reported issues in these reports are as follows:

Management of Water Distribution in Urban Areas

The main focus of this audit was to assess the performance of the Ministry of Water through practices of the Urban Water Supply and Sewerage Authorities (UWSSAs) in managing urban water distribution and addressing issues of water losses.

Among the functions of the Ministry of Water, UWSSAs and Energy and Water Utilities Regulatory Authority (EWURA) have the responsibilities of controlling water losses in urban areas.

We concluded that the monitoring system for water distribution is not effective; Inspections of the networks are not adequately conducted; Repairs of water networks not adequate; Preventive maintenance is given inadequate weight; UWSSAs performances are inadequately monitored; Little action is taken on the recommendations given by EWURA and the Ministry of Water has not made substantial efforts to put additional pressure on the UWSSAs regarding their conduct in dealing with water losses.

Maintenance of Government Vehicles

The audit aimed at assessing whether maintenance and repair of government owned vehicles is done economically, efficiently and effectively with the aim of keeping vehicles running well and reducing unplanned repairs.

The Ministry of Works is responsible for the management of government vehicles including maintenance. Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) under the Ministry of Works is responsible for government motor vehicle's maintenance. It is also responsible for

supervising private garages authorized to maintain government motor vehicles.

It was concluded that the Ministry of Works has not put in place a proper maintenance management system. Maintenance activities of government owned motor vehicles are not efficiently managed. Performance of private garages and workshops is not adequately monitored by TEMESA.

Management of Forest Harvesting

This audit examined the effectiveness of controls set by the Ministry of Natural Resources and Tourism (MNRT) to ensure that revenues from harvested forests are efficiently collected, including the performance of Forest Surveillance Units (FSUs) and check points.

The MNRT is responsible for the formulation of policies and strategies that lead to sustainable management and conservation of the country's natural resources thus increasing the sector's contribution to the government revenue.

It was concluded that controls set by the MNRT against revenue collection from harvested trees are not performing well. Further, the MNRT does not give enough support neither does it monitor the performance of check points and FSUs in addressing the problem of illegal logging and trade.

Management of Outsourced Revenue Collection Function in LGAs

The purpose of this audit was to examine whether outsourced revenue collection function is efficiently and effectively managed by the Local Government Authorities (LGAs) and whether these processes are properly monitored and evaluated by the Prime Minister's Office Regional Administration and Local Government (PMO - RALG).

The PMO - RALG is responsible for the financial management of LGAs¹ including the provision of technical support, capacity building and monitoring of LGAs revenue collection.

It was concluded that LGAs do not plan properly before deciding to outsource the revenue collection function to private revenue collectors; Procedures used to procure private revenue collection agents are not transparently and efficiently managed; Contracts do not adequately safeguard the interests of the Councils; and Monitoring of the revenue collection agents is not efficiently conducted by the Councils;

Bills Filed by Health Service Providers to NHIF

The aim of this audit was to determine whether fraudulent practices were committed in the process of preparing, handling and paying claims filed by health service providers.

The NHIF has the responsibility of ensuring effective provision of medical care services to its members. Operations of the NHIF are guided by the law and regulations which provides for procedures on membership, collection of contributions and provision of health service benefits to its members.

It was concluded that invalid members who accessed health services at Muhimbili National Hospital were not detected; NHIF has control weakness over both laboratory investigations bills filed by service providers and on medication dispensing procedures; the Members Management Information System “MMIS” is not working efficiently.

¹ The Local Government Finances Act of 1982

Misungwi District Council Special Audit

The aim of this special audit was to review management of revenue and expenditure on area of assets disposal, salaries, bank overdrafts, National Rural Water Sector Program projects, District Agriculture Development Programs, District Agriculture Sector Investment Program, water tanks projects, construction of residential buildings for District Executive Director, Council's office buildings, unretired imprests and working relationship conflicts between Council Officials, Councillors and the employees.

The following are among the results emanating from the audit: Fictitious payments amounting to Tanzanian Shilling (TShs.) 43,668,000; unclaimed salaries of TShs. 24,581,698 not remitted to the Treasury; Weaknesses in revenue collection (TShs. 7,117,500 was collected but not submitted to the cashier); Lack of control over payments by cheques; Non compliance with the Public Procurement Act of 2004 and its Regulations; Poor management of the health department; Lack of proper supervision on construction projects and improper reallocation of funds amounting to TShs. 63,680,000.

Weakness revealed inadequate management over assets disposal, salaries, bank accounts, Water projects, agricultural projects, construction projects and working relationships.

This general audit report and the respective individual audit reports should be used by the Parliamentary Oversight Committees for raising issues with the Accounting Officers on the actions taken to address the identified weaknesses.

Chapter Four of this report summarises matters that need Government's attention as they featured in

most of the performance and forensic audits conducted so far. These include weaknesses in Monitoring, evaluation, adequacy of guiding instruments, communication, statistics, reliability, actions taken on the information received from lower levels of administrations and time management in delivery of services. Similarly, weaknesses in control environment, risk assessment, guidelines for fraud preventions, contract mismanagement are pointed out under forensic audit.

The Government needs to ensure that monitoring and evaluation of government activities at different levels is efficiently and effectively conducted. Communication should be strengthened and appropriate action taken on the submitted reports.

The reports also explain the way forward as far as performance and forensic audits are concerned. In extending the performance audit function in the office, future audit themes are expected to focus on budgeting, contract management, environment and service delivery of government entities.

In forensic audit, the focus will be on the areas of weaknesses which have transpired in most of the recently conducted special audits. These include examination of collusions on contract engagements, assets embezzlement, cheque tempering, fraudulent schemes and abuse of office.



Chapter 1

Reflections on the previous audits

Performance Audit

Deliberations from the Previous Audit Reports

The Controller and Auditor General has so far tabled eleven performance audit reports. Out of which, one report was tabled in 2007, four reports were tabled in 2010, two in 2011 and four in February 2012. The previous tabled reports were on: Management of Prevention and Mitigation of Floods, School Inspection Programme for Secondary Schools, Management of Primary Health Care, Management of Solid Waste in Big Cities and Municipalities, Processing of Terminal Benefits, Road Works and Maternal Health. Reports that were tabled in the current year 2012 included Management of Water Distribution in Urban areas, Management of Government Vehicles Maintenance, Management of Forest Harvesting, and Management of Outsourced Revenue Collection Function by LGAs. In addition to the four (4) completed VFM audit reports, the Forensic unit was also able to complete two forensic audit reports.

In October 2011, three performance audit reports namely Maternal health, School Inspections and Road Works were subjected to PAC for hearing. This was the first performance audit report hearing since we tabled our first performance audit in 2007. The discussed reports had the following objectives:

Maternal health: to assess whether the Ministry of Health and Social Welfare's systems for monitoring, evaluating, provision of maternal health education and budget allocation for activities related to maternal health care are done economically, efficiently and effectively.

School Inspection Programme for Secondary Schools:

to examine whether the School Inspectorate in the Ministry of Education and Vocational Training appropriately fulfils its mission to safeguard good quality of training in secondary schools. The audit chose to examine whether the School inspection addresses the problem of poor performance of students in secondary schools, given the available resources.

Road Works: to assess whether the Government, through the MoID and TANROADS, has an effective management and monitoring system of road works in the country. This included assessing the extent the system was working to minimize delays, cost overruns and quality problems on road work.

Hearings were successfully conducted and Accounting Officers agreed to the weaknesses pointed out in the reports. However, Accounting Officers did not submit action plans on how they were going to address the weaknesses. Responses provided were not action oriented. Action plans explain how and when the auditee is planning to implement the recommendations issued by the CAG in order to improve the situation. Action plans form the basis for discussion during hearings. Similarly, the action plan is used by the CAG to track progress of the auditee in implementing the recommendations issued. Accounting Officers were directed to prepare action plans to implement the CAG's recommendations as follows:

Maternal Health

The Accounting Officer was directed to prepare action plan to ensure that:

- the Ministry appropriately monitors the level of maternal health care in the country.

- adequate guidance is provided to health facilities on maternal health education that should be provided to the citizens.
- the Ministry periodically evaluates the components of the health system that relates to Maternal Health Care.
- an appropriate budget model is put in place for allocating maternal health funds.

School Inspection

The Accounting Officer was directed to prepare action plan to ensure that:

- there are clear priorities in the planning of school inspection.
- the problem of poor performing students is addressed during school inspection.
- school inspection results are widely communicated to all stakeholders and monitoring and evaluation of school inspection recommendations is done efficiently.

Road Works

The Accounting Officer was directed to prepare action plans:

- to solve the problems of delays, cost overruns and lacking quality of road constructions.
- on how to monitor the causes of delays, cost overruns and quality problems of road projects.
- to institute effective working systems to address delays, cost overruns and quality problems of road construction.
- to engage an independent road projects team that exercise professionalism and integrity in advising road agency on how to monitor and procure the consultants.

Follow-up Audit

As a means of completing the performance audit cycle, issues raised or recommendations presented

in previous reports which pose a significant risk should be re-audited. The focus of the follow-up audit is to determine whether the problems or issues originally identified have been resolved or not. Issues may evolve with time; therefore focusing strictly on specific actions taken to address the recommendations may not provide an accurate picture, as recommendations may not be applicable to new circumstances or the evolution of an issue.

The purpose of the follow-up audit is to determine the progress achieved in addressing weaknesses revealed. The CAG has planned to make follow up audits on the recommendations issued and the status will be presented in the coming general performance audit report.

Expectations from the Parliament

We expect our august Parliament, under the direction of the Honourable Speaker to deliberate on the remaining eight performance audit reports tabled to date with a view of finding procedures to effectively instigate accountability and foster improvements in the way MDAs, LGAs and PA&OB are using public resources to render services to the citizens with economy, efficiency and effectiveness.

Forensic Audit

Actions taken from the Previous Audit Reports

In April 2011, the first two forensic audit reports were tabled in Parliament through the General Report on Performance and Forensic Auditing. The reports comprised of; Audit on the Internal Controls of the Customs and Excise Department in Tanzania Revenue Authority and; Audit on the Risk Assessment and Handling of Suspicion of Fraud within the Medical Stores Department.

The two forensic audit assignments were pro-active based whose aim was to assess whether controls in place within the organizations were able to mitigate fraudulent practices from occurring. The reports were submitted to the respective Boards of Directors (for them) to work on the reports and to ensure implementation of the audit recommendations.

As part of the initiatives of working on the CAG's recommendations, the Medical Stores Department Board of Directors through Management had:

- Established the 'Risk Management Unit' which coordinates the risks identification, analysis, evaluation and reports all the risk matters to the Management, the Board's Audit and Risk Management Committees through the Corporate Risk Register.
- Assigned the internal auditor to review and monitor the performance of the risk management activities.

The Medical Stores Department Management has not yet developed the investigation guideline as per the audit recommendation. More efforts are needed to develop guidelines in the near future.

However, the Customs and Excise Department Management has not conducted Risk Assessment on the protection against fraud within its operations. The recommendations to implement the existing job rotation scheme for TRA and development of direct control measures that focus on both individual and group performance need also to be considered.



Introduction

Rationale for Audit

Chapter 2 **Performance** **Audit**

Performance Auditing primarily aims at drawing attention to obstacles to effective and efficient use of resources in the public sector; providing Parliament, MDAs, LGAs and Public Authorities with the basis for policy decisions concerning improved effectiveness; giving Parliament, MDAs, LGAs and Public Authorities information to enable them to implement proposals for increased effectiveness and also encouraging the public sector management to introduce processes for reporting on performance to contribute to more accountability.

Mandate

The Controller and Auditor General of Tanzania is given the legal mandate to carry out performance audit by the Public Audit Act No.11 of 2008. Section 28 of the Act states that *“The Controller and Auditor-General shall, for the purposes of establishing the **economy, efficiency and effectiveness** of any expenditure or use of resources of the entities, enquire into, examine, investigate and report, in so far as he considers necessary, on:*

- (a) The expenditure of public monies and the use of resources by such Ministries, Departments, Agencies, Local Government Authorities and all such public authorities and other bodies;*
- (b) The conduct of and the performance of the functions by Accounting Officers, Heads of Departments and Chief Executive Officers of all such entities;*

(c) Compliance with environmental laws, regulations and internal environmental policies and standards''.

Audit Standard

The National Audit Office - Tanzania is a member of the International Organization of Supreme Audit Institutions (INTOSAI), the African Organisation of Supreme Audit Institutions (AFROSAI) and the African Organisation of Supreme Audit Institutions English Speaking Countries (AFROSAI-E). Being a member of these international organisations, NAOT is obliged to comply with the requirements of the INTOSAI standards, (International Standards of Supreme Audit Institutions-ISSAIs).

The audits were therefore conducted in accordance with the INTOSAI performance auditing standards. These standards require the audit team to plan and perform the audit to obtain sufficient and appropriate evidence and to provide a reasonable basis for findings and conclusions based on audit objective(s). The audit team believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Purpose of this General Report

The presentation of this general report aims at assisting Members of Parliament, the Government, Mass Media, the Public and other stakeholders to take informed decisions in order to implement the proposal for increased economy, efficiency and effectiveness in the conduct of Government business. To this end, the summary of each report is concluded by pointing out the pertinent issues to be raised by the Parliamentary Oversight Committees during hearings with Accounting Officers.

It should be emphasised that, this general report is not intended to substitute the four individual VFM audit reports summarized in subsequent chapters. For an in-depth understanding of the matters at stake and for raising issues to the responsible Accounting Officers on the concerned subject areas, the reader is advised to rely on the respective individual reports.

Data Validation Process/Scrutiny of Facts

The audited Ministries, Departments and Agencies were given opportunities to discuss and comment on the individual audit findings and correct factual errors.

Structure of the Report

This chapter consist of four performance audit reports summarised in terms of what was examined, why it's important, what we found, conclusion and issues to be raised to Accounting Officers. The said reports are Management of Water Distribution in Urban areas, Management of Government Vehicles Maintenance, Management of Forest Harvesting, and Management of Outsourced Revenue Collection Function by LGAs.



Management of Water Distribution in Urban areas

What we examined

The Government of Tanzania delivers a broad range of water and sanitation services that affect the well-being of individuals across the country. The Ministry of Water, Energy and Water Utilities Regulatory Authority (EWURA) and Urban Water Supply and Sanitation Authorities (UWSSAs) are responsible for managing the delivery of these services in accordance with their organisation's objectives, guidelines and procedures.

We examined the performance of the Ministry of Water, EWURA and UWSSAs in controlling water losses. Focus was to assess whether the UWSSAs practices in managing urban water distribution adequately addresses the issue of water losses. We also examined monitoring activities carried out by Central Authorities -EWURA and the Ministry of Water with the objective of assessing whether they adequately address the water losses problem.

The audit covered an examination period of three years from July 2007 to June 2010. Data on the management of water distribution system was collected from a selection of 8 out of 20 UWSSAs across the country. EWURA and the Ministry of Water were also covered because of their roles as regulators and policy makers respectively of the water supply sector.

Why it's important

Water supply in Tanzania is beset with many problems. Among these problems are low coverage, low service level, and intermittent water supply.

There are also frequent pipeline bursts and leakages which also affect the quantity of the water supplied.

During the fiscal year 2008/2009, the total water losses for all the UWSSAs were more than 44%². This means that almost half of the water produced was lost before reaching the customer or/and not billed. Water losses whether due to leakage, theft, none or under billing of customers, or faulty controls of the system, represent human, social and monetary losses to the society.

Many water projects cost the Government much money, thus there is a need for proper management and accounting of such huge sums of funds. Producing water and losing up to 50% is a waste of taxpayers' money. In the developed world for instance Germany, Non Revenue Water (NRW) is set at a maximum of 5% only. In developing countries like Tanzania, the national maximum NRW limit is set to be 20%. Therefore, the CAG decided to conduct a performance audit focusing on management of water losses (commonly known as Non Revenue Water) in urban areas.

What we found – Over the three consecutive years covered in this audit, there were no significant improvements in reduction of NRW trends for most of the audited UWSSAs. All UWSSAs had set the target of NRW below the Ministry of Water's standard of 20%.

Half of the UWSSAs covered in this audit had analyzed the causes of NRW and had documented strategies for reducing NRW but the strategies developed have no action plan accompanied with the

² This figure is obtained from auditors' calculations based on reported production and NRW figures as provided by EWURA in the 2008/09 report.

specific performance indicators that can be used to monitor the performance.

UWSSAs have not conducted proactive inspections on the performance of their entire water distribution networks.

The water leakages that occurred after working hours, during week ends and public holidays were not recorded. The leak response time has not been recorded and in most incidences, it took more than 24 hours to repair the reported leaks.

Although half of the audited UWSSAs had established toll free telephone lines to receive calls from customers on leaks, not all the lines had been working regularly.

UWSSAs did not allocate separate budget as per Memorandum of Understanding (MoU) requirements for repair activities. Instead, repair costs were combined with maintenance costs.

There was no formal team used to validate the quality of the materials received and used for field operations.

Most of the audited UWSSAs lacked adequate water measuring facilities like bulk meters and customer meters. Thus, they failed to know exactly where, how and why water was lost, and this as it also made the computation and management of NRW difficult.

Three (3) out of eight (8) audited UWSSAs were found to have low customer metering efficiency (i.e. less than 100% metering). Thus, the amount of water billed to customers was based on estimates which

are subject to errors and eventually commercial losses.

The recommendations given by EWURA to UWSSAs regarding the reduction of NRW had not been adequately implemented.

EWURA seldom visited the UWSSAs to validate the information regarding NRW that the UWSSAs submit to them. In addition, EWURA do not make follow ups geared at assessing the extent to which their recommendations have been implemented by UWSSAs.

On average, UWSSAs were losing revenues amounting to TShs. 2.5 billion every month.

Conclusions The existing monitoring system for water distribution is not effective. Inspections of water networks were not adequately conducted. Repair of water network is not adequately executed as it takes more than 24 hours to repair the reported leaks. Preventive maintenance is given very little weight. UWSSAs Performances are inadequately monitored. Inadequate action is taken on the recommendations given by EWURA to UWSSAs.

Furthermore, the Ministry of Water has not yet made substantial efforts to put additional pressure on the UWSSAs regarding their conduct in dealing with water losses.

Issues to be raised to the Accounting Officers This audit report summary and the full report of the performance audit on water distribution could be used by responsible Parliamentary Oversight Committees and other relevant parliamentary sector committees to raise issues with the Accounting Officers on the actions taken by UWSSAs in:

- i) Reducing NRW for all UWSSAs to the set target of 20%.
- ii) Analysing the causes of NRW, setting strategies for reducing NRW, implementing the set strategies and monitoring and evaluation of the performance.
- iii) Conducting proactive inspections on the performance of water distribution networks.
- iv) Reducing leakage response time.
- v) Prioritizing preventive maintenance.
- vi) Improving quality assurance of the materials received and used for field operations.
- vii) Installing appropriate measuring facilities like bulk meters and customer meters with a view to identify exactly where, how and why water is lost.
- viii) Implementing the recommendations given by EWURA to UWSSAs regarding the reduction of NRW.

The reports can also be used to question EWURA and the Ministry of Water on the actions taken to:

- i) validate the information regarding NRW as submitted by the UWSSAs and
- ii) make follow ups geared at assessing the extent to which their recommendations have been implemented by the UWSSAS.



Management of Government Vehicles Maintenance

What we examined

The Ministry of Works is responsible for the management of Government vehicles including procurement, registration and maintenance. Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA) is the agency under the Ministry's jurisdiction responsible for Government motor vehicles maintenance. It is also responsible for supervising the authorized private garages that maintain Government motor vehicles.

The audit examined whether:

- the Ministry of Works has developed maintenance management system including policies and procedures as guiding instruments for Government owned motor vehicle maintenance,
- maintenance and repair of Government owned vehicles is done economically, efficiently and effectively with the view of keeping vehicles running well and reducing unplanned repairs,
- TEMESA as the agency for maintenance and repair of Government owned motor vehicles, properly monitors and evaluates the performance of outsourced maintenance work to private garages, and
- the Ministry of Works adequately monitors and evaluates the performance of TEMESA.

The focus was on the activities of the Ministry of Works and TEMESA who are the Government organs responsible for developing strategies, plans, policies and guidelines for repairs and maintenances of Government owned motor vehicles. Two user departments, the Ministry of Works and the Ministry of Agriculture, Food Security and Cooperatives, were

selected with a view of testing the functioning of the laid down system. The audit covered motor vehicles maintenance conducted in the period of three consecutive years 2008/09-2010/11.

Why it's Important

Government owned motor vehicles are ever increasing in numbers, and these are owned by over 200³ Government entities (LGAs and MDAs) and the Ministry of Works has an obligation to ensure the safety and well being of these Government vehicles.

Based on the fact that the governance system of Government vehicles presents a great risk, efficient management of a growing material asset is of more importance. For example, out of 65,252⁴ vehicles and motor cycles registered, there is no inventory maintained by the Ministry of Works that show which vehicles are currently still roadworthy, owned by the Government and are still operational by the Government.

Good maintenance can prevent costly repairs and keep a vehicle running well for a long period. Maintenance of motor vehicles includes routine service, structural repairs, mechanical fault repairs and preventive maintenance. Maintenance and repair of Government owned motor vehicles consumes a great part of Government expenditure.

What we found

Ministry of Works as the responsible ministry in the management of Government owned motor vehicles has not put in place proper maintenance management system. In addition, there is no maintenance policy in place. Thus, there is inadequate guidance on motor vehicles maintenance management.

³ Ministries, Departments and Agencies (57); Regional Administrative Offices (21); and Local Government Authorities (134)

⁴ The Government has registered 65,252 motor vehicles and motor cycles since 18th December 1970

No specific quality standards and manuals have been developed for addressing maintenance of Government owned motor vehicles. Despite the importance of Government vehicles maintenance, the Ministry of Works has not developed adequate maintenance procedures to be implemented by TEMESA, user departments and ministries.

The Ministry of Works does not sufficiently monitor performance of TEMESA activities. The Ministry of Works has neither conducted a performance evaluation of TEMESA nor Government institutions on how Government owned motor vehicles are maintained.

It was also acknowledged that the Ministry of Works does not maintain up-to-date inventories of Government vehicles as a tool for monitoring maintenance of Government vehicles.

Maintenance of Government owned motor vehicles is not efficiently managed by TEMESA. This is because not all Government owned motor vehicles are inspected before and after maintenance.

The selection of private garages responsible for maintenance and repair of Government owned motor vehicles has always been delayed. In a number of cases, the selection has been done without involving TEMESA.

Performance of private garages and workshops is not adequately monitored. TEMESA has no mechanism in place to monitor private garages' performance. TEMESA does not have monitoring plans in their annual plans. The lack of monitoring plans implies that TEMESA has withdrawn itself from its

responsibility to manage maintenance of Government owned motor vehicles.

Site visits to TEMESA workshops located in Dar es Salaam (i.e. MT Depot and Vingunguti Workshops) noted that, the workshops had much equipment that was either outdated or not working. Major equipment for workshop activities are grounded and in poor condition⁵. For example in MT Depot Workshop, the equipment had not been replaced since 1947 when the depot was constructed.

TFMFSA was rendering Government vehicles **Conclusions** service to Government institutions since 2006. However, the Government institutions never settled their maintenance bills since 2006 which has accumulated to Tanzanian Shillings 3.9 billion by December 2010.

The Ministry of Works has not put in place proper maintenance management system. Maintenance of Government owned motor vehicles is not efficiently managed. Performance of private garages and workshops is not adequately monitored.

Performance Monitoring of TEMESA by the Ministry of Works is inadequate. The Ministry of Works lacks plans for monitoring performance of TEMESA on the issue of maintenance of Government vehicles and no evaluation has been conducted in this area.

Issues to be raised to the Accounting Officers

This audit report summary and the full report of the Government vehicles maintenance value for money audit report should be used by the Parliamentary Oversight Committees responsible for the Management of Government Vehicles Maintenance to

⁵ Some of the equipment are Vices, Lathe machine, Milling machine, Crank shaft grinder, Injector pump test machine, Optical wheel alignment, Avometer, Booster cable, Torque wrench, Vernier calliper, Dial gauge, Panel beating tools, Power compressor, Outside monometer

raise issues to the Accounting Officers on the actions taken to:

- i) develop Government motor vehicles maintenance policy that will harmonize Government motor vehicles maintenance across the Government institutions.
- ii) establish up-to-date Government motor vehicles inventory where all Government owned vehicles will be recorded and in turn will be used for maintenance planning purpose.
- iii) conduct effective motor vehicles pre-and post- inspections for motor vehicles services quality assurance.
- iv) develop maintenance manuals to address Government maintenance activities to be used by mechanics when maintaining Government vehicles.
- v) monitor and evaluate performance of the authorized private garages that maintain Government owned motor vehicles.
- vi) strengthen and synthesize communication among Government institutions that manage and use Government motor vehicles.
- vii) issue maintenance guidelines from time to time to be circulated to Government institutions.
- viii) update TEMESA workshops countrywide to meet the maintenance requirement standards.
- ix) harmonize Government institutions to settle maintenance bills timely on maintenance services rendered by TEMESA to facilitate its smooth operation.



Management of Forest Harvesting

What we examined

The mission of the Ministry of Natural Resources and Tourism (MNRT) is to formulate policies and strategies that lead to sustainable management and conservation of the country's natural resources and increase the sector's contribution to Government revenue collection. Forest and Beekeeping Division (FBD) is responsible for forest policy and legislation development and sector leadership. Through the FBD, the MNRT provides capacity building, facilitation, monitoring and evaluation of activities at regional and district Government levels.

Currently, some of the functions of FBD were taken by the Tanzania Forest Services (TFS) as a semi-autonomous and self-financing executive agency of the MNRT. TFS is responsible with management and conservation of forest and bee resources for sustainable supply of quality forest and bee products and services.

We examined the effectiveness of controls set by the MNRT to ensure that revenues from harvested forests are fully collected. We also evaluated the performance of Check Points and Forest Surveillance Units (FSUs) in dealing with illegal forest harvesting and trade. Similarly, the monitoring of check points and FSUs performance by the MNRT was examined.

The audit focused mainly on the trees harvested from the Central Government owned forests. Six District Councils with substantial harvesting of trees were selected for examination. The audit team used information and data for the fiscal years 2008 - 2011.

Why it's important

Mainland Tanzania is covered with 33.4 million hectares (ha) of forests and woodlands (FAO 2010). These resources are subjected to immense pressure leading to high rate of deforestation and degradation. According to FAO (2010), the estimated deforestation rate between 1990 and 2010 was 403,000 ha per year. This loss of Tanzania's forests is accelerated by shifting cultivation, agricultural expansion, development of settlements, roads and mining, overgrazing, uncontrolled fires and cutting trees for charcoal and timber production. In recent years, illegal logging which has affected the Government revenues has become a major concern in Tanzania.

In 2004, over 100 containers containing illegally obtained timber were seized at Dar es Salaam harbour. Logs of tree species which were not allowed to be exported were in these containers. In December 2009, the MNRT reported that 57% of revenue (approximately 23 billion Tanzanian shillings) from forest products was not collected during the 2008/2009 financial year.

Some reported reasons for uncollected revenue include evasion of tax payment, fraud (including, forgery of revenue documents). Because of these problems, there had been debates in Parliament, among forest experts and the public on the need to improve controls in harvesting, trading and transportation of forest products.

What we found

did not adequately ensure that controls set to enhance revenue collection from the harvested forests were performing well. In Tanzania mainland, only 4% (35) of the forest reserves prepared Forest Management Plans (FMPs)

and the remaining 96% (840) operated without the plans.

The MNRT had no effective mechanism for controlling the issuance of licenses at district level because harvesting licenses and transit passes were issued in the absence of approved FMPs and annual harvesting plans.

District Forest Harvesting Committees did not report to the MNRT on decisions taken at meetings held to consider applications for harvesting. Therefore, the MNRT lacks key information such as number of people granted licenses in each meeting and volume of logs approved to be harvested. Thus, the MNRT cannot assess the extent to which District Forest Harvesting Committees' goals were met.

Six visited districts were found to be inadequately staffed. District Forest Officers (DFOs) are multi tasked and therefore they are over loaded with works. It is common to find the same officer is responsible for the issuance of licenses, collection of revenue, hammering timber products, conducting inspections and attending other administrative issues that are not technically linked directly to forest management.

Guidelines on sustainable forest harvesting are not fully followed. The District Forest Harvesting Committees do not hold meetings every three months as required by law to discuss the harvesting trend as required by the guidelines. The District Harvesting Committees of some districts which have high potential harvesting such as Sikonge District did not meet at all in 2010. Thus, people who requested for harvesting permits could not be issued with such permits on time as a result forests were harvested illegally.

The MNRT officials do not conduct periodical monitoring of forest harvesting activities by visiting districts that harvest forests. As a result, the MNRT does not know the real situation regarding forest harvesting.

DFOs rarely visit the harvesting areas and most of them do not check the harvested logs at source as required by law and guidelines. In most cases, hammer-stamping is done after the harvested logs or timber have been moved to landing sites or sometimes moved to DFOs' offices.

The MNRT does not effectively and regularly analyze reports received from check points and FSUs to determine their performance.

The stipulated and enforced fines and penalties for the apprehended illegal dealers of forest products are relatively low. The low fines do not act as deterrent to illegal operators to stop illegal trade in forest products.

There is no signed Memorandum of Understanding (MoU) between the PMO-RALG and the MNRT regarding the administration of harvesting of forests in Districts. The two ministries (PMORAG and MNRT) have different and conflicting objectives on forest management.

The reporting mechanism of FSUs and check points regarding combating illegal logging is not proper. There are incidences of conflict of interest caused by the two units reporting to the same office of the Assistant Director Utilization.

There are no MNRT's check points in sensitive harvesting areas such as Morogoro, Kigoma and Mbeya regions. Out of 26 check points established

by the MNRT, 16 (more than 60%) are located in Dar es Salaam and Coast regions.

Allocation of resources (financial, human and equipment) to FSUs is not done objectively. The MNRT allocates resources arbitrary through discussions and agreements based on the current demand. The MNRT has not documented the criteria and the formula used for allocating funds, human resource and working equipment to the FSUs.

National Forest and Beekeeping Database lacks updated data to enable the MNRT improve forests in the country.⁰

Conclusions :he controls set by the MNRT to enhance collection from harvested trees are not performing well. An ineffective controls hampers the efforts of the MNRT to ensure that revenues from harvested forests are fully collected.

Also, the MNRT does not give enough support or monitor the performance of check points and FSUs in addressing the problem of illegal logging and trade. All these weaknesses pose high risk in Government loss of revenue as well as in implementing sustainable forest management practices.

Issues to be raised to the Accounting Officers

This audit summary and the full performance audit report should be used by the Parliamentary Oversight Committees and other relevant Parliamentary Sectoral Committees responsible for the management of forest products to raise issues to the Accounting Officers on action taken to ensure that:

- i) harvesting is conducted based on approved FMPs.

- ii) mechanism for assessing the quality of FMPs prepared by DFO and their implementation is in place.
- iii) monitoring system of revenue collected from harvested trees is consistent with volume, species and correct royalty charged.
- iv) the model for determining royalty considers various factors such as market value, opportunity cost and others are established and followed accordingly.
- v) the procedures for harvesting forest products are followed as directed by the forest harvesting guidelines.
- vi) the activities of check points and FSUs are properly planned, risk factors are taken into consideration and their performances are effectively evaluated.
- vii) adequate human resources, equipment and capacity building to staff members of check points and those of FSUs are considered in order to improve their performance.
- viii) check points are allocated strategically in all potential geographical areas to combat illegal logging.
- ix) the rates of fine and penalties charged have the intended deterrence effect in combating illegal logging.
- x) proper and effective communication with law enforcement agencies is in place.



Management of Outsourced Revenue Collection Function by LGAs

What we examined

The Council's Directors have the overall responsibility for the collection of revenue of the Councils. They decide on outsourcing the collection function to private revenue collection agents and are also responsible to ensure that there is proper management of the contracts entered into with the procured revenue collection agents. Also, the Prime Minister's Office - Regional Administration and Local Government (PMO-RALG) has the overall responsibility for the financial management of LGAs⁶ including the provision of technical support, capacity building and monitoring of local revenue collection (receive quarterly performance reports through RAS, conduct routine and ad hoc inspections⁷, and audit local Government budgets).

The purpose of the audit was to determine whether the outsourcing of the revenue collection function was efficiently and effectively managed by the Local Government Authorities (LGAs) and whether these processes were properly monitored and evaluated by responsible higher authorities.

The audit specifically focused on how LGAs planned before outsourcing (identification of needs and conditions to outsource); Procedures used by LGAs to procure private revenue collectors; Contracts administration; Sanctions in place and their enforcement and lastly the monitoring and

⁶ The Local Government Finances Act of 1982

⁷ LGA inspection is a management tool for both local and central Government players whose objective is to provide the LGAs with constructive recommendations and information that would enable them to better meet their obligations and objectives.

evaluation conducted by the central Government i.e. the Prime Ministers' Office - Regional Administration and Local Government (PMO-RALG) and the Ministry of Finance (MoF).

The audit covered an examination period of three years activities from 2007/2008 to 2009/2010. The outsourcing activities were examined in 14 Councils, which represent 11% of the total number of 133 Councils in Tanzania Mainland. This was considered a fair sample for the purpose of this assignment.

Why it's important

Many LGAs in Tanzania have reformed their revenue collection systems. The reforms include mainly outsourcing of the revenue collection function, (This represents an opportunity for the LGAs to implement the much needed changes) aiming at revenue enhancement and cost savings.

By the year 2000, most of the LGAs in Tanzania Mainland used the private sector to collect revenue on their behalf. It was expected that outsourcing of revenue collection to private collectors would have lead to a more predictable revenue stream for the Councils and also lower administrative costs.

Outsourcing of the revenue collection function is one of many initiatives in the new Public Private Partnership (PPP) policy in Tanzania. The main objective of these policy reforms is better service to the citizens through combined efforts from the public and the private sectors and other stakeholders.

Local Government revenue is of importance for public resources spent at the local level⁸. The more revenue is collected at the local level, the more

⁸ The main sources include local taxes and local non-tax sources

goods and services to be provided to the citizens. However, the percentage contribution of own source to total LGAs revenue is as follows:

Own source revenue collected as a percentage of total LGAs revenue

	2005/6	2006/7	2007/8	2008/9	2009/10
Own source Revenue	7.2%	8.5%	9.2%	8%	7.5%
Other ⁹	92.8%	91.5%	90.8%	92%	92.5%
Total	100%	100%	100%	100%	100%

Source: LGAs consolidated financial audit report issued by NAOT

The above table shows that the percentage of own source revenue to total LGAs revenue is very minimal. For LGAs to be able to increase their revenue collections and be sustainable, own sources of revenue should be properly managed. According to LGAs reform, participation of the private sector in the collection of revenue - though not guaranteed - is assumed to be one way of enhancing LGAs revenue collection.

What we found of the potential market for outsourcing was not efficiently done by the Councils. There was no documented evidence to show that councils had searched for availability of potential contractors to take their roles. Also, the new roles of the supervisor for the contract management for revenue collection agents were not clearly defined by the Councils' managements.

Procedures used to procure private revenue collectors were not efficiently done. Revenue collection agents were not efficiently obtained because of limited competition between potential bidders and also due to lack of transparent of

⁹ intergovernmental transfers and local borrowing

criteria for evaluation of the bids. Almost half of the tenders were published only on the Councils' notice boards, hence limiting healthy competition in the tender process

Contracts are not adequately safeguarding interests of the Councils. Contracts are based on a fixed amount to be remitted by the contracted revenue collection agents rather than a percentage of the amount collected. Thus, the Council Director cannot take action against the revenue collection agents for not remitting any amount in excess of what they have agreed when the collection is more than expected.

Performance of the revenue collection agents is not efficiently monitored. This is because no operational reports were submitted by the revenue collection agents to the Councils.

Periodic reconciliation was not conducted by the Councils on receipt books used by private revenue collection agents compared to remitted amounts. The submission of the operational or periodical reports was not a condition enshrined in the contracts signed between the Councils and the revenue collection agents.

Sanctions were seldom enforced although they were clearly stipulated in some by-laws and in the contracts between the Councils and the private revenue collection agents. Also, no penalties were imposed to revenue collection agents who either remitted less than the agreed amounts or made late remittances.

Internal audits within the Councils did not adequately address the outsourced revenue collection problems. Very few internal audit reports

addressed the outsourced revenue collection functions and its numerous problems. Internal auditors rarely reported on revenue collection problems faced by the collection agents.

There was no assessment conducted by the Finance Section in the Local Government Management Service Department (LGMSD) and PMO-RALG on the quarterly progress reports submitted by Councils. The section only prepared and analyzed individual and consolidated reports that showed budget versus actual collections.

Conclusion

id not make proper plans before the revenue collection function to enue collectors. Procedures used to enue collection agents were not properly d. Contracts were not well prepared to the interests of the Councils. tion of the contracts and the collectors' performance was not efficiently managed by the Councils.

Periodic monitoring and evaluation conducted by higher authorities (PMO-RALG/MoF) was not efficiently and effectively implemented.

Issues to be raised to the Accounting Officers

This audit report summary and the full report of the performance audit report on management of outsourced revenue collection function should be used by Parliamentary Oversight Committees and other relevant Parliamentary Sectoral Committees to raise issues to the Accounting Officers on the actions taken to ensure that:

- i) the mechanism in place for monitoring and evaluating performance of Local Government Authorities in revenue collection activities is effective and conducted efficiently.

- ii) the decision to outsource revenue collection function by LGAs safeguard the interests of the councils.
- iii) The logic of outsourcing revenue collection is justified before outsourcing the activity
- iv) Contracts between Councils and revenue collectors are properly worked out and should as much as possible protect the interest of the Councils
- v) Elaborate control and evaluation systems are in place in order to monitor the performance of the revenue collection agents.



Introduction

Rationale for Audit

Chapter 3

Forensic Audit

The National Audit Office started conducting forensic (fraud) audits in the late 2007 aiming at enhancing the financial discipline and combat fraudulent activities within Government operations.

The public trust in the auditors' judgement plays an important role in accepting audit functions as value added services that lend credibility to accounts of the audited entities. Forensic audit can be useful to restore public trust and financiers' confidence both internally and externally over the usage of public resources entrusted to various institutions.

Mandate

The CAG is mandated to carry out Forensic Audits under Section 27, of the Public Audit Act No.11 2008. Reg. 83 of the Public Audit Regulations of 2009 requires the CAG to order forensic audit to be conducted once notified by an Officer of the NAO on suspicion of fraud, and upon being fully satisfied that it is probable that the fraud might have occurred with regards to the accounts of any entity audited by the CAG.

Also, Section 36 (1) of the Public Audit Act No 11 of 2008 empowers the CAG to conduct special audits. The CAG shall prepare special audit report relating to the matter examined and submit a report to the President.

Audit Standard

The National Audit Office - Tanzania (NAOT) is a member of the International Organization of

Supreme Audit Institutions (INTOSAI), the African Organization of Supreme Audit Institutions (AFROSAI) and the African Organization of Supreme Audit Institutions English speaking countries (AFROSAI-E). Being a member of those international organisations, NAOT is obliged to comply with the requirements of the INTOSAI standards, (International Standards of Supreme Audit Institutions-ISSAIs). The audit was conducted in accordance with the International Organization of Supreme Audit Institution's (INTOSAI) performance auditing standards¹⁰. These standards require the audit team to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objective(s). The audit team believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Purpose of this General Report

The purpose of this general forensic audit report is to enlighten the Legislature, the Government and other stakeholders with the outcome of the forensic audits conducted so far. The reports can be used for raising issues to the Accounting Officers regarding the actions taken to address potential fraud and prevent recurrence of fraud in the future.

Data Validation Process/Scrutiny of Facts

The audited Agency (NHIF) and Local Government Authority (Misungwi DC) were given opportunities to discuss and comment on the individual audit findings and correct factual errors in the audit report before the reports were finalized and tabled in Parliament.

Structure of the Report

This chapter consists of two forensic audit reports summarised in terms of what was examined, why it's

¹⁰ INTOSAI's standards require sufficient and appropriate evidence obtained by planning and performing of the audit as a reasonable basis for findings, conclusions and recommendations

important, what we found, conclusions and issues to be raised to Accounting Officers. The said reports are Management of bills filed by health service providers to the National Health Insurance Fund and Special audit of Misungwi District Council.



Management of Bills Filed by Health Service Providers to National Health Insurance Fund

What we examined

As part of health sector reform programmes, the Government established the National Health Insurance Fund (NHIF) in 1993 under the NHIF Act No.8 of 1999. The major objective was to enhance health services to formal public sector employees. The NHIF had currently accredited 526 health service providers of different facilities and technical levels, both publicly and privately owned to provide NHIF's members with health services whose bills are paid for by the NHIF afterwards.

We examined whether fraudulent practices were committed during the process of preparing, handling and paying claims filed by health service providers with respective payments effected. Specifically we:

- examined the effectiveness of the controls in place as regards to prevention, detection and correction of irregularities
- established the validity of customer/patient records used for payments
- determined the validity of the payments and establish their legitimacy
- identified the type of fraud that had been operating (if any) and amount of loss caused
- quantified the financial loss caused.

The scope of our work was confined to documents review, interviews, and physical observation. Specifically we looked at the following documents: Patient's registration registers, laboratory and pharmacy registers; Claim forms 2A & B and 2C;

Monthly claims reports; Patient Files and Prescription forms.

In this case, both major and small service providers were examined namely; Muhimbili National Hospital (MNH), Kilimanjaro Christian Medical Centre (KCMC), Faraja Health Centre (FHC) and Moshi Upendo Health Centre (MUHC).

Why it's important

The NHIF finance health services through accredited health service providers. The NHIF registers and finance health services to its members who are increasing in number and are scattered all over the country. Members are categorized into two classes Green and Brown cards. Similarly, health service providers are in different categories and levels in terms of the facility infrastructure and technical capacities. The current situation provides no assurance on the effectiveness of the internal controls over bills filed by individual health service providers to the NHIF.

There were also public complaints regarding the service provided by the NHIF and its health service providers. The NHIF had some complaints through various media that some of the health service facilities were engaged in malpractice conduct against the Fund. Similarly, there were complaints that some beneficiaries were denied access to some of the health services by the health facilities or required to make some extra payments.

What we found This is the summary of the findings noted in the preliminary investigation conducted:

Invalid Members Accessed NHIF Services

Examination of a sample of visitors from the records obtained at MNH for the period of November 2009 to October 2010 and a comparison made to the records

of NHIF patients' information obtained from Members Management Information System (MMIS) revealed that visits totalling 26,725 were made by 7,053 invalid fund beneficiaries.

This was validated by the fact that the information from MMIS obtained did not conform to that of the MNH for the patients attended. The service provided had cost the NHIF TShs.503,920,000 being the payments in respect of various medical services rendered to these patients for the whole year.

Poor Recording and Control of Diagnosis Charges

A review of claim forms for the period of November 2009 for KCMC, March 28th to 30th April, 2009 for MUHC and July 2008 for FHC and registers for various diagnostic tests revealed that some of the tests were not validated in the registers and patients' files though paid for by the NHIF. This is contrary to Section 27 of the NHIF Act 1999 which requires the NHIF to ensure existence of monitoring mechanism with the health service providers against unnecessary diagnostic procedures and interventions.

Double Payments Made in Various Health Services Rendered by KCMC

The claim forms examined for the month of July 2008 with their respective hospital patients' files revealed that there were five patients whose charges for accommodation services were covered by the patient themselves upon request by the hospital. However, the same claims were charged to the NHIF by KCMC.

Inadequate Recording of Medication Charges at KCMC

Medication dispensed at KCMC medicine dispensing room (General Pharmacy) found to be doubtful.

Records in the files did not show any prescription made by doctors. However, doctors are required to document all prescriptions in the patients' file for tracking purposes.

Ineffective Controls over Application System

Data within the NHIF's installed system were found to be unreliable based on the tests and queries done in respect of identification process within the membership system. It was found that, MMIS was not enabled to detect multiple uses of the same ID number which under normal circumstances would have been denied as incorrect posts of entries into the system.

Conclusions The audit findings from the forensic audit we concluded as follows:
NHIF has control weakness over laboratory examination bills filed by the service providers.
Procedures involved on medication dispensing have revealed control weaknesses.
The newly introduced information system 'MMIS' is not working efficiently. The system contained some incorrect and inaccurate data which had been caused by lack of effective database management system.

Issues to be raised to the Accounting Officers

This audit report summary and the full report of the forensic audit report on the bills filed by health service providers to the NHIF should be used by NHIF Board of Directors and its management to improve on rectifying the weaknesses observed in the billing system by service providers by ensuring that:

- i) all accredited health service providers deploy an effective mechanism to ensure that records pertaining claims are correct and accurate,

- ii) the database management system ensures validity, correctness and accuracy of the data, and
- iii) a mechanism to monitor performance of the health service provider is in place.



Special Audit Misungwi District Council

What we examined

The Council Director has the responsibility to ensure that a formal and satisfactory financial administration system exists within the Council. This includes appropriate arrangements for the staffing and management of the finance department. He has the overall management responsibilities of all Council's expenditures and revenues, and its assets and liabilities.

We examined Council's revenues and expenditures in the following areas: assets disposal, salaries, bank overdrafts, water projects, agricultural projects, water tanks projects, construction of residential buildings for District Council Director, Council's office buildings, unretired imprests, funds for Primary Health Service Development Program¹¹ and Health Basket Fund and the working relationships conflicts.

The audit focused on the financial year 2008/09 and 2009/10.

Why it's important

Previous CAG audit reports had revealed various serious issues pertaining to internal control deficiencies in Misungwi District Council. Similarly, there had been various complaints relating to conflicts between staff members and councillors on which recommendation issued thereof remained unresolved.

It was imperative for the CAG to conduct this special audit as articulated under Sect.36 of the PAA of 2008 which states that 'where at any time it appears to

¹¹ Mpango Maalum wa Afya ya Msingi (MMAM)

the CAG desirable that any matter relating to public monies or public property should be drawn to the attention of the National Assembly without undue delay, he shall prepare special report relating to such matter.

What we found *Payments Amounting to TShs. 43,668,000*
TShs. 43,668,000 was confirmed to be procuring fictitious stationeries in 78 villages and 20 wards.

Unclaimed Salaries of TShs. 24,581,698 not Remitted to Treasury

Unclaimed salaries from July 2008 to June 2011 amounting to TShs. 24,581,698 were not remitted to Treasury through RAS Mwanza. A Cheque No.07688 dated 4/1/2011 of TShs. 23,932,205 was prepared for such payment, however it was revealed that the cheque was not meant to effect payment, but part of the efforts to address an audit query raised during the 2009/10 financial audit.

Weaknesses in Revenue Collection

A total amount of TShs.7,117,500 was collected vide 23 open receipt books. The amount collected was neither recorded nor receipted by the main cashier. Furthermore TShs.314,613 collected vide seven (7) cashiers' receipt books were not deposited with Banks.

Lack of Control Over Cheques Payment

The General Fund account had an overdraft amounting TShs.5, 101,932 and TShs.2, 692,679 on March11, 2009 and July 02, 2009 respectively. Health account depicted an overdraft of TShs.7, 992,449 (on 21/12/2009) and TShs. 4,466,331 (on 26/5/2010). Secondary Education Account revealed an overdraft of TShs.515, 470 on 20/8/2010.

The Council was effecting payments over and above the availed balances in their respective bank accounts without having a Bank overdraft facility. This resulted into an interest payment of TShs. 630,000.

Irregular Procurement

The procurement of the dam rehabilitation projects' contractors for Isamilo, Mwalogwabagole, Buganda, Isakamawe, Buhunda and Matale villages had violated the Public Procurement Act, 2004. The contractor M/s Karagwe was awarded all projects in contravention with the requirements of Section No.31 (1) (b), No. 58(2) and Section No.73 (1)(b) of Public Procurement Act,2004.

Contracts entered between M/s Karagwe Estate Ltd and the six (6) villages did not incorporate important provisions due to lack of procurement knowledge by the Village Secretariats.

Poor Management of Health Department

The planned activities valued at TShs.206, 152, 770 were not implemented in spite of the full receipt of respective funds. This was due to poor supervision by the Acting District Medical Officer and the existing poor working relationship between him and other staff within the department.

***Inadequate Supervision on Construction Projects
Amounting TShs. 467,589,885***

The Council had undertaken various construction projects during 2008/2009 to 2009/2010 which were inadequately supervised. Such projects included:

Project name	Amount Paid (TShs.)
DEDs Residential Building	50,000,000
Water Engineer's Office	96,260,100
Rehabilitation of Recently used Building	73,268,859
Construction of 13 Water Harvesting Tanks	154,114,600
Rehabilitation of 3 Dispensaries ¹²	93,946,326
Total	467,589,885

Improper Reallocation of Funds TShs.63,680,000

A total of TShs. 63,680,000 was received by the Council in respect of procuring mattresses, bed sheets, blankets and meals for disabled pupils of Mitindo Primary School as per letter with Ref. No. HB.116/285/01 dated May 08, 2009. This amount was reallocated by the Council Director to finance construction of the 'dining hall' without following proper procedures such as securing approvals from the Councils' Finance and Planning Committee.

Poor Management of Contracts

Construction of godown at Sumbugu Village amounting to TShs. 18,890,500 had the following irregularities:

- The project was vacated for almost 18 months without charging liquidated damages which was also not provided for in the contract agreement

¹² Koromije, Gambajiga and Mwawile

- The contractor abandoned the site at the foundation stage as shown in the photo below:

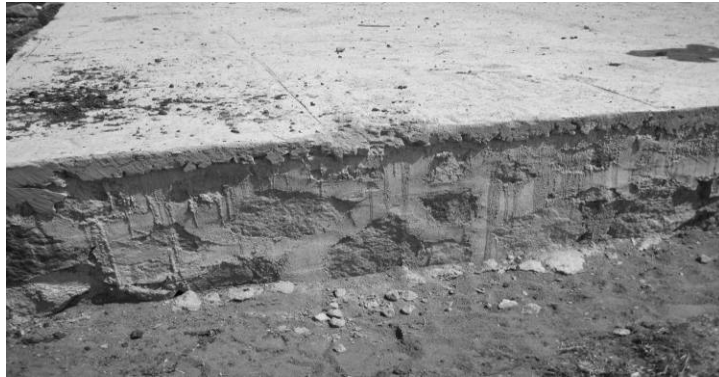


Photo of Sumbugu Village Warehouse at foundation level taken on 4/9/2011

Rehabilitation of the Usagara water system project amounting to TShs. 111,271,543 had the following irregularities:

- Overpayment of TShs. 3,276,603
- Procurement of water pump was not competitive without justification and there was no Tender Board approval
- Poor quality of work resulting into wall cracks as shown in the photo below:



A pump house wall photo with cracks taken on 3/9/2011

Questionable Payment of TShs. 19,415,000

Documents reviewed revealed that a sum of TShs. 19,415,000 was spent for school construction evaluation activities and training. However, the authenticity of the aforesaid amount could not be confirmed as it was not properly supported. Further scrutiny with the Council's officials confirmed that the said amount was misappropriated.

Conclusions l Director failed to properly discharge his duties. This is evidenced by inadequate management over assets disposal, salaries, bank accounts, Water projects, agricultural projects, water tanks projects, construction of residential buildings for District Council Director, Council's office buildings and poor working relationships.

Issues to be raised to the Accounting Officers

This audit report summary and the full report of the special audit of Misungwi District Council should be used by Councillors of Misungwi District Council to raise issues to the management of the Council on the actions taken to:

- i) staff involved in fraudulent acts and project mismanagement.
- ii) ensure there is a good working relationship between the Councillors and the council's staff members.
- iii) Improve and strengthen the Council's internal control system



Performance Audit

Chapter 4

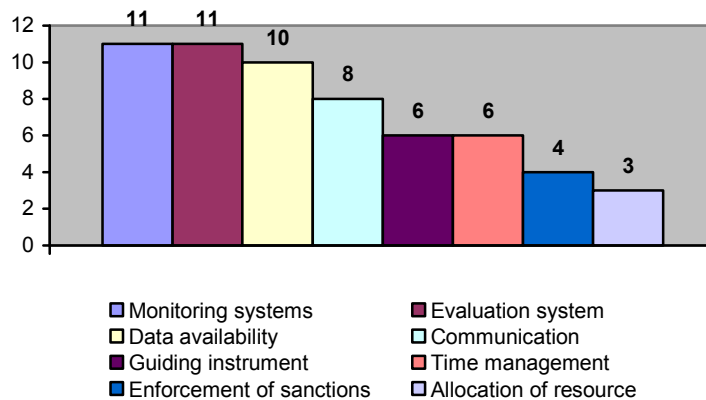
Matters that need Special Consider

This chapter covers a summary of key common issues which have featured in most of our performance and forensic audits conducted to-date. The objective of this chapter is to pinpoint common weaknesses needing the Government's attention.

The objective of conducting performance audits is to report on the economy, efficiency and effectiveness in the utilisation of public resources while implementing Government activities. However, due to limited resources needed to conduct a performance audit, it is expected that Government will pay attention to the issues raised in the conducted audits to ensure that they are efficiently and effectively implemented in other Government institutions.

Since 2007 to-date, about eleven individual performance audits reports¹³ have been conducted. These reports covered a variety of audit areas and involved different auditees. An analysis of the common findings which featured in the eleven audit reports issued is as follows:

¹³ Preparedness and mitigation of Disaster management, School Inspections, Primary Health Care Services, Solid Waste Management, Road works, Processing of terminal benefit, Maternal health care, Forest harvesting, Water distribution, Maintenance of government owned vehicles and outsourced revenue collection function in LGAs.



However, these issues can be briefly elaborated as follows:

Ineffective Monitoring Systems

Lack of monitoring systems is a serious problem cutting across central and local Government level. According to the analysis done, this issue has featured in all the 11 performance audits conducted so far. It is common to find good operational plans with poor implementations due to inadequate monitoring system. For instance, the Central Government which plays the role of developing policy and ensuring its proper implementation was found to have poor monitoring mechanisms of the implementation of the issued policies.

Ineffective Evaluation System

The analysis of all the performance audit reports conducted, showed weakness in conducting evaluation. The audited entities lacked clear and objective performance indicators in their planned activities which form a basis for evaluation. In most cases, evaluation is done through reports submitted from lower levels which may not reflect the actual situation. Government institutions lack plans for

conducting evaluation which should show when and how the evaluation will be conducted.

Inadequate Guiding Instruments

Weaknesses in the development of guiding instruments was observed in six audits conducted. In this regard, it was found that some of the areas had neither policy nor guidelines and standards to govern their operations.

For example, in the performance audit report on Government owned motor vehicles maintenance, maintenance policy was lacking, and there were no adequate guiding instruments which amplified how maintenance practices should be conducted. Also, in the school inspection audit it was noted that there were no clear priorities guiding the inspections to be carried out.

Ineffective Communication

Feedback from the higher levels of authority to the lower level was observed to be ineffective in eight performance audits conducted. For example, progress reports submitted by Council Directors to the Central Government lacked feedback. In the school inspection audit it was noted that the Ministry of Education and Vocational Training did not communicate the results of the inspections conducted to the key stakeholders. Similarly, in the primary health care audit conducted, the Council's Medical Officer in many cases did not provide feedback to the head of health facilities on the reports submitted.

Inadequate Data Availability and Management Information Systems

This is also among the serious problems observed in ten VFM audits conducted. There is poor record keeping. Data collected lacked quality assurance

mechanisms. Management information system is not timely updated.

For example, in PHC report, the Health Management Information system was not updated, and as a result not all data were captured therein. Similarly, the National Forest and Beekeeping Database was underutilized by the MNRT as not all information were captured in the system. Also, in the solid waste management audit, lack of data relating with the amount of waste generated was also observed.

Lack of Clear and Objective Resource Allocation Criteria

The issue of allocating Government resources was found to have weaknesses. Weaknesses were found in the allocation of human resources, equipment and funds in three audits conducted. This was due to lack of objective criteria for allocating these resources in various government undertakings. For example, in PHC report, health centres were allocated the same amount of funds for procuring drugs regardless of the workload. Similarly, in Forest harvesting audit about 60% of the MNRT check points were allocated in Dar es Salaam and Coast regions while areas with high risks of illegal logging had less allocation.

Inadequate Enforcement of Sanctions

In four performance audits conducted it was found that the application of sanctions such as penalties, fines and other enforcement instruments was not adequately done. Sanctions were not effectively enforced to ensure that they prevented the reoccurrence of the illegal practice. This had been observed in the solid waste management audit where inadequate action was taken against service provider defaulters. Also, in the management of outsourced revenue collection functions by LGAs

audit, there were weaknesses in the enforcement of sanctions against revenue collection agents who did not comply with the terms of contract. Similarly, in the forestry harvesting audit, enforcement of forest regulation on the sanctions and penalties to offenders had little impact.

Weakness in Time Management when Delivering Services

The problem of time featured in seven audits out of the eleven so far conducted. The issues of time used in processing terminal benefit, time spent in providing services to health centres, visitors and time used in implementing constructions works was beyond the expected time limit. In most cases, the reasons for these problems were inefficiency in service delivery processes.

Forensic Audit

Based on the audits conducted so far, there are important issues for the Government to take into consideration. These are matters that could have similar impact on other institutions as a result of failure of the internal controls as follows:

Weaknesses in Control Environment

It was noted in the conducted audits that there were cases where an institution did not portray an effective communication system as a means to provide the managers with relevant information concerning fraudulent activities.

Risk Assessment

It was noted in some cases that a risk assessment was done by the internal auditors solely during the strategic audit planning stage. The process therefore focused on auditing scope of the internal audit, since the exercise had involved neither operational staff nor had it covered operational activities.

Inadequate Guidelines for Fraud Detections

It was noted that no specific documented procedures for detecting, investigating and handling indications on fraud. The risk assessment policy and strategy documents did not provide guidelines for investigative assignment.

Ineffective Information and Communication

It was noted that some information about fraud policy were not communicated effectively to employees. It was also observed that no priorities were given to those who were involved in operations.

Inadequate Monitoring

It was observed from the previous cases that some institutions had no effective procedures to follow-up and monitor whether the system of rules works as intended. This is a natural outcome since there are no control measures that pin point the behaviour in the

organization. This means that it is not possible to follow up something that you can not measure.

Contracts Lack Important Provisions

It was noted that some contractual agreements entered by the Government institutions had no provisions to enforce their implementation. As such significant deviations lacked binding provisions which resulted into non attainment of the contractual goals.

Irregularities on Procurement Procedures

The legislations governing public procurements should be observed by all Government entities in order to ensure that the procured item fits best to the specifications and purpose. It was observed that some of the procurements had neither been specified nor requested by the users. It was also noted that some procurement was not approved by the Tender Board.

Poor Contract Management

Over all there has been demonstration of serious weakness in managing contracts entered into between the Government (both at the central and local) and private sector entities. Most contracts were designed not to favour the Government but rather favour the private sector.

To conclude, the above analysis shows that the Government need to take serious action on the said weaknesses which seem to be common in Government operations. Findings, conclusions and recommendations on these weaknesses should be taken as a lesson to other Government institutions to improve the way they implement their activities.



Performance Audit

Chapter 5

Areas of Focus in the next audit

The NAOT's objective is to support the Parliament in meeting its responsibilities and to help in improving the performance and accountability of the Government for the benefit of the Tanzanian people.

In the coming financial year the office is planning to focus on the following issues:

1) Follow up of Previous Audits

- NAOT will conduct follow up on the three performance audit reports which have undergone hearing by PAC on the implementation of directives issued to Accounting officers to rectify the weaknesses noted.
- NAOT will also take sufficient steps to ensure that the remaining eight reports which are already tabled to Parliament are discussed by PAC.

2) Proposed Themes for Future Audits

In order to have the greatest impact from our work, focus will be on the drivers of public sector performance where there is potential to add value from our conclusions and recommendations. The office has set out themes which provides the direction of our work and which also guide the choice of the coming audits. The proposed themes listed hereunder are key aspects of performance across the public sector:

- **Audit of the budget:** following the importance of budget in enhancing sustainable economic growth, focus will be in one of the area in the budget process.

- ***Contracts management:*** looking at Government's management of various contracts.
- ***Environmental auditing:*** reviewing Government responses to issues concerning mining and environmental degradation.
- ***Service delivery:*** Government entities have the role of assuring quality and cost effective service delivery that meet the ever-increasing expectations of the Parliament, Governments and the community.

The National Audit Office will continue to explore the audit themes and discuss the themes with various stakeholders to check whether and how the proposed audit themes can be applied to promote good governance in the Government operations. The office plans to put in place a Performance Auditing Strategic Plan that will describe our proposed goals and strategies to support the Parliament and the nation at large in improving governance in the country.

Forensic Audit

It has been observed that the past two years there had been an increased number of fraudulent incidences in most of the public institutions. These incidences led to increased demand for more special audits that the office has recently conducted. To address the situation we are determined to focus our forensic audits on the areas of weaknesses which have been identified in most of the special audits conducted.

Common areas revealed in special audits that we intend to focus on in the coming year includes; examination of collusions on contract engagements, assets embezzlements, cheque tempering, fraudulent schemes, and abuse of Government offices. Focusing on the aforesaid areas will eventually deter their occurrences and therefore enhance public resources accountability.

We are determined to strengthen an existing cohesion between the office and the law enforcing organs with the view of ensuring that there is Good Co-operation among the offices. This collaboration will ensure that issues arising from audits are given appropriate attention by the office responsible for litigation process. It is important to understand that audit investigations are normally conducted with presumption that outcome will eventually involve litigation process.

Based on various Literatures¹⁴ conducted it has been acknowledged that tips are effective means of discovering fraudulent activities at earlier stages. It is therefore important to create confidential environments for informers to conveniently provide tips. To accomplish this, we are planning to introduce an office hotline which could be effectively used to collect tips that will be analyzed prior to commencing field work.

¹⁴ - Report of the National (ACFE Journal issued annually) 2008 and that of 2009.
- The ACFE Newsletter (Journal issued quarterly) of December 2011

Appendix 1

Matrix Analysis of key issues featured in the eleven performance audit reports conducted under the period 2007-2012

<i>Audit report</i>	<i>Monitoring</i>	<i>Evaluation</i>	<i>Allocation of resources</i>	<i>Guiding Instruments</i>	<i>effective communication</i>	<i>Data availability and Information System</i>	<i>Enforcement</i>	<i>Time</i>
Floods	Follow up of Focal officer in producing the required disaster plans	Floods have occurred without making continuous risk assessments				Prime Minister's Office Disaster Management Department lacks disaster register more than ten years of its existence		Local Government Authorities take long time to repair the infrastructures after the floods
School Inspection	Follow up on addressing issue on poor performing students in mathematics and science subjects	Inadequate evaluation on schools' performance		Lack of practical guideline for inspectors	Examination and inspection results are not communicated well to key stakeholders			
Primary Health Centers	Regional Health Management Team and MOHSW do not monitor the performance of Council in supervising the performance of Health centres	Few evaluations on resources allocation in health facilities were conducted	The allocation of funds for drugs, human resources and equipments do not consider the workload of health facilities		No feedback from the District Medical Officer to the heads of health facilities	The Health management Information system(HMS) did not capture data from grass root level		Long Processing time of visitors in health facilities
Road works	Inadequate professionalism and integrity in monitoring road construction projects	Evaluations conducted were not able to detect some weaknesses in road works		Inadequate directives from the MOID to Tanzania National Roads Agency on how to manage consultants	Road work project contracts are not made public available	The are no proper system for recording performance of contractors	Liquidated damage are not adequately enforced	Time overruns in implementing construction of road projects
Solid waste	Inadequate monitoring of solid waste activities by Local Government Authorities	Central Government is not adequately engaged in evaluation of solid waste activities.		Lack of proper guidance and standards set for solid waste management		Lack of inventory system to capture the data of solid waste produced at the sources	Local GOVERNMENT Authorities not apply sanctions to defaulters	Untimely collection of waste
Terminal benefit	Inadequate monitoring of training and awareness activities	Inadequate evaluation of training programs		Virtually no written policy guidelines for processing and reviewing applications,	Miscommunication among shareholders, pension fund, and employers	Poor record keeping and timely submission of employees records		Long processing time for terminal benefit

				entitlements and appeals.				
Maternal health	Lack of comprehensive monitoring plans to ensure reductions of maternal death interventions are implemented	MoHSW do not conduct periodical evaluation of the key components of maternal health	The allocation of resources to maternal health was grouped in block figure instead of a separate component		Ineffective communication among RHMT and MoHSW	Unreliable information from Health Management Information System		
Revenue collection	Inadequate monitoring from higher authorities in ensuring Local Government Authorities perform well in revenue collection	Financial reports from Local Government Authorities are not evaluated by PMO RALG			Higher authorities do not give feedback to the Lower level	Lack of compiled data from revenue collectors	No sanction for excess collection	
Water	Lack of performance indicators for monitoring	No evaluation conducted on water network systems				Review of information is not done adequately		It takes more than 24 hours to attend the emergency cases
Forestry	Inadequate monitoring of forest harvesting activities by MNRT	inadequate evaluation of Forest Management Plans and the performance of check points and Forest Surveillance Units	60% of the allocation of check points were allocated in Dar Es Salaam and Coast regions	Lack of proper guidance for assessing the quality and implementation of Forest management plans	No feedback from the MNRT to District Forest officers on the reports submitted to them regarding harvesting	The data from the National Forest and beekeeping database(NAFOBEDA) is not reliable	Fines and penalties do no have the intended deterrent effects	
Government-owned-Vehicles	Lack of monitoring plans for private garages	No evaluation conducted		Lack of maintenance policy	Fragmented communication among the Government institutions entrusted in management of government vehicles	No up to date register of Government vehicles		
Score	11	11	3	6	8	10	4	6

THE UNITED REPUBLIC OF TANZANIA



National Audit Office

Our ethical values

The National Audit Office - Tanzania, being a Supreme Audit Institution, is a member of International Organization of Supreme Audit Institutions (INTOSAI)

We have a code of ethics which guides our daily audit work. In addition, employees are obliged to observe the Tanzania Public Service code of ethics and conduct and their respective professional codes of ethics.