



UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



THE ANNUAL GENERAL REPORT OF THE CONTROLLER AND
AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30TH JUNE, 2016

CENTRAL GOVERNMENT

© March 2017



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



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Ref. No.FA.27/249/01/2015/16

Date: 27th March, 2017

Your, Excellency Dr. John Pombe Magufuli,
The President of the United Republic of Tanzania,
State House,
P.O. Box 9120,
1 Barack Obama Road,
11400 DAR ES SALAAM

**RE: SUBMISSION OF THE ANNUAL GENERAL REPORT OF THE
CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF THE CENTRAL GOVERNMENT FOR THE
FINANCIAL YEAR ENDED 30TH JUNE, 2016**

As required by Article 143(4) of the Constitution of the United Republic of Tanzania of 1977 (revised 2005), Section 34 (1) (c) of the Public Audit Act No. 11 of 2008 and Regulation 88 of the Public Audit Regulations 2009; I courteously submit to you my Annual General Report for the audit of Central Government for the financial year 2015/2016 for your considerations

Yours sincerely,

**Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL**

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

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

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time) and amplified by the Public Audit Act, No. 11 of 2008 (as amended) and Public Audit Regulations of 2009.

Vision

To be a centre of excellence in public sector auditing,

Mission

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

Core Values:-

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

ACCGEN	Accountant General
ADA	African Democratic Alliance
ADC	Alliance for Democratic Change
AfDB	African Development Bank
AFP	Alliance for Tanzania Farmers Party
AFROSAI E	African Organization of Supreme Audit Institutions for English Speaking
ALAT	Association of Local Government Authorities
ALAT	Association of Local Government Authorities
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CCM	Chama Cha Mapinduzi
CHADEMA	Chama cha Demokrasia na Maendeleo
CHAUMA	Party For People's Redemption
CMA	Commission for Mediation and Arbitration
CPO	Central Processing Office
CWPA	Commonwealth Parliamentary Association
DP	Democratic Party
EFD	Electronic Fiscal Devices
GPSA	Government Procurement Service Agency
HQ	Headquarters
IFAC	International Federation of Accountants
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISSAI	International Standards of Supreme Audit Institutions
LGTI	Local Government Training Institute
LPO	Local Purchasing Order
MDAs	Ministries, Departments and Agencies
MSD	Medical Stores Department
N/A	Not Applicable
NAOT	National Audit Office of Tanzania
NHIF	National Health Insurance Fund
NIDA	National Identification Authority
NLD	National League for Democracy
NMB	National Microfinance Bank
O/D	Overdraft
PAC	Parliamentary Accounts Committee

PAC	Parliamentary Accounts Committee
PEs	Procuring Entities
PFA	Public Finance Act, 2001 (revised 2004)
PFM RP	Public Financial Management Reform Programme
PFR	Public Finance Regulations
PFR	Public Finance Regulations, 2001
PO RALG	President's Office Regional Administration and Local Government
PPA	Public Procurement Act
PPE	Plant, Property and Equipment
PPR	Public Procurement Regulations
PSPF	Public Service Pension Fund
RFB	Road Fund Board
RS	Regional Secretariat
SADC	Southern African Development Community
SAU	Chama cha Sauti ya Umma
TAESA	Tanzania Employment Service Agency
TALIRI	Tanzania Livestock Research Institute
TANROAD	Tanzania National Roads Agency
TASUBA	Taasisi ya Sanaa Bagamoyo
TBA	Tanzania Building Agency
TEMESA	Tanzania Electrical, Mechanical and Services Agency
TFDA	Tanzania Food and Drugs Agency
TFDA	Tanzania Food and Drugs Authority
TRA	Tanzania Revenue Authority
TZS	Tanzania Shilling
UMD	Union for Multiparty Democracy
URT	United Republic Of Tanzania
URT	United Republic of Tanzania
VAT	Value Added Tax
VT	Vote



I am extremely delighted that, again I have been able to meet the constitutional obligation to submit to the President annual general audit report for the year ended 30 June 2016 by the end of March 2017 as required by Article 143 (4) of the Constitution of United Republic of Tanzania of 1977 (revised 2005). The constitution has mandated us as the auditors to the nation.

The Report contains significant results of the financial audit, compliance audit, evaluation of internal controls and governance issues of the Central Government including Tanzania Revenue Authority (TRA) and Consolidated Accounts. It also includes results from the pre-audit of pension files, special audits under central government as well as the audit of political parties.

The central government includes; ministerial votes, executive agencies, special funds, embassies and high commissions, regional secretariats, basin water boards and National Water Supply and Sewerage Authorities and other institutions.

However, two executive agencies, although they fall under the Central Government, have been audited and reported under the audit of Public Authorities and Other Bodies.

The issues mentioned in this report are those, which were noted during the year under audit, 2015/2016 and those which were audited in respect of the previous years but were not reported in those years¹. It also reports on the status of implementation of the previous years' audit recommendations and PAC directive. The audit was conducted in accordance with the International Standards of

¹ Most of these reports relates to the audit of political parties, funds, agencies and other institutions whose audits were still ongoing during reporting of those periods.

Supreme Audit Institutions (ISSAIs) which are the Standards relevant for auditing the public sector entities issued by International Federation of Accountants (IFAC)

My work gives the Parliament, external and internal users and public entities reasonable assurance that the Government is operating in accordance with established financial reporting standards.



Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

ACKNOWLEDGEMENTS

Successful completion of this audit report was due to the combined effort of various individuals and groups who were more than willing to dedicate their time, knowledge, expertise and financial resources. Specifically, I would like to recognize the contributions from the following:

The President of URT

NAOT is at the outset grateful for the personal intervention of the President; firstly for his continued trust of my office and his efforts that have enabled us to obtain TZS 9 billion by the end of October 2016. Without these funds, the required audit work would have been substantially compromised.

Members of Parliament

My sincere appreciations also go to the members of the Parliament and the Parliamentary Oversight Committee, for engaging in fruitful dialogue and for their sense of dedication to ensure that the audit reports remain useful and that, NAOT remains financially independent and without interference from the executives.

NAOT staff

I must give special credit to my entire staff for their exemplary sense of dedication to the audit work. Despite the extreme limitation of financial resources facing NAOT, my staff have been so professional in ensuring that, the quality of the audit was not compromised. They worked tirelessly longer, even outside normal office hours without any financial incentives, driven entirely by the professional call to complete audit activities.

Management of the audited entities

Effective audits entail regular and close communication with management teams of the audited entities. Throughout the audit, management teams have been involved especially during interviews, requests for documents and clarifications from the management. I wish to extend my gratitude to the management of the audited entities for their invaluable assistance and co-operations extended to the audit team during the course of audit.

Ministry of Finance and Planning

I would like to express my special thanks of gratitude to the Minister for Finance and Planning, the Paymaster General, Division of Government Assets Management and Public Procurement Regulatory Authority for their candid cooperation and provision of vital information needed for the preparation of this report. I would also like to thank the Printer for expediting the timely printing of this report, despite non-settlement of past dues.

Financiers and Other stakeholders

Lastly, my special thanks to the donor community particularly the Swedish National Audit Office (SNAO), the Government of Sweden through SIDA, the World Bank through the PFMRP, AfDB, AFROSAI - E Secretariat and all supporters who have subsidized enormously towards the change of my Office. My recognition also goes to the media for their strong roles of making my reports more accessible to the users and all other stakeholders who have contributed in anyhow to the success of my office.

EXECUTIVE SUMMARY

Introduction

This statutory report provides a summary of my audit findings of the financial statements of the central government for the financial year ended 30 June 2016. The scope of the audit in Central Government includes 62 Ministries votes and Government Departments, 37 Executive Agencies, 18 Funds, 42 other institutions, 19 Political parties; 26 Regional Secretariats, 34 Embassies and High Commission, 13 Basin Water Boards and National Water Supply and Sanitation Authorities. It also includes, the audit of Tanzania Revenue Authorities, Consolidated Accounts, pre - audit of Pension files and special audits.

Audit opinions

The audit of the financial statements for the year ended 30 June, 2016 indicates that out of the audited 222 financial statements; 190 financial statements (86 %) were issued with unqualified opinion, 24 (11 %) had qualified opinion; 3 (1 %) had adverse opinion while 5 (2 %) had disclaimer of opinion. The table below summarizes the trend of audit opinions for the central government for the five years from 2011/12 to 2015/16.

Figure 1: Trend of audit opinion

F/Year	Unqualified		Qualified		Adverse		Disclaimer		Auditees
	No.	%	No	%	No	%	No.	%	
2015-16	190	86	24	11	3	1	5	2	222
2014-15	181	91	17	9	1	1	0	0	199
2013-14	166	94	9	5	1	1	0	0	176
2012-13	85	73	30	26	1	1	1	1	117
2011-12	103	95	5	5	0	0	0	0	108

Of the entities issued with disclaimer of opinion, under Vote 57 (Ministry of Defence and National Service); I faced substantial limitation of scope arising from the following;

- Six payment vouchers with their supporting documents to the same vender amounting to TZS.91,261,040,310 (31 percent total expenditure) were not provided during the audit despite follow up efforts at all executive levels, hence could not confirm their authenticity.
- There were unaccounted transfer of funds of TZS.5,444,127,508
- There were inconsistencies of the amount of PPE additions between the statement of financial position, note 92 to the financial statements and the statement of cash flows of which we were unable to establish the correct amount;
- The value of Work in Progress of TZS 8, 061,336,381 which formed part of the reported additions of PPE during the year was not supported by certificates presenting actual work performed.

In addition, 10 financial statements related to the previous financial years were audited during the reporting period; whereby 2 were issued with unqualified opinion, 2 with qualified, 1 with adverse while 4 with disclaimer of opinion. Details are presented in chapter two of this report.

Follow up on previous audit recommendations

I have made the follow up on the implementation of previous audit recommendations on both individual and general audit reports in order to assess how MDS have adequately implemented my previous audit matters. In the course of making follow up I considered whether management actions have been implemented and whether the identified deficiencies have been adequately managed with anticipated benefits.

For individual MDAs reports, a total of 3898 audit recommendations were issued, out of these; 1449(37%) were fully implemented, 1351(35%) were under implementation, 842(22%) were not implemented and 256(7%) were overtaken by events. In general, overall performance is moderate.

For annual general report for financial year 2014/2015, there were 102 outstanding audit recommendations that needed Government intervention. Structured responses were received whereby 19(18.6%) recommendations were implemented, 53(52.0%) were under implementation, 20(19.6%) were not implemented and 10(9.8%) were overtaken by events.

Follow up on previous PAC directives

For individual auditees, PAC issued 290 Directives that needed government attention from respective Accounting officers. Out of these directives; 102(35%) were fully implemented, 87(30%) were under implementation, 85(29%) were not implemented and 16(6%) were overtaken by events. The PAC has been very specific and action oriented in order to enforce responsible authorities to take collective actions.

Detailed status of implementation of the recommendations is given in chapter three of this report.

Weaknesses in Public Finance Management

In the financial year ended June 30 2016 it has been noted that the government allocated TZS 5,921.1 billion out of total budget of TZS 22,495.5 billion to development activities for Central and Local Government marking 8.13% decrease compared to TZS 6,445.11 billion allocated in the financial year 2014/15.

From audited financial statements of Central Government, I noted approved development estimates of TZS 4,968.86 billion and actual development exchequer releases of TZS 3,768.86 billion were reported leaving TZS 1,200.26 billion (24.16%) not released while TZS 38.88 billion (1.03%) of the released funds were not spent.

Likewise, the Government allocated TZS 16,574 billion to be spent on recurrent expenditure an increase of TZS 3,166.18 billion (23.61%) compared to TZS 13,408.22 billion allocated in 2014/15. From audited financial statements of Central Government, (Ministries, Departments and RS), I noted approved estimates of TZS 12,904.75 billion and actual exchequer issues releases of TZS 12,065.22 billion

identified recording under release of TZS 839.54 billion (6.51% of the approved estimates), while TZS 19.28 billion of the released funds were not spent equivalent to 0.16% of the released funds.

Exchequers amounting to TZS 5,731.07 billion (28.63% of TZS 20,020.95 billion) were released at the last quarter while TZS 2,629.40 billion (13.13% of the TZS 20,020.95 billion) were released on June 2016 indicating late release of funds due to mismatch between actual revenue collection and expected government expenditure.

There have been notable delays in release of funds from Treasury and from development partners for implementation of development projects. This has led to delayed implementation or non-implementation of earmarked projects. Failure of releasing funds as per approved budget especially development funds has an impact on increasing implementation cost due to cost overruns and interest that may accrue to unpaid certificates on contractual compulsions and lead to increase in expenditure arrears as well as having huge amounts of unspent balances at the year end. *Details are in chapter four of this report.*

Public debt management

Tanzania's total public debt as at 30th June, 2016 stood at TZS 41,039.39 billion made up of Domestic Debt Stock at TZS 11,193.39 billion and External Debt Stock valued at TZS 29,846.00 billion. This is an increase of TZS 7,499.80 billion equivalent to 22 per cent compared to the debt stock of TZS 33,539.59 billion reported as at 30th June 2015.

In the course of my audit, I noticed the following key issues relating to public debt management; increase of non-concessional loans from 11 percent in 2011/12 to 31 percent of the external debt as of 30 June 2016 with a consequence of escalating debt service burden, understatement of public debt stock by TZS 3,217 billion in respect of pension funds obligations and expired guarantees, excessive borrowing in domestic market by 42 percent, challenges in management of

government liquidity position, out-dated governing law and guidelines for Public Debt Management, and fragmentation of front, middle and back office operations leading to challenges in recording and reporting of Public Debt.

Tax revenue management

During the financial year 2015/2016, the Authority collected a total of TZS 13,383.16 Billion against the set target of TZS 13,366.40 Billion reflecting an over collection of TZS 16.76 Billion equivalent to 0.13 per cent of total revenue targets. The total revenue collected exclude TZS 25,689,882,934 for Treasury Vouchers with respect to payment for tax exemptions and refunds thus the actual collection for the year was TZS 13,408,852,308,300.

Abuse of tax relief of TZS 3.46 billion provided to two beneficiaries in the transportation sector who ordered 238 cars. However these cars were registered and used by unintended beneficiaries of exemption. Beneficiaries who have received such exemptions have pleaded suggesting that there is still a need to improve the control and monitoring of tax exemptions.

Review of exemption controls on imported oil for use in mines where I noted that 4,248,802 liters of oil transported from Dar es Salaam between October 2014 and December 2015 for use in mines of Buzwagi, Bulyankulu and Geita. We could not get confirmation of the documents that oil arrived to intended terminals which indicate that exempted oil was used on unintended activities.

Also I noted that 20,791,072 liters of oil exempted tax of Tshs 10.17 billion for Buzwagi Mine for 18 months (from July 2014 to December 2015) was exported to M / S Aggreko a subcontractor who is not a beneficiary of the exemption pursuant to law.

Weaknesses in the supply of electronically Machine (EFD)

The audit conducted from July 2015 to November 2016 revealed deficiencies in EFD machines by 84 percent where among 9,743 taxpayer registered to collect Value Added Tax (VAT) 8,165 did not

have EFD machines. Likewise, among 49,009 eligible taxpayers to use these machines 39,882 did not have machine equivalent to 81 percent.

Inadequate supervision and collection of taxes assessed 610.382 billion.

The amount contributed by tax assessment to large tax payers and domestic revenue amounting to 588.833 billion, uncollected charges of Railways Development 9.27 billion on goods and fuel, including interest of delay payments 3.311 billion, uncollected customs tariffs 9.319 billion from products, 9,942,810 goods not in customs warehouses and processed milk imported of 2.96 billion

Internal control weaknesses

Management is responsible for establishing and maintaining the control environment. Auditors play a role in a system of internal controls by performing evaluations and making recommendations for improved controls. My assessment focused on the effectiveness of Audit Committees, Internal Audit Unit, ICT- General Controls and risk management processes. I noted underperformance of audit committees and internal audit units where 34 audited entities had deficiencies in their internal control; inefficiencies on ICT-general controls 31 audited entities had weaknesses, three entities had inadequate boards (one agency has no ministerial advisory board, one board tenure expired), as well as 19 entities did not prepare IT disaster recovery plan. ***Detailed findings are featured in chapter six.***

Human resource management and payroll

Vast changes have been made from my last year's report regarding human resource management even though there are identified areas that need improvement.

- a) Salaries amounting to TZS 1,400,554,592 were paid by nineteen Government entities to 260 non - existing employees. Similarly, seven entities made deductions of TZS 50,525,057.96 from 28 non- existing staff. Compared with my previous report for 2014/2015; TZS 392,651,036 there is an increase of TZS 1,007,903,556 equal to 257 percent.

- b) My review of sample of eight entities including two Ministries and six Regional Secretariats noted that unpaid salaries amounting to TZS 1,027,334,712.04 were retained in deposit accounts without being remitted to Treasury.
- c) My review of payroll noted that five entities made statutory deductions amounting to TZS 167,486,144.25 from public servants but delayed to remit the same to relevant Pension Institutions, delays ranged from one to 138 months. As such, two entities were charged with penalties amounting to TZS 17,050,249.95 which is loss of public funds.
- d) My review of human resources management in a sample of 7 audited Central Government entities revealed that there were unpaid staff claims amounting to TZS 8,204,093,899.44 for a period of up to ten years.
- e) Audit review in a sample of three (3) government entities noted that acting allowance amounting to TZS 37,839,010 for seven staff was paid without deducting income tax (PAYE) contrary to Sect. 7 (2) (a) of the Income Tax Act, 2004 (revised in 2008) requiring income tax from among other sources, acting allowances to be deducted and remitted to Tanzania Revenue Authority.
- f) As part of my review on human resource management, I noted that Accounting Officers in eight entities did not comply with the requirement of the Loan Board Act by failing to notify the Loan Board of the 659 loan beneficiaries within their jurisdiction as well as arranging for monthly deductions and remitting the same to the loan board. As a result, a total amount of TZS 913,391,857.82 as loan issued to staff was outstanding without deductions.
- g) I noted that 49 employees from fourteen entities have been acting in various positions more than six months without appointing a substantive holder of those posts contrary to the requirement of Order D.24 (3) of the Standing Orders for the Public Service, 2009.
- h) On selected sample of thirty-eight audited entities I noted 11,892 unfilled posts against the requirements of 24,568. This shortage accounts for 48% of the staffing

level required. *Detailed findings are featured in chapter seven*

Government Executive agencies, funds, and other Government institutions

- **Misappropriation of ALAT Investment Fund
TZS.367,929,276.06**

My review of Association of Local Government of Tanzania (ALAT) revealed that ALAT received contributions of TZS.525, 717,522 from local Government Authorities (LGAs) for investment fund. However the expected investment fund was not established and the funds were spent on unrelated activities yet the management failed to account for. This kind of investment would appear to be misappropriation of public funds or nugatory expenditure; so far there are no benefits realized.

- The Presidential Trust Funds was granted credit facility amounting to TZS 514,000,000 under National Economic Empowerment Programme (NEEP) in year 2007/2008. I noted that, funds were no longer used as revolving funds since 2009/2010 instead; funds were spent to facilitate administration activities contrary to initial purpose. It has been noted that funds reimbursement have not been done as per agreement.

Acquisition of non-performing investment portfolio in TANZANSINO

During the year 2015/2016 it has come to our attention during the audit that TZS 773,000,875 was paid by SUMA (HQ) being part payment of TZS 1,292,003,500 for acquiring non performing investment Portfolio in Holley Industry Group in the business of manufacturing pharmaceuticals and other related products. SUMA JKT entered in joint venture with Holley Industry Group and later on purchased manufacturing industry from Shanxi Provincial Technical Renovation and Equipment Corporation. The joint venture in the name of

TANZANSINO in 2007 agreed to have ownership share of 55% and 45% for Holley Industry Group and SUMA JKT respectively. Unfortunately TANZANSINO wound up business voluntarily in 2014. I noted that since the inception of the joint venture with TANZANSINO in 2007 up to the time of winding up in 2014 no proceeds from the joint venture had been received by SUMA in accordance to the agreed share ownership. Therefore it was not prudent for SUMA to acquire such an investment.

SUMA JKT took all ownership in TANZANSINO without taking into consideration necessary requirements such as feasibility study, technical knowhow, manpower, revised costs/benefits analysis; lesson learnt from the past experience of outgoing partner.

- Mzinga Corporation failed to provide procurement records and tender document for the purchase of marine security vessels at Credit facility of Euro 32,588,376 (TZS. 79,352,695,560), therefore in the absence of records I could not substantiate procurement process as well as the loan proceeds in the escrow account.
- In 2015/2016 I reviewed the contract files and noted that TANROADS accrued interest amounting to TZS 7,874,921,250.36 and USD 714,066.08 due to delay in Interim Payment Certificates(IPCs) amounting to TZS 36,766,426,168.68 and USD 6,534,720.75
- In 2015/2016 TANROAD did not settle bills and claims from contractors and consultants amounting TZS 20,270,965,854.88. Failure to settle the bills in the year to which they relate adversely affects the following year's provision to which they have to be charged.
- TBA's procurements were not sourced competitively as it was observed that the single sourcing of goods and service for TZS 178,718,071.17 did not comply with provision. Also, Tanzania Building Agency procured building materials at TZS 74,139,416 which were sourced from suppliers who were

not prequalified and shortlisted in unexplained circumstances,

- My review of the joint venture between RITA and NSSF revealed that the venture is yet to be established and loan repayment not started while interest on loan is rising,
- My physical verification over motor vehicles I noted 92 grounded motor vehicles in six Agencies; TMA with 4(4%), TBA 1(1%), TFSA 26(28%), NIDA 52(57%), TANROADS 7(8%) and 2 (2%) ADEM. The Accounting Officers are yet to undertake disposal procedure in accordance with Regulation 254 (1) of the Public Finance Regulations 2001.
- The audit review of joint procurement deposit account maintained by Government Procurement Services Agency (GPSA) noted that joint procurement deposit account is not properly maintained. Total control account balances maintained by GPSA for all entities was TZS 12,161,412,069.06 while the balance at banks ²amounted to TZS 24,351,093,634.89 therefore leading to unreconciled balance of TZS 12,189,681,566.
- It was noted that Procuring Entities (PEs) were paying for items that were not in stock and waited for collection from GPSA offices for periods ranging from 24 days to 3 months. Apart from that physical stock taking exercise carried out at GPSA Head Office and its regional offices noted stocks which are slow moving and dormant amounting to TZS. 498,240,662. My further review noted that at the end of financial year 2015/2016, a total of 3138 diaries (40 per cent) and 1263 calendars (42 per cent) remain unsold in various regional store offices and hence considered as obsolete stock items.

² CRDB TZS 1,303,989,004.62 and BOT TZS 23,047,104,630.27

- During the year 2015/2016 I noted 28 Agencies with payable balance amounting to TZS 1,875,266,954,590.27 an increase of TZS 289,804,290,285.27 (18%) compared to 2014/2015 payables amounting to TZS 1,585,462,664,305. Additionally, I noted that Tanzania National Road Agency (TANROAD) had the largest proportion (95%) of the total payables. In 2015/2016 my audit noted that SUMA Guard had accumulated tax liability amounting to TZS 2,679,429,505 which has remained unpaid since 30th June 2011 to 2016. For the year 2015/2016 I noted 15 Government Institutions with payables amounting to TZS 14,933,537,786.54. Out of the total receivable of TZS 10,614,191,293.06 (71%) were outstanding for more than 12 months, while TZS 4,319,346,493.48 (29%) for 12 months.
- On reviewing Agencies' transactions for 2015/2016 expenditure I noted, that 11 Agencies paid a total of TZS 2,976,493,244.60 to various suppliers without demanding and retaining Electronic Fiscal Device (EFD) receipt which is contrary to Reg. 24 of EFD regulation of 2012.
- I noted that in 2015/2016 nine Agencies (25%) out of 35 audited Agencies had unsupported payment amounting to TZS 508,619,273 which is contrary to Regulations 86(1) and 95(4) of Public Finance Regulation 2001 which require every payment to be properly supported therefore the scope of audit was restricted and consequently, the propriety of the expenditure of TZS 508,619,273 could not be ascertained.
- My review of 2015/2016 outstanding receivables relating to Rural Energy Agency(REA) observed that REA made incorrect payment of USD 91,168.48 to HIFAB instead of USD 9,218.48 as the result USD 81,950 was overpaid.

- I also, noted that probate funds amounting to TZS. 169,000,000 were diverted from probate account to finance expenditure not related to the purpose of the fund.
- I noted that TBA received TZS 500,000,000 from the Permanent Secretary - Ministry of Works, Transport and Communication (Works Sector) for the construction of Ministry's Head Office in Dar es Salaam. Later on Tanzania Building Agency (TBA) transferred TZS 500,000,000 to the Regional Manager TBA Dar es Salaam for the construction of 5 Villa houses and Bungalow at Bunju which is not the intended purpose of the funds. However, no supporting documentation has been provided for audit review to confirm the amount received and spent as well as the procurement process involved.
- SUMA Agri Machinery advanced TZS 5,355,153,000 to various SUMA departments. Out of the Advances, only TZS 534,785,000 have been recovered leaving TZS 4,820,368,000 yet to be recovered. No satisfactory explanations were provided as to why the overdue advances totaling TZS 4,820,368,000 were not recovered from the beneficiaries.
- In 2015/2016 the Prison Corporation Sole provided a loan amounting to TZS 280,136,218 to the Commissioner General of Prison headquarters to finance various activities. The fund was provided in different periods between 8/7/2015 and 20/06/2016; on reviewing documents supporting advances I noted that up to January, 2017 the advances were not yet recovered. Information available indicates that there was no documented policy or authority given to borrow from the fund and no justification has been provided by the management as to why the outstanding balance of TZS 280,136,218 has not been repaid to date.

- My review of the Treasury Advance Funds financial statements noted that TZS. 1,098,566,332.69 was presented as unsettled loans, on further scrutiny I noted the loan was advanced to Vote 23 for activities which are not related to the Fund's objectives.
- It was noted that REA failed to collect electricity levy penalty amounting to TZS 7,433,600,000 from TANESCO as collection of sales of electricity charges (LUKU) each month which fell due since May 2011 despite several attempts done by management to request the same. Ministry of Energy and Minerals intervened on the matter with no success.
- During the year under review I noted weaknesses from six entities over expenditure management therefore I could not ascertain the authenticity and regularity of these expenditures. Included in this category are, inadequately supported expenditures (TZS 206,521,652), payments made without supporting EFDs receipts (TZS 1,481,679,250), withholding tax not deducted (TZS 69,443,677) payment without deducting withholding tax (TZS 36,589,303), expenditure out of the approved budget (TZS 107,307,565.14), long outstanding imprests (TZS 10,575,687.30) as well as payments charged on wrong expenditure codes (TZS 304,116,358.50).
- My review of financial statements of Agricultural Input Trust Fund (AGITF) revealed that the fund management issued loans of TZS 3,342,970,002 (principal together with interest) to various customers in Dodoma districts. It was noted that only TZS 1,997,763,380 (60%) was recovered by the AGITF leaving TZS 1,345,206,622 (40%) yet to be recovered.

Weaknesses in Water board's management

- I noted six water basin boards had a shortage of 457 staff in different department's equivalent to 56 per cent of the

required staff level. In addition, analysis of payroll data provided by Rukwa water basin bodies revealed that two officers were earning salary totaling TZS 20,916,000 while they were no longer in service. During the year under review I noted weaknesses over expenditure management, therefore; I could not ascertain the authenticity and regularity of these expenditures. Included in this category are, inadequately supported expenditures (TZS 53,862,324), payments made without supporting EFDs receipts (TZS 283,408,496), withholding tax not deducted from suppliers (TZS 45,057,351.09) as well as ineligible expenditure (TZS 12,290,200).

i. Procurement and contract management

- a) In this year, once again I noted several cases of non-compliances with public procurement legislations across MDAs. In 2015/16, the audit identified the following weaknesses; Procurement of goods and services worth TZS 23,980,253,902 without competitive quotations from at least three suppliers,
- b) Several weaknesses in contracts/project management whereby of the sampled eight (8) contracts/projects worth TZS million 63,254 million and USD 1,000 million from eight (8) MDAs were not managed properly,
- c) I noted delays in completion of projects costing TZS 23,328,603,706
- d) A number of MDAs were engaged in procurement of goods and services for TZS 2,485,411,529 without prior approval of their established tender boards.
- e) Ten (10) audited entities procured works, goods and services worth TZS 11,253,346,373 & USD 29,606,100 without having any valid contract/agreement with the supplier/contractor. This is contrary to Regulation 10(4) of Public Procurement Regulations, 2013,
- f) Fourteen (14) entities infringed the procurement Regulations by acquiring goods and services worth

TZS 7,395,231,560 from suppliers who were not approved by GPSA, TEMESA and MSD,

- g) Four (4) entities procured goods and services worth TZS 980,345,532 which were not contained in the annual procurement plan contrary Section 49 (2) & (3) of the PPA, 2011,
- h) Nine (9) audited entities procured goods for TZS 2,315,756,038 without being inspected and accepted contrary to Regulation 244(1) of PPR 2013 which require the procuring entity on procuring goods or services to be inspected, sampled and tested to confirm whether they meet the standards stipulated in the contract,
- i) Ministry of Water and Irrigation (Vote 49) entered into contract worth TZS 491,047, 500 with M/S Ms. International Company for supply of Mobile Water purification unit at Gidahababeig-Hanang without the contract being vetted by Attorney-General. Likewise the Registrar of Political Parties made Procurement of Consultancy Services on provision of Aviation Safety, Security and life Skills for TZS 668,000,000 which was not vetted by Attorney General.
- j) Eight (8) procuring entities paid TZS 3,452,112,838 for goods, works and services which are yet to be rendered hence value for money could not be established. Without value for money the funds spent on the procurement are deemed to have been wasted.
- k) On reviewing PPRA report, the analysis indicated an average compliance level of 71 percent which shows that an increase of two percent over last year's average. However, the recorded level was below 78 percent, which was the target set by PPRA for FY 2015/16. The average compliance level for MDAs increased from 69 and to 75 compared to last year's results. *Detailed findings are featured in chapter nine of this report*

ii. Weaknesses in expenditure management

Owing to weak documentation and internal control, unsupported expenditure continues to be of particular

concern in this year. A number of MDAs failed to avail documents to support expenditure totaling TZS 120,408,642,077.

In absence of the records and documentation, the propriety of the expenditure could not be ascertained. Included in this category are; unrepresented payment vouchers for TZS 91,347,958,833 (75.7%), inadequately vouched expenditures TZS 12,504,745,476(10.39%) missing electronic fiscal Device receipts TZS 7,790,299,407 (6.47%). Funds not accounted for TZS 6,575,397,008(5.46%), nugatory expenditure TZS 1,445,045,913(1.20), rejected NHIF claims TZS 569,994,807(0.47%), Payments not supported with acknowledgement receipts TZS 97,719,677(0.08%) and overpayment TZS 77,480,956(0.06%). In addition there were cases relating to budget issues of diverted and spent funds for TZS 3,830,032,676 to activities which were not related to the approved budget, expenditure totaling TZS 4,563,915,835 to wrong expenditure items without proper authority for reallocation, expenditure amounting to TZS 4,563,915,835 for financing various activities that were not budgeted, outstanding Imprests amounting to TZS 397,575,730 and cases of non-compliance with statutory requirements in six (6) MDAs on remittance of withholding tax to TRA contrary to Sect. 83(1) (b) of Income Tax Act, 2004 (Revised 2008). *Detailed findings are featured in chapter ten*

iii. Weaknesses in assets management

My review noted that there has not been an improvement in the asset management across MDAs as the result several weaknesses were identified including non-updating of asset register in 69 entities, delay in valuation of non-current assets as most of MDAs own assets which do not present fair value, absence of an assets policy which adequately complies with IPSAS Accrual basis of accounting, asset module in Epicor system is not operational, land and building not separated for 69 audited entities, undisposed nor serviced grounded 1272 motor vehicles, absence of ownership documents for Government Land and Buildings for 11 entities, stores items not accounted for TZS 12,818,718,047 and non-codification of non-current assets.

As pointed out in my previous report the Government did not take adequate and timely action to rehabilitate office and residential buildings located in Tanzania Embassies and High Commissions. Some of the buildings were dilapidated and physically in bad state. They have had no repairs or maintenance for a long time. Also, the government owns land plots in various embassies which are yet to be developed. Out of 34 Tanzania embassies, twelve (12) embassies had 37 dilapidated buildings which require major repair and maintenance. Additionally, 10 audited embassies had undeveloped plots. *The detailed findings are presented in chapter eleven of this report.*

iv. Weaknesses in liabilities management

I noted a huge accumulation of liabilities in 92 entities of TZS 1.979 trillion which is an increase of TZS. 0.536 trillion (37 per cent) compared to the balance of TZS 1.443 trillion in the financial year ended 30th June, 2015. Reported liability includes an amount of TZS 19.192 billion being outstanding medical bills for patients who have been treated in referral hospital in India. Had the bills totaling TZS 1.979 trillion been settled during the period and the expenditure charged to the accounts for 2015/2016, some MDAs would have recorded Excess Expenditure against recurrent expenditure.

I also noted legal cases with a total of TZS 850.740 billion under 15 audited entities pending decision of the court against various companies and individuals. Some cases have been outstanding for more than 10 years and there are no court notifications on the date of hearing. *Detailed observations are in Chapter Eleven of this report.*

v. Audit of Political parties

- I noted inadequate maintenance of elementary books of accounts such as trial balances, cash books, individual ledger accounts and general ledgers which provide reliable source of information in the presentation of financial statements, hence most of the financial information lacked source document which reduces audit trail, accuracy, transparency and reliability of the information.

- Apparently, there is a weak and inadequate maintenance of accounting records observed across a number of political parties during the year. A number of financial statements differed with accounting basis and financial reporting framework from where ideally they ought to have been derived and prepared. The format and accounting period are different and do not disclose pertinent information about the basis of preparation of the financial statements, also accounting policies and notes to financial statements were missing hence limiting audit scope.
- Four (4) out of nineteen (19) audited Political Parties with permanent registration did not submit annual financial statement as required by Section 14 (1) (i) of Political Parties Act No.5 of 1992(R.E 2015).These are National Reconstruction Party (NRA), United People’s Democratic Party (UPDP)), Party for People’s Redemption(CHAUUMA) and Union for Multiparty Democracy (UMD).
- On human resource management and payroll I noted that most of employees of the political parties except for Secretary Generals are volunteers and the political parties had no employment contract enforceable by law which states responsibilities, accountability and rewards for the workers.
- The internal controls relating to the reconciliation of the cash book balance to bank balances were not effectively implemented. The financial Statements prepared by Political Parties could be misleading. Apart from that three political parties had no bank account.

Special audit of National Identification Authority (NIDA)

- The audit is satisfied that the management, staff and other service providers and suppliers have been in one way or another involved in the extravagance and fraud on the use of funds for the development of National Identification Project which included; contracts for the purchase of equipment for developing National Identity Cards, identification, purchase of ICT equipment such as Ipad, hardware and software, acquisition of laborers, motor vehicle insurance and the costs of transporting and installing equipment for registering citizens where about TZS 4.5 Billion is estimated to be defrauded.

- Furthermore due to the nature of the registration and issuing national identity being new has led to lack of proper preparedness by Authority's Management on deciding how the system could have been better used depending on the capacity of the Authority; the circumstances that led to dynamic changes in directions which costed the Government through wasteful procurements and simultaneously fraudsters using existing loopholes to take advantage and benefit themselves contrary to regulations.

SPECIAL AUDIT OF GAVI ALLIANCE GRANT FOR MEASLES RUBELLA

From the special audits, major weaknesses were observed in the internal control system. Cases of fraudulent and corruptive nature in the areas of procurement, imprest and expenditure management and general operations of the grant were reported. It was noted during special audit that memorandum of understanding between Government of Tanzania and GAVI Alliance was violated because vaccination grants were not included in the Medium Term Expenditure Framework as well as the grant did not comply with Government procedures and channels on fund transfer through sub treasuries and then Local Government Authorities. Notable deficiencies included; Accountability of TZS 2,153,289,221 not substantiated, TZS 1,077,167,188 was yet to be confirmed, fraudulent procurements of fuel amounting to TZS 248,034,893 fuel not accounted for in stores ledger TZS 372,398,769 payments of TZS 1,192,493,345 were made to 54 councils and 11 regional medical offices for various activities without supporting documents, training allowances of TZS 497,182,500 without justification, expenditure of TZS 316,292,995 for food supported with forged documents, audit team could not substantiate repair and maintenance of motor vehicles TZS 137,743,754. *Details are in chapter twelve*

General Recommendations

Follow up on previous audit recommendations

Most of these recommendations are still in progress for implementation or not implemented at all leading to recurrence of similar findings as for previous years, the situation which implies that my recommendations and PAC directives are not taken seriously by respective Accounting Officers.

Therefore the PMG is advised to keep on instructing Accounting Officers to take necessary measures to improve internal control systems, which is one of the main causes contributing to untimely implementation of my recommendations and PAC directives.

Accounting Officers are also advised to maintain clearly documented action plans to guide them on implementation of the CAGs recommendations and PAC directives. The action plan will specify when, who, and how the recommendations will be implemented.

Public Finance Management

I strongly recommend the government to explore alternative internal sources of revenue and continue to plug loopholes through which taxes are evaded. The government through disciplinary authority is advised to take disciplinary actions against unethical employees as well as improve internal controls over taxpaying systems that would make it easy in transacting while voluntarily paying tax. Also, ensure effective use of electronic systems and devices in revenue collection so as to increase efficiency and minimize revenue losses. More controls and sensitization on the use of electronic fiscal devices should be instituted since few are using devices and those using sometimes don't want to use devices as they usually face network problems.

Public debt management

I recommend the government to; (i) reduce contracting extremely high interest loans, (ii) Expedite issuance of non-cash bond to Pension Funds to enable them to be recognized and recorded as public debt under Vote 22, (iii) adhere to the issuance plan when borrowing domestically, (iv) enhance

cash management control mechanisms in order to avoid unnecessary interest expenses from overdraft facility, (v) ensure the National Debt Management Policy come into force, (vi) expedite amendments of Guarantees, Loans and Grants Act, 1974 (R.E. 2004) and its regulations of 2003 in order to address current challenges of public debt and public debt management, and (vii) set up a unified debt management office in order to consolidate public debt and public debt management activities.

Tax revenue

- I recommend the Government to (a) collect Shs 15.26 billion due to abuse of the exemptions contrary to the law as well as improve the management of exemptions provided by law in order to prevent loss of revenue to the Government.
- I urge the Government to continue encouraging the use of EFD machines as per Article 36 of the rules of the tax administration of 2015 and the principles of the use of EFD
- I advise the government to strength its systems and take appropriate measures in the collection of assessed taxes particularly for chronic debtors, including imposing fines and interest due to delays in payment.

Weaknesses in internal control system

Accounting Officers are responsible for establishing strong internal control systems to monitor the operations and make changes/corrective actions when deviations are noted. This is a continuous process focusing on strengthening internal controls in order to improve service delivery to the public.

Executive Agencies, Funds, Other Institutions and water Boards

Most of the deficiencies noted are appearing to be the same to previous years' findings the situation which implies that our recommendations are not seriously taken by Accounting Officers, Chief Executive Officers and management as a whole.

Management of Agencies, funds and other institutions as well as water Boards ensure proper documentation and record keeping and requirements of the provisions of laws.

I noted that some audited entities diverted and spent funds to other activities which were not related to the agency, funds, other institutions, or water Boards to an extent that funds lacked accountability. For this case accounting officers for ALAT, Presidential Trust Funds, Tanzania Building Agency, SUMA Agri Machinery, Prison Corporation sole, Treasury Advances Funds should be accountable for misuse of public funds.

I urge the Accounting Officers to regularly manage financial risks on the outstanding liabilities making adequate budget allocations. Management of the Agencies, funds and other institutions in collaboration with related Ministries to facilitate the timely release of funds for paying maturing financial obligations.

I advise the Executive Government Agencies to make close follow up on unscrupulous businessmen who do not comply with the requirement of the law on the use of EFD machines to start using with immediate effect and take legal actions against defaulters.

Weaknesses in procurement management

Once again I urge the Management of the audited MDAs/ RS to ensure that they fully observe the requirements of procurement laws specifically in the area of preparation and implementation of Annual Procurement Plans (APPs), approval of procurements by Tender Boards, inspection and acceptance of goods/services made and making procurements from approved suppliers. The Accounting Officers of MDAs/RSs should ensure the PMUs and TBs are properly constituted and discharge their responsibilities as prescribed in the Public Procurement Act and its Regulations.

Government through the Ministry of Finance and Planning should allocate adequate funds to finance uncompleted projects which were delayed due to insufficient funds. The

Government should implement major projects by phases to avoid costs overrun in form of Interest and penalties accrued from the delay in the Payment of Contractor's Certificates.

The government is advised to strengthen capacity of the office of the Attorney General in terms of manpower and financial resources to enable it to thoroughly review all procurements and contracts before they are being signed. The office will be responsible to ensure that all contracts protect the public interest and that any officer involved in the review shall be held responsible and accountable for all contracts which turnout not to be in the public interest.

Government through PPRA has to conduct several seminars with the aim of building capacity of PMUs, Tender Boards, Accounting Officers and User Departments on the importance of complying with the Public Procurement Act and its Regulations.

It is also important to have a Computerized Procurement Information Management Systems (PIMS) in effective operation. This system is hosted by PPRA. PPRA has to make sure that this system is user friendly to end users so that MDAs/RS can easily use this system to improve procurement procedures.

Weaknesses in expenditure management

Presence of strong financial accounting capabilities across MDAs is emphasized. My concern is still on the weaknesses in internal control system over budgetary issues and documentation system. I advise all Accounting Officers to ensure that all payments are authenticated by proper authorities and supporting documents are in line with the requirements of Regulation (86) and 95(4) of the Public Finance Regulations of 2001. Internal checks such as pre auditing need to be strengthened. All verifiable documents including payment vouchers together with supporting documents which were not presented for audit purpose must be traced and submitted to NAOT.

Asset and liability management

As I recommended in my previous reports on the slow pace in implementation of road map toward PP&E recognition and reporting under IPSAS accrual for aspect of valuation of asset, updating the asset registers, preparation of accounting policy, I continue to recommend to the Director of Government Asset Management (DGAM) under the Ministry of Finance and Planning to develop and implement a monitoring mechanism to ensure that all MDAs/RS are complied with directives issued.

DGAM should work closely with stakeholders so as to enhance the implementation of the action plan for smooth compliance with IPSAS 17, and make necessary adjustments in the financial statements by separating land and building into two distinct asset categories.

Additionally, I advise the Government to ensure that MDAs/RS obtain ownership documents in order to safeguard Government assets. Apart from that I do also advise the Government to take appropriate action with regard to disposal of grounded motor vehicles beyond repair in accordance with the laws and regulations in order to save salvage value which can be realized from disposal proceeds. Strict measures should be put in place to reduce the long outstanding receivables/payables by adopting tighter credit/debtors policy and enhancing follow up procedures to ensure outstanding amounts are paid within the shortest time possible.

For the landed properties outside the country, I recommend that a task team be formed between the Ministry of Finance and Planning, Ministry of Works and the Ministry of Foreign Affairs to iron out all issues so that responsibility for development of landed properties outside the country can be fixed to unified overseas land and management Unit.

Audit of political parties

On the issue of uniformity of accounting records, I plead to the Ministry of Finance and Planning (The Accountant General) in collaboration with the National Board of Accountant and Auditors (NBAA) to pass an Act, to regulate

the manner of human resource management, keeping books of political parties and establish the principles for recognizing their revenues, expenses, assets, liabilities and sources of finance.

I urge the Registrar of Political Parties to have capacity building programmes which will enhance political parties to be more compliant with the requirements of the Political Parties Act of 2009 (R.E 2015) together with its underlying Regulations.

Special audit of National Identification Authority

As noted due to the nature of the registration and issuing national identity being new has led to lack of proper preparedness by Authority's Management on deciding how the system could have been better used depending on the capacity of the Authority; the circumstances that led to dynamic changes in directions which costed the Government through wasteful procurements and simultaneously fraudsters using existing loopholes to take advantage and benefit themselves contrary to regulations.

Investigative authorities should do a thorough investigation on the identified indicators of fraud as outlined in this audit and appropriate actions be taken against the parties involved.

Appropriate action should be taken against the public officers who failed to supervise and manage registration of national identity to Tanzania citizens.

Special audit of GAVI ALLIANCE grant for Measles Rubella for the financial yea 2014

Apart from strengthening internal controls as a measure to address noted weaknesses in the special audits, disciplinary and legal action should be taken to those officers who have been implicated in such misconduct of misappropriation of

Government funds. Action must be taken by investigative organs like DPP, DCI and PCCB as law enforcement organs.

CHAPTER ONE

1.0 BACKGROUND INFORMATION

This report covers the audit of Central Government for the financial year 2015/16 with a view to giving reasonable assurance to the potential users on the proper accounting, management and use of public resources.

1.1 Legal basis for the preparations, submission and auditing of the financial statements

1.1.1 Preparations and submission of the financial statements

Section 25 (2) of the Public Finance Act, 2001 (revised 2004) and Regulation 71 of the Public Audit Regulations, 2009 require accounting officers to prepare and submit financial statements to the Controller and Auditor General (CAG) within three months after the closure of the respective financial year.

1.1.2 Basis for the preparations of the financial statements

Section 7 of the Public Finance Act, 2001 (revised 2004) requires the Accountant General to issue instructions regarding the basis of accounting to be adopted and classification system to be used when preparing the financial statement. Further, Section 25 (4) of the same Act requires all accounts submitted to the CAG to be prepared in accordance with generally accepted accounting practice and in accordance with any instructions approved by the Permanent Secretary and issued by the Accountant-General; and state the basis of accounting used in their Preparation and identify any significant departures therefrom and the reason for that departure. The Central Government adopted International Public Sector Accounting Standards (IPSAS) accrual basis for the preparation of its financial statements effectively from 1st July 2012 and produced its first time IPSAS accrual financial statements as at 30 June 2013. However it adopted various transitional provisions allowed in

the specified standards whereby it is obliged to ensure fully compliance by the year 2016/2017.

It however, remains a challenge for the government to develop accounting policies consistently to requirements of the IPSAS accrual and consideration of its various laws and regulations that may appear in conflict with the requirements of the IPSAS accrual basis of accounting.

Furthermore, in ensuring that, consolidation of government accounts is achieved, The Ministry of Finance issued various circulars which among others, directed reporting entities to; for public entities with different accounting period to that of the government to change accounting periods to align with the Government financial year (1st July to 30th June) and for Local Government Authorities to change method of presenting cash flows statements from indirect to direct method.

1.1.3 Accounting Developments

Future accounting pronouncements and IPSAS requirements

As part of the International Public Sector Accounting Standard Board's (IPSASB) objectives of strengthening public financial management and knowledge through increasing adoption of accrual-based International Public Sector Accounting Standards, and since the central government will be fully IPSAS accrual compliant by 2017³, it is important that the government continues to monitor the impact of the future pronouncement by the IPSAB on the following areas;

- i. Development of accounting guidance on Public Sector Specific Financial Instruments to include issues related

³ The expiry period of the transition provision adopted by the government

- to, which are outside the scope of those covered by IPSAS 28, IPSAS 29⁴ and IPSAS 30⁵
- ii. Identification of circumstances in which expenses and liabilities of certain social benefits should be reflected in financial statements (Social Benefits)
 - iii. Accounting treatment for public sector combinations and development of a new standard setting out the classification and measurement,
 - iv. Development of accounting requirements for heritage assets,
 - v. Revision of IPSAS 25⁶ to converge it with the underlying IAS 19⁷.
 - vi. Etc.

Also, following the publishing of the five new IPSASs by IPSASB in January 2015; IPSAS 34, 35, 36, 37 and 38⁸ whose effective periods begin on or after January 2017, the government should consider the scope of the applicability of these standards and make all necessary preparations for their adoption.

1.1.4 Auditing of the financial statements

Legal mandates and basis for the audit

The mandates for the audit of the financial statements of the Government of United Republic of Tanzania and the rights of access to all documents as well as the independence of the office are promulgated in Article 143 of the Constitution of The United Republic of Tanzania of 1977 (revised 2005) and under Section 5 of the Public Audit Act, 2008.

⁴ *Financial instruments: recognition and measurement,*

⁵ *Financial instruments: disclosures*

⁶ *Employee benefits*

⁷ *Employee benefits*

⁸ *Separate financial statements, Consolidated financial statements, Investments in associates and joint ventures, Joint arrangements and Disclosure of interests in other entities respectively.*

Article 143 (4) of the Constitution requires the Controller and Auditor General to submit to the President every report he makes pursuant to the provisions of sub-article (2) of this Article. Regulation 88 of the Public Audit Regulations, 2009 further amplifies that, CAG to submit general audit reports to the President by 31st March each year which shall further be laid to the National Assembly through the appropriate Minister (The Minister of Finance and Planning).

Audit Objectives

To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or errors and are prepared in accordance with an applicable financial reporting framework (IPSAS accrual basis of accounting); and whether applicable laws and regulations have been complied with.

Audit scope and limitations

This audit report covers the audit of the financial statements⁹ of the central government entities for the financial year 2015/2016.

The audit process/methodology used included reviewing and performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or errors. In making those risk assessments, the auditors considered internal controls relevant to the entity's preparation and fair presentation of the financial statements in and designed audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control.

⁹ *Statement of financial position; Statement of financial performance; Statement of changes in net assets/equity; Cash flows statement; Statement of comparison of budget and actual amounts and Notes, comprising a summary of significant accounting policies and other explanatory notes*

It also involved evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Thus, at every entity, the audit of financial statements was conducted on a sample basis based on materiality level and risks involved; therefore the findings were confined to the extent of the records, documents and information requested and reviewed.

However, in the wake of budget cuts for financial year 2016/2017, NAOT encountered a remarkable financial constraint on budget allocation which restricted me on carrying out my constitutional responsibility. In this respect the office could not complete all aspects of audit procedures on set priority activities for the year 2016/17 as described in the annual audit plan. Apart from that my office experienced late disbursement of funds that interrupted implementation of audit activities. The following table indicates categories of the audited and not audited entities for 2015/2016:

Table 1: Categories of the audited and not audited entities for 2015/2016

Category of the Reporting entity	No. of entities required to be audited	No. of entities audited	Reasons for not being audited
Ministerial Votes	62	62	N/A
Executive agencies	37	33	Two agencies were audited and reported under public authorities' general report ¹⁰ One agency (<i>National Food Reserve Agency</i>) not audited due to lack of funds One agency (<i>Kigamboni Development Agency</i>) did not submit its financial statements for audit
Other	42	34	Six institutions were not audited due to lack of funds ¹¹ ,

¹⁰ National Bureau of Statistics & TFDA

¹¹ Institute of Forest Management (Olomomyi), Institute of Industry Forest Management (Moshi), Jitegemee Secondary School & Beekeeping Institute, Central Corridor Transport Facilitation Agency, Tanzania Pharmacy Councils

Category of the Reporting entity	No. of entities required to be audited	No. of entities audited	Reasons for not being audited
Institutions			One entity (ALAT) did not submit its financial statements for audit, One entity, its financial year ends 31 December ¹²
Embassies and High Commissions	34	34	N/A
Funds	17	13	Two funds ¹³ , the audit is still on progress due to late receipt of funds while the other two fund ¹⁴ was not audited at all
Regional Secretariats	26	25	One Regional Secretariat (Songwe) only started operations in June 2016, therefore not part of this scope
Basin Water Boards	9	9	N/A

¹² Commonwealth Parliamentary Association

¹³ Road Fund Board & National Fund for Antiquities

¹⁴ Plant Breeders Right Development Fund & Presidential Trust Fund for Self-Reliance

Category of the Reporting entity	No. of entities required to be audited	No. of entities audited	Reasons for not being audited
National Water Supply and Sewerage Authority	4	4	N/A
Consolidated Account	1	1	N/A
Political Parties	19	5	Four political parties did not submit financial statements ¹⁵ Three parties ¹⁶ , audits were not concluded as management of these parties were not available for exit meeting Seven parties, audits for the previous years were not yet concluded during audit of 2016.
TRA	2	2	N/A

¹⁵ UMD, NRA, UPDP & CHAUMA

¹⁶ CHADEMA, CUF and NCCR Mageuzi

Category of the Reporting entity	No. of entities required to be audited	No. of entities audited	Reasons for not being audited
Sub total	253	222	
Others			
Pre audit of pensioners' files	4,514	4,241	273 are still under examination as they were returned to the respective Accounting Officers for necessary amendments

The situation also delayed the implementation of some activities while some other activities were not performed at all as shown in **appendix 1.1**

By cutting the budget without considering financial requirements it automatically incapacitates my office to achieve the expected results. I advise the government to provide adequate financial resources to NAOT in conformity to budget requirements and disbursements be made timely.

Applicable auditing standards

Section 18 of the Public audit Act, 2008 requires the CAG in discharging his responsibilities to determine the auditing standard to use. In selecting the standard he may be guided by the international auditing standards or other standards as he may deem fit.

National Audit Office of 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). Knowledge and information sharing among member SAIs has enabled NAOT to have a wide area of learning and sharing experiences and expertise in public sector auditing.

INTOSAI issues auditing standards that are relevant to the public sectors; that is, International Standards of Supreme Audit Institutions (ISSAIs). Thus, being a member NAOT is obliged to follow standards issued by INTOSAI.

Therefore, the audit was conducted in accordance with International Standards of Supreme Auditing Institutions. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

2.0 AUDIT OPINION

2.1 Introduction

As stated in the previous chapter NAOT audits are conducted in line with the International Standards of Supreme Audit Institutions (ISSAIs). ISSAI 1200 requires auditors to conduct and express an independent opinion as to whether the financial statements were prepared in all material respects in accordance with the applicable financial reporting framework¹⁷.

This is achieved by designing the audits in such a way that, it will enable auditors to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements whether due to fraud or errors.

According to ISSAIs 1700 and ISSAI 1705, an auditor can express different types of opinions depend on the issues noted during the audit. Therefore, NAOT evaluated the nature, the materiality and pervasiveness of the issues noted during the audit to reach to the appropriate audit opinions.

Accordingly, following types of audit opinions and their bases have been considered to come up with the appropriate audit opinions;

¹⁷ In this case, International Public Sector Accounting Standard (IPSAS) accrual bases

Table 2: Types of audit opinions and their bases

Audit opinion	Bases of the opinion
<i>Unmodified (Unqualified)</i>	This is expressed when the auditor concludes that the financial statements were prepared, in all material respects, in accordance with the applicable financial reporting framework, [ISSAI 1700.16]
<i>Qualified</i>	<p>This is expressed when;</p> <ul style="list-style-type: none"> • Auditors having obtained sufficient appropriate audit evidence, conclude that misstatements, individually or in the aggregate, are material¹⁸, but not pervasive, to the financial statements; or • Auditors are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but conclude that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive; [ISSAI 1705.7].
<i>Adverse</i>	This is expressed when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements (<i>disagreement - whether inadequate disclosure or inappropriate accounting treatment</i>),

¹⁸ Meaning that, limitation and disagreement is limited to a specific area but the rest of the F/S show true and fair View

Audit opinion	Bases of the opinion
	individually or in the aggregate, are both material and pervasive ¹⁹ to the financial statements [ISSAI 1705.8]
<i>Disclaimer</i>	It is expressed when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements could be both material and pervasive [ISSAI 1705.9]

Besides these opinions, when auditors consider that, certain information disclosed or not disclosed in the financial should be brought to the attention of the user of the financial statement for better understanding of the financial statement may do so using emphasis of matter or other matters paragraph respectively.

Table 3: Basis for emphasis and other matters paragraph

Paragraph	Basis
<i>Emphasis of matters</i>	The paragraph is included in the auditor's report to refer to matters appropriately presented or disclosed in the financial statements that, in the auditor's judgment, are of such importance that it is fundamental to users' understanding of the financial statements, [ISSAI 1706.6].
<i>Other</i>	The paragraph included in the auditor's report that refers to a matter other than those

¹⁹ Meaning that, the disagreements are not confined to specific elements, accounts or items of the financial statements; and if so confined, represent or could represent a substantial proportion of the financial statements;

Paragraph	Basis
<i>Matters</i>	presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report, [ISSAI 1706.8]

2.1 Results of the audit/audit opinions issued

2.1.1 Entities issued with unqualified opinion

Out of the 222 central government entities²⁰ audited during the year 2015/16; 190 (86 %) entities were issued with unqualified opinion meaning that their financial statements presented a true and fair view. These recorded improvements of 5% as compared to the last year audit.

However, it is important to note that, as per the requirements of ISSAI 1700.P3, our audit extended beyond the financial statements to include assessment of the entities compliance with laws and regulations and the effectiveness of the internal controls systems. Therefore, entities with these unqualified opinion, does not mean that, their internal controls, including compliance with laws and regulations were adequate. There were issues noted and reported in the management letter of the respective entities and other chapters in this report that did not directly affect the presentation of the financial statements.

2.1.2 Unqualified opinions with emphasis and other matters

It is further noted that out of the entities issued with unqualified opinion above, 22 and 10 entities, have paragraphs for emphasis and other matters included in their reports respectively.

The details of entities issued with unqualified opinion, emphasis of matters and other matters paragraph have been attached to this report as **Appendix 2.1**

During the reporting period, unqualified opinions were also issued to two entities²¹ whose financial statements related to the previous year financial reporting as they were not previously reported.

²⁰ Refer to the audit scope in chapter one.

²¹ Road Fund Board and Commonwealth Parliamentary Association

2.1.3 Entities issued with qualified opinion

A total of 24 (11 %) entities out of 222 audited during the year 2015/16; were issued with qualified opinion following our conclusion that, material misstatements (*disagreements whether due to inadequate disclosure or inappropriate accounting treatment or limitation of audit scope*) existed in the audited financial statements²². The details of entities issued with qualified opinion are attached to this report as **Appendix 2.2**

Furthermore; the financial statements for ALART for the years ended 30 June 2012, 2013 and 2014 were submitted and audited during this reporting period. I have expressed qualified opinion for 2014. Also, financial statements of Tanzania Labour Party (TLP) and CCM for 2014/15 were also audited during the reporting period and issued with qualified opinion due to the basis as tabulated below;

Table 4: Entities and basis for qualifications in respect of the previous financial reporting

1. ALAT [JUNE 2014]
ALAT reported TZS.945, 245,359 as Cash and Cash Equivalent on its financial statements for the year ended 30th June, 2014. However, a review of the Cash book balances as per bank reconciliation reports and petty cash report revealed the closing balances of TZS.852, 212,958.32 thus, cash and cash equivalents were over stated by TZS. 93,032,400.68.
As at 30th June, 2014, ALAT reported outstanding accounts payable balance in its financial statements TZS.600, 411,332.

²² *Material unsupported expenditures and revenues; material non-compliance with laws and regulations such as, unauthorized expenditure and use of revenue, unreported accounts; breaches of procurement rules and regulations; unaccounted stocks and fixed assets, failure to maintain stores and fixed assets register and irregular or wasteful expenditure as well as material losses through criminal conduct; Material expenditure incurred for which the government did not receive the desired benefits*

However, scrutiny of the creditors' schedule revealed balance of TZS 135,064,846 leaving unsupported payables of TZS.465, 346,486.

Reported in the statement of financial position of ALAT for the year ended 30 June 2014, was PPE of TZS TZS.314,377,690 while that disclosed in the asset register for the same period was TZS TZS.25,816,141, resulting to unreconciled overstatement of TZS TZS.288,561,549.

Included in the balance of cash and cash equivalent for the year ended 30 June 2014, was cash in hand of TZS 11,300,990; however the balance could not be physically confirmed as the management failed to provide evidences of its existence as at that date.

Cash collected amounted to TZS. 101,382,674 were not deposited to the ALAT's bank account as required by AP 12(1) of the ALAT Accounting Policies and Procedures Manual, and there was no evidences regarding availability of the amount in the Cashier's Office.

Payment vouchers amounting to TZS.166,067,654 were not supported by relevant documentations contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. Also payment vouchers amounting to TZS.229,598,692.67 were totally missing and could not be verified. It was further revealed that, ineligible payments of TZS 7,657,278 were made to staff of ALAT as coordination fee for performing MPED project activities. There were no evidences submitted regarding performance of the said coordination activities and time spent. In absence of adequate supporting documents, the authenticity of the expenditure could not be established.

2. Tanzania Labour Party (TLP) [FY: JUNE 2015]

Included in the submitted financial statements of Tanzania Labour Party, is TZS 80,000,000 of land and buildings that was not separated between the value of land and buildings as required under para 74 of IPAS 17. Consequently the carrying amount of

land and buildings reported in the financial statements was misstated as it includes depreciation on land which should have not been accounted in the books of accounts. The amount of misstatement involved could not be easily established because the carrying value of land and buildings has not been separated.

TLP did not maintain proper books of accounts such as individual ledger accounts, general ledgers and cash books of the funds and property of the party as required by Sections 14 (1) Sect. 14(b) (ii) of Political Parties Act No.5 of 1992 (as amended 2015). These records provide reliable source of information in the preparation and presentation of financial statements, hence most of the financial information lacked source document which reduces audit trail, accuracy transparency and reliability of the information

Subventions received from Government were credited in the bank account but not posted in the cash book.

TLP did not reconcile the cash book balance and the bank balances as of 30 June 2015 therefore, we could not establish the correct cash balance

3. Chama Cha Mapinduzi

CCM disclosed non-current Assets of TZS. 36,869,775,776. However, the party had no Fixed Assets Register; hence I could not establish the completeness of the information disclosed in regard to the party's non-current assets. The Party did not perform revaluation of its assets for a long time. Hence, the reported PPE worth TZS 36,869,775,776 does not present the true current values.

The Party did not separate the value of land from the value of buildings with carrying amount of TZS 9,809,498,407. Hence, I could not establish the value of lands and that of buildings as separately as per the requirements of paragraph 58 of IAS 16. Thus the values of lands were also included in the calculation of depreciation while lands tend to appreciate.

We were not unable to obtain audited financial statements

supporting CCM's investments stated at TZS 10,879,571,868 which is included in the statement of financial position as at 30 June, 2015 described in note 6 and 7 to the financial statements, nor were we able to satisfy ourselves the carrying amount of the investment in the stated Companies.

Included in the expenditure are disbursements to affiliates amounting to TZS.32, 863,793,631 as described in note 24 to the financial statements as at 30th June, 2015. We noted that these Party's affiliates did not prepare and submit financial statements for audit purpose therefore; we were unable to determine and verify the results of the management's stewardship of the resources entrusted to them.

The expenditure for the year included unsupported payments adding to TZS 82,400,000 therefore, it was not possible to ascertain their propriety as a proper charge against CCM funds.

There was an outstanding liability of Review of TZS. 137,582,752 with CCM Kinondoni. We noted that the liability was not included in the financial statements of 2014/2015, understatement of reported liabilities.

Source: Respective Audit Reports

2.1.4 **Entities issued with adverse opinion**

I have expressed adverse opinion to, 3 (1%) out of 222 audited entities²³, after my conclusion that, disagreements existed in the audited financial statements were both material and pervasive²⁴. Details of these entities are as shown the table below;

²³ Rukwa Regional Secretariat & Traditional and Alternative Medicine Practitioners Council

²⁴ The same bases as the footnote above, but the pervasiveness of the issues was considered

Table 5: Entities and basis for adverse opinion

Name of the entity and bases for adverse opinion
<p>1. Rukwa Regional Secretariat</p>
<p>Note 52 to the financial statements disclosed Inventories of TZS 170,354,720; however the inventory balances in stock taking sheets was reported as TZS 115,228,295, resulting into overstatement of TZS 55,126,425.</p>
<p>Note 90 to the statements of financial position for 2015/16 disclosed Taxpayers' funds of TZS 5,412,721,084 while balance in the Statement of Change in Net Assets was reported TZS 8,759,427,155 resulting into unexplained difference of TZS 3,346,706,071.</p>
<p>Also, on the same note, there was Taxpayers' Fund adjustments of TZS 2,285,952,663 for 2015/2016 and TZS 1,956,756,118.25 for 2014/2015, however there were no supporting schedules for these adjustments. In addition, there were assets adjustments of TZS 200,000,000 effected for both the financial years 2015/2016 and 2014/2015 but no supporting schedule to authenticate the adjustments.</p>
<p>Note 59 to the financial statements disclosed computer equipment as part of Property, Plant and Equipment at a value of TZS 85,753,632. However, the same item was reported at TZS 98,774,932 in the movement schedule for Property, Plant and Equipment resulting into unexplained difference of TZS 13,021,300. On the same note, Motor Vehicles were reported at TZS 2,802,018,604 while in the movement schedule for PPE as TZS 2,982,018,603.97 causing a difference of TZS 180,000,000.</p>
<p>Note 41 to the financial statements disclosed Development Exchequer Received during the year 2015/2016 as TZS 9,678,829,199. However, the same transaction was reported in the Statement of Vote Account as TZS 13,093,347,094, resulting to unexplained difference of TZS 3,414,517,895. It also disclosed Recurrent Exchequer issues receipt of TZS 91,187,696,055.79 during the year 2015/2016 statement of vote account reported</p>

Name of the entity and bases for adverse opinion
<p>TZS 87,982,332,271 leading to unexplained difference of TZS 3,205,363,784.</p> <p>The statement of cash flows for the year 2015/2016 reported acquisition of non - current assets of TZS 3,821,300. However, the PPE movement schedule disclosed additions TZS 333,017,844 during the year resulting into unexplained difference of 329,196,545.</p> <p>The financial statements for the year 2015/2016, reported receipts of TZS 2,721,079,388 as development funds out of which TZS 2,202,821,466 was for Health support (HIV/AIDS) from PEPFAR (Henry M. Jackson Foundation) for the Regional Referral Hospital. However, this amount was not disclosed in the financial statements.</p>
2. Traditional and Alternative Medicine Practitioners Council
<p>Audit of the council's financial statements for the year ended 30th June 2016 revealed that the General Ledger containing balances used to prepare the financial statements was not made available for audit. Therefore correctness of expenditure amounting to TZS 300,545,521.52 was not confirmed.</p>
3. Consolidated Accounts
<p>Unsubstantiated Balances of Monetary Assets additions in the Statement of Cash Flow</p> <p>Para 25 (a) of IPSAS 2 requires that, only cash outflows that result in a recognized asset in the statement of financial position are eligible for classification as investing activities such as cash payments to acquire property, plant and equipment, Intangibles, and other long-term assets. These payments include those relating to capitalized development costs and self-constructed property, plant and equipment. Notes 46, 69, 70 and 71 of the Consolidated Financial Statements reported monetary addition of Investment Properties, Property, Plant and Equipment, Intangible assets and Biological assets of TZS 6,306.2 billion against the amount</p>

Name of the entity and bases for adverse opinion

recognised in the Consolidated Statement of Cash flow of TZS 3,428.5 billion. No disclosure was made to this anomaly. In addition, notes to the Consolidated Financial Statements had invalid hyperlink which could not locate their source in the excel document. Such unsupported discrepancies imply misstatement of the Consolidated Financial Statements.

Un-cleared items in the bank reconciliation statements TZS 2,479.6 Billion

Regulation 162 of Public Finance Regulations, 2005 requires the balance of every bank account as shown in the bank statement to be reconciled with the corresponding cash book balance at least monthly. Also, Section XXV of Accounting Circular No.3 of 2015/2016 regarding closure of accounts for the financial year 2015/2016, requires Chief/Regional Accountants and other Heads of Accounts Divisions to ensure that reconciliation is done on daily basis. It is further stated in the Circular that, where there are differences, communication between CPO, MDAs and Regions must be made to reconcile the differences immediately.

My review of bank reconciliation statements for Development, Recurrent and Miscellaneous Deposit Accounts for the year ended 30th June, 2016 submitted by the Accountant General's Department alongside the financial statements revealed numerous anomalies such as un-presented payments, payments in cash book not in bank statement, receipts in cash book not in bank statement which amounts to TZS 2,479.65 billion which have not been cleared as at the time of audit (15th March, 2017).

I am concerned with the correctness of the reported cash and cash equivalent in the Consolidated Financial Statements.

Absence of actuarial valuation for provision of Government pension TZS 393.5 billion

Paragraph 59 of IPSAS 25 states that, Accounting for defined benefit plans is complex, because actuarial assumptions are required to measure the obligation and the expense, and there is

Name of the entity and bases for adverse opinion

a possibility of actuarial gains and losses. Also, the obligations are measured on a discounted basis, because they may be settled many years after the employees render the related service.

My review of Consolidated Financial Statements for the period ended 30th June, 2016 together with Controlled Entities (Individual Financial Statements) revealed that the Government operates Defined Benefit Plan for provision of pension funds. I noted that the Government recognized and disclosed in Note 60 of the Consolidated Financial Statements TZS 393.5 billion as provisions for Pensioners. However, no actuarial valuation has been conducted to determine the actual liabilities due to the Government as required by IPSAS 25. In absence of an actuarial valuation to professionally determine the Government pension obligation for its retirees, the reported figures in the Consolidated Financial Statements may be misstated. Thus, lack of actuarial valuation also makes it difficult to determine the actuarial gains and losses that may accrue.

Biological Assets Not Properly Classified TZS 122.9 Billion

Para 39 and 42 of IPSAS 27 requires an entity to provide a description of Biological Assets that distinguishes between consumable and bearer Biological Assets and between Biological Assets held for sale and those held for distribution at no charge or for a nominal charge. An entity is also encouraged to distinguish between mature and immature Biological Assets, as appropriate.

My review of Controlled Entities' individual Financial Statements noted that Biological Assets valued at TZS 122.9 billion as disclosed under Note 71 of the Consolidated Financial Statements were not categorized and disclosed into consumable/ bearer and mature/immature Biological Assets at Controlled Entities' level as required by Para 39 of IPSAS 27.

The base and criteria of making such distinction of Biological Assets at Consolidation level was not established. Lack of criteria raises my concern on how classification into respective categories

Name of the entity and bases for adverse opinion

as the reported figure for such assets may not be fairly stated.

Use of Un-Audited Figures in the Consolidated Financial Statements

My review of the figures in the Consolidated Financial Statements of the sample controlled entities with the audited figures of the individual financial statements of the controlled entities noted significant discrepancies. I observed that the consolidation process started while the audits of individual financial statements were in progress and unaudited financial statements which were subject to a number of adjustments were used in the process. Differences of the figures reported on the audited individual financial statements and the figures actually used in the consolidation might impair the reliability of the consolidated financial statements and misstate the Consolidated Financial Statements.

Also, I expressed adverse opinion to ACT Wazalendo and Presidential Trust Fund for Self-Reliance (PTF) in respect of the previous year 2014/2015 financial statement audited during the reporting period due to the following basis;

Table 6: Entities and basis for adverse opinion in respect of the previous financial reporting

1. ACT Wazalendo [FY: JUNE 2015]
<p>ACT Wazalendo did not maintain proper books of accounts which includes receipt books, cash books, ledger books, trial balance and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act,1992(Revised 2015), the situation that has limited the audit scope.</p> <p>ACT Wazalendo collected TZS 498,730,000 as per receipt book under member’s contribution but only TZS 410,295,659 has been reported in the statement of financial performance (note 1) thus</p>

revenue was understated by TZS 88,434,341. Also, revenue from sale of publicity material was misstated as receipt book did not acknowledge any revenue from sale of publicity materials whereas the statement of financial performance discloses TZS 2,191,341 under note No. 1. In addition to that, the statement of financial performance disclosed TZS 840,000 as item of revenue of election fee but receipt book revealed TZS 1,560,000 hence understatement of TZS 720,000.

Reported amount of PPE of TZS 1,336,380 in the financial statements as at 30 June 2015, was not cross referenced to the PPE schedule (Note). Also, the statement of cash flow reported acquisition of PPE of TZS 11,343,340 however it was not reflected in the statement of financial position as at 30 June 2015.

ACT WAZALENDO had outstanding imprest payments of TZS.210, 243,000 for various activities; however, they were not reflected in the financial statements as at 30 June 2015.

2. Presidential Trust Fund for Self-Reliance (PTF)

Interest income is recognized on cash basis as per the PTF accounting policy which departure from international Public Sector Standards (IPSAS) which requires income to be recognized on accrual basis. I was unable to confirm interest that should have been accrued on the loans to customers as interest receivable that should have been reported in financial position.

Impairment of account receivable (loans) of TZS 4,115,606,705 not disclosed. The computed provision for bad debts of TZS.2, 575,527,698 was applied as a uniform provision for five years. The PTF did not keep proper documents and records that could authenticate the receivables by supporting documents hence uncertainty.

Note 16 of the financial statements reported a balance of TZS.230, 924,096 for Property, Plant and Equipment. However, the reported balance include office equipment worth TZS.79,722,530 out of this figure assets worth TZS 27,849,755 are in poor condition and Motor Vehicles & Motor cycles worth TZS.3,071,668 are also in poor condition and are not in use and there is no future economic benefits or service potential is

expected from their use. In this phenomenon, the Property, Plant and Equipment (PPE) figure reported in the Financial Statements could not represent fair position of the Fund and is contrary to paragraph 82 of IPSAS 17 which requires de-recognition of asset when its carrying amount has no future economic benefit or service potential expected from its use.

The PTF has not re-valued its non-current assets amounting to TZS. 230,924,096. In this phenomenon, the Property, Plant and Equipment (PPE) figure reported in the Financial Statements could not represent fair position of the Fund.

Managements of PTF have not taken action of assessing assets impairment to determine to what extent future economic benefits can be obtained from the grounded assets or disposing off the assets that require major repair.

PTF reported lump sum amount of TZS.148, 129,899 for land and buildings and consequently the carrying amount of land and buildings reported was misstated as it includes depreciation on land which should have not been accounted in the books of accounts. The amount of misstatement involved could not be easily established because the carrying value of land and buildings has not been separated.

A total amount of TZS.1,826,926,519 were reported as outstanding Client Savings Payables for the periods ending 30th 2014/2015 as described in note 25 of the financial statements. However, Schedules/analysis of outstanding client saving balances to support the stated amount was not submitted to us. It has been noted that there was lack of sufficient evidences therefore; we were unable to design alternative procedures to attest to the correctness of the book balances of TZS.1, 826,926,519 as at that date.

Source: Respective audit report for June 2015

2.1.5 **Entities issued with disclaimer opinion**

I have expressed disclaimer of opinion to 5 (2%) entities²⁵ out of 222 entities audited during the year, due to material and fundamental limitation of my audit scope. The details and basis for the opinion are as shown in the table below;

²⁵ *Vote 57: Ministry of Defence and National Service, AFP, SAU, NLD & CCK*

Table 7: Entity and basis for disclaimer of opinion

1. Vote 57: Ministry of Defence and National Service
<p>Payment vouchers of TZS.91,261,040,310 not provided for audit</p> <p>During the year under review, I noted six (6) payments vouchers to the same vendor/supplier in respect of the payments amounting to TZS 91,261,040,310 (31 percent of total expenditure) were effected but the payment vouchers with their supporting documents were not provided to auditors during the audit, as such I could not establish the authenticity of the payments made. Follow up efforts at all executive levels yielded nothing.</p>
<p>Unaccounted funds transfer of TZS.5,444,127,508</p> <p>During the audit, it was noted that, National Service (Vote 39) requested from the Ministry of Defence and National Service the amount of TZS1, 000,000,000. However the Ministry transferred TZS 5,444,127,508 from development account to National Service (Vote 39) instead of the requested amount. There were no supporting particulars provided for the transferred amount hence I could not verify genuineness of this transaction.</p>
<p>Inconsistency in reported additions of PPE in the Financial Statements</p> <p>The review of the financial statements for 2015/16 noted inconsistencies in the reported additions of the PPE. In the statement of financial position, reported additions of TZS.67, 835,751,744, while note 92 disclosed an increase of TZS 17,538,650,199. Further to that, in the Statement of Cash flows addition were reported at TZS.73,052,714,340 while the Statement of Changes in Net Assets reported an addition of TZS.75,111,756,436.</p> <p>These inconsistencies were not reconciled by the management and no documentations were available to establish the correct amount of the additions.</p> <p>Furthermore, the value of Work in Progress of TZS 8, 061,336,381 which formed part of the reported additions of PPE during the year was not supported by certificates presenting actual work</p>

performed.

2. Alliance For Tanzania Farmers Party (AFP) [FY: JUNE 2016]

During the audit we noted that, AFP did not maintain proper books of accounts which includes receipt books, cash books, ledger books, trial balance and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act, 1992 (Revised 2015). Non maintenance of proper books of accounts limits the audit scope

AFP did not adopt any recognized financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed to guide the preparations and presentation of its financial statements; therefore we could not establish the basis for which the financial statements were prepared

Payments totaling to TZS. 21,588,150 were paid to various payees for conducting various party's activities; however there were no payment vouchers for the payments and their relevant supporting documents contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. These have limited the audit from confirming the authenticity of these payments.

Income amounting to TZS 21,693,850 received as member's contributions from Regional offices, Zanzibar office and Dar es Salaam Head office was neither posted in the cash book nor acknowledgement receipts were issued.

3. Chama Cha Kijamii (CCK) [FY: JUNE 2016]

During the audit we noted that, CCK did not maintain proper books of accounts which includes receipt books, cash books, ledger books, trial balance and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act, 1992 (Revised 2015). As consequences, receipts and payments amounted to TZS.3, 200,000 and TZS.3, 200,000 respectively were not posted in the books of accounts. This situation has limited the audit scope.

CCK did not adopt any recognized financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and

no accounting policies were developed to guide the preparations and presentation of its financial statements; therefore we could not establish the basis for which the financial statements were prepared

4. National League For Democracy (NLD) [FY: JUNE 2016]

During the audit we noted that, NLD did not maintain proper books of accounts which includes receipt books, cash books, ledger books, trial balance and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act,1992(Revised 2015), the situation that has limited the audit scope.

NLD did not adopt any recognized financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed to guide the preparations and presentation of its financial statements; therefore we could not establish the basis for which the financial statements were prepared.

It was also noted that, NLD did not maintain bank accounts as required by Section 15(1) of Political Parties Act Cap 258 (R.E 2015) as results, funds received from voluntary members were not deposited in to the bank account. Also cash book was not adequately maintained which limited the audit from establishing transactions that took place during the year.

5. Sauti ya Umma [FY: JUNE 2016]

During the audit we noted that, SAU did not maintain proper books of accounts which includes receipt books, cash books, ledger books, trial balance and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act,1992(Revised 2015), the situation that has limited the audit scope

SAU did not adopt any recognized financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed to guide the preparations and presentation of its financial statements; therefore we could not establish the basis for which the financial statements were prepared.

During the reporting period, I also expressed disclaimer of opinions to four (4) entities (political parties)²⁶ in respect of the audited financial statements for the previous years as detailed in **Appendix 2.3**

2.1.6 Trend of audit opinions for the five consecutive years

There has been an annual increase of the audited financial statements for central Government from 108 (2011/12) to 222 (2015/16). Therefore, the trend has changed according to the increases as analysed in the table below;

²⁶ DP, ADC, ADA TADEA & DM

Table 8: Summary of the audit opinions issued during the five years period

		Unqualified		Qualified		Adverse		Disclaimer		
Category	F/Year	No.	%	No	%	No	%	No.	%	Auditees
Votes	2015-16	76	86	9	11	1	1	1	1	87
	2014-15	75	87	11	13	0	0	0	0	86
	2013-14	79	91	7	8	1	1	0	0	87
	2012-13	56	66	28	33	0	0	1	1	85
	2011-12	73	96	3	4	0	0	0	0	76
Embassies	2015-16	33	97	1	3	0	0	0	1	34
	2014-15	34	100	0	0	0	0	0	0	34
	2013-14	34	100	0	0	0	0	0	0	34
	2012-13	29	91	2	6	1	3	0	0	32
	2011-12	30	94	2	6	0	0	0	0	32
Other institutions	2015-16	50	74	12	18	2	3	4	1	68
	2014-15	45	92	3	6	1	2	0	100	49
	2013-14	21		2	9	0	0	0	0	23
	2012-13	0	0	0	0	0	0	0	0	0
	2011-12	0	0	0	0	0	0	0	0	0

		Unqualified		Qualified		Adverse		Disclaimer		
Category	F/Year	No.	%	No	%	No	%	No.	%	Auditees
	2015-16	31	94	2	6	0	0	0	1	33
Agencies	2014-15	27	90	3	10	0	0	0	0	30
	2013-14	32	100	0	0	0	0	0	0	32
	2012-13	0	0	0	0	0	0	0	0	0
	2011-12	0	0	0	0	0	0	0	0	0

3.0 FOLLOW UP ON THE IMPLEMENTATION OF PREVIOUS YEARS' AUDIT RECOMMENDATIONS

3.1 Introduction

This chapter presents the implementation status of the previous years' CAG's audit recommendations on individual reports, general report and follow up on the implementation of the PAC's recommendations and directives.

This is pursuant to sec 40 of Public Audit Act No 11 of 2008 (Amended in 2013) which requires the CAG to incorporate implementation status of the action plan prepared by accounting officers and consolidated responses by PMG in the Annual Audit Report.

Follow up on prior year matters provides assurance to the citizens of this country and other stakeholders on how the MDAs place importance in responding to my recommendations and PAC recommendations and directives which in turn may ensure the propriety of government revenues, expenditures and assets, as well as the integrity and adequacy of systems and procedures to perform their intended roles as would lead to orderly, efficient, effective and economical achievement of Programme objectives by the MDAs given the better use of available resources. The status of each recommendation reviewed will be one of the following;

Implemented:

Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.

In Progress:

Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.

Partially Implemented:

Auditee implemented the recommendation in part, but is not making efforts to fully implement it.

Not Implemented:

Auditee has not implemented the recommendation and indicates that it will not do so.

3.2 Follow up on the implementation of the previous years' CAG's audit recommendation on individual audit reports

The objective of making follow up on implementation of recommendations is to identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the auditees about the follow-up review on those findings.

Responding to audit recommendations is essential to get the full benefit of audit work.

My follow up revealed that out of 3898 audit recommendations 1449(37%) were implemented, 1351(35%) were under implementation, 842(21%) were not implemented and 256(7%) were overtaken by events. The status of implementation of recommendations is as shown in the below and **Appendices 3.1 to 3.3**

Table 9: Follow up on recommendations on individual reports

Auditees Status	Votes and Embassies	Agencies	Other Institutions	Total	Percent
Implemented	883	372	197	1452	37
Under implementation	866	291	197	1354	35
Not Implemented	570	114	158	842	21
Overtaken by events	183	15	58	256	7
Total	2502	792	610	3904	100

Source: Individual CAG's management letters for the year 2015/16

Generally, from the above table it can be noted that most of the outstanding recommendations have been implemented by 37% and 35% are either partly implemented or still in progress for implementation. However I still insist on the implementation of 21% of unimplemented recommendations for all MDAs'

3.3 Trend of implementation follow up on previous audit recommendation on individual audit reports for the two consecutive years

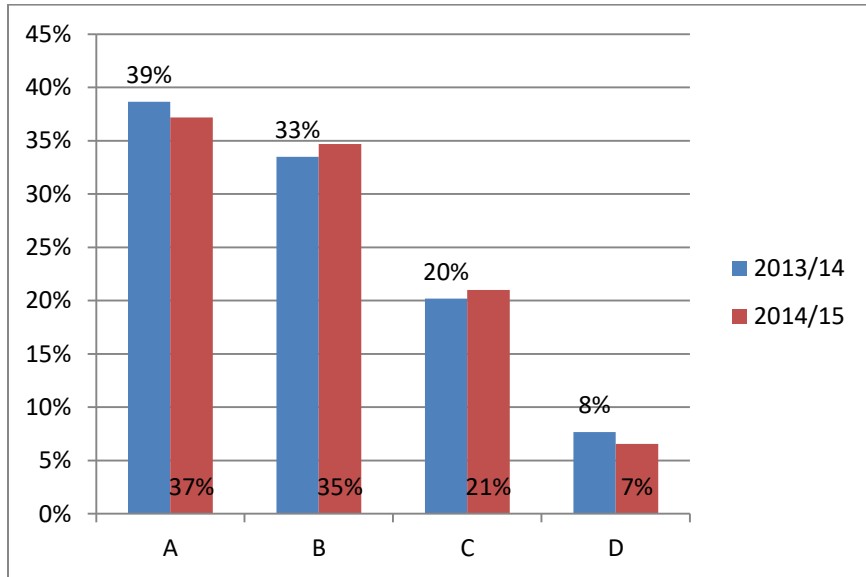
The table below shows the trend of the implementation status of previous years' CAG's audit recommendations for two years from 2013/14 to 2014/15 for the MDAs' as presented by the table and Figure below;

Table 10: Analysis of implementation of recommendations from 2013/14 to 2014/15

Status \ Auditee	Votes and Embassies		Agencies		Other institutions		Total		Percentage	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Implemented	803	883	132	372	93	197	1028	1452	39	37
Under implementation	666	866	168	291	57	197	891	1354	33	35
Not Implemented	444	570	65	114	28	158	537	842	20	21
Overtaken by events	188	183	11	15	5	58	204	256	8	7
Total	2101	2502	376	792	183	610	2660	3904	100	100

Source: Individual CAG's audit reports for the year 2014/15 and 2015/16

Figure 2: analysis of the implementations status for recommendations issued for the year 2013/14 and 2014/15



Source: Individual CAG's audit reports for the year 2014/15 and 2015/16

Key:

A-Implemented; B-Under implementation; C-Not implemented and D-Overtaken by events

3.4 Follow up on the implementation of the previous years' CAG's audit recommendation on CAG's Annual General Reports

The structured responses for the annual general report 2014/15 were submitted to the CAG by the Paymaster General through a letter with Ref. No. CHA.114/474/01 of 21th July, 2016. I appreciate the efforts made by PMG and Accounting officers towards responding to my recommendations.

In my last year's general report there were 102 outstanding audit recommendations accumulated up to financial year ending 30th June, 2015 that needed Government responses.

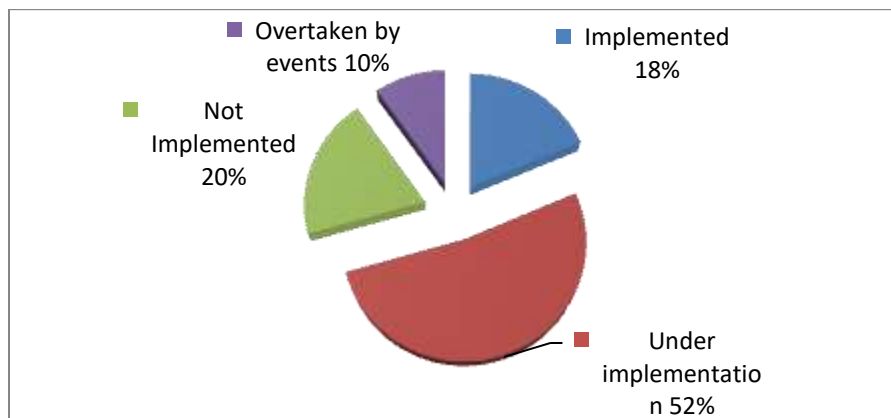
I received responses for my recommendations from PMG in which 19 equivalent to 18.6% issues were implemented, 53 equivalent to 52.0% issues are under implementation 20 equivalent to 19.6% were not implemented and 10 equivalent to 9.8% were overtaken by events. Status of implementation of the recommendations is given in the table and detailed in Appendix 3.5

Table 11: Implementation status of previous years' CAG's audit recommendation

Status	No of recommendations	%
Implemented	19	18.6
Under implementation	53	52.0
Not Implemented	20	19.6
Overtaken by events	10	9.8
Total	102	100

The above table can be represented by the figure below

Figure 3: Status of CAG Annual report recommendations and its implementation



Generally, from the table 3.3 and figure 3.2 above it can be noted that most of the outstanding recommendations (52.0%) are still in progress for implementation. More efforts are

required in order to ensure full implementation of partly implemented recommendations. Accordingly I still insist on the implementation of 19.6% of unimplemented recommendations in order for MDAs' management to be accountable on the use of public resources.

3.5 Follow up on the implementation of the PAC's recommendations on the Annual General Report

Follow up on prior year matters on PAC recommendations and directives is necessary to ensure that Operations are executed in an orderly, ethical, economical, efficient and effective manner, Accountability obligations are fulfilled, Applicable laws and regulations are complied with and Resources are safeguarded against loss, misuse and damage. It is my great pleasure to extend my heartfelt appreciations for the continued support from the Public Accounts Committee of Parliament and the House at large towards the review of my reports and the discharge of my constitutional and statutory functions and responsibilities as the Controller and Auditor-General of Tanzania.

This has been possible for PAC in issuing necessary directives to the government towards the recommendations that I make which in turn makes my statutory responsibilities to become more useful. It is very important that all matters raised by the PAC are well handled and all recommendations are properly implemented.

In the previous report, there were 15 outstanding directives issued by PAC that needed government attention for implementation. Details of implementation status are given under the table below and **appendix 3.6**

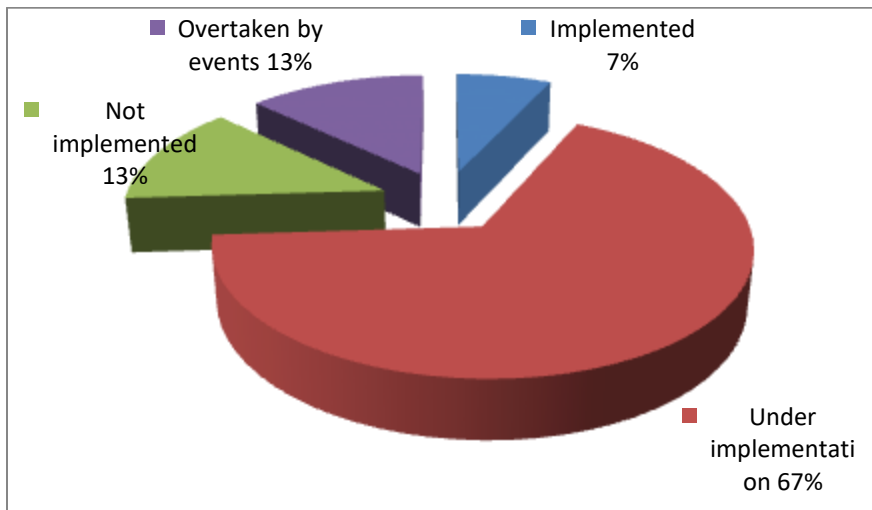
Table 12: Summary of implementation of PAC's previous years' directives on the CAG Annual General Reports

Status \ Years	Years				Total	Per cent
	2011/12	2012/13	2013/14	2014/15		
Implemented	-	1	-	-	1	7
Under implementation	4	2	-	4	10	67
Not implemented	-	-	-	2	2	13
Overtaken by events	1	-	-	1	2	13
Total	5	3	-	7	15	100

Source: PMG responses on the PAC directives

From the table above, the implementation status can be represented by the figure below;

Table 13: analysis of implementation of the previous years' PAC recommendation on the Annual General Audit Report



Source: PMG responses on the PAC directives

From the table and the figure above, it can be concluded that most of PAC recommendations are still under implementation stage implying that more efforts are to be exerted to ensure that all partly implemented directives (67%) are fully attended to. Likewise unimplemented

directives (13%) are to be implemented for PAC directives to be more useful.

3.6 Follow up on the implementation of the previous years' PAC recommendations on individual audit reports

I have made the follow up on the implementation of PAC recommendations from individual auditees in which 102(35%) issued by PAC were implemented, 87(30%) issues are under implementation 85(29%) were not implemented and 16(6%) were overtaken by event. Status of implementation of the recommendations is given in the table and details of the recommendations in Appendix 3.4

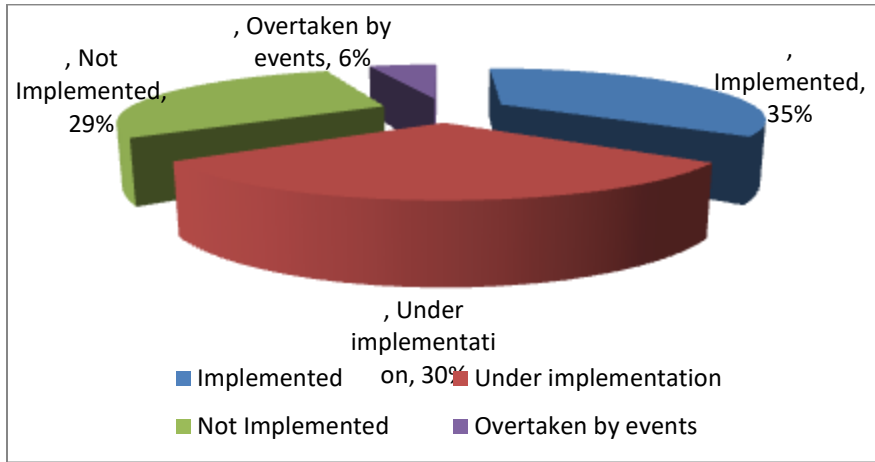
Table 14: Summary of implementation of PAC's previous years' directives on the PAC

Auditees \ Status	Votes and Embassies	Agencies	Other Institution	Total	Percent
Implemented	91	7	4	102	35
Under implementation	75	10	2	87	30
Not Implemented	85	0	0	85	29
Overtaken by events	16	0	0	16	6
Total	267	17	6	290	100

Source: Individual CAG Management letter 2015/16

From the table above, the implementation status can be represented by the figure below;

Figure 4: Implementation status on PAC recommendations on individual audit reports



I strongly urge the respective Accounting officers to fully implement all outstanding PAC directives which are partly implemented (30%) and those which are not implemented (29%) in order to get full benefits of PAC directives.

4.0 BUDGET PREPARATIONS AND EXECUTION

4.1 Introduction

This part explains about the Government approved budget of revenue and expenditures, actual exchequer releases of funds against estimates and actual trends of the revenue collections and its corresponding expenditures in the financial year ended 30th June 2016.

4.2 Budget Overview

The basis of accounting used for purposes of financial reporting is in accordance with International Public Sector Accounting Standards not the same basis used in preparing the Government budget document. Disparities between IPSASs and the budgetary basis of accounting often occur because regulations governing budgeting laws may differ from IPSASs.

In our case the Government of Tanzania prepares the budget on cash basis and covers financial year from 1st July to 30th June each year; however the financial reporting are on the adopted IPSASs accrual basis of accounting from financial year 2012.

The Government budget has been increasing yearly while the sources of funds to finance the budget has remained the same and more emphasis on collection of domestic revenue and stringent controls on expenditure.

In 2015/16 the Government envisioned to raise TZS 22,495.5 billion portraying an increase of TZS 2,642.20 billion (13.31%) compared to 2014/15 estimates of TZS 19,853.30 billion. The Government revenues estimates from various sources are as tabulated below:-

Source	Amount in (TZS Billion)	Percentage
Tax revenue	12,362.96	55
Non-Tax revenue	1,634.50	7
Internal borrowings	6,175.50	27
General Budget Support, External Borrowing and Assistance	2,322.50	11
TOTAL	22,495.50	100

Source: Budget speech and Budget implementation report

From the table above it can be concluded that tax revenue contributes a large proportion of revenue about 55 percent of total collection followed by internal borrowings at 27 per cent and then General Budget Support, External Borrowing and Assistance 10 per cent.

Total approved expenditure estimates for the year 2015/16 were TZS 22,495.5 billion whereby TZS 16,574.4 billion were allocated to operations an increase of 23.61 percent compared to TZS 13,408.22 billion allocated in the financial year 2014/15 and TZS 5,921.1 billion were allocated to Development implying a decrease of 8.13 percent compared to TZS 6,445.11 billion allocated in the financial year 2014/15. It implies that recurrent expenditure estimates have been increasing while development expenditure estimates decreasing.

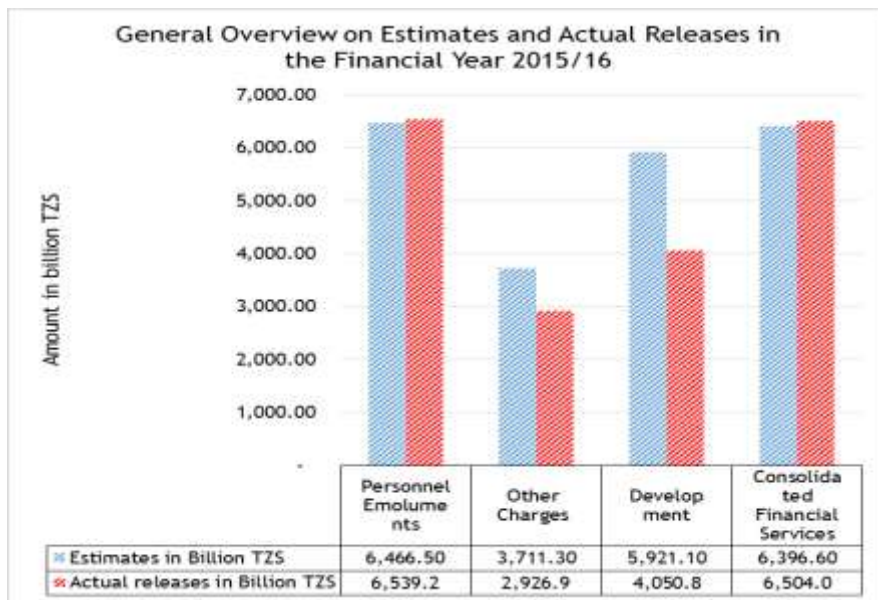
4.3 Overview of Revenue Collection and Releases

Actual revenue collected from identified sources amounted to TZS 21,108.86 billion (93.84% of the estimates TZS 22,495.5 billion) indicating under collection of TZS 1,386.64 billion (6.16%).

Out of TZS 21,108.86 billion collected, TZS 20,020.75 billion were exchequer released for Personnel Emoluments, Other Charges, Development and Consolidated Financial Services. In a proportion, revenue amounting to TZS 15,970.12 billion equivalent to 79.77% was released for operation expenditure while TZS 4,050.83 billion equivalent to 20.23% allocated to development activities. This situation indicates that operation expenditure received a larger portion of the Government revenue collection than the development activities.

The actual releases when compared to estimates, show over release of PE by TZS 72.71 billion and TZS 107.39 billion were over released for Consolidated Financial Services while TZS 784.38 billion and TZS 1,870.27 billion were not released for Other Charges and development activities respectively. The analysis of exchequer estimates and actual releases are as shown in the figure below;

Figure 5: Exchequer estimates vs actual releases



Sources: Exchequer issues report from Treasury and citizen budget for 2015/16

Revenue Collection Trend

Revenue from taxes

There has been an increase on tax collected during the year under review whereby revenue from tax amounting to TZS 12,463.53 billion was collected and exceeded the target by TZS 100.57 billion (0.81%). When compared to actual revenue from tax reported in the financial year 2014/15 there has been an increase of TZS 1,690.31 billion (15.69%) this is positive performance.

Revenue from non-taxes

Non-tax revenue collected during the year amounted to TZS 1,613.99 billion equivalent to 98.74% of the estimated target of TZS 1,634.56 billion therefore TZS 20.57 billion were not collected equivalents to 1.3% of the approved estimates. There has been an increase in the non-tax revenue collected during the year under review by 113.05 percent compared to what was reported in the financial year 2014/15. Increase in the Non tax revenue was coupled with the fact that Parastatal dividends and Agencies contribution were included as non-tax revenue which during the year under review exceeded the target by 73 percent.²⁷

Internal Borrowing

Proceeds from Internal Borrowing which is mainly for budget and rollover financing were TZS 5,304.94 billion equivalent to 85.90% against approved estimates of TZS 6,175.45 billion. There has been an increase in the amount borrowed internally

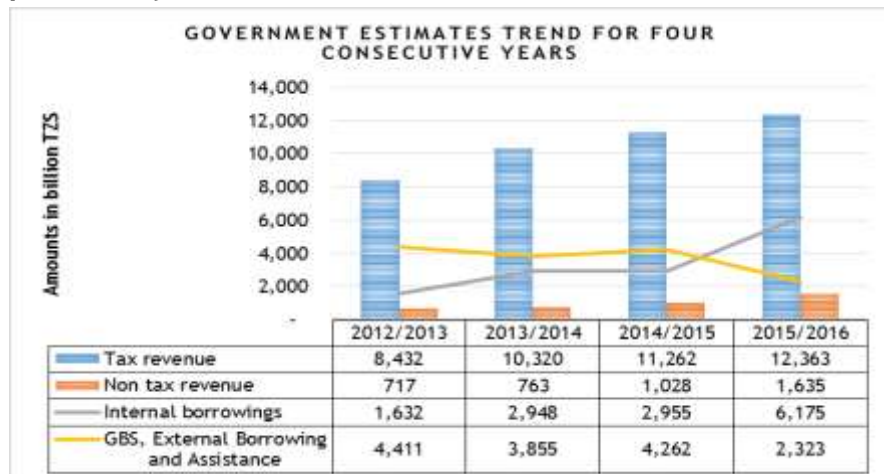
²⁷ Estimates related to Dividends and agencies contributions were TZS 142.53 billion and actual collection TZS 246.53 billion leading to over collections of TZS 104 billion (73%)

by 33.33 percent compared to what was borrowed in financial year 2014/15.

External Borrowing, Assistance and General Budget Support

External Borrowing, Assistance and General Budget Support received during the Financial Year 2015/16 were TZS 1,726.40 billion equivalent to 74.33% against approved estimates of TZS 2,322.53 billion leaving Foreign assistance amounting to TZS 596.13 billion equivalent to 25.67% not received. During the year there has been a decrease in the foreign assistance relating to Budget support by 54% and the whole approved estimates from Millennium Challenge Account-MCA (T) were not received.²⁸ This impacted the Foreign Assistance estimates by 52 percent decrease of actual receipts compared to TZS 3,601.95 billion received in the financial year 2014/15. This means all MCA (T) earmarked development activities were not implemented and indirectly affected the Government budget. Government revenue estimates and collection trend for four consecutive years are as presented in the figures below;

Figure 6: Trend of the Government estimates for the past four years



²⁸ Estimates relating to Budget support were TZS 660.34 billion only TZS 291.38 billion (44%) were received and MCA (T), TZS 347.80 billion were expected and nothing was received.

Figure 7: Trend of the Government Revenue for the past four years

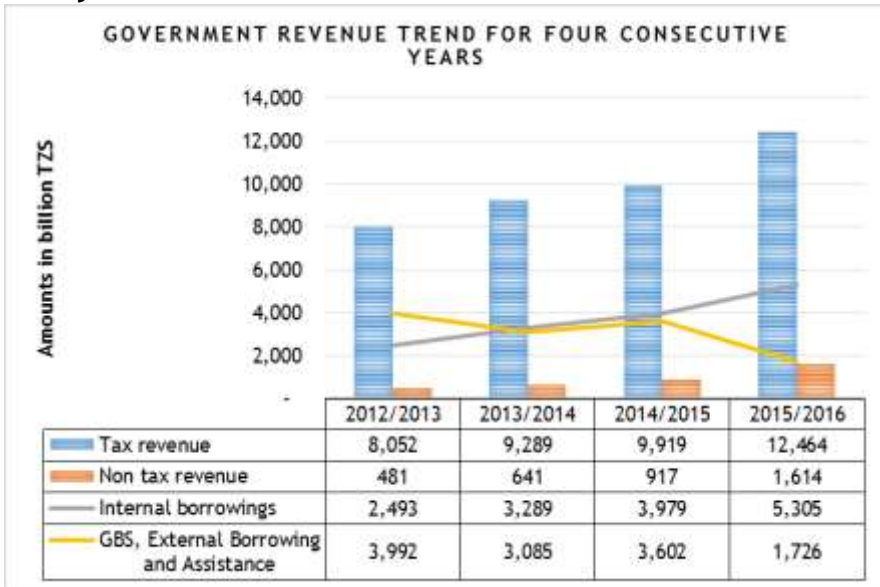


Figure 8: Trend of revenue collection for four years (amounts in billion TZS).

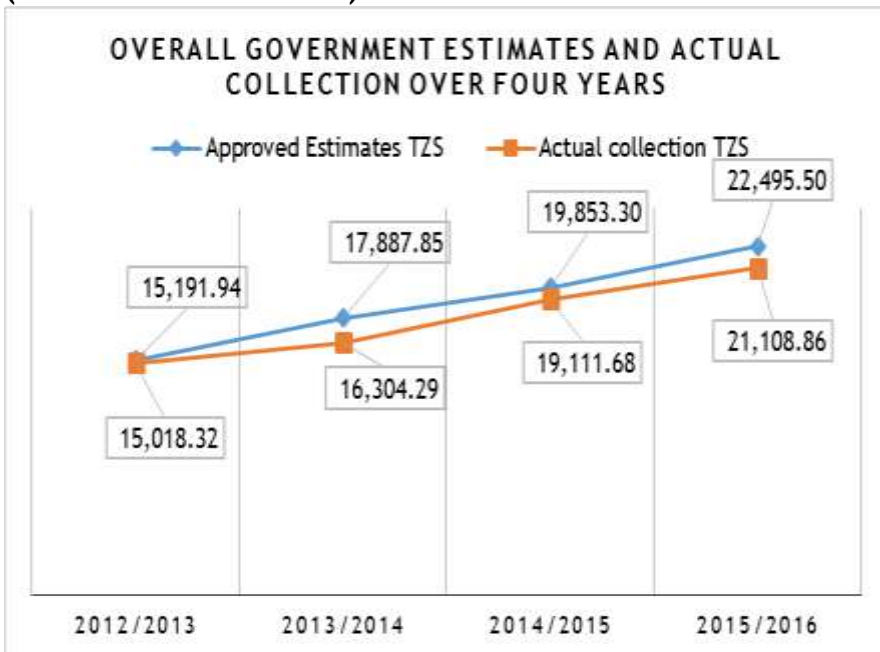


Table 15: Approved estimates vs actual collection

2015/2016			
Item	Approved Estimates	Actual collection TZS	Variance Over/(Under)
Tax revenue	12,362.96	12,463.53	100.57
Non tax revenue	1,634.56	1,613.99	(20.57)
Internal borrowings	6,175.45	5,304.94	(870.51)
GBS, External Borrowing and Assistance	2,322.53	1,726.40	(596.13)
TOTAL	22,495.50	21,108.86	(1,386.64)
2014/2015			
Item	Approved Estimates	Actual collection TZS	Variance Over/(Under)
Tax revenue	11,318.20	10,773.22	(544.98)
Non tax revenue	1,318.30	757.57	(560.73)
Internal borrowings	2,955.20	3,978.95	1,023.75
GBS, External Borrowing and Assistance	4,261.60	3,601.95	(659.65)
TOTAL	19,853.30	19,111.68	(741.62)
2013/2014			
Item	Approved Estimates	Actual collection TZS	Variance Over/(Under)
Tax revenue	10,412.95	9,289.00	(1,123.95)
Non tax revenue	763.43	640.95	(122.48)
Internal borrowings	1,699.87	3,289.41	1,589.54
GBS, External Borrowing and Assistance	5,011.60	3,084.93	(1,926.67)
TOTAL	17,887.85	16,304.29	(1,583.56)
2012/2013			
Item	Approved Estimates	Actual collection TZS	Variance Over/(Under)
Tax revenue	8,432.29	8,052.29	(380.01)
Non tax revenue	716.84	481.15	(235.69)
Internal borrowings	1,632.00	2,492.71	860.71
GBS, External Borrowing and Assistance	4,410.81	3,992.17	(418.64)
Total	15,191.94	15,018.32	(173.62)

Sources: Budget implementation report, TRA audited report and Ministry of Finance Reports

Analysis of estimates of revenue to finance expenditure

Estimates of revenues and expenditures have been increasing yearly with slight increase in actual revenue collections to be able to finance the budget. Depending on Domestic and Foreign loans to finance budget discrepancy is challenging since loans are coupled with interests which drain the economy.

During the year under review, the portion of the budget that was financed locally from tax and non-tax revenue was TZS 14,007.52 billion compared to budget of TZS 22,495.5 billion indicating that without using internal, external borrowing and assistance, the Government could only finance 62.58 percent of its budget. The trend for three consecutive years is as summarized in the figures and tables below;

Table 16: Trend of budget analysis for three years (Amount in billion TZS)

Item	Approved Estimates TZS			D	E	% of D	% of E
	2015/2016	2014/2015 (B)	2013/2014 (C)	variance (A - B)	variance (A - C)		
Tax revenue	12,362.96	11,318.20	10,412.95	1,044.76	1,950.01	9.23	18.73
Non tax revenue	1,634.56	1,318.30	763.43	316.26	871.13	23.99	114.11
Internal borrowings	6,175.45	2,955.20	1,699.87	3,220.25	4,475.58	108.97	263.29
GBS, External Borrowing and Assistance	2,322.53	4,261.60	5,011.60	(1,939.07)	(2,689.07)	-45.50	-53.66
TOTAL	22,495.50	19,853.30	17,887.85	2,642.20	4,607.65		
Item	Actual collection TZS			D	E	% of D	% of E
	2014/2015	2014/2015 (B)	2013/2014 (C)	variance (A - B)	variance (A - C)		
Tax revenue	12,463.53	10,773.22	9,289.00	1,690.31	3,174.53	15.69	34.18
Non tax revenue	1,613.99	757.57	618.80	856.42	995.19	113.05	160.83
Internal borrowings	5,304.94	3,978.95	3,289.41	1,325.99	2,015.53	33.33	61.27
GBS, External Borrowing and Assistance	1,726.40	3,601.95	3,084.93	(1,875.55)	(1,358.53)	-52.07	-44.04
TOTAL	21,108.86	19,111.68	16,282.14	1,997.18	4,826.72		

Sources: TRA audited financial statements, individual audited financial statements of Public Debt and General Services, Ministry of finance audited financial statements of 2015/16 and previous years' General reports.

Figure 9: Budget analysis for the three years

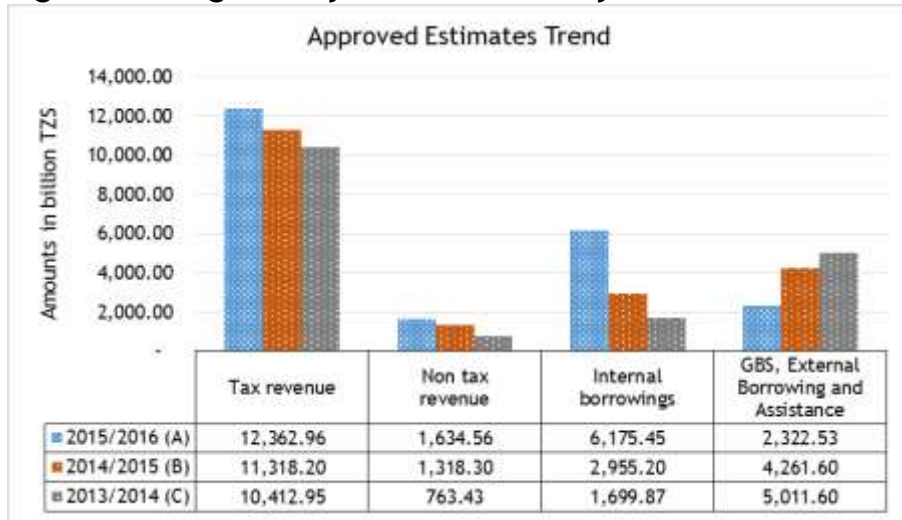
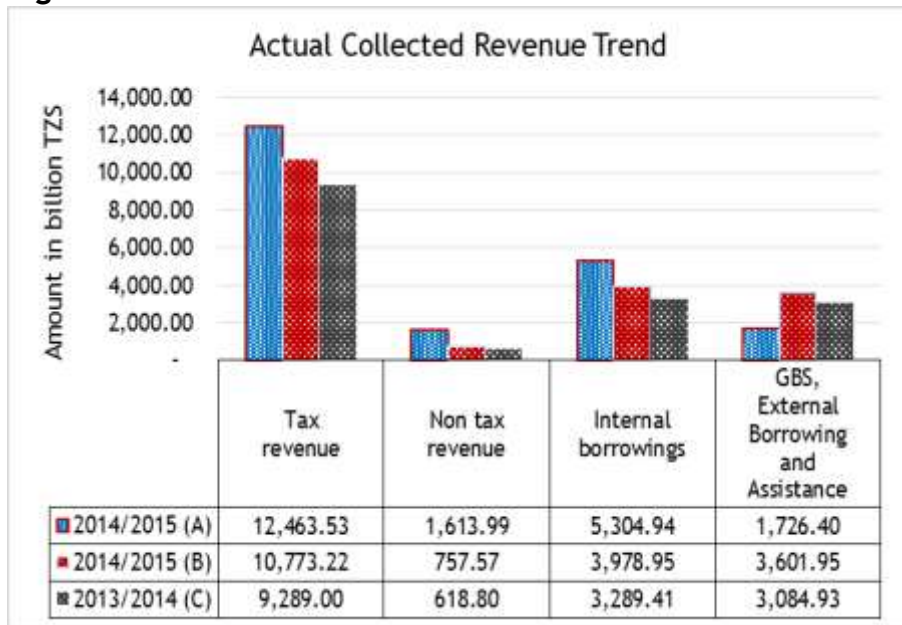


Figure 10: Revenue actual collection trend



The Government should prepare a realistic budget in the sense that, internally generated revenues should be able to finance a larger per cent of the budget and minimize reliance on borrowing especially internally. Domestic debt is increasing yearly and the main lenders are commercial banks

which in turn has an impact on lending rate to individuals and the cost of living.

4.4 Comparison between Exchequer Issues released and the Approved Budget for Supply Accounts

Approved estimates for recurrent expenditures in the year under review for MDAs and RS was TZS 12,904.75 billion which shows an increase of TZS 1,258.56 billion (10.81%) when compared with 2014/15 budget of TZS 11,646.20 billion.

My review of MDAs and RSs financial statements noted that TZS 12,065.22 billion was released as recurrent expenditure being 93.49% of the approved estimates, thus, TZS 839.54 billion was not released equals to 6.51% of the approved estimates.

Also there is an increase in exchequer released by TZS 875.10 billion (7.82%) when compared with exchequers' released in the financial year 2014/15. Exchequer issues released in the Financial Year 2014/15 were TZS 11,190.11 billion.

Table 17: Exchequer issues released against estimates for Supply vote accounts (Amounts in billion TZS)

Financial Year/Items	Approved estimates	Exchequer Released	Unreleased funds
2015/16 (A)	12,904.75	12,065.22	839.54
2014/15 (B)	11,646.20	11,190.11	456.08
2013/14 (C)	9,959.81	9,559.56	400.26
2012/13 (D)	8,599.99	8,284.42	315.57
2011/12 (E)	9,214.89	8,687.23	527.66
Variance (A-B)	1,258.56	875.10	
Percentage of (increase)/decrease	10.81	7.82	

Source: Individual audited financial statements of MDAs and RS.

Apparently, the Exchequer issues not released as well as late released exchequers for recurrent activities obstructed the smooth operation of the Government activities. The table above shows the approved estimates and actual releases. Further details of approved budget and actual releases are as shown in **Appendix 4.1** for each audited entity.

4.5 Comparison between Exchequer Issues released and Actual Expenditure for Supply Votes

There is an increase of actual expenditure by TZS 889.51 billion (11.57%) in the financial year 2015/16 when compared with the actual expenditure reported in the financial year 2014/15.

Actual recurrent expenditure in the financial year 2015/16 amounted to TZS 12,045.94 billion against exchequer issues released of TZS 12,065.22 billion leaving unspent balance of TZS 19.28 billion (0.16%) of the released funds.

I noted that two Ministries exceeded the allocated budget for the year. Ministry of Works, Transport and Communication (Vote 68) were allocated TZS 43.20 billion for recurrent expenditure and actual exchequer released were TZS 35.62 billion and actual expenditure were TZS 44.72 billion showing over expenditure of TZS 1.5 billion, (3.6 per cent). This was also observed in the Ministry of Health (Vote 52) which was allocated with estimates of TZS 331.16 billion while actual expenditure were TZS 332.26 billion showing over expenditure of TZS 1.1 billion, (0.3 per cent). Spending above the approved budget indicates that unplanned activities were implemented. As a result may lead to increase in Government spending and create expenditure arrears which have been piling up yearly. The table below shows exchequer issues released and actual expenditure. Further details of Exchequer released and Actual

expenditure are as shown in **Appendix 4.2** for each MDA and RS.

Table 18: Exchequer issues released and actual expenditure for supply vote (Amounts in billion TZS)

Financial Year/Items	Exchequer Released	Actual expenditure	Unspent funds
2015/16 (A)	12,065.22	12,045.94	19.28
2014/15 (B)	11,190.11	11,156.43	33.68
2013/14 (C)	9,559.56	9,551.29	8.27
2012/13 (D)	8,284.42	8,249.28	35.14
2011/12 (E)	8,687.23	8,685.28	1.96
Variance (A-B)	875.10	889.51	
Percentage of (increase)/decrease	7.82	7.97	

Source: Individual audited financial statements of MDAs and RS

Presence of unspent funds implies that some of the planned activities were not implemented either due to late release of funds or organizational capacity to implement intended activities. Exchequers amounting to TZS 5,731.07 billion (28.63% of TZS 20,020.95 billion) were released at the last quarter while TZS 2,629.40 billion (13.13% of the TZS 20,020.95 billion) was released on June 2016 indicating late release of funds.

4.6 Comparison between Exchequer Issues released and Approved Budget for Development Votes

Approved estimates for development activities in the year under review for central government entities were TZS 4,968.86 billion leading to an increase of TZS 579.84 billion (13.21%) when compared with 2014/15 budget of TZS 4,389.02 billion

Review of MDAs and RSs financial statements noted that TZS 3,768.59 billion were released for development activities being 75.84% of the approved estimates, thus, TZS 1,200.26

billion were not released equals to 24.16% of the approved estimates.

However, there is an increase in exchequer released by TZS 814.40 billion (28%) when compared to 2014/15 exchequers' released. The table below summarizes approved development exchequer estimates and the actual releases for the past five years. **Appendix 4.3** provides detailed analysis.

Table 19: Exchequer issues released for Development vote (Amount in TZS)

Financial Year/Items	Approved estimates	Exchequer Released	Unreleased funds
2015/16 (A)	4,968.86	3,768.59	1,200.26
2014/15 (B)	4,389.02	2,954.20	1,434.83
2013/14 (C)	5,035.94	3,147.04	1,888.91
2012/13 (D)	4,225.47	3,247.53	977.95
2011/12 (E)	4,311.01	3,384.43	926.58
Variance (A-B)	579.84	814.40	
Percentage of (increase)/decrease	13.21	27.57	

Source: Individual audited financial statements of MDAs and RS.

Unreleased funds allocated to development activities has an impact on planned activities such as increase in the implementation cost of such activities and for contractual obligations prospect of accruing interest which in turn may lead to a huge financial burden to the Government in future.

4.7 Comparison between Exchequer Issues received and Actual Expenditure for Development Vote Account

Actual exchequer issues released for Development Vote in the financial year 2015/16 amounted to TZS 3,768.59 billion, an increase of 25.88% compared to 2014/15 exchequer issues released. Actual spending was TZS 3,729.72 billion leaving an

unspent balance of TZS 38.88 billion (1.03%) of the released fund.

There is an increase of actual spending in the financial year 2015/16 by TZS 813.54 billion (25.87%) when compared to 2014/15 spending of TZS 2,916.18 billion.

The table below shows analysis of exchequer issues released against actual expenditure for the past five years. Further details of exchequer issues released and actual expenditure are as shown in Appendix 4.4 for each MDA and RS.

Table 20: Analysis of exchequer issues released and actual expenditure for development vote (Amount in billion TZS)

Financial Year/Items	Exchequer Released	Actual expenditure	Unspent funds
2015/16 (A)	3,768.59	3,729.72	38.88
2014/15 (B)	2,954.20	2,916.18	38.02
2013/14 (C)	3,147.04	3,145.08	1.95
2012/13 (D)	3,247.53	3,203.10	44.43
2011/12 (E)	3,384.43	3,376.30	8.14
Variance (A-B)	814.40	813.54	
Percentage of (increase)/decrease	25.88	25.87	

Source: Individual audited financial statements of MDAs and RS.

4.8 Non-Tax Revenue collections and approved budget

The approved budget for non-tax revenue for MDA, RS and Embassies for the financial year 2015/16 were TZS 691,587 million, TZS 26 million and TZS 18,058 million respectively. Actual collections were TZS 727,119 million, TZS 47 million and TZS 22,023 million for MDA, RS and Embassies respectively.

Entities reported over collection of TZS 35,532 million (5.14%), Embassies reported over collection of TZS 3,966 million (32.8%) while Regional Secretariat reported over collection of TZS 21 million (82%) of the approved budget. The approved budget for non-tax revenue for MDA, RS and Embassies for the financial year 2014/15 was TZS 701,558 million, TZS 40 million and TZS 15,510 million respectively. Actual collections were TZS 597,607 million, TZS 89 million and TZS 19,029 million for MDA, RS and Embassies respectively.

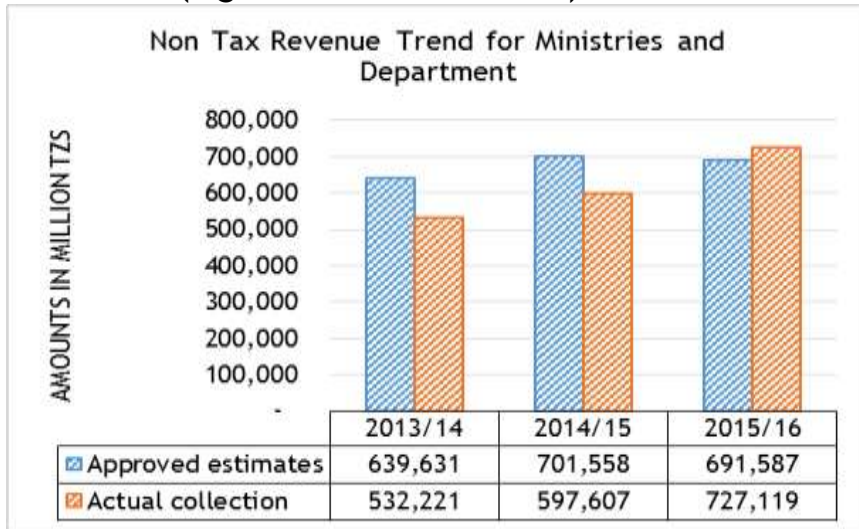
The approved budget for non-tax revenue for MDA, RS and Embassies for the financial year 2013/14 was TZS 639,631 million, TZS 49 million and TZS 17,152 million, respectively. Actual collections were TZS 532,221 billion, TZS 14 million, and TZS 21,069

Table 21: Trend of non-tax revenue for three years (Amount in million TZS)

Financial Year	Description	Approved estimates	Actual collection	(Under)/Over collection	% of actual vs estimates	% of estimates vs uncollected
2015/16	MDA	691,587.22	727,119.07	35,531.85	105.14	5.1
	RS	26.01	47.34	21.33	182.00	82.0
	EMBASSIES	18,057.59	22,023.24	3,965.65	121.96	22.0
2014/15	MDA	701,558.40	597,607.20	(103,951.20)	85.18	(14.8)
	RS	39.67	89.13	49.46	224.68	124.7
	EMBASSIES	15,510.00	19,029.00	3,519.00	122.69	22.7
2013/14	MDA	639,631.00	532,221.00	(107,410.00)	83.21	(16.8)
	RS	49.00	14.00	(35.00)	28.57	(71.4)
	EMBASSIES	17,152.00	21,069.00	3,917.00	122.84	22.8

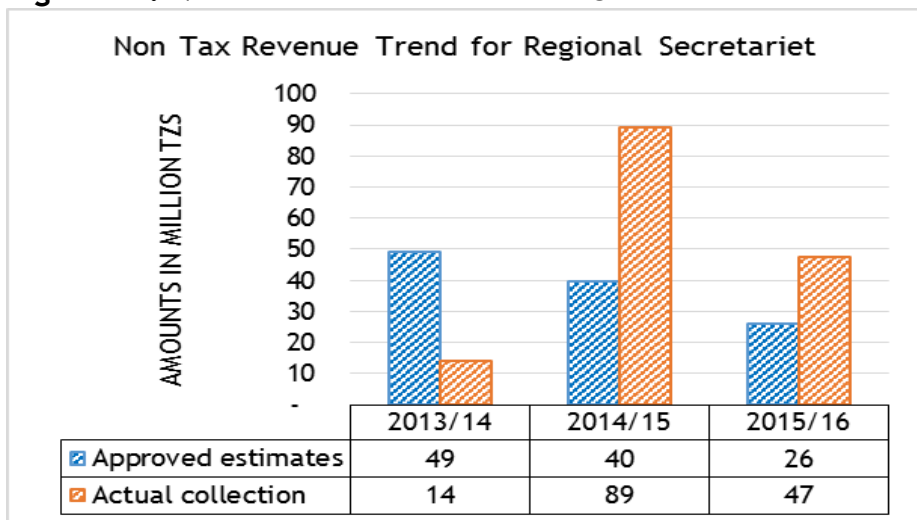
Source: Individual audited financial statements of MDAs RS and Embassies.

Figure 11: Non Tax Revenue Trend for MDAs, RS and Embassies (Figures are in Million TZS)

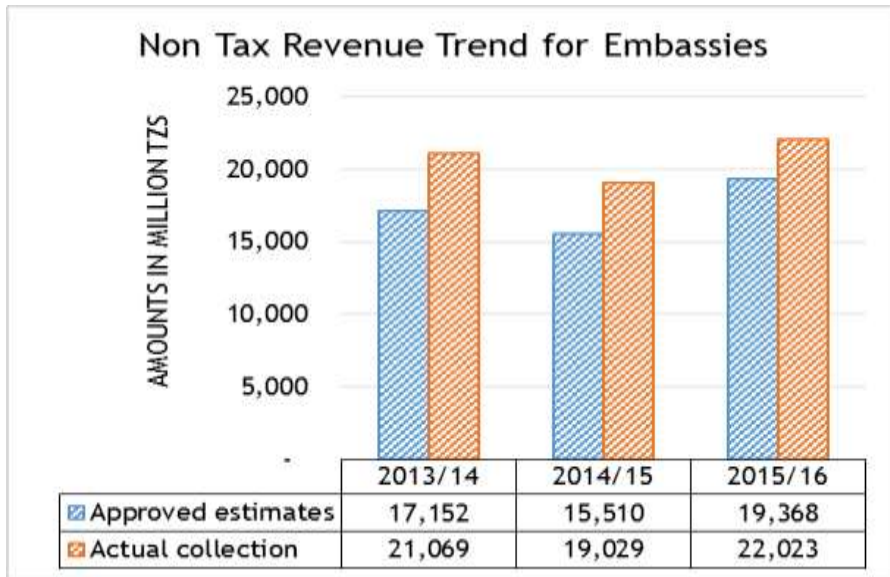


Trend of Non tax revenue for Ministries and Departments shows revenue estimates and actual collections have been increasing over three years. Despite the increase in collections some of the Ministries and Departments had nil estimates. This indicates that there has been understatement of revenue to be collected by the Ministries and Departments.

Figure 12: Non tax revenue trend for RS



There has been fluctuation on revenue and estimates relating to Regional Secretariat. From the review some of the RS collected despite of having nil budget. I urge the RS to estimate their revenues and exert more effort in collecting the same.



Source: Individual audited financial statements of MDAs Embassies and RS.

Trend of Non tax revenue for embassies although it portray positive image, some of the embassies have been underestimating their collections since some have been collecting way far from their estimates and some have failed to achieve their targets. Out of 33 Embassies and High Commissions reports reviewed, 21 collected above their estimates while 12 did not attain their estimates.

4.9 Non remittance of Tourism Development Levy TZS 6,357,529,854

Section 4 (2) of the Tourism (Tourism Development Levy) Regulations, 2013 requires the Director of Tourism to furnish

TRA a list of all registered tourism accommodation facilities that are liable to remit the bed night levy. All remittance shall be remitted to TRA within prescribed accounting period. After collections all levies shall be deposited in the Tourism Development Levy account. Section 9(1) refers.

During the year under review, Tanzania Revenue Authority collected TZS 6,357,529,854 as per monthly collection report by the Tanzania Revenue Authority. However, as at June 30, 2016 the collected revenue have not been transferred to the Tourism Development Levy Account contrary to the stated regulation above.

Failure of remitting the collections as per regulation obstructed the implementation of Tourism development activities including tourism product development, tourism destination marketing promotion, capacity building for tourism sector, tourism research and any other activities for the advancement and furtherance of the tourism sector as stated in Section 10 (a-e) of the Tourism Development Levy Regulations, 2013.

5.0 NATIONAL ACCOUNTS

5.1 Public Debt and Public Debt Management

5.1.1 Introduction

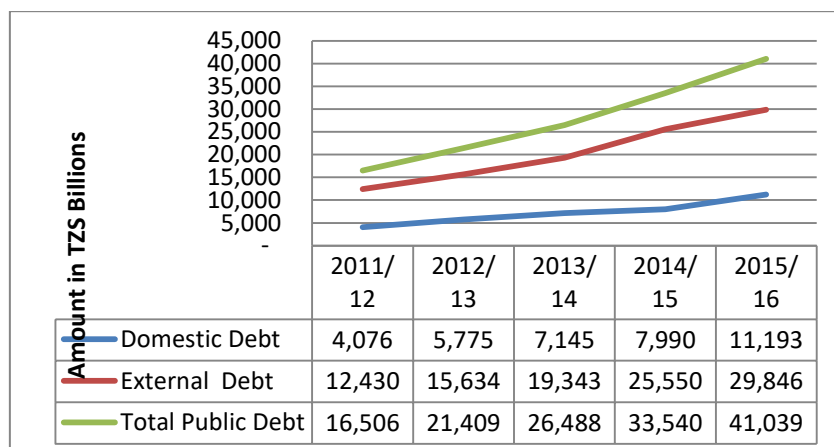
Public Debt refers to the current outstanding obligations for which the Central Government and its branches are responsible. Public Debt is governed by the Government Loans, Guarantees and Grants Act No. 30 of 1974 (R.E 2004) whereby Sect. 3 and 6 of the Act give authority to the Ministry of Finance to borrow and issue guarantees on behalf of the Government.

5.1.2 Public Debt Portfolio Analysis

Tanzania's total public debt as at 30th June, 2016 stood at TZS 41,039.39 billion of which Domestic Debt Stock worth TZS 11,193.39 billion and the External Debt Stock valued at TZS 29,846.00 billion. This is an increase of TZS 7,499.80 billion equivalent to 22 per cent compared to the debt stock of TZS 33,539.59 billion reported as at 30th June 2015.

Public debt is continuously on the rise, a fact that is attributed to persistence budget deficits (mismatch on government revenue and expenditure), rollover of liquidity papers, new borrowings for various development projects and foreign exchange loss arising from a sharp depreciation of Tanzanian Shilling against strong currencies. Figure 1 below illustrates the trend of public debt stock by type over the past five years.

Figure 13: Five year trend of public debt growth



Source: Audited Financial Statements of Vote 22 - Public Debt and General Services

5.1.3 Domestic Public Debt Portfolio

The country's domestic debt stock, which is mainly on Treasury Bonds and Stock, Treasury Bills, and un-securitized debt, reached as of 30 June 2016 TZS 11,193.39 billion, compared to TZS 7,989.77 billion reported at 30 June 2015. This is an increase of TZS 3,203.62 billion equivalent to 40 per cent of the domestic debt registered in the previous year.

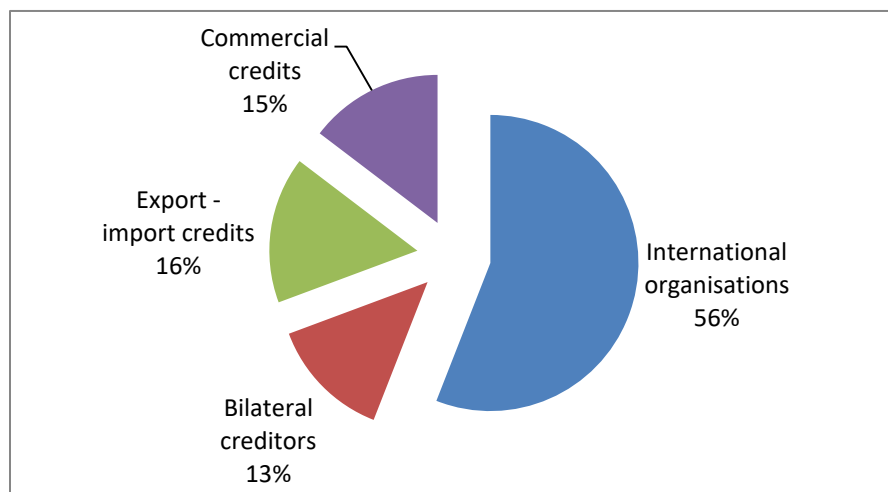
Domestic Disbursements/borrowings during the year amounted to TZS 6,698.99 billion of which TZS 1,802.25 billion was for budget support and TZS 3,108.96 billion was for rollover. In principle, the linearity of the domestic stock is attributed to the tendency of rolling over the maturing domestic obligations annually without a repayment budget to be set out of the Government's internal revenue.

5.1.4 External Public Debt Stock

The External Public Debt Portfolio includes loans from Multilateral and Bilateral Institutions and Development partners. As at 30th June, 2016 the External Public Debt stock was TZS 29,846.00 billion equivalent to 73 per cent of the

total public debt. Such debt stock increased by TZS 4,296.18 billion, equivalent to 17 per cent of the external debt of TZS 25,549.80 billion reported in 2014/15. The composition of External debt stock by source is shown in Figure 2 below;

Figure 14: Sources of External Debt Stock as at 30th June, 2016.



My review noted that the rise of external debt was mainly attributed to borrowings from Multilateral sources such as IDA amounting TZS 927.7 billion to support various development and social projects including First Business Environment for Jobs Development Policy Financing (TZS 169.5 billion), Strengthening Primary Health Care for Results Program (TZS 109.3 billion), Productive Social Safety Net Project (TZS 100.1 billion), Transport Sector Support Project (TZS 75.9 billion), and Urban Local Government Strengthening Program (TZS 52.6 billion).

In addition, the government received funds from bilateral sources (France, Saud Arabia and Japan) worth TZS 300.5 billion and External Non Concessional Borrowings (ENCB) in the form of Export Credit Arrangement amounting TZS 665.6 billion. Loan proceeds from ENCB mainly provided by Export - Import Banks of Korea, China and India were directed to key

Projects such as Natural Gas Processing Plant and Pipeline Project (TZS 201.4 billion), Tanzania Energy Saving and Eco Housing Project (TZS 196.5 billion), Dar Es Salaam and Chalinze Water Supply Scheme (TZS 101.6 billion), Tanzania Mnazi Bay and Songosongo Natural Gas (TZS 59.9 billion), and Tanzania National ICT Phase III Sub Phase 1 (TZS 40.6 billion).

Further, the government received funds from Commercial banks amounting TZS 349.5 billion including TZS 198.9 billion from Japan Bank for International Cooperation for Kinyerezi II MW 240 Project and TZS 127.6 billion from Hong Kong Shanghai Bank - HSBC for construction of Passengers Terminal III Project at Julius Nyerere International Airport. ING Bank N.V. Corp. Bank Serv. Amsterdam provided TZS 19.8 billion for Rehabilitation and Upgrading of the Kilimanjaro International Airport. **Appendix 5.1** provides a detailed analysis of projects which were funded by the new loans disbursed to the Government for the year 2015/16.

5.1.5 Incomplete and Inaccurate Reporting of Debts and Debt Servicing Costs

Understatement of Public Debt Position by TZS 3,217 Billion

My review of public debt portfolio noted that Vote 22 (Public Debt and General Services) reported debt position of TZS 41,039.39 billion as of 30th June 2016. This position excludes government confirmed obligations with Pension Funds amounting TZS 2,991.4 billion (**Appendix 5.2**) and overdue (defaulted) debt guarantees worth TZS 225.6 billion (**Appendix 5.1**). Under Treasury Registrar's Office which sum up to TZS 3,217 billion.

On the other hand, government had obligations amounting to TZS 934 billion to pension funds which were under verification process. In my view, such obligations deserve to

be disclosed as contingent liabilities as per the requirements of Para 36 and in the manner prescribed in Para 100 of IPSAS 19. In addition, these obligations should be considered when one analyses the Government Debt Stock as the government has already enjoyed the services arising from such loans. Therefore, omission of outstanding debts of TZS 2,991.4 billion in respect of with pension funds and expired guarantees of TZS 225.6 billion in my view understated²⁹ Government debt position as at 30th June 2016 by TZS 3,217 billion.

My comparative analysis of financial statements for the year 2015/16 and 2014/15 together with Issuance Plan for 2015/16 further noted that information relating to contingent liabilities were inconsistent and inadequately supported.

In light of the above I recommend the government to (i) Expedite issuance of non-cash bond for the Pension Funds' obligations in order to enable them be recognized and recorded as public debt under Vote 22, (ii) Put in place recovery mechanism for debt defaulters and stringent conditions for debt guaranteeing to all occurring applicants to avoid similar cases in the future, and (iii) ensure all debts and contingent liabilities which are reported and disclosed in the financial statements and issuance plan are well supported prior to their reporting.

A Rise of Non-Concessional Loans and Domestic Debt Stock Results in High Cost of Borrowing (Debt Service)

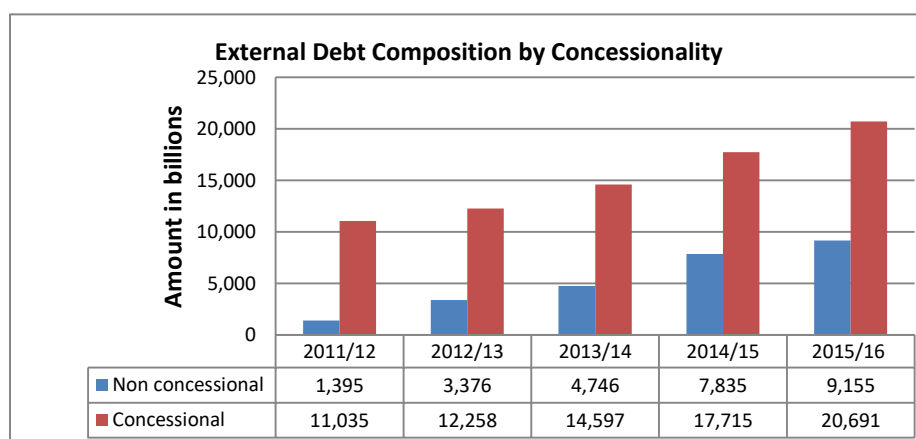
The trend of Public Debt Service has been increasing for both external and domestic debt after a sharp decline in 2007/08

²⁹Despite the pension liabilities remain unrecorded in the government accounts, Debt Sustainability Analysis has taken care of them and thus the sustainability issues of public debt (if any) can not in any way be affected by such omissions in the accounts, in my opinion.

when the country enjoyed debt reliefs from bilateral and multilateral creditors. My analysis of public debt portfolio revealed that the total debt increased by 149 per cent over the past five years before omissions and 168 per cent when omissions of TZS 3,127 billion are included.

As stated earlier, my analysis revealed that continuous rise of the public debt is attributed to persistence budget deficits (mismatch of government revenue and expenditure), rollover of liquidity papers, new borrowings to finance development projects and general government budget support as well as foreign exchange loss arising from a sharp depreciation of Tanzanian Shilling against the US dollar. For instance, the reported foreign exchange losses in 2015/16 amounted to TZS 1,914.88 billion which is 21 percent of the total new borrowings for the year as compared to 2,943 billion (42%) in 2014/15 and 663.6 billion (13%) in 2013/14. Figure 3 below shows the composition of concessional and non-concessional external debt over the past five years, 2011/12-2015/16.

Figure 15: Composition of Concessional and Non concessional Debt, 2012-2016



Source: Audited Financial Statements of Vote 22 - Public Debt and General Services

The trend shows that majority of Public external debt is still concessional; TZS 20,691 billion or 69 per cent of external debt. Percentage of concessional loans in the portfolio has remained at 69 per cent in 2015/16 as it was at the end of 2014/15. However, non-concessional loans have increased from TZS 7,835 billion in 2014/15 to TZS 9,155 billion at the end of 2015/16 equivalent to a 17 percentage increase.

Concessional lenders claimed 89 percent of External Debt Stock as of 30 June, 2012 compared to 69 percent at the end of the financial year 2015/16. Alternatively stating, non-concessional debt stock accounts for 31 percent of the total debt as of 30 June 2016 as compared to 11 percent five years ago.

The rise of external non-concessional borrowings (ENCB) and commercial credits in the public debt portfolio is expected to escalate debt service burden as they continue to mature. This is due to the shorter grace periods, mostly three years; higher interest rates; and shorter maturities mostly ten years at the maximum which characterize such type of facilities.

The reduction of the concessional loans by Multilateral/International organizations and Bilateral Creditors and government budget deficit forces the government to opt for non-concessional sources of funding to finance the National Development Budget. Anyhow, the increase of non-concessional loans and domestic debt stock makes cost of borrowing to be high and increase the default risk, a fact that calls for attention of the policy makers.

Although the DSA results for 2016 showed public debt remained sustainable, the debt service to revenue ratio was near to breach the benchmark of 24% (Guidelines for

the Preparation of Annual Plan and Budget for 2016/17, January 2016). This is also in line with findings of the Debt Sustainability analysis in 2015 and 2016 which indicated that the debt service to revenue ratio is growing unfavourably (a ratio of 23 in 2015 and 30.8 in 2016). Projections show that this ratio will continue being unfavourable for the next 20 years as shown in Table 1 below.

Table 22: Public Debt and External debt Indicators under Baseline Scenario

External Public debt	Threshold	2015	2016	2017	2018	2019	2020	2025	2035
PV of debt to GDP	50	20.9	19.9	23.5	22.9	21	20.2	20.9	18.4
PV of debt to Exports	200	104.4	97.7	99.2	96.9	95.7	99.3	98	89.5
PV of debt to Revenue	300	157.2	145.3	141.8	133.7	122.8	119.3	116	102.3
Debt service to exports	25	8.7	7.8	7.9	8.6	9.3	6.9	3.3	3
Debt service to revenue	22	13	11.5	11.4	11.9	11.9	8.3	4	3.5
Total Public debt									
PV of public debt to GDP	74	36.8	34.2	41	40.9	38.8	37.6	39.3	37.6
PV of public debt to revenue		277.4	249.9	247	238.9	227.2	222.2	219.5	209.4
Debt service to revenue ratio		23	30.8	27.9	32.9	47.5	28.2	27.5	31.1

Source: Debt Sustainability Analysis Report, 2016

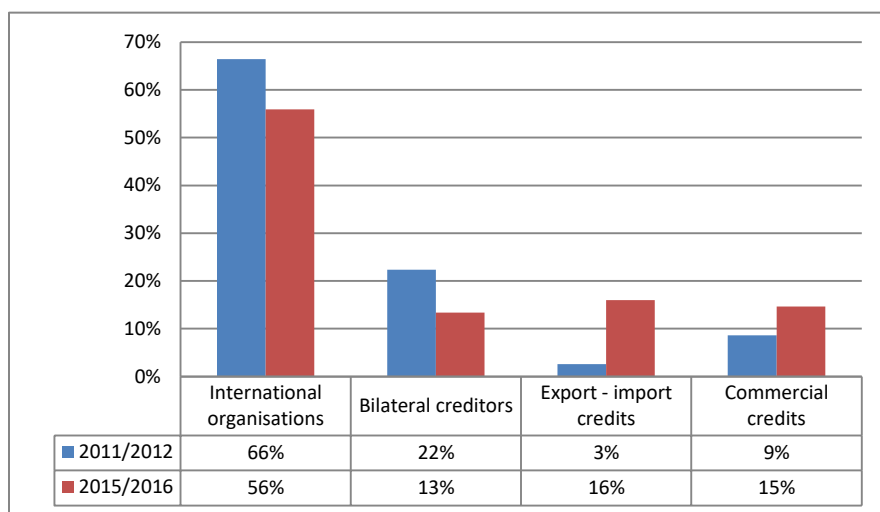
As far as debt service cost is concerned, I am of the view that the service cost in relation to the internal revenue collections of the government is high. My review of debt servicing cost which includes Principal Repayments, Interest and Other payments noted that a sum of TZS 3,858.37 billion was paid during this year.

The debt service when combined with other first charges such as personnel emoluments leave the Government with little fiscal space to finance development projects and other social services. It should be appreciated that, this analysis excludes the actual cost of servicing the unrecorded debt of TZS 3,127 billion for central government. Consequently, reported debt service costs are understated.

In my view, with such significant proportion of resources being directed to debt service, the government will continue to rely on borrowings to fund the national budget and development projects. In turn, such reliance raises domestic and external non concessional borrowings (including Commercial Credits and Export - Import Credits) in the public debt portfolio if internal revenues are not seriously mobilized. Consequently, commercial debt stock is bound to escalate debt service burden even further [Tanzania Economic Update Report, May 2016].

Although non concessional debts are expensive and domestic borrowings less risky in terms of vulnerability to unfavourable movements in foreign exchange rate, there is still a need to strike balance between the two. This is with the intention to avoid crowding out effects to the private sector, in due course. Figure 4 below show a shift in the composition of the external debt portfolio for the fiscal years 2011/12 and 2015/16.

Figure 16: External Debt by Creditor Category 30th June 2012 and 2016



Source: Audited Analysis of Financial Statements

My analysis from Figure 4 above shows that the proportion of Commercial Credits and Export - Import Credits has moved from 9 and 3 percent to 15 percent and 16 percent respectively, in 2015/16 from the figures reported in 2011/12. In absolute terms external debt has moved from TZS 12,430.07 billion in 2011/12 to TZS 29,846.00 billion in 2015/16 equivalent to 140 percentage increase. Such a sharp increase is explained by the contraction of concessional loans from Multilateral/International organizations and Bilateral Creditors.

It is clear that international organizations claimed 66 percent of External Debt Stock as at 30th June, 2012 compared to 56 percent at the end of the financial year 2015/16. The proportion of Bilateral Credits has as well declined from 22 percent to 13 percent over the same period. Thus, the government is forced to go for the available alternative non concessional sources of funding to finance the National Development Budget.

The government is recommended to; (i) improve its revenue collection, which can also go a long way in increasing the capacity to service future debt obligations, (ii) reduce contracting extremely high interest loans and at the same time attain relatively high growth rates compared to historical averages, (iii) to consider redemption (retiring) a proportion of maturing domestic debt obligations, instead of continuously rolling over the same at maturity.

5.1.6 Long Term Borrowing Contrary to Bank of Tanzania Act TZS 155 Billion

My review of the domestic debt portfolio as at 30th June 2016 revealed that total domestic debt was TZS11.19 trillion out of which TZS 1.44 trillion or 13% (2015: TZS1.45 trillion) were Government Securities held by the bank under long term basis (more than a year) contrary to requirements of Sec.34(1)(b) and Sec.35(1) of the Bank of Tanzania Act, 2006 which provide for the Bank to purchase, hold and sell Treasury Bills, Negotiable Stocks, Bonds or similar debt obligations or other securities issued by the Government which shall bear interest at such market rate as determined by the Bank and which mature not later than twelve months from the date of issue.

I further noted that in the issuance plan for Government Securities for 2015/16, the government had planned to reduce the amount of outstanding liabilities with the BoT by TZS155 billion during the year. This was a step towards phasing out long term liabilities with the BOT by 2020/2021 in adherence to Article 5(2) of the East African Monetary Union Protocol (EAMU Protocol). Contrary to that commitment, my review of the implementation of the issuance plan revealed that the government borrowed TZS155 billion from the Bank under long term basis for rolling over of a five year bond which was maturing during the year. Such borrowing (rollover) violates the Issuance Plan and implies that the Government may not be

able to achieve its objective of phasing out long term liabilities with the BOT by the financial year 2020/2021 which will, in turn, affect her compliance with the EAMU Protocol.

I call on the Government to prepare a workable plan to phase out existing long term liabilities with the Bank of Tanzania. I also recommend the Government to abandon long term borrowings from the bank of Tanzania in order to adhere to both Bank of Tanzania Act and East African Monetary Union Protocol (EAMU Protocol).

5.1.7 Domestic borrowing beyond issuance plan

My review of the Issuance plan for the year 2015/16 and domestic debt portfolio for the same year noted that the government had excessively borrowed above its plan by 42 percent.

According to issuance plan the proceeds from domestic borrowing were to be used for redemption (TZS 2,600 billion), Budget financing (TZS 1,464 Billion) and clearance of arrears (TZS 660 Billion). My review of demand notes from the Bank of Tanzania and remittance advice from Vote 22 noted that redemptions were made but were not reflected in the domestic debt portfolio report.

Further noted, the government had planned to abandon financing the budget by Treasury Bills which are short term in nature. However, my review of the Debt Portfolio Report observed that the Treasury Bills worth TZS 4,476 billion were used to finance the budget which is contrary to the issuance plan. I am therefore concerned that unplanned borrowings may lead to unnecessary increase in public debt and crowding out of the private sector.

I recommend the Government to, (i) adhere to the issuance plan when borrowing domestically, and (ii) update its domestic debt portfolio in order to reflect the correct usage of funds obtained from domestic borrowings.

5.1.8 Uncompetitive Borrowing from Commercial Banks without NDMC deliberation

My review of Domestic Debt Portfolio, Statement of Outstanding Public Debt and a contract for Working Capital Facility between NMB and the Government noted that during the year 2015/16 the Government borrowed TZS 118.34 billion from NMB vide contract No. NMB/CBD/MOF/AUG/2015 dated 11th September 2015. Up to 30th June 2016 a total of TZS 100 billion was disbursed into Government Development Revenue Account No. 39:901 while TZS18.34 billion were included in the contract to cover defaulted guarantees emanating from credit guarantee schemes managed by the Bank of Tanzania. However, my review of the contract noted the following anomalies: -

5.1.8.1 Uncompetitive borrowing resulting into higher cost TZS 535 Million

The loan was directly negotiated between the government and NMB PLC without inviting other lenders something that would enable the Government compare the costs, terms, and conditions of the loan. As a result interest was agreed at the rate equal to 182 days T bill rate plus 100 basis points (bps) and arrangement fee of TZS 75 million. Total interest rate was therefore $13.68\% + 1\% = 14.68\%$ pa. The government paid total cost (interest + arrangement fee) TZS 6.706 billion being excess of TZS 535 million as it would have been 13.68 percent per annum and no arrangement fee if the loan was obtained through 182-days Treasury Bills. Table 2 below refers;

Table 23: Comparative Borrowing Costs for 2015/16

Installment date	Figures in TZS billion			
	Principal Repayment Amount	Interest Paid	Competitive interest	Excess interest
December 31, 2015	33.3	3.07	2.86	0.21
March 31, 2016	33.3	2.44	2.27	0.17
June 30, 2016	33.3	1.22	1.14	0.08
Arrangement fee		0.075		0.075
Total	100	6.706	6.27	0.535

Source: Audited Financial Statements and Analysis

Further to that, my review also noted that the Government borrowed commercial loan from the Bank an option which was not in the issuance plan for the year 2015/16 which required the Government to raise its domestic debt by issuing Treasury Bills and Bonds only.

5.1.8.2 Borrowing without prior review and approval of the NDMC

My review of the procedures in loan contracting noted that there were cases whereby loans were acquired without following all necessary steps as stipulated by the Government Loans, Grants and Guarantees Act 1974 (R.E 2004). A case in question is that of Minister for Finance who renewed a debt (Working Capital Facility) between NMB and the Government worth TZS 100 billion for 2015/16 budget support and renewable for a further 12 months without prior review and deliberations of the National Debt Management Committee (NDMC) which is contrary to Section 16 and 17 of the

Government Loans Guarantees and Grants Act 1974 and its Regulations, 2003 that requires the NDMC to deliberate and advise the Minister on all matters regarding management of the public debt. In addition, such borrowing from commercial banks was against the issuance plan for 2015/16 which required the Government to borrow domestically by issuing Treasury Bills and Bonds only.

Although I am aware that the Committee recommended the signing of the contract worth TZS 100 billion between NMB and the Government for 2014/15 budget support which was renewable for a further 12 months but my review noted that the 2015/16 loan contract had terms and conditions that were not consistent with the 2014/15 contract and thus it cannot be considered as a renewal technically.

Non-compliance in the process of soliciting loan, in my view, led to anomalies noted earlier - uncompetitive borrowing and inadequate involvement of the NDMC which resulted into signing loan contracts with higher service costs and unfavourable terms to the government. Thus prudence of the Government borrowings becomes an issue of concern going forward if such practices remain unchecked.

I recommend that, the Government ensure (a) all loan facilities are reviewed by all necessary organs including the TDMC and NDMC prior to signing loan contracts (b) competitive borrowing methods are applied when raising domestic loans in order to comply with section 7 of the Government Loans, Grants and Guarantees Act 1974 (R.E 2004) and (c) Minister for Finance obtain advice/recommendation from the National Debt Management Committee (NDMC) prior to signing of any loan contracts to ensure borrowings are prudent and terms and conditions are favourable, and (d) adherence to the issuance plan when raising domestic and external loans.

5.1.9 Inadequate Management of Government Liquidity

My review of BoT and Vote Statements of Financial Positions as well as the correspondences in respect to temporary overdraft account between the Bank and the management of Public Debt and General Services (Vote 22), noted that the Government had net deficit position of TZS 1,188.09 Billion in 2015/16 [2013/14: TZS 608.86 Billion] an increase of 196 percent over the past three years. As a result, interest charges of TZS 162.57 Billion were paid on overdraft in 2015/16 [2013/14: TZS 72.55 Billion]. Although the overdraft (O/D) facility is within the acceptable limits but ever-rising of the net deficit and interest expenses calls for attention of the Government in my view.

My further analysis of the position noted that a continuous rise of the overdraft share in the public debt stock is mainly attributed to persistent budget deficit which forces the Government to make use of the available avenues for general government budget support. Although, the Government has taken measures to towards cash and liquidity management by ensuring all public entities and MDAs wherever practicable maintain bank accounts with the central bank but I am of the opinion that Government budget was too optimistic and contributes in no small measure to the existing deficit position and fast-growth of public debt stock.

Apart from that, my audit also found that total payments amounting to TZS 441.15 Billion were at Central Payment Office (CPO) as of 30th June, 2016 something which the Government position could be worse and beyond acceptable Overdraft (O/D) Limits if they were presented and honoured by BoT. Considering net overdraft position of TZS 1.188 Trillion at the same date, had Payment Vouchers at CPO been paid at the year-end, total O/D would reach TZS 1.629 Trillion which is 23 per cent above the limit of TZS 1.324 Trillion set for the Government in 2015/16. Impliedly, the Government issued exchequers to votes over and above what

she could generate/collect in June 2016 and if such payments were processed by CPO/BOT the O/D limit would be exceeded and net government deficit position with the Bank of Tanzania would be worsened. In my view this was done to make government liquidity (overdraft position) look impressive, a practice that should be desisted from.

I advise the Government to (i) enhance cash management control mechanisms in order to avoid unnecessary interest expenses from overdraft facility, (ii) Ensure national budget is not too ambitious than it is now so that budget deficit fundable by debt is reduced going forward, (iii) Strengthen the revenue mobilization measures and fiscal discipline over expenditure of the government to avoid widening deficit position, and (iv) strengthen expenditure commitment control so that Government issue exchequers only to the tune of available cash so that the Central Payment Office honour all due claims as they mature.

5.1.10 Regulatory Framework of the Public Debt and Public Debt Management in Tanzania is Outdated (not updated)

Public Debt activities need to be clearly defined by laws, norms and regulations, which have to be in constant evaluation in order to be updated in accordance with the current conditions. The National Debt Strategy (NDS) of 2002 and stated objectives there in were geared at attaining the long term debt sustainability after completion of Highly Indebted Poor Country (HIPC) programme which was concluded in November 2001 and signing of Paris Club VII agreement in January 2002.

The NDS of 2002 was prepared within the context of the Government Loans, Guarantees and Grants Act of 1974 (R.E 2004). The economic circumstances during the inception of the law and time when the NDS come into force have changed considerably given the economic transformation that has transpired in Tanzania and globally.

It is within my knowledge that the NDS has not been revised and the major amendment of the law was made in November 2004. I am therefore concerned that with the expanded Public Debt Portfolio in terms of debt components and the enormous borrowing that has happened over the years, the governing law and guidelines are not at par with such development and outdated instruments makes Public Debt Management not to be properly guided.

I am also aware that the Government started to prepare Medium Term Debt Strategy (MTDS) in collaboration with IMF and World Bank. The Government issued the first MTDS in June 2011. Our discussion with Treasury revealed that the MTDS is prepared in place of the National Debt Strategy but the Government is considering to have a National Debt Management Policy with the MTDS issued annually in support of the policy. While appreciating these efforts, the MTDS and the Public Debt Policy are not addressed in the current Government Loans, Guarantees and Grants Act of 1974 (R.E. 2004).

I therefore call for the Government (a) review the National Debt Strategy (b) ensure the National Debt Management Policy come into force, and (c) expedite amendments of Guarantees, Loans and Grants Act, 1974 (R.E. 2004) and its regulations of 2003 in order to address current challenges of public debt and public debt management.

5.1.11 Inadequate Institutional framework and setup for Public Debt and Public Debt Management

My review of public debt institutional framework and set up noted that core responsibilities for the public debt and public debt management are spread across the Ministry of Finance and Planning (MoFP) and the Bank of Tanzania (BoT).

I observed that there are several departments and institutions involved with Public Debt matters under Ministry

of Finance such as Policy Analysis Department (PAD), Accountant General (ACGEN), External Finance Department (EFD), Treasury Registrar, Planning Commission and Bank of Tanzania.

My inquiries with management of Public Debt revealed that the existing set up of management of public debt in the country, that is a fragmentation of front, middle and back office operations, leads to operational inefficiency, poor coordination, and inadequate information flow across units/institutions, inaccurate and incomplete debt records.

This situation compels the Government to establish the Unified Debt Management Office within the Treasury (ministerial model) to consolidate government debt management activities as an option to the existing ineffective set up.

I therefore recommend that, the Government set up a unified debt management office in order to consolidate public debt and public debt management activities

5.2 Audit Of Processed Payments of Terminal Benefits

Introduction

Pre-audit of terminal benefit payments is carried out by virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania (URT) 1977 (Revised 2005) and Sect 29 of the Public Audit Act No. 11 of 2008. Sect 5 (a) of the same Act requires the Controller and Auditor General to authorize the use of money paid out of the Consolidated Fund upon being satisfied that Article 136 of the Constitution has been or shall be complied with.

It is thus vital to pre-audit all individual payments of the Government which cannot easily be forecasted and appropriated with funds such as terminal benefit payments.

5.2.1 Purpose of the pre-audit

The purpose of this audit is to ensure the accuracy of terminal benefit payments to enable early detection of errors with the intention of ensuring that the retirees are being paid what they deserve. This is also made necessary, taking into account that, any wrongly paid amount may not be easily recovered from retirees.

On the other hand, the pre-audit of pension payments seeks to ensure that the applicable pension laws, regulations, working policies in relation to public service, correspondences, and schemes of service and salary structures are complied with.

5.2.2 Pre-audit coverage

The findings and recommendations contained in this report, the pre audit of terminal benefit covers the Public Servants whose terminal benefits are paid out of consolidated funds and do not cover public servants whose terminal benefit payments are processed by the Public Service Pension Fund (PSPF), Parastatals Pension fund (PPF) and other contributory schemes of services. My office pre-audits all terminal benefits paid directly from Consolidated Fund which include the following groups:-

- Public servants, with mixed service, Military Officers and Men, Teachers, and Intelligence Officers.
- Contract payments for Political leaders, Non-citizens, re-appointed retired officers and citizens first appointed beyond 45 years of age.
- Compassionate gratuity for non-pensionable Public Servants, and
- Gratuity for Rank and File Police Soldiers.

5.2.3 Detailed findings and recommendations

This part of the report presents major issues noted from pre-audit of Terminal benefit payments and recommendations for the financial year 2015/2016 as follows;

5.2.4 Performance Out-turn

During the year under audit the office conducted pre-audit exercise with 158 files on hand brought forward from the previous year - 2014/2015.

For the year under review, a total of 4,514 retirees files were available for examination out of which 4,241 files were examined and approved by the Controller and Auditor General, 273 files consist those files returned to the respective Accounting Officers requiring amendments and still under examination as at 30th June, 2016 as summarized on the table below:-

Table 24: Summary of number of files of retiree examined for the year 2015/2016

Details	Files
Balance as on 1 st July,2015	158
Received during the year	4,356
Available for audit	4,514
Examined	4,241
Balance on 30 th June, 2016	273

5.2.5 Inaccurate Calculations of Terminal Benefits

My review of pension paper files for the year under review noted that terminal benefit payments of some pension papers files which were submitted for pre-audit were wrongly computed.

Out of 4,241 pension files which were examined for the year under audit, terminal benefits payable to a total of 479 (11%) retirees were wrongly computed. Out of those files, 274 files were noted with overstatement of TZS 1,120,442,386.01 while 205 files were understated by a total amount of TZS 595,863,986.41 as shown in Tables 2. However, such anomalies raise concern over the adequacy of the review mechanism of pension papers, capacity of the preparers and reviewers in terms of competence and experience on pension matters and laws, and documentation of pension files on the side of employers.

Table 25: Inaccurate computation of Terminal Benefits

S/N	Misstatement Factor	Terminal benefits overstated (A)		Terminal benefits understated (B)		Net Effects [A-B]
		Number of cases	TZS [Million]	Number of cases	TZS [Million]	TZS [Million]
1	Service Period	116	418.63	98	188.84	229.79
2	Salary Applied	69	441.32	50	215.01	226.31
3	Computation	6	62.1	21	125.44	-63.33
4	NSSF Contribution	50	86.49	35	64.79	21.7
5	Liabilities/ Loans	33	111.9	1	1.78	110.11
	Total	274	1,120.44	205	595.86	524.58

Sources: Auditors' Analysis of Pension Papers, 2015/16

From the above analysis, the Government would have incurred a total loss of TZS 1,120.44 Million arising from overstatement whereas pensioners would have suffered a total underpayment of TZS 385.30 Million. Misstatements of benefits would end up with a net loss, in aggregate, of TZS 524.58 Million to the Government.

Such saving was a value addition of pre-audit of pension and other benefits that are payable directly from the Consolidated Funds. It further shows the extent to which lapses of internal controls and weaknesses on the part of the Accounting Officers could cost both the Government and Pensioners if pre-audit were not conducted.

5.2.6 Delays in Remittance of Statutory Contributions - TZS 284 Billion

My review on the compliance aspect regarding remittance of statutory deductions noted that a total of TZS 284 Billion payable to Pension Funds and NHIF were delayed for the period ranging from 30 days to 90 days after the payment of monthly salary contrary to Pension Funds Acts and NHIF Act. This was also the case for Pre-99 PSPF obligations and prior years' pension arrears for all pension funds.

As a consequence, I noted a serious delay in paying pension gratuities to PSPF Pensioners this year something that applied to all other pension funds as well. The delay in the processing of Terminal Benefits to inconvenient the public sector retirees in the country and cost a great deal of resources to the Government in terms of penalties. Technically, penalties imposed to the Government and unnecessary hardships to retirees (beneficiaries) should have been avoided if the Government honoured her obligations with Pension Funds particularly PSPF on time.

5.2.7 Overall Conclusion

On the basis of the above analysis, having strict control and review mechanism in the preparation of pension papers for retirees by employers becomes of importance. Lapses of internal controls and the weaknesses on the part of the accounting officers offer an opportunity to dishonest

employees to abuse pension payment system in the pretext of inaccurate computations something that could cost the Government and Pensioners if pre-audit by chance also fails to uncover. A delay in the processing of Terminal Benefits for the public sector retirees is also attributed to such anomalies when the pre-audit notes. Such unnecessary inconveniences would be avoided if care is exercised in the preparation of pension benefits.

On the other hand, delays in the remittance of pension contribution and settlement of outstanding obligations with pension funds by the Government led to a serious delay in paying pension gratuities to Pensioners during the year under review. This practice cause unnecessary hardships to retirees and liquidity problem to Pension Funds if remains unchecked.

5.2.8 Recommendation

- Government through Accounting Officers enhance control and review mechanisms over the processing of pensions. This will ensure processors of pension/gratuity adhere to pension computation formulas and laws before they submit pension files for pre-audit and payments and avoid delays in payment of terminal benefits and losses to the government.
- Government ensure pension contributions are timely remitted and all outstanding obligations with pension funds are settled in order to avoid liquidity problems to the Funds and delays to retirees.

5.3 Tanzania Revenue Authority

5.3.1 Introduction

The Tanzania Revenue Authority (TRA) was established by Act of Parliament No. 11 of 1995, and started its operations on 1st July 1996. In carrying out its statutory functions, TRA is regulated by law, and is responsible for administering impartially various taxes of the Central Government. The functions of TRA are detailed under Section 5 of the TRA Act, Cap 399.

TRA prepares two sets of financial statements which are the Revenue Statements prepared under the International Public Sector Accounting Standards (IPSAS) - Cash basis of accounting and the financial statements for the Authority itself (Expenditure) prepared under International Public Sector Accounting Standards (IPSAS) - Accrual basis of accounting with respect to funds received from the Government and other sources to finance its operations.

5.3.2 Implementation Status of the prior year's audit recommendations

In the CAG's previous reports, forty nine (49) recommendations were issued for the financial year ended 30th June, 2015 and seventy one (71) recommendations were outstanding for the financial years from 2001/2002 to 2013/2014. We reviewed the progress made in implementing such previous years' recommendations totaling to one hundred and twenty (120) available for implementation; 51 (43%) relates to Customs and Excise Department, 38 (32%) relates to Large Taxpayers Department and 31 (25%) to Domestic Revenue Department.

Table 26: Implementation Status of the prior year's audit recommendations

S/N	Year	Customs and Excise Department	Large Taxpayers Department	Domestic Revenue Department	Total
1.	2001/2002	1	0	0	1
2.	2002/2003	0	0	0	0
3.	2003/2004	0	0	1	1
4.	2004/2005	2	0	0	2
5.	2005/2006	4	0	0	4
6.	2006/2007	3	0	0	3
7.	2007/2008	5	1	1	7
8.	2008/2009	1	2	2	5
9.	2009/2010	2	2	2	6
10.	2010/2011	1	4	1	6
11.	2011/2012	3	4	0	7
12.	2012/2013	2	6	3	11
13.	2013/2014	7	6	5	18
	Sub Total	31	25	15	71
14.	2014/2015	20	13	16	49
	Total	51	38	31	120

Out of 120 recommendations, twenty one (17%) were implemented, sixty eight (57%) were under implementation and thirty one (26%) were not implemented. The table below summarizes the implementation status of the audit recommendations in the three departments is summarized in the table below.

Table 27: Summary on implementation of previous year's recommendations

Status	High Priority	Medium Priority	Low Priority	Total	
	No.	No.	No.	No.	%
Implemented	15	6	-	21	17
Under Implementation	60	8	-	68	57
Not implemented	26	5	-	31	26
Overtaken by events	-	-	-	-	-
Total	101	19	-	120	100

Source: Management Letter, 2015/16

In aggregate outstanding recommendations totaling to eighty three (83) which include recommendations under implementation and those not implemented. Further review revealed that out of the total outstanding recommendations, thirty one (31) cases (37%) require decision of authorities outside TRA such as Judiciary for court cases and Parliament for write off cases where abandonment approval had been sought by TRA through the Treasury. Ruling of such court cases and write off approvals has been awaited since the year 2001/2002. The balance of fifty two (52) cases or 63% are being pursued by the management of TRA.

Given the nature of issues, the implementation status is satisfactory but I still advise the Government to speed up implementation of the recommendations in order to unlock the tied up revenue in the pending matters and enhance its revenue collection potential.

5.3.3 Revenue out-turn in Tanzania

During the financial year 2015/2016, the Authority collected a total of TZS 13,383.16 Billion against the set target of TZS 13,366.40 Billion reflecting an over collection of TZS 16.76 Billion equivalent to 0.13 per cent of total revenue targets. The total revenue collected exclude TZS 25,689,882,934 for Treasury Vouchers with respect to payment for tax

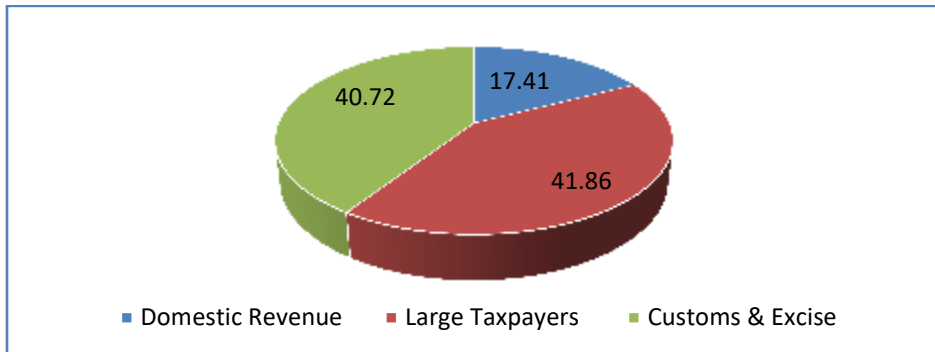
exemptions and refunds thus the actual collection for the year was TZS 13,408,852,308,300. Table below indicates the total Revenue collection from both Tanzania Mainland and Zanzibar.

Table 28: Revenue Collection Departmental-wise

Department [TZS Billion]	Targets - Mainland & Zanzibar	Collection for Mainland & Zanzibar	Over/ (Under) Collection TZS	Over (under) collection-%
Domestic Revenue	2,355.73	2,330.40	(25.33)	(1.08%)
Large Taxpayers	5,591.60	5,602.78	11.18	0.20%
Customs & Excise	5,419.07	5,449.99	30.91	0.57%
Total Collections	13,366.40	13,383.16	16.76	0.13%
Treasury Vouchers	32.41	25.69	(6.72)	(20.74%)
Grand Total	13,398.82	13,408.85	10.0	0.07%

Source: Audited Revenue Statements 2015/16

Generally, collections from the three departments met the targets for the year under review with exception of the Domestic Revenue Department that reported collection below the set target by 1.08 percent. However, departmental wise analysis shows that Large Tax Payers accounts for 41.86 percent share of actual collection which has the largest share, followed by CED with 40.72 percent share and DRD with 17.41 percent ranked the last for this year, of course, Treasury Vouchers exclusive. The figure below shows the contribution by departmental wise.

Figure 1: Actual Revenue Collection Departmental wise, 2015/16

From the above analysis it is clear that contribution of the DRD is trailing behind other departments. In my view there is a lot to be done to increase tax yield from the Domestic Revenue Department by deliberately expanding the tax base, close follow up on tax arrears and other enforcement efforts to ensure citizen pay taxes. For instance, my review in five (5) Tax Regions I noted 39,882 non VAT registered traders equivalent to 81 per cent do not have EFD machines, this creates a room for the tax payers to evade tax by hiding business transactions. The establishment of updated tax register after completing the on-going process of updating TIN I consider to be among the tool to enhance the revenue collection.

5.3.4 Revenue Collection Trend

The trend of revenue collection over the five years, in average, was below the approved estimates with exception of the year 2011/12 and 2015/16 where actual collections exceeded the target by 4 per cent and 0.13 percent respectively. Further, the Authority this year recorded an upward movement in terms of the tax yield (tax to GDP ratio) of 13.28 percent as opposed to a 12.75 percent in 2014/15. Although I acknowledge the Government has taken stringent measures against tax evaders and revenue collection but the recorded tax yield still falls short of the strategic target yield

of 19.9 per cent by 6.62% that TRA aspires to achieve by 2018. This calls on Government to continue exerting more efforts in increasing revenue collection. Table 4 below shows the revenue collection and tax yield for five years of Tanzania and other East African countries.

Table 29: Overall revenue collection performance for Tanzania

Details	Financial years [All figures in TZS Million]				
	2011/12	2012/13	2013/14	2014/15	2015/16
Targeted Collections	6,329,413	7,978,158	10,957,001	12,078,015	13,220,252
Actual Collections	6,586,585	7,912,304	10,026,659	10,743,765	13,238,045
(under)/over collection	257,172	(65,854)	(930,342)	(1,334,250)	17,793
% of (under)/over collection	4	(1)	(8)	(11)	0.13
Tax-Yield (Tax/GDP)					
Tanzania	15.80%	16.00%	16.90%	12.74%	13.68%
Uganda			13.30%	12.77%	13.30
Kenya			22.10%	16.34% ³⁰	19.70
Rwanda			14.90%	14.20%	16.10%

Source: TRA Statistics, 2015/16

³⁰ Kenya rebased its GDP in 2015.

The comparative analysis of tax efficiency for all East African States indicates that Tanzania ranks third behind Kenya and Rwanda but she is better off than that of Uganda. A casual comparison of the trend in Kenya and Rwanda, I am of the view that the Tanzanian tax efficiency, both actual and target yields leave a room for improvement through increased efforts³¹ in the revenue mobilization by widening tax base, plugging off revenue leakages, improving voluntary compliance, tax efficiency and effectiveness. All these measures will ultimately reduce fiscal deficit and debt financing gap that the country faces.

5.3.5 Key Challenges in Revenue Mobilisation

For the past five years TRA has been missing the target with exception of 2011/12 and 2015/2016 and revenue collection trend were below the approved estimate by 3% on average in the past five years. The main drivers for such increase in 2015/2016 were Value Added Tax, 2014 and Tax Administration Act, 2015 together with other deliberate interventions taken by Fifth Phase Government. All these measures impacted positively on tax exemptions and refunds reduction, enhance tax compliance and simplified administrative measures and hence revenue mobilization.

While recognizing the effort taken by the Government in boosting revenue collection in the Country, there are challenges that requires Government attention to further enhance collections which includes;

- a) Tax audits and investigations were not effectively conducted and in some instances when they were done,

³¹ Enhancing Self-Assessment Capability, tax education, continuous simplifying of tax legislation and administration, Better Risk Management, improved Business Intelligence, Analytics and Tax Audit Efficiency, Reduce Compliance Cost, continue to improve Self Service Functionality and Processes Automation will ultimately lead to improved voluntary compliance, tax efficiency and effectiveness .

the enforcement of tax established was not given the attention it deserved. It has come to my attention that the Authority failed to collect interests and penalties on late payments of taxes resulting from tax audits and investigations. Such weaknesses coupled with ineffective and inefficient tax appealing system promote non-compliance and tax evasion schemes which limit collection of tax revenue.

- b) There was inadequate monitoring mechanism over non-filers of tax returns including Final Returns of Income for the respective financial year, monthly VAT returns and Declarations by supplier for VAT registered persons. Further enforcement on the use of Electronic Fiscal Devices by qualified persons, Transfer Pricing arrangements, well-structured international transactions, presence of informal businesses and untapped income sources contributes to under collection of tax revenue.
- c) Insufficient checks and control mechanism (audits) over importation of goods, petroleum products and transit goods/fuel at the ports of entry have also been an avenue for the loss of Government revenue in different industries.
- d) Laxity by the TRA management on imposition of penalties and interest especially on late or non-payment of tax due within the statutory date on defaulters. The act may encourage non-compliance to tax laws and regulations something which result in under collection of the targeted revenue.
- e) Inadequate handling of tax objection cases by the TRA management including collection of the deposit required before hearing of the objection filed by taxpayers. Piling up of tax disputes in the Appeals machineries despite

slight improvement have also been an obstacle to revenue collection process.

5.3.6 Recommendations

I recommend the Government to ensure strict compliance with the established tax laws specifically Tax Administration Act, 2015 and VAT Act, 2014 and avoid incorporation of provisions that may provide loopholes for tax evasion or avoidance in the subsequent amendments, tax enforcement measures are given high priority and widen the tax base to improve the revenue collections, specifically:

5.3.6.1 Administration of Tax Incentives and Refunds

The Government should continue to review its fiscal and tax policies with a view to remove all over generous tax incentives. This can be done through enhanced audit checks and control of tax incentives, enhancing monitoring and inspections of the use of tax incentives.

Government continues to enhance transparency of the tax exemptions through publication of exemptions and independent annual audit of tax exemptions by the CAG.

Government reinforces tax refund management and receipting system through the use of EFDs and strengthens audit checks and control of tax refunds to reduce fictitious input-tax claimants from the VAT network.

5.3.6.2 Tax Audits and Investigation

- a) Government should strengthen tax audits, investigations and enforcement measures to limit propensity to avoid and evade tax.
- b) Government declare Amnesty of Interest and Penalties on Voluntary Disclosure of tax liability and instalment payment of tax liabilities to give opportunity to Taxpayers who decide to repent and start a fresh future by enabling taxpayers to clear

their principal sums of all outstanding taxes in arrears. However, the Government is advised to institute stringent measures on any act of non-compliance with the tax laws including imposition of the required penalties and interest on committed offences or non-adherence to existing tax laws as per the Tax Administration Act, 2015.

5.3.6.3 Control over imported goods and fuel

- a) Government continue to strengthen audit checks and control over clearance of imported and transit goods to ensure that transit goods are not localised and the relevant taxes upon localisation are collected immediately.
- b) Government continues installing and using off-bond meters and acquire/build a National Reserve Tank (RT) at each port of entry so that the volumes of petroleum imported into the country are properly recorded and their release adequately controlled. The use of flow meters and RT will enable authorities to have accurate records of the off loaded and distributed petroleum products. Hence, optimize revenue from petroleum industry.

5.3.7 Specific issues raised during the current year audit

This section covers three key issues requiring close management attention to enhance revenue collection. These include; Management of Tax objections, management of tax exemptions and tax revenue collection in Tanzania.

5.3.7.1 Ineffective and inefficient tax appeals machinery tied up taxes worth TZS 7,273 billion

My audit this year noted that TRA had long outstanding cases at various tax appeals machinery amounting to TZS 7,234 billion of which TZS 6,814 billion [94.19%] stuck at the Tax Revenue Appeals Board, TZS 206 billion [2.85%] at the Tax Appeals Tribunal and the remaining balance of TZS 214 billion [2.96%] awaiting ruling at the Court of Appeals. My inquiries noted that the situation was contributed to by ineffective and inefficient tax appeals machinery and partly lack of funds for

the tax appeals bodies. Table below summarizes outstanding cases at various Tax Appeals Machinery.

Table 30: Outstanding cases at Tax Appeals Machinery

Year	Cases at the Tax Appeals Board		Cases at the Tax Appeals Tribunal		Cases at the Court of Appeals		Total	
	USD	TZS	USD	TZS	USD	TZS	USD	TZS
	("000"))	(Million)	("000"))	(Million)	("000"))	(Million)	("000"))	(Million)
2008	-	-	3,197	6,262	-	-	3,197	6,262
2009	-	-	-	-	-	-	-	-
2010	-	526	-	-	-	-	-	526
2011	-	1,884	-	-	-	32,280	-	34,164
2012	-	295	279	3,154	-	16,736	279	20,185
2013	-	28,321	4,505	17,970	-	50,114	4,505	96,405
2014	193	77,292	-	6,066	-	9,384	193	92,742
2015	55,997	297,279	4,706	42,930	-	7,672	60,703	347,881
2016	-	6,286,258	17,991	62,809	41,250	8,396	59,241	6,357,463
Total- 2015/16	56,190	6,691,855	30,678	139,191	41,250	124,582	128,118	6,955,628
2014/15	443,245	1,817,696	494,747	2,809,095	3,198	180,434	941,190	4,807,225
Total revenue tied up on outstanding appeals cases in TZS Equivalent for 2015/16 [Forex = 2170/\$]					[Figures in million]		278,016	6,955,628
A	Total of revenue tied up on outstanding appeals (Millions TZS)						7,233,644	
B	National Budget for the year 2015/16 (TZS millions)						22,495,492	
C	Tax revenue tied up as percentage of budget (A/B*100)						32%	
D	Nominal GDP for 2015/16 (TZS millions)						96,769,156	
E	Tax revenue tied up as percentage of GDP (A/D*100)						7%	

In comparison to what I reported last year, tax revenue tied up on appeals cases has increased from TZS 6,850 billion to TZS 7,273 billion in 2015/16, an increment of TZS 423 billion equivalent to 6 percent. My analysis indicates potential revenues tied up on appeals accounts for 32 per cent of the total Government budget estimates and 7 per cent of the nominal GDP for the year 2015/16 which is high. This shows how the inefficient of the tax appeal system cost the country in terms of resources that the Government incurs to run cases for such a long time and loss of revenue when appellants become bankrupt before their appeals are resolved.

5.3.7.2 Inefficient Tax Objection and Enforcement Mechanism

My audit during the year 2015/16 noted that one hundred and forty (140) applications for tax objections amounting to **TZS 858,236,909,894** were filed by the taxpayers to dispute the assessments raised by the Commissioner. The high rate of unresolved applications was attributed to inefficient and ineffective tax audit and Technical Units. My inquiries with management brought to attention the inadequate number of staff and lack of skilled and experienced staff to handle ever-rising tax objection cases filed by taxpayers.

In addition, I also noted admission of tax objections applications without collecting the deposits amounting to **TZS 13,744,500,270**. This is contrary to Section 51(5) of the Tax Administration Act, 2015 that requires the Commissioner before entertaining any objection case, the taxpayer should deposit an amount of one-third of tax assessed or amount of tax not in dispute whichever is greater. This practice attracts dishonest objections and encourages non-compliance to tax laws from taxpayers. This coupled with inefficient objection system (i.e. a slow pace of resolving objections) clearly tied up a significant government revenue in tax objections countrywide. As consequence, the revenue targets are not

attained and hence the implementation of Government plans is negatively affected.

Further to that my review of how the rejected and settled tax objections were handled I observed that tax objection applications amounting to TZS 15,083,331,726 from seven tax regions were rejected by the Commissioner due to lack of proper grounds of objection contrary to Sect. 51(1) of the Tax Administration Act, 2015 and objection cases with total assessed tax liability of TZS 1,378,200,249 were settled. To the contrary to Tax Administration Act 2015, such outstanding taxes on rejected and settled tax objections totaling **TZS 16,461,531,975** were not collected by the Authority up to the time of my audit. Failure to collect and enforce taxes on objections signals that the Tax Objection and Enforcement Mechanism is not efficient and effective.

Recommendations

I recommend the Government to;

- a) Expedite handling of tax objection applications in order to resolve the overdue unresolved tax objections. This can be done by increasing the number of competent and experienced personnel and enhancing technical capacity of the personnel in the Technical Services Unit and strengthen its tax assessment process in order to reduce the number of objection cases arising from the same and,*
- b) Collect the higher of one third of the tax assessed or the amount of tax not in dispute prior to the admission of tax objection and collect outstanding deposits from the tax assessed in objections*
- c) Ensure all taxes on rejected and settled objections are collected immediately.*

5.3.7.3 Inadequate Management and Monitoring mechanisms of Tax Exemptions

The Government of Tanzania through TRA granted tax exemptions to specified activities on supplies and imports such as purchase/importation of capital goods to attract Foreign Direct Investment (FDI) and/or promote specific economic policies such as promoting investment in certain sectors, improving states relationship through exempting diplomatic missions and humanitarian grounds.

TRA Revenue Statements for the year 2015/16 reported tax exemptions of TZS 1,100 billion a decrease of TZS 527 billion (32 per cent) from the tax exemptions granted during the year 2014/15 of TZS 1,627 billion (**Appendix 5.4**). Although the amount of tax exemption has declined in this financial year, the level is slightly high as it accounts for 1.14 per cent of the GDP for the year 2015/16 compared to the Government target of reducing the tax exemption below one (1) per cent of the GDP. The trend of tax exemptions over the past five years is shown in the table below.

Table 31: Trend of Tax Exemptions to GDP Ratio, 2010-2016 (Million TZS)

Financial Year	Nominal GDP	Total Tax Exemptions	Exemptions to GDP in %
2011/12	41,125,313	1,806,204	4.39
2012/13	48,385,100	1,515,607	3.13
2013/14	55,619,077	1,834,097	3.3
2014/15	84,279,922	1,627,012	1.93
2015/16	96,769,156	1,100,337	1.14

Source: TRA Financial Statements and statistics and CAG's own Calculations, 2010-2016.

From the above analysis, the level of tax exemptions as percentage of GDP over the past five years was 2.80 percent

of GDP, in average, which is still higher than the target of 1 percent of the GDP or 5 percent of the total collected revenues (See Government Budget Speech, 2013/14). Such exemptions in the past five years reached the lowest of 1.14 percent of the GDP for the year under review. Key attributes to the reduction of tax exemptions being the introduction of the new VAT Act, 2014 and Tax Administration Act, 2015 and stringent control and monitoring mechanisms that contribute in no small measure in eliminating generous and unscrupulous tax exemptions. Despite such improvements that the Government has registered I noted the following anomalies in respect of control and monitoring of tax exemptions during this year's audit.

5.3.7.3.1 Abuse of tax exemptions by non-beneficiaries amounting to TZS 3.46 billion

My review of Tax Investigation Report dated 31st May, 2016 noted a total of two hundred thirty eight (238) motor vehicles, trailers and trucks imported between 2012 and 2014 under the names of the two beneficiaries where one hundred seventy five (175) vehicles were in the name of M/s Lake Trans Ltd and the remaining sixty three (63) under M/s State Oil (T) Ltd that were registered and owned by persons other than beneficiaries of the exemptions. Details of the Companies with number of vehicles imported and tax forgone are provided in the table below;

Table 32: Exempted vehicles, trailers and trucks imported by Non-Beneficiaries

S/N	Name of company	Unit possessed	Tax liability (TZS)
1	A.Gure Transport Ltd	110	1,540,563,984.38
2	Al-Hushoom Investment	58	957,997,155.02
3	Lake Trans Ltd	5	70,496,098.40
4	E. Awadh & Co. Ltd	24	363,238,932.25

S/N	Name of company	Unit possessed	Tax liability (TZS)
5	ATN Petroleum Co. Ltd	11	169,927,729.92
6	Simera Transport Ltd	6	71,137,753.92
7	FAA Truck (T) Ltd	18	192,809,247.31
8	Bafadhil Transports Ltd	6	88,837,365.51
	Total	238	3,455,008,266.71

It was further noted that both importers denied importation of the said motor vehicles indicating that, the scheme was done fraudulently by perpetrators to defraud Government revenue without their knowledge and that the case is under police investigation. My main questions remain - as to how the ownership and registration of such vehicles was made possible by users other than importers prior to the payment of exempted import duty of TZS 3,455,008,267 or how the exempted motor vehicles, trailers and trucks were imported by non-beneficiaries. In whichever way, this instance reveals that control and monitoring mechanisms of the Tax Exemptions still need an improvement to avoid collusion and abuses of exemptions by unscrupulous businessmen.

Recommendations

I therefore recommend that the Government;

- a) Continue reforming incentive regime with a view to reduce the level of tax exemption to one percent (1%) or below of the GDP and boost the level of revenue collection.*
- b) Continue to review its fiscal and tax policies with a view to remove all over generous tax incentives.*
- c) Increase audit checks and control of tax incentives by enhancing monitoring and inspections on the use of tax incentives (exemptions).*

- d) *Investigate and recover the taxes on the two hundred thirty eight (238) motor vehicles, trailers and trucks amounting TZS. 3,455,008,266.71 and institute appropriate legal actions against the culprits.*
- e) *Strengthen the control and monitoring mechanisms over the exempted motor vehicles (goods) by ensuring that the motor vehicles exempted are strictly not registered by other users other than the importers.*

5.3.7.3.2 Assessment of Controls over Exempted Fuel Imported for Consumption in Mines

My comparative review of documents of imported fuel for use at Buzwagi, Bulyanhulu and Geita Gold Mines and system records obtained from Oil Products Monitoring Unit (OPMU) at TRA noted that a total of 49 trucks of 4,248,802 litres were despatched to three mines from Dar es Salaam between October, 2014 and December, 2015. However, supporting evidences to substantiate if such fuels were delivered to the respective mining sites could not be availed something which implies that 4,248,802 litres of exempted fuels might have been diverted to other uses other than mining. Hence loss of the government revenue.

Apart from that anomaly, I also reviewed the utilization of exempted fuels for Buzwagi Gold Mines noted 20,791,072 litres of AGO for a period of 18 months from July 2014 to December 2015 and found that such fuels were transferred to subcontractor, M/S Aggreko Company Ltd, who was not eligible for such exemptions. The transfer of fuels with the total tax exemption of TZS 10,174,647,166 to non-beneficiary contradicts Government Notice No.480 of 25th October 2002 which requires remission to cease if the exempted fuel is transferred to another person not entitled to benefit from similar privileges.

Recommendations

I recommend that the Government;

- a) Perform thorough investigation on all unconfirmed deliveries of fuels at the mining sites and recover the customs duties due amounting to TZS 1,599,031,214.*
- b) Ensure recovery of taxes amounting to TZS 10,174,647,166 on exempted fuels transferred to sub-contractor, M/S Aggreko Company LTD.*
- c) Conduct frequent monitoring and inspection of the beneficiaries of the exemptions in order to ensure companies adhere to the requirements of the legislations and avoid losses arising from abuses of exemptions.*

5.3.7.4 Inadequate Control and Monitoring mechanisms over Bonded Goods, Customs Warehouses and Temporarily Imported Goods

My physical verification in Regional Customs Offices and Customs Warehouses in border stations noted that 704 un-cleared goods for more than ten years and were in bad condition. This is contrary to Section 42(1) of the East African Community Customs Management Act (EACCMA), 2004 which requires all goods that remain in the customs warehouse for more than 60 days to be sold by public auction or in such manner as the Commissioner may deem fit. Delay in auctioning the overstayed goods may lead to loss of government revenue as the goods might become obsolete or damaged before auction. The list of overstayed goods by region and border station is provided in the table below;

Table 33: List of Overstayed goods by regions and border station

S/N	Location	Quantity
1	Bagamoyo, Misugusugu	62
2	Morogoro	12
3	Isaka	10
4	Kigoma	30
5	Rukwa	58
6	Kagera (Bukoba, Mtukula, Kabanga, Rusumo and Kyaka)	90
7	Mwanza	12
8	Sirari	198
9	Mbeya, Tunduma and Kasumulu	73
10	Tanga, Horohoro, Pangani	70
11	Iringa, Makambako	62
12	Dodoma	9
13	Malindi	18
	Total	704

Source: *Source: Audit physical verification and CAG management letter 2015-16*

My further review of Temporary Importation Registers at Mutukula and Namanga Border Stations noted goods with customs value of TZS 42,892,721,756 (customs duties TZS 2,461,287,015) to have not been re-exported for a period of more than 12 months. My audit also could not obtain any formal extension that allowed such to remain in the country for such a long period. This was also the case for 952 motor vehicles which were temporary imported between the years 2015 to June 2016 in ten (10) exit border stations whose exit of such vehicles could not be supported up to the end of my audit.

Technically, the practice of having overstayed goods deposited in the customs warehouses signifies control and monitoring mechanisms over temporarily imported goods and

customs warehouses was not adequate and goes against Section 117 (3) of the EACCMA, 2004 that requires goods to be re-exported within 12 months or formal extension be sought if they remain within the country beyond the prescribed period. Such weaknesses provide a room for abuse of bonded and customs warehouses as well as temporarily importations by unscrupulous business persons if remain unchecked something that the Government should desist from, going forward.

Recommendation

I recommend the government to;

a) Establish a stringent mechanism of monitoring and tracking un-cleared goods and take prompt action to auction all overstayed goods in the Customs Warehouses to avoid further deterioration and damage and loss of government revenue,

b) Enhance its system so that it can flag out overstayed temporarily imported goods and vehicles and interlink the system to all borders for tracking temporarily imported goods and vehicles once exited in other border station.

5.3.7.5 Uncollected taxes on importation of processed milk TZS 2,960,291,947

My review on clearance of goods imported through Mutukula, Mwanza South Port and Dar es Salaam wharf revealed importation of processed milk with customs value of TZS 16,728,641,671 which were released without payment of VAT amounting to TZS 2,960,291,947 contrary to Second Schedule of the East African Community Common External Tariff of 2012 which requires the processed milk to be charged customs duties on importation and the Second Schedule to the VAT Act, 1997 (for transactions processed before July 2015). Failure to collect taxes from imported processed milk

denies the government from getting rightful revenue and negatively impact on local dairy industry.

Table 34: Taxes on imported processed milk

S/N	Location	Customs value (TZS)	VAT Payable (TZS)
1	Mutukula	78,744,784	14,174,061
2	Mwanza South Port	311,538,159	56,076,869
3	Dar es Salaam Wharf	16,338,358,728	2,890,041,017
Total		16,728,641,671	2,960,291,947

Recommendation

The government is advised to strengthen controls over clearance of imported goods to avoid loss of government revenue, and collect the outstanding VAT of TZS 2,960,291,946.

5.3.7.6 Inadequate control mechanisms over Wet and dry cargo

Review of transit goods (Dry Cargo and Wet Cargo) delivered in Dar es Salaam port noted 769 consignments of goods with duties payable amounting to TZS 4,598,307,737 to be exported by various exporters through Tunduma and Kigoma. However, I was unable to confirm whether these goods were exported or localized as there was no evidence to confirm their exportation. Lack of evidence for exportation is an indication that the goods might have been consumed within the country without paying customs taxes resulting into loss of government revenue.

Recommendation

I reiterate my previous recommendation that the government strengthen controls over transit cargo by ensuring adherence to transit control procedures to avoid illegal localization and loss of government revenue.

5.3.7.7 Inadequate control over release of imported goods and those held in Customs Bonded Warehouses

My examination of transactions for imported goods through Rusumo, Kabanga, Mtukula, Bukoba, Sirari, Mwanza South Port, Mwanza airport, Sumbawanga, Kasesya and Kigoma revealed 327 transactions with customs value of TZS 25,676,187,561 and payable taxes amounting to TZS 5,139,493,119 were released before the clearance processes of the goods were completed in the TANCIS system (Appendix IV). Release of goods prior to completion of clearance procedures might cause the loss of government revenue.

Table 35: Semi-processed goods in TANCIS system released with Payable taxes

S/N	Location	Customs value (TZS)	Payable taxes (TZS)
1	Mtukula	5,491,843,279.02	1,241,438,609
2	Rusumo	37,769,581.77	7,146,514
3	Kabanga	1,039,509,352.66	240,766,549
3	Bukoba	2,125,934,483.87	373,730,151
4	Sirari	11,598,909,949.60	2,578,150,759
5	Mwanza Airport	1,071,097,801.61	247,269,899
6	Mwanza South Port	3,853,203,735.20	355,767,936
7	Sumbawanga	120,091,678.10	38,735,252
8	Kasesya	54,796,992.77	47,734,428
9	Kigoma	283,030,705.95	8,753,022
	Total	25,676,187,560.55	5,139,493,119

My further review of records from the TANCIS system observed that taxes amounting to TZS 9,319,598,661 in respect of 9,942,810 items held at 10 customs bonded warehouses were not collected and supported with evidences

as ex-warehoused. I also could not physically trace in the respective bonded warehouses something that signifies that these goods were already ex-warehoused without collecting respective taxes.

Recommendation

The government is advised to enforce compliance on clearance procedures and investigate the circumstances that led to the release of imported goods prior completion of the clearance processes and take appropriate actions including recovery of taxes from the released goods.

5.3.7.8 Taxes on imported fuels not accounted for - TZS. 4,871,017,013

My comparative review of the total quantity fuel imported by 86 vessels (ships) against actual quantity paid for local consumption, exempted, transited and localized transit during the year 2015/2016 I observed a difference of 3,874,263 AGO litres in one vessel whose taxes amounting to TZS. 2,452,616,541 were not accounted for.

Further examination of the provided data of imported fuel noted that 3,234,420 litres of fuel with taxes amounting to TZS. 2,418,400,472 which were imported by twenty four (24) oil marketing companies and released to owners from 1 January 2016 to 30 June 2016. However, audit could not obtain evidence of receipt particulars to show if taxes on such fuel were collected from the importers at the time of this audit in December 2016 contrary to the requirement of CED Procedure Number CED-702-F. Lack of accountability signifies control mechanism over imported fuels is weak and offers a room for the imported fuel to be diverted into the local markets without collecting customs duties and levies from the importers and hence loss of government revenue.

Recommendations

- a) *Government* investigate the matter with the view to establish whether the fuel was illegally consumed locally and ensure that the assessed customs duties plus penalties and interest (if any) thereon are collected.
- b) *Government* ensures that controls over imported fuel are strengthened to avoid such practice to re-occur in future.

5.3.7.9 Railway Development Levy not properly managed

Tanzania Information Circular No.10 of 22/06/2015 which requires charging 1.5 per cent of customs value (CIF price) on importation of goods for home consumption in Tanzania Mainland from various countries other than East African Countries. To the contrary, my review on the implementation of this Circular revealed that Railway Development Levy (RDL) was not duly collected by Customs Offices and Border Stations as required. For instance, RDL of TZS 296,376,354 was not collected from 1005 importation transactions (customs value of TZS 19,505,289,410) at Mtukula, Bukoba, Sirari and Mwanza Customs offices. On the other hand, the Authority did not collect RDL of TZS 5,664,388,491 imported fuel for home consumption and localized transit fuel (630,729,664 litres) for the period of July 2015 to June 2016 from 28 oil marketing companies. Border stations with number of transactions passed and list of companies involved are provided in the table below and appendix 5.5 attached to this report.

Table 36: Uncollected railway development levy by border station

Office	Number of Transactions	Customs value (TZS)	RDL Amount (TZS)
Sirari	19	10,251,972,266	153,779,584
Mutukula	929	7,910,631,178	118,659,468

Bukoba	43	1,260,810,169	18,912,153
Mwanza	14	81,875,797	5,025,149
Total	1005	19,505,289,410	296,376,354

Source: TRA system

In addition, there were instances of delays in the payment of RDL after the due date by oil companies but audit could not obtain evidence to show if interest of two (2) per cent amounting to TZS 3,311,171,293 was charged by TRA to those companies. Such tendencies may lead to loss of government revenue, and contradict Sect. 249 of East African Community Custom Management Act (EACCMA), 2004 which requires imposition of interest of two percent on taxes paid on imported fuel beyond due date.

Recommendations

- c) *The government is recommended to collect Railway Development Levy from importation of goods for home consumption as per TRA Act, 1995 and Circular No.10 of 22/06/2015 including recovery of TZS 5,960,764,845 unpaid.*
- d) *The Government is also recommended to enforce compliance on charging the interest of two per cent per month or part of the month to oil marketing companies which make payment beyond due date and recover uncollected interests from the respective companies of TZS 3,311,171,293.*

5.3.7.10 Ineffective and Inefficient Debt Management and Enforcement Mechanisms

My review of Tax Investigation Register, Tax Arrears Register, and other supporting documents noted uncollected taxes amounting to TZS. 588,833,422,160. Out of which TZS 70,974,430,676 relates to Large Taxpayer Department

including an interest of TZS 3,446,958,859.60, TZS 92,025,604,941 relates to Tax Investigation Department and TZS 425,833,386,543.07 relates to Domestic Revenue Department for 10 tax regions. The amount is inclusive of interests computed on four tax regions amounting to TZS 31,002,818,053.75 and unsupported tax recoveries of TZS 9,451,269,539.73 as shown in the table below;

Table 37: Assessed taxes not collected (Amounts in Million)

Tax Region	Total Tax Arrears (TZS)	Accrued interest (TZS)	Unsupported tax recoveries (TZS)	Total outstanding amount (TZS)
Kilimanjaro	3,586.44	-	215.00	3,801.44
Temeke	41,870.97	-	507.00	42,377.97
Mbeya	1,810.02	-	-	1,810.02
Dodoma	8,777.40	-	-	8,777.40
Mtwara	1,307.60	-	-	1,307.60
Iringa	6,460.71	9,553.00	-	16,013.71
Morogoro	3,650.35	-	-	3,650.35
Shinyanga	955.97	-	-	955.97
Tanga	2,681.60	1,527.00	-	4,208.60
Ilala	314,278.24	12,385.00	5,360.00	332,023.24
Mwanza	-	7,536.00	-	7,536.00
Kinondoni	-	-	3,367.00	3,367.00
Sub-total	385,379.30	31,001.00	9,449.00	425,829.30
Large taxpayer Department	67,527	3,447	-	70,974
Tax Investigation Depart.	-	-	-	92,025
Grand total				588,828.30

Presence of such taxes in arrears raises questions as to why the Authority failed to collect assessed taxes on time or

enforce recovery measures whenever possible as the law requires. In my view inadequate debt recovery and enforcement mechanisms especially in TRA Regional Offices contributed significantly to the existence of long outstanding taxes in arrears. This amiss signifies that there is a room for improvement in debt management and recovery mechanisms.

My review of the sample of taxpayers' files and other relevant documents such as taxpayers' returns of income, VAT special relief beneficiary records, VAT returns and declarations filed by the taxpayer, and other documents as per records provided by the Authority noted under-assessment of taxes payable by TZS 7,534,260,240. Out of that tax liability, TZS 1,309,978,057.42 relates to a sample of Six (6) VAT return reports at Large taxpayer Department and TZS 6,224,282,182.36 for tested taxpayers from 12 tax regions under the Domestic revenue Department as shown in the Table below:

Table 38: Taxes under collected in 12 tax regions under Domestic Revenue Department

S/N	Tax Region	Income under Assessed (TZS)	Tax Under Collected (TZS)
1	Temeke	17,197,913,674.57	1,060,309,354.97
2	Arusha	113,438,363.58	49,940,320.52
3	Mbeya	79,740,447.00	23,922,134.10
4	Mwanza	600,382,327.00	180,114,698.10
5	Coast	402,882,555.00	106,647,366.50
6	Dodoma	3,868,160,968.00	1,145,864,521.80
7	Iringa	223,725,938.00	59,117,781.40
8	Morogoro	5,521,026,747.00	557,989,683.33
9	Shinyanga	54,067,171.00	6,414,571.05
10	Mara	1,754,355,620.00	105,271,416.00
11	Kinondoni	7,778,067,476.30	2,281,076,813.89

S/N	Tax Region	Income under Assessed (TZS)	Tax Under Collected (TZS)
12	Ilala	3,118,085,701.00	647,613,520.70
Total		40,711,846,988.45	6,224,282,182.36

Under-assessment was attributed to inadequate reviews and analyses of taxpayers' information by the Authority and at times failure to collate self-assessed taxable income in the Final Returns of Income, VAT returns and Declarations filed by taxpayers with that of TRA records. My review therefore noted that self-assessment returns were not well reviewed which, in turn, offer opportunity for collusive practices and abuse of self-assessment system by unscrupulous persons. Hence, denying the Government its rightful revenue.

Recommendations

Government;

- a) *Enhance debt management, enforcement and recovery mechanisms in order to collect all taxes as they become due and avoid long outstanding taxes in arrears from assessment made through the Self-assessment, Tax Investigation Department, Examination Unit and Tax Audit Unit.*
- b) *Strengthens audit checks and investigations to reduce fictitious input-tax claimants from the VAT network and curb under-declarations in the income tax returns.*
- c) *Investigate on all identified under-assessments and then recover all payable taxes together with interest and penalty thereof as required by the tax laws.*

5.3.7.11 EFD management and Compliance

Inadequate supply of EFD machines to eligible taxpayers

Section 36 of the Tax Administration Act (TAA), 2015 requires a person, who supplies goods, renders services or receives payment in respect of goods supplied or services rendered to issue fiscal receipt or fiscal invoice using electronic fiscal device. My examination of the number of traders required to acquire and use EFD against those who have and use EFD machines for the periods between July, 2015 and November, 2016 indicated that, 8,165 VAT registered traders out 9,743 equivalent to 84 percent had no EFD machines as of November, 2016.

My further review on the usage status of EFD machines with regard to Non-VAT registered traders in five (5) Tax Regions noted that, out of 49,009 non-VAT registered traders, 39,882 equivalent to 81 percent do not have EFD machines. Non-use of EFD machines by traders makes it difficult to capture and monitor business transactions. This, in turn, provides a loophole for tax evasion.

Recommendation

I recommend the Government to continuously enforce the usage of EFD machines specifically by ensuring all eligible persons acquire and use EFD machines effectively for compliance with the requirement of Sect. 36 of the Tax Administration Act, 2015 and EFD Regulations.

5.4 Issues Arising From the Audit of Consolidated Financial Statements

5.3.8 Introduction

The Government of United Republic of Tanzania has adopted the use of the International Public Sector Accounting Standards (IPSAS) accrual basis of accounting in the preparation of Financial Statements with effect from 1st July, 2012. The Government therefore prepared its first IPSAS compliant Consolidated Financial Statements for the financial year ended 30th June, 2013 as per the requirement of IPSAS 6.

Despite the good intention of the Government towards increasing transparency and accountability, the consolidation of financial statements for entities controlled by the Government has been facing a number of challenges in the course of its implementation. These challenges include but not limited to:

5.3.9 Monetary additions reported in the Financial Statements were not accurate

Para 25 (a) of IPSAS 2 requires that, only cash outflows that result in a recognized asset in the Statement of Financial Position are eligible for classification as investing activities such as cash payments to acquire property, plant, and equipment, Intangibles, and other long-term assets. These payments include those relating to capitalized development costs and self-constructed property, plant, and equipment.

My review of the notes to the Consolidated Financial Statements for the year 2015/2016 reported balances regarding monetary additions/acquisition of investment properties, Plant, Property and Equipment (PPE), intangible and biological assets different from the balances under the category of 'Cash Flow from Investing Activities' in the Cash Flow Statement as shown in the table below;

Table 39: Monetary Additions in the Financial Statements not accurate

Items	Note No.	Monetary Additions as per Notes to the Statement of Financial Position '000'	Monetary Additions in the Cash flow Statement '000'
Investment Properties	46	447,763,534	651,385,075
Property Plant & Equipment	69	5,827,200,932	2,571,568,646
Intangible Assets	70	29,338,936	199,079,766
Biological Assets	71	1,911,047	6,491,572

My further review and inquiries with management as regards to the discrepancies of monetary additions of PPE, Intangibles, Investment, Biological Assets and other Long-Term Assets as reported in these two statements could not obtain any evidence to justify and reconcile the figures but lack of automation in the consolidation was pointed out to be the main the reason for this. Thus such discrepancies implied that Consolidated Financial Statements were misstated in respect to monetary additions of assets.

Recommendation

The Government harmonize the database of controlling entity and controlled entities so as to be able to automatically run their financial statements from the system (software)

5.3.10 Consolidation of Entities with different reporting dates without adjustments

My audit of the Consolidated Financial Statements for the United Republic of Tanzania noted that such statements

include some Government Controlled Entities (GBEs) which have reporting dates different from the reporting dates of the controlling entity. Such inclusion is contrary to Para 46 of IPSAS 35 and Treasury Circular No. 12 of 9th January 2015 that require financial statements of controlling entity and controlled entities for consolidation purpose to be of the same reporting date and when the dates are different to prepare additional financial statements as of the same date as the financial statements of the controlling entity.

Furthermore, I noted that, no adjustments were made on the Consolidated Financial Statements of the controlled entities to harmonize the reporting dates with those of the controlling entity. No adjustment of the effects of significant transactions or events that occur between that date and the date of the controlling entity's financial statements also contravenes with Para 46 of IPSAS 35 that stipulates that adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's financial statements. In any case, the difference between the reporting date of the controlled entity and that of the controlling entity shall be no more than three months. Such practice, in addition, violates Accounting Circular No. 3 of 2015/16 for the closure of accounts for the financial year 2015/16 that also emphasis that the public entities with different accounting period to that of the Government to change accounting period to align with the Government financial year which starts from 1st July to 30th June. A summary of such entities are shown in the table below;

Table 40: Controlled entities whose reporting dates differ with the controlling entity

S/N	Name of Entity/Bank	Entity's Financial Year
1	TIB Development Bank	Dec-15
2	TIB Corporate Bank	Dec-15
3	Tanzania Postal Bank	Dec-15
4	Tanzania Women's Bank	Dec-15
5	Twiga Bancorp	Dec-15
6	Tanzania Telecommunications Company Ltd.	Dec-15
7	Kilimanjaro Airport Development Company Limited	Dec-15

In my view, the Government through the Treasury Registrar has a role to ensure a close follow up of entities to be consolidated have uniform reporting dates or make adjustments for the effects of significant transactions or events that occur between that date and the date of the controlling entity's financial statements. I am aware some of Government owned banks had to comply with Central Bank's requirements but the issue of such entities adjusting effects of significant transactions is of essence. Thus, the burden of adjustment of reporting dates during consolidation process will be reduced and enable smooth compliance with the requirement of the Standard. This will, in turn, ensure the prepared Consolidated Financial Statements portray fair view of the state of the entire government.

Recommendation

The Government ensure all Government Controlled Entities to harmonize their reporting dates with the controlling entity or

prepare additional financial statements and proper adjustments in compliance with requirements of IPSAS 35, Treasury Circular No. 12 of 9th January 2015 and Accounting Circular No. 3 of 2015/16.

5.3.11 Absence of Actuarial Valuation for Provision of Government Pension TZS 393.5 billion

My review of Consolidated Financial Statements for the period ended 30th June, 2016 noted that TZS459.56billion was provided by Government institutions for pension provisions for retirees, leave pay, legal cases and financial guarantees. Further scrutiny found that 86 percent of the reported provision was pension funds for retirees and these liabilities in relation to defined benefit plan that the Government operates. I noted that the Government recognized and disclosed in the Consolidated Financial Statements TZS. 393.5 billion as provisions for pensioners but actuarial valuation was not conducted to determine the pension liabilities. This is contrary to paragraph 61 (a) of IPSAS 25 that requires that accounting of Defined Benefit Plans by an entity need to use actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods.

I am therefore concerned that in absence of an actuarial valuation to professionally determine the government pension obligations for its retirees, the reported figures in the consolidated financial statements may be misstated. Thus, lack of actuarial valuation it is difficult to determine the actuarial gains and losses that may accrue.

Recommendation

The government is advised to comply with IPSAS 25 for accounting for employees benefit by conducting actuarial

valuation to determine the amount of liabilities due to Government retirees and pensioners.

5.3.12 The Process of consolidation of financial statements not automated

During the audit of consolidated financial statements I observed manual posting of financial statements related to MDA's and LGA's in the designed template for preparation of consolidated financial statements of the government regardless of the use of EPICOR accounting system by both MDAs and LGAs.

My interview and inquiries with management also revealed that; (a) Tanzania Missions abroad, which are under Vote 34-Ministry of Foreign Affairs and International Cooperation, are not integrated in the EPICOR accounting system; (b) LGA's and MDA's EPICOR are not harmonized. Although both MDA's and LGA's use EPICOR 9.05 for accounting and budgeting purposes which could offer a suitable platform for compatibility and harmonization but the databases operate independently. This limits the Accountant General to access information directly from Local Government database and automate the preparation of Consolidated Financial Statements; and (c) some votes use independent Epicor databases due to the nature of their operations which further limits automation of the consolidation process.

In addition, my audit of the Consolidated Financial Statements noted a decrease of payables (current) by 21 percent as compared to prior year reported figure but my further scrutiny noted that total payables reported in the Consolidated Financial Statements from various controlled entities was generated out of the EPICOR system. My inquiries with Management as to the reason for such a practice it was brought to my attention that no transaction/commitment is

allowed to be processed without financial provisions and thus unsettled liability should be backed by committed funds within the released budget. This makes manual accounting as an only option to circumvent EPICOR operation control system. As a consequence, I noted some controlled entities reported payables (current) at the end of the year greater than the unspent balance something that signifies such payables were manually posted in the financial statements at the yearend because they were committed when the entities had no funds in the system.

I am concerned that, high levels of manual interventions in the preparation of the Consolidated Financial Statements expose them to human errors which, in turn, lead into inaccurate financial statements. Such practices further makes consolidation and adjustments process to be more time consuming. Bypass of the controls embedded in the EPICOR also create liabilities out of the system in this which, in turn, affect the implementation of planned activities for the subsequent years if not re-budgeted.

While I acknowledge some of the challenges in the consolidation of financial statements, particularly for some GBEs which are not using Epicor system and IPSAS Accrual, but I believe that there is still room for the government automating the consolidation process for the central government, LGAs and even other public entities. A system driven consolidation to a greater extent reduce chances of human errors and will enhance easy tracking and update of adjustments to reflect the accurate and updated balances at all times.

I reiterate my recommendation that the government (a) configure Epicor system to automatically consolidate MDAs, LGAs and GBEs (b) speed up its efforts to integrate the Tanzania Embassies and High Commissions in the EPICOR accounting package so as to enhance their budgetary controls

and credibility of their financial statements (c) harmonize the database of LGA's and MDA's so as to be able to automatically run their financial statements from the EPICOR system and finally develop advanced means to integrate the financial statements of government entities that are using EPICOR but their nature of operation necessitated separation of their database (d) generate all payables in EPICOR system in order to control expenditure and ensure accuracy and proper presentation of financial information.

5.3.13 Biological assets not properly classified TZS 122.9 Billion

Para 39 of IPSAS 27 states that, “An entity shall provide a description of biological assets that distinguishes between consumable and bearer biological assets and between biological assets held for sale and those held for distribution at no charge or for a nominal charge”.

Further, Para 42 states that, “In making the disclosures required by paragraph 39, an entity is also encouraged to distinguish between mature and immature biological assets, as appropriate. These distinctions provide information that may be helpful in assessing the timing of future cash flows and service potential. An entity discloses the basis for making any such distinctions”.

Despite my recommendation in the previous year's management letter (2014/2015), during the year under audit, from a sample of 93% of reported biological assets I noted that individual financial statements had not distinguished biological asset into consumable and bearer or mature / immature contrary to the Para 39 of IPSAS 27. On the other hand, the consolidated financial statements under note 71 disclosed whole figure of biological assets amounting to TZS 122.9 Billion as only matured biological assets.

The base for this categorization could not be ascertained notwithstanding with the fact that, in the current year under audit (2015/2016), Biological assets worth TZS 34.6billion are reported as an increase through regeneration and purchase. This also contravenes with the issued Accounting circular no.3 of 2015/2016 on how individual entities should account, report and disclose biological assets which implied that the reported figure for such assets may not be fairly stated.

I therefore iterate my recommendations that Government report all biological asset in compliance with IPSAS 27 and incorporate the reporting procedures of biological assets in the accounting procedure manual to guide individual entities on how to account and disclose the biological assets.

5.3.14 Inconsistence of reported figures of PPE from Fixed Asset Registers

Item xii of the Accountant General's Accounting Circular No. 3 of 2015/16 closure of accounts for the financial year 2015/2016 issued on 3rd June 2016 directed accounting officers to ensure that Fixed Assets Registers reflect the total values of fixed assets that are recognized in the Statement of Financial Position.

In order to expedite the process of preparing the government fixed assets register, the Accountant General formed a task force that collected information from individual MDAs situated in Dar es Salaam using a standardized format for asset register. For information regarding new assets acquired in 2015/16 will also be uploaded into the IFMS and linked to Asset Management Module for preparation of financial statements and soft copy of asset register.

My review of fixed asset register from the Epicor system and comparison with 26 sampled central government votes out of 55 votes, I noted that, fixed asset registers have not been updated contrary to the Circular No. 3 of Accountant

General. Therefore, the reported fixed assets figures are inconsistent between the individual maintained fixed assets registers and the system maintained fixed assets register at ACGEN.

Notwithstanding with the fact that, one year of transitional period has left to full IPSAS compliance for central government, yet such inconsistency of the established system Fixed Asset register portray inconsistencies hence misstatement of reported fixed assets figure in the consolidated financial statements.

I am of the view that, timely and comprehensive up-dating of the fixed asset register allows an entity to keep track of details of each fixed asset, fairly reflecting the total values of the recognized assets in the statement of financial position and also preventing the risk of misappropriation of assets.

Recommendations

I advise the management to ensure fixed assets registers are updated and properly maintained to enhance accuracy and completeness of balances reported in the financial statements.

I further advise expediting the exercise of linkage of account payable and assets management module.

5.3.15 Differences between audited figures from Individual Financial Statements with those of the Consolidated Financials

Section 25(1) of the Public Finance Act, 2001 requires the Accountant General to prepare and transmit to the Minister and to the CAG within a period of four months or such longer as the National Assembly may by resolution appoint after the end of each financial year, a Balance Sheet showing the assets and liabilities of the consolidated fund, a statement of the source and application of funds for the consolidated fund,

a summary statement of revenue and expenditure, being a summary of all statements signed by accounting officers.

Section 25(2) of the Public Finance Act, 2001 also requires that each accounting officer shall, within a period of four months after the end of each financial year prepare and transmit to the Controller and Auditor-General in respect of the past financial year and in respect, of the votes, revenues and moneys for which he is responsible.

However, my review of the consolidated financial statements to establish accuracy of the information used for consolidation of financial statements from sampled controlled entities I noted differences between the audited figures of controlled entities and those used in consolidation process. My discussion with management revealed that the differences arise due to time constraint that management faces - from the time of consolidating financial statements and finalization of audit of controlled entities. It was noted that management are required to submit consolidated financial statement to CAG while the audit of controlled entities is still in progress which lead to the proposed adjustments during the audit in the individual accounts not be reflected in the consolidated accounts much as the consolidation is not automated.

I am therefore concerned with the use of unaudited individual financial statements for consolidation purpose impairs the reliability of the consolidated financial statements.

I therefore recommend that (a) make the necessary adjustments in the consolidated financial statements based on the audited figures and (b) automate consolidation process.

6.0 EVALUATION OF INTERNAL CONTROL SYSTEM AND GOVERNANCE ISSUES

6.1 Introduction

This chapter deals with weaknesses in internal control systems and corporate governance issues that were found material to be highlighted in this report.

Internal control is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Internal auditors are charged with reviewing and confirming information and compliance with policies, procedures and laws established by the entity.

Boards are responsible for policy governance and overall oversight. Management are responsible for operational aspect including personnel and internal control.

During planning and conducting of the audits, relevant internal controls for the preparation and fair presentation of the financial statements were considered in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls. As only relevant controls were considered to identify material deficiencies, there can be no assurance that all such deficiencies have been identified.

Specific considerations were put on the; performance of Audit Committees, performance of the Internal Audit Unit, IT - General Controls, risk assessment processes fraud prevention and controls as well as governance issues. The following control weaknesses were identified

6.2 Assessment of Internal Audit functions

According to Regulation 28 (1) of the Public Finance Regulations, 2001, every Accounting Officer is required to establish an effective Internal Audit Service Unit to provide assurance on the adequacy and effectiveness of the entity's internal controls.

However, the assessment of internal audit functions for the sampled MDAs', RS and other Institutions revealed that 34 entities including 14 MDA's, 17 Regional Secretariats and 3 other institutions were noted with various deficiencies including non-establishment of internal audit unit, insufficient resources, unapproved audit plans as detailed in **Appendix 6.1**

In the absence of effective internal audit functions risk of undetected frauds, non-compliances with rules, regulations, directives and policies increase. Apart from that the entities are denied room for recommendations for enhancing processes, policies and procedures

Independent review of operation is essential I would like to bring the attention of the Accounting Officers to ensure Internal Audit Units are adequately resourced and functioning and that they fulfils their mandated responsibilities which include identification of internal control deficiencies and recommending corrective action effectively.

6.3 Assessment of Audit Committees functions

Regulation 30 of the Public Finance Regulation, 2001 (PFR) requires each MDA or a region to have an Audit Committee. Its membership (having a professional accountant) and functions have been provided for in Regulations 31 and 32 of the PFR respectively. Its responsibilities include but are not limited to; conducting quarterly meetings, approval of internal annual and strategic audit plans of the Ministry, Agency or Department; review all internal and external audit

reports, providing advice to the Accounting Officer on action to be taken on matters of concern raised in a report of the internal auditor or in the CAG's report and preparing annual reports on its functions.

However, assessment of Audit Committees functions for the sampled MDAs', RS and other institutions noted that 31 entities including 14 MDA's, 12 Regional Secretariats and 5 Institutions were found with various deficiencies including; non establishment of Audit Committee, non-review and approval of internal audit strategic plan, non-review of financial statements as detailed in **Appendix 6.2**

The Accounting Officers are advised to ensure that the Audit Committees fulfil their mandated responsibilities as outlined in the PFR in order to achieve an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

6.4 Assessment of Risk Management

Risk management is the process of making and implementing decisions that will minimize the adverse effects on the entities operations. Risk management processes involve, identifying and analyzing exposures to loss, examining feasible alternative risk management techniques to handle exposures, selecting the most appropriate risk management techniques to handle exposures, implementing the chosen techniques, and monitoring the results. I also reviewed the central government entities' risk management process with the aim of assessing their preparedness to unexpected events which if they happen will affect the sustainability of public service delivery and noted 21 entities including 9 MDA's and 12 RAS having various risk management deficiencies including; non maintenance of risk register, not having risk

management policy, non-updating risk register and absence of disaster recovery plan as detailed in **Appendix 6.3**

In order to ensure quality services to the public with minimal intervention of unexpected events, Accounting Officers are advised to strengthen risk management processes by ensuring that, documented risk management procedures for identifying, examining feasible alternative risk management techniques to handle exposures, selecting the most appropriate risk management techniques to handle exposures, implementing the chosen techniques, and monitoring the results.

6.5 Review of Information and Communications Technology (ICT) environments

As part of the audit, the assessment was also made on ICT environment to establish whether the Government entities have put in place relevant IT controls to ensure confidentiality, integrity of the accounting data and other information which are stored and generated thereon.

The audit results indicated that, out of sampled entities, 19 were found with ICT irregularities, including;

- Government entities not preparing IT disaster recovery plan, policy and disaster recovery tests not done. This leads to difficulty in restoring the system in a timely manner in case of system failure, thus loss of data which limits business continuity of the audited entities. Lack of ICT Steering Committee responsible for improving the quality of information, business system and information communication technology. The committee has to develop corporate level ICT strategies and plans ensuring cost effective application and management of ICT system and resource through the government entity. Details of the entities with irregularities are shown in Appendix 6.4

- Communication Technology has become important in our Government operations. However, also has its downsides which need the Government entities to consider ensuring confidentiality, integrity of the accounting data and other information;
- To define and customise ICT framework that will enable the alignment of ICT strategic decisions, investments and plans to ensure that IT controls are governed appropriately;
- The framework should prioritize the formulation of an ICT Steering Committee, ICT Strategic plan and ICT organization structure that will enable the achievement of the institutional goals.

The government should have well-structured disaster recovery plans and strategies to ensure that computer hardware and software are properly covered during business disruption event

6.6 Governance Issues

Corporate governance is a combination of processes and organizational structures implemented by the Board of Directors to inform, direct, manage, and monitor the organization's resources, strategies and policies towards the achievement of the organization's objectives. As part of my audit, I assessed the existence and performance of Governing Boards at the sampled Government entities.

The table below shows entities with their respective irregularities noted;

Table 41: Entities with governance issues

S/N	Name of Entity	Irregularity
1	Eastern Africa Statistical Training	Absence of Ministerial Advisory Board; This substantially affects the operations of the entity such as

S/N	Name of Entity	Irregularity
	Centre	approval of budgets, policies and the audit process.
2	Presidential Trust Fund	Non implementation of the Board of Trustees' directives.
3	Tanzania Wildlife Protection Fund	TWPF Board tenure expired on 02/06/2014 since then the appointing authority has yet to appoint Board members. This substantially affects the operations of the entity such as approval of budgets, policies and the audit process.

Source: Respective management letters

The functions of the board is to give advice to the Ministry and the Permanent Secretary on the development and maintenance of a strategic framework and the objectives of the Entity, board review Chief Executive plans and associated budgets , and annual performance of the Entity. While some Entities have recorded improvements especially in the area of establishment and compliance with Laws and Regulations related to internal audit functions, Audit Committee and risk management, they have also regressed in the area of creating efficient and effective ICT environments to ensure confidentiality and integrity of their operations.

Despite the improvement identified, more interventions from the government are required to ensure that all Government Entities have put in place effective internal control systems in order for the effective fulfilment of their legislative responsibilities.

I am of the view that, in the absence of Board of Trustees the overall policy decisions could not be done and overall direction and strategy of the business and activities may not be assessed.

Boards are oversight organs that must have relative stability in composition and tenure. We have noted in some instances high turnover of the Boards which does not help stability of the organisations. TPA for example has had five (5) Boards in space of five years.

Some institutions don't have boards completely, sometimes for more than a year, which is completely inexcusable.

I recommend for the appointing authority to ensure stability of tenure and composition and when Board have to be changed replacements to be made immediately.

7.0 HUMAN RESOURCES AND PAYROLL MANAGEMENT

7.1 Introduction

This chapter of the general report contains key audit findings from the audits conducted on Human Resources and Payroll Management to the Ministries, Regional Secretariats as well as embassies for the financial year 2015/2016. Key findings are demonstrated below:

7.2 Salaries paid to employees who were no longer in Public Service TZS 1,400,554,592

During the course of our audit I observed from sampled nineteen (19) audited entities i.e. Ministries and Regional Secretariats and noted that a sum of TZS 1, 400,554,592 was paid as salaries to 260 employees who had absconded, were deceased, retired and dismissed as shown in Table. xxx. These salaries were paid for a period ranging from 1 to 72 months. This contravened the requirement of Reg. 113 of Public Finance Regulation, 2001 (revised 2004) which requires Accounting Officers to maintain staff records such that persons are paid only for the days worked. Out of the sum paid, TZS 158,350,788 was recovered as of January 2017.

Paying salaries to persons who are no longer in service is loss of public money which calls for Government's intervention to address the situation.

Compared with the previous financial year, there is an increase from sixteen to nineteen entities (19 percent) and from TZS 392,651,036 to TZS 1, 400,554,592 (257 percent). This is a systematic problem across the government entities.

I therefore reiterate my previous recommendation for Accounting Officers to ensure that the amounts paid are refunded by the respective officers to the Ministry of Finance and Planning. In addition, Accounting Officers should timely remove from the payroll all non-existing employees to avoid financial loss to the Government

Table 42: Payments made to non - existing staff

S/N	Entity	Vote	No. of staff	Amount paid(TZS)	Amount recovered(TZS)
1	National assembly	42	2	2,536,000	0
2	Fire and Rescue	14	4	2,818,000	0
3	Police Force	28	139	757,316,000	14,034,700
4	Judiciary of Tanzania	40	27	182,913,133.26	35,031,519.66
5	Ministry of Education, Science, Technology and Vocational Training	46	8	62,541,948.00	0.00
6	Ministry of Lands, Housing and Settlements	48	1	22,623,980	10,058,338
7	Ministry of Health, Community Development, Gender Elders and Children	52	8	18,508,632.50	0.00
8	Ministry of Works Transport and Communication	98	4	5,382,958	4,459,232
9	Water and Irrigation	49	26	63,324,829.40	47,040,101.40
10	Kagera Regional Secretariat	87	8	12,196,493.29	6,784,200
11	Shinyanga Regional Secretariat	83	1	43,932,185	22,250,000
12	Geita Regional Secretariat	63	4	26,604,200	17,360,000.00
13	Kigoma Regional Secretariat	74	12	150,573,228	0.00
14	Rukwa Regional Secretariat	89	6	2,756,903	0.00
15	Ruvuma Regional Secretariat	82	4	15,857,080	0.00

S/N	Entity	Vote	No. of staff	Amount paid(TZS)	Amount recovered(TZS)
16	Tanga Regional Secretariat	86	3	3,017,687.23	1,332,697
17	Registrar of Political Parties	27	1	22,442,888.80	0
18	Manyara Regional Secretariat	95	1	1,568,445.38	0
19	Mtwara Regional Secretariat	80	1	3,640,000	0
Total			260	1,400,554,592	158,350,788

Source: Individual management letters for the year ended 30th June 2016

7.3 Statutory deductions paid for non-existing employees TZS 50,525,057.96

During the year under audit, seven entities deducted TZS 50,525,057.96 from gross salaries of 28 non-existing employees³² in respect of statutory contributions of up to four months. These deductions were paid to statutory Funds such as; National Health Insurance Fund, Public Service Pension Fund, Local Authority Provident Fund and National Social Security Fund. Net salaries relating to the noted people were paid to those non - existing employees. Refer table xx below for details:

Table 43: Deductions in respect of non - existing employees

S/N	Vote	Entity	No. of staff	Amount paid in TZS
1	14	Fire and Rescue	4	7,446,893.84
2	98	Ministry of Works, Transport and Communication	4	1,918,708
3	87	Kagera Regional Secretariat	8	11549688.00
4	89	Rukwa Regional Secretariat	6	1,069,094.12
5	82	Ruvuma Regional Secretariat	4	9,277,920
6	52	Geita Regional Secretariat	1	18,177,000
7	95	Manyara Regional Secretariat	1	1,085,754
Total			28	50,525,057.96

Source: Respective management letters for the year ended 30th June 2016

In my previous report, the same issue was noted in five entities including Votes 89 and 82 observed in the current report. I advise the concerned Accounting Officers to make sure that the amount paid to Pension Funds is recovered and remitted to Treasury. Going forward, effective controls need to be instituted and implemented to prevent future occurrence of this weakness as it results into increasing the Government wage bill unnecessarily.

³² Staff retired, deceased and absconded from Public Service.

7.4 Ineligible Foreign Service allowance and school fees TZS 84,055,880.46

On review of human resource management at Tanzania Embassy in Brussels, I noted that a total of € 22,789.25 (TZS 52,768,512.96) was paid as Foreign Service allowance for August to November 2015 to employee who was not in public service after he had been granted leave without pay and later on was appointed by his party to contest for a parliamentary seat in the October 2015 General elections. Similarly, school fee of € 12,930.00 (TZS 31,287,367.50) was paid for the children of the same.

Article 72 (b) of the Constitution of the United Republic of Tanzania instructs that where a public officer is contesting for leadership in any political party from the date of contesting or his becoming a candidate, then his public service ceases.

Payments of Foreign Service allowance and school fees for the children of an employee who is not in public service is loss of public funds.

I advise the Accounting Officer concerned to ensure that the amount is recovered. In addition, Ministry of Foreign Affairs and East Africa Cooperation is advised to ensure that payments are made only to eligible persons.

7.5 Unpaid salaries not returned to Treasury TZS 1,027,334,712.04

The Ministry of Finance, Planning and Economic Affairs vide its letter with Reference No. EB/AG/485/01/Vol. V/32 dated 3rd June 2016 (replacing the one issued 31st August 2007) instructed all Accounting Officers to remit all unpaid salaries to Treasury through an account opened at Central Bank of Tanzania.

Review of sample of eight entities including two Ministries and six Regional Secretariats noted that unpaid salaries amounting to TZS 1,027,334,712.04 were retained in deposit accounts without being remitted to Treasury contrary to the directive issued. This creates a risk that these funds could be misappropriated. Refer the Table below for details.

Table 44: Unpaid salaries not remitted back to Treasury

S/N	Vote	Entity	Amount in TZS
1	52	Ministry of Health, Community Development, Gender Elders and Children	423,500,680.70
2	63	Geita Regional Secretariat	7,924,200
3	87	Kagera Regional Secretariat	29,168,116
4	46	Ministry of Education, Science, Technology and Vocational Training	451,753,872
5	85	Tabora Regional Secretariat	43,589,538.34
6	79	Morogoro Regional Secretariat	17,781,000
7	80	Mtwara Regional Secretariat	16,534,000
8	76	Lindi Regional Secretariat	37,083,305
Total			1,027,334,712.04

Source: Individual management letters for the year ended 30th June 2016

I noted that out of TZS 423,500,680.7 retained by Ministry of Health, Community Development, Gender, Elderly and Children (Vote 52) TZS 157,350,136.47 was used to pay Tanzania Revenue Authority in respect of withholding taxes. The Ministry failed to withhold tax from various suppliers of goods and services while claiming that this money will be recovered from suppliers.

I advise the Accounting Officers to ensure that unpaid salaries are remitted back to Treasury as directed. Also, the Ministry of Health, Community Development, Gender, Elderly and Children (Vote 52) should ensure that TZS 157,350,136.47 should ensure

that unpaid salaries are not used for other purposes and the same is recovered and remitted to Treasury as well.

7.6 Delay to remit statutory deductions to relevant authorities TZS 284,552,429,219

Sections 40 and 41 of the Public Service Retirement Benefits Act, 1999 requires every employer of a member to contribute to the fund in respect of a member by deducting that member's contribution from his salary at the end of each month whereby the employer contributes 15% of the member basic salary while the member contributes 5% of the basic salary.

Pension and Health Insurance Funds requires employers to deduct and remit deductions from employees and employers contributions monthly failure of which penalties are charged.

Review of Government's compliance regarding timely remittance of statutory deductions noted that, a total of TZS 284.552 Billion payable by the government to pension funds and National Health Insurance Fund were delayed for the period 30 to 90 days after the payment of monthly salary contrary to Pension Funds Acts and NHIF Act as shown in the appendix 7.1. Further review of payment vouchers, noted a case where the government was penalized a total of TZS 4,089,000 being penalty on delaying remittance of statutory contributions to PSPF.

Also, on review of individual entities I noted that statutory deductions amounting to TZS 167,486,144.25 as shown in the table below were made from public servants from five entities but were delayed to be remitted to relevant Pension Institutions, delays ranged from one to 138 months.

Table 45: Delayed statutory deductions

S/N	Vote	Entity	FUND	Amount	Months delayed
1	16	Attorney General's Chamber	PSPF	35,194,104.00	3 to 138
2	92	TACAIDS	PSPF	4,301,350	1
			PPF	349,680	
			NHIF	3,865,188	
			LAPF	1,006,400	
3	97	East African Cooperation	LAPF	428,100	3
			NSSF	726,800	
			PSPF	6,725,300	
			NHIF	4,510,080	
4	61	National Electoral Commission	PSPF	6,348,150.00	12
			LAPF	101,805,120.25	3
5	38	Tanzania Peoples Defence Forces	PSPF	2,225,872	1 to 71
Total				167,486,144.25	

Source: Individual management letters for the year ended 30th June 2016

I noted that two entities were charged with penalties amounting to TZS 17,050,249.95 from Pension Funds as shown in the table below. Penalties due to delay in remittance of statutory deductions are nugatory payments.

Table 46: Penalty on delayed remittance of statutory deductions TZS 17,050,249.95

S/N	Vote	Entity	Amount in TZS
1	38	Tanzania Peoples Defence Forces	11,181,362.25
2	49	Water and Irrigation	5,868,887.70
Total			17,050,249.95

Source: Individual management letters for the year ended 30th June 2016

I advise the Accounting Officers to ensure that remittance of statutory deductions is done timely. Adequate measures should be taken to avoid future losses of public money from penalties charged due to delay in remittance of deductions to relevant authorities.

7.7 Long outstanding staff claims TZS 8,204,093,899.44

My review on human resources management in a sample of 7 audited Central Government entities revealed that there are unpaid staff claims amounting to TZS 8,204,093,899.44 for a period ranging from one to ten years as shown in the table below. Delay to pay staff claims for long time may lead to demotivation hence, low performance and frustration in service delivery.

Table 47: Delay to pay staff claims

S/N	Vote	Entity	Outstanding amount in TZS	Period
1	38	Tanzania Peoples Defence Forces	1,826,556,675.00	4 years
2	28	Tanzania Police Force	4,519,726,982	3 years
3	46	Ministry of Education and Vocational Training	252,826,971	3 years
4	58	Ministry of Energy and Minerals	274,101,694	8 years
5	92	TACAIDS	79,318,937.44	3 years
6	89	Rukwa Regional Secretariat	1,164,521,890	2 years
7	68	Ministry of Works, Transport and Communication	87,040,750	1 to 10 years
Total			8,204,093,899.44	

Source: Individual management letters for the year ended 30th June 2016

I advise the Accounting Officers in collaboration with Ministry of Finance and Planning to ensure timely payment of staff outstanding claims.

7.8 Pay As You Earn (PAYE) not deducted on acting allowances TZS 37,839,010

Order number D.18 (1) of Public Service Standing Order 2009 states that acting appointments occur where an employee is assigned temporarily to perform the duties of a position in a classification with a superlative substantive post.

Sect. 7(2) (a) of the Income Tax Act, 2004 (revised in 2008) requires all income from employments to be taxed, with exception to any subsistence, travelling, entertainment or

other allowance that represents solely the reimbursement to the recipient of any amount expended by him wholly and exclusively in the production of his income from his employment or services rendered.

My review on a selected sample of three (3) government entities noted that acting allowance amounting to TZS 37,839,010 for seven staff as shown in the table below was paid without deducting income tax (PAYE), hence the income tax component has been taken by officers instead of submitting the same to Tanzania Revenue Authority as required by Sect. 7 (2) (a) of the Income Tax Act, 2004 (revised in 2008).

Table 48: PAYE not deducted TZS 37,839,010

S/N	Vote	Entity	No. of staff	Amount in TZS
1	14	Fire and Rescue	1	33,591,000
2	92	TACAIDS	1	2,070,000
3	95	Manyara Regional Secretariat	5	2,178,010
Total			7	37,839,010

Source: Individual management letters for the year ended 30th June 2016

By not deducting Pay as You Earn on acting allowances, the government is denied the revenue which could have been used in the service provision or purchase of public goods to the society.

This issue was noted in my previous report; I therefore continue to emphasize my advice that Accounting Officers should ensure that all acting allowances paid are duly charged with Pay as You Earn tax. In addition, accrued Income Tax therefrom is paid to Tanzania Revenue Authority (TRA).

7.9 Non - compliance with Higher Education Student's Loans Board Act

Section 20 of the Higher Education Student's Loans Board as amended in 2007 requires the employer of any loan beneficiary to notify the board of the employment of the loan beneficiary and ensure that employees arrange with employer for the monthly deductions and remittance of the repayment installments to the Board.

As part of my review on human resource management, I noted that Accounting Officers in eight entities did not comply with the requirement of the act by failing to notify loan board of the 659 loan beneficiaries within their jurisdiction as well as arranging for monthly deductions and remitting the same to the loan Board. As a result, a total amount of TZS 913,391,857.82 as loan issued to staff was not deducted from salaries of the beneficiaries as shown in the table below. Failure to notify and arrange for payments may put the loan board into financial distress and apparently failing to serve prospective loan beneficiaries.

Table 49: Staff with outstanding loan payable to loan board

S/N	Vote	Entity	No. of staff	Outstanding amount (TZS)
1	55	Commission for Human Rights and Good Governance	22	110,804,759.70
2	16	Attorney General's chambers	14	77,542,913
3	32	President's Office Public Service Management and	5	44,690,460

S/N	Vote	Entity	No. of staff	Outstanding amount (TZS)
		Good Governance		
4	48	Ministry of Lands, Housing and Settlements	62	-
5	41	Ministry of Constitution and Legal Affairs	7	55,754,844
6	74	Kigoma Regional Secretariat	390	-
7	85	Tabora Regional Secretariat	113	-
8	75	Kilimanjaro Regional Secretariat	46	624,598,881.12
Total			659	913,391,857.82

Source: Individual management letters for the year ended 30th June 2016

Compared with my previous report, there is an increase from six to eight entities noted to have violated the Higher Student Loan Board Act.

I reiterate my recommendation that Accounting Officers (employers) should comply with the Loan board Act by notifying the HESLB of the employment of loan beneficiaries and pay every deduction from the loan beneficiary's wages or remuneration to the Board within fifteen days after the end of each month. In addition, loan beneficiary's (employees) should arrange with the employer for monthly deductions from his/her salary and ensure payments of such monthly deductions by the employer are remitted to the Loan Board.

7.10 Public Servants acting more than six months

Order D.24 (3) of the Standing Orders for the Public Service, 2009 states that “Where possible, a public servant shall not act in a vacant post for a period exceeding six months. The appointing authority shall make sure that the process for appointing a substantive holder of a respective post is completed within that period of six months”.

During the year under review, I noted that 49 employees from fourteen entities have been acting in various positions for more than six months without appointing a substantive holder of those posts contrary to the requirement of standing order. Employees in those posts have been acting for periods ranging from seven (7) to eighty-four (84) months. List of entities with staff acting more than six months is as shown in the table:

Table 50: Staff acting more than six months

S/N	Vote	Vote Name	No of staff	Period acted
1	5	National Irrigation Commission	17	11 to 26 months
2	66	Planning Commission	6	7 to 51 months
3	14	Fire and Rescue	1	48 months
4	24	Cooperatives Development Commission	4	15 to 18 months
5	37	Prime Minister's Office	3	24 months
7	87	Kagera Regional Secretariat	3	7 to 84 months
8	81	Mwanza Regional Secretariat	3	10 to 50 months
9	47	Simiyu Regional Secretariat	4	
10	10	Joint Finance Commission	1	39 months
11	70	Arusha Regional Secretariat	1	36 months
12	91	Antidrug Commission	1	
13	74	Lindi Secretariat	2	10 to 35 months
14	79	Morogoro Regional Secretariat	3	51 to 60 months
Total			49	

Source: Individual management letters for the year ended 30th June 2016

Failure to appoint substantive holders for those posts may hinder effective decision making and demoralizing staff morale hence low performance.

I advise the Accounting Officers to collaborate with the President's Office Public Service Management and Good Governance to ensure compliance with the Standing Order by appointing a substantive holder of a respective post within the period of six months.

7.11 Staff receiving net salaries below the allowable statutory limit

My review on payroll noted that some audited entities allow deduction on gross salary over and above the allowed limit contrary to Section 3 of the Debt Recovery Act, 1970 and a Circular with Ref. C/CE.45/271/01/1/87 of 19th March, 2009 issued by the Permanent Secretary, President's Office Public Service Management (PS-POPSM) directed all Accounting Officers to ensure that deductions from staff salaries for recovery of debts/loans in any month shall not exceed two third of the salary payable in that month.

Review of selected sample of six Government entities noted that 49 employees were paid net salaries below the statutory limit. In the circumstance employees receive less income than expected, their commitment to work might be impaired and therefore lead to underperformance. Staff are being subjected to pecuniary embarrassment on their employment income. List of entities having staff receiving salaries below the allowable limit is shown in the table below;

Table 51: Staff receiving salaries below the allowable limit

S/N	Vote No.	Vote Name	Number of staff
1	52	Ministry of Health and Social Welfare	23
2	53	Ministry of Community Development, Gender and Children	6
3	96	Ministry of Information, Youth, Culture and Sports	2
4	72	Dodoma Regional Secretariat	2
5	76	Lindi Regional Secretariat	14
6	70	Arusha Regional Secretariat	2
Total			49

Source: Individual management letters for the year ended 30th June 2016

As observed in the previous years the majority of the audited entities are still not complying with the requirement. Total number of employees receiving net salaries below the allowable statutory limit has decreased from 875 to 35, but the number of entities has increased from two reported in my previous report to six in this year.

I therefore reiterate my recommendation that Accounting Officers need to strengthen internal controls by certifying all staff loans before granting another loan and liaise with credit providers such that total deductions do not exceed two thirds of the employee's monthly salary as per Sect. 3 of the Debt Recovery Act, 1970 and the Circular with Ref. C/CE.45/271/01/1/87 of 19th March, 2009 from the Permanent Secretary- PO-PSM. All public entities are advised to comply with the Government Standing Order and Staff Regulations in advancing payments to employees.

7.12 Failure to conduct staff performance reviews and appraisals

Order number D.62 of the Public Service Standing Orders of 2009 stipulates "All organizations shall use open performance appraisal system as stipulated in the Public Service Act, Cap.298 and under Reg. 22 of the Public Service Regulations, 2003".

Reg. 22 (1) of the Public Service Regulations, 2003 requires every organization within the Public Service to operate an Open Performance Review and Appraisal System (OPRAS) for all its public servants; this requirement is in line with the requirements Public Service Standing Orders D.62 of 2009.

Also, Reg. 22 (2) of the Public Service Regulations, 2003 explains the purpose of the performance appraisal of public servants is to discover, evaluate and document the potential and shortcomings of individuals to enable measures to be taken for improvement of the efficiency and effectiveness of public service as a continuous objective.

My review of compliance with requirements of standing order and public service regulations on a selected sample of eight entities noted that, 764 staff had not conducted Open Performance Review and Appraisal with their supervisors as shown in the table below.

Table 52: Performance reviews and appraisal not conducted

S/N	Vote	Entity	Number of staff
1	75	Kilimanjaro Regional Secretariat	19
2	86	Tanga Regional Secretariat	27
3	57	Ministry of Defence	9
4	2004	Tanzania Embassy in Kinshasa	6
5	71	Coast Regional Secretariat	20
6	84	Singida Regional Secretariat	7
7	35	Directorate of Public Prosecution	676
Total			764

Source: Individual management letters for the year ended 30th June 2016

Failure to appraise staff implies that management is not informed of the capacity gaps employees may have in order to design appropriate interventions to address them. Besides,

it is best practice to adopt Open Performance Review and Appraisal system whereby promotion, training and rotation of employees is based.

I advise Accounting Officers to regularly carry out Open Performance Review and Appraisal to their entire staff in accordance with Public Service Standing Orders of 2009.

7.13 Shortage of staff

As part of my audit procedures, I reviewed government entities staffing levels and manpower requirements and noted serious problem of inadequate staffing. Inadequate staffing may hinder attainment of corporate goals since a good mix of skills, competence and abilities may not be possible. In addition, segregation of duties and staff rotation which are necessary attributes of internal controls system may not be exercised effectively.

On a selected sample of thirty-eight audited entities I noted 11,892 unfilled posts against the requirements of 24,568 as shown in the table below. This shortage accounts for 48% of the staffing level required.

Shortage of staff hinders effective service delivery by the entities to the public. The Government needs to exert more efforts to improve the staffing level.

I advise the Accounting Officers in collaboration with the President's Office Public Service Management and Good Governance to fill the required positions or review the requirements against actual staffing levels in relation to service delivery.

Table 53: Shortage of staff

S/N	Vote	Entity	Required staff	Available staff	Shortage
1	55	Commission for Human Rights and Good Governance	171	159	12
2	91	Ant Drug Commission	-	12	12
3	37	Prime Minister's Office	448	397	51
4	48	Ministry of Lands, Housing and Settlements	2,163	871	1,292
5	51	Ministry of Home Affairs	2,138	246	1,894
6	53	Ministry of Community Development Gender and Children	4,372	1475	2,897
7	72	Dodoma Regional Secretariat	1,141	681	460
8	73	Iringa Regional Secretariat	951	588	363
9	77	Mara Regional Secretariat	820	510	310
10	81	Mwanza Regional Secretariat	1,027	599	428
11	83	Shinyanga Regional Secretariat	722	500	222
12	82	Ruvuma Regional Secretariat	946	782	164
13	85	Tabora Regional Secretariat	976	558	418
14	13	Financial Intelligent Unit	51	16	35
15	70	Arusha Regional Secretariat	1,041	790	251
16	75	Kilimanjaro Regional Secretariat	1,026	777	249
17	95	Manyara Regional Secretariat	828	339	489
18	71	Coast Regional Secretariat	386	301	85
19	79	Morogoro Regional Secretariat	1,111	858	253
20	76	Lindi Regional Secretariat	1,061	404	657
21	80	Mtwara Regional Secretariat	1,063	462	601
22	78	Mbeya Regional Secretariat	857	572	285
23	88	Dar es Salaam Regional Secretariat	192	161	31
24	2034	Tanzania High Commission Moroni	10	5	5
25	2027	Tanzania High Commission Abu Dhabi	17	16	1
26	2014	Tanzania High Commission Beijing	9	6	3
27	2019	Tanzania High Commission Brussels	7	0	7
28	84	Singida Regional Secretariat	940	562	378
29	2021	Tanzania High Commission Kampala	6	2	4
30	2004	Tanzania Embassy in Kinshasa	8	6	2
31	2029	Tanzania Embassy in Muscat	14	11	3
32	2013	Tanzania Embassy in Paris	10	3	7
33	2024	Tanzania Embassy in Riyadh	19	15	4
34	2020	Tanzania Embassy in Geneva	14	8	6
35	2001	Tanzania Embassy in Addis Ababa	7	2	5
36	2028	Tanzania Embassy in Bujumbura	6	4	2
37	2015	Tanzania Embassy in Rome	1	0	1
38	2023	Tanzania Embassy in Nairobi	9	4	5
Total			24,568	12,702	11,892

Source: Individual Management letters for the year ended 30th June 2016

7.14 Payroll records not well maintained

Reg. 110 of Public Finance Regulation 2001 (revised 2004) vests to Accounting Officers the responsibility of proper staff record keeping within their jurisdictions to ensure records are correct and changes are regularly updated.

On review of Lawson payroll data in six entities I noted instances where records relating to staff were not well recorded such as incorrect birth dates, transfer of staff not updated, staff retired but their names still appear in payroll even though no salary was actually paid. Refer the table below for more details.

Table 54: Staff records not well recorded/updated

S/N	Vote	Vote Name	Anomaly
1	14	Fire and Rescue	Payroll master file records show that five employees were born on 2 nd January, 1900 and the related control sheets show that their retirement age of sixty years was on 01 st January, 1960 while they were hired between the years 2007 to 2009.
2	46	Ministry of Education and Vocational Training	There was un-cleaned data on dates of birth for four (4) employees. The system shows birth date of these employees as 1/1/1900. Two (2) employee have no payroll check number

S/N	Vote	Vote Name	Anomaly
3	95	Manyara Regional Secretariat	Salary control sheets and related documents show that four employees who were transferred from Vote 95 RAS-Manyara to other votes still appeared under Vote 95 which caused the wage bill of the Secretariat be over by TZS.34, 365,000.
4	74	Kigoma Regional Secretariat	Two employees were transferred to other working stations but still appearing in the Regional Secretariat payroll system. A total of TZS 5,664,000 was paid for transferred staff during the year under review.
5	72	Dodoma Regional Secretariat	Payroll data obtained from the Regional Secretariat shown that the Secretariat has removed seven employees who have retired from service and also had stopped receiving salaries in accordance to their respective retiring dates, however, the payroll data from Treasury still had employees who have retired as of the end of the financial year 2015/2016.
6	63	Geita Regional Secretariat	A total of 15 names employees who were no longer working with the Secretariat continued to appear in the payroll even though no salary was noted to have been paid.

Source: Individual management letters for the year ended 30th June 2016

Inaccurate staff information may lead to paying non - existing staff with no any economic benefit to the entity.

I advise Accounting Officers to ensure routine update of employees' data in Lawson. In addition, Accounting Officers in collaboration with the President's Office, Public Service Management and Good Governance as well as Treasury to ensure that employees are transferred together with their salaries.

7.15 Overstay of Home Based Staff in embassies

Sect. 31(1) and (2) of the Tanzania Foreign services Regulations of 2013 stipulates that an officer may be posted to any station, where his services may be required and unless otherwise specified a form of duty shall be for a period of forty-eight months. Also, appointment letters of home based staff give them the maximum stay of four years in the work station abroad.

To ensure compliance with Foreign Service Regulations my review in a sample of two Missions noted two staff who have overstayed. Home based staff have overstayed for the period of between two and half to three years after expiration of their term. This was due to the fact that the Ministry of Foreign Affairs and East African Cooperation did not replace them. Details of overstayed staff are shown in the table below:

Table 55: Overstayed home based staff

S/N	Sub vote	Name	Number of staff	Period overstayed
1	2020	Tanzania Permanent Mission to the United Nations in Geneva	1	3 years

S/N	Sub vote	Name	Number of staff	Period overstayed
2	2019	Embassy of Tanzania - Brussels, Belgium	1	2.5 years
Total			2	

Source: Individual management letters for the year ended 30th June 2016

Compared with my previous report, there was a decrease from nine to two embassies with overstayed home based staff; this indicates substantial measures were taken by the Government to address the issue. I still insist the Accounting Officer of the Ministry of Foreign Affairs and East African Cooperation to strictly comply with Reg. 31 (1) and (2) of Tanzania Foreign Services Regulations of 2013 by making staff transfers.

7.16 Expired Contracts for Honorary Consuls

Audit review of Consulates files noted that the contracts of four Honorary Consuls expired for periods of up to 17 months ago without renewal or issuance of new ones by the Ministry of Foreign Affairs and East African Cooperation. On the other hand, two Consulates had not signed contracts as shown in the table below.

Table 56: Expired Contracts for Honorary Consuls not renewed

Consulate Station	Date signed the contract	Contract expired date	No of days without Contract
Osaka, Japan	06/12/2010	5/12/2015	13 months
Melbourne West Australia	24/08/2010	23/8/2015	17 months
Perth Australia	06/12/2010	5/12/2015	13 months
Adelaide Australia	24/08/2010	23/8/2015	17 months

Consulate Station	Date signed the contract	Contract expired date	No of days without Contract
Christchurch New Zealand	He had not signed the contract.		Unknown
Seoul South Korea	He is sick for a long period hence the Consulate issue was handed over to his son.		Unknown

Source: Honorable Consulates Files 2016

In addition, it was noted that since the appointment and arrival of new Tanzania Ambassador in Tokyo Japan in May 2015, credentials have not been issued to the countries where Tanzania opened the Honorary Consulate which are supervised by Tokyo Embassy. A similar case was noted in Moscow where since the year 2014 the Ministry of Foreign Affairs and East African Cooperation has presented credentials for Russia only leaving Belarus, Georgia, Uzbekistan, Azerbaijan, Turkmenistan, Kyrgyzstan, Moldova, Armenia, Kazakhstan and Tajikistan.

Absence of valid agreement between the Ministry and Hon. Consuls makes it difficult for the parties to be bound in case one party fails to perform their obligations. Also, none issuance of credentials may hinder the Honorable Ambassador to execute his/her responsibilities fully.

I advise the Accounting Officer Ministry of Foreign Affairs and East African Cooperation to ensure timely renewal or issuance of new contracts to expired Honorary Consulate contracts. Also to send credentials to the Honorary Consulates under Japan and Moscow Embassies.

8.0 GOVERNMENT EXECUTIVE AGENCIES AND OTHER INSTITUTIONS

8.1 Introduction

This chapter covers audit results of 32 Government Executive Agencies, 14 Special Funds, 33 Other Institutions and 11 water basins.

The chapter highlights specific issues which need attention of the Government, Parliament, Ministerial Advisory Board and management of the respective auditees to ensure efficient functioning of their operations. The following are the salient audit findings for Government Executive Agencies for the year 2015/2016.

8.2 Cross cutting issues over all Agencies

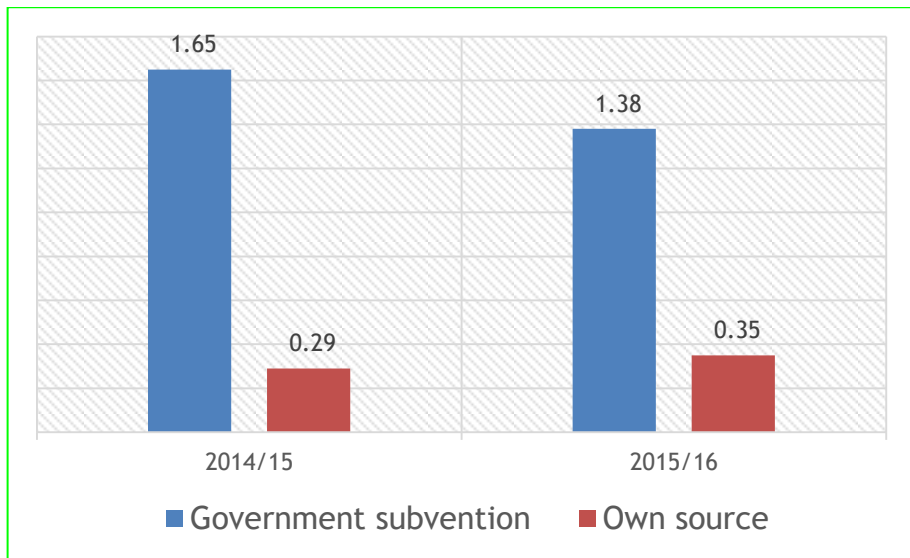
8.2.1 Dependency on Government Subvention

The sources of funds for the Agencies' budget and financing are own source revenue and Government grants (recurrent and development). Performance of each of these sources of funds has a bearing on the performance of the total funds available for the Agencies' budget.

During the financial year 2015/2016 the total revenue estimates for Agencies amounted to TZS 1,722,618,305,256 a decrease of TZS 226,766,756,316.00 (12 per cent) compared to 2014/2015 estimates of TZS 1,949,385,061,572. Out of the total estimates; TZS 1,375,812,131,311 (80 per cent) was expected to be financed by Government grants and TZS 346,806,173,945.00 (20 per cent) was expected to be financed by own sources revenue. Out of the Government grants estimates TZS 598,777,973,841 (44 per cent) was for

recurrent and TZS 777,034,157,470 (56 per cent) was for development. The bar chart below shows composition of sources of revenue:

Figure 17: Comparison between government subvention and own source revenue (Figures in trillion)



The histogram above shows the ability of Agencies to finance their operation from their own source revenue. In 2015/2016 the agencies government grants to finance its budget was 1.38 trillion (80%), a decrease of TZS 0.27 trillion (16%) compared to 2014/2015 government grants estimates of TZS 1.65 trillion. In 2015/2016 own source estimates was TZS 0.35 trillion an increase of TZS 0.06 trillion (21%) compared to 2014/2015 own source estimates of TZS 0.29 trillion. This implies that the ability of Agencies to finance its operation has improved to the tune of 21 percent compared to last year.

The total actual collection was TZS 2,026,537,365,152 (118%) against the approved estimates of TZS 1,722,618,305,256; thus there was over collection amounting to

TZS 303,919,059,896.09 equivalent to 18% of the approved total estimates. This is an increase of TZS 823,627,129,104 (68%) collections compared to 2014/2015 actual collection of TZS 1,202,910,236,048. Analysis of approved estimates against actual collection is shown in the table below;

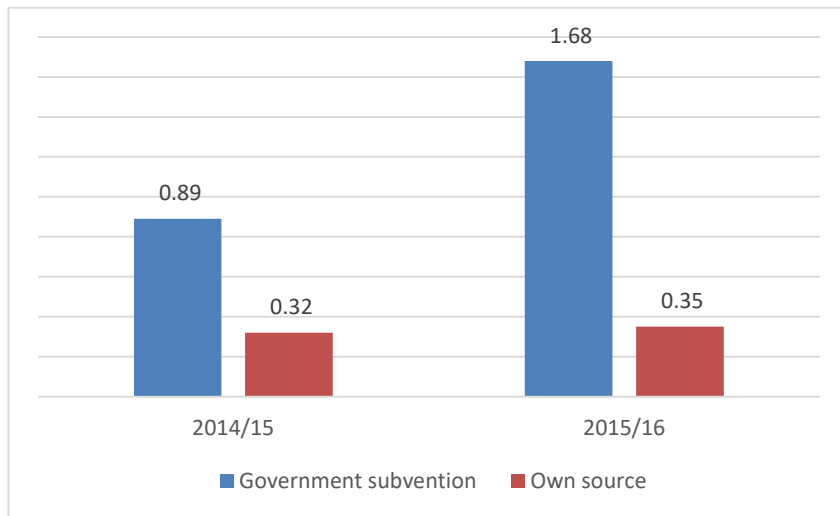
Table 57: Approved estimates and actual collections

S/N	Agency	Total estimates in TZS	Total collection in TZS
1	E-Government Agency	2,618,008,050.00	6,926,034,409.00
2	Registration Insolvency and Trusteeship Agency(RITA)	15,107,429,000.00	7,339,726,613.00
3	Tanzania Forestry Service Agency(TFSA)	97,830,849,000.00	106,176,052,309.00
4	Tanzania Global Learning Agency(TAGLA)	3,208,557,000.00	2,434,659,053.00
5	Tanzania Public Service College(TPSC)	21,823,999,400.00	20,095,840,544.00
6	Tanzania Tree Seeds Agency(TTSA)	1,475,271,000.00	946,443,864.00
7	Agriculture Seeds Agency(ASA)	8,796,258,444.00	4,989,080,402.00
8	Drilling and Dam Construction Agency(DDCA)	28,782,300,196.00	12,425,373,634.00
9	Fisheries Education and Training Agency(FETA)	4,237,326,000.00	2,356,702,057.00
10	Geological Survey of Tanzania(GST)	8,281,670,000.00	4,675,118,719.00
11	Livestock Institute Training Agency(LITA)	5,456,226,000.00	3,918,943,416.00
12	Tanzania Building Agency(TBA)	63,183,205,780.00	48,470,519,695.00
13	Tanzania Electrical, Mechanical and Services Agency(TEMESA)	51,248,709,421.00	47,021,537,597.00
14	Tanzania Government Flights Agency(TGFA)	17,442,707,180.00	16,206,472,993.00
15	Tanzania Meteorological Agency(TMA)	20,042,284,513.00	19,569,296,061.00
16	Tanzania National Roads Agency (TANROADS)	726,903,520,000.00	1,254,457,847,000.00
17	Tanzania Veterinary Laboratory Agency(TVLA)	3,756,508,000.00	1,697,500,502.00
18	Weights and Measures Agency (WMA)	24,337,635,622.00	21,144,080,603.00
19	National Housing and Building Research Agency(NHBRA)	4,336,144,014.00	2,199,712,695.00
20	Agency for Development of Education Management(ADEM)	5,585,296,040.00	2,320,295,882.00
21	Government Chemistry Laboratory Agency(GCLA)	14,682,809,000.00	12,979,455,434.49
22	Institute of Arts and Culture-Bagamoyo(TASUBA)	2,631,346,760.00	1,034,157,189.00
23	Occupational Safety and Health Agency(OSHA)	17,008,818,828.00	19,993,576,559.00
24	Tanzania Employment Service Agency(TaESA)	1,483,594,489.00	973,781,380.00
25	Tanzania Mineral Audit Agency(TMAA)	11,178,436,000.00	9,240,091,000.00
26	Dar es Salaam Rapid Transit Agency(DART)	15,393,730,810.00	9,840,964,223.00
27	Government Procurement Service Agency(GPSA)	11,718,000,000.00	10,945,503,590.00
28	Rural Energy Agency(REA)	362,692,701,200.00	295,227,433,140.00
29	Eastern Africa Statistical Training Centre (EASTC)	3,057,994,762.00	2,780,023,347.60
30	Tanzania Airports Authority(TAA)	161,807,193,202.00	75,058,946,727.00
31	National College of Tourism(NCT)	6,509,775,545.00	3,092,194,514.00
	TOTAL	1,722,618,305,256.00	2,026,537,365,152.09

During the financial year 2015/2016 out of the total collections of TZS 1,679,022,960,959 (83%) was from Government grants while TZS 347,514,404,193.09 (17%) was from own source revenue. Out of the Government grants received TZS 565,955,113,766 (34%) was for recurrent expenditure while TZS 1,113,067,847,193 (66%) was for development expenditure.

The histogram below shows the analysis of actual collection from own source revenue and Government grants

Figure 18: Comparison between actual government grants and own source revenue (Figures in trillion)



The bar chart above shows the actual collection from government grants and own source revenue; in 2015/2016 actual collections from government grants was TZS 1.68 trillion a decrease of TZS 0.79 trillion (89%) compared to 2014/2015 actual government grant collection of TZS 0.89 trillion. Own source collection for the year under review was TZS 0.35 trillion an increase of TZS 0.03 trillion (9%) compared to 2014/2015 own source collection of TZS 0.32 trillion.

8.2.2 Under release of recurrent grants

During the financial year 2015/2016 I noted TZS 565,955,113,766 was released as recurrent grants against the approved estimates of TZS 598,777,973,841, thus there was under released of TZS 32,822,860,075, this implies that the agencies operations were limited to the tune of under released funds. Analysis of approved development grants and the actual amount released is as shown in Appendix 8.1.

8.2.3 Over release of development grants

During the year under review TZS 1,113,067,847,193 was released as development grants against the approved estimates of TZS 777,034,157,470, therefore there was over release of TZS 336,033,689,723, this implies that the budget for development grants was not realistic. Analysis of approved development grants and the actual amount released is shown in appendix 8.1

8.2.4 Own source revenue collection

During the year under review I noted own source revenue amounting to TZS 347,514,404,193 was collected by 29 Agencies against the approved estimates amounting to TZS 346,806,173,945; generally, there was over collection of TZS 708,230,248 (0.2%) against the approved estimates. Despite of over collection but also there were 8 Agencies which collected above their approved estimates by TZS 31,496,467,763 (15%); while 21 Agencies collected below their approved estimates by TZS 32,204,698,011 (21%).

I recommend the Government to develop a mechanism which will help the Agencies to depend on their own source revenue rather than on Government subvention.

8.2.5 Accounts payables TZS 1,875,798,730,303.27

During the year 2015/2016 I noted 28 Agencies with payable balances amounting to TZS 1,875,266,954,590.27 an increase of TZS 289,804,290,285.27 (18%) compared to 2013/2014 payables amounting to TZS 1,585,462,664,305. This implies the ability of Agencies to meet their present obligations has decreased by (18%). Among the total payables TZS 1,827,688,484,688.38 (97%) was outstanding for more than 12 months while TZS 47,578,469,901.89 (3%) for 12 months. Since 97% of the total payables had been outstanding for more than a year, this reduces the Agencies reputation to suppliers. Additionally, I noted that Tanzania National Road Agency (TANROAD) had the largest proportion (95%) of the total payables.

I recommend to the accounting officers to set budget provisions to meet maturing financial obligations

List of Agencies with outstanding accounts payables is shown in the Appendix 8.2

8.2.6 Weaknesses noted on expenditure

Payments not supported with EFD receipts TZS 2,976,493,244.60

On reviewing Agencies' transactions for 2015/2016 expenditure I noted, that 11 Agencies paid a total of TZS 2,976,493,244.60 to various suppliers without demanding and retaining Electronic Fiscal Device (EFD) receipt which is contrary to Reg. 24 of EFD regulation of 2012. Failure to demand Electronic Fiscal Device (EFD) receipts will motivate the taxpayer to evade tax hence loss of government revenue this is due to low compliance by businessmen in the use of EFD machines coupled with citizen's culture of not demanding receipts upon purchase of goods or services. List of Agencies with payments not supported with EFD receipts is shown in the table below:

Table 58: Payments without EFD receipts

S/N	Agency	Amount in TZS
1	Drilling and Dam Construction Agency	585,682,265
2	Dar es Salaam Rapid Transit Agency	14,560,317
3	Weights and Measures Agency(WMA)	317,869,399
4	Local Government Loans Board (LGLB)	23,461,900
5	Tanzania Electrical, Mechanical and Services Agency(TEMESA)	27,249,440
6	Tanzania National Roads Agency (TANROADS)	386,347,303
7	Geological Survey of Tanzania(GST)	114,033,386
8	Tanzania Building Agency(TBA)	63,423,985
9	Tanzania Airport Authority(TAA)	1,310,886,516
10	Agency for Development of Education Management(ADEM)	40,719,732
11	National College of Tourism(NCT)	92,259,001
	TOTAL	2,976,493,244

Source: Individual management letter 2015/2016

I advise agencies to demand EFD receipts when making payments to various suppliers; also the agencies are urged to discontinue business transactions with suppliers who do not use EFD machines.

Payments without deducting withholding tax

In the financial year 2015/2016, I noted that eight Agencies paid various suppliers without deducting withholding tax amounting to TZS 114,056,170.46, and payment amounting to TZS 991,182,807.00 was made by three agencies to various suppliers without deducting withholding tax which is contrary to section 83 of Income Tax Act 2006 which requires the procuring entity to deduct withholding tax of two per cent (2 per cent) for goods and services supplied. Failure to deduct withholding tax implies loss of Government revenue. List of entities which did not withhold tax is shown in the table below:

Table 59: Withholding tax not deducted

S/N	Agency	Amount in TZS
Payments without deducting withholding tax		
1	Weights and Measures Agency(WMA)	919,188,041.00
2	Tanzania Building Agency(TBA)	29,015,706
3	Geological Survey of Tanzania(GST)	42,979,060.00
	TOTAL	991,182,807.00
Withholding tax not deducted		
1	Drilling and Dam Construction Agency	15,589,444.00
2	Tanzania Government Flights Agency(TGFA)	8,190,167.60
3	Mzinga Corporation	4,283,694.00
4	Tanzania Public Service College(TPSC)	28,600,000
5	Tanzania Forestry Service Agency(TFSA)	6,264,937.50
6	Institute of Arts and Culture-Bagamoyo(TASUBA)	540,0000
7	Association of Local Authorities of Tanzania	37,340,384
8	Mzinga Holding Company	8,387,543.36
	TOTAL	114,056,170.46

Source: Individual management letter 2015/2016

I recommend the agencies adhere to the requirement of section 83 of Income Tax Act 2006 by deducting withholding tax amounting to 2% or 5% of the total amount of goods or services supplied

Payments not supported TZS 508,619,273

I noted that in 2015/2016 nine Agencies (25%) out of 35 audited Agencies had unsupported payment amounting to TZS 508,619,273 which is contrary to Regulations 86(1) and 95(4) of Public Finance Regulation 2001 which require every payment to be properly supported therefore the scope of audit was restricted and consequently, the propriety of the expenditure of TZS 508,619,273 could not be ascertained. List of Agencies with payments not supported is shown in the table below:

Table 60: Agencies with payments not supported

S/N	Agency	Amount in TZS
1	Drilling and Dam Construction Agency	16,649,558
2	Rural Energy Agency	67,582,025.79
3	Dar es Salaam Rapid Transit Agency	8,609,360.32
4	E-Government Agency	5,253,574
5	Tanzania Tree Seeds Agency(TTSA)	5,645,538
6	National Housing and Building Research Agency(NHBRA)	305,520,308.83
7	Government Chemistry Laboratory Agency(GCLA)	8,784,282
8	Association of Local Authorities of Tanzania	22,992,600
9	Rural Energy Fund and Agency (REA)	67,582,025.79
	TOTAL	508,619,273

Source: Individual management letters 2015/2016

I advise the Accounting Officers to comply with the requirement of Regulations 86(1) and 95(4) by ensuring that all payments are properly supported by adequate documents.

Imprest not retired TZS 1,179,670,314

In the financial year 2015/2016, it was noted that five Agencies which had outstanding imprests amounting to TZS 1,179,670,314. However, up to the 30th June, 2016 the reported un-retired imprests were still outstanding contrary to Regulation 103(1) of the Public Finance Regulations of 2001 (revised 2004) which requires imprest to be retired within 14 days after the completion of the respective activities. List of Agencies with outstanding imprests is shown in the table below

Table 61: Imprests not retired

S/N	Agency	Amount in TZS
1	Drilling and Dam Construction Agency	94,907,400
2	Tanzania Global Learning Agency	3,843,000
3	Dar es Salaam Rapid Transit Agency	2,910,000.00
4	Business Registrations and Licensing Agency (BRELA)	189,700,716
5	National Housing and Building Research Agency(NHBRA)	436,657,119
6	Association of Local Authorities of Tanzania	69,507,764.80
7	Mzinga Holding Company limited	382,144,314
	TOTAL	1,179,670,314

Source: Individual management letters

I advise the Agencies to comply with the public finance regulations on early retiring of outstanding imprest after completion of the activities

Diversion of Probate funds TZS 169,000,000

According to the Probate and Administration of Estate Act Cap 352, there is no any provision regarding powers and duties of the Executors and Administrator General that allows the Administrator to effect payments contrary to provisions of this Act.

During 2015/2016 audit I noted that probate funds amounting to TZS TZS 169,000,000 were diverted from probate account to finance expenditure not related to the purpose of the fund. The funds were deposited for the purpose of distributing to the beneficiaries of the deceased persons. Diversion of probate funds imposes financial risk to the beneficiaries as they might not obtain their monies when required.

I advise the agency to recover the whole amount of TZS 169,000,000 diverted from probate account to enable

timely financing of the estate operations. Also, the agency to ensure that probate funds are objectively used for the intended purpose.

8.2.7 Fixed assets register not maintained

Regulation 265 (2) of the Public Finance Regulations, 2001 requires dates and other details of all movements of items and changes in the location of items must be recorded as they occur.

My review of internal control system noted fixed assets registers from two Agencies were not updated and for one agency was not maintained. This is contrary to Regulation 265 (2) of the Public Finance Regulations, 2001.

S/N	Agency	Asset register not updated	Asset register not maintained
1	Drilling and Dam Construction Agency	v	
2	Eastern Africa Statistical Training Centre	v	
3	Tanzania Veterinary Laboratory Agency		v

Source: Individual Management Letter

I recommend the Agencies to comply with Regulation 265 (2) of PFR, 2001 by ensuring that, Asset Registers are regularly updated so that the figure of PPE disclosed in the financial statement is supposed to agree with amount shown in the Fixed Asset Register; Also all Agencies' assets to be properly coded to enhance control over assets.

8.2.8 Grounded Motor Vehicles

On physical verification exercise I noted 92 grounded motor vehicles in six Agencies; TMA with 4(4%), TBA 1(1%), TFSA 26(28%), NIDA 52(57%), TANROADS 7(8%) and 2 (2%) ADEM. The Accounting Officers are yet to undertake disposal

procedure in accordance with Regulation 254 (1) of the Public Finance Regulations 2001. In the absence of prompt action on the motor vehicles loss of public assets may occur.

I recommend the Agencies to dispose all unserviceable assets to avoid further losses.

8.2.9 Outstanding Accounts receivables TZS 626,045,446,452

During the year 2015/2016 I noted 29 Agencies with receivables amounting to TZS 626,045,446,452 a decrease of TZS 61,976,961,241.57 (9%) compared to receivables of TZS 688,022,407,694 reported 2014/2015. Among the total receivables TZS 562,411,109,508 (90%) was outstanding for more than 12 months while TZS 63,634,336,944 (10%) for 12 months. Additionally, I noted that Tanzania National Road Agency (TANROAD) carried 79%, followed by Tanzania Building Agency (TBA) with 5% and Tanzania Government Flights Agency (TGFA) with 3% of total receivables reported in financial year under review.

List of Agencies with outstanding accounts receivables is shown in the Appendix 8.3.

Huge amounts of outstanding receivables reduce the Agencies' operations as the Agencies working capital will be tied up to the tune of outstanding receivables.

I advise the Agencies to closely follow up and collect the outstanding receivables to avoid delay in achieving their Strategic objectives

8.3 Specific Audit Issues over Agencies, Other Institutions, Special Funds and Water Basins

8.3.1 Audit of DART

Irregularities noted on the contract of provision of Security Services for DART Stations, Terminals and Jangwani Depot TZS 178,652,000

During the year under review I noted that, on 05th May 2016 Dar es salaam Rapid Transit Agency (DART) entered into a 12 months' contract with M/S China Tanzania Security Company

Ltd for provision of security services for DART stations, terminals and Jangwani depot at a contract sum of TZS 178,652,000. However, my review on procurement procedures and process, revealed some irregularities for instance, tender advertisement and award was not communicated to PPRA Tender Portal, the contract was signed after completion date contrary to Reg.No.370 (1) PPR-2013 as well as a copy of contract was not submitted to the Attorney General for vetting contrary to Regulation 59(1&2) of the PPR, 2013.

In the circumstances, it was not possible to ascertain that proper procurement procedures were followed in the provision of security services and whether the expenditure of TZS 178,652,000 was a proper charge to public funds.

I recommend DART management to comply with rules and Regulations towards contracts management and retrospective mechanism should be addressed on how all narrated weaknesses at optimal be resolved, controlled and managed and therefore in future, place effective internal controls that ensure these will not recur

Procurement made out of procurement plan TZS332,652,800

During the 2015/2016 audit I noted that Dar es salaam Rapid Transit Agency (DART) procured goods and services amounting to TZS 332,652,800 out of procurement plan. The services were for leasing of an indoor space, power and telecommunications tower amounting to TZS 154,000,800.00 and provision of security services to DART stations, Terminals and Jangwani deport amounting to TZS 178,652,000.00; this is contrary to Regulation 69(3) of the PPR 2013 which requires the procurement entity to forecast its requirements for goods, services and works as accurately as is practicable with particular reference to services or activities already

programmed in the annual work plan and included in the annual estimates.

Failure to comply with Regulation 69(3) of the PPR 2013 the Efficiencies and effectiveness on procured goods and services could not be achieved.

The management of DART is advised to adhere with Regulation 69 and 64 of PPR 2013 by making sure that all procurements are planned and approved accordingly.

Adverts in the DART Infrastructures without contracts

A sum of TZS 90,498,542.57 revenue from adverts and reported in the financial statements has not been supported with information and documentary evidence including procurement tender documents contrary to Reg. 55(1) of the PPR, 2013 as a result it has not been possible to confirm the adequacy of the procurement procedures and control in relation to the procurements.

In view of the foregoing, the propriety of the TZS 90,498,542.57 revenue could not be confirmed and it is doubtful that the government might have received more.

I recommend management of the Agency to adhere to the procurement process and establish contracts for all companies using the infrastructures for advertisement.

Unpaid access fees by ISP fund manager to DART

TZS 287,600,000

During the 2015/2016 audit I noted a total of TZS 372,600,000 was supposed to be paid by fund manager to DART as access fees between 16th May to 30th June 2016; but up to 30th June 2016 only TZS 85,000,000 was paid leaving the balance of TZS 287,000,000 unpaid by the ISP through fund manager to DART. This is contrary to schedule E of the contract which was amended on addendum 1 and on the

meeting between DART and UDART on 31st May 2016, where the Fund manager was required to make daily payment of TZS 8,100,000 to the Agency as access fee, or if a day is not business day then on the next business day.

Unpaid access fees affect the working capital of the agency and hence delays the implementation of planned activities

I recommend the agencies to comply and make follow up on the requirement of the contracts

8.3.2 Audit of Agriculture Seeds Agency(ASA)

Unsupported Training Cost TZS 88,689,406

During the year under audit I noted that Agriculture Seeds Agency (ASA) paid TZS 88,689,406 for staff to attend scientific Conference convened by EAAPP for Regional EAAPP implementers held in Nairobi Kenya from 14th to 18th September, 2015. My further scrutiny revealed that there were no supporting documents like Invitation letter, imprest forms, Office Permits, Air tickets and boarding passes from the participants to authenticate that the staff attended the stated conference.

Failure to submit required documents the eligibility of TZS 88,689,406 could not be authenticated and therefore may lead to misappropriation of funds in the circumstances the payments constitute an ineligible expenditure totaling TZS 88,689,406.

I advise the agency to improve the internal control system by keeping properly the verifiable documents

Inadequate credit management

During audit of Agriculture Seeds Agency (ASA) I noted, that ASA supplies goods on credit amounting to TZS 92,958,000 to four contractors whose contracts terms had lapsed by the time of issuance and they were not renewed. My further

review noted that Mwanza Agrovet had a total outstanding debt amounting to TZS 51,440,000 which was supposed to be paid back by monthly installments of TZS 5,000,000, however the contactor failed to comply with the agreement but ASA continued to issue credit to suppliers as a result the outstanding credit increased to TZS 93,072,000 as at 18/8/2014. I am concerned on the presence of loans which continue to accrue interest unrealistically increases the debt portfolio. Weak contract management may lead to a huge amount of irrecoverable debts.

I advise agencies to set a mechanism which will ensure compliance with the terms and conditions of the contracts and quick recovery of all debts.

8.3.3 Audit of Mzinga Corporation

Credit facility not disclosed Euro 32,588,376 (TZS 79,352,695,560)

On reviewing contract agreement, I noted that on June 2015, Mzinga Corporation entered into contract with the Tanzania Investment Bank (TIB) for a loan with a sum of Euro 32,588,376 (TZS 79,352,695,560 as per BOT rate as of 30 June 2016) to facilitate purchasing of security vessels. In this contract, Tanzania Petroleum Development Corporation (TPDC) was engaged to provide a conduit for an escrow account opened to service a loan. However, management failed to provide procurement records and tender documents; therefore in the absence of records I could not substantiate procurement process as well as the loan proceeds in the escrow account.

I advise the Accounting Officer to provide procurement documents for the purchased vessels.

8.3.4 Audit of TANROADS

Delay in paying advance to contractors

During the 2015/2016 audit I noted that advance payment amounting to TZS 1,339,604,636.92 was not paid by TANROADS to M/S China New Era International Engineering Corporation, 128 Huancheng Namlu Road Xián 710054, P.R China for upgrading of Tenende-Mateme road Section (34.6KM) to bitumen standard vide contract No TRD/HQ/1050/2014/2015 at contract price of TZS 56,911,253,695. This is contrary to Clause 24 of the Special Condition of the Contract which requires advance payment to be paid within 60 days upon the contractor submission of acceptable Advance Payment Guarantee; Further I noted delay of 241 days on advance payment amounting to TZS 8,430,248,435.06 to M/S China Henan International Cooperation Group Co. Ltd (CHICO) for upgrading of Mwigumbi - Maswa - Bariadi - Lamadi Road (171 KM) to Bitumen Standard; Lot: Mwigumbi - Maswa - Section (50.3 Km) vide contract No. TRD/HQ/1004/2015/2016; According to clause 53.1 of Special Condition of Contract TANROADS was supposed to pay 15% of contract price as advance to the Contractor within 30 days (that is 11th May 2015) upon submission of collateral in the form of Bank Guarantee acceptable to the Employer instead, the payment was made on 07th January, 2016. Delay in the payment of the advance payment is the compensating event when the event occurs would cause additional costs such as idle time and idle equipments.

I recommend management and Ministry of Finance and planning to expedite the payments to contractors so that the construction activities are completed within the agreed time frame.

Interest on late payment-TZS 7,874,921,250.36 and USD 714,066.08

In 2015/2016 I reviewed the contract files and noted that TANROADS accrued interest amounting to TZS 7,874,921,250.36 and USD 714,066.08 due to delay in Interim Payment Certificates(IPCs) amounting to TZS 36,766,426,168.68 and USD 6,534,720.75; this is contrary to Clause 45.1 of the General Condition to Contract which require the employer to pay the contractor the amount certified by the Project Manager within 28 days of the date of each certificate and if the employer makes a late payment the Contractor shall be paid interest on the late payment made at the prevailing rate of interest for commercial borrowing for each of the currencies in which payments are made. The interest on late interim payment certificates is nugatory expenditure which could have been avoided by the government. The interest on late payment is demonstrated in the table below:

Table 62: Interest on late payment

Contract	Contractor	Date Approved	Due date	IPC No.	IPCs Amount outstanding (TZS)	Accrued Interest (TZS)
Contract for upgrading of Tenende - Mateme Road (34.6km) to bitumen standard	M/S China New Era International Engineering Corporation, 128 Huancheng Namlu Road Xián 710054, P.R China	10/19/2015	11/15/2015	1	3,874,797,535	-
		4/22/2016	5/18/2015	2	1,944,917,925	246,676,618
		7/29/2016	8/25/2016	3	3,342,419,859	347,808,371
		10/25/2016	11/22/2016	4	4,051,405,120	(141,807,421)
Contract number TRD/HQ/1007/2013 /14 for upgrading of KIA - MERERANI Road (26KM) to bitumen standards	M/S China Henan international Cooperation Group Co Ltd (CHICO)	11/24/2015	11/24/2015	1	1,459,884,871	243,062,663
			3/15/2016	2	1,827,546,920	141,642,542
			4/29/2016	3	1,882,671,286	110,849,579
			6/8/2016	4	2,385,232,948	103,168,949
			6/28/2016	5	1,020,371,543	36,073,525
			7/28/2016	6	1,475,497,331	36,213,037
			9/2/2016	7	1,739,851,447	19,627,590

Contract	Contractor	Date Approved	Due date	IPC No.	IPCs Amount outstanding (TZS)	Accrued Interest (TZS)	
			9/20/2016	8	1,973,697,386	7,871,925	
			10/12/2016	9	2,207,005,633	-	
		11/12/2016	11/12/2016	10	734,809,065	-	
Upgrading of Bagamoyo - Makofia - Msata Road (64KM) to bitumen standards	M/s Estim Construction Company Ltd of BOX 19716 Dar es Salaam			22	3,854,022,564	-	
				23	2,992,294,735	6,723,733,872	
		TOTAL			36,766,426,169	7,874,921,250	
		Date Approved	Due date	IPC No.	IPC Amount outstanding (USD)	Accrued Interest (USD)	
				IPC 22	3,944,207		
				IPC 23	2,590,514	714,066	
TOTAL			6,534,721	714,066			

Source: Individual management letter 2015/201

I recommend the agency to make follow up of funds to the Ministry of Finance and Planning for the contractors to be paid on due dates in order to avoid interests which increase the burden to the government.

Unpaid Contractors and consultancy claims worth TZS 22,539,391,406.30

In 2015/2016 TANROAD did not settle bills and claims from contractors and consultants amounting TZS 20,270,965,854.88. Failure to settle the bills in the year to which they relate adversely affects the following year's provision to which they have to be charged.

Additionally, I noted outstanding consultancy claims amounting to TZS 1,639,898,497.55 due to delay in payment of Interim Payment Certificates(IPCs) to the consultant (mainly activities under addendum no 1) which led into extension of consultancy period and hence resulted into addendum number 5 to consultant as an extra cost (nugatory expenditure) for the sum amounting to TZS 1,872,927,984.96 to accomplish his obligation as set out in the contract, which was drawn as on 16th November 2016 but it is still awaited for approval. Furthermore consultancy invoices no 19 to invoice 24 which were due to the other contractor were not paid which accumulated to unpaid consultancy fees amounting to TZS 628,527,053.87 which is contrary to clause 54.3 of the General Condition of the Contract which stipulate that any discrepancy between the actual payments and any amount due but not paid on such due date the interest rate shall be BOT fixed deposit interest rate. In future the late payment of contractors and consultancy claims could result into nugatory expenditure in the form of interests or penalty. Unpaid contractor and consultancy claims are shown in the table below;

Table 63: Unpaid contractors' and consultancy claims

Unpaid Contractor's claims					
Contract	Contractor	IPC No.	Submission/ Certified Date	Due date for payment	Amount due (TZS)
Upgrading of Mwigumbi – Maswa – Bariadi – Lamadi Road (171 KM) to Bitumen Standard, Lot: Mwigumbi – Maswa - Sect. (50.3 Km) valued TZS.61,461,656,234	M/S China Henan International Cooperation Group Co. Ltd (CHICO)	1	23-Apr-16	18-Jun-16	2,775,608,310.64
		2	05-Jul-16	30-Aug-16	4,660,824,858.22
		3	11-Aug-16	06-Oct-16	2,503,845,079.07
		4	05-Sep-16	31-Oct-16	1,888,057,804.32
		5	02-Oct-16	27-Nov-16	2,667,331,658.91
		6	03-Nov-16	29-Dec-16	3,399,366,557.70
Upgrading of Usagara – Kisesa Roads (16 Km) to Bitumen Standard	M/s Nyanza Road Work Limited – Mwanza	12	03-Jan-15	31-Jan-15	561,499,103.07
		13	04-May-15	01-Jun-15	712,377,650.93
		14	12-Oct-16	09-Nov-16	1,102,054,832.02
Total contractors claims					20,270,965,854.88
Outstanding consultancy fees					
Contract	Contractor				Amount due (TZS)
Contract number TRD/HQ/1007/2013/14 for upgrading of KIA - MERERANI Road	Consultant Engineers M/s LEA associate South Asia JV, M/s LEA associate Canada in Association with M/s DOCH ltd				628,527,053.87
Upgrading of Bagamoyo – Makofia – Msata Road (64KM) to bitumen standards	M/s H.P Gauff Ingenieure GmbH CO. JBG in association with Nimeta Consult (T) ltd				1,639,898,497.55
Total consultancy claims					2,268,425,551.42
Total contractors and consultancy claims					22,539,391,406.30

Source: Individual management letters 2015/2016

I recommend that the agency in collaboration with the Ministry of Works solicit funds from the Treasury and ensure that the Contractor and consultancy in question are paid accordingly without further delay.

VAT payment wrongly included in the contractor's claim - TZS 13,611,589

TANROADS paid TZS 13,378,176 as Value Added Tax wrongly to M/s Mahenda Sogoni Construction Co. Ltd of Mwanza and TZS 233,413.20 paid to M/s Mgalula Investment Co. Ltd of Shinyanga instead of being paid to the Commissioner of Tanzania Revenue Authority. The amount was neither refunded by the Contractor nor deducted from the next Interim Payment Certificates (IPC) No. 2. Failure to recover VAT wrongly paid to the contractor implies loss of government revenue.

I recommend TANROADS to recover the taxes wrongly paid and refund the same to the Commissioner of TRA.

8.3.5 Audit of TFSA

Procurement through single source TZS 178,718,071.17

During the year under review I noted two agencies procured goods amounting to TZS 178,718,071.17 through single source procurement without justification. The procurements were not sourced competitively as it was observed that the single sourcing of goods and service did not comply with provision of Regulations 76, 159 and 161 of the PPR, 2013 which sets the conditions for which direct sourcing may be allowed.

Out of the procurements made a total of TZS 81,559,471.17 (46%) was procured by the Tanzania Building Agency (TBA) while TZS 97,158,600 (54%) was through Government Chemistry Laboratory Agency (GCLA).

Table 64: Goods procured through single source

Agency	Date	PV No	Description	Payee	Amount (TZS)
Tanzania Building Agency	06/04/2016	PV00001305	Being the cost of buying household furniture for the use of RC Tanga and Simiyu. LPO number 10074 sofa set 4pcs	Royal Furnishers Ltd	24,759,118.64
	06/04/2016	PV00001304	Being the cost of buying household furniture for the use of RC Tanga and SIMIYU. (bed and dining table)	ORCA deco	32,303,050.84
	26/01/2016	PV 0000819	The cost of redesigning block of flat for Public servants - Type B at Bunju USD 3000 exchange rate used 2224 of 16/12/2015	MSM MUHENDISLIK INSTAAT SAN. VE TIC LTD STI	5,671,200
	28/04/2016	PV 00001561	Being the cost of buying household furniture for RC SONGWE	ORCA DECO	11,826,101.69
	02/10/2015	DISB 00001436	The cost of hiring generator for 14days	KAMENE ELECTRICAL SERVICE	7,000,000
Total					81,559,471.17
Government Chemistry Laboratory Board	Energy dispersive X-Ray fluorescence machine				97,158,600
Grand Total					178,718,071.17

Source: Individual management letter 2015/2016

I am of the view that non-adherence to the procurement procedures may lead into misappropriation of government funds through irregular procurement. I recommend agencies to comply with procurement regulations by ensuring that, single source procurements are only applied when specified conditions are met.

8.3.6 Audit of RITA

Inadequate management of Joint Venture Agreement

During 2015/2016 I reviewed the Joint Venture Agreement and Loan agreement between RITA and National Social Security Fund to check for compliance of the parties to the contract. During my review process I noted that a total of TZS 12,291,575,722 was reported in the financial statements as interest on loan issued by NSSF to RITA for the construction of RITA Tower; out of that, a total of TZS 7,608,859,091 was accumulated interest since 2011 where TZS 4,682,716,631 as a current year 15 per cent interest on NSSF loan to RITA of TZS 27,213,704,328; on further analysis I noted that the interest is being escalating on daily basis due to non-repayment of the loan by RITA

According to the loan agreement signed on 19th April 2011 between RITA and NSSF (RITA being the borrower); the amount was agreed to be TZS 22,747,852,323.28, however on reviewing verifiable documents I noted that TZS 27,213,704,328 was transferred from NSSF to RITA as a loan which is an excess of TZS 4,465,852,005 from the agreed amount without new loan agreement or amended agreement in relation to the additional amount remitted.

Additionally, based on the Joint Venture agreement signed on 10th November 2010, one of the obligations of the parties stated under para 1.2 was for them to incorporate a company in Tanzania which will be a Joint Venture company and funds transferred to the company accordingly, contrary to that the company has never been established to date and funds for the implementation of the project were transferred to RITA directly. Further, it was agreed to establish a joint account under Para 4.6 of the agreement where all revenues will be deposited, however the same has not been complied with by both parties. No justification has been provided for the delay joint venture dealings.

The delay in repaying the principal and interest amount in a timely manner causes escalation of the outstanding debt and hence imposes the risk of financial constrain to the Agency.

I recommend RITA to solicit fund for repaying the loan without further delays so as to reduce the financial burden to the agency which seems to increase on a daily basis

Revenue not remitted to RITA TZS 17,652,050

On reviewing revenue collected by District Administrative Secretariat offices on behalf of Registration Insolvency and Trusteeship Agency (RITA) I noted that a total of TZS 17,652,050 was collected by seven District Administrative Secretariat offices but the same amount was yet to be transferred to RITA revenue collection account. The collections were spent by District Administrative Secretariat offices to cover official expenditure contrary to Reg.78 (1) of the Public Finance Regulations. Detailed analysis of revenue collection in these regions has been provided in the table below

Table 65: Revenue not remitted to RITA

Region	District	Amount (TZS)
Tabora	Igunga	874,000
	Tabora	1,440,000
Tanga	Mkinga	11,712,875
	Korogwe	1,491,000
Kilimanjaro	Siha	800,675
	Hai	1,333,500
Total		17,652,050

Source: Individual Management letters 2015/2016

Non remittance of revenue collected by District Administrative Secretariat offices on behalf of RITA implies ineffective controls over revenue collection which imposes the risk of misappropriation of funds collected by the District Offices.

I recommend that Unremitted revenue amounting to TZS 17,652,050 collected by the District Administrative Secretariat offices to be remitted to the Agency's Revenue Collection Account at Headquarters.

8.3.7 Audit of TBA

Procurement of building materials from unapproved Suppliers TZS 74,139,416

During the year under review Tanzania Building Agency procured building materials amounting to TZS 74,139,941 from unapproved suppliers; this is contrary to Regulation 131 (5) of the Public Procurement Regulations, 2013 which provides procedures for the procurement of goods and services from the approved suppliers. The building materials were sourced from suppliers who were not prequalified and shortlisted in unexplained circumstances.

Failure to procure building materials from approved supplier implies that the quality of materials could not be ascertained.

I recommend Tanzania Building Agency to strictly comply with the provisions of the Public Procurement legislations to ensuring that the procurement is done from an approved supplier to ensure transparency and value for money in procurement transactions.

Diversion of fund TZS 500,000,000

During the 2015/2016 financial year audit I noted that TBA received TZS 500,000,000 from the Permanent Secretary - Ministry of Works, Transport and Communication (Works Sector) for the construction of Ministry's Head Office in Dar es Salaam. Later on Tanzania Building Agency (TBA) transferred TZS 500,000,000 to the Regional Manager TBA Dar es Salaam for the construction of 5 Villa houses and Bungalow at Bunju which is not the intended purpose of the funds. However, no supporting documentation has been provided for audit review to confirm the amount received and spent as well as the procurement process involved.

In view of the foregoing, it has not been possible to confirm the legality, validity and propriety of the expenditure of TZS 500,000,000 spent on activities not related to the envisaged Ministry's head office Building in Dar es salaam.

I am concerned the deposit funds used for the purpose not intended may affect the implementation of the planned activities.

I recommend Tanzania Building Agency to ensure proper management of funds held in deposit accounts by ensuring that the funds are used for the intended purposes. Also, the Chief Executive Office should be accountable.

8.3.8 Audit of Tanzania Airport Authority (TAA)

Slow implementation on upgrading of Mwanza Airport

During the year under review I noted that, Tanzania Airport Authority (TAA) entered into contract no.AE-027/2011-12/MWZ/W/44 with M/S Beijing Construction Engineering Group Company Ltd - Tanzania Branch at a revised contract sum of TZS 105,943,140,184 for upgrading Mwanza Airport for a contract period of 24 months; The contract effective start date for physical works was 1st October,2012. As at September, 2014, twenty-three months after commencement of the contract, the works were still in progress and the contractor had been paid up to Interim Payment Certificate No. 3 a sum of TZS 17,884,454,478 equivalents to 17percent of the contract sum. On October 2014 the consulting engineer M/S UNETEC (United Engineering & Technical Consultants Limited) marked the progress of work achieved was less than 30 percent

Delay in completion of the contracted works will eventually affect the expected economic benefits as envisaged; also costs overrun will increase in terms of penalties for delayed payments of raised interim certificates and fluctuations of contract price as the completion period has already elapsed.

I advise Tanzania Airport Authority to solicit funds from Treasury for the timely completion of the project.

8.3.9 Audit of Rural Energy Agency (REA)

Weakness noted in implementation of Rural Energy projects

Audit review of rural energy project implementation status revealed that a total of 268 projects were planned for implementation, of which 185 (69%) were completed and 83 (31%) were in progress as per project scope.

I visited nineteen regions where rural energy project is being implemented whereby various contracts were issued to contractors to execute the project. Several weaknesses as demonstrated in the table below were noted which requires management of Rural Energy Agency and Tanzania Electric Supply Company (TANESCO) to address.

Table 66: Weaknesses in implementing REA Projects

Region/Council	Weaknesses
Arumeru Arusha	308 out of 549 (56%) customers had been connected to grid contracted for, as per progress report of the week ended 24 th June 2016. There were pending technical snags in four ³³ villages in Arumeru which are yet to be rectified. Pending issues include High Tension and Low Voltage lines and poles being built very close to people's houses and some passing through their farms/ plots causing complaints for compensation claims
Longido Town	There was no joint inspection report of works completed and verified by Trust Agent as per the requirements of Article 5 of the contract.
Kilimanjaro Region	the start of project was delayed for 30 days by the contractor but no action was been taken by REA such as charging liquidated damages as per clause No.26.2 of the contract agreement which states that the Contractor shall pay to the

³³ Kimnyaki, Mlangarini, Ngaramtoni and Kisongo

Region/Council	Weaknesses
	Employer liquidated damages in the amount specified in the SCC as a percentage rate of the Contract Price, or the relevant part thereof
Hai District Kilimanjaro	Four villages ³⁴ included in the scope of works were not electrified due to a dispute over land claimed to be the property of Tanzania Airports Authority (TAA) reserved for the future use of Kilimanjaro International Airport.
Babati	Bonga village in this district has not been electrified due to the geographical nature hence wooden poles couldn't be technically suitable for such a lengthy span. A request for using existing TANESCO steel towers (pylons) addressed to the REA had not yet been approved. This has denied several villages in having access to rural electricity network including Endanachang, Gidas, Gidabagara, Rirodi, Boay, Duru etc.
Kagera	The status of the projects could not be confirmed due to lack of final completion certificates for turnkey phase 1 projects.
Maswa District Shinyanga	Additional scope was made by the contractor without REA approval whereby 21 instead of 10 transformers were installed contrary to the contract agreement.
Simiyu	There was no evidence of any supervision works done by the TANESCO such as signed site inspection meetings for the project.
Musoma	In Mwibagi village centre it was noted that the Contractor installed a 50 kVA instead of 100 kVA transformer and another transformer of 50 kVA was found partially installed with unconnected loose wires hanging
Mwanza	No evidence of inspection of completed works to identify any snags needing rectification before handing over of site and remaining materials and spare parts. This was supposed to be done by TANESCO
Geita	The site meeting was last held in September 2014 which is about two years ago while the

³⁴ Mtakuja, Sanya Station, Tindigani and Chemka

Region/Council	Weaknesses
	project is still going on.
Morogoro	Slow implementation of the project was noted in Morogoro where by only 32 out of 205 (15.6%) three phase customers and 1,592 out of 5,457 (29%) single phase customers were connected with electricity while the contractor was already paid 69.6% of the fund

I advise the Director General REA to strengthen supervisory controls and ensure the snags noted are rectified by the contractor on a timely basis. Collaborate with stakeholders involved in the project to ensure that challenges encountered are rectified in order to complete projects on time. Further, he should keep in view all pending works which were expected to be completed by contractor effectively and timely.

Uncollected electricity levy TZS 7,433,600,000

According to Government Notice No.147 published on 22nd April 2011, TANESCO was required to remit 3% of total collection of sales of electricity charges (LUKU) each month to REA and liable to pay amount unpaid as penalty 5% as per sec 6(1) of Rural Energy Act (CAP 321) Regulations (i.e. 5% of principal levy x month(s) +days/current month's days).

However, it was noted that REA failed to collect electricity levy penalty amounting to TZS 7,433,600,000 from TANESCO as collection of sales of electricity charges (LUKU) each month which fell due since May 2011 despite several attempts done by management to request the same. Ministry of Energy and Minerals intervened the matter with no success as of 30th June 2016.

Uncollected revenue from TANESCO is contrary to the requirement of Section 19 (3) of the Rural Energy Act, 2005 and Government Notice No.147 published on 22nd April 2011. This will lead to financial distress to REA and apparently failing to deliver her mandate effectively.

I advise the management to follow-up the matter and arrange consultation with Pay Master General -Treasury for resolution of this matter. In addition, proper collection modality of amounts collected for REA should be thought of in order to avoid occurrence of this matter in future.

Overpayment yet to be refunded TZS 97,935,493.04 (USD 44,725.53)

My review of 2015/2016 outstanding receivables relating to Rural Energy Agency(REA) observed that REA made incorrect payment of USD 91,168.48 to HIFAB instead of USD 9,218.48 as the result USD 81,950 was overpaid. A review of the position as at June 2016 indicated that an amount of USD 37,224.47 has since been recovered leaving a balance of USD 44,725.53 (TZS 97,935,493.04) outstanding. Overpayment done by REA to HIFAB implies misuse or misappropriation of public funds which may cause delays in completion of some Agency's rural electrification projects.

I advise management to strengthen internal controls system in compliance with Reg. 81 of PFR 2001 (Revised 2004) and make follow-up to HIFAB to refund the remaining overpaid balance of TZS 97.93 million (USD 44,725).

8.3.10 Audit of GPSA

Obsolete and Slow Moving Items TZS 498,240,662.00

Physical stock taking exercise carried out at GPSA Head Office and its regional office noted stocks which are slow moving and dormant amounting to TZS 498,240,662 as shown in the table below whereby the likelihood of these items being sold is minimal for various reasons, one being they no longer fit the current technological requirements.

Table 67: Obsolete and Slow Moving Items

S/No	GPSA Regions	Amount (TZS)
1.	Arusha	56,893,409
2.	Dodoma	16,515,200
3.	Mara	30,419,019
4.	Morogoro	17,645,040
5.	Tanga	38,778,237
6.	Shinyanga	43,309,405
7.	Mwanza	23,706,355
8.	Tabora	38,402,015.
9.	Mtwara	91,205,807
10.	Lindi	70,174,269
11.	Dar-Es-Salaam	46,918,226
12.	Singida	24,273,680
	Total	498,240,662

Source: GPSA management letter 2015/2016

Non-condemnation of obsolete and damaged stock items for removal from the inventory balance utilizes space which would otherwise be used to store other valuable items.

I advise the Accounting Officer to ensure that the obsolete and damaged stock items are condemned and removed from the inventory balance.

Loss arising from late delivery TZS 56,016,276

In 2015/2016 I noted that GPSA procured 7,920 quantities of Diaries and 3,000 calendars worth TZS 129,903,840 and TZS 10,800,000 from M. I. Printing and Stationery Supplies Limited and Ms Malindi Printing Press respectively. The diaries and calendars were for the resale to various government entities. On reviewing their receipt and distribution, I noted that, the Diaries were received on 13th January 2016 through Delivery Note No. 1742 of 11th January 2016 and calendars were received on 11th April 2016. At the end of financial year

2015/2016, a total of 3138 diaries (40 per cent) and 1263 calendars (42 per cent) remain unsold in various regional store office and hence considered as dormant and obsolete items.

I advise the agency to ensure timely delivery and distribution of purchased goods to avoid losses of public resources in future. In this regard, contracts of supply be designed in such a way that suppliers are held accountable for any loss arising from the delay in the delivery of goods.

Motor Vehicle Joint Procurement Deposit Accounts not properly maintained

Public finance Regulation 130 (a) and (b) require maintenance of control account for each category of deposits, which will show at any time the total balance outstanding in respect of deposits of that category; and an individual account for each depositor, which will show at any time the details of the transactions on that account and the balance outstanding.

The audit review of joint procurement deposit account maintained by Government Procurement Services Agency (GPSA) noted that joint procurement deposit account is not properly maintained. My review noted the following shortcomings:

- i. Transactions related to deposit account were not processed through Epicor software which is the authorized accounting package for MDA's. Thirty-one (31) out of 131 (24%) of entities had overdraft of TZS 17,825,033,951.07 in their respective control accounts.
- ii. Total control account balances maintained by GPSA for all entities was TZS 12,161,412,069.06 while the balance at banks ³⁵amounted to TZS 24,351,093,634.89

³⁵ CRDB TZS 1,303,989,004.62 and BOT TZS 23,047,104,630.27

therefore leading to unreconciled balance of TZS 12,189,681,566.

- iii. Tanzania Revenue Authority deposited TZS 4,392,690,682.24 since 18th March 2015. However, the fund is yet to be spent as of the reporting date. This implies that there is no clear guidance on the longevity of deposit of fund against delivery of motor vehicles; eventually the fund stays idle while the same would be used to finance other activities.
- iv. GPSA failed to take advantage of UNDP contribution program which would enable it to save some funds but instead the entity purchased from local dealers noting that procurement amounting to USD 29,684,707,278.23 was made during the year under review.

There are high possibilities of not servicing customers with positive deposits due to the fact that the fund is overdrawn for some other customers and the balance at bank may not be sufficient.

I advise the Accounting Officer to ensure that; Epicor accounting software is utilized; the deposit control accounts are regularly reconciled with bank balances; customer deposits are honoured timely in order to ensure value for money. In addition, GPSA should endeavour to take advantage of opportunities which would ensure savings of public funds.

Long period of stock out

According to the Government Procurement Services Agency (GPSA) Establishment Order 2007; GPSA aims at ensuring availability of adequate and quality procurement services to the government and non-government institutions in a sustainable and cost effective manner.

Review of stock records noted that GPSA Iringa, Njombe and Ruvuma Regional offices have been in constant out of stocks

for periods ranging from 121 to 209 days (7months). It was noted that Procuring Entities (PEs) were paying for items that were not in stock and waited for pickup/collection from GPSA offices for periods ranging from 24 days to 3 months. Refer the tables below for details;

Table 68: Stock period out

Location	Number of stock bundles	Stock out period (days)
Iringa	6	113 to 196
Njombe	3	68 to 208
Ruvuma	5	82 to 441

Long stock out period will make procuring entities lose reliance to GPSA due to failure in supplying required goods. The aim of ensuring availability of adequate and quality procurement services to the government and non-government institutions in a sustainable and cost effective manner may not be achieved. In addition, the vision of GPSA becoming most reputable and responsive procurement Agency in Tanzania by 2020 may not be achieved.

I advise the management to ensure timely and adequate availability of stocks at its regional stores.

8.3.11 Audit of ALAT

Misappropriations of Investment Fund TZS 523,929,646.06

ALAT annual general meeting held in Singida Region on 28 and 29 August, 2009 passed a resolution regarding construction of an investment building in Dodoma where by Investment Draft policy 2009 was tabled and approved by Annual General Meeting (AGM). Members were directed to contribute fund totaling TZS 6,500,000,000 for the period of three years (2009/10 to 2011/12) for this investment. Up to

29/01/2016 a total of TZS 525,717,522 was collected from various members.

It was noted that ALAT spent a total of TZS 523,929,676.06 between 16/6/2012 to 22/3/2013 without authority from Annual General Meeting or Executive Committee. A total of TZS 76,000,400 was spent for daily operations of the entity, TZS 80,000,000 was deposited to the fixed deposits account at Banc ABC for one year from 29/01/2016 at an interest rate of 12% per annum, while TZS 367,929,276.06 was not supported by any evidence regarding its use. The balance remained in the bank account as of 11/3/2016, was only TZS 1,787,845.94. Use of funds out of the intended objectives indicates inadequate financial discipline and may attract embezzlements of public funds.

I advise the management of ALAT to ensure that investment fund is spent strictly for its intended purpose or else approval from Annual General Meeting or Executive Committee should be sought before use or investing. In addition, management is urged to ensure expenditure particulars are always kept and are available when needed. The authority responsible for investigation should make follow up on existence of the investment fund.

8.3.12 Audit of Tanzania Tree Seed Agency (TTSA)

Outstanding payables not adequately supported TZS 32,669, 387

Tanzania Tree Seed Agency (TTSA) reported accounts payable during the year of TZS 181, 612,860.32. The amount of creditors comprise various claims for supplies of goods and services, staff claims, catering services, office rent, service and repair and others. On reviewing claims and invoices I noted that the supporting documents for payables amounting to TZS 32,669,387 are missing.

In the absence of supporting documents, I could not substantiate unpaid claims and the related expenditures. Without verifiable documents it was difficult to ascertain what it represents and also the payables might be overstated by TZS 32,669,387.

I advise TTSA to trace and submit supporting documents for unpaid claims otherwise the amount will not be considered as invalid claims to the Government.

8.3.13 Audit of NIDA

National identity cards not issued

During the year under review I noted that NIDA captured information for 3,614,168 people for producing identity cards, out of the captured information only 2,655,086(73%)ID were produced; out of 2,655,086 ID produced, 1,047,217 ID with a total cost amounting to TZS 29,513,905,368 were not distributed to the respective persons

I advise NIDA to review and come up with strategies to ensure all produced IDs are collected by owners and ensure in future IDs are timely produced and distributed to the owners

8.3.14 Audit of Road Fund Board-2014/2015

Fuel levy due on 451,203 litres of AGO not confirmed to have been delivered at the mining sites - TZS 127,695,589

Government Notices No. 190 & 191 of 2011 and Third Schedule to the VAT Act, 1997 exempt from payment of excise duty, fuel levy and VAT due on imported fuels intended for use in Gold Mines exclusively for exploration of gold. On reviewing the above mentioned documents related to fuel imported for use by Buzwagi and Bulyanhulu gold mines and compared to the system data/records received from Oil Products Monitoring Unit (OPMU) of the Customs headquarters. Our review noted a total of forty nine (49) trucks carried 451,203 litres of AGO attracting fuel levy of

TZS 127,695,589 that were dispatched from Dar es Salaam port between October, 2014 and December, 2015 (according to the available records) but could not be confirmed to have arrived on the mining sites at Buzwagi and Bulyanhulu Gold Mines.

I advise Management of the Roads Fund Board make follow-up with TRA to review the matter with a view to confirming delivery and use of fuel in the intended mining sites or else produce receipt particulars for the fuel levy due amounting to TZS 127,695,589.

Fuel levy due on 4,916,085 litres of AGO imported by unqualified beneficiary - TZS 1,292,930,355

Review on TANSADs (IM4), movement sheets and fuel exemptions forms in respect of fuels delivered to the mining sites of Buzwagi and Bulyanhulu for the period from July 2014 to December 2014 revealed 4,916,085 litres of AGO with assessed fuel levy amounting to TZS 1,292,930,355 declared by M/S Oryx Ltd as importer/consumer of the fuel instead of the mines. This is contrary to requirement of the Government Notices requiring that fuel levy and VAT due on imported fuels intended for use in Gold Mines exclusively for exploration of gold. Also exemption rights granted to a beneficiary could not be passed to another person. Impliedly, the fuel should be imported and used by the respective beneficiary.

I advise management of the Roads Fund Board to communicate with Tanzania Revenue Authority to investigate the matter with a view to ensuring that the fuel was properly issued to the mines at a price excluding the exempted tax element or else ensure collection of the customs duties there due including the identified fuel levy of TZS 1,292,930,355.

Fuel levy due on fuel consumed by a subcontractor - TZS 5,704,566,686

Part 2 (g) to the schedules of Government Notices (GN) No. 190 & 191 of 2011 states that, “any discrepancy resulting from either non - receipt of fuels delivered from Oil marketing company, audit, use of fuel by any other person other than mining company or any use for purpose, not intended, shall have the tax element thereon calculated and deducted from the escrow account”.

Review of consumption reports of Buzwagi Gold Mine noted 20,791,072 litres of AGO issued to one subcontractor M/S Aggreko Company Ltd for a period of eighteen (18) months from July 2014 to December 2015. Further scrutiny noted that there were no corresponding receipt particulars of the duties thereon including fuel levy of TZS 5,704,566,686 contrary to requirement of the Government Notices.

I recommended management of the Roads Fund Board to liaise with of Tanzania Revenue Authority management to ensure the provisions of the law are observed with regard to fuel consumed by sub-contractors in the mining sites. In addition, make follow up with the management of TRA to ensure the collection of the fuel levy due of TZS 5,704,566,686 from the fuel consumed by sub-contractors.

Fuel levy due on closing stocks of 1,052,121.15 litres not declared at the mines- TZS 329,313,919.95

A review was made on stock movement reports for fuel (AGO) at the gold mining sites of Bulyanhulu, Buzwagi and Geita in respect of the period covering eighteen (18) months from July 1, 2014 to December 31, 2015. The review noted closing stock as at 31st December, 2015 totaling 1,052,121.15 litres of fuel not declared. The under declared stocks attract among others, fuel levy totaling TZS 329,313,919.95.

I advise management of the Roads Fund Board to liaise with Tanzania Revenue Authority with a view to ensuring that proper controls mechanism over fuel stock movement are in place and collect the fuel levy due on the fuel stock under declared.

Fuel levy due on 3,302,058 litres of AGO dispatched at Dar es Salaam port but not received at Sirari Border Station - TZS 904,289,504.

Audit examination was made on the North Mara uplift reports obtained from the Oil Products Monitoring Unit (OPMU) at the Customs Head Office for trucks of fuels loaded at Dar es Salaam port during the period from July 1, 2014 to December 31, 2015 for delivery to the mining site through Sirari border station.

Further review made on the files/documents maintained by TRA at Sirari border station noted 107 trucks loaded at Dar es Salaam with 3,302,058 litres of AGO not traced as having arrived at Sirari border station. Such quantity of fuel not received at Sirari border station attracts fuel levy to the tune of TZS 904,289,504.

Weaknesses on the Clearance of imported fuel for mining using bonded warehouse regime (IM7 model) - 3,500,000 litres

Section 74-75 of the East African Community Customs Management Regulations, 2010 requires a taxpayer to obtain a license and fulfill all the conditions stipulated in section 74 (1-4) and 75 (1-2) to qualify to operate a Bonded Warehouse (bond operator). In addition, section 76 requires a licensee of a bonded warehouse to execute bond security for goods/cargo transferred and deposited in a bonded warehouse.

Audit of fuel imported for mining through Sirari border station noted 3,500,000 litres of Gas oil imported by Oryx Oil Company Limited and cleared through TANSAD with reference No.TZSR-14-1171746 dated 10/12/2014. The clearance was made under bonded warehouse regime (IM7 model) however; the following anomalies were noted;

- a) There was no evidence that M/S Oryx Oil Company Limited was licensed to operate a bonded warehouse.
- b) Cargo was cleared under bonded warehouse regime (IM7 Model) without executing bond securities contrary to section 76 of the East African Community Customs Management Regulations, 2010.
- c) There was no evidence that 49,046 litres of gas oil with total duties and levies amounting to TZS 32,213,412.80 including Fuel levy of TZS 12,899,098 were transferred to mining company (North Mara) by Oryx Oil Company limited.
- d) It was noted that Oryx was declared as importer of fuel and not North Mara who is qualifying for exempted fuel.

I advise the management of the Roads Fund Board to communicate with Tanzania Revenue Authority management to produce evidence of license granted to Oryx Oil Company limited to operate a bonded warehouse. Also recover duties and levies amounting to TZS 32,213,412.80 which include Fuel levy of TZS 12,899,098 for fuel that was transferred to Mining Company (North Mara Gold Mine). In addition, ensure that clearance of imported cargo under bonded warehouse model is made to licensed companies only and that bond security is executed before release of cargo to bond operators as required by the East African Community Customs Management Act and its regulations.

8.3.15 Audit of Local Government Loans Board

Unnecessary expenditure Incurred in restructuring of the board TZS 438,143,514

During the year under review I noted that, Local Government Loans Board incurred expenditure amounting to TZS 438,143,514 for restructuring of the board to Local Government Development Bank (LGDB) from 2011/2012 to 2015/2016 which was approved during the management meeting held on 29th February, 2012 in Dodoma. However, the audit noted that a total of TZS 438,143,514 were already incurred while the restructuring process was suspended by the management and the new taskforce was formed to come up with the appropriate new strategy to improve the board performance. In view of the above, the propriety of expenditure incurred by the LGLB for the activity which was suspended totaling TZS 438,143,514 could not be confirmed; hence it is a wasteful expenditure.

Management has to make sure that in future adequate analysis is to be performed to ensure that costs/benefits analysis is achieved which form a base either to approve or not for any restructuring process. The board is accountable for this wasteful expenditure that could have been avoided.

8.3.16 Audit of SUMA

None execution of contract agreement TZS 119,900,000,000

During the financial year under review SUMA JKT (On behalf of Agri- Machinery Project) entered into a contract agreement with Ursus S.A from Poland on 22/10/2015 to supply tractors, implements, spare parts and related services. The undertaking was facilitated by a concessional loan from the Government of Poland to the Government of Tanzania for USD 55,000,000 VAT exclusive (equivalent to TZS 119,900,000,000 at exchange rate of USD/TZS 2180); However, examination of records showed that the contractor was unable to complete the work as expected, therefore as of January 2016 the execution of the contract was not implemented to meet the intended objectives.

The intended objective was not met and therefore retarded the efforts of promoting Agriculture through modernised working environment. Failure to execute the contract implies that feasibility study was not properly implemented.

I recommend SUMA JKT to make follow up on the supplier to ensure the contract is executed without further delay.

Acquisition of none performing investment portfolio in TANZANSINO

During the year 2015/2016 it has come to our attention that TZS 773,000,875 was paid by SUMA (HQ) being part payment of TZS 1,292,003,500 for acquiring non performing investment Portfolio in Holley Industry group in the business of manufacturing pharmaceuticals and other related products. SUMA JKT entered in joint venture with Holley Industry group and later on purchased manufacturing industry from Shanxi Provincial Technical Renovation and equipment Corporation. The joint venture in the name of TANZANSINO in 2007 agreed to have ownership share of 55% and 45% for Holley Industry group and SUMA JKT respectively.

Unfortunately TANZANSINO wound up business voluntarily in 2014 It is possible that, as a result of a deadlock, parties may be unwilling or unable to continue with the joint venture, resulting in an exit being sought. I noted that since the inception of joint venture with TANZANSINO in 2007 up to the time of winding up in 2014 no proceeds from the joint venture had been received by SUMA in accordance to the agreed share ownership. Therefore it was not prudent for SUMA to acquire such dormant investment.

SUMA JKT took all ownership in TANZANSINO without taking into consideration necessary requirements such as feasibility study on the whole venture, technical expertise, manpower,

revised costs/benefits analysis, lesson learnt from the past experience of outgoing partner and so on.

It is also important to understand any existing finance provided to the joint venture by the exiting party, since this will undoubtedly require to be dealt with as part of the exit.

Unconfirmed Inventories balance TZS 2,657,611,230

SUMA JKT-National Service Construction Department reported inventory amounting to TZS 2,657,611,230 which its existence was not authenticated contrary to regulation 237 (1) and (2) of Public Finance Regulations of 2001

Failure to conduct stock taking is an indication that existence, valuation, and validity of the inventory could not be authenticated.

I advise the agency to comply with the Para 237 (1) and (2) of Public Finance Regulations of 2001 by ensuring that stocktaking exercise is conducted at the year-end in order to ascertain the inventory value reported in the financial statement

Accumulation of Tax liability TZS 2,679,429,505

In 2015/2016 my audit noted that SUMA Guard had accumulated tax liability amounting to TZS 2,679,429,505 which has remained unpaid since 30th June 2011 to 2016. On reviewing documents to support liabilities I noted that TZS 1,283,547,210 (48%) of the accumulated tax liability was a result of penalties and interest due to unpaid tax which could have been avoided by SUMA Guard on paying appropriate tax on due dates. Analysis of unpaid taxes is shown in the table below:

S/N	Details	Amount TZS
1	Skills development levy	515,638,476
2	Corporate tax	876,363,819

S/N	Details	Amount TZS
3	Fees for motor vehicles	3,880,000
4	Penalties and interests	1,283,547,210
5	Total	2,679,429,505

Source: Individual management letter 2015/2016

I am of the view that tax liability imposes burden to SUMA Guard also, loss of government revenue. I recommend to the agency to pay the taxes on time to avoid penalties and interests which increase the cost burden to the agency.

Borrowed funds not refunded TZS 4,820,368,000

During the year 2015/2016 SUMA Agri Machinery advanced TZS 5,355,153,000 to various SUMA departments. Out of the Advances, only TZS 534,785,000 have been recovered leaving TZS 4,820,368,000 yet to be recovered. No satisfactory explanations were provided as to why the overdue advances totaling TZS 4,820,368,000 were not recovered from the beneficiaries. List of loanees is tabulated below:

Table 69: Outstanding loan advance

Borrower	Year	Purpose	Borrowed Amount	Amount Paid	Outstanding Amount
SUMA HQ	2013	Part of contribution to quarry project	1,600,000,000	0	1,600,000,000
	2015	Financing various HQ expenses	572,036,000	0	572,036,000
		Financing various HQ expenses	52,036,000	0	52,036,000
		Financing various HQ expenses	35,000,000	0	35,000,000
		Financing various HQ expenses	50,000,000	0	50,000,000
		Financing sabasaba exhibition	19,988,000	0	19,988,000
		Financing various HQ expenses	1,000,000	0	1,000,000
		Financing various HQ expenses	2,000,000	0	2,000,000
		Bid security for DFA	30,000,000	25,710,000	4,290,000
	2016	Acquisition of land	230,598,000	0	230,598,000
		Acquisition of furniture	11,128,000	0	11,128,000
		Payment of TANZASINO debt	200,000,000	0	200,000,000
Chief of National Service	2014	Travelling fare for Compulsory trainee	1,000,000,000	449,075,000	550,925,000
NSCD-HQ	2015	Financing Bid security	660,000,000	0	660,000,000
		Financing Bid security	50,000,000	40,000,000	10,000,000
		Maintenance of equipments	4,000,000	0	4,000,000
NSCD-Northern zone	2014	Maintenance of Prime Minister office	20,000,000	0	20,000,000
		Building	40,000,000	20,000,000	20,000,000
URSUS S.A	2015	Airport clearing charges for 2 tractors	22,682,000	0	22,682,000
		Promotion, Advertisement and contact signing expenses	54,470,000	0	54,470,000
SUMA JKT ANTI-ASFALT	2015	Land compensations	71,015,000	0	71,015,000
		Salary expenses	32,200,000	0	32,200,000
Chita	2012	Financing inauguration of irrigation project	287,000,000	0	287,000,000
Misenyi	2012	Financing livestock keeping	280,000,000	0	280,000,000
Mlale	2012	Financing hybrid seed project	30,000,000	0	30,000,000
Total			5,355,153,000	534,785,000	4,820,368,000

Source: Individual management letter 2015/201

The advances have been dormant with no recoveries being undertaken over the last four (4) years. Besides failure to collect the advances, SUMA AGRIC has not disclosed how it is addressing the recoveries on time.

I advise SUMA Agri machinery to make follow up on the borrowed funds.

8.3.17 Audit of TMAA

Missing personnel records

Tanzania Mineral Audit Agency (TMAA) employed 103 staff working on short-term contract basis as assistant minerals auditors stationed at various check points in the country and paid a total amount of TZS 769,318,179 as wages. On reviewing recruitment process, I noted that there were no official documented guidelines for the recruitment process, remuneration structure and approval. Apart from that TMAA management has not conducted any inspection to verify the existence and performance of these employees at their working stations

In the absence of personnel records some temporary employees might not exist leading to loss of public funds; and we could not substantiate temporary employment procedures and expenditure incurred thereon

I advise the management to strengthen controls over human resource management by applying public service management guidelines for recruitment of employees and conduct personnel audit and maintain personnel employment records for all temporary staff.

8.3.18 Salient Audit Findings on Audit-Other Government Institutions

The following are the salient audit findings for 30 audited Other Government Institutions for the year 2012015/2016.

The financial year 2015/2016 other government institutions audit results indicated existence of financial irregularities in observing legislative laws. Several irregularities have been highlighted in this report. The irregularities show lack of probity and propriety or the extent of non-compliance with or deviation from laws, rule and regulations.

Outstanding Account receivables TZS 77,382,529,105.54

During the year 2015/2016 I noted 17 Government Institutions with receivables amounting to TZS 77,602,467,926. Out of the total account receivable TZS 62,811,954,035.30(81%) were outstanding for more than 12 months while TZS 14,790,513,890.24 (19%) for 12 months. Huge outstanding receivables reduce the potential growth and working capital of Government Institutions by forcing them not to fully implement their planned activities.

List of Government Institutions with outstanding accounts receivables is shown in the table below;

Table 70: Institutions with outstanding receivables

S/N	LIST OF OTHER INSTITUTIONS	Within 12 months	More than 12 months
		Amount in TZS	Amount in TZS
1	Property and Business Formalization Program (MKURABITA)	0	32,279,235
2	Institute of Judicial Administration	90,658,869.26	39,182,748.14
3	Law School of Tanzania	43,732,680.98	98,655,733.46
4	Pasiansi Wildlife Training Institute	24,788,000.00	17,470,000.00
8	Hombolo Local Government Training Institute	151,617,820.00	68,321,000.00
9	Tanzania Automotive Technology Centre	93,077,000	203,825,390
11	Tengeru College of Development Training Institute	241,610,061	0
13	Tanzania Official Seed Certification Institute	213,150,881.00	351,540,257.70
14	Nelson Mandela African Institution of Science and Technology	563,498,100	7,822,015,358
17	Prison Corporation Sole	5,261,803,409	4,139,123,517
18	SUMA JKT Guard Limited	4,006,295,232	50,630,000
24	Tanzania Livestock Research Institute(TALIRI)	5,100,000	0
30	National Service Corporation Sole (SUMAJKT) 2014/2015	0	1,066,054,000
36	Non-Governmental Organizations Coordination Board	2,200,000	279,480,000
40	Water Institute	84,541,500	23,560,796
41	Tanzania Institute of Accountancy(TIA)	1,983,190,337	0
43	SUMA Agri-machinery	2,025,250,000	47,198,079,000
	SUMA JKT-Agricultural and Industrial Department		1,421,737,000
		14,790,513,890.24	62,811,954,035.30

I advise the Government Institutions to closely follow up the outstanding receivables to avoid delay in achieving their strategic objectives.

Unsupported accounts payables TZS 189,904,160.65

Pasiansi Wildlife Training Institute reported payables amounting to TZS 189,904,160.65; however, there were no supporting documents to substantiate the account payable. Lack of supporting documents implies that the account payables might not exist and limits our scope of audit.

I recommend the Institute to strengthen controls on accounts payable and should trace all the invoices and other related documents otherwise the payables have to be removed from the list of payables

Advances yet to be recovered TZS 280,136,218

In 2015/2016 the Prison Corporation Sole provided a loan amounting to TZS 280,136,218 to the Commissioner General of Prison headquarters to finance various activities. The fund was provided in different period between 8/7/2015 and 20/06/2016; on reviewing documents supporting advances I noted that up to January, 2017 the advances were not yet recovered. Information available indicates that there was no documented policy or authority given to borrow from the fund and no justification has been provided by the management as to why the outstanding balance of TZS 280,136,218 has not been repaid to date.

Failure to repay loans indicates that the Prison Department is threatening operations of the Agencies as it affects the working capital.

I advise the management of Corporation sole Prison to make robust follow up on repayment of advances so that they can be used to finance intended activities.

Accounts payables TZS 14,933,537,786.54

During the year 2015/2016 I noted 15 Government Institutions with payables amounting to TZS 14,933,537,786.54. Out of the total payables of TZS 10,614,191,293.06 (71%) were outstanding for more than 12 months, while TZS 4,319,346,493.48 (29%) for 12 months. I am concerned about the presence of huge amounts of payables which may affect the Institutions reputation to suppliers.

List of Government Institutions with outstanding accounts payables is shown in the table below;

Table 71: Institutions with outstanding payables

		Within 12 months	More than 12 months
S/N	LIST OF OTHER INSTITUTIONS	Amount in TZS	Amount in TZS
1	Institute of Judicial Administration	225,259,580.93	358,824,741.17
2	Pasiansi Wildlife Training Institute	43,774,524.61	146,129,636.04
3	African Peer Review Mechanism	65,490,097.71	90,015,539.30
4	Hombolo Local Government Training Institute	374,033,937.52	1,000,589,641.40
5	Tanzania Automotive Technology Centre	111,548,992.30	145,204,000.00
6	Tengeru College of Development Training Institute	110,467,555.00	263,000.00
7	Nelson Mandela African Institution of Science and Technology	254,882,108.00	1,465,353,138.00
8	Prison Corporation Sole	484,192,118.04	1,989,562,632.15
9	SUMA JKT Guard Limited	192,013,000.00	120,387,000.00
10	Tanzania Livestock Research Institute(TALIRI)	836,600,918.00	-
11	National Service Corporation Sole (SUMAJKT) 2014/2015	-	1,942,571,000.00
12	Mineral Resources Institute	733,256,614.76	359,413,929.00
13	Water Institute	107,287,925.00	438,996,036.00
14	Tanzania Institute of Accountancy(TIA)	780,539,121.61	-
15	SUMA JKT-Agricultural and Industrial Department	-	2,556,881,000.00
	TOTAL	4,319,346,493.48	10,614,191,293.06

I would like to recommend to the accounting officers to set budget provisions to meet financial obligations on time.

Weakness on expenditure management

During the year under review I noted six weaknesses over expenditure management therefore I could not ascertain the authenticity and regularity of these expenditures. In this category it includes, inadequately supported expenditures (TZS 206,521,652), payments made without supporting EFDs receipts (TZS 1,481,679,250), withholding tax not deducted (TZS 69,443,677) payment without deducting withholding tax (TZS 36,589,303), expenditure out of the approved budget (TZS 107,307,565.14), long outstanding imprest (TZS 10,575,687.30) as well as payments charged on wrong expenditure codes (TZS 304,116,358.50). The summary of institutions and their observations are shown in the table below:

Table 72: Weakness on expenditure

Criteria	Audit finding	Institution	Amount in TZS	
Reg. 24 of the Income Tax (Electronic Fiscal Devices) Regulations, 2012	Failure to demand and retain a Electronic Fiscal Device receipts	Tanzania Official Seed Certification Institute	11,944,710.00	
		Pasiansi Wildlife Training Institute (PWTI)	355,830,350.03	
		Mineral Resources Institute (MRI)	28,661,150.00	
		Property and Business Formalization Program (MKURABITA)	24,054,288.24	
		SUMA JKT-National Service Construction Department	65,874,820.00	
		Tanzania Automotive Technology Centre	67,127,631.00	
		Prison Corporation Sole	372,066,550	
		Water Institute	307,095,714	
		Uongozi Institute	38,184,400	
		SUMA Agri-machinery	21,614,000	
		SUMA JKT-Agricultural and Industrial Department	108,097,040	
		Local Government Training Institute	81,128,597	
		TOTAL		
Reg.46 (3) of Public Finance Regulation, 2001 revised 2004.	Expenditure made out of the approved budget	Tanzania Official Seed Certification Institute		
TOTAL			107,307,565.14	
Sec 83 of Income Tax Act 2008	Payment without deducting Withholding tax	Tanzania Official Seed Certification Institute	2,547,301.20	
		Tanzania Nursing and Midwifery Council	8,511,041.47	
		Property and Business Formalization Program (MKURABITA)	25,530,960	
		TOTAL		36,589,303
		Withholding Tax not withheld	Tanzania Automotive Technology Centre	4,662,852
	Water Institute		13,165,432	
	Dar es Salaam Water and Sewerage Authority (DAWASA)		42,825,005	
	Uongozi Institute		402,432	
	Local Government Training Institute		8,387,956	
	TOTAL			69,443,677
Reg. 95(4) of the Public Finance Regulations	Unsupported expenditures	Pasiansi Wildlife Training Institute (PWTI)	19,108,400	
		Medical Radiology and Imaging Professional Council	2,760,000	
		Water Institute	9,200,000	
		SUMA Agri-machinery	37,117,012	
		Tanzania Nursing and Midwifery Council	15,428,642	
		Local Government Training Institute	122,907,598	
		TOTAL		206,521,652
Reg. 103 (5) of the Public Finance Regulations 2001 (revised 2004).	Long outstanding Staff Imprest	Property and Business Formalization Program (MKURABITA)	5,900,367.30	
		Local Government Training Institute	4,675,320.00	
		TOTAL		10,575,687.30
Sec. 9 of the NGOs Act No. 24 of 2002 revised in 2005	Payments charged without expenditure codes	Non-Governmental Organizations Coordination Board		
		TOTAL		304,116,358.50
TOTAL			304,116,358.50	

Source: Individual management letters 2015/2016

On the issue of unsupported payments and missing payment vouchers, I would like to remind the management of Government institutions to comply with the requirement of Regulations 86(1) and 95(4) of Public Regulation 2001 by establishing sound Internal Control Systems of ensuring that all relevant documents including vouchers are properly safeguarded.

On the issue of payments made without being supported with EFD receipts I recommend the Government to issue directives to all Government institutions to stop dealing with suppliers who are not using the EFD machines.

On the issue of payment without deducting withholding tax I call upon all Accounting Officers of the concerned Government Institutions to comply with Income Tax Laws.

On the issue of outstanding imprests I advise the government Institutions to comply with the Public Finance Regulations on early retirement of outstanding imprests after completion of the activities

I advise the management of government Institute to ensure that the expenditure incurred is in line with the budgeted amount. Also where the management needs to make expenditure out of the approved budget or above the budget should seek approval from relevant authorizations.

I non-governmental organization coordination board to comply with sec. 9 (3) and (4) of the Non-Governmental Organizations Act No. 24 of 2002 as revised in 2005 that annual estimates are made and no expenditure shall be incurred for the purpose of the Board except in accordance with the annual estimates.

8.3.19 Salient Audit Findings on Audit of Special Funds

According to section 12 (1) of the Public Finance Act, 2001 the Minister may by order published in the Gazette, establish special funds which shall not form part of the Consolidated Fund; and the receipts, earnings and accruals of such funds at the end of the financial year shall not be repaid to the Consolidated Fund but shall be retained by the funds for the purposes for which they were established. Any order made under section 12 (1) shall state the purposes for which the special fund is being established and identify the Accounting Officer responsible for its operations.

In this section, I present audit findings on matters concerning the operations of special funds. I managed to carry out the audit of 14 special funds. The following are significant issues from the audit:

Matured loan and interest not recovered TZS 1,345,206,622

My review of financial statements of Agricultural Input Trust Fund (AGITF) revealed that the fund management issued loan of TZS 3,342,970,002 (principal together with interest) to various customers in Dodoma districts. It was noted that only TZS 1,997,763,380 (60%) was recovered by the AGITF leaving TZS 1,345,206,622 (40%) yet to be recovered. List of Districts with unrecovered loan is shown in the table below:

Table 73: Unrecovered loan

District	Matured Loan + Loan Interest(TZS)	Amount recovered(TZS)	Unrecovered Amount(TZS)
Dodoma M C	820,832,289	452,198,525	368,633,764
Kongwa DC	778,582,131	398,662,735	379,919,396
Chamwino DC	522,992,820	272,723,700	250,269,120
Bahi DC	14,999,940.00	12,125,700	2,874,240

District	Matured Loan + Loan Interest(TZS)	Amount recovered(TZS)	Unrecovered Amount(TZS)
Kondoa DC	1,123,532,097	810,775,720	312,756,377
Chemba DC	12,025,125	1,840,000	10,185,125
Mpwapwa DC	70,005,600	49,437,000	20,568,600
Total	3,342,970,002	1,997,763,380	1,345,206,622

Source: Individual Management letter 2015/2016

Failure to recover the loan on time limits the operations of Agricultural Input Trust Funds in attaining its strategic objectives.

I advise Agricultural Input Trust Fund to ensure all matured principal loans and interests are paid to the Agency to avoid loss that might occur.

Inadequate management of loan issue

On reviewing the loan issued by the Presidential Trust Funds (PTF) I noted Presidential Trust Funds issued loan amounting to TZS 479,545,924 to beneficiaries in Kilosa, southern zone and Kibaha centre; It was noted that PTF had outstanding loans amounting to TZS 439,802,799 and interest of TZS18, 579,600 which were not collected from beneficiaries for five years since 2010 to 2015. Failure to recover the loan from beneficiaries affect the operation of the presidential trust fund, as the fund might fail to provide loan to other beneficiaries.

A test check on customers with substantial outstanding loan at Ubena Men centre Makambako branch noted that one beneficiary was granted a loan of TZS 6,000,000 in 2008 and the loan attracted an interest of TZS 1,800,000; however up to the time of audit, in August, 2016 the loan was still outstanding due to refusal of repaying the loan by the

beneficiary as it was discovered that the loan was granted to another person in the name of the beneficiary in question.

Kidugalo Centre issued a loan amounting to TZS 6,000,000 to two beneficiaries (i.e. TZS 3,000,000 for each beneficiary) in 10/07/2007; however, on follow up of the outstanding loan noted that one beneficiary denied taking the loan of such amount and the other beneficiary was paying her loan through Njombe primary court. Due to the mentioned anomalies I am of the view that there is inadequate management of the loan which exposes PTF into financial risks

I recommend PTF to strengthen its efforts to ensure that the outstanding loans and interest are collected timely.

Presidential Trust Funds to trace the persons who were issued with the loans in the name of the beneficiary and legal action should be levelled against them

Loans issued for activities other than the fund's objectives TZS 1,098,566,332.69

Treasury Advance Fund was established under the Parliament Resolution No. 4 of 2011 with the primary objectives of improving welfare of Central Government employees through provision of loans for purchase of transport facilities, home appliances and maintenance of transport facilities. On my review of the Treasury Advance Funds financial statements I noted that TZS 1,098,566,332.69 was presented as unsettled loans, on further scrutiny I noted the loan was advanced to Vote 23 for activities which are not related to the Fund's objectives. Analysis of the loan for activities other than fund's objectives

Table 74: Loans for activities other than the Fund's objectives

S/N	Description	Activity (TZS)
26/10/2015	Bara construction co (1994) ltd - Simiyu Construction	57,888,102.69
18/11/2015	Vote 53 Monitoring of financial Management and analysis of payment system	179,760,000.00
29/12/2015	Vote 23 accountant general - consolidation of financial statements - Bunju	548,223,000.00
27/01/2016	National printing	22,397,230.00
31/12/2015	Vote 23 accountant general preparation of interface between (MOF) and revenue gateway system (RGS) (TRA)	199,056,000.00
26/01/2016	Student fund (transport, stationary and part of meal)	77,790,000.00
24/02/2016	Anfield investment	13,452,000.00
Total		1,098,566,332.69

Source: Individual management letters 2015/2016

In another fund; Women Development Fund I noted that a total of TZS 11,740,000 were paid for various activities which were not part of WDF activities; a total of TZS 8,740,000 were used to pay incidental air ticket to Geneva for CEDAW meeting while TZS 3,000,000 were transferred to two persons.

Diversion of Funds for activities not related to fund objectives implies that; applicants could not get loans when they needed.

I recommend Treasury Advance Funds to make follow up on the outstanding balance of TZS 1,098,566,332.69 from vote 23

Accounts payables TZS 888,349,824

During the year 2015/2016 I noted three special funds with payables amounting to TZS 888,349,824. Out of the reported payables TZS 490,416,536.08 was outstanding for more than 12 months where TZS 397,933,288 for 12 months. List of special funds with outstanding accounts payables is shown in the table below;

S/N	NAME OF FUNDS	WITHIN 12 MONTHS	ABOVE 12 MONTHS
1	Maji Central Store Revolving Funds	337,584,266.00	464,920,879.20
2	Agricultural Input Trust Fund	0	25,495,656.88
3	Women Development Fund (WDF)	60,349,021.62	0
TOTAL		397,933,288	490,416,536

I advise the accounting officers to set budget provisions to meet financial obligations

Irregularities note on expenditures of special funds

During the year under review I noted four anomalies in respect of expenditure management of four special funds

REGULATION	NAME OF SPECIAL FUNDS	Audit Finding	Amount in TZS
Reg. 95(4) of the Public Finance Regulations of 2001(Revised 2004)	Empowering Mining Development Fund (EMDF)	Inadequately Supported Payments	35,420,104.00
	Presidential Trust Fund		28,985,043.00
TOTAL			64,405,147.00
Reg. 24 of the Income Tax (Electronic Fiscal Devices) Regulations, 2012	Maji Central Revolving Funds	Payment without demanding Electronic Fiscal Device receipts	23,654,400
	SELF Microfinance Fund		619,912,264
	OPTOMETRY (OC) COUNCIL		3,000,000
TOTAL			646,566,664
Sec 83 of Income Tax Act 2008	Agricultural Input Trust Fund	Withholding tax not deducted	1,400,866.96
Reg.103 of the Public Finance Regulation of 2001 (revised 2004)	Tanzania Wildlife Protection Fund (TWPF)	Outstanding Imprest not retired	76,748,200

Source: Individual management letters 2015/2016

On the issue of unsupported payments, I would like to remind the management of Government institutions to comply with the requirement of Regulations 95(4) of Public Regulation 2001 by establishing sound Internal Control Systems of ensuring that all payments are supported by relevant documents

On the issue of payments made without being supported with EFD receipts I recommend the Government to issue directives to all special funds to stop dealing with suppliers who are not using the EFD machines.

On the issue of outstanding imprests I advise the special funds to comply with the Public Finance Regulations on early retirement of outstanding imprests after completion of the activities

Non-compliance with Public procurement legislations

Based on the sample selected and reviewed from SELF Microfinance Fund, procurement transactions worth TZS223, 357,466 for financial year 2015/2016 were effected without existence of tender board, Procurement Management Unit

and procurement plan contrary to sec 31(1) and 37(1) of Public Procurement Act of 2011 and Regulation 70 of Public Procurement Regulations of 2013 respectively. Weak procurement controls may lead to low or substandard quality of products and uneconomical prices.

I advise the Management to comply with the Public Procurement Act of 2011 and its regulations of 2013 by establishing a tender board, PMU and preparing a procurement plan.

Outstanding Accounts receivables TZS 2,454,739,443

During the year 2015/2016 I noted 5 special funds with receivables amounting to TZS 3,954,533,192. Out of the reported receivables TZS 2,034,192,487 (51%) was outstanding for more than 12 months and TZS 1,920,340,705 (49%) for 12 months. Huge outstanding receivables reduce the potential growth of special funds by forcing them not to fully implement their planned activities. List of Special funds with outstanding accounts receivables is shown in the table below;

Table 75: Special Funds with outstanding receivables

S/N	Funds	Within 12 months	Above 12 months
1	Empowering Mining Development Fund (EMDF)	93,431,632	
2	Maji Central Store Revolving Funds	30,740,000.00	361,804,003.80
3	Agricultural Input Trust Fund	234,180,510	2,329,883
4	Women Development Fund (WDF)	727,532,407	1,004,721,007
5	National Relief Fund	834,456,156	665,337,593
TOTAL		1,920,340,705	2,034,192,487

I urge the Special Funds to closely follow up the outstanding receivables to avoid delay in achieving their strategic objectives.

Amount collected by an agent not deposited to PTF accounts TZS 56,967,688

During the year under review I noted that, Iringa and Mafinga centres had a total outstanding loan amounting to TZS 56,967,688 in 2011/2012. In order to enhance collection of the outstanding loans, PTF entered into an agreement with a debt collection agent MS. Makalu Co. Ltd to collect outstanding loans on behalf of PTF; however, the collection agent did not submit the amount collected since 2012 to date. Further review noted that the agent had disappeared and changed the nature of company's operations.

The outstanding amount collected was not remitted to PTF therefore the work performed by the agent might be fraudulent.

I recommend PTF to institute legal action against the agent and require him to submit all money collected

Collections from sale of relief maize not remitted to PMO's account TZS 44,666,300

During the year under review I noted five districts and one Municipal council were supposed to remit a sum of TZS 44,666,300 from sale of relief maize to Prime Minister's Office account; however up to 30th June 2016 the fund was not remitted to the respective account. List of Districts which did not remit funds to PMO account is shown in the table below

Table 76: funds not transferred to PMO Account

S/N	District	Amount in TZS
1	Manyoni District Council	6,762,100
2	Iramba District Council	4,500,000
3	Musoma DC	13,500,000
4	Mpwapwa Dc	8,479,000

S/N	District	Amount in TZS
5	Dodoma Municipal Council	11,425,200
TOTAL		44,666,300

Source: Individual management letter 2015/2016

Delays in remittance collections from sale of relief maize can lead to misuse of the public funds

I advise the management of Prime Minister's Office to develop a mechanism of making follow up on the collection from sales of relief maize in district

Funds Deposited in Wrong Account TZS 10,530,000

During the year under review I noted that Iramba District Council was supposed to make remittance of TZS 10,500,000 to Maafa account 9921151001; however, the amount was wrongly credited to account no. 9921141201 (BOT) on 08/04/2016. There is a risk that the Public funds could be lost and used for unintended purposes as the funds have been credited to an unknown account.

I advise the management to make follow up of the funds credited to wrong account, refund should be made and then credit to proper Maafa account

Improper utilization of revolving funds TZS 1,427,515,995

In 2015/2016 audit I noted that in 2010/2011 a total amount of TZS 615,218,931 was transferred from Uwezeshaji account to Presidential Trust Funds (PTF) administration account for administration costs; out of transferred fund a total of TZS 159,550,206(25%) was a principal loan; this is contrary to purpose of Uwezeshaji account which require only the interest to be transferred to PTF administration account to cater for administrative costs and the principal amount to remain as revolving funds. Further scrutiny noted that the transfer of fund was not approved by the board of trustees

which is contrary to Chapter 13.1(6) of the PTF Accounting Policies and Procedures Manual

Additionally, I noted that in 2011/2012 to 2014/2015 a sum of TZS 797,987,064.20 was transferred from Uwezeshaji account (Revolving funds) to facilitate various activities like purchase of fuel, stationeries, retrenchment benefits, net staff salary arrears, NSSF staff contribution, PAYE staff deductions, benefits after termination of employment, contrary to chapter 13.1(2) of the PTF Accounting Policies Procedures Manual.

As a result of these oversights PTF might not achieve its objective due to the use of funds contrary to established strategic objective of the fund.

I recommend the PTF to strengthen control over utilization of revolving funds; by ensuring that the funds are utilized for the intended purpose.

8.3.20 Salient Audit Findings on Water Basins Bodies

Basin Water Boards were established in accordance with the Water Utilization (Control and Regulation) Act No. 42 of 1974 and its subsequent amendments. But the former Act has been repealed with recently Water Resources Management Act No. 11 of 2009. Currently there are 11 Water Boards in Tanzania. I managed to audit all water Boards for this year and the audit results are as follows:

Shortage of staff

On reviewing the human resources management, I noted six water basin boards had a shortage of 457 staff in different department's equivalent to 56 per cent of the required staff level. The shortage of staff impacts the performance of the water boards operations.

Table 77: Shortage of staff

S/N	Water Basin	Required	Available	Shortage
1	Internal Drainage Basin Water Board	112	39	73
2	Lake Victoria Basin Water Board	178	48	130
3	Rufiji Basin Water Board	168	60	108
4	Ruvuma and Southern Coast Basin Water Board	144	112	32
5	Lake Tanganyika Basin Water Board	134	40	94
6	Wanging'ombe Water Supply and Sanitation Authority	72	52	20
	TOTAL	808	351	457

Source: Individual management letter 2015/2016

I recommend water basin boards to communicate with the Public Service Recruitment Secretariat to ensure that qualified staff are recruited to fill the vacant positions.

Salaries paid to employees who were no longer in Public Service TZS 20,916,000

Analysis of the payroll data provided by Rukwa water basin boards revealed that two officers were earning salary totaling TZS 20,916,000. These employees were no longer in service. Of that amount, TZS 13,260,000 was paid to a staff who was not in service for 10 months since November 2014 to September 2015; while TZS 7,656,000 to a staff who was not in service for 23 months since November 2013 to September 2015. This contravened the requirement of Reg. 113 of Public Finance Regulation, 2001 (revised 2004) which requires Accounting Officers to maintain staff records such that employees are paid only for the days worked. Paying salaries to persons who are no longer in service is loss of government revenue.

I advise Lake Rukwa basin water board to ensure that the amounts paid are refunded by the respective officers to the Ministry of Finance and Planning.

Delay in completing construction of Office Buildings

It was noted that on 15th October 2013 Ministry of Water and Irrigation entered into contract No ME-011/2012-13/W/04 with M/s Associated Investment & Services LTD for Rehabilitation and Construction of Offices and Water Laboratory Buildings for Lake Tanganyika BWO Headquarters at Kigoma and sub-offices at Kahama and Tabora at a contract sum of TZS 2,632,033,365. On reviewing I noted that the construction works was expected to take fifty-two (52) weeks commencing 28 days after contract signing was and expected to be completed on November/December 2014, however, as of October, 2016 the contract works was still on progress. Further, during my site visit on 17/10/2016 revealed that the contractor was still on site accomplishing snags noted during site inspection of September 2016.

Failure to implement the contract in time implies that the intended objectives of the project could not be attained. I recommend close follow up on the contracts so as to ensure timely implementation of the contracts and adherence to the conditions of the contract.

Inadequate implementation of Annual Procurement Plan

During the year under review I noted three water basin boards procured goods and services worth TZS 228,790,840 which were not included in the Procurement Plan contrary to Section 49 (2) and (3) of PPA No.7 of 2011 which requires the budget approving authority of the procuring entity to approve the annual procurement plan based on the approved budget. TZS 198,312,900(87%) of procurement without plan was for Rufiji basin water boards, TZS 25,850,000(11%) for Makonde Plateau

Water Supply and Sanitation Authority and TZS 4,627,940 (2%) for Wanging'ombe Water Supply and Sanitation Authority

I recommend adherence to the procurement plans and also urge management to conduct proper needs assessment and market surveys to obtain adequate and reliable information to enable proper planning and implementation of procurement activities.

Issues noted in expenditure management of water basin boards

During the year under review I noted weaknesses over expenditure management therefore I could not ascertain the authenticity and regularity of these expenditures. In this category it includes, inadequately supported expenditures (TZS 53,862,324), payments made without supporting EFDs receipts (TZS 283,408,496), withholding tax not deducted from suppliers (TZS 45,057,351.09) as well as ineligible expenditure (TZS 12,290,200).

Table 78: Basin Water Bodies with and their observations

S/N	Water Basin	Audit Finding	Amount in TZS
Reg. 95(4) of the Public Finance Regulations	Internal Drainage Basin Water Board	Inadequately Supported	18,734,324
	Handeni Trunk Main Water Supply & Sanitation Authority	Expenditure	30,418,000
	Mugango-Kiabakari Water Supply and Sanitation Authority		4,710,000
	TOTAL		53,862,324
	Lake Nyasa Basin Water Board	Ineligible Expenditure	12,290,200
Reg. 24 of the Income Tax (Electronic Fiscal Devices) Regulations, 2012	Lake Nyasa Basin Water Board	Paymentnot supported with EFD receipts	9,945,000
	Lake Rukwa Basin Water Board		90,623,470
	Rufiji Basin Water Board		8,692,000
	Ruvuma and Southern Coast Basin Water Board		160,500,000
	Wami- Ruvu Basin Water Board		5,702,650
	Wanging'ombe Water Supply and Sanitation Authority		7,945,376
Sec 83 of Income Tax Act 2008	TOTAL		283,408,496
	Lake Victoria Basin Water Board	Withholding tax not deducted from suppliers	5,514,773
	Rufiji Basin Water Board		1,163,820.32
	Wami- Ruvu Basin Water Board		868,740
	Lake Tanganyika Basin Water Board		37,510,017.77
	TOTAL		45,057,351.09

Source: Individual management letters 2015/2016

On the issue of unsupported payments, I would like to remind the management of water boards to comply with the requirement of Regulations 95(4) of Public Regulation 2001 by establishing sound Internal Control Systems of ensuring that all relevant documents including vouchers are properly safeguarded.

On the issue of payments made without being supported with EFD receipts I recommend the Government to issue directives to all water boards to stop dealing with suppliers who are not using the EFD machines.

On the issue of payment without deducting withholding tax I call upon all Accounting Officers of the concerned water boards to comply with Income Tax Laws.

Outstanding Accounts receivables TZS 3,735,127,782

During the year 2015/2016 I noted 13 water basins boards with receivables amounting to TZS 3,735,127,782. Out of the reported receivables TZS 2,121,401,359 (57%) were outstanding for more than 12 months and TZS 1,613,726,423 (43%) for 12 months. Huge outstanding receivables reduce the working capital for potential growth of water basin boards by forcing them not to fully implement their planned activities

I recommend water basin boards to closely follow up the outstanding receivables to avoid delay in achieving their strategic objectives.

Lack of title deeds for land owned by water basin boards Land

On assessing ownership documents, I noted that land possessed by water basin boards do not have title deeds. In the absence of ownership documents, I could not confirm whether the assets are actually legally owned by the respective audited water basin boards. This implies that the respective entities do not have legal ownership of the lands and in the event of dispute the government is likely to lose. The table below presents a list of entities lacking title deeds.

Table 79: Water basins lacking title deeds

S/N	Water Basin	Location
1	Internal Drainage Basin Water Board	Singida Municipal Council
		Babati
		Mto wa Mbu
2	Lake Tanganyika Basin Water Board	Kigoma Municipal Council
		Tabora Municipal Council

S/N	Water Basin	Location
		Kahama
3	Mugango-Kiabakari Water Supply and Sanitation Authority	Mugango, Kiabakari and Butiama

Source: Individual management letters 2015/2016

The water board offices in collaboration with the Ministry of Water and Irrigation and Ministry of Finance and Planning is advised to provide additional directives to water basin boards to acquire ownership documents from respective authorities for the safeguarding of Government land and buildings.

Outstanding Accounts payables TZS 2,556,054,723.54

During the year 2015/2016 I noted 10 water basins boards with payables amounting to TZS 2,556,054,723.54. Out of the reported payables TZS 2,295,412,580.90 (90%) were outstanding for more than 12 months and TZS 260,642,142.64 (10%) for 12 months.

I advise the accounting officers to set budget provisions for paying maturing financial obligations timely.

9.0 PROCUREMENT AND CONTRACT MANAGEMENT

9.1 Introduction

Procurement of goods and services, is essential to the operation of an organization, often it involves substantial expenditure. Past corruption cases shows that it is an area most vulnerable to corrupt manipulation and malpractice. Any corruption in procurement would not only bring financial losses upon a company or an organization, but also adversely affect its reputation as a trustworthy partner for business.

Public procurement is a crucial pillar of strategic governance and services delivery for Governments. Because of the sheer volume of spending it represents, well governed Public procurement can and must play a major role in fostering public sector efficiency. The enactment of the Public Procurement Act No.7 of 2011 together with its underlying Regulations of 2013, and the recently issued Public Procurement (Amendment) Act of 2016 provides a legal framework governing institutional set up and processes of procurement in the public sector. Despite the existence of the law, some central government entities are still not complying fully with PPA of 2011 and its Regulations of 2013.

The mandate of CAG as enshrined in Section 48 (3) of the Public Procurement Act (PPA), 2011 is to ensure that procurement processes in the public sector are open, fair, and transparent and that they have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.

This chapter contains audit findings relating to procurement and management of contracts from the audit of MDAs/RS during the year under review. Apart from my audit I have included audit findings from PPRA and Director of Government Assets Management Division

9.2 Procurement made without competitive tendering TZS 24,216,625,390

Out of 122 MDAs and RS audited, I observed that fifteen (15) MDAs/RS procured goods and services worth TZS 24,216,625,390 contrary to Regulations 163 & 164 of the PPR, 2013 which mandates procurement entities to request quotations from as many suppliers or contractors as practicable but from at least three different sources. I further noted inappropriate procurement methods such as single source and restricted tendering methods in circumstances where those procurement methods are not justified by Reg.159 of PPR, 2013 in order to achieve value for money. *Appendix 9.1* provides details of the entities involved.

The amount of procurement made without competitive tendering has decreased from TZS 27.12 billion to TZS 24.22 billion when compared with last year's audit. In 2014/15 only nine MDAs/RS were involved compared to 15 audited entities in 2015/2016.

The MDAs/RS likely not to have paid fair and competitive prices for the items and services rendered. I recommend that, management should ensure strict compliance with the Public Procurement Act to promote competitiveness and to obtain value for money for the goods and services. I further recommend that MDAs/RS should avoid the use inappropriate procurement methods such as single source and restricted tendering methods in circumstances where those procurement methods are not justified by Reg.159 of PPR, 2013 in order to achieve value for money.

9.3 Anomalies noted in the contracts/projects management

Subject to Reg.114 of PPR GN No. 446 of 2013 a procuring entity is responsible for the effective management of any procurement of goods, services or works for which it is undertaking and shall- (a) monitor the costs and timely delivery of goods and services in the correct quantities and to the quality specified in each contract; (b) monitor the progress and timely completion of works in accordance with

the terms of each contract; (c) take or initiate steps to correct or discipline deviations from observance of contract condition; and (d) ensure that the responsibilities imposed on it by the contract are fully discharged.

Contrary to this regulation I noted several weaknesses in contracts/project management whereby of the sampled eight (8) contracts/projects worth TZS million 63,254 million and USD 1000 million from eight (8) entities were not managed properly as detailed in the *Appendix 9.2*

As compared to 2014/2015 audit, the number of MDAs reported with contract/project irregularities decreased by 60% from twenty MDAs/RS (20) reported in the 2014/15 to eight (8) entities reported during the year under review; however the amount increased from TZS 109,683.40 million million to TZS 63,254 million and USD 1,000 million indicating poor compliance with this Regulation.

In absence of the procurement records and documentation, (such as valid contracts, bill of quantities, progress reports, and interim certificates) the propriety of the expenditure of TZS 63,254 million and USD 1,000 million could not be ascertained and therefore public funds may not have been utilized lawfully and in an effective manner.

Generally management of entities are advised to change their attitude towards management of the contracts they enter with various suppliers/contractors and observe terms and conditions in the respective contracts.

9.4 Delay in completion of the construction projects worth TZS 23,328,603,706

Fourteen (16) entities entered into contracts with contractors for various construction projects. I noted delays in completion of these projects costing TZS 23,328,603,706. *Appendix 9.3* details the entities with delayed projects and their respective expected completion dates.

Delays in completion of these projects might lead to costs overruns due to price escalation. Management of the respective entities are advised to comply with the requirements of Regulation 114 Public Procurement Regulations of 2013 in terms of effective management of their procurement contracts.

Management need to fast tract the process of completing the on-going delayed projects and ensure its completion without any further delays. I also recommend that Management of the respective entities to make follow up of their funds from the Ministry of Finance and ensure early completion of the projects. I further recommend the award of contract to be done in phases depending on the availability of funds so that no certificate will remain unpaid and attract interest arrears.

9.5 Procurement made without Tender Board approval TZS 2,485,411,529

My review on compliance with Section 35(3) of PPA, 2011 and Regulation 55 of PPR, 2013 relating to approval of tenders by the tender board I noted that a number of entities were engaged in procurement of goods and services without prior approval of their established tender boards. This noncompliance with procurement law was noted in Ten (10) entities as detailed in *Appendix 9.4*.

Entities continued to perform poorly in terms of compliance with this regulation. Total procurements of TZS 2,485,411,529 indicate an increase of more than four times compared to last year's cases of noncompliance which were noted in three (3) entities for TZS 494,395,890.

Making procurements without Tender Board approval might lead to awarding contracts to incompetent suppliers or contractors thus transparency, efficiency and effectiveness would not be achieved.

As mandated in Section 35 of the PPA, 2011, I recommend the Management of the respective MDAs/RS to strictly adhere to the procurement process by fully involving the Tender Boards so that null and void contracts are eliminated.

9.6 Procurement of works, goods and services without binding contracts TZS.11, 253,346,373 & USD 29,606,100

During the year I noted cases of noncompliance with procurement laws where eight (8) audited entities procured works, goods and services worth TZS.11,253,346,373 & USD 29,606,100 without having any valid contract agreement with the supplier/contractor. This is contrary to Regulation 10(4) of Public Procurement Regulations, 2013 which specify that, a procuring entity shall ensure that payments due to tenderer are made properly and promptly in accordance with the terms of each procurement contract entered into. Audited entities involved are detailed in the table below;

Table 80: procurement of works, goods and services without binding contract

S/N	Details	Amount(TZS)
1	Vote 57: Ministry of Defence and National Service	
	Payments for various construction works performed without binding contracts	1,536,803,523
2	Vote 44: Ministry of Industry, Trade and Investments	
	Lack of Contract for Security and Cleaning Services	93,088,130
3	Vote 38:Tanzania Peoples Defence Forces (TPDF)	
	Weaknesses on construction of NAB Airport	3,086,847,327
4	Vote 14:Fire and Rescue Force	
	Questionable Costs for Cleared 9 units of fire fighter trucks	45,661,399
5	Vote 28:Tanzania Police Force	
	Lack of contractual agreements for supplied motor vehicles	USD 29,606,100
6	Vote 70:RS Arusha	
	Procurement of various goods and services without using LPO	269,351,705
7	Vote 93: Immigration Services Department	

S/N	Details	Amount(TZS)
	Lack of a valid contract/Memorandum of Understanding for a construction of Residential House for Principal Commissioner of Immigration at Msasani, Dar es Salaam	309,428,942
8	Vote 61:National Electoral Commission (NEC)	
	Irregular procurement of self-inking stamps	944,000,000
9	Vote 61:National Electoral Commission (NEC)	
	Supply of additional ballot paper and result forms without the contract	1,938,943,835
10	Vote 61:National Electoral Commission (NEC)	
	Irregularities noted on Contract Agreement for supply of stationaries.	3,029,221,512
Total		11,253,346,373

Source: Individual CAG's Management Letters for the year 2015/2016

I have noted a significant increase in this irregularity within the central government entities whereby in the last year audit, Five(5) entities made procurements worth TZS 5.21 billion without contracts. This is an indicative factor which effectively shows that there was no improvement for the year under review.

I recommend to the Management of the respective MDAs/RS to ensure that all procurement transactions must be properly supported with contracts so that any part in default of its obligations is adequately accountable before the law. This may enable the procurements to be enforceable by law.

9.7 Procurement of goods and services from un-approved suppliers TZS. 7,395,231,560

Regulation 131 of PPR, 2013 provide an arrangement for the acquisition of the common used items through the use of framework agreement approved by GPSA. Also Reg.137 of

PPR, 2013 mandates on the Procurement of Electrical, Mechanical and Electronics services for the maintenance and repair of Government owned Motor vehicles through TEMESA. Further Regulations 139-141 provide framework for the acquisition of the Medical supplies through MSD. However, I noted that Fourteen (14) entities infringed the above named Regulations by acquiring goods and services worth TZS 7,395,231,560 from suppliers who were not approved by GPSA, TEMESA and MSD.

S/N	Details	Amount(TZS)
1	Vote 42: National Assembly	
	Motor vehicles serviced from Private Garage without prior and after inspection approval from TEMESA	36,240,792
2	Vote 9: Remuneration Board	
	Irregular procurement of maintenance and repairs services of motor vehicles	5,477,500
3	Vote 26: Vice President - Private Office	
	Maintenance of Motor vehicles not channeled through TEMESA	3,674,437
4	Vote 39: National Service Force (JKT)	
	Procurement of medical supplies from private suppliers without the approval from the Medical Stores Department	259,698,748
5	Vote 73: RS Iringa	
	Procurement of medicine and medical supplies from private suppliers without out of stock form from MSD	84,929,934
6	Vote 81: RS Mwanza	
	Procurement of Medicine and Medical equipment from Private supplier without approval	10,743,740
7	Vote 38: Tanzania Peoples Defence Forces (TPDF)	
	Procurement of goods and services from unapproved suppliers	6,498,215,788

S/N	Details	Amount(TZS)
8	Vote 52: Ministry of Health, Community Development, Gender Elders and Children	
	Motor vehicles serviced without prior and after inspection approval	25,542,567.80
9	Vote 89: RS Rukwa	
	Procurement of Medical Supplies without out of Stock List from Medical Stores Department	9,652,020
10	Vote 70: RS Arusha	
	Procurements of goods and services made from non-shortlisted suppliers	6,134,601
11	Vote 75:RS Kilimanjaro	
	Procurement of medical supplies without MSD approval	61,773,440
12	Vote 86: RS Tanga	
	Procurement of Medicines and equipment out of MSD	171,873,302
13	Vote 93: Immigration Services Department	
	Maintenances and Repairs not complied with procurement procedures	154,757,690.30
14	Vote 79: RS Morogoro	
	Procurements of Medical and Hospital Equipment out of MSD	66,517,000
Total		7,395,231,560

I have noted a slight improvement (13 per cent) of compliance with Regulation 131 whereby in the year 2014/2015 Sixteen (16) entities made procurement of goods and services worth TZS 8,556.82 million from un-approved suppliers.

I recommend strict compliance with the provisions of the Public Procurement legislations to ensure transparency and value for money in procurement transactions.

9.8 Deviations from annual procurement plan TZS. 980,345,532

Sections 49 (2) and (3) of PPA No.7 of 2011 requires budget approving authority of the procuring entity to approve the annual procurement plan based on the approved budget. This section further clarifies that, the procuring entity has to observe the approved annual procurement plan and any unplanned procurement has to get a prior written approval of the Accounting Officer of the procuring entity. In my review of procurement processes, I noted that five (5) entities procured goods and services worth TZS.980,345,532 which were not contained in the procurement plan contrary to above mentioned mandates.

Table 81: Deviations from annual procurement plan

S/N	Details	Amount(TZS)
1	Vote 34:Ministry of Foreign Affairs and East Africa Cooperation	
	Deviations from Annual Procurement Plan in the procurement of various supplies.	268,996,148
2	Vote 31:Vice President's Office	
	Procurement of works for Rehabilitation of Vice President's Office made out of Procurement plan	116,695,863
3	Vote 27:Registrar of Political Parties	
	Purchase of Office equipment not in Procurement Plan	18,954,533
4	Vote 70: RS Arusha	
	Non-preparation of Comprehensive Procurement Plan	544,168,988
5	Sub Vote:2005 High Commission of	

S/N	Details	Amount(TZS)
	Tanzania - Abuja	
	Procurement of goods and services made Without Procurement Plan	31,530,000
Total		980,345,532

Source: Individual CAG's Management Letters for the year 2015/2016

I have noted a significant improvement in the compliance with this legislation. The amount of procurement not included in the annual procurement plans has decreased by 35% from TZS 8,462,110,917 reported in 2014/15 to TZS 980,345,532. I recommend management of the audited entities to strictly comply with the PPA, 2011 and its Regulations in order to strengthen overall procurement practices.

9.9 Inadequate record keeping in the procurement process TZS. 12,576,421,680

Record keeping in public procurement is one of the mandatory requirements of Public Entities which engage in procurement as indicated in Section 61 (1) of the Public Procurement Act, 2011. Accordingly a procuring entity shall maintain a record of its procurement proceedings in which it is involved, including decisions taken and the reasons for it and such record shall be kept for a period of not less than five years from the date of completion of the contract and be made available when required to the Minister and the Controller and Auditor-General Documentary records, both in print and electronic formats, are essential for efficient and effective management of procurement activities. Also records provide evidence in support of decisions and actions taken in the procurement process, and, provide an audit trail for verification of transparency, accountability and adherence to PPA, 2011. I noted that Ministry of Defence and National Services (Vote 57) did not comply with procurement laws whereby procurements of goods and services worth TZS.

12,576,421,680 were made without proper record keeping of the same.

Efficient record management is essential to ensure effective storage, retrieval and use with due regard to security, integrity and confidentiality.

I therefore recommend all procurement transactions be properly authorized and fully supported by proper documentary evidences/ records to keep track of information for future references.

9.10 Contract not vetted by the Attorney General TZS.1,159,047,500

Regulation 59(1) of the PPR, 2013 requires that, “any formal contract arising out of the acceptance of tender whose value is fifty million shillings or more shall be vetted by the Attorney-General before the contract is signed by the parties”. However, I noted that, the Ministry of Water and Irrigation (Vote 49) entered into contract worth TZS.491,047,500 with M/S Ms. International Company for supply of Mobile Water purification unit at Gidahababeig - Hanang without being vetted by Attorney-General.

Un-vetted contracts are likely to create legal challenges in the event of any contractual dispute.

I advise the Management of these entities to work closely with the office of the Attorney General for vetting of contracts before being signed to comply with Regulation 59 (1) of the PPR.

9.11 Delivered goods not inspected TZS. 2,315,756,038

During the year nine (9) audited entities procured goods for TZS 2,315,756,038 without being inspected and accepted contrary to Regulation 244(1) of PPR 2013 which requires the procuring entity on procuring goods or services “shall make them to be inspected, sampled and tested to confirm whether they meet the standards stipulated in the contract”. In

addition, Reg. 245 of GN No.446 of 2013 requires the Accounting Officer to appoint a Goods Inspection and Acceptance Committees for each tender including call off orders. My test on compliance with these requirements of law at nine (9) entities, I noted that the quality assurance for the goods worth TZS 2,315,756,038 was not performed. In other occasions, Accounting Officers did not establish the Goods Inspection and Acceptance Committee responsible for inspecting, testing goods and services received from the suppliers as detailed in the table below;

Table 82: Delivered goods not inspected.

S/N	Details	Amount(TZS)
1	Vote 39:National Service Force (JKT)	
	Inspection and Acceptance Committees not appointed by the Accounting Officer to inspect various supplies.	1,579,144,248
2	Vote 83:RS Shinyanga	
	Goods procured not inspected by Acceptance and Inspection Committee	32,381,848
3	Vote 38:Tanzania Peoples Defense Forces (TPDF)	
	Inadequate management of construction works at IKOLA	78,408,000
4	Vote 14:Fire and Rescue Force	
	Irregularities noted in Supply of staff uniforms without inspection.	70,387,000
5	Vote 70:RS Arusha	
	Goods procured and delivered without being inspected	8,000,000

S/N	Details	Amount(TZS)
6	Vote 75:RS Kilimanjaro	
	Goods received without inspection report	51,393,887
7	Vote 86:RS Tanga	
	Anomalies noted in the procurement of Ambulance	17,818,148
8	Vote 93:Immigration Service Department	
	Non-appointment of goods inspection and acceptance committee	417,323,907
9	Vote 78:RS Mbeya	
	Procurements of various supplies made without being Inspected	60,899,000
Total		2,315,756,038

Source: Individual CAG's Management Letters for the year 2015/2016

I have noted a significant compliance of this legislation whereby in the previous audit report Sixteen (16) MDA's made procurement of goods and services worth TZS 15,361,328,135 without inspection of the same.

Receiving goods without inspection by the goods inspection and acceptance committee may provide a loophole for acquiring substandard goods or goods of low quality, or goods received may not conform with the specifications provided in the contract. The procuring entities are exposed to risk in case the suppliers fail to fulfil their contractual obligations.

In order to address cases of breaches of the Public Procurement laws by contracting MDAs/RS, I recommend MDAs/RS to adequately adhere to the Public Procurement legislations.

9.12 Payments for goods, works and services not supplied TZS3, 452,112,838

In my course of audit I observed that seven (7) procuring entities paid TZS 3,452,112,838 for goods, works and services which are yet to be rendered hence value for money could not be established. Without value in return the funds spent on the procurement is deemed to have been wasted. This situation is contrary to contractual agreements between the suppliers/contractors which provides that payment shall not be made for work done, goods supplied or services rendered, unless certifies that the work has been performed, the goods supplied or the service rendered. Details are as shown in the table below;

Table 83: Payments for services, goods and works not supplied

S/N	Details	Amount(TZS)
1	Vote 36:RS Katavi	
	Payments in Advance for Goods and Services not yet Delivered/rendered	585,354,650
2	Vote 14:Fire and Rescue Force	
	Imported spare parts were not delivered	54,506,998
3	Vote 28:Tanzania Police Force	
	Payments to M/S GIVA Justice System Limited for the supply and implementation of arrest and detention system without deliveries	798,789,242
4	Vote 40:Judiciary of Tanzania	
	Four (4) Motor vehicles paid for but not delivered	572,579,293
5	Vote 46: Ministry of Education, Science, Technology and Vocational Training	
	Undelivered five motor vehicles valued	360,221,920
6	Vote 99:Ministry of Livestock & Fisheries Development	

S/N	Details	Amount(TZS)
	Contract Agreement for construction of Charcoal Dam in Mbeya paid for but not executed	561,660,735
7	Vote 99:Ministry of Livestock & Fisheries Development	
	Payments for procurement of Motor Vehicles and motorcycles not delivered	83,000,000
8	Vote 93:Immigration Services Department	
	Undelivered Motor Vehicles	436,000,000
Total		3,452,112,838

As compared to 2014/15 audit, the number of MDAs/RS reported with this anomaly increased by 50% from four(4) MDAs/RS reported in the 2014/15 to eight (8) MDAs/RS reported during the year under review; however the amount increased from TZS 3,253.65 million to TZS 3,452.84 million indicating slight improvement in compliance with this legislation.

I recommend that management of the MDAs should pursue delivery of all the items, the failure of which the amount should be recovered from the Suppliers/contractors and legal procedures taken against defaulters.

9.13 PPRA Report on Compliance of MDAs with Public Procurement Act, 2011 and its Regulations of 2013

Public Procurement Regulatory Authority (PPRA) is a regulatory body established under the Public Procurement Act No.7 of 2011. The Authority is charged with regulatory functions and vested with oversight powers and responsibilities on all public procurement activities carried by all public bodies. Its objectives among others is to monitor compliance of procuring entities by ensuring the application

of fair, competitive, transparent, non-discriminatory and value for money procurement standards and practices.

I have attached significant issues reported by PPRA in the Annual Performance Evaluation Report as demonstrated in the following sections.

9.14 Findings on compliance audits

The Authority conducted compliance audits by using an assessment tool that comprises seven performance indicators namely; institutional setup and performance, appropriate preparation and efficiency in implementing the procurement plan, appropriateness of tender processing, appropriateness of contracts management, management of procurement records, use of systems developed by PPRA; and handling of complaints.

9.14.1 Volume of audited procurement

The total number of audited procurement contracts was 21,313 with a total value of TZS 1,051.78 billion. The audit covered 845 contracts for works worth TZS 698.67 billion or 66.4 percent of the total value, 7,179 for goods with a total value of TZS 158.89 billion or 15.1 percent and 103 for consultancy services with a total value of TZS 100.28 billion or 9.5 percent.

Other audited contracts included 9,650 for non-consultancy services worth TZS 46.96 billion or 4.5 percent, 3,083 minor-value procurement worth TZS 44.77 billion or 4.3 percent and 453 framework contracts worth TZS 2.22 billion or 0.2 percent.

9.14.2 Overall level of compliance

The analysis indicated an average compliance level of 71 percent which shows that an increase of two percent over last year's average. However, the recorded level was below 78 percent, which was the target set by PPRA for FY 2015/16.

The average compliance level for MDAs increased from 69 and to 75 compared to last year's results.

Analysis shows that MDAs performed satisfactorily in the indicator on institutional set up and performance at 80 percent. On the indicator on the appropriateness of APP preparation and implementation, MDAs performed satisfactorily at 78 percent. On the indicator on tender MDAs performed satisfactorily. MDAs performed fairly on the indicator on appropriateness of contract management and management of procurement records.

Analysis shows that MDAs, performed poorly on the indicator on implementation of systems developed by PPRA whereby MDAs scored 52 percent.

9.14.3 Assessment of corruption red-flags

In the course of carrying out compliance audit, level of corruption likelihood in various contracts was established. Entities which scored 20 percent and above on red flags were assumed to have likelihoods of corruption. The Table below provides the list of entities and their respective scores.

Entity	Pre-bid phase (%)	Evaluation and award phase (%)	Contract management phase (%)	Average score (%)
Ministry of Water and Irrigation	18	23	27	23
National Museum of Tanzania	22	25	45	30
DART	21.32	25.59	29.57	25.91
National Assembly	28.56	36.74	15	27.96

9.14.4 Procurement Management Information System roll out and training

PMIS facilitates online submission of procurement information to PPRA. During the period under review, PMIS was improved upon to accommodate new features and legal requirements on reporting. Roll out of the improved system was achieved through training held in Dodoma that covered 194 officers from 129 MDAs.

I advise PPRA to continue to provide awareness programs and training to all procuring entities.

9.14.5 Investigations on allegations, complaints and reported cases of non-compliance with procurement legislations

PPRA is mandated to carry out investigation on alleged cases of miss-procurement where it considers it necessary or as a result of representation to it, on matters related to award of contract or its implementation, tender procedures or on registration of the relevant contractors, suppliers and consultants. During the financial year 2015/16 PPRA out of 14 investigations conducted 7 investigations related to 7 entities as detailed in **appendix 9.5**

As recommended in the previous audit disciplinary and/or legal measures against public officials should be taken on the observed fraudulent behaviors.

Capacity building should be enhanced at all levels of Management of MDAs in order to have proper management of the procurement process and contract management.

All PEs with performance below the 78% compliance target be required to organize training to their staff on the application of PPA, 2011 and its Regulations as well as guidelines and systems prepared by the Authority.

Efforts should be taken by the entities in collaboration with PPRA roll out and train on Procurement Management Information System (PMIS)

Procuring entities involved to investigations should implement all recommendations contained in the individual reports made by PPRA.

9.15 Anomalies in procurement and stores management observed by Directorate of Government Assets Management Division

As part of my responsibility I received stock verifier's report in accordance to Reg. 239-249 of the Public Finance Regulations 2001 which requires the Government Stock Verifier to carry out Independent Stock Verification in the stores of MDAs/RS and report the results thereon. Summary of findings are described in the table below;

Table 84: Anomalies noted by Government stock verifier

S/N	Observations	Amount(TZS)
1	Un transferred balances of stores	137,802,887.00
2	Unsupported receipt of stores	856,933,936.50
3	Unsupported issues of stores	257,348,998.81
4	Unaccountability of furniture & equipment in master inventory register and inventory sheets	368,321,500.00
5	Outstanding stores on Loan	47,633,200.00
6	Unaccounted receipts of stores	590,402,748.00
7	Un receipted issues of stores	183,261,210.18
8	Unaccounted fuel	290,349,957.56
9	Unposted issues of stores	324,894,074.25
10	Deficient stores	124,757,015.00
11	Uncompetitive procurement	29,288,569.00
12	Undelivered purchase of stores	250,170,472.00
13	Unaccounted purchases of stores	2,770,444,669.77
14	Fuel not accounted for in log books	310,191,721.20
15	Maintenance and repair of government vehicles to private garages without TEMESA pre and post inspection	11,223,428.00

S/N	Observations	Amount(TZS)
16	Unauthorized transfer of assets	665,000,000.00
17	Doubtful purchases	2,140,000.00
18	Doubtful issues of fuel	1,815,000.00
19	Unutilized stores for long time	544,334,450.00
20	Non-working projects	212,980,149.24
21	Non acknowledgement payments	92,652,211.00
22	Irregular issues of stores	102,389,050.00
23	Losses of stores	865,000.00
24	Expired white maize before use	4,152,984,500.00
25	Procurement without Tender board approval	64,622,408.77
Grand total		12,392,807,156.28

Source: Government stock verifier's report for the year 2015/16

Detailed analysis of these entities are provided in **Appendix 9.6**

In order to minimize or avoid loss of stores through theft, misappropriation or spurious expenditure, I recommend to the entities involved to strengthen internal control systems by ensuring that all store items and fuel purchased are properly accounted for and are readily available for inspection when so demanded.

9.16 EXPENDITURE MANAGEMENT

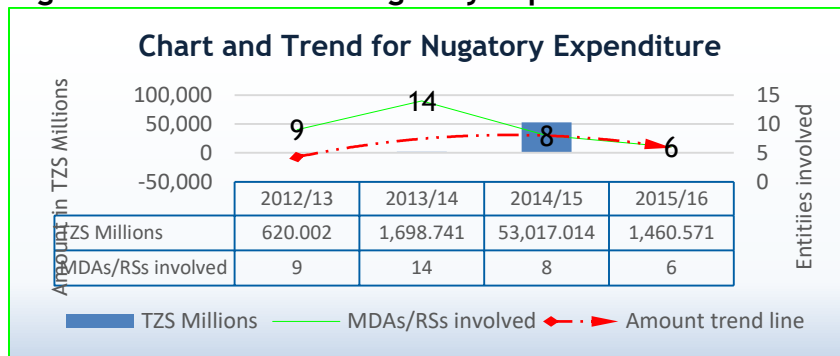
9.1 Introduction

This chapter contains major observations from the audit of expenditure management of Ministries, Independent Departments, Embassies and Regional Secretariat (RSs) in the financial year 2015/2016. Summary of Significant Findings and Recommendations are as follows:

9.2 Nugatory expenditure - TZS 1,460,570,913

Examination of expenditure vouchers and their supporting documents noted that SIX (6) entities had expenditures amounting to TZS 1,460,570,913 which were fruitless and wasteful expenditures that were made in vain and that could have been avoided had reasonable care been taken as stated in Reg.21 of PFR, 2001. The List of entities with nugatory expenditures are shown in **Appendix 10.1** For a comparison purposes the figure below illustrates a trend analysis of fruitless payments made in past years;

Figure 19: A Chart for Nugatory expenditure



Source: The prior year's CAG Annual General Reports

From the chart above, it shows a significant decrease of nugatory expenditure from TZS 53.017 billion to TZS 1.461 billion this year with a decrease in number of entities involved to 6 from 8 in 2014/2015. Also the general dotted trend line shows the decline in the amounts involved in the

irregularity, this implies strengthening in management's internal controls and accountability in ensuring due diligence is undertaken before committing public monies. I urged the Managements of the respective MDAs & RS to continue strengthening systems of their Internal Control Systems.

9.3 **Loss due to rejected NHIF claims -TZS 569,994,807**

On reviewing NHIF claims for reimbursement in respect of services provided by Government Hospitals to patients insured by NHIF, I noted that, the Fund denied or reduced the payment of claims submitted by the later amounting to TZS 569,994,807 as a result of claimant's failure without justifiable cause to comply with the rules or regulations pertaining to payment of claims as per Sec. 27(2) of NHIF Act, 1999 hence the hospitals will not recoup the monies resulting into loss.

The anomalies noted mainly were due to deficiencies in filling out the claim forms such as names of patients and/or doctor's signature missing, missing diagnosis report for sickness treated, provision of services that are out of scope of NHIF funding, provision of service to patient whose NHIF card had expired, double claiming, Non-adherence to NHIF pricing, wrong admission days, missing details of services claimed etc. The affected entities are tabulated with amount of rejected claims below:

Table 85: The auditees and amounts involved with claims rejected by NHIF

No.	Vote	Name of the MDA	Amount (TZS)
1	52	Ministry of Health (Vote 52)- Mbeya Referral Hospital	348,290,003
2	72	RS-Dodoma	115,888,673
3	73	RS-Iringa	11,802,653
4	87	RS-Kagera	10,905,918
5	77	RS-Mara	4,416,430
6	85	RS-Tabora	9,925,289
7	70	RS-Arusha	39,448,225
8	75	RS-Kilimanjaro	5,847,762
9	86	RS-Tanga	2,239,075
10	84	RS-Singida	21,230,779
		Total	569,994,807

Source: Individual Management Letters for the year ended 30th June 2016

The colour coding in the table above shows Ministry of Health, Community Development, Gender Elders and Children (Vote 52) with highest amount portion of TZS 348.29 Million, the least being RS Tanga-TZS 2.239 Million of rejected claim.

I am of the view that if remedial actions are not taken to rescue the current situation, these hospitals will be overwhelmed by the burden of unrecovered claims by NHIF.

I urge the Ministry responsible in collaboration with the Director of NHIF to assign at least one NHIF attaché to each regional hospital whose duty will be among others approving the claim forms and validation of members.

- 9.4 Transfer of funds lacking accountability-TZS 6,575,397,008**
Reg. 116 of PFR, 2001 requires every transaction to be supported by Voucher containing full details and particulars of the item/items to which it relates, so as to ensure accountability of officers transacting such activity and facilitating the efficient discharge of such activity.

I noted during my review of transactions that four (4) entities made payment amounted to TZS 6,575,397,008 which were not properly accounted for; hence I could not confirm if the funds were applied efficiently and economically in the best interest of intended use. List of audited entities with nature of expenditure are detailed in **Appendix 10.2**

To ensure transparency and accountability, I recommend the Managements of the respective MDAs/RS to ensure that the TZS 6,575,397,008 is properly accounted for.

9.5 Overpayments on various activities TZS 77,480,956

During the year 2015/16; four (4) entities incurred expenditure totaling TZS 77,480,956 over and above what is due to payee. These overpayments led to payments for unexecuted works or activities thus deprived the state of immediate use of resources for other public financial business as tabulated below:

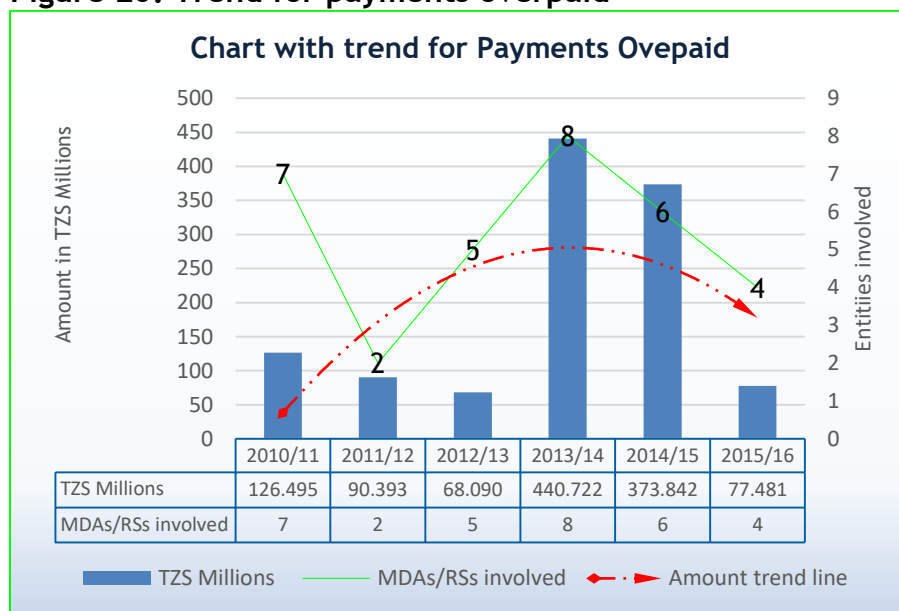
Table 86: Overpayments to various activities

s/n	Description	Anomaly Noted	Amount (TZS)
1	RS-Ruvuma (Vote 82)	Paid on call allowance more than the required amount	12,090,000
2	RS-Manyara (Vote 95)	Payments for work not executed at the Construction of Mbulu District Commissioner's Residence	2,410,861
3	RS-Tanga (Vote 86)	The amount of staff motivation paid was computed at the rate of 15% instead of 10% which is contrary to Para 6.3(e) of Health Cost Sharing Fund Guideline July, 2015 which resulted to excess payment of TZS.58,130,095.03	58,130,095
4	Fire and Rescue Force Department (Vote 14)	I noted 4 staff who received ration allowances twice per month for several months. Up to January, 2016 extra ration allowances paid was TZS14,250,000 and the amount refunded was only TZS 9,400,000 resulting to outstanding balance of TZS 4,850,000	4,850,000
	Total		77,480,956

Source: Individual Management Letters for the year ended 30th June 2016

The color coding in the table above shows RS-Tanga with highest amount of TZS 58.13 Million overpaid, the least being RS Manyara-TZS 2.41Million paid over and above required. A Chart showing analysis of payments overcharged for the past six (6) years are given in a figure below:

Figure 20: Trend for payments overpaid



Source: The prior year's CAG Annual General Reports

The Chart above shows that; Compared to last year, the amount overpaid in this year has decreased from TZS 0.441 Million involving 8 entities last year to TZS 0.374 Million this year with 6 entities involved; moreover, the dotted trend line provides information that the overall trend for overpayments made in the past five years seems yet to be decreasing, therefore the concerned Accounting Officers are advised to continue strengthening their internal controls to mitigate risks propagating overpayment, also I urge Accounting Officers to pursue the recovery of the overpayments.

9.6 Unpresented payment vouchers - TZS 91,347,958,833

In the financial year 2015/16 six (6) entities failed to avail payment vouchers with their supporting documents in support of various expenditures totaling TZS 91,347,958,833 contrary to Reg. 43 of PAR, 2009 which States that, “The CAG shall have unrestricted powers to access and retain information from any person, authority or body when in His opinion such information is necessary for the performance of his functions.” As per Sec. 47(1) (b) of PAA, 2008 a public Officer commits an offence if fails to provide the CAG or a person authorized by Him with such explanation and information as the CAG required.

The following table shows entities which failed to present payment vouchers for inspection;

Table 87: Entities with missing payment vouchers

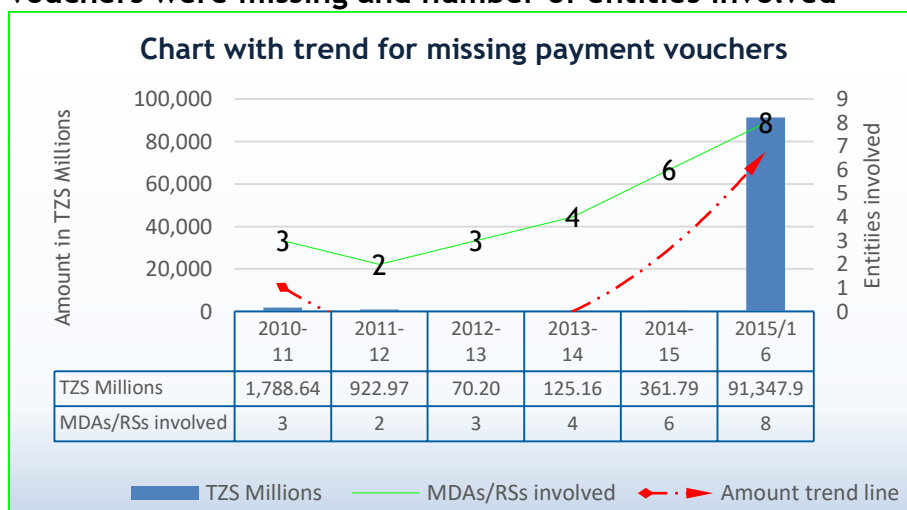
S/N	Name of Entity	Amount (TZS)
1	Ministry of Defiance and National Service (Vote 57)	91,261,040,310
2	President’s Office Public Service Commission (Vote 94)	11,740,377
3	RS-Katavi (Vote 36)	2,666,933
4	RS-Rukwa (Vote 89)	5,930,000
5	Immigration Service Department (Vote 93)	38,418,826
6	RS-Coast (Vote 71)	8,093,866
7	RS-DSM (Vote 88)	9,403,521
8	National Electoral Commission (NEC) (Vote 61)	10,665,000
Total		91,347,958,833

Source: Individual Management Letters for the year ended 30th June 2016

In the absence of the payment vouchers with relevant supporting documents the propriety of expenditure totaling TZS 91,347,958,833 could not be ascertained. In my view this act infers limitation on scope of audit and could lead to the perpetration of fraud as these public funds may not have been utilized lawfully and in an effective manner.

Trend analysis of payments inadequately supported is given in the graph below for comparison purposes:

Figure 21: A figure showing a trend for payments whose vouchers were missing and number of entities involved



Source: The prior year's CAG Annual General Reports

From the chart above; Compared to last year amount for unrepresented payment vouchers is alarming as it has increased tremendously from TZS 361.79 Million in 2014/15 to TZS 91.348 Billion in this financial year 2015/2016. Also the number of entities involved has raised from 6 to 8 consecutively. Further, the overall trend for past six (6) years shown by a dotted trend line indicates that the problem was

managed well between 2011 to 2013, from 2014/15 the controls has weakened continuously.

As per Reg. 18(1) (f) & (2) of PFR, 2001 the Missing Payment Vouchers are regarded as Cash Losses and it shall require the Accountant General to include them in the Annual Statement of Losses in order that they can be investigated properly by the Public Accounts Committee.

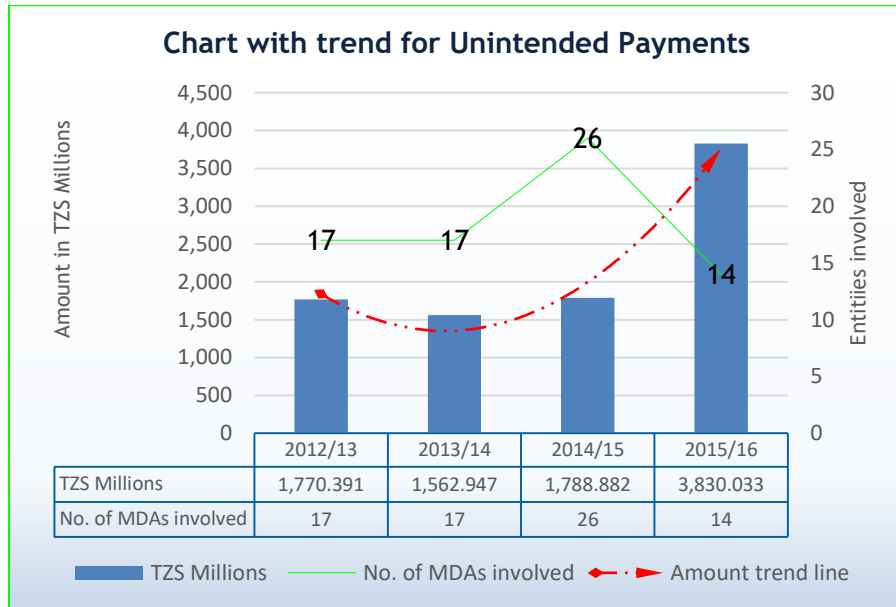
I urged the Managements of respective MDAs/Rs to produce the vouchers for inspection, failure of which proper actions should be taken as per Public Finance Act and Regulations to declare loss amounted to TZS 91,347,958,833. Further, corrective actions as per virtual of Reg. 24 of PFR, 2001 should be taken to recover the loss from the officer(s) deemed responsible.

9.7 Funds spent on unintended activities-TZS 3,830,032,676

In spite of persistent recommendations in my previous reports and contrary to Reg. 115 of the PFR, 2001 which requires the voted funds to be used only for the purpose for which they were intended, I noted 12 audited entities still diverted and spent funds for TZS 3,830,032,676 to activities which were not related to the approved budget as a result the purpose for which the funds were intended might have not been achieved. The involved entities with their deficiencies are included in **appendix 10.3**

A Chart showing analysis and trend of payments made for unintended activities for past four (4) years is as shown in the Figure below:

Figure 22: A Chart showing a trend of funds used for unintended activities for past 4 years



Source: The prior year's CAG Annual General Reports

From the figure above, the analysis shows that payments for unintended activities have increased significantly by TZS 2,041.151 million compared to last year 2014/2015.

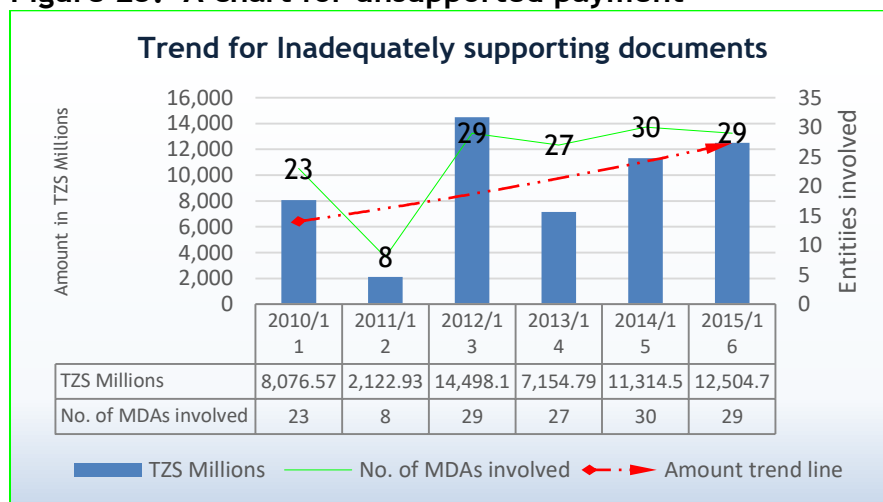
Managements are advised to desist from payments for unintended activities. Furthermore, Management of audited entities should strengthen budgetary controls from its budget preparation to its execution; any deviations should be identified, documented and dealt with accordingly.

9.8 Inadequately supported payments-TZS 12,504,745,476

In spite of persistent recommendations in my previous reports, my scrutiny of Payment Vouchers showed that about 29 entities continued having inadequate maintenance of accounting records in this year under review. Payment Vouchers totaling TZS 12,504,745,476 for the period reviewed were found without having relevant sufficient supporting documents contrary to Reg. 86(1), 95(4) & 18(f) of PFR, 2001 as detailed in **Appendix 10.4**. Consequently, I could not be able to ascertain the authenticity of those payments hence, scope limitation.

The figure below illustrates the trend analysis of payments inadequately supported in past years for comparison purposes:

Figure 23: A chart for unsupported payment



Source: The prior year's CAG Annual General Reports

Compared to last year, the chart above shows that the amount involved in payment lacking supporting documents has increased to TZS 12.505 Billion from TZS 11.315 Billion last year involving a decrease in number of MDAs/RSs involved from 30 last year to 29 this year. A trend line (red)

shows amounts involved in this irregularity do increase. This trend indicates that, those charged with governance have not established sound internal controls system to mitigate such weaknesses.

I recommend that the management of responsible institutions should further strengthen their internal controls system and all missing documents be traced.

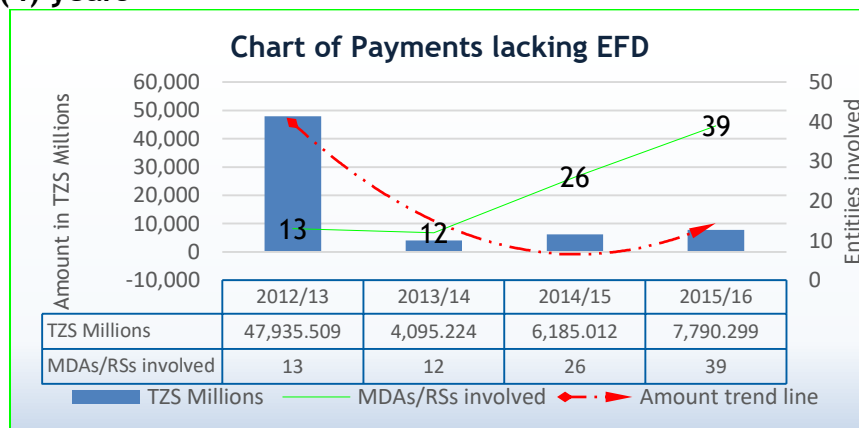
9.9 Payments lacking Electronic Fiscal Devices Receipts TZS 7,790,299,407

During 2015/2016, 39 MDAs/RSs failed to demand EFD receipts in support of various payments totaling TZS 7,790,299,407 contrary to Reg. 28(1) of the Income Tax (Electronic Fiscal Devices) Regulations

In addition, by not demanding fiscal receipts the respective government entities assist the respective business owners to evade tax and hence cause the government to lose a substantial amount of revenue annually.

Entities which made payments amounting to TZS 7,790,299,407 without demanding EFD from respective suppliers are as summarized in **Appendix 10.5**.

Figure 24: Comparison of lacking EFD receipts for past four (4) years



Source: The prior year's CAG Annual General Reports

From the figure above it shows that payments with missing fiscal receipts (EFD) have increased from TZS 6.19 billion in 2014/2015 to TZS 7.790 billion this financial year.

I advise the Government to continue providing education and awareness program on the voluntary compliance with the Income Tax (Electronic Fiscal Devices) Regulations, 2012 and use of EFD machines which would directly increase revenue if every purchase will be accompanied with EFD receipts.

I also, recommend that all payments must be accompanied by tax receipt generated by EFD machine and the government discontinue doing business with suppliers who do not use EFD machines.

9.10 Expenditure charged to wrong expenditure codes TZS 4,563,915,835

During the year under audit, I noted that 16 entities did not adhere to MTEF Budget provisions contrary to Reg. 51(1-8) of the Public Finance Regulations, 2001 These entities incurred expenditure totaling TZS 4,563,915,835 as shown in table below which were charged to wrong expenditure items without proper authority for reallocation. Charging expenditure into incorrect account codes indicates that financial and budgetary discipline is lacking on the part of the managements.

Table 88: Details of entities with wrong expenditure codes

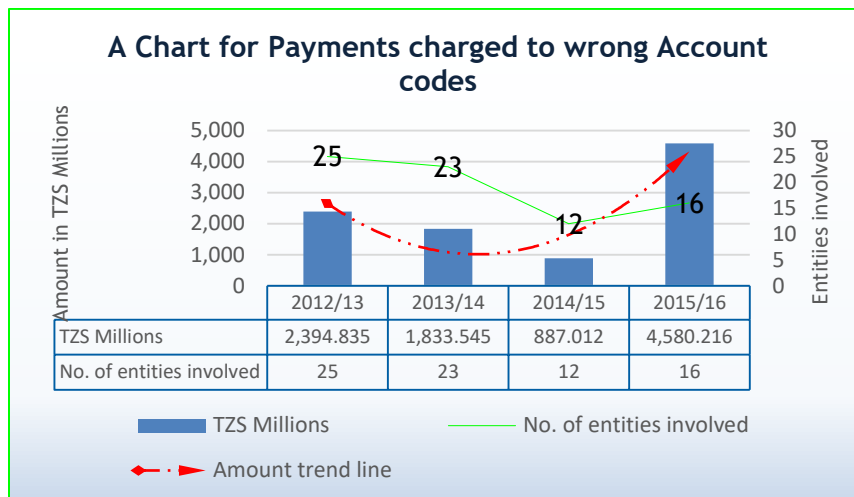
S/N	Vote no.	Name of Entity	Amount (TZS)
1	34	Ministry of Foreign Affairs and East African Cooperation (Vote 34)	43,155,259

S/N	Vote no.	Name of Entity	Amount (TZS)
2	9	President's Office Public Service Remuneration Board	11,308,500
3	32	President's Office Public Service Management and Good Governance	17,578,000
4	37	Prime Minister's Office	10,704,569
5	51	Ministry Of Home Affairs	3,323,755,320
6	92	Tanzania Commission for AIDS (TACAIDS)	2,280,678
7	49	Ministry of Water & Irrigation	63,720,000
8	62	Ministry of Works, Transport and Communication (Vote 62)	249,987,284
9	73	RS-Iringa	4,610,000
10	36	RS-Katavi	21,553,520
11	25	Prime Minister's Private Office	7,860,000
12	70	RS-Arusha	31,422,566
13	14	Fire and Rescue Force Department	84,984,410
14	48	Ministry of Lands, Housing and Human Settlements Development	701,598,893
15	71	RS-Coast	6,974,837
16	84	RS-Singida	16,299,992
Total			4,563,915,835

Source: Individual Management letters for the year ended 30th June 2016

This signifies diversion of funds to other expenditure items which may affect implementation of planned activities.

Six (6) years trend analysis of payments charged to wrong expenditure codes is given in the Figure 22 below:

Figure 25: Payments charged to wrong expenditure codes

Source: The prior year's CAG Annual General Reports

This financial year has recorded an abrupt increase in amounts of funds charged to wrong expenditure code, from TZS 887.012 Million (involving 12 entities) to TZS 4.580 Million (involving 16 entities). I advise Accounting Officers in future to refrain from diversion of funds and adhere to the approved budget and the Government Financial Statistics codes. Whenever such diversion is inevitable and in line with authority reallocation warrant has to be considered in conjunction with section 41 of the Budget Act No. 11 of 2015.

9.11 Expenditure made out of the approved budget TZS 4,997,961,964

Contrary to Reg.46 (3) of PFR, 2001 my audit disclosed that 16 entities incurred expenditure amounting to TZS 4,997,961,964 for financing various activities that were not budgeted. The practice, if not discontinued, could lead to distortion of planned activities of respective entities.

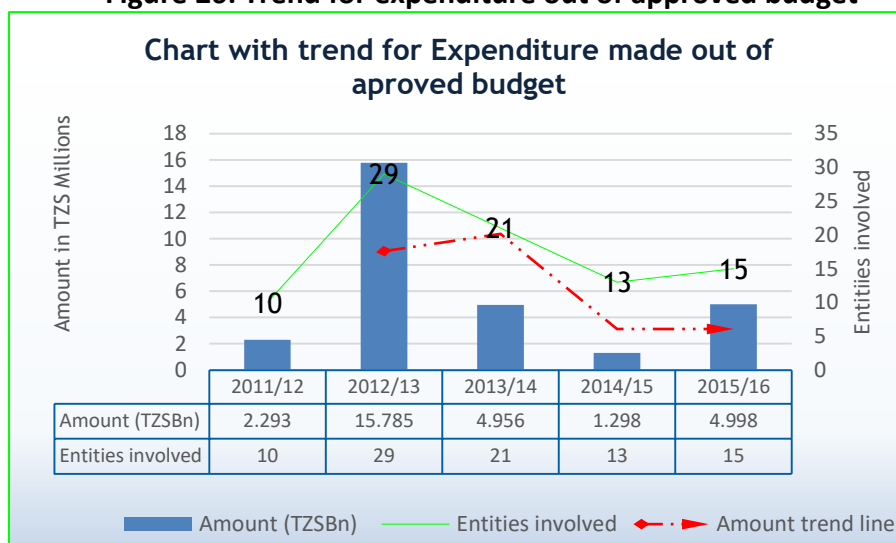
The table below provides details about the entities, irregularity and the amounts involved.

Table 89: Expenditure made out of the approved budget

S/N	Vote no.	Name of the entity	Amount (TZS)
1	81	RS-Mwanza	28,181,300
2	36	RS-Katavi	8,082,800
3	2006	High Commission of Tanzania-London-UK	1,983,531,601
4	2007	High Commission of Tanzania-Lusaka	22,563,990
5	2021	High Commission of Tanzania-Kampala-Uganda	23,892,131
6	2004	Embassy of Tanzania-Kinshasa-DRC	125,903,056
7	2032	High Commission of Tanzania-Kuala Lumpur - Malaysia	99,670,868
8	2010	High Commission of Tanzania-New Delhi	76,023,783
9	70	RS-Arusha	61,846,518
10	2005	Embassy of Tanzania-Abuja-Nigeria	32,897,631
11	2003	Embassy of Tanzania-Cairo	180,471,374
12	2016	Embassy of Tanzania-Stockholm-Sweden	1,329,740,344
13	2033	Embassy of Tanzania-Hague	143,669,276
14	2011	Tanzania Permanent Mission to The United Nations - New York-USA	297,659,486
15	2018	Embassy of Tanzania-Washington DC	583,827,806
Total			4,997,961,964

Source: Individual Management letters for the year ended 30th June 2016

Five (5) years trend analysis of such payments made out of approved budget is given in the figure below;

Figure 26: Trend for expenditure out of approved budget

Source: The prior year's CAG Annual General Reports

The analysis above shows that, the Number of entities that incurred expenditure above approved budget remained at 13 in the year 2015/16 as was last year but the amount of irregularity has increased to TZS 4.998 Billion from TZS 1.298 Billion last financial year 2014/2015.

I urged Accounting Officers to control the expenditure in respect of any service under their control to ensure that the provision for the service authorized by an Accounting Warrant is not exceeded. If failed, as per virtual of Reg. 48 of PFR, 2001 he/she may be held personally and pecuniary responsible for any excess expenditure which is incurred without proper authority

9.12 Overdue outstanding Imprests TZS 397,575,730

Imprests amounting to TZS 397,575,730 for 9 audited entities issued during the year were not retired after completion of the intended activities contrary to Regulation 103 of the Public Finance Regulations, 2001.

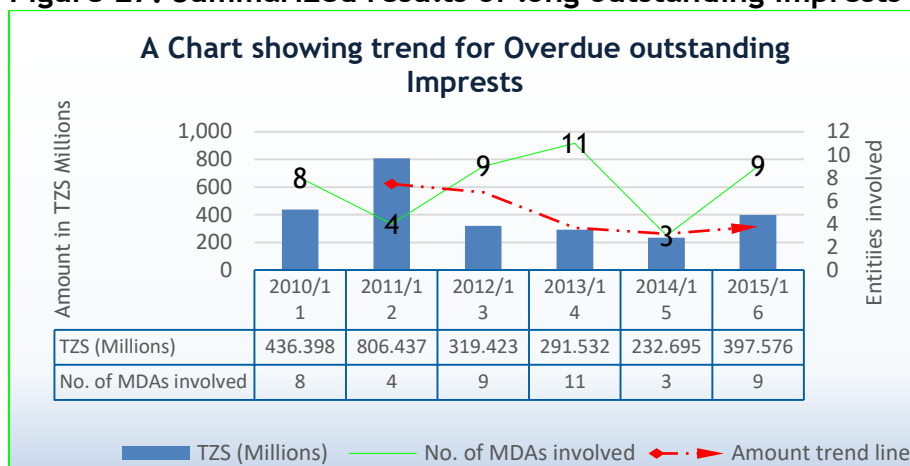
Non-retirement of imprests may infer misuse of funds and non-accomplishment of the intended purpose. The MDAs and RSs involved are as shown in the table below:

Table 90: Entities with Long outstanding imprests:

S/N	Vote no.	Description	Amount (TZS)
1	56	PO - Regional Administration and Local Government	30,092,000
2	57	Ministry of Defence and National Service	83,785,650
3	38	Tanzania People's Defence Force (TPDF)	28,930,000
4	28	Police Force Department	140,618,330
5	40	Judiciary of Tanzania	21,523,000
6	89	RS-Rukwa	10,824,600
7	76	RS-Lindi	9,143,750
8	76	RS-Lindi	16,982,000
9	61	National Electoral Commission (NEC)	55,676,400
Total			397,575,730

Source: Individual Management letters for financial year ended 30th June, 2016

Analysis of long outstanding imprests for the past six (6) years is given in the Figure below:

Figure 27: Summarized results of long outstanding imprests

Source: The prior year's CAG Annual General Reports

Compared to the last year, the chart above shows an increase in value of the overdue outstanding imprests from TZS 232.695 Million last year to TZS 397.576 Million in 2015/16, meanwhile the entities involved have increased from 3 to 9 respectively. Overall trend for past six (6) years shows a the amounts involved in this irregularity has slightly started to increase.

Therefore, I do recommend managements of MDs and RS to insure imprests are retired immediately after the purpose for which they were issued has been completed and this period should not exceed two weeks or otherwise the amount outstanding should forthwith be recovered from any salary or other emoluments or from any other amounts due to the imprest holders as required by Regulation 103(2) of PFR, 2001

9.13 Payments made without acknowledgement receipt-TZS 97,719,677

Examination of payments vouchers disclosed that no acknowledgement receipts were provided to support payments amounting to TZS 97,719,677 which were made by

3 MDAs/RSs to various payees for the period reviewed. I could therefore not confirm whether the payments were made to the intended recipients.

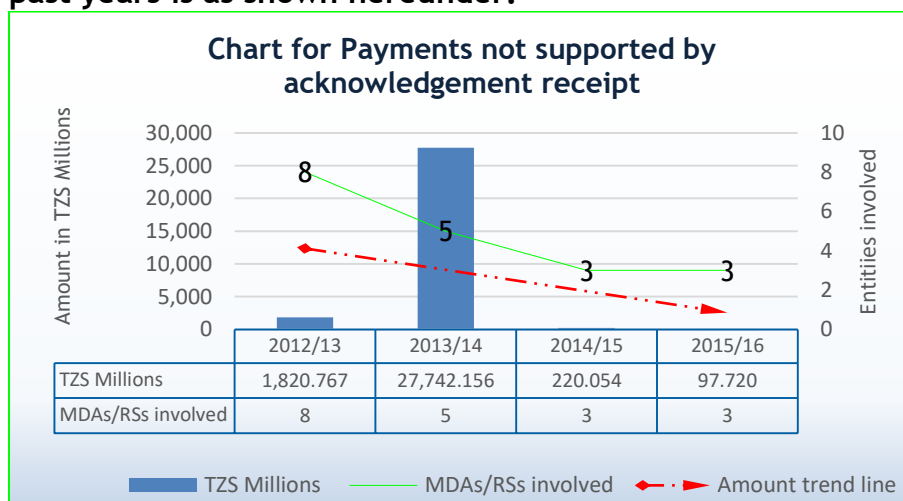
The above practice contravenes Reg. 93 (2) of the PFR, 2001 which enjoins the Head of Accounts to ensure an acknowledgement receipt is taken whenever payments are made. The details showing the entities and amounts involved in this irregularity are as shown in the table below:

Table 91: Entities made payments not supported by acknowledgement receipt

S/N	Vote No.	Name of MDA/RS	Amount(TZS)
1	43	Ministry of Agriculture, Livestock and Fisheries	18,357,433
2	68	Ministry of Works, Transport and Communication (Vote 68)	8,242,320
3	80	RS-Mtwara	71,119,924
		Total	97,719,677

Source: Individual Management Letters for the year ended 30th June 2016

Figure 28: A Chart Showing the trend and Comparison with past years is as shown hereunder:



Source: Individual Management Letters for the year ended 30th June 2016

From the figure above, compared to last year, there is a decrease in amount involved from TZS 220.054 Million in 2014/15 to TZS 97.72 Million this year 2015/16. The number of entities with payments lacking acknowledgement receipts together with the amounts involved has remained three (3) entities respectively. The overall trend shown by dotted line shows strengthening of controls since year 2014/15.

I would like to remind the management of the MDAs on their primary responsibility in ensuring that, payments are supported by acknowledgement receipts.

9.14 Withholding tax not deducted TZS 990,181,705

During this period under review, I noted cases of non-compliance with statutory requirements in nine (9) MDAs on remittance of withholding tax to TRA contrary to Sect. 83(1) (b) of Income Tax Act, 2004 (Revised 2008). The amendment requires all Government Agencies to withhold 5% and 15% tax on all payments made to a resident and non-resident person

respectively in respect of services fee with a source in the URT.

However, my review of payments vouchers during the financial year 2015/16 noted TZS 990,181,705 as withholding tax not deducted (see the table 93 below). Non-compliance with statutory requirements denies the Government the revenue for enhancing people's centered development of this country.

Table 92: Entities which did not deduct withholding tax

S/N	Vote No.	Name of MDA/RS	Amount(TZS)
1	9	President's Office Public Service Remuneration Board	9,132,953
2	12	Judicial Service Commission	10,809,000
3	91	Drugs Control Commission	2,310,569
4	56	PO - Regional Administration and Local Government	13,199,425
5	38	Tanzania People's Defence Force (TPDF)	767,493,500
6	51	Ministry of Home Affairs	157,350,136
7	49	Ministry of Water and Irrigation	15,435,945
8	75	RS-Kilimanjaro	6,862,591
9	61	National Electoral Commission (NEC)	7,587,586
Total			990,181,705

Source: Individual Management letters for the financial year ended 30th June, 2016

Table 93: Entities made payments without deducting withholding tax for the past two (2) years:

Mwaka wa Fedha	Idadi ya Taasisi zilizohusika	Kiasi (TZS)
2015/16	10	990,181,705
2014/15	6	692,539,424

The table above shows that there is an increase in value of payments made without deducting withholding tax from TZS 692,539,424 in 2014/15 to TZS 990,181,705 in the year 2015/16

Therefore, I would like to remind the management of the audited entities on their primary responsibility in ensuring that, withholding taxes are deducted at source by the appropriate authority in line with income tax law.

- 9.15 Paid prior years liabilities not disclosed-TZS 1,379,900,030**
During the year under review, a sum of TZS 1,379,900,030 was paid to various suppliers/payees for supplying goods and services. However, I noted that, these expenditures were for the prior years and paid during the year under review apparently without budgetary provision and were not disclosed as part of outstanding payables as at 30 June, 2015.

This act contravened Reg. 41(4) which states that “no expenditure can be charged to a Vote which does not fall within the ambit of the Vote” and IPSA 1.88(k)(m) which requires the Statement of Financial Position to include line items that present payables under exchange transactions and Financial Liabilities. The table below shows audited entities with undisclosed liabilities:

Table 94: Entities with undisclosed liabilities

S/N	Vote No.	Name of MDA/RS	Amount(TZS)
1	56	PO - Regional Administration and Local Government	7,448,200
2	32	PO Public Service Management and Good Governance	40,059,395
3	48	Ministry of Lands, Housing and Human Settlements Development	848,599,570

S/N	Vote No.	Name of MDA/RS	Amount(TZS)
4	62	Ministry of Works, Transport and Communication	57,196,698
5	47	RS-Simiyu	21,138,590
6	70	RS-Arusha	65,744,117
7	88	RS-DSM	17,589,580
8	61	National Electoral Commission (NEC)	322,123,880
Total			1,379,900,030

Source: Individual Management Letters for the year ended 30th June 2016

I urge the Accountant General to review the Epicor functionalities so as to enable Epicor to comply with IPSAS accrual, currently the Epicor does not allow posting of invoices and LPOs if no cash is allocated accordingly. Also I plead to Him to direct all Accounting Officers to include in their annual expenditure estimates the amounts expected to be spent for payment of prior liabilities so that can be presented before Parliament each year for appropriation. Further, during payment of prior year's liabilities, the Accounting officers should charge the respective expenditure codes different from those of current year's estimate.

11.0 ASSETS AND LIABILITIES MANAGEMENT

11.1 Introduction

This part of the report is intended to present a summary of key audit findings resulting from the audit of assets and liabilities management for the financial year 2015/2016.

11.2 Assets Management

The Government has formal policies and procedures designed to ensure that the controls are adequate and provide reasonable assurance that the assets are accurately recorded, valued, reported, and adequately safeguarded. These assets are expected to generate economic benefits for the government for a period of longer than one year. Examples of PP&E include land, buildings, plant, machinery, inventories and vehicles. In this year's audit I observed areas that need improvement over internal controls. Those areas are discussed below:

11.2.1 Implementation of the International Public Sector Accounting Standards

Central Government adopted the International Public Sector Accounting Standards (IPSAS) accrual in 2012/13 financial year, in place of the IPSAS cash. The adoption of IPSAS accrual brought about significant changes in the accounting policies of MDAs, including the preparation of more elaborate and informative financial statements. The adoption of the new accounting policies has resulted in significant changes to the assets and liabilities recognition.

My previous report noted various deficiencies on the IPSAS accrual road map implementation and issued a number of recommendations. However, during the year under review, I noted the same deficiencies, relating to financial statement presentations, recognition and valuation of assets and liabilities, controls and policy issues that required to be implemented before the provision of five years opted by the Government ended on 30th June, 2017 as follows:

Fixed asset registers yet to be updated

In a sample of 69 audited entities I noted that fixed asset registers were yet to be updated such that in some, this register was not maintained at all while in other entities the register was poorly maintained as it was missing some of key information like locality, date of acquisition as well as asset category. List of these entities have been attached to this report as ***Appendix 11.1***

Valuation of assets not done

We noted that there was failure to comply with IPSAS 17 on the proper valuation of non-current assets since no revaluation has been conducted for the purpose of financial reporting on some category of assets in some audited entities. Also some assets remained with token book value while physically still contributing to the operations of the entity.

I noted that there was a delay of the processes of valuing Non-Current Assets among Central Government entities. I am of the view that the remaining period for the Central Government to prepare fully compliant IPSAS accrual Financial Statements is becoming remote. The situation is indicative of lack of annual reviews of the relevant assets' useful lives and their residual values as required by paragraph 51 of the International Public Sector Accounting Standard (IPSAS) No 17 - *Property, Plant and Equipment*, hence understating the value of relevant assets in the financial statements. I noted 69 entities which are yet to value non-current assets as attached ***in Appendix 11.2***.

Absence of Property, Plant and Equipment policy

The government is required to prepare Accounting policies for non-current assets which are specific principles, rules and procedures implemented by a entities' management and are used to prepare its financial statements. These accounting policies include any methods, measurement systems and procedures for presenting disclosures. I noted that the Government is yet to prepare accounting policy for non-

current assets for depreciation rate, method and others so as to be harmonious across MDAs and RS

Assets module in Epicor not operational

During my review of Epicor system I noted that the existing Epicor asset management module for recording non-current assets as per requirement of IPSAS is not operational.

Land and building not separated

IPSAS 17(74) requires land and buildings to be accounted separately because land has an unlimited useful life and therefore is not depreciated while buildings have a limited useful life and therefore are depreciable assets. However, it has come to my attention during the audit that 69 audited entities are still reporting land and buildings together as one class. **Appendix 11.3** analyses entities that have not accounted land and buildings separately:

For the MDAs to be able to prepare IPSAS accrual fully compliant Financial Statements within the adopted time frame, as I recommended in my previous reports, the Accounting Officers and the Ministry of Finance and Planning are advised to:

- a) Develop PPE Policy which will be used by all MDAs and RS aiming at having consistent asset management procedures;
- b) Ensure that Asset valuations are performed in all MDAs and RAS ; and enhance the reconciliation process to support the accuracy and completeness of asset data captured in the system and finally recorded on the financial statements;
- c) Ensure that asset management module in the Epicor accounting system used support the asset reporting under IPSAS accrual accounting system and conduct training to MDAs and RS staff that are responsible for asset management on the application of asset module in the Epicor accounting software.

11.2.2 Undisposed nor serviced grounded motor vehicles

During the financial year under audit I noted that managements of various audited entities have not taken action of assessing assets impairment to determine to what extent future economic benefits can be obtained from the grounded assets or disposing off the assets that require major repair. As a result of the audit procedures and surveys conducted on the sampled 26 entities, I noted 1272 Motor vehicles that had not been disposed of in accordance with Reg.254 (1) of the Public Finance Regulations 2001. Many of these vehicles had been ready for disposal and occupying office area spaces for a long

S/N	Vote	Name of Entity	Qty
1	24	Tanzania Cooperatives Development Commission	2
2	28	Tanzania Police Force	1092
3	35	Directorate of Public Prosecutions	2
4	48	Ministry of Lands, Housing and Human Settlements Development	1
5	51	Ministry of Home Affairs	13
6	54	Njombe Regional Secretariat	2
7	58	Ministry of Energy and Minerals	4
8	59	Law Reform Commission	6
9	62	Ministry of Works, Transport And Communication	6
10	70	Arusha Regional Secretariat	3
11	71	Pwani Regional Secretariat	3
12	72	Dodoma Regional Secretariat	4
13	73	Iringa Regional Secretariat	4
14	75	Kilimanjaro Regional Secretariat	5
15	76	Lindi Regional Secretariat	3
16	78	Mbeya Regional Secretariat	4
17	79	Morogoro Regional Secretariat	1
18	86	Tanga Regional Secretariat	10
19	87	Kagera Regional Secretariat	11

S/N	Vote	Name of Entity	Qty
20	89	Rukwa Regional Secretariat	7
21	93	Immigration Services Department	2
22	94	Public Service Commission	6
23	95	Manyara Regional Secretariat	23
24	99	Ministry of Agriculture, Livestock & Fisheries	54
25	2027	Tanzania Embassy in Abu Dhabi, United Arab Emirates	2
26	2009	Embassy of United republic of Tanzania Moscow	2
TOTAL			1272

As recommended in my prior year report, I urge the Ministry of Finance to provide additional guidance/directives to MDAs and RS specifically for the asset disposal procedures. Management of concerned audited entities is advised to disclose separately land and buildings in the Financial Statements.

11.2.3 Absence of Ownership documents for Government Land and Buildings

I noted instances whereby the public entities lacked legal ownership over some of the assets owned. The major problem was noted on the lack of title deeds of the land owned by many public entities. Ownership documents for land and buildings owned by the sampled 11 MDAs, RS and Missions abroad have so far not been acquired despite my previous recommendations. The table below, list the entities which have not acquired title deeds from the respective Government Authorities. In the absence of legal documents the entity may lose rights and obligation over the assets.

S/N	Vote	Name of Entity
1	28	Tanzania Police Force
2	35	Directorate of Public Prosecutions
3	40	Judiciary of Tanzania

S/N	Vote	Name of Entity
4	52	Ministry of Health, Community Development, Gender, Elderly and Children
5	99	Ministry of Agriculture, Livestock and Fisheries
6	54	Njombe Regional Secretariat
7	85	Tabora Regional Secretariat
8	77	Mara Regional Secretariat
9	93	Immigration Services Department
10	2010	High Commission in New Delhi
11	2003	Tanzania Embassy in Cairo

Director of Government Asset Management under the Ministry of Finance and Planning is advised to ensure that ownership documents are acquired by making close follow-up to all MDAs, RS and Embassies and also provide additional directives specifically for the safeguarding of Government Land and Building. The government should ensure that legal ownership of their plants; property and equipment are obtained and secured.

11.2.4 Stores items not accounted for TZS.12,818,718,047

Regulation 198 and 203 of the Public Finance Regulations, 2001 require receipts, issues and physical balances of each item of stores items to be recorded on a separate page of the stores ledger showing details of purchase and issues. During my audit I failed to confirm utilization of stores worth TZS.12, 818,718,047 procured by 8 audited entities due to non-maintenance of proper records of the procured store in their relevant ledgers after being received.

List of audited entities with stores items not accounted for in the ledgers are summarized in the table below:

S/N	Vote	Name of Entity	Amount TZS
1	38	Tanzania Peoples Defense Forces	12,496,126,711.31

S/N	Vote	Name of Entity	Amount TZS
2	52	Ministry of Health, Community Development, Gender, Elderly and Children	80,072,400.00
3	74	Kigoma Regional Secretariat	17,552,118.00
4	75	Kilimanjaro Regional Secretariat	21,593,800.00
5	86	Tanga Regional Secretariat	4,999,318.00
6	79	Morogoro Regional Secretariat	24,871,877.00
7	84	Singida Regional Secretariat	7,893,344.00
8	61	National Electoral Commission	165,608,479.00
Total			12,818,718,047.31

In the absence of store records and documentation I could not track store movement from purchase to final stage of consumption.

Having such large sums of public funds spent on the purchases of stores not accounted for, I recommend that timely recording of store items to store ledgers be enhanced to ensure efficient use of the resources in providing timely service to the users of the stores.

11.2.5 Accrued Revenue TZS. 151,575,367,323

As at 30th June, 2016 eighteen (18) entities including twelve (12) MDAs and six (6) RS had accrued revenue amounting to TZS.151,575,367,323. The largest proportion is from Ministry of Works, Transport and Communication with 87 per cent of total accrued revenue, the second is Ministry of Lands, Housing and Human Settlements Development with 8 per cent of total accrued revenue.

Table 95: Audited entities with accrued revenue

S/N	Vote	Name of Entity	Amount TZS
1	29	Prisons Service Department	1,778,256,290.26
2	32	President's Office Public Service Management and Good Governance	12,717,920.00
3	37	Prime Minister's Office	10,000,000.00
4	44	Ministry of Industry, Trade and Investments	8,645,500.00
5	48	Ministry of Lands, Housing and Human Settlements Development	12,480,192,709.73
6	52	Ministry of Health, Community Development, Gender, Elderly and Children	134,184,300.00
7	53	Ministry of Health, Community Development, Gender, Elderly and Children	137,295,000.00
8	54	Njombe Regional Secretariat	557,945,038.00
9	58	Ministry of Energy and Minerals	2,877,896,241.00
10	69	Ministry of Natural Resources and Tourism	1,383,874,504.00
11	70	Arusha Regional Secretariat	2,970,000.00
12	71	Pwani Regional Secretariat	39,025,764.00
13	72	Dodoma Regional Secretariat	2,026,170.00
14	77	Mara Regional Secretariat	20,446,606.53
15	87	Kagera Regional Secretariat	15,407,754.00
16	93	Immigration Services Department	107,111,437.89
17	96	Ministry of Information, Youth, Culture, and Sports	59,614,956.00
18	98	Ministry of Works, Transport and Communication	131,947,757,132.00
TOTAL			151,575,367,323.41

The revenue that has not been received from the customers indicates delay in revenue collection.

I advise MDAs and RS to come up with sound strategies to ensure that uncollected revenue is obtained within a reasonable time. Non-collection of these accrued revenues might lead to inefficiency of service delivery to the public.

11.2.5.1 Rehabilitation of Government Buildings and development of Government Plots in Tanzania Missions Abroad

As pointed out in my previous report the Government did not take adequate and timely action to rehabilitate office and residential buildings located in Tanzania Embassies and High Commissions. Some of the buildings were dilapidated and physically in bad state. They have had no repairs or maintenance for a long time. Also, the government owns land plots in various Embassies which are yet to be developed. Out of 34 Tanzania embassies, twelve (12) audited Embassies had 37 dilapidated buildings which require Rehabilitation/ major repair and maintenance. Additionally, 10 audited embassies had undeveloped plots. Details are in **appendix 11.4** My assessment revealed that there is problem of responsibility to make repair and rehabilitation for the buildings in bad shape and miserably dilapidated. It seems to me that nobody is responsible.

For instance in London, we noted that the Tanzanian High Commission has title to 9 properties, most of which are in total disrepair also there is a case of 9 Denewood Street where a building standing there was condemned and had to be eventually pulled down.

Management informed the audit team that despite efforts of the Ambassador within the High Commission to mobilize resources to develop the landed properties the approval action need to come from Dar es Salaam which takes quite sometime hence the delay. For instance in London no feedback was provided from the Ministry of Foreign Affairs and East African Corporation and after few years a dangerous non indigenous weed grew on that plot and the London City Council gave notice for the weed to be cleared. This

clearance by a specialist remover cost the High Commission in the region of £50,000.

I am of the view that delays in approving or taking action on the development, repair and maintenance of the landed properties increases the costs for maintenance of the buildings and land properties hence if we fail to develop on time the properties could be forfeited by the Host country. Further we are of the view that the delay in approval appears due to lack of direct responsibility taken by any specific official or office for development, of landed properties in our embassies. This demoralizes and affects efficiency of the Mission's staff in carrying out their daily activities as representatives of Tanzania abroad and may tarnish the image of Tanzania.

Paragraph M1 Section M housing and furniture of the standing order for the public service 2009 states that the Government is obliged to facilitate and provide housing accommodation to public servants whose terms of service necessarily include an entitlement to free housing. Also in M2 the Government houses shall be graded, classified, leased or sold by Tanzania Buildings Agency and approved by the Permanent Secretary responsible for Government houses.

There is a need to establish line of responsibility which will take care and harmonizing management of our public properties (government buildings) in order to have common understanding for repair and rehabilitation of these government properties.

I therefore recommend that a task team be formed between the Ministry of Finance and Planning, Ministry of Works and the Ministry of Foreign Affairs and East Africa Corporation to iron out all issues so that responsibility for development of landed properties outside the country can be fixed to a single office or official.

11.2.6 Non-Current Assets not coded

Asset identification provides a system that allows tracking of assets, monitoring of asset status and needs to replace assets, and the ability to locate needed assets. It also helps to prevent theft of assets. Further, we noted that some entities put less weight on the aspect of coding the assets which stands as a mitigation of loss or risk. During audit I noted 10 entities having assets recorded in the master inventory but the same were not coded as shown in the table below:

Table 96: List of entities with assets not coded

S/N	Vote	Name of Entity
1	33	President's Office, Ethics Secretariat
2	40	Judiciary of Tanzania
3	41	Ministry of Constitutional and Legal Affairs
4	54	Njombe Regional Administrative Secretary
5	71	Pwani Regional Secretariat
6	82	Ruvuma Regional Secretariat
7	85	Tabora Regional Secretariat
8	94	Public Service Commission
9	2001	Tanzania Embassy in Addis Ababa
10	2005	Tanzania High Commission in Abuja

Source: asset register

I recommend to the government to ensure that all non-current assets under MDAs and RS are coded.

11.3 Liabilities Management

IPSAS 1 on Presentation of Financial Statements states that "Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential." In this financial year I noted

the following weaknesses concerning liability management across audited entities:

11.3.1 Contingent liabilities (Outstanding legal case)

A contingent liability is a potential obligation that may be incurred depending on the outcome of a future event.

During the year under review, the audited entities had 170 legal cases whose value amounted to TZS 850,740,035,053.13 pending decision against various companies and individuals. These cases will have significant financial impact on the operations of the MDAs and RS. Some cases are at hearing stage and others at mediation stage. Out of 207 audited entities, 15 MDAs and RS had contingent liabilities of TZS. 850,740,035,053.13 emanated from a number of pending court cases.

Entities with outstanding legal cases are as shown in the table below.

Table 97: Entities with outstanding legal cases

S/N	Vote	Name of Entity	Amount TZS
1	37	Prime Minister's Office	8,728,170,711.49
2	43	Ministry of Agriculture, Livestock and Fisheries	5,851,314,597.00
3	46	Ministry of Education, Science, Technology and Vocational Training	1,189,624,889.04
4	48	Ministry of Lands, Housing and Human Settlements Development	67,439,500,000.00
5	58	Ministry of Energy and Minerals	660,767,521,003.00
6	69	Ministry of Natural Resources and Tourism	24,774,534,809.00
7	98	Ministry of Works, Transport and Communication	78,295,901,881.00
8	99	Ministry of Agriculture, Livestock and Fisheries	42,109,407.00

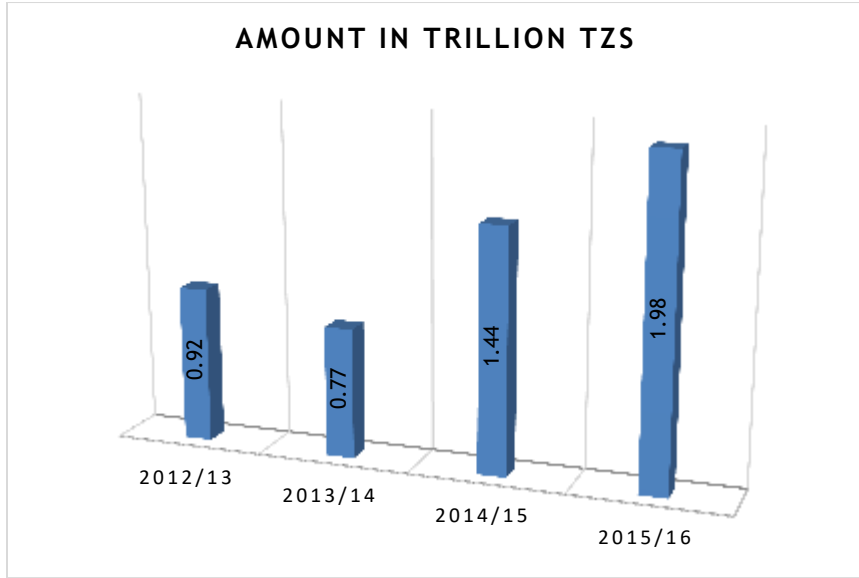
S/N	Vote	Name of Entity	Amount TZS
9	62	Ministry of Works, Transport and Communication	317,824,034.00
10	89	Rukwa Regional Secretariat	50,000,000.00
11	85	Tabora Regional Secretariat	114,000,000.00
12	86	Tanga Regional Secretariat	39,582,421.60
13	87	Kagera Regional Administrative Secretariat	90,000,000.00
14	77	Mara Regional Secretariat	13,429,300.00
15	80	Mtwara Regional Secretariat	3,026,522,000
TOTAL			850,740,035,053.13

There is a risk of nugatory expenditure being incurred by the MDAs/RS as a result of fines or penalties which may be charged by the court in case the MDAs/RS lose these cases. In addition there are lot of expenses that are incurred by MDAs/RS in making follow up of these cases.

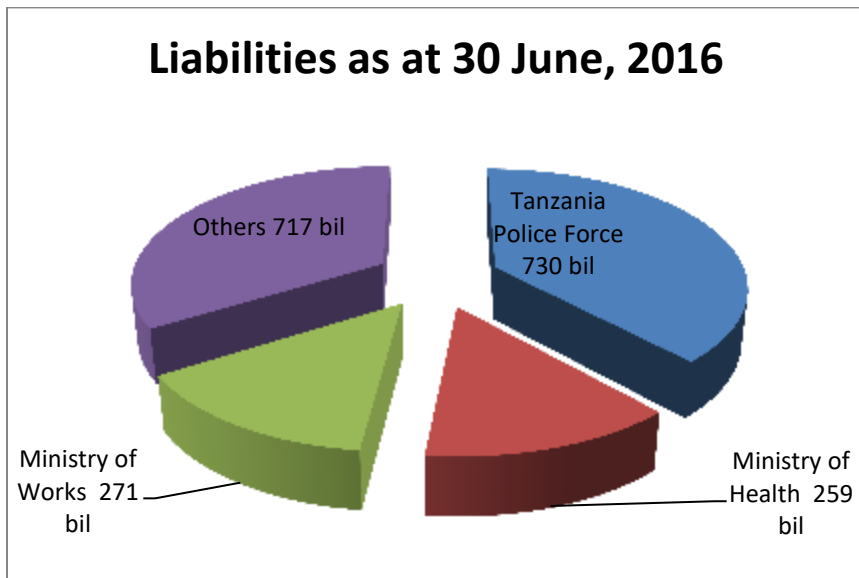
Taking into account of my prior year's recommendations, I further recommend the government to emphasize on each entity to have appropriate risk management strategies in place to ensure that the entity's exposure to contingent liabilities is contained and minimized at manageable level.

11.3.2 Accumulation of liabilities TZS. 1, 979,323, 563, 821.

As at 30th June, 2015 92 entities had an outstanding accounts payable balance of TZS 1, 979,323, 563, 821 as per financial statements and when compared to the prior year payable balance of TZS. 1,443,168,096,359.83 there is a notable increase of TZS 536, 155, 467, 461 being 37 per cent of the previous liabilities. Trend of the payables for the past four years is illustrated in the following bar chart:



The largest proportion for the current year liability is from Police Force with 37 per cent of total liabilities, the second is Ministry of Works, Transport and Communication with 14 per cent of total liabilities followed by the Ministry of Health, Community Development, Gender, Elderly and Children with 13 per cent of total liabilities as illustrated in the following pie chart:



The reported liability includes Ministry of Health, Community Development Gender Elderly and Children medical bills to the Government from hospitals in India that the Government sends patients. Outstanding medical bills as at 30 June, 2016 totaling to TZS.19,192,661,033. Hospitals with outstanding bills as shown in the table below;

S/N	Name of Hospital	Amount TZS
1	Ahmedabad	2,056,191,662.95
2	Bangalore	548,323,232.03
3	Chennai	6,164,240,402.33
4	Madras	5,274,465.32
5	Hyderabad	2,594,310,144.40
6	New Delhi	7,824,321,126.30
Total		19,192,661,033.33

List of entities with financial obligations incurred by the government for which payment is overdue is as shown in **Appendix 11.5**

A huge increase in accounts payable without efforts to settle them impairs good contractual relationship between MDAs/RS and their suppliers and to employees and might lead to inefficiency of service delivery to the public. MDAs/RS might face legal action as a result of failure to meet maturing obligation on time. I recommend the government to;

- a) Re-budget all overdue payables in the budget of the coming year in order to clear all liabilities so as to avoid dispute with suppliers and other stakeholders. In future, funds should be released as per approved budget to avoid the risk of litigation and maintaining credibility worthiness
- b) Budget processes be reviewed to ensure a realistic budget is formulated.

11.3.3 Unsupported payables TZS.41,634,353,230.92

Payables are liabilities to pay for goods or services that have been received or supplied, and have been invoiced or formally agreed with the supplier. According to the review conducted to the sampled entities, 3 entities failed to provide supporting documents for the reported payables at the year end. List of entities with unsupported liabilities is shown in the table below:

S/N	Vote	Name of Entity	Amount TZS
1	94	Public Service Commission	448,288,838
2	38	Tanzania Peoples Defence Forces	41,129,424,819
3	51	Ministry of Home Affairs	56,639,574
Total			41,634,353,231

In the absence of proper supporting documentation there is a possibility for the existence of fictitious payables created by dishonest employees.

I recommend that, responsible Accounting Officers to establish internal control mechanism to ensure that payables are properly supported and verified by independent personnel before being reported in the books of account.

12.0 SPECIAL AUDITS AND AUDIT OF POLITICAL PARTIES

12.1 SPECIAL AUDITS

12.1.1 Introduction

The Controller and Auditor General may undertake special audit in accordance with section 29 of the Public Audit Act, 2008. In addition, Regulation 79(1) of Public Audit Regulation, 2009 state that –a special audit may be conducted where an Accounting Officer or any person, institution, Public Authority, Ministry, independent Department, Agency, Local Government Authority and such any other body, requests in writing to the Controller and Auditor General; provided that, the Controller and Auditor General shall not be bound to accept such request. The scope of audit shall be determined by the person requesting the special audit; however Regulation 80(2) allows the Controller and Auditor General to modify the scope of the audit as he shall deem necessary.

During the financial year under review, I carried two special audits. Key issues from the special audits are summarized below; however individual special audits reports have been issued to respective authorities in accordance with Regulation 81 of the Public Audit Regulations, 2009.

12.1.2 Special Audit of National Identification Authority (NIDA)

On 8th March, 2016 the CAG commissioned the undertaking of a special audit on the National Identification Authority (NIDA) following the request from the Permanent Secretary Ministry of Home Affairs through the letter with Ref. No. SAB 365/439/01/60 dated 1st February 2016 as per Sect. 29 of the

PAA No. 11 of 2008 and Reg. 78 of the Public Audit Regulations of 2009.

The audit focused on allegations against the Management of the Authority regarding expenditure for the development of National Identities Cards where, a total of Sh.179.6 Billion alleged to have been spent in procurement and other payments. The audit had examined contracts for the purchase of the plant used for developing National Identities, acquisition of laborers and the costs of transporting those equipment and installations to various regional centers for the period from July 2012 to June 2016.

It was noted that from fiscal year 2012/13 to 2015/16 the Authority received a total of TZS.189,764,035,764 and spent a total of TZS.183,043,117,014. Our special audit noted the following irregularities:

(a) Embezzlement in payment for Insurance of motor vehicles and Equipments used for the Project TZS.1,236,978,426

- The Authority paid TZS1,687,162,876 to M/s Aste Insurance Brokers Company Limited for the period from July 2011 to May 2016 in respect of insurance services .It was noted that the actual expenditure would have been TZS 450,184,450 as a result NIDA overpaid the insurance broker TZS 1,236,978,426 over and above the actual cost.
- During the period from 2011 to 2016 the Authority Procured Insurance services for equipment and vehicles from Aste Insurance Brokers used in the National Identity Card for TZS 494,000,779. However, the procurement process was not handled by the Procurement Management Unit (PMU).
- Likewise, the Insurance Broker M/s Aste Insurance Brokers Company Limited used Business Current Account No. 015040832000 in receiving insurance payments amounting to TZS.1,687,162,876 from NIDA. This has given the Broker an opportunity to use the insurance funds irregularly. According

to Insurance Act No. 10 of 2009 and its regulations, the Insurance Broker is required to collect customers' payments vide Deposit Account (Trustee Account) and remit the same to the respective Insurance Company within 15 days.

- A total amount of TZS. 534,169,920 was spent in respect of the Ministry of Home Affairs Activities. The Authority procured goods amounting to TZS.76,672,200 for purchase of stores under the Ministry of Home Affairs. Moreover our inspection of the fuel Ledger noted that 1,110 litres of diesel worth TZS.2,217,720 were used for Ministry's activities. On 20 March, 2014 the Ministry of Home Affairs borrowed a total amount of TZS 455,280,000 (USD 280,000) from the Authority to purchase four (4) Motor vehicles. Until October, 2016 time for the audit, the funds were not yet refunded to the Authority. This has compelled non implementation for some scheduled activities of the Authority.

(b) Barcode and Postal Code Registration Forms were Printed and remained Unused

Physical verification on the registration forms received and paid for by the Authority during 2012, noted a total of 7, 762,907 Barcode registration forms worth TZS 2,484,130,240 were printed via the private company M/s MFI Solution. The documents were yet to be used and remained unused at the date of auditing October 2016. There was no evidence showing that the user department had requested additional barcode and registration forms.

Likewise, it was found that a total of 8,220,000 registration forms worth TZS 519,588,870 from the forms printed from 2011/2012, to 2013/2014 and printer ink costing TZS 413,249,600 have not been used and were abandoned at the TANITA store. The Authority had no Work Plan for activities and budget and therefore incurred losses of TZ.932,838,470

(bieng cost of 8.22 million forms worth TZS 519 588 870 and the cost of unused ink TZS 413,249,600)

During the year 2013/2014 the Authority gave the government institutions Malindi Printing Company and Dar es Salaam University Press (DUP) tender where they printed a total of 22,000,000 registration forms costing Sh. 7.04 Billion out of which a total of 658,650 registration forms worth TZS 210, 768, 000 were not delivered to the Authority while they were paid for.

During 2013/2014 the Authority ordered printing of 18,000,000 forms and 90,000 Postal codes costing TZS 7,286,940 to be used for registration of the national identity cards from Dar es Salaam University Press (DUP). DUP was unable to do the job and therefore upon Government Chief Printer's approval they assigned this task to M/s Guyella Investment. Subsequently M/s Guyella Investment Company, registered with BRELA as dealers of building materials had assigned M/s Jayant Printers LLP based in India part of the printing work without the consent of the Government Chief Printer. This implies that the Authority engaged the contractor such sensitive job to the wrong firm (not printer) whose decision to forward the matter to Indian company had exposed the country's sensitive activity beyond government and the country as whole.

(c) Forgery of invoices for vehicles maintenance

- The audit revealed overpayments of TZS 42,631,736 to Nduvini, FK Motors and TOYOTA due to alterations of figures and duplication of invoices during the time bills were raised for payments during the years 2012/2013 through 2015/2016.
- For the period of 2012/2013 to 2015/2016 the Authority repaired its vehicles through private garages M/s Nduvini, FK Motors and TOYOTA which had total cost of TZS 1,288,746,869 out of which a total TZS 1,091,574,749 repairs and Sh.197,172,120 maintenances had no justifications that the vehicles actually required such repairs and maintenances as there were no pre inspections carried out.

- Also there were unreasonable frequencies of particular vehicle repairs which had cost the Authority a total of TZS 410,649,047. For-instance the vehicles have been repaired/maintained after every 2 to 18 days from the previous repair/maintenance. M/s Nduvini Auto Works Company submitted duplicate invalid bills of TZS 61,845,570 in respect of motor vehicles repairs to be settled by the Authority.

Non compliance with procurements legislations:

(a) Violation of Public Procurement Legislations During House Renting for Office Use

- The Authority issued a tender to rent an Office from Ms. Mary Salome Mwema through the a letter dated 06.05.2012 with a tender announcement of 25.05.2012. The Authority's bid process was not carried out through the PMU neither approved by the Tender Board. Moreover noted that one bidder for office building rental Mr & Mrs. John Masenga of P.O. Box 11729 was not included in the evaluation process despite being technically successful. There were no reasons provided as to why the bidder was unequally considered by the Authority.
- Similarly, the Authority rented an Office at the BMTL Building situated at Victoria in Dar es salaam without involving the PMU. Our verification of the buildings rented by the Authority noted that three (3) out of the five (5) that were visited did not comply with the criteria for having more than 50 car parking areas and installed standby generetors.

(b) Forgery in solicitation of bidders in Purchase of IT equipment

The Authority procured Ipad's at a total cost of TZS 63,383,700 from M/s Elite computers. The supplier appears to have won in seven (7) different bidding by the Authority. M/s Prudent Enterprise and M/s Forex General Enterprise were identified the competitive bidders against M/s Elite computers. However, M/s Prudent Enterprise and M/s Forex General Enterprise were neither involved nor provided price quotations or any information regarding

sale of ipad. All quotations used in the seven (7) different bids were fraudulently presented as they were forged.

(c) Violation of Rules and Criteria in Solicitation of M / s Gwihotolo Implex Limited

On reviewing the Agreement between M/s Gwihotolo and GIPSA entered on 1st July 2013 showed that M/s Gwihotolo Implex Limited imposed a cost of customs agency services contrary to the Agreement. It was noted that M/s Gwihotolo Implex Limited charged the Authority labor costs fee (consolidation and documentation) of TZS 48, 389,920 contrary to the Agreement.

The Authority has paid M/s Gwihotolo Implex Limited TZS.45,515,961 more than its submitted claims of TZS.91,036,928 as freight costs. It was noted that the Authority paid TZS 113, 703, 471 more due to the Agent M/s Gwihotolo Implex Limited in respect of invoice No.0010589 forging the Contract with GIPSA which imposed rate of 1.5% of the actual costs instead of 1.2% of the cost.

(d) Embezzlement and Limitations In AirTravel tickets Purchase

Purchases of tickets during 2012/13 to 2015/16 worth TZS.613,263,302 by the Authority from M/s Sykes Travel Agent and M/s Kearsley Travel and Tours were made by Mr. George Ntalima without involving the PMU.

Moreover the Authority double paid M/s Skyes Travel Agent TZS.5,979,600 in respect of payment on staff travel charges included in a total amount of TZS 106,925,050 paid for airline tickets through Proforma Invoice and paid the agent TZS 3,333,000 for tickets cancellations where there is no evidence showing that the Authority had booked such tickets. Similarly, the Authority paid a total of TZS 1,360,000 as costs to cancel air travel tickets for the trip of the Consultant from M/s Gotham International Limited of Dar-Doh-Doh-Kora-Dar which was not really cancelled.

Similarly, the Authority paid the cost of airline tickets worth TZS 2,432,000 for non-officials who indicated to have traveled abroad..

(e) Weaknesses in soliciting the Consultant for the National Identification and Implementation of the Project

The audit noted violation of the Public Procurement Act of 2004 in solicitation of a consultant M/s Gotham International Limited for the National Identities Project. A total amount of TZS 930 Million was paid to M/s Gotham International Limited for conducting a feasibility study of the Project without having contractual agreement or even Memorandum of Understanding (MoU).

The Authority paid TZS108,684,450 to the Gotham International Limited (GIL) in respect of consultancy fees following incorrect computation on the Foreign Exchange rates, the payments were not approved neither by the Director of Finance and Administration nor the Director General of the Authority which is contrary to Authority's Financial Regulations of 2009.

The Authority through M/s Gotham International Limited published 200 feasibility study books costing TZS.30,000,000 out of which 105 books costing TZS 15,750,000 were just shelved in the store-room of the Authority since December 2010.

(f) Weaknesses in the Tender and Implementation of the Project of Building a System for Creating National Identity Cards

On 21.04.2011 the Authority entered into Agreement with M/s IRIS Corporation Berhad on the implementation of building national identity card system where the bidder presented the increased overall cost of USD 230,000 on ground that the initial assessment of USD 149,726,303 USD had contained some arithmetical errors. Despite such variation to have been presented and discussed by the Tender Board, the scrutiny over the submitted Financial Proposal of USD 149,726,303 revealed no errors and thus lacked basis for increased costs.

During April 2011 the Authority paid TZS.1,025,343,729 being customs costs for the importation of registration materials and machines installations. According to the agreement between NIDA and IRIS Corporation Berhad such payments ought to be equally shared and financed by both parties . Hence the Authority had paid more TZS. 512, 671, 865.

(g) Temporary and permanent employment

The audit found violations of the Employment and Labour Relations Act No.6 of 2004 by the Authority whereby from the year 2012 to 2015 about 1,071 laborers were just given phone calls to come for recruitment and got hired. There were no advertisement made to the general public regarding the available vacancies contrary to the Authority's Human Resources Policy and its Regulations of 2011

The Authority requested and was provided with 415 staff/laborers from the National Bureau of Statistics and the College of Public Services. However, the Authority did not use them and decided to employ 882 laborers other than the 415 staff who were provided as requested and without any recruitment costs.

Further noted that on 01.09.2015 the Authority employed a total of 213 staff despite their employment permit from Utumishi to have been ended since 20/04/2015. Likewise on 25.06.2013 the Authority made gratuity payments of TZS. 16,627,500 to laborers contrary to the Temporary Contracts Agreements and Employment and Labour Relations Act No. 6 of 2004.

(h) Internal Controls Weaknesses

Non confirmation of the use of Diesel and Petrol purchased by the Authority worth TZS. 2,349,748,595

Consumption of fuel worth TZS. 2,349,748,595 indicated to have been issued to various motor vehicles and generators were not justifiable as follows:

Oil / Litres	Examination/ Supplier	Reason	Value (TZS)
Diesel/14,330	Oil Ledgers/GPSA	Vehicles and Generators not identified	29,059,100
	Oil Ledgers/GPSA & Other Suppliers	Lack of log books	2,195,120,350
Diesel/6,160	Oil Ledgers/GPSA	Issued liters of oil is more than vehicles tank capabilities	12,320,000
Diesel/6,115	Oil Ledgers/GPSA	Highlighted vehicles were under maintenance at garages	12,487,230
Diesel na Petrol/50,726	Information from Total Tanzania Limited	Vehicles not identified	100,761,915
Total			2,349,748,595

Loss of Stores with a total value of TZS 93,662,000

The audit revealed losses of Authority's store materials with a value of TZS.93, 662,000. There was no official statement from the Authority's Store Keeper on the loss despite the fact that he was aware of the discrepancies of the items/materials.

Likewise items with a total value of TZS.991, 406,974 were not used since they were acquired in different periods from March 2013 to October 2016.

12.1.3 Recommendations

- M/s Astel Insurance Company should refund TZS.1,246,341,080 which was improperly paid.

- M/s Aste Insurance Broker should refund a total TZS.1,236,978,426 and appropriate measures be taken against Mr. Astery Ndege for fraudulent manipulation to obtain money from the Authority illegally.
- Appropriate actions should be taken against the staff involved in identified fraud and non-compliance with the specified public procurement rules leading the authority to incur non-productive costs along with ensuring that the Authority recovers from perpetrators and ensure control of the stores equipment.
- Management of M/s Gwiholoto Implex Ltd should refund TZS 48,389,920 received out of illegitimate bills to the Authority contrary to the contract and reimbursing TZS.787,187,557 along with appropriate action against TAFFA and M/s Gwiholoto Impex Ltd. Likewise, the Authority should ensure that M/s Gwiholoto Implex Ltd also returns TZS.113,703,471 to cover losses out of manipulated indicative price.
- The management should ensure that the amount of TZS 5,979,600 refunded from M/s Sykes Travel Agent.
- Appropriate actions should be taken against Nduvini Auto Works in accordance with the contract with TEMESA under item No.5 and 6 and as per the Public Procurement Act.
- Members of the Tender Board involved in approving the contract price increases to the tune of USD 230,000 to be held responsible for not fulfilling their obligations effectively and thus occasioning losses to the Authority.
- Management of the National Identification Authority should ensure that amount of customs charges paid on behalf of IRIS are fully recovered
- The Governments should affirm and improve the Office of the Chief Government Printer so that all government documents can be printed by the Office.

12.1.2 SPECIAL AUDIT OF GAVI ALLIANCE GRANT FOR MIEASLES RUBELLA FOR THE FINANCIAL YEA 2014

The Government of Tanzania has been receiving cash based support from GAVI since 2000 for Immunization Service Support (ISS), Health Systems Strengthening (HSS), Vaccine

Introduction Grants (VIG), HPV cash grant, and Operational costs for Measles Rubella campaign.

A total of USD 12,791,693 equivalent to TZS 20,936,782,798 was received by Ministry of Finance and Planning from GAVI Alliance the whole amount was transferred to the Ministry of Health and social welfare for Measles Rubella campaign. Out of this amount TZS 19,095,020,382 was for vaccination, whereby TZS 18,369,444,799 to be spent in Tanzania mainland and TZS 725,575,583 transferred to Zanzibar. As at 31 December, 2014, total TZS 1,003,339,008 was spent on operational activities and unspent funds was TZS 838,423,408. I have included in this report significant special audit findings as demonstrated below;

- I noted that TZS 17,333,760,792 were transferred to regional medical officer's leprosy and TB accounts except Dar es salaam region. This amount was drawn from bank accounts and paid in cash to officers from Local Government Authority who were involved in vaccination campaign. Also, observed that TZS 1,035,684,000 were paid in terms of Imprest from the Ministry of Health for vaccination campaign in Dar es Salaam region. My follow up on fund accountability in regions revealed the following weaknesses:
 - TZS 13,134,813,258 was confirmed to have been received by officers from Local Government Authorities.
 - Out of this amount TZS 1,077,167,188 was yet to be confirmed.
 - TZS 2,153,289,221 remained under management of Officers from Ministry of Health and social welfare who were allocated to regions to supervise vaccination campaign. I could not establish the reasons for those officers to remain with such large amount of money while they were coordinators for the campaign.

- I noted expenditure of TZS 968,491,799 inadequately supported in respect of all Districts and regional medical offices of Kilimanjaro and Shinyanga and supporting documents were not made available to auditors.
- Total TZS 1,204,625,500 was paid as allowances to Officers but was supported with forged documents.
- Total TZS 293,950,500 was paid to people who were not involved in vaccination campaign. Also, payees were neither council's employees nor their designation and duty stations identified.
- It was noted that total TZS 82,725,000 related to employees who were directly involved in Measles Rubella vaccination campaign were not paid despite available allocation of the budget. Those who were mainly affected were drivers and Ward Executive Officers who were promised that payments would be made once funds are available, up to the time of this audit they were yet to be paid.
- I noted that expenditure of TZS 316,292,995 was paid for food not supplied. The supporting documents were denied by the service providers own such documents or to have written them. The documents were forged due to various deficiencies noted such as stamps and signatures differed from the original stamps and signatures, appearance and faces of documents differs from source book of the service providers attached as retirement particulars, some documents recognised Permanent Secretary as appropriate authority who received the service while the service was provided to the Local Government Authority.
- I noted fraudulent procurements of fuel amounting to TZS 248,034,893 for vaccination activities. Motor vehicle Log books and fuel receipts did not indicate travel date and fuel consumption hence making it difficult to track fuel usage. The audit did not substantiate name of officers

using the motor vehicle, quantity of fuel issued, destination and activities to have been performed.

- I noted that TZS 372,398,769 was spent on procurement of fuel in respect of 55 Local Government Authorities. Fuel consumption was not confirmed to have been received by either of the LGA since fuel was not accounted for in the ledger charge by either of the Council contrary to Order 54(3) of Local Government Financial Memorandum 2009. Apart from that Councils' Procurement Management Units were not aware of such procurement and were not involved in the procurement process.
- Order 89 (3) of Local Government Financial Memorandum of 2009 requires each council to maintain motor vehicles logbooks and travel records. In contrary, special audit team revealed fuel worth 364,884,950 were consumed in carrying out vaccination activities. It was noted that log books for fuel worth TZS.230,652,189 were not submitted and fuel worth TZS.134,232,761 were not confirmed to have been consumed. This is an indication that fuel was not used for intended activities.
- It was noted that TZS 137,743,754 was spent on repair and maintenance of various motor vehicles for vaccination activities. However, audit team could not substantiate repair and maintenance of motor vehicles since the garages used were not in the approved list. Also, owner of garages denied to recognize repair and maintenance, even drivers were not aware of the repairs and maintenance of motor vehicles for vaccination activities.
- It was noted that TZS 497,182,500 was paid as training allowances to regional and district health committees, primary health committees and officers participating in vaccination activities without justification as the audit team failed to confirm whether trainings were performed or not. The audit team failed to confirm training because

management of local government Authority did not provide list of participants attended the training.

- It was observed that payments of TZS 1,192,493,345 were made to 54 councils and 11 regional medical offices for various activities without supporting documents. In the absence of supporting documents it was not possible to substantiate beyond reasonable doubts that payments made were genuine expenditure which were in the action plans.
- I noted that 8 councils and one regional medical office transferred fund from various bank accounts to contribute to the implementation of vaccination campaign which had its own budget that did not need council contributions. However, there were neither refunds nor payment vouchers were submitted to audit team.
- It was noted during special audit that memorandum of understanding between Government of Tanzania and GAVI Alliance was violated because vaccination grants were not included in the Medium Term Expenditure Framework as well as the grant did not comply with Government procedures and channels on fund transfer through sub treasuries and then Local Government Authorities.
- From the special audits, major weaknesses were observed in the internal control system. Cases of fraudulent and corruptive nature in the areas of procurement, imprest management and general operations of the grant were reported. Based on the result of special audit, I recommended as follows:
 - I urged Managements to strengthen systems of Internal Controls, as many weaknesses pointed out above originates from existence of inadequate Internal Controls
 - Apart from strengthening internal controls as a measure to address noted weaknesses in the special audits, disciplinary and legal action should be taken to those officers who have been implicated in such misconduct of misappropriation of Government funds.
 - Government entities are advised to ensure procedures for utilization of grants are adhered to

- Action must be taken by investigative organs like DPP, DCI and PCCB as law enforcement organs.
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12.2 AUDIT OF POLITICAL PARTIES

12.2.2 Common issues emerged during audit of political parties' financial statements

I performed procedures to obtain evidences that the Political Parties had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in applicable legislation are demonstrated below:

a. Hypothetical transactions

I noted inadequate maintenance of elementary books of accounts such as trial balances, cash books, individual ledger accounts and general ledgers which provides a reliable source of information in the preparation and presentation of financial statements, hence most of the financial information lacked source document which reduces audit trail, accuracy, transparency and reliability of the information. I was unable to determine whether proper books of account had been kept. The affected political parties included Alliance for Tanzania Farmers Party, ACT-Wazalendo, Tanzania Democratic Alliance (TADEA), Chama cha Kijamii, Alliance for Tanzania Democratic Change, Democratic Party, Demokrasia Makini, Chama cha Sauti ya Umma (SAU), National League for democracy and United Democratic Party.

In order to provide uniformity of accounting records it is deemed necessary for the Ministry of Finance and Planning (The Accountant General) in collaboration with the National Board of Accountant and Auditors (NBAA) to pass an act, to regulate the manner of keeping books of political parties and establish the principles for recognizing their revenues, expenses, assets, liabilities and sources of finance.

There is a weak and inadequate maintenance of accounting records observed across a number of political parties during the year. A number of financial statements differed with accounting basis and financial reporting framework from where ideally they ought to have been derived and prepared. The format and accounting period are different and do not disclose pertinent information about the basis of preparation of the financial statements, also accounting policies and notes to financial statements were missing hence limiting audit scope. The affected political parties were: Alliance for Tanzania Farmers Party, ACT-Wazalendo, Tanzania Democratic Alliance (TADEA), Chama cha Kijamii, Alliance for Tanzania Democratic Change, Democratic Party, Demokrasia Makini, National League for democracy, Chama cha Sauti ya Umma (SAU), and United Democratic Party

It is deemed necessary for the audited political parties to use an effective system of internal controls in order to ensure the lawful, cost effective and successful management of financial resources and other assets, and raise the level of awareness and responsibility of persons involved in the political party's activities

Financial Reporting framework for nine (9) audited political parties could not be established because submitted statements were receipts and payments and the statements did not contain general party information and notes to the financial statements. A sound accounting framework is an important ingredient for promoting accountability and transparency. The framework sets out the concept and criterion that underlie the presentation of financial statements. In the absence of a financial reporting framework I could not determine measurement, recognition, presentation and disclosure of all material items appearing in the financial statements. Apart from that users of financial statements may not be able to interpret the information contained in the financial statements.

I advise the Registrar of Political Parties in collaboration with the Accountant General and the National Board of

Accountants and Auditors to initiate and introduce a harmonious financial reporting framework.

b. Financial statements not submitted

The responsibility for the preparation and submission of financial statements to the Controller and Auditor General for audit purposes lies with the individual Secretary Generals of Political Parties. Section 14 of the Political Parties Act No. 5 of 1992 (R.E 2015) requires every political party which has been fully registered to maintain proper accounts of the funds and property of the party and submit to the Registrar of Political Parties an annual statement of the accounts of the political party audited by the Controller and Auditor General and the report of the accounts; and an annual declaration of all the property owned by the Party.

Four (4) out of nineteen (19) audited Political Parties with permanent registration did not submit annual financial statement as required by Section 14 (1) (i) of Political Parties Act No.5 of 1992(R.E 2015).These are National Reconstruction Party (NRA), United People’s Democratic Party (UPDP)), Party for People’s Redemption(CHAUMMA) and Union for Multiparty Democracy (UMD).

Apart from that audit of two political parties were yet to be concluded as tabulated below:

S/N	Party name	Year	Remark
1	Civic United Front -CUF	Six months from January 2015 to June 2015	Ongoing conflict among political leaders as the result we could not hold exit meeting

S/N	Party name	Year	Remark
2	National Convention for Construction and Reform -NCCR-MAGEUZI	2013/2014	Party's management were committed to political activities as the result we could not hold exit meeting and the management is yet to respond to management letter

I advise the Registrar of Political Parties to hold accountable party's leaders who fail to submit timely their financial statements for audit purpose.

c. Bank account not maintained

Four (3) out of thirteen (13) audited Political Parties do not maintain bank accounts as required by Section 15 (1) of Political Parties Act No.5 of 1992 (R.E 2015). These parties are Demokrasia Makini, Chama cha Kijamii and Alliance for Democratic Change (ADC).

Compliance with laws governing political parties is mandatory. I advise the political parties to adhere to laws and regulations.

d. Inadequate human resources management

My audit on personal files of party's employees noted that most of employees of the political parties except for Secretary Generals are volunteers and the political parties had no employment contract enforceable by law which states responsibilities, accountability and rewards for the workers. Furthermore, I noted that all heads of finance units were not competent for their positions.

The responsibility of the finance department for financial management includes the setting up and running of reporting and control systems, managing funds, and the

use of information and analysis to advise management regarding planning, policy and capital investment. All stakeholders are advised to take part in designing human resource policy and management for political parties.

e. Non separation the value of Land and Building

According to IAS 16, land is a separate asset that does not depreciate and therefore need to be reported separately from other assets. Review of the financial statements and PPE schedules noted that the values of land and buildings are not separated as required by IAS 16. Not recognizing the value of lands which has the nature of appreciating is highly understated to zero value in the books of the Party leading to untrue presentation of the Party's financial position. I recommend management of the party to revalue lands and report its value separately from that of buildings.

f. Lack of Assets Registers

We noted that CCM and its wings still do not have Non-Current Assets Registers. This is contrary to the requirements of Reg. 7.1.3 of the Party's Financial and Assets Regulations of 1997. We reiterate our recommendation to the management to establish Assets Register to strengthen controls over the Party's assets. Our sample review noted below mentioned CCM wings which do not establish and maintain the Registers: CCM HQ, CCM Dar Es Salaam, CCM Kinondoni, CCM Ilala, CCM Temeke, Jumuiya ya Wanawake, Jumuiya ya Wazazi, Jumuiya ya Vijana, Uhuru Publication, PMCL.

g. Non-maintenance of Counterfoil Register

In CCM's wings and entities there is a tendency of maintaining Counterfoil Registers to record accountable documents for control purposes such as cheque books, receipt books, etc. If the documents are not properly recorded, they might be used for personal benefits. A sample review learnt the CCM Dar es Salaam, CCM Temeke, Jumuiya ya Vijana, Uhuru Publication and Peoples Media Company Limited do not have the registers.

h. Not performing Bank Reconciliation

The internal controls relating to the reconciliation of the cash book balance to bank balances were not implemented properly. The financial Statements prepared by Political Parties could be misleading. During the course of our audit I

observed that there was a difference between the outstanding cash book balance and the bank balances. However, we were unable to obtain an explanation for the difference and there were no alternative procedures that we could use to determine the nature of this difference.

Political parties failed to reconcile the cash books and bank balances including CCM Dar es Salaam, CCM ILala, Jumuiya ya Wanawake, Jumuiya ya Vijana, Jumuiya ya Wazazi, Peoples Media Corporation Limited and Tanzania One Theater do not perform the monthly reconciliations Alliance for Tanzania Farmers Party, ACT-Wazalendo, Tanzania Democratic Alliance (TADEA), Chama cha Kijamii, Alliance for Tanzania Democratic Change, Democratic Party, Demokrasia Makini, Chama cha Sauti ya Umma (SAU), National League for democracy and United Democratic Party.

I recommend that this difference be investigated and a monthly reconciliation statement be prepared reconciling bank balances. If the difference cannot be ascertained, the amount may have to be repaid.

Recommendation

To enhance disclosure, presentation and comparability of Political parties' performance, parties should prepare their financial statements in accordance with International Accounting Standards. The adoption of common reporting framework of accounting will also lead to consistency and uniformity of recording transactions and preparation of the financial statements of the political parties.

Political Parties have to prepare financial statements in conformity with NBAA technical pronouncement of 2009 which states that '*Tanzania migrated to IFRS and IPSAS from 1 July 2004 every entity in the country whether small or large are required to prepare financial statement in accordance with IFRS or IPSAS as the case may be*'.

Challenges

By virtual of section 14 (1) (i) of the Political Parties Act No.5 of 1992 requires me to audit political parties. However,

during audit I encountered challenges on auditing non-public funds collected by political parties. According to constitutional obligation under article 143(2)(c) of the constitution of the United Republic of Tanzania, I am required to audit public funds and resources.

I urge the Registrar of Political Parties to have capacity building programmes which will enhance political parties to be more compliant with the requirements of the Political Parties Act of 2009 (R.E 2015) together with its underlying Regulations.

13.0 GENERAL CONCLUSIONS AND RECOMMENDATIONS

13.1 General Overview

This chapter provides general conclusions and recommendations on matters that have been pointed out in this report and which require attention and action of the Government, Parliament and Management of the respective MDAs/RS. Most of the recommendations have been derived from audit results of individual management letters and audit reports that have been communicated separately to the respective Accounting Officers as well as other pertinent current issues which are of interest to the general public.

Generally all MDAs and other institutions are advised to establish a framework and procedures that can be applicable and shared by the Government as a whole in addressing issues of common interest and facilitate prudent public resources management in an effective and efficient manner without compromising the quality of the services offered by the Government.

I wish to make general conclusions and recommendations regarding the results of the audits of MDAs, RS, Special funds and Institutions as follows:

13.2 Follow up on Implementation of the previous

In order to optimize full benefits resulting from implementation of previous CAG recommendations, PAC directives and Overall Audit objectives, I strongly advise the Government through the PMG and Accounting Officers to exert more efforts in ensuring that the issued audit recommendations and PAC directives are attended to accordingly

Most of these recommendations are still in progress for implementation or not implemented at all leading to occurrence of similar previous years' findings, the situation which implies that my recommendations and PAC directives are not taken seriously by respective Accounting Officers. Therefore, the PMG is advised to keep on instructing Accounting Officers to take necessary measures to improve internal control systems, which is one of the main causes contributing to untimely implementation of my recommendations and PAC directives.

Accounting Officers are also advised to maintain clearly documented action plans to guide them on implementation of the CAGs recommendations and PAC directives. The action plans will specify when, who, and how the recommendations will be implemented.

13.3 Public Finance Management

Internal revenue collections has portrayed positive trend over four consecutive years. Despite increased revenue prospects and collection still there has been budget cut, releasing funds at the end of the financial year and unreached revenue estimates.

Without having realistic budgets, operational and strategic goals of the Nation at large will depend on domestic and external borrowing, as well as reliance on development partners which in turn will affect the growth of the economy.

Domestic borrowings are mainly for rollovers and budget financing and depending on external financing and development partners may delay our timely expected results since they release funds conditionally and sometimes they do not release at all. For instance during the year under review MCA (T) did not release anything out of TZS 347.80 billion that was expected and Budget Support out of TZS 660.34 billion expected only TZS 291.38 billion (44%) were received.

This means all the earmarked development activities using those funds were not implemented

The government is encouraged to explore alternative internal sources of revenue.

13.4 Human Resource and Payroll Management

Human Resource and Payroll management has continued to be a challenge in MDA's, RSs, special Funds and Institutions. Recurring issues includes salaries paid to and deductions made from non - existing staff, delay and non-remittance of statutory contributions to relevant institutions, understaffing, failure to appraise staff performance, staff records not well managed and updated in payroll, staff acting in excess of the allowable period, overdue staff claims not paid timely and employer's failure to notify the HESLB of loan beneficiaries within their jurisdictions contrary to section 20 of Loan Board Act as amended in 2007.

Inadequacy in human resource management has a negative impact on the operational performance of the Government.

I therefore emphase my previous recommendation that the Government should continue to make periodic payroll data cleaning and ensure robust measures are undertaken to implement controls in place and sufficiently manage human resource capital while providing guidance to minimize recurring issues for better achievement of strategic and operational goals.

13.5 Government Agencies Executive Agencies, Funds, Other Institutions and water Boards

Most of the deficiencies noted are appearing to be the same to previous years' findings the situation which implies that our recommendations are not seriously taken by Accounting Officers, Chief Executive Officers and management as a whole.

Management of Agencies, funds other institutions as well as water Boards should ensure proper documentation and record keeping and requirements of the provisions of laws.

I noted that some audited entities diverted and spent funds to other activities which were not related to the agency, funds, other institutions, or water Boards to an extent that funds lacked accountability. For this case accounting officers for ALAT, Presidential Trust Funds, Tanzania Building Agency, SUMA Agri Machinery, Prison Corporation sole, Treasury Advances Funds should be accountable for misuse of public funds.

I urge the Accounting Officers to regularly manage financial risks on the outstanding liabilities making adequate budget allocations. Management of the Agencies, funds other institutions and water bodies in collaboration with related Ministries to facilitate the timely release of funds for paying maturing financial obligations.

I advise the Executive Government Agencies to make close follow up on unscrupulous businessmen who do not comply with the requirement of the law on the use of EFD machines to start using with immediate effect and take legal actions against defaulters.

13.6 Audit of political parties' financial statements

I performed procedures to obtain evidences that the Political Parties had complied with applicable legislation regarding financial matters, financial management and other related matters. The Chapter Twelve (12) of this report provides details about the findings on material non-compliance with specific matters in applicable legislation and specific recommendations.

The anomalies noted include; inadequate maintenance of elementary books of accounts such as trial balances, cashbooks, individual ledger accounts and general ledgers, non-submission of the Financial Statements to the CAG. Other anomalies being; non-maintenance of bank accounts, Non-maintenance of Counterfoil Register, Lack of Assets Registers, Not performing Bank Reconciliation, Inadequate human resources management, noncompliance with IPSAS as a basis in preparing financial statements.

On the issue of uniformity of accounting records, I plead to the Ministry of Finance and Planning (The Accountant General) in collaboration with the National Board of Accountant and Auditors (NBAA) to pass an act, to regulate the manner of keeping books of political parties and establish the principles for recognizing their revenues, expenses, assets, liabilities and sources of finance.

Furthermore, By virtual of section 14 (1) (i) of the Political Parties Act No.5 of 1992 requires me to audit political parties. However, during audit I encountered challenges on auditing non-public funds collected by political parties. According to constitutional obligation under article 143(2)(c) of the constitution of the United Republic of Tanzania, I am required to audit public funds and resources.

I urge the Registrar of Political Parties to have capacity building programmes which will enhance political parties to be more compliant with the requirements of the Political Parties Act of 2009 (R.E 2015) together with its underlying Regulations.

13.7 Procurement and Contracts Management

As earlier pointed out, Procurement takes a huge part of Government resources in order to implement its planned activities. Hence, the government has to improve compliance

with the Public Procurement Act No.2011 as Amended 2016 and its Regulations of 2013 to avoid repetition of anomalies noted. The following need to be taken into consideration in order to improve compliance;

- i) Government through the Ministry of Finance should allocate adequate funds to finance uncompleted projects which were delayed due to insufficient funds.
- ii) The Government should implement major projects by phases to avoid costs overrun in form of Interest and penalties accruing from the delay in the Payment off Contractor's Certificates.
- iii) The government to strengthen capacity of the office of the Attorney General in terms of manpower and financial resources to enable it to thoroughly review all contracts before they are being signed. The office will be responsible to ensure that all contracts protect the public interest and that any officer involved in the review shall be held responsible and accountable for all contracts which turnout not to be in the public interest.
- iv) Government through PPRA has to conduct several seminars with the aim of building capacity of PMUs, Tender Boards, Accounting Officers and User Departments on the importance of complying with the Public Procurement Act and its Regulations.
- v) It is also important to have a Computerized Procurement Information Management Systems (PIMS) in effective operation. This system is hosted by PPRA. PPRA has to make sure that this system is user friendly to end users so that MDAs/RS can easily use this system to improve procurement activities.

13.8 Weaknesses in expenditure management

In spite of persistent recommendations in my previous reports, my scrutiny of expenditure management has revealed that, some MDAs/RSs continued having inadequate internal controls over expenditure management which leads

to Nugatory expenditure - TZS 1.445 Billion; Loss to Regional Hospitals due to rejected NHIF claims -TZS 569.994 Million; Transfer of funds lacking accountability-TZS 6.575 Billion , Overpayments on various activities TZS 77.480 Million; Unpresented payment vouchers - TZS 91.348 Billion; Funds spent on unintended activities-TZS 3.830 Billion.

Other irregularities being Inadequately supported payments-TZS 12.504 Billion; Payments lacking Electronic Fiscal Devices Receipts TZS 7.790 Billion; Expenditure charged to wrong expenditure codes TZS 4.563 Billion; Expenditure made out of the approved budget TZS 4.116 Billion; Overdue outstanding Imprests TZS 397.575 Million; Payments made without acknowledgement receipt-TZS 97.719 Million; Paid prior years liabilities not disclosed-TZS 1.379 Billion. The detailed analysis is explained in Chapter Ten of this Report.

I encourage Accounting Officers of MDAs, RSs and Missions to continue strengthening the internal controls system of their organizations including capacity building. Apart from that, documentation should be improved and compliance with financial regulations enforced.

On the issue of EFD and Withholding taxes, I reiterate my recommendation to all other Government institutions to stop dealing with suppliers who are not using the EFD machines, also I would like to remind the management of the audited entities on their primary responsibility in ensuring that, withholding taxes are deducted at source by the appropriate authority in line with income tax law.

Furthermore, I urge the accountant General to review the Epicor functionalities so as to enable Epicor to comply with IPSAS accrual, currently the Epicor does not allow posting of invoices and LPOs if no cash is allocated accordingly. Also I plead to Him to direct all Accounting Officers to include in their annual expenditure estimates the amounts expected to

be spent for payment of prior liabilities so that can be presented before Parliament each year for appropriation. Further, during payment of prior year's liabilities, the Accounting officers should charge the respective expenditure codes different from those of current year's estimates.

13.9 Weaknesses in Assets Management

Management of assets is vital to the audited entities for their operations to ensure consistency in delivery of quality services to the public. Deficiencies in asset management lead to misrepresentation, misuse or loss and may result into poor service delivery.

Weaknesses observed in this report include, absence of asset policy, grounded motor vehicles, valuation of assets not yet done, preparation of comprehensive asset registers not yet done, lack of strategies to develop Government owned land plots and maintenance of buildings at Tanzania missions abroad; lands and buildings not separated and lacking ownership documents.

As I recommended in my previous reports on the slow pace road map implementation toward PP&E recognition and reporting under IPSAS accrual for the following areas; valuation of asset, updating the asset registers, preparation of asset policy. I reiterate my recommendation to the Director of Government Asset Management (DGAM) under the Ministry of Finance and Planning to develop and implement a monitoring mechanism to ensure that all MDAs/RS are complying with directives issued. Additionally, I advise The Government to ensure that MDAs/RS obtain ownership documents in order to safeguard Government assets. Apart from that I do also advise the Government to take appropriate action with regard to disposal of grounded motor vehicles beyond repair in accordance with the laws and regulations in order to save salvage value which can be

realized from disposal proceeds. Strict measures should be put in place to reduce the long outstanding receivables/payables by adopting tighter credit/debtors policy and enhancing follow up procedures to ensure outstanding amounts are paid within the shortest time possible.

For the landed properties outside the country, I recommend that a task team be formed between the Ministry of Finance, Ministry of Works and the Ministry of Foreign Affairs to iron out all issues so that responsibility for development of landed properties outside the country can be fixed to a single office or official.

13.10 Results of special audits

The audit is satisfied that the NIDA management, staff and other service providers and suppliers have been in one way or another involved in the extravagance and fraud on the use of funds for the development of National Identification Project which included; contracts for the purchase of equipment for developing National Identity Cards, identification, purchase of ICT equipment such as Ipads, hardware and software, acquisition of laborers and the costs of transporting installing equipment for registering citizens where about TZS 4.5 Billion is estimated to be defrauded.

Furthermore due to the nature of the registration and issuing national identity being new has led to lack of proper preparedness by Authority's Management on deciding how which the system could have been better used depending on the capacity of the Authority; the circumstances that led to dynamic changes in directions which costed the Government through wasteful procurements and simultaneously fraudsters using existing loopholes to take advantage and benefit themselves contrary to regulations.

Therefore, investigative authority should do a thorough investigation on the identified indicators of fraud as outlined in this audit and appropriate actions be taken against the parties involved.

13.11 Assessment of internal control system and corporate Governance

My assessment of internal control systems and Corporate Governance focused on the performance of Audit Committees, performance of the Internal Audit Functions, IT General Controls risk management process as well as performance of Governing boards. I noted cross cutting weaknesses across the MDAs over Internal controls systems and performance of Governing boards as featured in chapter six.

The Accounting Officers are responsible for establishing strong internal control systems to monitor the operations and make changes/corrective actions when deviations are noted. This is a continuous process focusing on strengthening internal controls in order to improve service delivery to the public.

Appendix 1.1: Planned activities not performed due to lack of funds

	Activity /Entity	Description
1.	SADC Audit	NAOT was supposed to contribute TZS 400,000,000 for audit of SADC Secretariat, but due to financial constraint no contribution was made and failed to participate in auditing
2.	Audit of political parties	Out of 14 political parties submitted financial statements, one political party (CHADEMA) was not audited
3.	Parliamentary Accounts Committee sessions	Follow up on implementation of our audit recommendations were not conducted before PAC session in the Regions
4.	Special Audits	15 Special audits requested were not conducted
5.	Judiciary-Regional offices	For the audit of Judicial Offices/stations in the regions (25 High Courts, 131 Primary Courts and 131 District Courts); only four (4) regions out of 25 Regions were audited
6.	Ministry of Education, Science, Technology and Vocational Training	30 Tanzania_Teachers Colleges and 11 School Inspection Zones were not audited

	Activity /Entity	Description
7.	Election activities	13 District Councils were audited out of 166 councils -National Electoral Commission (NEC)
8.	Prime Minister Office	National Relief Funds - Six (6) regional offices were not audited
9.	Tanzania Peoples Defense Forces	Out of 43 paying stations only 20 stations were audited; 8 Military Hospitals not audited and 6 Secondary Schools were not audited
10.	Ministry of Health, Community Development, Gender Elders and Children (Vote 53)	<i>Women Development Fund</i> - (Mwanza, Mtwara, Mara, Tanga, Ruvuma, Iringa, Mbeya and Arusha); only 11 colleges out of 50 were audited
11.	Prime Minister's Office - Labour, Youth, Employment and Persons with Disability	CMA - 25 regions TAESA - 8 regions (Mwanza, Kagera, Arusha, Dodoma, Mtwara, Lindi, Mbeya & Iringa) Only 4 out of 25 regions were audited
12.	Prisons Service Department	(9 Prisons, Bukoba 11 Prisons, Musoma 9 Prisons, Tabora, Tanga, Mtwara, Moshi, Singida Prisons and Prison Corporation Sole(Tabora, Bukoba and Musoma) four (4) regions were audited out of 25 Regions have not been audited
13.	National Service Department	Only 11 out of 15 National Service camps were

	Activity /Entity	Description
14.	Immigration Services Department	9 Regional Immigration Offices were not audited
15.	Ministry of Energy and Minerals	(Site visits to 6 Regional Mining Offices) not audited
16.	Ministry of Works, Transport and Communication (Vote 98)	<ul style="list-style-type: none"> i. TANROAD & TEMESA - Four (4) regional offices out of ten (10) planned were audited; ii. Weighbridges - all weighbridges were not audited, iii. Major Truck Roads - Dodoma -Singida; Sibiti bridge; Kilombero bridge, Magore -Turiani road and KIA-Mererani road were not audited.
17.	Ministry of Land , Housing and Human Settlement	23 Regions not audited (Ardhi Institute Tabora and Morogoro, Mtwara, Lindi, Mbeya, Njombe, Iringa, Morogoro & Morogoro. Land Housing Tribunal and Land Tenure Support Programme)
18.	Police Force Department	Upcountry stations not audited
19.	Fire and Rescue Department	Upcountry stations not audited

Appendix 2-1: List of entities issued with unqualified opinion

S/N	CATEGORY	NAME OF THE ENTITY	
<i>Ministerial Votes</i>			
1	4	PO - Record and Archives Management Department	Unqualified
2	5	National Irrigation Commission	Unqualified
3	6	President's Delivery Bureau	Unqualified
4	9	President's Office Public Service Remuneration Board	Unqualified
5	12	Judicial Service Commission	Unqualified
6	13	Financial Intelligence Unit	Unqualified
7	14	Fire and Rescue Force	Unqualified
8	15	Commission for Mediation and Arbitration	Unqualified
9	16	Attorney General's Chambers	Unqualified
10	20	President's Office - State House	Unqualified
11	21	Treasury Department	Unqualified
12	23	Accountant General's Department	Unqualified
13	24	Tanzania Cooperatives Development Commission	Unqualified
14	25	Prime Minister's Private Office	Unqualified
15	26	Vice President - Private Office	Unqualified
16	27	Registrar of Political Parties	Unqualified
17	28	Police Force Department	Unqualified
18	29	Prisons Service Department	Unqualified
19	30	President's Office - Cabinet Secretariat	Unqualified
20	35	Directorate of Public Prosecutions (DPP)	Unqualified
21	36	Katavi Regional Secretariat	Unqualified
22	37	Prime Minister's Office	Unqualified
23	38	Tanzania Peoples Defence Forces (TPDF)	Unqualified
24	39	National Service Force (JKT)	Unqualified
25	40	Judiciary of Tanzania	Unqualified
26	41	Ministry of Constitutional and Legal Affairs	Unqualified

S/N	CATEGORY	NAME OF THE ENTITY	
27	42	National Assembly	Unqualified
28	44	Ministry of Industry, Trade and Investments	Unqualified
29	47	Simiyu Regional Secretariat	Unqualified
30	49	Ministry of Water and Irrigation	Unqualified
31	50	Ministry of Finance and Planning	Unqualified
32	51	Ministry of Home Affairs	Unqualified
33	54	Njombe Regional Secretariat	Unqualified
34	55	Commission for Human Rights and Good Governance	Unqualified
35	56	PO - Regional Administration and Local Government	Unqualified
36	59	Law Reform Commission of Tanzania	Unqualified
37	61	National Electoral Commission (NEC)	Unqualified
38	62	Ministry of Works, Transport and Communication	Unqualified
39	63	Geita Regional Secretariat	Unqualified
40	65	Prime Minister's Office - Labour, Youth, Employment and Persons with Disability	Unqualified
41	66	President's Office Planning Commission	Unqualified
42	67	President's Office Public Service Recruitment Secretariat	Unqualified
43	68	Ministry of Works, Transport and Communication	Unqualified
44	71	Pwani Regional Secretariat	Unqualified
45	72	Dodoma Regional Secretariat	Unqualified
46	73	Iringa Regional Secretariat	Unqualified
47	76	Lindi Regional Secretariat	Unqualified
48	77	Mara Regional Secretariat	Unqualified
49	79	Morogoro Regional Secretariat	Unqualified
50	80	Mtwara Regional Secretariat	Unqualified
51	83	Shinyanga Regional Secretariat	Unqualified

S/N	CATEGORY	NAME OF THE ENTITY	
52	84	Singida Regional Secretariat	Unqualified
53	88	Dar es Salaam Regional Secretariat	Unqualified
54	91	Ant-Drugs Commission	Unqualified
55	92	Tanzania Commission for AIDS (TACAIDS)	Unqualified
56	93	Immigration Services Department	Unqualified
57	96	Ministry of Information, Youth, Culture and Sports	Unqualified
58	97	Ministry of Foreign Affairs and East African Cooperation	Unqualified
59	98	Ministry of Works, Transport and Communication	Unqualified
60	31	Vice President's Office	With emphasis of matters
61	32	President's Office Public Service Management and Good Governance	With emphasis of matters
62	33	President's Office Ethics Secretariat	With emphasis of matters
63	34	Ministry of Foreign Affairs and East African Cooperation	With emphasis of matters
64	46	Ministry of Education, Science, Technology and Vocational Training	With both emphasis & other matters
65	52	Ministry of Health, Community Development, Gender Elders and Children	With emphasis of matters
66	53	Ministry of Health, Community Development, Gender Elders and Children	With emphasis of matters
67	58	Ministry of Energy & Minerals	With emphasis of matters
68	69	Ministry of Natural Resources and Tourism	With emphasis of matters
69	86	Tanga Regional Secretariat	With both emphasis & other matters
70	99	Ministry of Agriculture, Livestock & Fisheries	With emphasis of matters

S/N	CATEGORY	NAME OF THE ENTITY	
71	70	Arusha Regional Secretariat	With other matters
72	74	Kigoma Regional Secretariat	With other matters
73	75	Kilimanjaro Regional Secretariat	With other matters
74	95	Manyara Regional Secretariat	With other matters
75	82	Ruvuma Regional Secretariat	With other matters
76		Mbeya Regional Secretariat	Unqualified
Embassies & High Commissions			
1	2001	Tanzanian embassy in Addis Ababa, Ethiopia	Unqualified
2	2002	Tanzanian embassy in Berlin, Germany	Unqualified
3	2004	Tanzanian embassy in Kinshasa, Congo-democratic republic	Unqualified
4	2006	High commission of Tanzania - London	Unqualified
5	2007	High commission of Tanzania - Lusaka	Unqualified
6	2008	Tanzanian embassy in Maputo, Mozambique	Unqualified
7	2009	Tanzanian embassy in Moscow, Russia	Unqualified
8	2010	High commission of Tanzania - New delhi	Unqualified
9	2013	Tanzanian embassy in Paris, France	Unqualified
10	2014	Tanzanian embassy in Beijing, China	Unqualified
11	2015	Tanzanian embassy in Rome, Italy	Unqualified
12	2016	Tanzanian embassy in Stockholm, Sweden	Unqualified
13	2017	Tanzanian embassy in Tokyo, Japan	Unqualified
14	2021	Tanzanian embassy in Kampala, Uganda	Unqualified
15	2022	High commission of Tanzania -	Unqualified

S/N	CATEGORY	NAME OF THE ENTITY	
		Harare	
16	2023	Tanzanian embassy in Nairobi, Kenya	Unqualified
17	2024	Tanzanian embassy in Riyadh, Saudi Arabia	Unqualified
18	2025	Tanzanian embassy in Pretoria, South Africa	Unqualified
19	2026	Tanzanian embassy in Kigali, Rwanda	Unqualified
20	2027	Tanzanian embassy in Abu Dhabi, United Arab Emirates	Unqualified
21	2028	Tanzanian embassy in Bujumbura, Burundi	Unqualified
22	2029	Tanzanian embassy in Muscat	Unqualified
23	2030	Tanzanian embassy in Lilongwe	Unqualified
24	2031	Tanzanian embassy in Brasillia	Unqualified
25	2032	High commission of Tanzania - Kuala Lumpur	Unqualified
26	2033	Tanzanian embassy in the Hague, Netherlands	Unqualified
27	2012	High commission of Tanzania - Ottawa	Unqualified
28	2034	Tanzanian embassy in Moroni, Comoro	Unqualified
29	2005	High commission of Tanzania - Abuja	With emphasis of matters
30	2019	Tanzanian embassy in Brussels, Belgium	With emphasis of matters
31	2020	Permanent mission to the UN - Geneva	With emphasis of matters
32	2018	Tanzanian embassy in Washington, DC, United States	With other matters
33	2011	Permanent mission to the UN- New York	With other matters
Executive Agencies			
1	Agency	Agriculture Seeds Agency	Unqualified
2	Agency	Business Registration and Licensing Agency	Unqualified
3	Agency	Dar Rapid Transit Agency (DART)	Unqualified

S/N	CATEGORY	NAME OF THE ENTITY	
4	Agency	Drilling and Dam Construction Agency	Unqualified
5	Agency	E- Government Agency	Unqualified
6	Agency	Eastern Africa Statistical Training Centre	Unqualified
7	Agency	Fisheries Education and Training Agency (FETA)	Unqualified
8	Agency	Geological Survey of Tanzania	Unqualified
9	Agency	Government Chemist Laboratory Agency	Unqualified
10	Agency	Institute of Arts and Culture - Bagamoyo (TaSuBa)	Unqualified
11	Agency	Livestock Institute Training Agency (LITA)	Unqualified
12	Agency	Occupational Safety and Health Agency (OSHA)	Unqualified
13	Agency	Tanzania Airport Authorities	Unqualified
14	Agency	Tanzania Electrical, Mechanical and Services Agency	Unqualified
15	Agency	Tanzania Employment Service Agency	Unqualified
16	Agency	Tanzania Global Learning Agency (TaGLA)	Unqualified
17	Agency	Tanzania Government Flights Agency	Unqualified
18	Agency	Tanzania Meteorological Agency	Unqualified
19	Agency	Tanzania Mineral Audit Agency (TMAA)	Unqualified
20	Agency	Tanzania Public Service College (TPSC)	Unqualified
21	Agency	Tanzania Tree Seeds Agency	Unqualified
22	Agency	Tanzania Veterinary Laboratory Agency (TVLA)	Unqualified
23	Agency	Water Institute	Unqualified
24	Agency	Weights and Measures Agency	Unqualified
25	Agency	Agency for Development of Education Management (ADEM)	With emphasis of matters
26	Agency	Registration Insolvency and Trusteeship Agency (RITA)	With emphasis of matters

S/N	CATEGORY	NAME OF THE ENTITY	
27	Agency	Tanzania Forest Service Agency	With emphasis of matters
28	Agency	Tanzania National Road Agency (TANROAD)	With emphasis of matters
29	Agency	National College of Tourism	With both emphasis & other matters
30	Agency	Tanzania Building Agency (TBA)	With other matters
31	Agency	Tanzania Institute of Accountancy (TIA)	With other matters
Basin Water Boards and National Water Supply and Sanitation Authorities			
1	BWB	Internal Drainage Basin Water Board	Unqualified
2	BWB	Rufiji Basin Water Board	Unqualified
3	BWB	Lake Rukwa Basin Water Board	Unqualified
4	BWB	Ruvuma Basin and Southern Coast Water Board	Unqualified
5	BWB	Lake Victoria Basin Water Board	Unqualified
6	BWB	Pangani Basin Water Board	Unqualified
7	BWB	Lake Tanganyika Basin Water Basin	Unqualified
8	BWB	Wami/Ruvu Basin Water Board	Unqualified
9	NWSSA	Handeni Trunk Main Water Supply and Sanitation (HTM)	Unqualified
10	NWSSA	Mugango/Kiabakari/Butiama	Unqualified
11	NWSSA	Makonde Plateau Water Supply and Sanitation Authority	Unqualified
12	NWSSA	Wanging'ombe (WSSA)	Unqualified
Funds			
1	Fund	Agriculture Input Trust Fund (AGITF)	Unqualified
2	Fund	Inspection and Supervision of Cooperative Fund	Unqualified
3	Fund	Empowerment Mining Development Fund	Unqualified
4	Fund	Maji Central Stores Revolving Fund	Unqualified

S/N	CATEGORY	NAME OF THE ENTITY	
5	Fund	National Relief Funds	Unqualified
6	Fund	Tanzania Forest Fund (TaFF)	Unqualified
7	Fund	Tanzania Wildlife Protection Fund	Unqualified
8	Fund	Self-Microfinance Fund	Unqualified
9	Fund	Treasury Advance Fund	Unqualified
10	Fund	Women Development Fund (WDF)	Unqualified
11	Fund	Youth Development Fund	Unqualified
12	Fund	Rural Energy Development Fund	With emphasis of matters
<i>Other Institutions</i>			
1	OI	Institute of Judicial Administration (IJA)	Unqualified
2	OI	Local Government Loans Board	Unqualified
3	OI	Tanzania Veterinary Council	Unqualified
4	OI	Tanzania Official Seed Certification Institute	Unqualified
5	OI	Uongozi Institute	Unqualified
6	OI	African Peer Review Mechanism	Unqualified
7	OI	Mineral Resources Institute	Unqualified
8	OI	National Identification Authority (NIDA)	Unqualified
9	OI	Property and Business Formalization Program (MKURABITA)	Unqualified
10	OI	Tanzania Automotive Technology Centre (TATC)	Unqualified
11	OI	Tanzania Livestock Research Institute (TALIRI)	Unqualified
12	OI	Tanzania Nursing and Midwifery Council	Unqualified
13	OI	Tengeru Community Development Training Institute	Unqualified
14	OI	Private Hospital Advisory Board	Unqualified
15	OI	Optometry Council	Unqualified
16	OI	Medical Council of Tanganyika	Unqualified
17	OI	Police Corporation Sole	Unqualified

S/N	CATEGORY	NAME OF THE ENTITY	
18	OI	Medical Radiology and Imaging Professional Council	Unqualified
19	OI	Non-Governmental Organisation Coordination Board	Unqualified
20	OI	Nelson Mandela African Institution of Science and Technology	Unqualified
21	OI	Health Laboratory Practitioners Council	Unqualified
22	OI	Private Health Laboratory Board	Unqualified
23		Tanzania Revenue Authority - Expenditure	Unqualified
24	OI	SUMA Guard Ltd	With emphasis of matters
25	OI	Law School of Tanzania	With emphasis of matters
26	OI	SUMA - Corporation Sole (JKT HQ)	With other matters

Source: Individual Audit Reports for 2015/16

Appendix 2.2: Name of the entity and bases of qualification

Name of the entity and bases of qualification
<p>1. Joint Finance Commission (Vote 10)</p> <p>Statement of financial position as at 30th June 2016 shows balance of TZS 319.55 million for office equipment and TZS 69.50 million for furniture and fittings. During physical verification of assets it was observed that there was office equipment worth TZS 63.07 million and furniture and fittings worth TZS 5.9 million which were included in asset register and financial statements while they are in poor condition and are not in use. The commission cannot derive economic benefit by using these furniture and fittings and therefore they do not meet recognition criteria for an asset. The total misstatement is TZS 69 million.</p>
<p>2. President's Office Public Service Commission (Vote 94)</p> <p>As at 30 June 2016, the Commission reported accounts payable of TZS.1, 177,483,777.21. However, only TZS.729, 194,938.99 was supported by relevant documents while the remaining amount of TZS.448, 288,838.22 was not supported by the relevant information including Local Purchase Orders, Call of orders, Delivery notes, Invoices and staff claims to confirm delivery of goods supplied and service rendered as such we could attest to the correctness of the unsupported balance.</p> <p>Scrutiny of the payment vouchers noted that cashbook, payments vouchers and other documents noted that, an amount of TZS.11, 740,377 was posted in the cash book but its payment vouchers were not provided during the audit. Further to that payment vouchers totaling to TZS.53, 538,100 were not supported by relevant supporting documents contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. These have limited the audit from confirming the authenticity of the expenditures.</p>
<p>3. Mzinga Corporation</p> <p>During the audit, it was noted that, debtors amounted to TZS. 18,673,675 were not included in the local debtors list submitted for audit and therefore not included in audited financial statements.</p> <p>In June 2015, Mzinga Corporation secured a loan of Euro 32,588,376 for purchases of vessels. However the following were noted;</p>

Name of the entity and bases of qualification

- i. The amount of the loan and the purchased vessels were not disclosed in the financial statements,
- ii. Documents supporting the procurement and delivery of the vessels were not provided for audit, which limited the audit scope.
- iii. According to the contract, revenue to repay the loan will be generated and paid in dollars, to the escrow account, while the loan is quoted in Euros, this may expose Mzinga Corporation into currency exchange risks though no strategies are in place to contain this risk.
- iv. Schedules of the present and prospective sources of revenue to the escrow account were not made available to the audit team.

4. Lake Nyasa Basin Water Board

The bank reconciliation statement for the month of June, 2016 and Note 16 reflected TZS 14,067,033 as cash and cash equivalent but the figure was adjusted to TZS 5,400,460 in the Statement of Financial Position so as to correspond with adjustment made to the Cash Flow Statement. The adjustments of TZS **8,666,573 could not be justified.**

We noted inconsistencies on the amount of PPE presented on the face of Statement of Financial Position (TZS 772,209,394) to that in the note 18 (TZS.1,889,278,442) thereby, recording a discrepancy of TZS 1,117,069,048. Management did not correctly reconcile the difference.

Furthermore, included in note 22 (accumulated surplus) to the financial statements for the year 2015/2016 was TZS 846,043,306 as surplus during the year which significantly differ the actual surplus reported in the statement of financial performance of TZS 276,082,352. This also has the same effects on the statement of financial position.

Adjustment of TZS.664, 896,148.96 was made under the PPE schedule as the amount was wrongly classified as inventories under note 23 instead of PPE, however following this adjustment, while PPE figure was correctly adjusted and reflected in the financial statements, note 23 was not adjusted accordingly.

5. Pasiansi Wildlife Training Institute

Name of the entity and bases of qualification

It was noted that 809 students attended and completed various wildlife courses at the institute whereby, each student was required to pay a transcript fee of TZS 5,000 totaling to TZS 4,045,000. However the institute recognized only TZS180, 000 as revenue leaving an amount of TZS 3,865,000 unrecognized.

Included in Note 24 of the statement of financial position, is payables amounted to TZS 189,904,160. However, they were not supported by relevant documentation and schedule to the financial statements. In the absence of supporting documentation and schedule the correctness of the amount could not be established.

Also expenditures in the statement of financial performance amounted to TZS 19,108,400 were not be supported by relevant documentation such as invoice, receipts and delivery notes contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. In absence of adequate supporting documents, the authenticity of the expenditure could not be established.

6. Kagera Regional Secretariat

Amount of TZS 1, 805,674,761 included in the Cash and Cash equivalent in the Cash Flows Statement and Statement of Financial Position could not be ascertained if it's the relevant figure because there were no bank reconciliation statements submitted by Head of Treasury to support the balance contrary to Regulation 162 of the Public Finance Regulation, 2001.

7. Mwanza Regional Secretariat

Amount of TZS 1, 602,627,200 included in the Cash and Cash equivalent in the Cash Flows Statement and Statement of Financial Position could not be ascertained if it's the correct figure because there were no bank reconciliation statements submitted to support the balance contrary to Regulation 162 of the Public Finance Regulation, 2001.

Comparisons between Exchequer Issue Vouchers (which are the basis for the figure reported in the financial statements) and actual exchequer issues received revealed an un-reconciled overstatement of TZS 37,836,170. There was no plausible explanation from management on what

Name of the entity and bases of qualification
could be the cause for this difference.
<p>8. Tabora Regional Secretariat</p> <p>The review made in the Statement of Financial Position of the Tabora Regional Secretariat noted that TZS 274,255,792.04 was reported as deposit balance under current liabilities but it should have been reported as deferred. The balances comprised grant balances for Miombo woodland project, TASAF Fund, Roads Fund, Development Project Fund, WSDP and TACAIDS</p> <p>There were uncorrected misstatements amounted to TZS 1,072,048,360, related to the previous year, that have continued to be reported in the financial statements in the current year, 2015/16</p> <p>There was understatement of reported exchequer revenue as the amount reported during the year in the Statement of Financial Performance of TZS 176,616,186,282 differs with statement of exchequer issues received (page 60-62) of TZS 176,646,458,376, resulting into understatement of TZS 30,272,094.</p> <p>Reported in the statement of financial performance during the year was wages, salaries and employee benefit of TZS 6,809,234,980. This amount included deductions of TZS 842, 639,916 instead of TZS 875,642,038 hence resulting into understatement of deductions of TZS 33,002,121.</p> <p>9. Government Procurement Services Agency (GPSA)</p> <p>The opening balance for Motor vehicles as at 1 July 2015 was TZS 3,343,920 and there were no any additions during the year. However out of the reported depreciation charges during the year of TZS.1, 247,561,850; TZS 530,700,093 was for motor vehicles. As such, we could not establish the basis for which the amount charged was arrived at as the charge was more than the existed book value of the motor vehicles.</p> <p>During the year under review, the Agency procured 7,920 quantities of Diaries and 3,000 quantities of Calendars worth TZS.129, 903,840 and TZS 10,800,000 respectively, for resale to various government entities. At the end of financial year 2015/2016, a total of 3138 diaries (40 per cent) and 1263 calendars (42 per cent) remain unsold in various regional offices and</p>

Name of the entity and bases of qualification

hence considered as dormant items. The inventories were not valued at the lower of cost and the net realizable value contrary to para 15 of IPSAS 12.

10. Tanzania embassy in Cairo, Egypt

The statement of financial position reported the total tax payers' fund of TZS 770,151,462 and accumulated surplus of TZS 17,460,522 which is different from the total tax payers' fund of TZS 785,755,656 and accumulated deficit of TZS 38,645,354 as reported in the statement of change in equity.
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Also there were exchange losses of TZS 7,164,855 but were not accounted for in the statement of financial performance, thus the reported surplus was overstated

11. Mzinga Holding Company

Outstanding receivables from various sources amounted to TZS 2,022,418,232 were not reported in the financial statements, as such, receivables were understated by the same amount.

We further noted retired imprests amounted to TZS.382, 144,314; however, the retirement particulars were not availed to audit for verification. In the absence of the documents supporting the retirement, we could not conclude on the correctness of these retirements.

Examinations of the submitted financial statements and General Ledger for the year 2015/16 revealed that the reported balance of long term liabilities of TZS.2,660,739,357 do not match by re-computed figure from General Ledger of TZS.2,286,109,904, hence overstated amount by TZS.374,629,453.
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There were inconsistencies (overstatements) of TZS. 270,930,750 as the construction prime costs reported in note 9.1 to the financial statements amounting to TZS. 1,017,676,599 differed from the recomputed cost in the General Ledger by TZS. 746,745,849.

It was noted that, Mzinga Holding Co. secured free interest loan from Mzinga Corporation of TZS4, 126,132,771 in 2 nd May 2016. However the amount of the loan was not disclosed in the financial statements for the year ended 30th June, 2016, nor the approval of the Board was provided to

Name of the entity and bases of qualification

secure the loan.

12. Public Debt and General Service Department (Vote 22)

<p>Out of 14 loan agreements from BADEA, 9 loan agreements (64.3%) had interest in arrears of TZS 3.764 Billion which were not reflected in the reported debt stock thus understating the public debt position as at 30th June 2016 by the same amount.</p>

<p>Review of statement of outstanding debt for Vote 22 noted reported debt position of TZS 41, 039.387 Billion as of 30th June 2016. This position excludes government confirmed obligations with Pension Funds of TZS. 2,991.4 Billion and overdue (defaulted) debt guarantees worth TZS 225.6 Billion under Treasury Registrar's Office which together totaling TZS. 3,217 Billion. On the other hand, government had obligations amounting to TZS. 934 Billion which were under disputes and confirmation process. In our view, the unconfirmed debts with pension funds worth TZS 934 Billion falls under contingent liabilities and hence deserve to be disclosed in the financial statements for 2015/16.</p>

<p>The financial statements for the year 2015/2016 reported Cash and Cash equivalent of TZS 378.9 Billion however review of reconciliation statement and recalculation noted that the correct amount was 154Billion thus resulting into unreconciled difference of TZS 224.9 Billion.</p>

<p>Our review of the budget preparation mechanism in respect of pension provision for pensioners/retirees for Pension Unit and the prepared financial statements revealed that there were no actuarial valuation reports to confirm that actuarial valuation of the pension provision amounting to TZS. 393,478,520,000 recognized and disclosed in the financial statement by entity was conducted as required by IPSAs 25.</p>
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13. SUMA - Agriculture and Industry
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<p>The review of financial statements of SUMA JKT XVI- Mgambo disclosed payables amounting to TZS 74,751,259 without adequate supporting documents to authenticate the correctness of such balance. The reported balance impacted the consolidated financial statements SUMA Agricultural and Industrial Department</p>

Name of the entity and bases of qualification
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None compliance with fundamental principles of accounting for accrual basis and matching concept leading to misstatement of revenue and related expenses

14. Ministry of Agriculture, Livestock and Fisheries (Vote 43)

In the previous year audit 2014/15; we noted PPE worth TZS 6,486,994,624 not included in the asset register and hence not reflected in the financial statements. In the current year, 2015/16 the financial statements disclosed PPE of TZS 29,521,111,584 in the statement of financial position, while the previous year disclosed TZS 29,196,805,351 meaning that, there were additions of TZS324,306,233 as depreciations were not charge due to five years relief allowed in IPSAS 17.

This indicates that, the amount of TZS 6,486,994,624 which was not disclosed in the previous financial year was also not disclosed in the current year which understates the value of repo ted PPE.

It was further noted that, loss register was not regularly updated as there were loss cases concluded since 2010 (loss of cash TZS. 134,959,775 and stolen motor vehicle) but continue to appear in the register as if they are not concluded.

15. Ministry of Lands, Housing and Human Settlements Development (Vote 48)

Disclosed in note 52 to the Ministry's financial statement was inventory balance of TZS.874, 168,355. However the balance could not be physically confirmed.

Payment vouchers totaling to TZS. 5,015,366,196 were not supported by relevant supporting documents contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. These have limited the audit from confirming the authenticity of the expenditures.

Contrary to Regulation 115 of the PFR, 2001 expenditure for Extra duty, acting allowances, honoraria, per diems and sitting allowances were debited to wrong codes of TZS.701,598,893; hence the correct chargeable codes have been understated while the wrong charged codes have been overstated.

Name of the entity and bases of qualification

16. National Housing and Building Research Agency
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Disclosed in note 3(A&B) to the Agency's financial statement was inventory balance of TZS 55,243,417. However the audit could not physically confirmed balance as the audit team was not invited during stocktaking exercise. Also the amount of TZS 55,243,417 reported in the financial statements was different from that in the stock taking report of TZS 106,928,790.

Note 5A to the financial statements disclosed unretired imprests amounted to TZS 491,236,919. However it was noted that during the year, imprest of TZS 611,376,730 were issued and remained unretired, also imprests amounted to TZS 256,746,097 remained unretired from previous year thus making total unretired imprests of TZS 868,122,827 instead of TZS. 491,236,919 resulting into understatement of imprests by TZS 376,885,908.

Note 11 to the financial statements disclosed deferred income of TZS 48,671,294; However the amount was not reflected on the face of statement of financial position during the year.

17. SUMA Construction Department

It was revealed that revenue from construction contracts were recognized when received and not according to the stage of completion or to the extent of reasonable contracts costs incurred contrary to para 30 of IPSAS 11. Nonetheless, attributable costs to the contract activities in general were not systematically and rationally allocated to their respective contracts contrary to IPSAS Para 23 of IPSAS 11.

Disclosed in statement of financial position was inventory balance of TZS 2,657,611,230. However the balance could not be physically confirmed.

Current liabilities (payables) of TZS 2,506,208,000 were wrongly reported under non-current liabilities instead of under current liabilities.

We noted litigation claims of TZS 292,153,750 in respect of cases recorded in the case register; however the same was not provided for in the financial statements.

18. Prisons Corporation Sole

Name of the entity and bases of qualification
<p>Included in the creditors' balance during the year was TZS 621,092,622 in respect of Ministry of Education, Science, Technology and Vocational Training. However upon creditors' circularization, revealed that, the Ministry was not part of the suppliers and did not make any supplies to the audited entity. ,</p>
<p>19. Livestock Development Fund (LDF)</p>
<p>Management derecognized an amount of TZS 359,622,792 previously wrongly classified as non-current assets (note 12), however the corresponding debit entries could not be traced in the rest of the financial statement.</p>
<p>20. SUMA Agri machinery Industry</p>
<p>Disclosed in note 32 to the financial statement was inventory balance of TZS. 8,678,156,000 related to spare parts, implements and tractors. However the balance was not supported by stock taking reports, thus the correctness of the reported balance could not be assured.</p> <p>Note 28 to the financial statements disclosed TZS. 9,683,581,000 as cash and cash equivalent. However, the balance was not supported by the bank reconciliation statements for five bank accounts. Hence, the figures reported in the financial statements could not be relied upon.</p>
<p>21. United Democratic Party [FY: JUNE 2016]</p>
<p>UDP did not maintain proper books of accounts such as individual ledger accounts, general ledgers and cash books of the funds and property of the party as required by Sections 14 (1) Sect. 14(b) (ii) of Political Parties Act No.5 of 1992 (as amended 2015). These records provide reliable source of information in the preparation and presentation of financial statements, hence most of the financial information lacked source document which reduces audit trail, accuracy transparency and reliability of the information</p> <p>Payments totaling to TZS.24, 600,000 were paid to various payees for conducting various party's activities; however they were not supported by payment vouchers and their relevant supporting documents contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. These have limited the audit from confirming the authenticity of the</p>

Name of the entity and bases of qualification
payments made.
22. Local Government Training Institute (Hombolo)
<p>TZS.139,628,305 reported on page 23 of the financial statement include TZS 6,512,750 which are staff advance and staff impress accrued within the year and student's fees of TZS 2,926,060,672 reported on same page included cash received from previous year outstanding student fees TZS 11,305,300 which were already reported as revenue in respective years.</p> <p>Maintenance expenses TZS 256,008,980 were understated by TZS 1,158,500 which was the payments for purchase of acquisition of solar equipment. Also, Other expenses of TZS 2,927,102,913 were overstated by TZS 124,019,150 which was staff imprests reported as expenses instead of receivable under current asset.</p> <p>The reported figure of inventories of TZS 17,275,000 in the financial statement during the year could not be justified as it was not supported by end of the physical stock taking report.</p> <p>The audit noted that, out of the amount of TZS 33,940,000 paid for Board of Trustee meeting and a special committee meeting, the utilization particulars of TZS 19,835,000 could not be obtained for justifications.</p> <p>Payment vouchers amounting to TZS 122,907,598 were lacking some of the supporting documents such as acknowledgement receipt, expenditure particulars, invitation letters, pay list authorizing voucher as the result audit scope was limited. Also the Institute failed to avail payment vouchers aggregating to TZS. 3,427,150.</p> <p>My review of revenue records revealed that a total amount of TZS.26,787,290.00 was collected but no evidences was submitted to audit to substantiate its banking contrary with Reg.78 (1&2) of PFR 2011.</p>
23. Tanzania Revenue Authority - Revenue

Name of the entity and bases of qualification**8,400,472**

My audit of imported fuel from 1 January 2016 to 30 June 2016 noted that 3,234,420 litres of fuel with taxes amounting to TZS 2,418,400,472 which were imported by twenty four (24) oil marketing companies and released to owners but taxes' collection evidences on such fuel could not be availed to me. This was also the case for data on the fuel importation from 1 July 2015 to 31 December 2015 which could not be provided on the ground that, at that time the Authority was in the transition from Asycuda++ to TANCIS system. Consequently, it was difficult for me to ascertain whether fuel taxes reported in the Revenue Statements of Tanzania Revenue Authority for the year ended 30th June 2016 was complete and accurate.

Taxes on imported fuels not accounted for - TZS 2,452,616,541

My review of the total quantity of fuel imported by 86 vessels (ships) against actual quantity paid for local consumption, exempted, transited and localized transit during the year 2015/2016 observed a difference of 3,874,263 litres in one vessel whose taxes amounting to TZS 2,452,616,541 was not accounted for. I was not provided with reconciliation reports and clearance particulars for fuel import data to account for the balance of 3,874,236 litres of fuel of AGO with taxes payable of TZS 2,452,616,541. In absence of such information, it was difficult to satisfy myself as to the completeness and accuracy of the fuel taxes reported in the Revenue Statements of Tanzania Revenue Authority for the year ended 30th June, 2016.

24. Treasury Registrar (Vote 7)

The Audit failed to verify the authenticity of the disclosed figure on the statement of financial position under Non-Current Assets as investment in joint ventures, investment in associates and investment in shares amounting to TZS. 22,565,538,152,418.50. Due to the use of prior year computation basis.

Appendix 2.3: Entities and Basis for disclaimer opinion for previous financial reporting

Demokrasia Makini [FY: DEC 2015]

Demokrasia Makini did not maintain proper books of accounts such as individual ledger accounts, general ledgers and cash books of the funds and property of the party as required by Section 14 (1) of Political Parties Act No.5 of 1992. These records provide reliable source of information in the preparation and presentation of financial statements, hence most of the financial information lacked source document which reduces audit trail, accuracy transparency and reliability of the information.

Further audit review noted that, the party did not adopt any recognised financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed for the preparations and presentation of its financial statements. As consequences, only statement of receipts and payments was maintained. In the absence of the adopted financial reporting framework and accounting policies; we could not establish the grounds on which the financial statements were prepared.

It was also noted that, the party did not maintain bank accounts as required by Section 15(1) of Political Parties Act Cap 258 (R.E 2015). Also cash book was not adequately maintained which limited the audit from establishing transactions that took place during the year.

African Democratic Alliance TADEA [FY: DEC 2015]

During the audit, we noted that ADA-TADEA did not maintain proper books of accounts which include the receipt books, cash books, ledger books, and assets register for control and financial reporting purposes. We noted that receipts and payments amounting to TZS.56,448,200 and TZS.55,545,000 respectively were not entered in the books of accounts that include receipt books, cash book and general ledgers. Non maintenance of proper books of accounts limits the audit scope.

Also, it was noted that, the ADA TADEA did not adopt any recognised financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed to guide the preparations and presentation of its financial statements;

therefore we could not establish the basis for which the financial statements were prepared.

Alliance For Tanzania Democratic Change (ADC) [FY: JUNE 2015]

During the audit we noted that, ADC did not maintain proper books of accounts such as receipt books, cash books, ledger books and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act,1992(Revised 2015). Non maintenance of proper books of accounts limits the audit scope.

Also, it was noted that, the ADC did not adopt any recognised financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed to guide the preparations and presentation of its financial statements; therefore we could not establish the basis for which the financial statements were prepared. Only the statement of receipts and payments was prepared during the year under review.

It was further noted, payments totaling to TZS. 62,405,100 were paid to various payees for conducting various party's activities; however there were no payment vouchers for the payments and their relevant supporting documents contrary to Regulations 86 (1), 95 (4) and 116 of Public Finance Regulation, 2001. These have limited the audit from confirming the authenticity of the payments made.

Democratic Party (DP) [FY: JUNE 2015]

During the audit we noted that, DP did not maintain proper books of accounts which includes receipt books, cash books, ledger books, trial balance and assets register for control and financial reporting purposes contrary to Section 14(1) (a) of the Political Parties Act,1992(Revised 2015). This situation has limited the audit scope.

DP did not adopt any recognized financial reporting framework as required by NBAA Technical Pronouncement No.3 of 2009 and no accounting policies were developed to guide the preparations and presentation of its financial statements; therefore we could not establish the basis for which the financial statements were prepared

Appendix 3.1: Follow up on the implementation of the recommendation on individual audit reports (votes and Embassies)

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
5	National Irrigation Commission	8	9	9	0	26
6	President Delivery bureau	4	0	0	1	5
7	Office of the Treasury Registrar	4	4	3	0	11
9	President's Office Public Service Remuneration Board	2	0	1	0	3
10	Joint Finance Commission	2	1	0	0	3
12	Judicial Service Commission	3	5	0	0	8
13	Financial Intelligent Unit	4	4	3	0	11
14	Fire and Rescue Force	13	1	0	0	14
15	Commission for Mediation and Arbitration	3	4	0	0	7
16	Attorney General's Chambers	3	7	0	0	10
20	State House	3	2	0	0	5
21	Treasury	17	18	2	0	37
22	Public Debt and General Services	8	20	7	0	35
23	Accountant General's Department	9	17	0	0	26
24	Tanzania Cooperative Development Commission	5	7	0	0	12

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
25	Prime Minister's private Office	0	0	1	0	1
26	Vice President Private Office	6	10	0	0	16
27	Registrar of Political Parties	2	2	6	0	10
28	Tanzania Police Force	35	11	6	0	52
29	Prisons Service Department	10	9	8	0	27
30	President's Office and Cabinet Secretariat	3	2	0	0	5
31	Vice President Office	7	9	0	0	16
32	President's office- Public Service Management and Good Governance	5	4	0	0	9
33	President's Office Ethics Secretariat	0	9	0	0	9
34	Ministry of Foreign Affairs and East Africa Cooperation	10	7	2	1	20
35	Directorate of Public Prosecutions	4	8	4	0	16
36	Katavi Regional Secretariat	7	7	11	0	25
37	Prime Minister's Office	3	5	3	0	11
38	Tanzania Peoples Defence Force	3	26	2	3	34
39	National Service Force	7	7	6	8	28
40	Judiciary of Tanzania	8	4	0	2	14
41	Ministry of Constitution and Legal Affairs	13	6	1	2	22

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
42	National Assembly	12	0	5	0	17
43	Ministry of Agriculture Food Security and Cooperatives	23	8	3	0	34
44	Ministry of Industry, Trade and Investments	7	4	8	0	19
46	Ministry of Education, Science and Technology	11	18	2	1	32
47	Simiyu Regional Secretariat	20	14	2	8	44
48	Ministry of Lands, Housing and Human Settlements Development	3	21	12	0	36
49	Ministry of Water and Irrigation	6	5	1	0	12
50	Ministry of Finance and Planning	2	23	0	0	25
51	Ministry of Home Affairs	12	3	1	0	16
52	Ministry of Health, Community Development, Gender, Elderly and Children	1	4	12	0	17
53	Ministry of Health Community Development Gender Elders and Children	3	14	1	2	20
54	Njombe Regional Secretariat	12	0	4	0	16
55	Commission for Human Rights and Good Governance	5	13	2	0	20
56	President's Office Regional Administration and Local Government	6	22	7	1	36

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
57	Ministry of Defence and National Service	4	25	1	6	36
58	Ministry of Energy and Minerals	6	8	0	3	17
59	Law Reform Commission	3	7	3	0	13
61	National Electoral Commission	4	11	2	0	17
62	Ministry of Works, Transport and Communication	3	1	1	0	5
63	Geita Regional Secretariat	1	19	10	0	30
65	Prime Minister's Office, Labour, Youth, Employment and Persons with Disability	4	1	0	1	6
66	Planning commission	0	7	0	0	7
67	President's Office Public Service Recruitment Secretariat	1	3	0	0	4
68	Ministry of Works, Transport and Communication - Communication Sector	15	7	1	6	29
69	Ministry of Natural Resources	2	6	5	2	15
70	Arusha Regional Secretariat	4	5	17	0	26
71	Pwani Region Secretariat	8	0	7	0	15
72	Dodoma Regional Secretariat	24	3	7	0	34
73	Iringa Regional Secretariat	14	12	2	6	34
74	Kigoma Regional Secretariat	12	4	9	12	37

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
75	Kilimanjaro Regional Secretariat	24	20	10	0	54
76	Lindi Regional Secretariat	10	18	11	0	39
77	Mara Regional Secretariat	6	7	2	7	22
78	Mbeya Regional Secretariat	28	2	15	0	45
79	Morogoro Regional Secretariat	0	13	16	0	29
80	Mtwara Regional Secretariat	2	4	21	3	30
81	Mwanza Regional Secretariat	18	7	10	5	40
82	Ruvuma Regional Secretariat	7	18	37	0	62
83	Shinyanga Regional Secretariat	27	3	13	28	71
84	Singida Regional Secretariat	0	22	1	14	37
85	Tabora Regional Secretariat	1	17	28	8	54
86	Tanga Regional Secretariat	23	2	6	0	31
87	Kagera Regional Secretariat	8	10	8	14	40
88	Dar es Salaam Regional Secretariat	0	3	0	0	3
89	Rukwa Regional Secretariat	18	6	37	0	61
91	Drugs commission	4	2	0	0	6
92	Tanzania Commission for AIDS	2	3	1	0	6
93	Immigration Services Department	10	20	13	0	43

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
94	President's office-Public Service Commission	3	0	0	0	3
95	Manyara Regional Secretariat	21	3	10	0	34
96	Ministry of Information, Youth, Culture and Sports	16	16	4	0	36
97	Ministry of East African Cooperation	3	0	3	4	10
98	Ministry of Works, Transport and Communication	4	2	0	0	6
99	Ministry of Livestock and Fisheries Development	23	12	0	0	35
2001	Tanzania Embassy in Addis Ababa	1	3	4	2	10
2002	Tanzania Embassy in Berlin	0	1	5	0	6
2003	Tanzania Embassy in Cairo	2	1	4	0	7
2004	Tanzania Embassy in Kinshasa	5	0	11	1	17
2005	Tanzania High Commission in Abuja	3	4	4	1	12
2006	Tanzania High Commission in London	3	8	3	0	14
2007	Tanzania High Commission in Lusaka	10	7	12	0	29
2008	Tanzania High Commission in Maputo	10	9	11	6	36
2009	Tanzania Embassy in Moscow	0	5	4	0	9
2010	Tanzania High Commission in New Delhi	3	2	0	0	5
2011	Permanent Mission of Tanzania to the United Nations-New York	8	7	6	0	21

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
2013	Tanzania Embassy in Paris	5	2	6	1	14
2014	Tanzania Embassy in Beijing-China	13	15	1	3	32
2015	Tanzania Embassy in Rome	5	0	6	0	11
2016	Tanzania Embassy in Stockholm	3	2	7	1	13
2017	Tanzania Embassy in Tokyo	2	4	6	2	14
2018	Tanzania Embassy Washington DC	2	5	5	0	12
2019	Tanzania Embassy in Brussels	6	6	0	0	12
2020	Tanzania Permanent Mission to the United Nations	2	0	1	5	8
2021	Tanzania High Commission Kampala	18	8	2	0	28
2022	Tanzania Embassy in Harare Zimbabwe	1	0	5	0	6
2023	Tanzania High Commission in Nairobi	14	12	0	0	26
2024	Tanzania Embassy in Saudi Arabia	0	0	0	0	0
2025	Tanzania High Commission Pretoria	8	8	3	4	23
2026	Tanzania High Commission in Kigali	5	11	0	1	17
2027	Tanzania Embassy in Abu Dhabi, United Arab Emirates	7	6	0	0	13
2028	Tanzania Embassy in Bujumbura	4	7	2	3	16
2029	Tanzania Embassy in Muscat	23	6	0	0	29
2030	Tanzania High Commission in Lilongwe	2	3	7	1	13

Vote	Name of entity	Implemented	Under implementation	Not implemented	Overtaken by events	Total
2031	Tanzania Embassy in Brasilia	2	5	0	0	7
2032	Tanzania High Commission - Kuala Lumpur	2	1	0	0	3
2033	Tanzania Embassy-The Hague	2	1	1	4	8
2034	Tanzania Embassy in Moroni	15	14	8	0	37
	Total	883	866	570	183	2502

Appendix 3.2: Follow up on the implementation of the previous years' CAG's audit recommendation on individual audit reports (Agencies)

No	Name of Agency	Implemented	Under implementation	Not implemented	Overtaken by event	Total
1	Agricultural Seed Agency	5	26	4	0	35
2	Agency for the Development of Educational Management	2	9	3	1	15
3	Association of Local Authorities of Tanzania	2	0	3	0	5
4	Business Registrations and Licensing Agency	12	14	0	0	26
5	Dar es Salaam Water and Sewerage Authority (DAWASA)	3	3	0	0	6
6	Dar Rapid Transit Agency (DART)	10	14	4	0	28
7	Drilling and Dam Construction Agency (DDCA)	8	2	2	0	12
8	Eastern Africa Statistical Training Centre	10	3	1	0	14
9	E-Government Agency	1	0	0	0	1
10	Fisheries Education and Training Agency	3	0	0	0	3

No	Name of Agency	Implemented	Under implementation	Not implemented	Overtaken by event	Total
11	Geological Survey of Tanzania	1	5	4	0	10
12	Government Chemist Laboratory Agency	8	11	2	0	21
13	Government Procurement Services Agency	10	20	4	0	34
14	Handeni Trunk Main Water Supply & Sanitation Authority	1	2	0	0	3
15	Livestock Training Agency (LITA)	10	0	1	0	11
16	Local Government Loans Board (LGLB)	7	9	0	0	16
17	Mugango-Kiabakari Water Supply and Sanitation Authority	2	5	4	1	12
18	Mzinga Corporation	19	18	20	5	62
19	Mzinga Holding Company	1	32	6	0	39
20	National College of Tourism	4	1	4	0	9
21	National Housing and Building Agency	7	1	3	0	11
22	National Identification Authority (NIDA)	6	1	19	0	26

No	Name of Agency	Implemented	Under implementation	Not implemented	Overtaken by event	Total
23	Occupational Safety Health Authority (OSHA)	11	4	0	0	15
24	Registration, Insolvency and Trusteeship Agency (RITA)	18	16	0	1	35
25	Bagamoyo Institute of Arts and Culture	6	6	4	0	16
26	Tanzania Airports Authority	3	5	0	0	8
27	Tanzania Building Agency	39	15	0	0	54
28	Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA)	7	11	2	0	20
29	Tanzania Employment Services Agency	7	1	0	0	8
30	Tanzania Global Learning Agency	3	1	0	0	4
31	Tanzania Government Flight Agency	0	3	2	0	5
32	Tanzania Meteorological Agency	7	2	0	0	9
33	Tanzania Minerals Audit Agency (TMAA)	2	3	2	7	14

No	Name of Agency	Implemented	Under implementation	Not implemented	Overtaken by event	Total
34	Tanzania National Roads Agency (TANROADS)	88	29	8	0	125
35	Tanzania Official Seed Certification Agency	2	0	3	0	5
36	Tanzania Public Service College	13	2	0	0	15
37	Tanzania Tree Seed Agency	3	4	3	0	10
38	Tanzania Veterinary Laboratory Agency	4	0	0	0	4
39	Tengeru Institute of Community Development	6	7	2	0	15
40	Water Institute	7	2	1	0	10
41	Water Sector Development Program (WSDP)-DAWASA	3	3	0	0	6
42	Weights and Measures Agency	11	1	3	0	15
	Total	372	291	114	15	792

Appendix 3.3: Follow up on the implementation of the previous years' CAG's audit recommendation on individual audit reports (Other Institutions)

No	Name of Institution	Implemented	Under implementation	Not implemented	Overtaken by event	Total
1	African Capacity Building Foundation	5	1	0	3	9
2	African Peer Review Mechanism	2	3	1	1	7
3	Agricultural Input Trust Fund	12	5	1	0	18
4	Alliance for Democratic Change	2	0	4	0	6
5	Chama cha Sauti ya Umma (SAU)	4	0	0	6	10
6	Commonwealth Parliamentary Association - Africa Region Secretariat (CPA)	0	0	3	0	3
7	Empowering Mining Development Fund (EMDF)	1	0	1	1	3
8	Health Laboratory Practitioners Council	0	2	5	0	7
9	Inspection and Supervision Cooperative Fund (ISCF)	0	3	0	0	3

No	Name of Institution	Implemented	Under implementation	Not implemented	Overtaken by event	Total
10	Institute of Judicial Administration (IJA)	2	6	1	2	11
11	Internal Drainage Basin Water Board	2	0	2	0	4
12	Lake Nyasa Water Basin Water Board	4	5	8	4	21
13	Lake Rukwa Water Basin Board	2	3	3	4	12
14	Lake Tanganyika Basin Water Board	3	1	1	0	5
15	Lake Victoria Basin Water Board	2	2	2	2	8
16	Law School of Tanzania	15	6	0	2	23
17	Livestock Development Fund	0	2	0	0	2
18	Local Government Training Institute (HOMBOLO)	4	36	4	1	45
19	Maji Central Stores Revolving Fund	6	0	2	0	8
20	Medical Council of Tanganyika	2	0	5	0	7
21	Medical Radiology and Imaging Professional Council	1	0	2	0	3
22	Mineral Resources Institute (MRI)	3	0	2	0	5

No	Name of Institution	Implemented	Under implementation	Not implemented	Overtaken by event	Total
23	National Relief Fund	0	2	1	0	3
24	National Service Corporation Sole (SUMA JKT-HQ)	4	5	1	1	11
25	Optometry Council	0	0	2	0	2
26	Pangani Water Basin Board	3	4	1	0	8
27	Pasiansi Wildlife Training Institute (PWTI)	0	0	11	0	11
28	Presidential Trust Fund for Self Reliance	8	1	0	1	10
29	Prison corporation sole	4	4	7	0	15
30	Private Health Laboratories Board	2	3	3	0	8
31	Private Hospital Advisory Board (PHAB)	0	0	6	0	6
32	Property and Business Formalization Program (MKURABITA)	11	5	4	0	20
33	Roads Fund Board	8	0	4	0	12
34	Rufiji Basin Water Board	0	2	4	0	6
35	Ruvuma and Southern Coast Basin Water Board	1	4	1	1	7

No	Name of Institution	Implemented	Under implementation	Not implemented	Overtaken by event	Total
36	SELF Micro-Finance Fund (SELF MF)	6	4	0	0	10
37	SUMA Guard	4	4	2	2	12
38	SUMA JKT-Agri Machinery	11	11	1	3	26
39	SUMA JKT-Agricultural and Industrial Department	8	13	0	7	28
40	SUMA JKT-National Service Construction Department	2	3	2	7	14
41	Tanzania Automotive Technology Centre (TATC)	6	8	1	4	19
42	Tanzania Forest Fund	11	4	3	0	18
43	Tanzania Institute of Accountancy	10	15	2	0	27
44	Tanzania Labour Party (TLP)	0	0	9	0	9
45	Tanzania Nursing and Midwifery Council	0	0	10	0	10
46	Tanzania Official Seed Certification Institute (TOSCI)	2	0	3	0	5
47	Tanzania Wildlife Protection Fund (TWPF)	4	2	1	0	7
48	The Nelson Mandela African Institution of Science and Technology	8	6	6	4	24

No	Name of Institution	Implemented	Under implementation	Not implemented	Overtaken by event	Total
49	Traditional and Alternative Medicine Council	0	0	2	0	2
50	Treasury Advance Fund	1	6	0	0	7
51	Veterinary Council of Tanzania	4	0	0	0	4
52	Wami- Ruvu Basin Water Board	1	8	6	0	15
53	Wanging'ombe Water Supply and Sanitation Authority	4	4	4	0	12
54	Women Development Fund (WDF)	1	3	6	2	12
55	Youth Development Fund (YDF)	1	1	8	0	10
	Total	197	197	158	58	610

Appendix 3.4: Follow up on the implementation of the previous years' PAC audit recommendation on individual audit reports (Votes and Embassies, Agencies and other Institutions)

Vote	Name of Auditees	Implementation	Under implementation	Not implemented	Overtaken by event	Total
VOTES AND EMBASSIES						
5	National Irrigation Commission	0	4	4	4	12
14	Fire and Rescue Force	0	9	0	0	9
16	Attorney General's Chambers	1	1	0	0	2
21	Treasury	0	4	1	0	5
22	Public Debt and General Services	0	2	0	0	2
23	Accountant General's Department	1	2	0	0	3
28	Tanzania Police Force	4	0	6	0	10
29	Prisons Service Department	1	3	4	0	8
30	President's Office and Cabinet Secretariat	1	3	4	0	8
32	Public Service Management and Good Governance	1	1	0	0	2

Vote	Name of Auditees	Implementation	Under implementation	Not implemented	Overtaken by event	Total
34	Ministry of Foreign Affairs and East Africa Cooperation	10	10	0	0	20
36	Katavi Regional Secretariat	1	0	3	0	4
37	Prime Minister's Office	5	0	1	0	6
38	Tanzania Peoples Defence Force	1	3	0	0	4
39	National Service Force	3	1	0	0	4
41	Ministry of Constitution and Legal Affairs	5	0	1	0	6
42	National Assembly	4	0	0	0	4
43	Ministry of Agriculture Food Security and Cooperatives	1	0	6	0	7
44	Ministry of Industry, Trade and Investments	1	3	0	0	4
46	Ministry of Education, Science and Technology	0	0	4	0	4
47	Simiyu Regional Secretariat	5	0	0	0	5
48	Ministry of Lands, Housing and Human Settlements Development	0	4	0	0	4

Vote	Name of Auditees	Implementation	Under implementation	Not implemented	Overtaken by event	Total
49	Ministry of Water and Irrigation	3	0	0	0	3
50	Ministry of Finance and Planning	2	0	3	8	13
51	Ministry of Home Affairs	0	0	2	0	2
55	Commission for Human Rights AND Good Governance	1	1	4	4	10
58	Ministry of Energy and Minerals	0	0	5	0	5
59	Law Reform Commission	4	0	1	0	5
61	National Electoral Commission	2	0	4	0	6
69	Ministry of Natural Resources	3	0	3	0	6
70	Arusha Regional Secretariat	1	2	3	0	6
72	Dodoma Regional Secretariat	0	0	4	0	4
74	Kigoma Regional Secretariat	5	9	1	0	15
75	Kilimanjaro Regional Secretariat	0	0	5	0	5
77	Mara Regional Secretariat	0	0	1	0	1

Vote	Name of Auditees	Implementation	Under implementation	Not implemented	Overtaken by event	Total
78	Mbeya Regional Secretariat	5	0	0	0	5
80	Mtwara Regional Secretariat	1	1	4	0	6
81	Mwanza Regional Secretariat	2	4	0	0	6
82	Ruvuma Regional Secretariat	1	1	0	0	2
83	Shinyanga Regional Secretariat	5	0	1	0	6
85	Tabora Regional Secretariat	0	1	0	0	1
86	Tanga Regional Secretariat	2	0	2	0	4
87	Kagera Regional Secretariat	0	2	3	0	5
89	Rukwa Regional Secretariat	1	1	0	0	2
93	Immigration Services Department	5	0	0	0	5
95	Manyara Regional Secretariat	0	0	5	0	5
96	Ministry of Information, Youth, Culture and Sports	1	0	0	0	1
98	Ministry of Works, Transport and Communication	2	3	0	0	5

Vote	Name of Auditees	Implementation	Under implementation	Not implemented	Overtaken by event	Total
	Sub-total (A)	91	75	85	16	267
S/N	AGENCIES					
1	Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA)	1	0	0	0	1
2	Tanzania National Roads Agency (TANROADS)	5	4	0	0	9
3	Tanzania Tree Seed Agency	1	6	0	0	7
	Sub -total (B)	7	10	0	0	17
S/N	OTHER INSTITUTIONS					
1	National Service Corporation Sole (SUMA JKT-HQ)	4	0	0	0	4
2	Local Government Training Institute (HOMBOLO)	0	2	0	0	2
	Sub-total (C)	4	2	0	0	6
	Grand total(A+B+C)	102	87	85	16	290

Appendix 3.5: Follow up on the implementation of the previous years' CAG's audit recommendation on CAG's Annual General Reports

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
2006/2007			
1	Weakness in managing government guarantee The Ministry is advised to go through the Act and Regulations by making amendment on the guarantee Acts and Regulations to suit the current conditions	Amendment has been made to Debt policy and the government Loans, Guarantees and Grants act No.30 of 1974. All these will be tabled in the parliament for approval soon. The debt strategy has been amended	Under implementation The amended Government loans, Guarantees and Grants Act No.30 of 1974 and review of National Debt Strategy (NDS) are still awaited
2	Outstanding Commodity Import Support We still insist the Ministry to exert more effort in collaboration with the debt collector to enforce recovery of the outstanding amount of JPY 16,699,499,858 and communicate the progress reached so far for audit review.	PAC stopped the Government from taking further action on outstanding commodity Import Support Until THEY issue Directives on the matter. The Government is still waiting for the PAC Directives	Not implemented The Government is advised to make close follow up with PAC to clear the matter
2008/2009			
3	Misclassification of direct loan issued by Government as guarantees PMG has to submit approved restructuring agreement entered between Flowering	Approved restructuring Agreement is available for verification. Moreover, repayments of the loans by These	Not implemented Evidence for Repayment by Flowering companies are still awaited

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Companies and Government of Tanzania and Loan repayment schedule plus any evidence showing that the repayment of the loans by these companies has started.	companies started and the evidence will be availed for audit verification	
2010/2011			
4	Outstanding Liabilities and Commitment TRA need to increase revenue collection and Treasury should be releasing funds on time to facilitate implementation of budgeted activities.	The Government will make more effort to Enhance Revenue collection strategies to facilitate implementation of budgeted activities, through; Continuation of formalization of the informal Sector in order to incorporate it in the tax base.	Overtaken by events
5	Assets not Recorded in the fixed assets register PMG has to provide schedule showing phases for implementing this recommendation. Assets register need to be in full use before fully adoption of IPSAS Accrual in year 2016/2017.	The Office of Accountant General is working on the preparation of the government Assets Register That will accommodate the entire Government Assets.	Under implementation Preparations for full adoption of IPSAS Accrual in the year 2016/2017 is highly encouraged
2011/2012			
6	ATCL debt • I recommend disciplinary action be	The matter is under PCCB Investigation. Management will	Under implementation The matter is still under PCCB

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>taken against officials who were involved in committing the government to such unfruitful deal which has resulted to the Government being exposed to pay for the accumulated debt of USD 41,466,177.16 established on 26/10/2012; and</p> <ul style="list-style-type: none"> Since 26/10/2012 the outstanding debt had accumulated to USD 41,466,177.16 from USD 39,000,000 on 26/10/2011, the Government should negotiate this debt with Wallis Trading Company for a possibility of cancellation on the grounds that the government receives no value from the deal. 	<p>communicate with Auditors on action taken to after Completion of PCCB investigation. The statement showing Operational costs When the aircrafts was operation and When It Was grounded is ready and will be availed to Auditors for verification. The cabinet paper for Approval in relation to ATCL debts is under preparation. Currently, Subcommittee of IMTC is negotiating with ATCL Creditors on reducing the debt before seeking Approval of the cabinet</p>	<p>investigation; However follow up by PMG on the negotiations with Wallis Trading Company is highly insisted.</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
7	<p>Unsupported payments for medical Treatments abroad TZS 488,144,343</p> <p>The Accounting Officer of the Ministry of Health and Social Welfare should improve internal control over the Ministry's expenditure and ensure that all requested relevant supporting documents for treatment abroad are submitted for audit verification.</p>	<p>These expenditure Were related to payments made to various Embassies away Treatments of presidential leaders, Bills, list of Patients treated abroad and acknowledgement receipts from Each owing Embassy Were Received from Ministry of Foreign Affairs</p>	<p>Under implementation</p> <p>Waiting for Supporting documents</p>
2012/2013			
8	<p>Procurement Management</p> <p>Audit Noted recurrence of weaknesses in procurement function hence Recommended:</p> <ul style="list-style-type: none"> Government through PPRA has to conduct several seminars with the aim of building capacity of PMUs, Tender Boards, Accounting Officers and User Departments on the importance of complying with the Public Procurement Act and its Regulations. 	<p>The Public Procurement Act, 2011 mandates PPRA to build capacity of PMU. Tender Boards, Accounting officers and User department on the compliance to the Act. PPRA has reviewed the procurement Management Information System and will start rolling out the improved system in June, 2015 to stakeholders</p>	<p>Overtaken by events</p> <p>Continuous assessment of the implementation will be done in future Audits.</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<ul style="list-style-type: none"> Also it is important to have Procurement Information Management Systems (PIMS) in effective operation. This system is hosted by PPRA. PPRA has to make sure that this system is user friendly to end users so that MDAs/RS can easily use this system to improve procurement activities. 		
9	<p>Unattended Shortage of Workforce in MDA and RS The PO-PSM should revisit the establishment levels of MDA and RS and come up with the ideal required level.</p> <ul style="list-style-type: none"> Accounting Officers of MDAs and RS should work hard to ensure that they are equipped with sufficient and qualified number of staff. Shortage of staff should be communicated to the respective authorities including PO-PSM. 	Government through PO-PSM issued Personnel Emoluments guidelines to employers for the financial year 2014/2015 kept on insisting employers to request workforce basing on the workload.. For the period between financial year 2008/09 and 2013/15 new vacancies issued to MDA's RS's and LGA's were 373,280.	<p>Under implementation The implementation is not up to the desired standard</p>
10	<p>Salaries paid to non - Exiting Employees</p> <ul style="list-style-type: none"> To avoid such losses in future, 	The government has Established Human Capital Information	<p>Not implemented The deletion must be a</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>Accounting Officers of the respective MDAs/RS should check their payrolls periodically to confirm validity of all entries. Communication should also be enhanced to ensure that names of retirees, absconders or terminated employees are deleted from payrolls once they cease to be in employment,</p> <ul style="list-style-type: none"> • Apart from that, Accounting Officers should ensure unclaimed salaries in respect of employees who are no longer in public service for one reason or another are surrendered timely to Treasury as per given instructions, • Furthermore, Accounting Officers should ensure that Human Capital Management Information System (LAWSON) is fully utilized in order to obtain the anticipated value for money in installing the software 	<p>System (HCMS) .This has enabled total numbers of 61,136 employee have been deleted from the Payroll.</p>	<p>continuous task</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	package.		
11	<p>Operation of Embassies</p> <ul style="list-style-type: none"> The respective Embassies/High Commissions, in collaboration with MFAIC should cease paying Foreign Service allowances to the retired officers who were in the missions and make arrangement for immediate repatriation to their place of domicile. I also recommend that management/relevant authority should consider recovery of the amount paid to this staff, Embassies/High Commission's management should communicate with the MFAIC for the need of replacement of home based staff who overstayed in one station. This will have positive effects in the services delivery of the respect embassy/missions, MFAIC management should consider a possibility of setting aside funds in the 	The management in collaboration with Ministry of Foreign Affairs is assessing the possibility of setting funds in the budget for carrying out Economic diplomacy and promoting tourism attraction Which will depend on the Availability of resources	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	budget for carrying out economic diplomacy and promoting tourism attraction, taking into consideration that this is an important task to the Country's economy.		
12	<p>Designated Referral Hospitals and Designated Voluntary Agency Hospitals</p> <ul style="list-style-type: none"> • The MoHSW should ensure that all funds transferred to hospitals are itemized according to their nature of expenditure instead of being transferred in block amount as noted during the audit. • The MoHSW in collaboration with the Treasury should improve communication with the Hospital managements to ensure immediate deletion of ghost workers who are still in the Government Computer Payrolls. • I urge the District Designated and Voluntary Agency Hospitals to adhere to the contract agreement between MoHSW and the respective Hospitals 	Ministry has communicated with all Referral and VAH Hospitals vide our letter reference No. HC.209 / 320/01 dated 30 October, 2013, requesting them to ensure that all ineligible salaries paid are refunded back to the Ministry of Finance.	Not implemented The evidence of salaries paid back from respective DDH and VAH are to be submitted for audit verification

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>on adherence to the terms and conditions of Board members appointment.</p> <ul style="list-style-type: none"> I recommend to the MoHSW in collaboration with the managements of the Hospitals to ensure that in future separate bank accounts are maintained in respect of Government funds instead of the current situation of mixing up these funds with other hospital funds. Furthermore, hospital managements should be made to be accountable on the public funds by preparing periodic accounts/reports to the Ministry. Alternatively the MoHSW together with MoF could work out accordingly a system which will allow the use of bank account but clearly capturing the transaction related to the government funds received by the hospitals. 		
13	<p>Procurement of MV Misungwi</p> <ul style="list-style-type: none"> Appropriate action should be taken 	Actions have been taken against public officers who failed to	<p>Under implementation</p> <p>Undelivered essential spares</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>against the public officers who failed to supervise and manage the execution of the Procurement contract of MV Misungwi and Legal action should be taken against M/S Sinnautic International who failed to implement all works and deliver spare parts of MV Misungwi as per contracts despite of being paid.</p>	<p>supervises and manage the execution of the procurement contract of MV Misungwi. The Ministry, with the assistance of the Attorney General is considering further legal actions to take against the contractor.</p>	<p>for the ferry are still not delivered. Legal actions should be enforced</p>
14	<p>Government preparedness for IPSAS accrual basis</p> <ul style="list-style-type: none"> • Establish IPSAS National Coordination Committee made up of professional accountants/auditors and other professions who will be overseers of the five years roadmap to make sure each step is taken seriously and on time.. The committee should be chaired by the Accountant General, • DGAM should work closely with stakeholders so as to enhance the implementation of the action plan for smooth compliance with IPSAS 17, and 	<ul style="list-style-type: none"> • Valuation of assets in LGA await review of Public Finance Act (PFA) That will provide legal Mandate to GAMD on Management of Assets in LGAs including valuation, • Ministry of Finance is in the process of organizing Joint efforts with Ministry of Lands, Housing & Human Settlement Development and Ministry of Works (TBA) that will ensure preparation of title deeds for MDAs and RS, 	<p>Under implementation The progress is slow compared to time remained.</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>make necessary adjustments in the financial statements by separating land and building into two distinct asset categories,</p> <ul style="list-style-type: none"> • To properly configure the IFMS Epicor and the government's budget systems for these systems to process transactions and generate financial statements according to IPSAS accrual requirements. • The government is advised to initiate the process of consolidating the financial statements of LGAs, RSs and controlled entities in the financial statements of URT, • I advised PMG to ensure that amended Public Finance Act is in place, • The government should ensure that title deeds to confirm that land and buildings are owned by their respective MDAs/RS are processed immediately and held as evidence of ownership of the assets, 	<ul style="list-style-type: none"> • It is the government intention to ensure that all IFMS modules are activated and full utilized. • Currently the government is finalizing the customization of the IFMS/Epicor system to accommodate the IPSAS Accrual Accounting. Also it is the government plan to activate the rest of the modules in the system, such as inventory and Asset Modules • Training of new version (version 9.05 has been conducted to the Chief Accountants, Regional Accountants, Heads of Sub-Treasuries, Data entries staff and the preparer of the financial statements of the MDAs and RSs' Moreover, the 	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<ul style="list-style-type: none"> • It is recommended that, Management of MDAs/RS in collaboration with Treasury ensures that all modules of IFMS are properly customized and the accounting system is fully utilized. Training should also be conducted whenever the need arises such as the release of new version and newly recruited staff. • Government to provide training on the use of EPICOR 9.05 and IPSAS accrual basis of accounting, • Adoption of IPSAS accrual basis of accounting prior to amendment of the existing legislation e.g. Public Finance Act No. 6 of 2001 (amended 2004) contradicts with the IPSAS accrual basis of Accounting philosophy, • Plan for Government retiree Pension for the public service retirees are paid from the consolidated fund and the arrangement is recognized by the Government as Defined Benefit Plan. 	<p>training is a continuous exercise.</p> <ul style="list-style-type: none"> • Training on the use of EPICOR 9.05 is expected to be conducted by the Office of Accountant General in the financial year 2014/2015 on the use of EPICOR (Asset Management Module), • The government continues with various financial reforms which prompted the review the Public Finance Act 2001(revised 2004) to accommodate the challenges which resulted from such reforms. • Currently the second draft of the new Act has been issued to high authority for review and recommendations. 	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	The government through SSRA to fully comply with IPSAS 25 (Employee benefits) over accounting for Defined Benefit Plans in order to determine its initial liability for defined benefit plans due to IPSAS accrual first year adoption.		
15	<p>Converted Liquidity Papers into financing papers</p> <p>I advise the government to refrain from converting liquidity papers in order to avoid likelihood of future debt stock stress. Proactive and bold measures need to be taken by the government including but not limited to improvement on government revenue collection through TRA's Revenue Gateway System, fiscal discipline and effective budget estimates.</p>	<p>The Government agrees with The Auditors' recommendations. In the future the Government will refrain from Converting Liquidity Papers into financing papers Unless there is a strong need for it.</p> <p>For control purposes, the conversion must be approved by the high level Government Authorities.</p>	Not implemented
16	<p>Release of funds towards the end of the financial year</p> <p>The government is advised to align Exchequer Issues with budget and revenue collections to avoid the release of funds</p>	The release of funds Towards the end of the financial year up to the second place to challenges in Implementing budgets	Overtaken by events

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	close to end of the financial period. By so doing, it is expected that planned activities will be implemented according to the approved action plan.		
17	<p>Payment of Rent Charges by MDAs TZS.7,895,872,337</p> <ul style="list-style-type: none"> • Government through the Ministry of Land and TBA to find areas for Ministries buildings of all ministries that do not have their own buildings, • Government to make arrangements with social security funds to secure loans for construction of these office buildings, • Government can also make arrangement with development partners like Africa Development Bank, World Bank, etc. to get loans/grants for the construction of its office buildings, • The spirit of constructing government buildings should be extended to our Embassies/Missions where it is very 	The Government through the Ministry of Lands, Housing and Human Settlement Development (MLHHS) and Capital Development Authority (CDA) has started allocating plots / areas for the construction of government buildings in Dodoma,	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	costly to rent offices or staff houses.		
18	<p>Challenges facing Tanzania Prison Services:</p> <ul style="list-style-type: none"> The Judicial system of Tanzania will have to speed up the ruling of pending cases. There is a large number of inmates in prisons who are waiting for their cases to be heard and justice to be given by courts of law. Government has to opt to use other methods of punishing inmates after being found guilty. Government can choose to use alternative methods of punishments like extra mural labour, community service and parole. This will significantly reduce the number of inmates and prisoners in prisons. For minor offenders and defaulters it is better to use fines and if they fail to pay the fine, they should be handled to their township leadership, or district and given communal based labour. 	<p>The Government has to put in place the Community Service Act, Parole Act and the Prisons (Extra Mural Penal Employment) Regulation and All These Laws are in operation But the number of Prisoners Who are eligible are very few second to condition attached there to. Efforts are being made so that the Laws mentioned be amended so as many prisoners could be eligible.</p> <p>Up to April, 2015 a total number of 4, 402 inmates have been enrolled in the parole services PAC members will be invited to visit Prisons and see the actual situations so that they can continue to advice on improvement of Prisons Department.</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<ul style="list-style-type: none"> • Maintaining inmates and prisoners imposes a great cost to the government. To feed, dress and medical treatment to inmates is a very expensive undertaking on the part of the government. The management of prison Service is advised to improve quality of their productive activities like carpentry, agricultural activities, tailoring, construction of houses and mechanics. • Prison Service is encourage to write up several development proposals and find various donors like Africa Development Bank (ADB), USAID, etc that will be willing and ready to finance their proposal of expanding and improving the prisons. • Management of Prison Service Department is advised to call for a visit to members of PAC and other leaders of Government to visit Prisons and see the actual situations in the 		

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	prisons. This will help them to make informed decisions concerning resources allocations to the vital organ of the state.		
19	<p>Audit of Political Parties' accounts</p> <ul style="list-style-type: none"> To enhance disclosure, presentation and comparability of Political Parties' performance, parties should prepare their financial statements in accordance with International Accounting Standards. The adoption of common reporting framework of accounting will also lead to consistency and uniformity of recording transactions and preparation of the financial statements of the political parties. The government to revise the Political Parties Act No. 5 1992 (amended 2009) in order to resolve the challenges. 	The Office of the Accountant General in collaboration with the Registrar of Political Parties is working on this issue by looking on the way of revising the Political Parties Act No. 5, 1992 (amended 2009) and issuing the Guideline that will accommodate the preparation of the Political Parties Financial Statements	Under implementation Stakeholders are still on making discussion on how to obtain financial reporting framework.
2013/2014			

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
20	<p>Inadequate tax exemption monitoring mechanisms</p> <ul style="list-style-type: none"> Establish a tax exemption monitoring Unit which will be responsible for controlling and ensuring compliance with legislations requirements and making follow ups over the utilization of tax exemptions while liaising with other authorities responsible for granting exemptions, and Review its tax exemption laws with a view to reducing loopholes in exemptions. In addition, government ensures that tax exemptions do not exceed 1% of the GDP or 5% of the tax revenue collected. 	<p>The Government will continue to review various laws on tax exemptions. As part of implementation of the above, in 2014 the Government Revised fuel Levy and excise duty by ceasing exemptions as were granted by Ministry of Finance to Investors through Tanzania Investment Centre. This step has been taken to Reduce the loopholes avoidance through tax exemptions</p>	<p>Under implementation</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
21	<p>Delay in handling tax Appeals The Government to expedite handling of tax appeals given the importance of taxes in the economy.</p>	<p>TRA has effectively handled tax cases through Tanzania Revenue Appeals Board (TRAB), Tanzania Revenue Appeal Tribunal and the Court of Appeals. In April, TRAB had 117 cases worth TZS 116 billion where in between April and September, 2016 cases totaling to 63 worth TZS 66 billion were ruled out. TRA won 50 cases worth TZS 58 billion. 13 cases worth TZS 8(12.5%) were not ruled out in favour of TRA. Therefore there are still 54 cases pending with the court</p>	<p>Under implementation The pending cases are at hearing stage of which the outcome cannot be ascertained. Therefore follow up will be made in next audits</p>
22	<p>Weakness on revenue management TRA to conduct a thorough investigation to all Oil and Gas companies including Mining companies to determine the extent of the unpaid Customs processing Fees and take recovery measures and, in future, ensure Customs processing Fees are paid by all eligible companies</p>	<p>Government through TRA has conducted a thorough investigation to Gas and Gas companies as advised by Auditors.</p>	<p>Overtaken by events</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	without amiss.		
23	<p>Uneven Maturity Structure of the Government debt stock I am recommending the government to Enhance domestic market and create Appetite on securities with longer maturities.</p>	<p>From time to time, the Government has put in place Measures to improve the procedures for participating in the Government stocks market by convincing Investors to invest in long term Maturity Government stock together with providing tax exemptions to interest from a two year Maturity Government Stock</p>	<p>Under implementation</p>
24	<p>Inadequate Management of Government Investments and Other Interests The government to set up a standby investment funds from dividends and miscellaneous revenue in order to safeguard government investments, and also participate in investment avenues that the Government may deem necessary. Furthermore, I am advising the government to regularly review</p>	<p>Enactment of New Treasury Registrar Act is at the final stage. At present the Cabinet Paper proposing enactment of Treasury Registrar Act is waiting to be discussed at Cabinet Meeting. The paper has incorporated all IMTC recommendations.</p>	<p>Under implementation</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	investment performance and strategies of the companies in which it has minority shareholdings in order to determine the performance of such investments		
25	<p>Delay in release of Funds and under release</p> <p>The government is advised to align Exchequer Issues with budget and revenue collections to avoid release of funds close to the end of the financial year.</p>	<p>Delay in release of funds and under release is due to various reasons such as Challenges in implementing budgets, revenue collection targets are not met, delay of funds from the Development Partners and Long or complicated process in obtaining non -concessional loans However the government is intending to reduce dependency by 9%,Ephasize use of EFD and Early negotiations of concessional loans</p>	<p>Overtaken by events</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
26	<p>Weaknesses in Human Resources and Payroll management</p> <ul style="list-style-type: none"> Accounting Officers are advised to effectively use Lawson system and ensure that personnel records are properly maintained at the same time names of retired officers timely deleted from the payroll, outstanding loans are cleared before they apply for new loans. The management of MFAIC to cease immediately the payments of Foreign Service allowances and rent to the retired officers and make arrangement for immediate return of the respective officers to their place of domicile. 	<p>In 2012 the government introduced HCMIS to ensure That Payroll is managed through HR to business rules and complimented with official documents attached to the Transactions in the system for Approval.</p> <p>Also government has continued to pay the retired employees in the embassies and facilitate their home return in which for FY 2014/15 sixteen offices were returned home</p>	Under implementation
27	<p>The PMG to expedite the process and ensure that all of the above mentioned crucial activities are completed before year 2016/17 which is the deadline for full adoption of IPSAS Accrual.</p> <ul style="list-style-type: none"> The PMG to issue guidelines on how properly Asset Registers should be maintained and 	<p>The Consultant hired by the MOF through DGAM is working closely with Ministry of Lands, Housing and Human Settlement Development for the sake of ensuring all Government owned land is issued with ownership documents not necessarily title</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>updated, emphasis should be made on how valuation should be done, depreciation basis, codification and regular updating of Fixed Assets Registers.</p> <ul style="list-style-type: none"> • Use of computerized systems which are compatible and have a direct link with the prevailing IFMS (i.e EPICOR) for asset management to avoid multiple reporting and risks of transferring data from one system to another. • The Government is advised to ensure that Accounting officers account separately Land and buildings so as to ascertain the value of land. In addition, the government is advised to ensure all MDAs/RS obtain ownership documents in order to safeguard government assets. • The government to take 	deeds.	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	appropriate action with regard to disposal of grounded assets beyond repair in accordance with the Laws and Regulations in order to save salvage value which can be realised from disposal proceeds.		
28	<p>Accumulation of liabilities</p> <p>I advise the government to increase revenue collections, minimize government spending and subsequently the saving should be budgeted to pay outstanding debts. The government has to pay special attention on timely settlement of medical bills from abroad hospital.</p>	<p>Directives from Chief Secretary (Ref. SAB / 485/ 0/23) of 24 October, 2013 and Treasury Circular No. 4 of 2014/15 directed each accounting officer to take serious measures/precautions of not creating new debts. For the outstanding liabilities, Accounting Officers were directed to re-budget their outstanding liabilities in their next years' budgets</p>	<p>Overtaken by event</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
29	<p>Contingent liabilities (Outstanding legal cases) With regard to the outstanding legal cases</p> <p>The Accounting Officers of respective MDAs/RS in collaboration with Attorney General Chambers make close follow up to ensure early settlement of pending legal proceedings in order to avoid and/or minimize associated costs of losing the cases.</p>	<p>The Government is finalizing guideline to all Accounting Officers in respect of procedures for handling legal cases to help them to work in collaboration with the office of AG especially in providing timely and correct information to help the AG to prepare plaint or the written statement of defence as the case may be and filed the same in the respective court/ tribunal.</p>	<p>Under implementation</p>
30	<p>Special audit of the SUMA JKT Project on purchase of Tractors and Agricultural Implements for the period starting from July, 2010 to 30th April, 2014.</p> <ul style="list-style-type: none"> The government should assess the financial capacity of the project, human resource capacity, and technical capacity to find out any weaknesses and subsequently provide assistance accordingly. 	<p>The Government has started taking various actions to ensure that tractors' project under SUMA JKT is implemented in compliance with the relevant procurement Laws and Regulations to ensure that contractual obligations of both parties are implemented accordingly, all identified unimplemented contractual</p>	<p>Implemented</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<ul style="list-style-type: none"> Management of the tractors' project under SUMA JKT should strictly enforce compliance with the relevant procurement Laws and Regulations to ensure that contractual obligations of both parties are implemented accordingly, all identified unimplemented contractual obligations should be implemented or else associated costs should be reimbursed to the employer. 	obligations are implemented or else associated costs are reimbursed to the employer..	
31	<p>Special audit of the entire system of procurement processes of agricultural inputs for tobacco industry under Western Tobacco Cooperative Union - Tabora (WETCO)</p> <ul style="list-style-type: none"> The government through the Ministry of Agriculture is advised to strengthen its supervision function by ensuring existence of good governance in operation of 	In making sure that Cooperative Societies leaders are thoroughly implementing their duties, the Cooperative Societies Act No. 6 of 2013 has stipulated that every elected board member of the society trained on leadership and management skills of Cooperative Societies especially in good governance and code of conduct.	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Cooperative Unions.	This training should be done before implementing their specified duties	
32	<p>Special audit on the implementation of the contracts for construction of Chalinze Water Supply - Phase Two</p> <ul style="list-style-type: none"> • Contractors should be awarded construction assignments which are equivalent to their capacity prescribed by the Contractors Registration Board (CRB). • Architectural designs for projects like Chalinze Water Supply to be reviewed by competent professionals before inviting bids from contractors. • Procuring entities should strengthen follow-up to ensure consultants are being monitored and they are implementing their responsibilities as per the signed agreements. Procuring entities need to have assurance of funds 	<p>For the issue of design to be reviewed by competent professional, the Ministry of Water agrees that it is important to engage professional consultants to review the Architectural design. The Ministry of Water has been forming special task force to evaluate the design before advertising the Tender.</p> <p>Moreover, the Ministry is ensuring that the construction of distribution line is supervised and monitored by consultants for each contract. Further to that, the management has been forming special task force to supervise and monitor the implementation of all contracts.</p>	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	flow before entering into construction contracts to avoid unnecessary extra costs of the project such as penalty for late payment		
33	<p>Special audit of the Ministry of Works on the validity of the approved funds of TZS.252,975,000,000 for special road construction projects</p> <ul style="list-style-type: none"> • Budget is prepared by considering actual activities to be implemented. • The Government only continue signing new contracts of road construction after careful consideration of the available ability to pay existing debt to the contractors to avoid the growth of these debts in the future. 	<p>The Auditors recommendations in respect of ensuring that the budgets are prepared by considering actual activities to be implemented.</p> <p>The government through Ministry of works will budget and starts new roads projects based on financial ability of the government so as to avoid growth of debts in the future</p>	Under implementation
34	Special audit on the financial statements of the Global 2013 SMART Partnership Dialogue (SPD) for the	PPRA has been conducting training on PPA and PPR so as to enhance the capacity of various	Overtaken by event

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>period of nineteen months from July, 2012 to January, 2014 I recommend that, procuring entities recognize their involvement in a major function of national Interest in which a large amount of government money is spent through procuring of goods, works and service. Hence, include respective Procurements in the procurement plan.</p>	<p>stakeholders. PPRA conducts audits I procuring entities and among other things, Annual Procurement plan is evaluated</p>	
35	<p>Inadequate Budget Management</p> <ul style="list-style-type: none"> • Budget ceiling should be realistic and subject to regular reviews. Measures are taken to minimize delays in disbursement of funds from Ministry of Finance. • Ongoing projects are considered prior to new projects in disbursement of funds. • Boost Government revenue by increasing tax compliance so that revenue will grow and capture uncollected tax revenues and expand the current potential tax 	<p>The Accountant General conducted workshops held in November, 2014 which involved all Chief accountants and emphasize on compliance of Public Finance Act in the payments processes was made. On top of that there were Accounting officers meeting in Janury,2015 where the same were discussed among the agenda</p>	<p>Overtaken by event</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>bases.</p> <ul style="list-style-type: none"> • I advise the Government to use IFMS EPICOR generated LPOs to avoid awarding contracts to suppliers/consultants/contractors in the absence of budget and accord first priority on implementation of ongoing projects and ensure availability of funds before signing the contracts. • The Government institute mechanism of capturing expenditure arrears at the year end and ensure that those arrears are re-budgeted in the next budget cycle of MDAs. This approach will minimize the magnitude of liabilities accumulation. 		
36	Electronic Fiscal Device not in use due to non-compliance to Regulation 24 of the Income Tax (EFD) Regulations,	The Government through the MOF has issued directives to all other government institutions to stop	Under implementation. Even though the government is insisting on usage of EFD

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>2012,B The government to issue directives to all other government institutions to stop dealing with suppliers who are not using the EFD machines. In addition, continue to provide awareness program so as to spearhead voluntary compliance.</p>	dealing with suppliers not using EFD machines.	machine, Still the level of compliance is not up to the desired standards
Financial Year 2014/15			
37	<p>Follow up on Implementation of the Recommendations The government through the PMG and Accounting officers is advised to exert more efforts in ensuring that the issued audit recommendations and PAC directives are attended accordingly.</p>	The Ministry of Finance and Planning vide letter with Ref No CHA.114/474/01/56 dated 14/3/2016,, instructed all Accounting Officers in MDAs to exert more efforts in ensuring that the issued PACs directives are attended accordingly.	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
38	<p>Public Finance Management The government is encouraged to explore alternative internal sources of revenue.</p>	No management responses	Not implemented
39	<p>Under collection of revenue TZS 1,091.27 billion The Government is urged to explore alternative internal sources of revenue. More efforts need to be done by the Government by instituting Strict enforcement measures on collection of outstanding tax liabilities with interest and penalties ,strengthening of tax audit and examination units with the Authority and Tax Investigation Department to limit propensity for tax avoidance and evasion practices and to strengthen audit checks, control and monitoring mechanism over imported and transit goods and fuels so as to</p>	The Government acknowledges CAGs recommendations. Through TRA Management, Government will continue to institute control measures in order to improve revenue collections. The measures include aggressive collection of tax arrears, settlement of tax objections, and follow-up of appeal cases. Other measures include tax audits and investigations.	Under implementation We will assess the implementation of management responses during our next year audit

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	capture all taxes as per the existing tax laws, widen the tax base, improve compliance and revenue collections hereby increasing Government revenue.		
40	<p>Un-reimbursed TZS 21.04 billion from retention scheme</p> <p>Ministries and Departments under retention scheme are urged to collect Non tax revenue to meet the target set, this includes having budget for those which had zero budget and were able to collect over TZS one billion (Prison Department and Ministry of Community Development under CDTI).</p>	The non-re-imburement of 21.04 billion under retention scheme was due to the fact that the revenue collected was insufficient leading to allocate the funds to priority	Not implemented
41	<p>Consolidation of Entities with different reporting dates without making adjustments</p> <p>The Government through the Treasury Registrar has a role to ensure a close follow up of entities to be consolidated have uniform reporting dates.</p>	The Ministry of Finance and Planning issued Treasury Circular No. 11 of 2014/15 dated 9th January, 2015 with a reminder vide a letter with ref. no. CAN III/372/01/05 dated 15th October, 2015 issued by Treasury Registrar in lieu of changes in accounting period. Many entities complied except for public financial	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		corporation's i.e. Twiga Bancorp Ltd, Tanzania Women Bank, and Tanzania Investment Bank, Tanzania Postal Bank etc	
42	<p>Inconsistency in Preparation of Statement of Cash Flows</p> <p>The Government to ensure all directives relating to the basis of accounting be issued by the Accountant General through Permanent Secretary Treasury to avoid confusion in the preparation of accounts.</p>	The Ministry of Finance and Planning issued a Treasury Circular No. 11 of 2014/15 on 9th January, 2015. Moreover, the Accountant General's Office, PO-RALG and the Controller and Auditor General met on 10th November, 2015 to discuss on the matter. The resolution reached was released by CAG vide a letter dated 10/11/2015 with ref. No. CE.27/307/14	Implemented
43	<p>The process of consolidation of financial statements for MDAs, LGAs and GBEs not automated</p> <p>The government should:</p> <ul style="list-style-type: none"> a) Configure Epicor system to automatically consolidate MDAs, LGAs and GBEs b) Speed up its efforts to integrate the 	The Government acknowledges the fact that preparation of its financial statements is not system generated. The Consolidated financial statements of the Government have been prepared basing on the ICT using excel work sheet and not by EPICOR in which 553 entities were	Not implemented

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	<p>Tanzania Embassies and High Commissions in the EPICOR accounting package so as to enhance their budgetary controls and credibility of their financial statements</p> <p>c) Harmonize the database of LGA's and MDA's so as to be able to automatically run their financial statements from the EPICOR system and finally develop advanced means to integrate the financial statements of government entities that are using EPICOR but their nature of operation necessitated separation of their database.</p>	<p>consolidated. However, the management is doing all initiatives to ensure that harmonization/integration of different software's used by these entities is conducted after a thorough study on how the integration could be achieved to allow automation of the process. Currently, the management is continuing with the process of connecting embassies in the EPICOR with a pilot of seven embassies. At the same time, the study of how the different software's used by government entities can be integrated is architected.</p>	
44	<p>Absence of actuarial valuation for provision of Government pension TZS 597.4 billion CAGs Recommendation The government to comply with IPSAS 25 for accounting for employees' benefits</p>	<p>The management is looking for the better way of doing this exercise; meanwhile the management is prepared using simulation of pension liability to be recognized in the financial statements instead of</p>	<p>Not implemented</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	by conducting actuarial valuation in order to determine the amount of liabilities of retirees and pensioners that is due to Government.	actuarial value. This practice is used by some of the East African countries, on the conclusion of the study the matter will be shared to the CAG for the way forward.	
45	Biological assets not properly classified - TZS 83.993Billion The government should: <ol style="list-style-type: none"> a) Report biological assets in compliance with IPSAS 27 and b) Incorporate the reporting procedures of biological assets in the accounting procedure manual to guide individual entities on how to account and disclose the biological assets 	The Government through ACGEN prepared and circulated the Accounting manual in 2015, the manual under chapter one Para 1.7 has given allowance for updating the manual. Moreover, the government issued the Treasury circular no. 3 dated 3rd June, 2016 for closure of financial year 2015/16 which among other issues has instructed entities with biological assets to comply with the requirement of IPSAS 27.	Implemented
46	Inadequate Management of Government Investments and other Interests <ol style="list-style-type: none"> a) Government set up a standby investment fund from revenue received from dividends and 	Government agree with CAGs recommendations and it will establish a mechanism which may make TR to retain the entire amount received as dividend or other revenue from its investments in other	Not implemented

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	<p>miscellaneous revenues in order to build up investible fund for equity investments whenever companies in which government has stake need to recapitalize or participate in other investment avenues that the Government may wish to invest. This can entail government to allow TRO retain all collections for a specified period (say four to five years)</p> <p>b) The government through Ministry of Finance introduces the retention scheme for the TRO in order to set up the proposed investment fund. The scheme will also serve as performance measurement tool for the Treasury Registrar which will enable the Government to assess the ability of the Registrar in</p>	<p>entities so as to make it easier when needs arise for recapitalization.</p>	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	mobilizing revenue from its investments.		
47	<p>Inadequate involvement of the Treasury Registrar in the Annual General Meetings Management of TRO institute a system that will ensure the Government is properly represented and participating in the decision making of companies in which the Government has shares for the benefit of the public.</p>	Office of the Treasury Registrar has been always participating in the Annual General Meetings-AGMs in all the Companies where the Government has invested.	Implemented
48	<p>Management of Debts and Payables under TRO a) The Government restructures and reclassifies non-investment debts and expired guarantees to Public Debt and General Services to enable the Government have structured management and repayment. This can be done by the Government issuing bond that will serve as instrument for recoding and servicing such debts under the appropriate</p>	Office of the Treasury Registrar has already communicated with PST through letter with ref. No. CAN.15/36/02/02 on the issue of transferring of non-investment debts which are considered to be part of Public Debt. The Ministry of Finance and Planning is working on this issue under CPAD and Government is keen to implement the experts' advice. Moreover, Management of OTR has	Under implementation

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	<p>vote.</p> <p>b) Management of TRO update records of its liabilities and prepare adequate budget annually to settle the remaining obligations that relate to its investment functions as and when they fall due. This will avoid further accumulation of debts.</p>	<p>prepared a budget of 151 Billion for the financial year 2016/2017 to settle part of its debt obligations.</p>	
49	<p>Key Factors attributing to non-achievement of the set targets</p> <p>a) The Government should continue to review its fiscal and tax policies with a view to removing all over generous tax incentives. This can be done through enhanced audit checks and control of tax incentives, enhancing monitoring and inspections of the use of tax incentives.</p> <p>b) Government continue to enhance transparency of the tax exemptions through publication of exemptions and independent annual audit of tax exemptions by CAG</p>	<p>a) Reduce tax exemption expenditure. For the period of July 2015 to May 2016 tax exemptions stood at TZS 1,487,137.0 million equivalents to 1.6% of the GDP.</p> <p>b) Other measures include enactment of VAT Act 2014 which substantially eliminated some items in the former VAT Act. Additionally, the Authority has strengthened controls over verification of utilization before refunds are paid, visits of projects to verify their existence</p>	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>c) Government reinforces tax refund management and receipting system through the use of EFDs and strengthens audit checks and control of tax refunds to reduce fictitious input-tax claimants from the VAT network.</p> <p>d) Government should strengthen tax audits, investigations and enforcement measures to limit propensity avoiding and evading tax</p> <p>e) Government declare Amnesty of Interest and Penalties on Voluntary Disclosure of tax liability and instalment payment of tax liabilities to give opportunity to Taxpayers who decide to repent and start a fresh page by enabling taxpayers to clear their principal sums of all outstanding taxes in arrears.</p> <p>f) Government strengthen audit checks and control over clearance of imported and transit goods to ensure</p>	<p>and enhancing of internal systems (ITAX, TANCIS, and EFDMS etc) which enable quick detection of ghost traders.</p> <p>c) The Government continues with efforts to strengthen tax audits and investigations to uncover cases of tax evasions and under-declarations. There have been capacity development initiatives for tax officers and acquisition of equipment and tools which ease identification of tax evasions.</p> <p>a) There has also been exchange of information between Revenue Authorities, strict controls of Customs importations, transit monitoring, control of bonded warehouses and ICDs and rewarding of informers leading to recovery of taxes.</p> <p>d) Given the harmonization of Oil</p>	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>that transit goods are not localized and the relevant taxes upon localization are collected immediately</p> <p>g) Governments continue installing and using off-bond meters and acquire/build a National Reserve Tank (RT) at each port of entry so that the volumes of petroleum imported into the country are properly recorded and their release adequately controlled. The use of flow meters and RT will enable authorities to have accurate records of the off loaded and distributed petroleum products. Hence, optimize revenue from the petroleum industry</p>	<p>Bulk Procurement System, it has been possible for the Authority to determine in advance the amount of fuel taxes payable.</p> <p>e) The implementation of “Single Customs Territory” has eliminated chances of dumping transit cargo in the home market.</p> <p>f) There are continued taxpayers education programs to educate the public on different tax aspects including demand for EFD receipts and strengthening VAT refund verification procedures to ensure that genuine claims are refunded.</p>	
50	<p>Management of Tax Objections Long Outstanding Tax Objection Cases at the Tax Revenue Authority CAGs Recommendation</p> <p>a) Hearings of tax appeals should be expedited by the Board, Tribunal and</p>	<p>TRA legal Department is working very close with the Judiciary to speed up case hearing and clearance of all backlog cases at various appeals courts. Among other efforts include:-</p> <p>a) The President of the United</p>	Under implementation

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	<p>Court of Appeal;</p> <p>b) For a long lasting solution, I propose the Government set up an Independent Complaints Commission to expedite the handling of appeals; and</p> <p>c) The Management of TRA strengthen and improve the audit and investigation process in order to reduce tax disputes between the Revenue authority and the Taxpayers</p>	<p>Republic of Tanzania His Excellence John Pombe Magufuli on 7th February, 2016; the law day directed the Chief Justice His Lordship Othman Chande to ensure that hearing of the tax cases is expedited. The Court of Appeal of Tanzania has started hearing of pending appeal cases. The same apply to the Tax Appeals Board.</p> <p>b) Establishment of Independent Complaints Commission is a policy issue to being addressed by the Ministry of Finance and Planning. In that respect therefore, TRA has a pilot project now implemented in Manyara region to establish Taxpayer Advocacy System (TAS) to hear and advice the Commissioner General on tax objections raised by small and medium taxpayers for quick</p>	

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		<p>resolution of the disputes.</p> <p>c) TRA have quarterly reports for cases attended and undertake to report outstanding cases on quarterly basis.</p>	
51	<p>Inefficient Tax Objection and Enforcement Mechanism CAGs Recommendation</p> <p>a) Expedite handling of tax objection applications in order to resolve the overdue unresolved tax objections. This can be done by increasing the number of competent and experienced personnel and enhancing technical capacity of the personnel in the Technical Services Unit and strengthen its tax assessment process in order to reduce the number of objection cases arising</p>	<p>a. Management is taking effective measures to ensure earlier settlement of filed applications for tax disputes including overdue outstanding tax objections amounting to TZS. 580,718,607,384. These include short as well as long term measures. Whereas short term measures include extension of the working hours, long term measures include seeking additional skilled staff to strengthen the objection team from other sections as well as deploying new staff.</p> <p>b. TRA Management will ensure that tax not in dispute or one third of</p>	Under implementation

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	<p>from the same and, b) Observe the law requirement of collecting the higher of one third of the tax assessed or the amount not in dispute prior to admission of tax objection and recover deposits from the tax assessed in objections</p>	<p>the tax assessed whichever is greater is collected or formally waived before the objection is settled. However, there are challenges in implementation of this legal requirement especially when the Commissioner rejects waiver applications made by taxpayers and when the latter prefer appeals. The Appeals Board in several cases ordered the Commissioner to determine objections without payment of one third of the tax assessed. For instance, in the case of Tanzania International Container Terminal Services Ltd vs Commissioner General; Appeals No. 8 and 9 of 2007 and DR. Wilbert Kapinga vs Commissioner General; Appeal case No. 7 of 2004. Note that such court decisions set precedent for future similar</p>	

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		<p>cases.</p> <p>c. The Government will continue to work hand in hand with Judiciary system to ensure that tax disputes are resolved with delay.</p>	
52	<p>Management of tax exemptions CAGs Recommendation The Government;</p> <p>a) Continue reforming the incentive regime with a view to reducing the level of tax exemptions to one percent (1%) or below of the GDP and boost the level of revenue collection.</p> <p>b) Continue to review its fiscal and tax policies with a view to removing all over generous tax incentives. This can be done through enhanced audit checks and control of tax incentives, enhancing monitoring and inspections on the use of tax incentive</p>	<p>The Government accepts CAGs recommendations. The Government will continue to review its fiscal and tax policies with a view of removing all over generous tax incentives. This will be done through enhancing of audit checks and control of tax incentives, enhancing monitoring and inspections on the use of tax incentive</p>	Implemented
53	<p>Management of Revenue collection inadequate monitoring of Bonded Goods and Customs Bonded</p>	<p>a. Out of the amount queried, TZS. 77,872,535,125 (71%) were relating to goods entered into the</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>Warehouses</p> <p>a. Government take prompt action to auction all overstayed goods in the Customs Bonded Warehouses to avoid further deterioration and damage of overstayed goods and loss of government revenue</p> <p>b. Government enhance monitoring and inspection mechanisms over the bonded goods and Customs Bonded Warehouses in order to comply with the requirements of Section 42 (1) the EACCMA, 2004</p> <p>c. Government provides evidence of the exported goods with exempted customs duties of TZS 9,151,090,597, otherwise, provide recovery evidence of the said amount of customs duties. Also, enhance control mechanism of all goods in transit and re-exportation of goods to avoid illegal localization and loss of government revenue.</p>	<p>Export Processing Zones, Manufacturing Under Bond, duty free shops, non-customs bonded warehouses and dealers of brand new motor vehicles which are excluded under sec.57(1) of the EAC CMA,2004.</p> <p>b. Also 87% of the goods were dully paid and the remained goods were under auction and destruction process.</p> <p>c. Out of TZS.9,151,090,596.72 queried by Auditors, TZS.8,822,432,335.36 (96.4%) have been duly re- exported through various border stations and remain balance amounting to TZS. 328,658,261.36 (3.6%) of goods which are yet to be confirmed for re-exportation.</p> <p>a) Query file has been sent to Auditor for scrutiny and</p>	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		verification	
54	<p>Inadequate control mechanisms over transit fuel and dry cargo Government enhance compliance with all exit procedures and controls for transit of fuel and dry cargo in order to ensure collection of customs duties, and; Government investigates all unconfirmed fuel and recovers taxes for localized fuel.</p>	Government will continue to enhance compliance with all exit procedures as recommended. 139 entries with tax value of TZS. 11,937,625,883 have been accounted and validated. The evidences for validation of 349 entries have been sent to the border for validation of master documents. Moreover, TRA will continue to investigate all unconfirmed fuel and recover taxes for localized fuel.	Under implementation
55	<p>Uncollected penalties on late payment of cancelled bonds and late payment of localized fuel The Government to;</p> <p>a) Ensure interest and penalties are charged for all late payments of transit fuel when they are localized and recover the uncollected amount of TZS 47,005,629 in accordance with Section 249 of the EACCMA, 2004</p>	TRA will ensure interest and penalties are charged for all late payments of transit fuel when they are localized and recover the uncollected amount if any. Moreover, all penalties on late bond cancellations as required by Regulation 104 (17) of the EAC Customs Management Regulation, 2010 will be collected and report	Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	and; b) Collect all penalties on late bond cancellations of TZS 1,886,574,959.39 as required by Regulation 104 (17) of the EAC Customs Management Regulation, 2010	shared with Auditors.	
56	Uncollected customs duties and levies on imported fuel - TZS 5,774,263,079 The Government; a) Investigate the fuel difference with a view to establishing whether the fuel was illegally consumed locally and ensure that the assessed customs duties plus penalty and interest thereon are collected b) Ensure controls over imported fuel are strengthened with the aim to deter such practice to occur in future.	Government has implemented CAGs recommendations. All amount queried of TZS. 9,463,254,713.80 were accounted for and evidence submitted to Auditor for scrutiny and possible closure.	Implemented
57	Assessed taxes not collected amounting to TZS 297,296,619,239 The Government to institute strict	In that respect, Replies related to AQ No 32 (Temeke) for TZS 1,235,580,882.00; AQ No. 50	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	enforcement measures to collect all outstanding taxes arising from assessment by the Tax Investigation Department, Examination Unit and Tax Audit Unit.	(Kinondoni) for TZS. 6,860,707,985.43; AQ No. 120 (Ilala) for TZS 11,560,478,591.69 and AQ No. 148 (Mwanza) for TZS. 1,259,233,015 have been submitted to Auditors for verification. So far we have managed to collect TZS. 4,403,236,609.00. This collection progress leaves a balance of TZS. 17,945,963,865.12 to be recovered by September 2016. The progress will also be shared with Auditors.	
58	<p>Under assessment of taxes by TZS 43,911,472,701</p> <p>a) Strengthen audit checks and investigations to reduce fictitious input-tax claimants from the VAT network and curb under-declarations in the income tax returns.</p> <p>b) Investigate on all identified under-assessment and recover all payable taxes together with interest and</p>	<p>a. TRA Management will continue with efforts to strengthen tax audits and investigations to reduce fictitious input-tax claimants from the VAT network and curb under-declarations in the income tax returns.</p> <p>b. TRA Management will continue to Investigate on all identified under-assessment and recover all</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	penalty thereof as required by the tax laws	payable taxes together with interest and penalty thereof as required by the tax laws.	
59	<p>Debt Service and Debt Sustainability Analysis</p> <p>a) Government scale up domestic revenue mobilization efforts to create sufficient fiscal space to service debt in the absence of a refinancing strategy.</p> <p>b) Government adopt a prudent fiscal policy strategy including a cost cutting strategy, strategy of maximizing concessional loans and effective supervision mechanism over foreign operations in the country</p> <p>c) Government reviews the National Debt Strategy and also ensures the National Debt Management Policy comes into force</p>	The Government is on the on-going process of reviewing the National Debt Strategy and amending the prevailing Government Loans, Guarantees and Grants Act Cap.134 (R.E.2004) to be in line with a new established Debt Management Division within the Ministry of Finance and Planning so that the National Debt Management Policy can become operational.	Under implementation. We will assess the implementation of the management responses during our next audit
60	Non-Inclusion of Government Guarantees in the Public Debt Stock	The Government has already entered into agreement with Pension Funds	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Government to expedite amendments of Guarantees, Loans and Grants Act, 1974 (R.E.2004) in order to address challenges of public debt and public debt management.	and will issue Non- cash bond for the same and defaulted guarantees after being verified and confirmed are recognized as Public debt in vote	
61	Un-reconciled debt balances of the Government and Bank of Tanzania Government should ensure regular reconciliations and confirmations of the net position with BOT are performed to avoid such differences in future	The Government will ensure that the reconciliations and confirmations of the net position with BOT are performed regularly to avoid such differences in future.	Under implementation
62	Out dated National Debt Strategy and the Government Loans, Grants and Guarantees Act CAGs The Government to review the National Debt Strategy and also to ensure the National Debt Management Policy comes into force and also expedite amendments of Government Loans Guarantees, and Grants Act, 1974 (R.E 2004) in order to address challenges of Public debt and public debt management.	The Government is in the process of reviewing the National Debt Strategy and also to ensure that National Debt Management Policy comes into force and amending Government, Loans Guarantees and Grants Act, 1974 (R.E 2004) in order to address challenges of Public debt and public debt management.	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
63	<p>Dormant debts -TZS 2,090 billion</p> <p>Government expedites the negotiations with lender countries with a view to determine the debt position and start servicing these debts.</p>	The negotiations with Parish Club(PC VII) bilateral debt relief arrangement with the remaining PAIS Club and Non-Paris Club creditors is going and once the agreement is concluded the dormant accounts in respect will be resolved	Under implementation
64	<p>Delayed Remittance of Statutory Contributions attracting penalty to the Tune of TZS52.8Billion</p> <p>The Government to timely remits statutory contributions to Pension Funds to comply with pension laws and avoid unnecessary penalties. By so doing, it will improve liquidity of the funds, in turn, enable the pension beneficiaries to be paid on time.</p>	The Government is taking some measures of clearing some of the outstanding contributions. Also the government is taking efforts of improving revenue collections by enhancing and strengthening collecting measures to ensure that fund is available for government activities to run smoothly.	Under implementation
65	<p>Inaccurate Calculations of Terminal Benefits</p> <p>Accounting Officers ensure processors of pension adhere to pension computation formulas and laws and ensure the submission of the pension files which are</p>	No management responses	Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	complete, timely with accurate information to avoid delays in the payment of terminal benefits. Training should be carried to the pension processors in order to enhance their understanding of the pension laws and other matters.		
66	<p>Un- necessary Delays in Processing Terminal Benefits.</p> <p>a) Government should ensure timely remittance of statutory pension contributions to Social Security Schemes in order to avoid delays in processing pensions together with penalties.</p> <p>b) Accounting Officers ensure processors of pension adhere to pension computation formulas and laws. They should also ensure the submission of the pension files which are complete, timely and accurate information to avoid delays in the payment of terminal benefits</p>	No management responses	Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	c) Government provide frequent training to the pension processors in order to enhance their understanding of the pension laws and other matters		
67	<p>Assessment of MDAs' Internal Audit functions.</p> <p>The Accounting Officers should ensure that adequately resourced and functioning Internal Audit Units are in place; and that it fulfill its mandated responsibilities which include identification of internal control deficiencies and recommends corrective action effectively.</p>	<p>The Government through the Internal Auditor General under the Ministry of Finance and Planning will continue to strengthen capacity of the Internal Auditors and monitor their performance to ensure that assurance is provided in areas of internal controls, risk management and governance. Moreover, Accounting Officers will be directed to take all necessary actions to correct the deficiencies identified by Internal Auditors.</p>	Under implementation
68	<p>Assessment of Audit Committees.</p> <p>The Accounting Officers should ensure that the Audit Committees fulfil their mandated responsibilities as outlined in the PFR in order to promote</p>	<p>The Government through the Internal Auditor General under the Ministry of Finance and Planning will continue to train members of Audit Committees in MDAs for the purpose of enhancing</p>	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	accountability and service delivery by providing oversight of the effectiveness of the systems of internal control, accounting systems and compliance with Laws and Regulations.	their skills. Moreover, Accounting Officers will be reminded to ensure that the Audit Committees are adequately supported to fulfill their mandated responsibilities as outlined in the PFR and Audit Committee Guidelines issued by the Ministry of Finance and Planning in 2013.	
69	Anomalies on Risk Management Processes Accounting Officers are advised to strengthen risk management processes by ensuring that, documented risk management procedures for identifying and responding to danger of not meeting the intended pre-determined objectives are in place.	Issuing the Guidelines for developing and implementing Institutional Risk Management Framework.	Implemented
70	Review of general ICT environments a) The government should consider the following in ensure confidentiality, integrity and availability of Information; b) To define and customize ICT	a) In 2012 MoF established ICT security guideline of which security enforcement practices is undertaken. This is expected to be implemented in all MDAs	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>framework that will enable the alignment of ICT strategic decisions, investments and plans to ensure that IT controls are governed appropriately</p> <p>c) The framework should prioritize the formulation of an ICT Steering Committee, ICT Strategic plan and ICT organization structure that will enable the achievement of the institutional goals and plans</p>	<p>b) MoF established a functional ICT steering committee that governs its ICT activities. All MDA are required to establish its own ICT committees.</p> <p>c) MoF is underway developing a remote disaster recovery plan for its IFMS and other financial electronic systems. This will also apply to all MDAs.</p> <p>d) MoF in its 2016/17 budget has set aside funds toward integrating all GOT Financial Systems including Epicor.</p> <p>MOFP has set aside funds in its 2016/2017 budget aimed towards providing linkage to the embassies.</p>	
71	<p>Assessment of fraud detection and prevention</p> <p>The following were noted;</p> <ul style="list-style-type: none"> • Absence of management fraud policy which defines fraud red flags 	<p>Government through Internal Auditor General under the Ministry of Finance and Planning has taken some initiative to assist the MDAs and LGAs in addressing fraud and internal control issues. The initiatives are</p>	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<ul style="list-style-type: none"> • Regular Risk assessment not conducted • No written evidence identifying specific controls which management considers appropriate to mitigate the risk of errors resulting from fraud • No management assessment on the efficiency of internal control system is in place; and • Non awareness of fraud due to lack of any risk assessment conducted <p>CAGs Recommendation MDAs' to institute a mechanism of detecting and preventing fraudulent malpractices by setting a benchmark of fraud red flags which will in turn assist the respective MDAs' in alleviating and mitigating instances of frauds.</p>	<p>such as:</p> <p>a) Issued Guidelines for developing and implementing Fraud Risk Management Framework. The Guidelines aim at providing practical guidance to Public Sector Organizations in developing and implementing customized fraud risk management frameworks and programs</p> <p>b) Issued Guidelines for enhancing Internal Control Framework in the public sector organization.</p> <p>c)</p> <p>d) The developed guidelines provide the minimum considerations in designing, developing and enhancing internal control frameworks</p>	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		e) Training to some Head of Departments from MDAs and LGAs on fraud risk management and on enhancing internal control has been conducted and Government will continue to check the progress.	
72	<p>Non - compliance with the Higher Education Students Loans' Board (HESLB) Act of 2004 in respect of Loan repayments.</p> <p>Accounting Officers (employers) to notify the HESLB of the employment of the loan beneficiaries and pay every deduction from the loan beneficiary's wages or remuneration to the Board within fifteen days after the end of each month.</p>	<p>The Government through the PMG, TR and PS Ministry of Education, Science and Technology issued letters to Accounting Officers (employers) of MDAs and Private Institutions in respect of employers' compliance on submission of details of employed graduate of higher learning institution and making loan deductions to employees' salaries. Letter with Ref. No. CBE.165/328/01/3 of March 10, 2016 from PMG and FB.41/185/01A/82 dated April 8, 2016 are referred. Moreover, the Government has prepared a draft of HESLB</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		amendment Act which has included a provision of making repayment of Higher Education Loans to be statutory and loan deductions taking first charge over other non-statutory deductions. A draft will be tabled to the next assembly of the Members of the Parliament in September, 2016	
73	<p>Salaries Paid to Employees who were no Longer in Public Service TZS 392,651,036</p> <p>Accounting Officers to ensure that the amounts paid are refunded by the respective officers to the Ministry of Finance. In addition, I advised the Accounting Officers to strengthen controls by updating personnel records through LAWSON system and data cleaning to be continuous activity to all MDAs/Rs.</p>	Permanent Secretary Establishment vides the letter reference No. CFC.26/205/01 "B"/44 instructed all employers to submit the report about the existence of ghost workers and measures taken to ensure that the salaries which were paid to ghost workers are refunded to the government. To date about 1,826 employees have refunded the salary amounting to 12,244,692,233.75	Not implemented
74	<p>Inadequate number of Staff</p> <p>Accounting Officers in collaboration with the President's Office Public Service</p>	Employers have the mandate to request adequate number of new employees for a given financial year	Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Management (PO-PSM) to have all staffing positions filled or review the existing manpower level in line with actual requirements.	through HCMIC depending on their work volume and strategic plans. Employers are also mandated to replace the vacancies arising from death, retirement, abscondment etc.	
75	Employees not confirmed after Probation Period Accounting Officers to ensure that recruited employees are confirmed immediately after completion of their probation period and their status is being updated in the LAWSON system.	Government accepts the CAGs Recommendation and the accounting officers will be reminded to confirm their new employees after successful completion of the probation period.	Under implementation
76	Lack of evidence of open staff performance reviews and appraisals Accounting Officers to regularly carry out Open Performance Review and Appraisal to their entire staff in accordance with Public Service Standing Orders of 2009.	According to public service Act No. 8 of 2002 as amended by Act No. 18/2007 Open Performance Review and Appraisal System is the legal requirement. Accounting Officers will be reminded to observe the requirement of the law.	Under implementation
77	Heads of Departments acting for a period exceeding six months Accounting Officers in collaboration with the President's Office - Public Service	Government acknowledges CAGs recommendations and the process is going on to fill the leadership vacancies.	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Management to fill those vacant key posts with the competent employees.		
78	<p>Late remittance of statutory deductions TZS 707,169,904</p> <p>The Government to ensure that remittance of statutory deductions is done in accordance with the law.</p>	To address the shortfall, for the financial year 2014/15 the government remitted to pension funds contributions in lieu of the employees as follows NSSF - TZS 21.3 billion, GEPF - TZS 28.4 billion, PSPF - TZS 424.7 billion, LAPF - TZS 135.7 billion, PPF - TZS 39.9 billion and NHIF - TZS 142.1 billion.	Under implementation
79	<p>Pay As You Earn (PAYE) not deducted on acting allowances TZS 78,187,048</p> <p>Accounting Officers to ensure that all acting allowances paid are duly charged with Pay As You Earn. In addition, Accounting Officers to ensure that accrued Income Tax is paid to Tanzania Revenue Authority (TRA).</p>	According to section 7 (2) of the Income Tax Act of 2008 all employment allowances must be subject to income tax. Currently the Human Capital Management Information System have been enabled to deduct the income tax from the acting allowance.	Not implemented
80	<p>Unpaid Gratuities to Local Based Staff TZS 17,980,539</p> <p>The government to ensure that local based staff gratuities are settled in</p>	In December 2015 the Ministry remitted TZS. 20,905,250.00 for the purpose of paying gratuity to Local Based Staff in Cairo.	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	accordance with the local based staff employment contracts.		
81	Unpaid salaries not remitted to Treasury TZS 2,233,475,668 The Accounting Officer to comply with Reg. 133(1) and (2) of the Public Finance Regulations of 2001. In addition, to ensure that unpaid salaries are remitted back to Treasury.	The accounting officers will be reminded to comply with Regulation 133 (1) and (2) of the Finance Regulations of 2001 this includes the refund of Unclaimed Salaries retained by CDF	Not implemented
82	Staff receiving net salaries below the allowable statutory Accounting Officers to strengthen controls by certifying all staff loans and liaise with credit providers such that total deductions do not exceed two third of the employee's monthly salary as per Sect. 3 of the Debt Recovery Act, 1970 and the Circular with Ref. C/CE.45/271/01/1/87 of 19th March, 2009 from the Permanent Secretary- PO-PSM.	Human Capital Management Information System (HCMIS) have been enabled to restrict employees to be deducted salaries below the threshold of 1/3 according to section 3 of the Debt, Recovery Act, 1970 read together with circular letter with Ref. No. C/CE.45/271/01/1/87 dated 9th March, 2009 from Permanent Secretary Establishment	Implemented
83	Retired Officer working with the Embassy without having a valid	the Ministry of Foreign Affairs and International Cooperation has	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>employment contract The President's Office Public Service Management to enter into employment contract with the retired officer pending availability of funds for payment of moving expenses. In addition, the Ministry of Foreign Affairs and International Cooperation to prepare succession plan to facilitate replacement of retired officers.</p>	<p>instructed Tanzania Embassy in Washington DC to pay for moving and other expenses to the retired staff through letter ref no. FAP 2506/106 and FAP 2506 of 17th May 2016 and 16th June 2016 respectively. After the return of this staff the Ministry of Foreign Affairs in collaboration with the Ministry of Finance will send another staff to replace the returned staff.</p>	
84	<p>Overstay of Home Based Staff The Accounting Officer of the Ministry of Foreign Affairs and International Cooperation to comply with Reg. 31 (1) and (2) of Tanzania Foreign Services Regulations of 2013 by making staff transfers.</p>	<p>For the financial year 2015/16, 27 overstayed officers have already returned home. Moreover, the Government is looking for more funds so as to pay for moving expenses for all overstayed staff so as comply with Reg. 31(2) of Tanzania Foreign Service Regulations of 2013.</p>	Under implementation
85	<p>Dependency on Government Subvention The Government advised to develop a mechanism, which will help the Agencies</p>	<p>Government has already started to take measures to ensure that Parastatals and Agencies are operating without depending on</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	to depend on their own source of revenue rather than on Government subvention.	<p>Government for funding their activities.</p> <p>Some of those measures taken were to emphasize on reducing of unnecessary expenditures in order to save money for core business. In doing it, Government through Treasury Registrar issued a Circular No 1 of 2015 prohibiting PA&OBs from paying Sitting allowances to the Board Members.</p> <p>Government has also through amendment of Finance Act of 2015 set a cap for operating expenses not to exceed 60% of the Total Revenue of the Parastatals.</p> <p>In 2016/17 Budget, Government did not allocate funds for Other Charges to some of Parastatals which can generate their own income as the way of reducing dependency to the Government Budget.</p>	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
86	<p>Delayed commencement of Bus Transport Services DART Agencies' management directed to adhere to the contract terms and conditions to avoid further delay of the contract.</p>	<p>Commencement of services started May 2016 after completion part of AFCS installation and testing; Operation license and BRT bus fare approval from SUMATRA was obtained in May 2016 ; ITS system installation still underway may be ready by September 2016.</p>	<p>Implemented</p>
87	<p>Procurement of buses in excess Management of DART is required to ensure that the operation of UDA RT is according to the terms and conditions of the signed contract. The surplus has to be accounted for and managed for the intended purpose</p>	<p>Government admits that ISP (UDA-RT) has procured 140 buses instead of 76 buses contrary to contract. These additional buses were procured without DART Agency and Government consent; however this was rectified through Addendum No.1 which amended to incorporate additional all 140 bus fleet. DART Agency has also communicated with UDART to put DART logo, in accordance with ISP contract. Penalty will be imposed after five (5) months of operations if they don't comply, therefore since the ISP has</p>	<p>implemented</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		already been warned about the contravention, penalty charges will apply immediately after the expiry of stated period in the signed contract.	
88	<p>Defective Ferry Boat worth TZS 7,916,955,000</p> <p>The management to communicate with the supplier to rectify all snags observed by the Goods Inspection and Acceptance committee including minimum and maximum speed and finally to issue the Goods Acceptance Certificate. Also, Management is advised to adhere with the contracts terms and Public Procurement Act and its Regulations of 2013.</p>	<p>TEMESA entered into Contract with M/S Johns. Gram Hansen Bergensgade 10 DK 2100 Copenhagen Dermak for supply of new Coastal Passenger Ferry Boat Plying between Dar es Salaam and Bagamoyo on 25th April 2013. The ferry was supplied in November 2014. While testing the ferry the inspection and receiving committee noted that the Ferry did not meet the designed top speed of 20 Knots. The committee recommended the supplier should rectify the snag. The Supplier agreed to do the certification vide his letter Ref. JGH Ref. 285449 of 9th December, 2015.</p> <p>Further Communication with Supplier was made through vide letter Ref.</p>	Not implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		<p>TMS/F/86/8 dated 2nd May 2016 requiring him to submit to TEMESA the schedule that includes the proposed plan to rectify the speed as provided in the contract for approval. In response the supplier submitted updated work plan by letter Ref. JGH Ref. 28549 of 13th May, 2016 that is now awaiting final approval by the Ministry.</p> <p>After completion of the modification work and if the ferry meets the required speed TEMESA will issue the Goods acceptance certificate.</p>	
89	<p>Delayed completion of construction works TANROADS Management to make follow up of funds from the Ministry of Finance and ensure early completion of the projects Award of contract to be done in phases depending on the availability of funds so that no certificate will remain unpaid</p>	<p>By the time of concluding this audit for the above projects, the cash flow trend for TANROADS was not satisfactory. However, since December 2015, the cash flow improved after receiving funds from Treasury for payment of all outstanding contractors/consultants debts including the interest on late</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>and hence attract interest. This would help the Government to prevent avoidable costs due to project variations and lapse of time.</p> <p>Management of TANROADS to exert more efforts in the supervision of the projects/ contracts so that they are executed within the provided time frame.</p>	<p>payment.</p> <p>For the Financial Year 2015/16, an amount of TZS. 667,788,106,184.00 have been disbursed to TANROADS from MoWTC for payment of outstanding debts. Out of which, TZS. 70,955,371,965.78 have been allocated to the projects which had delayed.</p> <p>The amount paid has reduced amount of interest which was supposed to accrue due to delays of payments.</p>	
90	<p>Escalating 15% loan interest TZS 12,723,218,833</p> <p>RITA to solicit fund to repay loan without further delay as this will become a financial burden to the Agency.</p>	<p>Government through the Chief Secretary directed the Permanent Secretaries of the responsible Ministries (namely Finance and Planning, Constitutional and Legal Affairs and Labour) to form a technical Committee to advise on how to sort out RITA liquidity problem. The team was formed on the 4th of April, 2016. This team is</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
		comprised by members from MoCLA, RITA, NSSF, MoFP and Planning and Ministry of Labour. The Government is waiting for advice from this team and is keen to implement it.	
91	<p>Uncollected dues from sale of Government houses TZS 214,748,556</p> <p>The management of Tanzania Building Agency to take legal action against defaulters and come up with strategies to ensure all monies are collected as per signed contract agreement by both parties in order to avoid loss of Government revenue.</p>	<p>Tanzania Building Agency engaged Yono Auction Mart to collect outstanding debts in all regions in Tanzania mainland and evict all defaulters who have failed to pay the outstanding debts within the period of notice.</p> <p>The Government has already collected a total of TZS. 129,269,979.83 which is 60% out of total outstanding debt of TZS. 214,748,556.00.</p>	Under implementation
92	<p>Overall audit results on political parties</p> <p>The management of Political Parties in collaboration with the Registrar of Political Parties to comply with section 14 (1) of the Political Parties Act No.5 of 1992 and Sect.25 (2) and (4) of the</p>	<p>The Registrar of Political Parties have complied with section 14(1) of the Political Parties Act 1992 by demanding from all permanent registered Political Parties to submit audited accounts by 27th July,</p>	Implemented

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	Public Finance Act, 2001 (revised 2004) and Reg. 71 of the Public Audit Regulations of 2009 that requires the Accounting Officer to prepare the final accounts and submit them to the Controller and Auditor General for audit purposes on or before 30th September of each financial year.	2016, vide a letter with reference number AB.111/368/01/64 dated 15th April, 2016 and AB.111/368/01/69 dated 27th April, 2016. A reminder was sent to all Political parties vide a letter with reference number HA.171/322/01/79 dated 30th June, 2016.	
93	<p>Underperformance of fire rescue force</p> <p>The Government is advised to ensure fire fighting equipment are tested and serviced regularly and also to help Fire Rescue Force department to conduct inspections and training to employees on how to use fire extinguisher.</p>	<p>The Fire and Rescue Force will continue with the Fire safety inspection exercise throughout the country and providing more training to employees on proper use of Fire extinguishers.</p> <p>Besides, In the financial year 2016/17, The Force has budgeted TZS. 1,500,000,000.00 for procurement of two (2) Fire tenders as a way of minimizing acute shortage of Fire tenders in the country.</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
94	<p>Special audit on the Financial Statements of the Local Government Reform Programme Phase II (Decentralization By Devolution) (LGRP II D By D) for the year ended 30th June, 2013</p> <p>The implementing partners in collaboration with development partners to conduct in-depth investigations of all deficiencies noted.</p>	<p>In depth investigation (Special Audit) was made through Price Water House Cooper (PWC) co ltd raised an audit quarry of misuse of shillings TZS 605,583,379.00 and it was recommended that TZS 605,583,379.00 be refunded to the respective donors.</p> <p>After the investigation it was agreed among the stakeholders that the government should refund such money amounting to a Total of TZS 605,583,379 to donors.</p>	Not implemented
95	<p>Verification and Confirmation of funds transferred to other government institutions under the Ministry of Education and Vocational Training</p> <p>a. The Government to conduct comprehensive investigations by referring the matters to investigation authorities for the purpose of getting counteractive measures and dissuade recurrence in</p>	<p>Investigation was conducted and employee who stolen the cheque is in the court of law and we are waiting for the court proceeding</p> <p>For institutions under the Ministry, a control has been put in place to ensure that:</p> <p>Institutions are given their Warrant of Funds.</p> <p>Requesting for immediately</p>	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>other government departments</p> <p>b. The Government through Accounting Officers to ensure there is adequate controls on the funds transferred to institutions by the Parent Ministries and establish mechanism for monitoring and follow up for reconciliation purposes and financial reporting.</p>	<p>Acknowledgment of receipt of funds transferred to institutions bank account from the Ministry.</p>	
96	<p>Implementation of Foreign policy on Economic Diplomacy</p> <p>a) The diplomatic service still does not have adequately and appropriately skilled personnel to do this effectively</p> <p>b) Some of the missions had inadequate number of staff when compared to the area of jurisdiction which poses a challenge to deliver the required service at the required level</p> <p>c) Over the past years the Overseas Missions have not been allocated with sufficient budget to accomplish their</p>	<p>The Government agrees with CAGs recommendations to allocate staff in the missions in relation to the needed skills and knowledge in areas of trade, investment, tourism and economic governance. Also, the Government will make sure that funds are released immediately without delays to enable the missions meet their bills on a time depending on availability of funds</p>	<p>Under implementation</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>objectives, targets and plans although they are required to attend diplomatic and economic events in capitals and other cities of Central and Eastern Europe which have historical connections with our country.</p> <p>d) The absence of coordination and effective communication with Sector Ministries may derail smooth operations of various mission's activities.</p> <p>e) Staff allocations in the missions to take into account the needed skills and knowledge in areas of trade, investment, tourism and economic governance to ensure that staff have the capacity to deliver the needed and expected services can also be done through tailored trainings necessary to build their capacity</p> <p>f) Additional personnel in areas with shortages to meet the demand by</p>		

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	filling in the vacant posts with qualified staff in a timely manner g) The Government set adequate appropriations through special vote to dedicate the funds specific for the missions h) The Government to ensure that the budget funding provisions to Tanzania overseas missions are sufficient to meet their financial obligations. In addition, funds should be released timely without delays to enable the missions meet their bills on a time. i) The Government to have an effective coordinating committee that will be fully responsible for coordinating and communicating various information regarding Tanzania to the missions as well those from the missions		
97	Procurement and Contracts Management a) Procuring Entities (PEs) are advised	The Government through the Public Procurement Regulatory Authority (PPRA) will continue monitoring	Overtaken by event

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	<p>to ensure that they fully observe the requirement of procurement laws specifically in the area of preparation and implementation of Annual Procurement Plans (APPs), approval of procurements by Tender Board, Inspection of goods and services, procurements made and making procurements from approved supplier</p> <p>b) With regard to record keeping, I advise PMUs of MDAs/ RS to ensure proper maintenance of procurement records.</p> <p>c) On the aspect of delay in completion of contracts, I advise management of MDAs/RS to observe terms and conditions in their respective contracts and strictly ensuring the liquidated damages are charged in case of failure to comply with the terms and conditions of the contracts.</p>	<p>compliance by procuring entities to the Public Procurement Act, 2011 and its Regulations of 2013. In addition, PPRA will continue providing training to staff in the procuring entities in order to increase compliance to the procurement law and improve efficiency in the implementation of procurement contracts</p>	

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
98	<p>Weaknesses in expenditure management</p> <p>a) Accounting Officers of MDAs, and Missions to continue strengthening the internal controls system of their organizations including capacity building.</p> <p>b) The Government to issue directives to all other Government institutions to stop dealing with suppliers who are not using the EFD machines and continue to provide awareness program so as to encourage voluntary compliance.</p>	<p>The Government issued a Treasury Circular No. 1 Dated 26th January, 2016 requiring all Accounting Officer to abide with rules and regulations in executing their budgets. The circular insisted the requirement of complying with Budget Act 2015.</p>	<p>Overtaken by event</p>
99	<p>Weaknesses in Assets Management</p> <p>PMG to develop and implement a monitoring mechanism to ensure that all MDAs/RS are complying with Ministry of Finance directives issued for full adoption of IPSAS Accrual.</p> <p>The Government to ensure that MDAs/RS obtain ownership documents in order to safeguard Government assets.</p>	<p>Valuation and Survey of land and building is in progress. This task is Co-Managed with the Ministry of Finance & Planning and the Ministry of Land, Housing and Human Settlement.</p> <p>During the financial year 2015/16 a total of 546-motor vehicles, 40-motor cycles, 68-Plant and machinery and</p>	<p>Under implementation</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	The Government to take appropriate action with regard to disposal of grounded motor vehicles beyond repair in accordance with the laws and regulations in order to save salvage value which can be realized from disposal proceeds.	6-aircrafts were written off and sold by Public auction whereby TZS.2,137,195,351 was recover	
100	<p>Dwindling of Government Investments</p> <p>a. The government through Ministry of Finance introduces the retention scheme for the OTR in order to set up the proposed investment fund. The scheme will also serve as performance measurement tool for the Treasury Registrar which will enable</p> <p>b. Government to assess the ability of the Registrar in mobilizing revenue from its investment</p>	In 2016/17 Budget, Government has declined retention schemes and required all monies to be deposited in Government Coffers. Nevertheless, Government is devising on the better way of financing its Investment in Parastatals to ensure that Government shares are growing.	Under implementation

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
101	<p>Pre audit of pension papers Accounting Officers ensure processors of pension adhere to pension computation formulas and laws and ensure the submission of the pension files which are complete, timely with accurate information to avoid delays in the payment of terminal benefits. Training should be carried to the pension processors in order to enhance their understanding of the pension laws and other matters</p>	<p>The government prepared pension manual which will guide users on all matters pertaining pension computations. In the financial year 2016/17 the Government has budgeted for TZS 464 million to training accountants on pension computation matters.</p>	<p>Under implementation</p>
102	<p>Public Debt and General Services Government adopt a prudent spending strategy including a cost cutting strategy, strategy of maximizing concessional loans and effective supervision mechanism over foreign operations in the country. The later when combined with export mobilization efforts will strengthen Tanzanian Shilling against strong currencies. Hence, reduce foreign exchange loss which accounts for</p>	<p>The government has reduced unnecessary training and trips abroad, cerebration on public holidays, conducting workshops in hotels which cost a large amount of fees e.tc. The government is continued to improve revenue collections which will facilitate having enough fund to cover for all statutory contributions.</p>	<p>Implemented</p>

SN	Audit Recommendation	Response by PMG	Audit Comments on the PMG's Response
	a sharp increase of the Debt		

Appendix 3.6: Follow up on the implementation of the PAC's recommendations

S/N	PAC Recommendation	Response by Government	Audit comments
2011/2012 to 2013			
1. None implementation of five prior year recommendations issued by PAC in January, 2015			
1.1	Completion of Handling Tax claims by TRA PAC directed the government to insure that TRA is fully handling various court tax claims for the purposes of increasing government revenue	TRA has effectively handled tax cases through Tanzania Revenue Appeals Board (TRAB), Tanzania Revenue Appeal Tribunal and the Court of Appeals. In April, TRAB had 117 cases worthing TZS 116 billion where 63 cases worthing TZS 66 billion were ruled out. TRA won 50 cases worthing TZS 58 billion. 13 cases worthing TZS 8(12.5%) were not ruled out in favour of TRA. Therefore there are still 54 cases pending with the court	Under implementation Follow up will be made during next year audit for un concluded tax appeals
1.2	Repayment of Government debt to PSPF The government was directed to immediately settle accrued debt by PSPF so as to alleviate future financial burden in servicing prospective retirees	The government directed the Internal Auditor General to verify all debts due to social Security Schemes such as PSPF, LAPF, NSSF and GEPF of which the verification process is at final stage of completion. All verified debts will be	Under implementation The management responses noted. We will assess the implementation during our next audit

S/N	PAC Recommendation	Response by Government	Audit comments
		consolidated to in order to determine total debts due. The government is underway to issue Treasury bills to all Social Security Schemes within this financial year.	
1.3	<p>Management of Tax exemptions</p> <p>The government was directed to strengthen management of tax exemption and make accountable for the companies which misused tax exemptions as mentioned by CAG report</p>	<p>TRA has exerted controls over management of tax exemptions by allocating more staff basing of professionalism, and adequate working tools. All regional Managers have priotized the controls over tax exemption in their day to day activities. Additionally the enactment of VAT Act of 2014 has reduced the loopholes for unproductive exemption.</p> <p>Efforts were made as recommended by the CAG as follows</p> <p>Tax audit conducted to the mining companies including Geita Gold Mine and Resolute for tax exemption of fuel TZS 16.7 billion was collected</p>	Under implementation

S/N	PAC Recommendation	Response by Government	Audit comments
		Tax audit conducted to Kiliwarrior expedition ltd and Kilimakyaro lodge which misused the tax exemptions during the importation and registration of vehicles where TZS 519,744,470 was collected	
1.4	Investigation for allegations on the Construction of VIP lounge at Julius Nyerere International Airport (JNIA) PAC directed the government through its organs like PCCB to undertake criminal investigation in respect of individuals alleged to be involved in causing loss of more than TZS 9.0billion to the government and take appropriate legal action	The Government of Tanzania paid a total of TZS.1,042,286 ,911.00 only in the whole project and; In that view the Government did not get a loss of 9.0 billion as indicated by PAC.	Under implementation. Criminal investigation are yet to be concluded as directed by PAC
1.5	Reduction of publicity cost in News Papers on the approved budget The PAC directed the government to reduce costs for publicity for the	The government through the Ministry of Information, Culture and Arts in its meeting held in Mtwara in January, 2015 directed MDAs' of the cost	Implemented

S/N	PAC Recommendation	Response by Government	Audit comments
	approved budget in the newspapers	reduction strategies. Those directives have brought better results	
2	Disbursement of Adequate funding to the Rural Electrification Agency(REA) PAC recommended that in the financial year 2014/2015 Government should provide REA with enough funds from its own sources to facilitate Rural electrification	During the FY 2014/15 a total of TZS. 269, 200,000,000 was allocated to REA of which TZS. 172,099,000,000 has been released as at May, 2015	Under implementation The Government is advised to be releasing funds as per the approved budget
3	Delays in funding the budget deficit for our embassies/missions abroad The government was directed through the Ministry of Foreign Affairs and International Cooperation and the Ministry of Finance all Embassies/Missions have to impose an effective strategy to ensure Visa Sticker Machine are working. Ensure that the IFMS is working well in our embassies to create value for the cost involved in the purchase and	In order to make sure Embassies/Missions perform their duties, the Government always disburses 100% of approved budget each year without any budget cut. However, the Government is aware that budget release cannot accommodate all requirements of the missions, therefore the budget ceilings will be increasing gradually as revenue collections is improved	Overtaken by event

S/N	PAC Recommendation	Response by Government	Audit comments
	<p>installation of the system and also avoid losses to the Government that can be caused by not using the system.</p> <p>In addition, the Ministry of Foreign Affairs and International Cooperation in collaboration with the Ministry of Finance should find a way to reduce operating costs of the IFMS in embassies.</p>		
4	<p>Strengthening revenue collection of the Ministry of Lands, Housing and Human Settlements Development</p> <p>Ministry of Lands, Housing and Human Settlements Development should strengthen the internal control systems over revenue collection</p> <p>In order to increase controls over revenue collection, the Ministry despite using its system of Land Rent Management System (LRMS) should also</p>	<p>Ministry is on the process of introducing Integrated Land Management Information System (ILMIS) which is expected to be linked with information from institution like TRA, BRELA and TIC.</p>	<p>Under implementation</p> <p>The Ministry of Lands, Housing and Human Settlement is advised to speed up the implementation of PAC recommendation</p>

S/N	PAC Recommendation	Response by Government	Audit comments
	<p>start using the Electronic Fiscal Device (EFD) in collecting government revenues.</p> <p>LRMS to be linked to the Taxpayer's identification number (TIN) to determine the actual number of taxpayers with the aim of reducing current existing land disputes.</p> <p>The Ministry should find specific mechanisms that would ensure taxes that are outstanding in different plots are recovered as soon as possible.</p>		
2014/15			
5	<p>Flawed advance payment to the contractor for construction of building for the Ministry of Education and Vocational Training in Dodoma TZS 780,662,138</p> <p>The PAC recommends the government</p>	<p>After evaluation it was noted that the proposed building could not meet the current requirement of the Ministry, therefore the approved drawings and the contract were amended to suit current requirements.</p>	Not implemented

S/N	PAC Recommendation	Response by Government	Audit comments
	to state the rationale on the identified weaknesses for advance payment such as delayed commencement of construction while the contractor was already paid in advance two years back, Approved drawing were amended without complying with appropriate procedures and use of single source	The contract was selected under single source pursuant to sec 275 of PPA0.6 OF 2011	

S/N	PAC Recommendation	Response by Government	Audit comments
5	<p>Accumulated loss resulting from 13,583 tons of spoiled Maize for vote 43-Ministry of Agriculture TZS 6,793,310,000</p> <p>The government was directed to intensively evaluate and use that evaluation to assess the barn on the sale of maize in foreign markets together with construction of new warehouses in order to alleviate losses to the government and making sure that Tanzanians are benefiting from Agriculture</p>	<p>In July 2016 the government made prior evaluation on the level of food available aiming at assessing the sustainability of food reserves in all regions. The evaluation showed the sufficiency of food at 123%. Currently NFRA has 33 ware houses with the capacity of storing 246000 tons which is not aligned with production level in the country. Due to these challenges NFRA is planning to increase food storage capacity from 246000 to 700000 tons by 2023/24. In order to achieve this the Agency is finalizing the process of getting the contractor for construction of warehouse and traditional storage facilities(Vihenge)</p>	Under implementation

S/N	PAC Recommendation	Response by Government	Audit comments
6	<p>None compliance with PPA and its regulations</p> <p>The government was directed to prepare a special regulatory procedure so that procurement audit reports conducted by PPRA is reviewed by PAC and then submitted to the parliament</p>	<p>The government will make ensure the procuring entities not complying with procurement procedures are made accountable</p>	<p>Not implemented</p> <p>The management responses does not adequately address the PAC recommendation</p>
7	<p>Challenges in implementing IPSASs' accrual basis of accounting in various MDAs'</p> <p>The government was directed to set sufficient resources (fund and experts) to ensure that financial reporting framework if fully implemented towards the transitional provision by march 2017</p>	<p>The DGAM department has been setting fund for valuation of assets.= while the ACCGen department in collaboration with DGAM has prepared the guidelines to set aside funds in the budget for 2017/18 for evaluation of all assets under their jurisdiction. So that to enable preparation of IPSASs' requirements</p>	<p>Under implementation</p>

S/N	PAC Recommendation	Response by Government	Audit comments
8	Insufficient funds for Public Investments The PAC recommended establishment of special investment fund under the Treasury Registrar by using retention scheme so that the money in that fund may be used as capital to invest or acquire additional shares in institutions under which the government holds shares	The PAC directives are taken into account. The office of Treasury Registrar has included the recommendations of establishing special investment fund to the cabinet paper which is proposing enactment of new TR act.	Under implementation
9	Incomplete transaction for vote 56-PMO-RLGAs' TZS 100,525,437,562.51 The PAC recommended the government to state the rationale for this transaction	The amount approved from Dodoma sub treasury account held with BOT was just Exchequer Issue Notification and not actual cash as the government did not attain the target for revenue. Therefore no cash was taken by the treasury collection.	Overtaken by event

S/N	PAC Recommendation	Response by Government	Audit comments
10	<p>Insufficient Budget for National Audit Office of Tanzania(NAOT)</p> <p>PAC recommended the government to set sufficient budget and timely provide fund to NAOT in order to fulfil constitutional and statutory responsibility without any obstacle.</p>	<p>The trend of releasing fund to NAOT for 2014/15 and 2015/16 was satisfactory where TZS 58,781,166,004 (74%) and TZS 55,362,314,022(67%) respectively were released. However the budget for 2014/15 and 2015/16 the entire government face the challenges of budget implementation due to high demand for preparations and financing general elections.</p>	Under implementation

Appendix 4.1: Approved estimates vs actual release for supply votes

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
31	Vice President's Office	43,754,951,000	42,588,336,384	(1,166,614,616)
34	Ministry of Foreign Affairs and East African Cooperation	173,354,365,279	165,676,006,461	(7,678,358,818)
37	Prime Minister's Office	29,899,781,200	19,794,698,861	(10,105,082,339)
41	Ministry of Constitutional and Legal Affairs	9,658,720,000	6,856,030,180	(2,802,689,820)
43	Ministry of Agriculture, Livestock and Fisheries	134,705,527,641	84,029,073,350	(50,676,454,291)
44	Ministry of Industry, Trade and Investments	41,932,076,983	38,103,358,308	(3,828,718,675)
46	Ministry of Education, Science, Technology and Vocational Training	450,618,261,332	429,830,891,729	(20,787,369,603)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
48	Ministry of Lands, Housing and Human Settlements Development	64,103,248,384	44,055,566,690	(20,047,681,694)
49	Water and Irrigation	26,966,326,000	22,299,704,554	(4,666,621,446)
50	Ministry of Finance and Planning	63,716,311,816	54,524,667,642	(9,191,644,174)
51	Home affairs	17,378,175,960	15,933,518,133	(1,444,657,827)
52	Ministry of Health, Community Development, Gender Elders and Children	331,162,599,900	326,052,575,660	(5,110,024,240)
53	Ministry of Health, Community Development, Gender Elders and Children	18,627,587,000	15,556,002,009	(3,071,584,991)
56	PO - Regional Administration and Local Government	42,509,528,759	32,616,967,181	(9,892,561,578)
57	Defence and National Service	19,852,437,000	16,393,514,247	(3,458,922,753)
58	Energy and Mineral	124,175,587,769	69,344,771,811	(54,830,815,958)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
62	Ministry of Works, Transport and Communication	111,011,492,037	100,819,688,354	(10,191,803,683)
65	PO Labour, Youth, Employment and Disability	11,547,088,000	7,999,982,509	(3,547,105,491)
68	Ministry of Works, Transport and Communication	43,195,303,000	35,622,590,006	(7,572,712,994)
69	Natural Resources And Tourism	61,715,185,163	48,763,830,502	(12,951,354,661)
96	Ministry of Information, Youth, Culture and Sports	18,690,031,102	16,816,576,931	(1,873,454,171)
97	Ministry of Works, Transport and Communication	26,666,436,300	21,952,740,454	(4,713,695,846)
98	Ministry of Works, Transport and Communication	38,221,647,678	35,697,318,601	(2,524,329,077)
99	Livestock Development And Fisheries	38,960,478,537	34,788,013,415	(4,172,465,122)
	REGIONAL SECRETARIAT			

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
36	Katavi	2,920,588,675	2,639,119,925	(281,468,750)
47	Simiyu	4,982,922,300	4,094,695,717	(888,226,583)
54	Njombe	4,971,892,000	4,122,741,300	(849,150,700)
63	Geita	4,663,512,000	3,892,968,335	(770,543,665)
70	Arusha	11,318,820,800	11,330,530,866	11,710,066
71	Pwani	5,378,244,000	4,792,573,400	(585,670,600)
72	Dodoma	11,555,932,000	10,532,399,763	(1,023,532,237)
73	Iringa	9,275,382,000	8,671,277,400	(604,104,600)
74	Kigoma	7,199,499,000	5,941,741,980	(1,257,757,020)
75	Kilimanjaro	11,182,562,000	10,536,423,160	(646,138,840)
76	Lindi	6,685,074,267	6,003,891,828	(681,182,439)
77	Mara	8,687,861,000	6,645,564,139	(2,042,296,861)
78	Mbeya	8,370,435,000	6,073,910,670	(2,296,524,330)
79	Morogoro	12,943,100,084	11,980,004,248	(963,095,836)
80	Mtwara	7,939,998,000	6,880,138,964	(1,059,859,036)
81	Mwanza	10,238,299,000	9,554,157,519	(684,141,481)
82	Ruvuma	10,883,741,987	10,159,514,940	(724,227,047)

Vote	Ministries	Approved estimate (TZS.)	Exchequer received (TZS)	issue	(Under)/Over release (TZS)
83	Shinyanga	134,644,802,000	6,724,132,154		(127,920,669,846)
84	Singida	9,968,550,000	7,170,607,069		(2,797,942,931)
85	Tabora	9,213,359,000	7,548,914,710		(1,664,444,290)
86	Tanga	10,442,574,000	9,305,922,767		(1,136,651,233)
87	Kagera	10,168,236,000	8,239,480,962		(1,928,755,038)
88	Dar es Salaam	4,538,781,220	3,672,278,920		(866,502,300)
89	Rukwa	7,428,501,000	6,201,595,460		(1,226,905,540)
95	Manyara	6,016,651,000	4,952,450,000		(1,064,201,000)
VOTE	COMMISSIONS				
4	PO Records and Archive management	1,061,291,000	838,972,900		(222,318,100)
5	National Irrigation Commission	1,645,828,910	1,542,466,510		(103,362,400)
6	Presidential Delivery Bureau	3,604,378,000	2,060,508,121		(1,543,869,879)
7	Treasury Registrar	92,894,683,667	14,879,640,703		(78,015,042,964)
9	Public Service Remuneration Board	2,313,146,000	1,825,037,985		(488,108,015)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
10	Joint Finance Commission	1,833,257,000	993,314,100	(839,942,900)
12	Judiciary Commission Service	2,686,192,000	1,017,144,063	(1,669,047,937)
13	Financial Intelligent Unit	928,465,000	646,917,114	(281,547,886)
15	Commission for Mediation and Arbitration	3,233,106,000	2,703,035,650	(530,070,350)
24	Cooperative Development Commission	5,908,055,705	4,225,510,432	(1,682,545,273)
55	Human Rights & Good Governance	5,005,949,000	3,540,223,710	(1,465,725,290)
59	Law Reform Commission	2,985,691,000	1,815,386,775	(1,170,304,225)
61	Electoral Commission	276,842,591,872	275,743,272,015	(1,099,319,857)
66	President's Office-Planning	5,749,806,000	3,664,327,500	(2,085,478,500)
91	Anti-Drugs Commission	3,114,011,000	1,689,215,987	(1,424,795,013)
92	Tanzania Commission for AIDS (TACAIDS)	6,387,068,000	3,238,284,452	(3,148,783,548)
94	Public Service Commission	11,658,277,000	10,114,559,066	(1,543,717,934)
VOTE	DEPARTMENTS WITHIN RESPECTIVE MINISTRIES			

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
14	Fire and Rescue Force	36,022,746,870	30,659,243,964	(5,363,502,906)
16	Attorney General	8,851,832,000	7,232,621,885	(1,619,210,115)
20	President's Office-State House	21,015,672,000	21,010,414,665	(5,257,335)
21	The Treasury	309,510,737,648	249,550,196,437	(59,960,541,211)
22	Public Debt and General Services	6,527,225,821,364	6,527,225,821,364	-
23	Accountant General's Office	111,512,701,000	84,905,892,065	(26,606,808,935)
25	Prime Ministers' Private Office	4,090,476,000	3,544,195,280	(546,280,720)
26	Vice President's Private Office	3,757,584,000	3,303,600,000	(453,984,000)
27	Registrar of Political Parties	22,436,166,000	20,475,056,000	(1,961,110,000)
28	Police Force	664,813,708,941	609,371,005,047	(55,442,703,894)
29	Prison Service Department	179,432,318,876	175,991,829,725	(3,440,489,151)
30	President Office and Cabinet Secretariat	411,896,844,448	411,181,144,888	(715,699,560)
32	President's Office - Public Service Management and Good Governance	33,533,282,460	28,648,079,748	(4,885,202,712)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/Over release (TZS)
33	President's office Ethics Secretariat	4,740,879,000	3,713,770,870	(1,027,108,130)
35	Public Prosecution Division	16,526,720,000	13,265,771,275	(3,260,948,725)
38	Tanzania Peoples Defence Forces (TPDF)	1,211,045,809,020	1,138,443,445,257	(72,602,363,763)
39	National Service Force (JKT)	294,635,542,576	262,826,698,754	(31,808,843,822)
40	Judiciary	139,736,727,075	100,314,087,305	(39,422,639,770)
42	National Assembly	131,308,567,000	115,932,470,100	(15,376,096,900)
67	Public Service Recruitment Secretariat	3,854,488,000	2,424,858,671	(1,429,629,329)
93	Immigration Department	66,910,920,000	60,876,182,207	(6,034,737,793)
TOTAL		12,904,753,807,606	12,065,217,662,758	(839,536,144,848)

Appendix 4.2: Actual exchequer release vs actual expenditure for supply votes

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
31	Vice President's Office	42,588,336,384	42,474,536,951	113,799,433
34	Ministry of Foreign Affairs and East African Cooperation	165,676,006,461	171,742,087,950	(6,066,081,489)
37	Prime Minister's Office	19,794,698,861	19,790,981,090	3,717,771
41	Ministry of Constitutional and Legal Affairs	6,856,030,180	6,838,154,041	17,876,139
43	Ministry of Agriculture, Livestock and Fisheries	84,029,073,350	84,005,612,551	23,460,799
44	Ministry of Industry, Trade and Investments	38,103,358,308	38,075,405,121	27,953,187
46	Ministry of Education, Science, Technology and Vocational Training	429,830,891,729	429,828,510,622	2,381,107
48	Ministry of Lands, Housing and Human Settlements Development	44,055,566,690	38,722,902,246	5,332,664,444

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
49	Water and Irrigation	22,299,704,554	22,298,503,352	1,201,202
50	Ministry of Finance and Planning	54,524,667,642	54,463,861,656	60,805,986
51	Home affairs	15,933,518,133	15,933,518,133	-
52	Ministry of Health, Community Development, Gender Elders and Children	326,052,575,660	332,264,542,235	(6,211,966,576)
53	Ministry of Health, Community Development, Gender Elders and Children	15,556,002,009	15,553,586,235	2,415,774
56	PO - Regional Administration and Local Government	32,616,967,181	32,614,013,079	2,954,102
57	Defence and National Service	16,393,514,247	16,391,840,130	1,674,117
58	Energy and Mineral	69,344,771,811	67,061,278,008	2,283,493,803
62	Ministry of Works, Transport and Communication	100,819,688,354	98,136,691,947	2,682,996,407

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
65	PO Labour, Youth, employment and Disability	7,999,982,509	7,994,208,899	5,773,610
68	Ministry of Works, Transport and Communication	35,622,590,006	44,736,173,404	(9,113,583,398)
69	Natural Resources And Tourism	48,763,830,502	50,213,538,362	(1,449,707,860)
96	Ministry of Information, Youth, Culture and Sports	16,816,576,931	18,592,866,748	(1,776,289,817)
97	Ministry of Works, Transport and Communication	21,952,740,454	21,940,192,526	12,547,928
98	Ministry of Works, Transport and Communication	35,697,318,601	35,697,318,601	-
99	Livestock Development And Fisheries	34,788,013,415	34,469,771,300	318,242,115
	REGIONAL SECRETARIATS			
36	Katavi	2,639,119,925	2,485,125,995	153,993,930
47	Simiyu	4,094,695,717	4,094,592,573	103,144

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
54	Njombe	4,122,741,300	4,116,319,089	6,422,211
63	Geita	3,892,968,335	3,890,048,005	2,920,330
70	Arusha	11,330,530,866	11,318,820,800	11,710,066
71	Pwani	4,792,573,400	4,792,176,399	397,001
72	Dodoma	10,532,399,763	10,531,981,093	418,670
73	Iringa	8,671,277,400	861,123,428	7,810,153,972
74	Kigoma	5,941,741,980	5,939,920,184	1,821,796
75	Kilimanjaro	10,536,423,160	10,479,969,425	56,453,735
76	Lindi	6,003,891,828	6,047,592,307	(43,700,479)
77	Mara	6,645,564,139	6,354,201,427	291,362,712
78	Mbeya	6,073,910,670	8,423,100,236	(2,349,189,566)
79	Morogoro	11,980,004,248	12,271,515,112	(291,510,864)
80	Mtwara	6,880,138,964	6,863,379,900	16,759,064
81	Mwanza	9,554,157,519	9,521,638,949	32,518,570
82	Ruvuma	10,159,514,940	10,159,514,940	-
83	Shinyanga	6,724,132,154	6,679,186,416	44,945,738

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
84	Singida	7,170,607,069	7,170,597,242	9,828
85	Tabora	7,548,914,710	7,509,228,380	39,686,330
86	Tanga	9,305,922,767	9,419,757,869	(113,835,102)
87	Kagera	8,239,480,962	8,239,480,873	89
88	Dar es Salaam	3,672,278,920	3,665,264,269	7,014,651
89	Rukwa	6,201,595,460	6,200,254,300	1,341,160
95	Manyara	4,952,450,000	4,949,389,452	3,060,548
VOTE	COMMISSIONS			
4	PO Records and Archive management	838,972,900	1,012,679,232	(173,706,332)
5	National Irrigation Commission	1,542,466,510	1,542,238,871	227,639
6	Presidential Delivery Bureau	2,060,508,121	2,060,508,121	-
7	Treasury Registrar	14,879,640,703	14,875,021,237.37	4,619,466
9	Public Service Remuneration Board	1,825,037,985	1,776,536,693	48,501,292
10	Joint Finance Commission	993,314,100	988,057,090	5,257,010
12	Judiciary Commission Service	1,017,144,063	1,017,072,722	71,341

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
13	Financial Intelligent Unit	646,917,114	646,917,114	-
15	Commission for Mediation and Arbitration	2,703,035,650	2,701,991,444	1,044,206
24	Cooperative Development Commission	4,225,510,432	4,219,290,432	6,220,000
55	Human Rights & Good Governance	3,540,223,710	3,539,136,678	1,087,032
59	Law Reform Commission	1,815,386,775	1,798,949,624	16,437,151
61	Electoral Commission	275,743,272,015	262,671,755,786	13,071,516,229
66	President's Office-Planning	3,664,327,500	3,664,281,723	45,777
91	Anti-Drugs Commission	1,689,215,987	1,688,892,999	322,988
92	Tanzania Commission for AIDS (TACAIDS)	3,238,284,452	3,236,037,531	2,246,921
94	Public Service Commission	10,114,559,066	10,113,999,545	559,521
VOTE	DEPARTMENTS WITHIN RESPECTIVE MINISTRIES			
14	Fire and Rescue Force	30,659,243,964	30,623,071,008	36,172,956
16	Attorney General	7,232,621,885	7,894,838,651	(662,216,766)

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
20	President's Office-State House	21,010,414,665	21,010,372,879	41,786
21	The Treasury	249,550,196,437	249,286,542,475	263,653,962
22	Public Debt and General Services	6,527,225,821,364	6,510,924,339,619	16,301,481,745
23	Accountant General's Office	84,905,892,065	84,577,710,016.60	328,182,048
25	Prime Ministers' Private Office	3,544,195,280	3,544,166,046	29,234
26	Vice President's Private Office	3,303,600,000	2,941,293,151	362,306,849
27	Registrar of Political Parties	20,475,056,000	21,201,736,170	(726,680,170)
28	Police Force	609,371,005,047	609,369,338,065	1,666,982
29	Prison Service Department	175,991,829,725	175,991,792,709	37,016
30	President Office and Cabinet Secretariat	411,181,144,888	411,181,137,672	7,216
32	President's Office - Public Service Management and Good Governance	28,648,079,748	30,381,558,950	(1,733,479,202)
33	President's office Ethics Secretariat	3,713,770,870	3,713,705,415	65,455

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS)	Unutilized funds (TZS)
35	Public Prosecution Division	13,265,771,275	13,200,897,154	64,874,121
38	Tanzania Peoples Defence Forces (TPDF)	1,138,443,445,257	1,138,443,445,257	-
39	National Service Force (JKT)	262,826,698,754	262,826,698,754	-
40	Judiciary	100,314,087,305	100,314,087,305	-
42	National Assembly	115,932,470,100	115,922,270,867	10,199,233
67	Public Service Recruitment Secretariat	2,424,858,671	2,424,858,671	-
93	Immigration Department	60,876,182,207	60,786,890,116	89,292,091
TOTAL		12,065,217,662,758	12,045,938,391,641	19,279,271,117

Appendix 4.3: Approved estimates vs actual exchequer release for development votes

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
31	Vice President's Office	3,868,847,000	338,079,000	(3,530,768,000)
34	Ministry of Foreign Affairs and East African Cooperation	7,622,346,994	-	(7,622,346,994)
37	Prime Minister's Office	60,177,980,312	44,270,161,230	(15,907,819,082)
41	Ministry of Constitutional and Legal Affairs	2,290,766,000	66,990,000	(2,223,776,000)
43	Ministry of Agriculture, Livestock and Fisheries	32,241,258,000	8,848,038,020	(23,393,219,980)
44	Ministry of Industry, Trade and Investments	35,387,381,000	6,516,733,111	(28,870,647,889)
46	Ministry of Education, Science, Technology and Vocational Training	546,172,358,285	494,004,098,964	(52,168,259,321)
48	Ministry of Lands, Housing and Human Settlements Development	3,458,996,000	3,434,781,476	(24,214,524)
49	Water and Irrigation	310,883,917,666	178,417,970,938	(132,465,946,728)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
50	Ministry of Finance and Planning	17,444,516,229	10,738,393,000	(6,706,123,229)
51	Home affairs	65,704,381,320	6,247,162,355	(59,457,218,965)
52	Ministry of Health, Community Development, Gender Elders and Children	440,642,452,000	133,026,323,092	(307,616,128,908)
53	Ministry of Health, Community Development, Gender Elders and Children	8,873,420,000	1,616,849,000	(7,256,571,000)
56	PO - Regional Administration and Local Government	270,312,969,486	236,657,584,764	(33,655,384,722)
57	Defence and National Service	281,755,742,000	278,617,783,732	(3,137,958,268)
58	Energy and Mineral	808,338,272,333	787,295,261,259	(21,043,011,074)
62	Ministry of Works, Transport and Communication	222,201,406,952	92,355,010,188	(129,846,396,764)
65	PO Labour, Youth, employment and Disability	18,500,000,000	8,837,000,000	(9,663,000,000)
68	Ministry of Works, Transport	15,798,888,000	2,000,000,000	

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
	and Communication			(13,798,888,000)
69	Natural Resources And Tourism	7,109,150,000	1,224,869,247	(5,884,280,753)
96	Ministry of Information, Youth, Culture and Sports	3,000,000,000	1,800,000,000	(1,200,000,000)
98	Ministry of Works, Transport and Communication	1,369,244,558,888	1,249,785,934,245	(119,458,624,643)
99	Ministry of Agriculture, Livestock & Fisheries	19,641,164,825	783,602,478	(18,857,562,347)
	REGIONAL SECRETARIATS			
36	Katavi	2,448,409,577	504,901,575	(1,943,508,002)
47	Simiyu	4,075,892,287	528,588,155	(3,547,304,132)
54	Njombe	8,317,383,765	545,387,198	(7,771,996,567)
63	Geita	2,905,523,419	676,693,155	(2,228,830,264)
70	Arusha	1,329,880,806	263,052,830	(1,066,827,976)
71	Pwani	1,444,608,000	265,010,489	

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
				(1,179,597,511)
72	Dodoma	5,345,504,000	2,532,184,443	(2,813,319,557)
73	Iringa	1,405,445,621	317,751,121	(1,087,694,500)
74	Kigoma	3,679,103,575	600,868,731	(3,078,234,844)
75	Kilimanjaro	2,046,158,431	275,817,443	(1,770,340,988)
76	Lindi	6,193,310,366	228,463,722	(5,964,846,644)
77	Mara	2,733,831,026	375,037,731	(2,358,793,295)
78	Mbeya	1,333,112,000	490,296,440	(842,815,560)
79	Morogoro	1,541,264,477	291,510,864	(1,249,753,613)
80	Mtwara	972,188,000	474,289,443.00	(497,898,557)
81	Mwanza	2,513,691,477	852,629,189	(1,661,062,288)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
82	Ruvuma	1,627,277,000	544,118,155	(1,083,158,845)
83	Shinyanga	25,578,678,463	358,807,489	(25,219,870,974)
84	Singida	3,831,393,710	342,178,125	(3,489,215,585)
85	Tabora	1,441,189,000	368,933,777	(1,072,255,223)
86	Tanga	1,490,397,465	342,745,358	(1,147,652,107)
87	Kagera	1,483,075,531	397,419,531	(1,085,656,000)
88	Dar es Salaam	4,010,676,387	2,198,111,014	(1,812,565,373)
89	Rukwa	1,199,478,419	501,483,975	(697,994,444)
95	Manyara	9,415,772,419	326,603,155	(9,089,169,264)
VOTE				COMMISSIONS
5	National Irrigation Commission	34,679,824,000	7,374,637,140	(27,305,186,860)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
6	Presidential Delivery Bureau	25,284,638,974	24,892,775,643	(391,863,331)
7	Treasury Register	1,471,700,000	821,699,500	(650,000,500)
13	Financial Intelligent Unit	98,940,885	98,940,885	-
55	Human Rights & Good Governance	382,122,000	324,213,000	(57,909,000)
61	National Electoral Commission	-	-	-
66	President's Office-Planning Commission	3,715,912,400	1,831,762,400	(1,884,150,000)
91	Ant-Drugs Commission	860,811,000	860,811,000	-
92	Tanzania Commission for AIDS (TACAIDS)	4,360,441,500	4,504,917,948	144,476,448
				-
VOTE	DEPARTMENTS WITHIN RESPECTIVE MINISTRIES			
4	PO Records and Archive Management	250,000,000	250,000,000	-
16	Attorney General's Chambers	644,740,000	454,827,600	(189,912,400)
21	The Treasury	54,117,081,391	18,570,525,634	(35,546,555,757)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
22	Public Debt and General Services	-	-	-
23	Accountant General's Office	6,840,140,000	5,933,739,999	(906,400,001)
28	Police Force Department	5,010,968,000	939,770,000	(4,071,198,000)
29	Prisons (Ministry of Home Affairs)	1,059,464,800	-	(1,059,464,800)
30	President Office - Cabinet Secretariat	135,503,265,000	109,392,223,817	(26,111,041,183)
32	President's Office - Public Service Management and Good governance	6,543,000,000	5,351,000,000	(1,192,000,000)
33	Ethics Secretariat	1,485,867,000	1,485,867,000	-
35	Directorate of Public Prosecutions (DPP)	395,763,680	395,763,540	(140)
38	Tanzania Peoples Defence Forces (TPDF)	8,000,000,000	1,000,000,000	(7,000,000,000)
39	National Service Force (JKT)	4,000,000,000	-	(4,000,000,000)
40	Judiciary	12,320,814,000	12,300,000,000	(20,814,000)

Vote	Ministries	Approved estimate (TZS.)	Exchequer issue received (TZS)	(Under)/ Over release (TZS.)
42	National Assembly	7,000,000,000	7,000,000,000	-
93	Immigration Service Department	5,800,000,000	3,326,000,000	(2,474,000,000)
Total		4,968,859,513,141	3,768,594,984,312	(1,200,264,528,829)

Appendix 4.4: Actual exchequer release vs actual expenditure for Development votes

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
31	Vice President's Office	338,079,000	256,585,822	81,493,178
34	Ministry of Foreign Affairs and East African Cooperation	-	-	-
37	Prime Minister's Office	44,270,161,230	44,270,161,230	-
41	Ministry of Constitutional and Legal Affairs	66,990,000	66,990,000	-
43	Ministry of Agriculture, Livestock and Fisheries	8,848,038,020	8,644,656,906	203,381,114
44	Ministry of Industry, Trade and Investments	6,516,733,111	6,516,733,111	-
46	Ministry of Education, Science, Technology and Vocational Training	494,004,098,964	492,706,270,996	1,297,827,968
48	Ministry of Lands, Housing and Human Settlements Development	3,434,781,476	3,434,781,476	-
49	Water and Irrigation	178,417,970,938	178,417,709,668.50	261,270

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
50	Ministry of Finance and Planning	10,738,393,000	9,172,134,996	1,566,258,004
51	Home affairs	6,247,162,355	6,247,162,355	-
52	Ministry of Health, Community Development, Gender Elders and Children	133,026,323,092	118,525,433,834	14,500,889,257
53	Ministry of Health, Community Development, Gender Elders and Children	1,616,849,000	1,616,849,000	-
56	PO - Regional Administration and Local Government	236,657,584,764	236,420,983,160	236,601,604
57	Defence and National Service	278,617,783,732	278,615,043,732	2,740,000
58	Energy and Mineral	787,295,261,259	787,295,261,259	-
62	Ministry of Works, Transport and Communication	92,355,010,188	87,349,776,137	5,005,234,051
65	PO Labour, Youth, employment and Disability	8,837,000,000	1,664,122,495	7,172,877,505
68	Ministry of Works, Transport and Communication	2,000,000,000	2,000,000,000	-

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
69	Natural Resources And Tourism	1,224,869,247	1,224,869,247	-
96	Ministry of Information, Youth, Culture and Sports	1,800,000,000	1,800,000,000	-
98	Ministry of Works, Transport and Communication	1,249,785,934,245	1,249,785,934,245	-
99	Ministry of Agriculture, Livestock & Fisheries	783,602,478	579,569,380	204,033,098
REGIONAL SECRETARIATS				
36	Katavi	504,901,575	502,829,291	2,072,284
47	Simiyu	528,588,155	528,586,262	1,893
54	Njombe	545,387,198	542,000,370	3,386,828
63	Geita	676,693,155	666,972,811	9,720,344
70	Arusha	263,052,830	263,052,830	-
71	Pwani	265,010,489	264,805,185	205,304
72	Dodoma	2,532,184,443	2,532,182,204	2,239

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
73	Iringa	317,751,121	317,303,044	448,077
74	Kigoma	600,868,731	600,392,506	476,225
75	Kilimanjaro	275,817,443	249,850,166	25,967,277
76	Lindi	228,463,722	229,671,111	(1,207,389)
77	Mara	375,037,731	-	375,037,731
78	Mbeya	490,296,440	395,599,239	94,697,201
79	Morogoro	291,510,864	291,510,864	-
80	Mtwara	474,289,443.00	468,125,182	6,164,261
81	Mwanza	852,629,189	293,507,977	559,121,212
82	Ruvuma	544,118,155	544,118,155	-
83	Shinyanga	358,807,489	358,754,488	53,001
84	Singida	342,178,125	342,178,125	-
85	Tabora	368,933,777	370,909,815	(1,976,038)

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
86	Tanga	342,745,358	343,552,068	(806,710)
87	Kagera	397,419,531	397,419,531	-
88	Dar es Salaam	2,198,111,014	2,197,199,233	911,781
89	Rukwa	501,483,975	498,682,334	2,801,641
95	Manyara	326,603,155	326,532,110	71,045
VOTE	COMMISSIONS			
5	National Irrigation Commission	7,374,637,140	5,320,557,980	2,054,079,160
6	Presidential Delivery Bureau	24,892,775,643	24,892,775,643	-
7	Treasury Register	821,699,500	543,600,000	278,099,500
13	Financial Intelligent Unit	98,940,885	87,612,800	11,328,085
55	Human Rights & Good Governance	324,213,000	188,212,100	136,000,900
61	National Electoral Commission	-	66,990,000	(66,990,000)

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
66	President's Office-Planning	1,831,762,400	1,831,760,116	2,284
91	Ant-Drugs Commission	860,811,000	860,811,000	-
92	Tanzania Commission for AIDS (TACAIDS)	4,504,917,948	3,756,636,438	748,281,510
				-
VOTE	DEPARTMENTS WITHIN RESPECTIVE MINISTRIES			
4	PO Records and Archive management	250,000,000	-	250,000,000
16	Attorney General's Chambers	454,827,600	454,827,600	-
21	The Treasury	18,570,525,634	18,570,477,566	48,068
22	Public Debt and General Services	-	-	-
23	Accountant General's Office	5,933,739,999	5,834,057,800	99,682,199
28	Police Force Department	939,770,000	939,770,000	-
29	Prisons (Ministry of Home Affairs)	-	-	-
30	President Office - Cabinet Secretariat	109,392,223,817	109,392,147,487	76,330

Vote	Ministries	Exchequer issue received (TZS)	Actual Expenditure (TZS.)	Unutilized funds (TZS.)
32	President's Office - Public Service Management and Good governance	5,351,000,000	1,582,788,018	3,768,211,982
33	Ethics Secretariat	1,485,867,000	1,485,867,000	-
35	Directorate of Public Prosecutions (DPP)	395,763,540	395,763,680	(140)
38	Tanzania Peoples Defence Forces (TPDF)	1,000,000,000	1,000,000,000	-
39	National Service Force (JKT)	-	-	-
40	Judiciary	12,300,000,000	12,300,000,000	-
42	National Assembly	7,000,000,000	6,999,999,902	98
93	Immigration Service Department	3,326,000,000	3,073,692,792	252,307,208
TOTAL		3,768,594,984,312	3,729,715,111,872	38,879,872,440

Appendix 5.1: List of projects financed by external borrowings for the year 2015/16

S/N	Lender/Project	Disbursements TZS
International Development Association		
1	East Africa Trade and Transport Facilitation project	12,296,758,493.5
2	Energy Dev & Access Expansion Project	15,026,840,342.7
3	Eastern Africa Agricultural Productivity Program	1,717,483,463.0
4	Tanzania Communications Infrastructure & e-Government Project	34,301,388,622.7
5	Backbone Transmission Investment Project	17,307,712,889.9
6	Tanzania Housing Finance Project	4,954,874,758.3
7	East Africa Public Health Laboratory Networking Project	5,698,106,465.5
8	Secondary Education Dev. Program II	8,387,558,570.7
9	Transport Sector Support Project	75,957,424,504.2
10	Zanzibar Urban Services Project	20,924,916,186.7
11	Development of the National Statistical System	15,053,487,130.1
12	Additional Financing Transport Sector Support	3,135,805,389.4
13	Productive Social Safety Net Project	100,109,962,110.0
14	Urban Local Government Strengthening Program	52,583,598,975.2
15	Basic Health Services Project	2,077,354,407.5
16	Tanzania Agricultural Sector Development Project	5,990,253,500.9
17	Energy Sector Capacity Building Project	11,608,929,556.4
18	Second Central Transport Corridor	5,574,788,674.8
19	Southern Africa Trade & Transport Facilitation	

S/N	Lender/Project	Disbursements TZS
	Pl	21,146,742,684.7
20	Regional Rusumo Falls Hydroelectric PJ	9,337,256,718.9
21	Private sector/MSME Competitiveness	24,150,369,884.1
22	Water Sector Support Pj	28,144,895,430.0
23	Science & Technology Higher Education-Add. Financing	453,344,149.6
24	Big Result Now in Education Program	34,721,478,883.0
25	Intermodal & Rail Development Project	12,142,543,536.5
26	Tanzania Strategic Cities II Pj	45,245,099,479.2
27	First South West Indian Ocean Fisheries Governance & Shared Growth Pj.	7,225,588,222.1
28	First Business Environment For Jobs Development Policy Financing	169,450,192,951.4
29	Tanzania Housing Finance Project-Add. Finance	21,565,011,615.0
30	Additional Financing for Lake Victoria Environmental Mgt Pj II (Phase 1)	14,130,571,240.4
31	Additional Financing for Sustainable Mgt of Mineral Resources Pj	6,237,196,128.0
32	Strengthening Primary Health Care for Result Program	109,341,912,057.8
33	Additional Financing for the East Africa Public Health Laboratory Networking Pj	8,951,265,890.7
34	Dar es Salaam Metropolitan Dev. Pj	22,825,368,792.2
	African Development Fund.(ADF)	
35	Support To Maternal Motality Reduction	3,608,084,972.0
36	Singida-Babati-Minjingu Road Upgrading Project	178,310,377.7
37	Electricity V Project	17,284,908,915.3
38	Zanzibar Water And Sanitation Project2008	3,138,508,735.9

S/N	Lender/Project	Disbursements TZS
39	Road Sector Support Project I	59,598,507,261.0
40	Phase II Dsm-Isaka-Kigali/Keza-Musongati Railway Project Study	452,599,613.4
41	Iringa-Shinyanga Transmission Line Project	11,342,276,127.8
42	Marketing Infrastructure, Value Addition	19,460,578,149.0
43	Alternative Learn And Skills Dev. Project Phase II	4,544,624,323.8
44	Road Sector Support Project Phase II	103,276,790,807.8
45	Zanzibar Urban Water And Sanitation Project 2013	4,053,663,754.7
46	Multinational: Arusha-Holili/Taveta-Voi Road Project (Tanzania Component)	13,223,636,634.6
47	Regional Rusumo Hydropower (Multinational)	63,001,366.0
48	Support To Technical Vocational Education And Training And Teachers Education Project	2,076,208,785.3
49	Eac Centres Of Excel Skills Technology	2,690,102,568.6
50	Kenya - Tanzania Interconnection	3,270,066,359.8
51	Arusha Sustainable Urban Water And Sanitation Delivery Project	985,500,000.0
52	Transport Sector Support Program	1,854,620,114.1
African Development Bank [ADB]		
53	Dar es Salaam Bus Rapid Transit System Project-Phase II:ADB	578,276,160.0
The OPEC Fund For International Dev.		
54	Singida Water Supply Project	102,062,522.9
55	Songwe Airport Project In Mbeya	1,090,893,933.5
56	Mwanza Airport Project	1,138,817,809.8
57	Ole-Kengeja Road Project	2,614,194,831.6

S/N	Lender/Project	Disbursements TZS
58	Same Water Project Loan Agreement	1,467,246,738.8
59	Third Education Project	65,118,000.0
60	Third Poverty Reduction Project	2,160,280,000.0
International Fund for Agricultural Dev.		
61	Rural Micro, Small and Medium Enterprise Support Programme	3,128,109,590.6
62	Marketing Infrastructure, Value Addition & Rural Support	18,863,316,916.2
63	Additional Financing For Livestock Support for Pastoral and Agro-Pastoral Development	2,525,570,023.2
European Investment Bank [E.I.B.].		
64	Tanzania Backbone Interconnector Project	26,297,925,378.1
65	Improvement to Regional Airports	1,714,754,160.6
Japan International Cooperation Agency (JICA)		
66	Arusha Namanga Athi River Road Development PJ TA-P8	3,942,193,875.4
67	Roads Sector Support Project TA-P9	23,964,487,295.7
68	Iringa-Shinyanga Backbone Transmission Investment Project TA-P10	25,705,425,262.7
69	Roads Sector Support Project TA-P11	48,663,875,480.4
70	Small Scale Irrigation Development Project TA - P12	33,020,162,154.0
71	Business Environment for Jobs Development Policy Operation TA-C9	118,346,100,000.0
Government of France.		
72	Urban Water Supply and Sanitation Bukoba & Musoma Town	13,219,583,721.7
73	Water Sector Development Phase II	28,479,798,000.0
Government of Saudi Arabia.		
74	Add Finance-Construction & Rehabilitation of	

S/N	Lender/Project	Disbursements TZS
	Rural Roads in Zanzibar PJ	5,182,498,800.0
Export Import Bank of China		
75	Tanzania National ICT Phase III Sub Phase 1	40,615,093,465.2
76	Natural Gas Processing Plant and Pipeline Project	201,408,649,737.9
77	Tanzania Energy Saving and Eco Housing Project	196,458,750,000.0
78	Tanzania Mnazi Bay and Songosongo Natural Gas	59,937,723,460.8
Export Import Bank of India		
79	Dar Es Salaam and Chalinze Water Supply Scheme	101,612,303,274.5
80	Purchase of Vehicles and Spares	22,472,906,186.5
81	Ext. of Lake Victoria Pipeline to Tabora Igunga Nzega	4,162,403,502.3
Export Import Bank of Korea		
82	Construction of 132kv Line- K'njaro-Arusha&Reh.of the Kiyungi sub-station&Acess Expansion Pj	1,139,153,937.3
83	Improvement of Water Supply System in Dodoma Town	16,861,115,455.2
84	Iringa - Shinyanga Backbone Transmission	898,729,104.9
85	Malagarasi Bridge & Associated Roads Project Phase II	2,218,606,058.5
86	Construction of Data Centre for National ID System Pj.	17,791,483,517.3
ING Bank N.V. Corp. Bank Serv. Amsterdam		
87	Rehabilitation and Upgrading of the Kilimanjaro International Airport	19,793,334,881.5
AB Svensk ExportKredit		
88	Makambako Songea 220Kv Transimission Line	3,134,848,855.1
HongKong and Shanghai Bank		
89	Construction of Passengers Terminal III Project	127,609,899,272.2

S/N	Lender/Project	Disbursements TZS
	Japan Bank for International cooperation	
90	Kinyerezi II MW 240 Project	198,951,380,907.3

Appendix 5.2: Government Obligations to Pension Funds TZS. 3,925.44 Billion

S/N	Fund	Amounts agreed for issuance of non-cash bond (TZS)	Amount waiting re-confirmation from the fund (TZS)	Amount under discussion pending IAG's verification (TZS)	Total by Fund
1	LAPF	84,259.64	-	-	84,259.64
2	NSSF	-	520,335.68	35,258.63	555,594.32
3	PPF	128,034.76	-	-	128,034.76
4	GEPF	6,530.31	-	-	6,530.31
5	NHIF	101,266.79	-	-	101,266.79
6	PPL	-	87,873.79	-	87,873.79
7	PSPF	-	290,541.10	-	290,541.10
8	PSPF pre-1999	2,671,340.00	-	-	2,671,340.00
Grand Total		2,991,431.49	898,750.57	35,258.63	3,925,440.69
Total in Trillion TZS		2.99	0.9	0.04	3.93

Appendix 5.3: Unrecorded Defaulted guarantees and other public obligations

No	DEBTOR	CREDITOR	USD/RMB	USD/RMB Rate	AMOUNT (TZS)
1	TTCL	Retired Officers			6,818,038,106
2	Tanzania Fertilizer company (TFC)	ABC Bank			19,214,043,689
3	Tanzania Fertilizer company (TFC)	CRDB Bank			19,103,563,349
4	Reli Asset Holding Corporation (RAHCO)	Pensioners			5,331,134,457
5	TAZARA	Pensioners			17,900,000,000
6	RITA	RITA			16,000,000,000
7	Tanzania Building Agency (TBA)	Compensation to for 155 houses for UDOM staff in Dodoma			11,116,741,242
8	ATCL	Wallis Trading Inc.	8,185,714.23	2,189.70	17,924,258,449
9	Government of Tanzania (court ruling)	H.P Steyn	10,855,332.02	2,189.70	23,769,920,524
10	General Tyre East Africa Ltd	NSSF	8,500,000.00	2,189.70	18,612,450,000
11	TRL	IFC	2,607,153.21	2,189.70	5,708,883,384
11	TRL	Rites	12,469,150.52	2,189.70	27,303,698,894
12	Urafiki Textiles	Exim Bank - China	110,682,199	329.36	36,454,289,029
Total					225,257,021,123

Appendix 5.4: Statement of Tax Exemptions for the period 2015/2016

Institution category	Total in TZS	Total in TZS	Increase (decrease) (TZS)	% of increase /(decrease	Share of category over total exemption %
	2015/16	2014/15			2015/16
Government Institutions	8,068,006,943	10,907,901,968	-2,839,895,025	-26.04%	0.73%
Parastatal Organizations	300,369,026,896	200,013,292,660	100,355,734,236	50.17%	27.30%
Religious Institutions	436,835,617	157,703,067	279,132,550	177.00%	0.04%
Non-Government Organizations (NGO)s	5,980,893,837	507,715,653	5,473,178,184	1078.00%	0.54%
Foreign Embassies/UN	23,116,956,434	15,979,987,089	7,136,969,345	44.66%	2.10%
Military duty free shop	590,372	1,701,546,597	-1,700,956,225	-99.97%	0.00%
Donor Funded Projects (DFP)	100,265,084	118,969,312,689	-118,869,047,605	-99.92%	0.01%
Private Companies & Individuals	440,723,359,342	243,401,384,649	197,321,974,693	81.07%	40.05%
Mining Sector	63,497,128,442	30,727,191,173	32,769,937,269	106.65%	5.77%

Institution category	Total in TZS	Total in TZS	Increase (decrease) (TZS)	% of increase /(decrease)	Share of category over total exemption %
Oil/Gas Exploration	18,553,637,287	117,838,127,034	-99,284,489,747	-84.25%	1.69%
Tanzania Investment Centre (TIC)	93,313,883,009	251,198,253,514	-157,884,370,505	-62.85%	8.48%
VAT relief granted under 3rd Schedule-VAT Act Cap 148	146,176,637,152	635,609,504,822	-489,432,867,670	-77.00%	13.28%
Total	1,100,337,220,415	1,627,011,920,914	-526,674,700,499	-32.37%	100%

Appendix 5.5: Uncollected Railway Development Levy from oil marketing companies.

S/N	COMPANY NAME	LOCAL (LITRES)	LOCAL(RDL)	LOCALIZED (LITRES)	LOCALIZED (RDL)
1	ACER PETROLEUM (T)	8,144,891	127,673,799.03	-	-
2	APEL PETROLEUM LTD	1,341,469	20,522,110.15	-	-
3	CAMEL (T) LTD	41,697,443	722,308,679.23	-	-
4	DELTA PETROLEUM (T) LTD	779,388	10,581,975.80	18,360	163,615.19
5	DALBIT PETROLEUM (T) LTD	669,551	7,194,229.82	246,388	2,756,363.15
6	EAST AFRICAN FOSSILS COMPANY	995,666	17,225,151.87	941,669.00	13,359,552.82
7	ENGEN PETROLEUM (T)	8,304,688	136,654,215.84	-	-
8	ENOC AFRICA LTD	5,087,978	71,668,755.26	-	-
9	GAPCO TANZANIA LIMITED	30,414,023	527,808,283.46	80,023	932,878.73
10	GBP (T) LTD	74,988,998	1,325,381,652.71	2,064,711	21,956,681.68
11	HASS PETROLEUM (T) LTD	-	-	147,616	1,675,640.22
12	LAKE OIL LTD	2,594,516	46,208,344.38	3,853,628	38,975,678.56
13	MANSOOR INDUSTRIES LTD	-	-	5,966,640	74,540,628.43
14	MOGAS TANZANIA	6,695,873	91,277,816.00	817,627	9,038,401.23

S/N	COMPANY NAME	LOCAL (LITRES)	LOCAL(RDL)	LOCALIZED (LITRES)	LOCALIZED (RDL)
	LIMITED				
15	MOUNT MERU PETROLEUM LTD	3,457,490	49,090,181.57	-	-
16	OILCOM (T) LTD	37,420,437	508,390,439.45	3,656,593	49,467,013.53
17	ORYX OIL CO. LTD	10,557,756	191,760,657.56	1,111,610.00	12,991,038.71
18	PUMA (T) LTD	131,197,499	1,363,380,181.74	-	-
19	SHIRE PETROLEUM (T) LTD	-	-	10,521	149,268.02
20	TOTAL TANZANIA LIMITED	13,467,570	153,218,894.31	-	-
21	TSN OIL (T) LTD	3,819,366	67,855,136.99	-	-
22	UNITED GROUP LTD	-	-	12,774	181,226.02
	TOTAL	381,634,602	5,438,200,505.17	18,928,160	226,187,986.29
	Grand Total				5,664,388,491

Appendix 6.1: Entities with Internal Audit weaknesses

S/N	Vote	Name of Entity	Deficiencies
1	5	The National Irrigation Commission	<ul style="list-style-type: none"> No internal audit reports produced by the Internal Audit Unit. Inadequate resources like working tools such as computers, motor vehicles.
2	14	Fire and Rescue Force	<ul style="list-style-type: none"> Inadequate number of staff. Internal Audit Unit did not finalize planned audits.
3	15	Commission for Mediation and Arbitration	<ul style="list-style-type: none"> Internal Audit Unit has only one staff Internal Audit Unit did not finalize planned audits
4	54	Njombe Regional Secretariat	<ul style="list-style-type: none"> There was no adequate allocation of staff and other resources. Did not perform and finalize all the planned audits
5	63	Geita Regional Secretariat	<ul style="list-style-type: none"> Unit received insufficient funds Inadequate resources like working tools such as computers, motor vehicle.
6	71	Pwani Regional Secretariat	<ul style="list-style-type: none"> There is no adequate number of staff and other resources, computers, motor vehicle.
7	74	Kigoma Regional Secretariat	<ul style="list-style-type: none"> There was one staff in the Unit and no working tools like computers and motor vehicle
8	75	Kilimanjaro Regional Secretariat	<ul style="list-style-type: none"> There were two staff instead in the unit instead of three and no working tools like computers and motor vehicle
9	76	Lindi Regional Secretariat	<ul style="list-style-type: none"> There were two staff instead of three and no working tools like computers and motor vehicle
10	78	Mbeya Regional Secretariat	<ul style="list-style-type: none"> Non completion of the annual audit work plan. Inadequate number of staff and financial resources

S/N	Vote	Name of Entity	Deficiencies
11	79	Morogoro Regional Secretariat	<ul style="list-style-type: none"> • There is no evidence that the work performed has been reviewed by audit committee
12	80	Mtwara Regional Secretariat	<ul style="list-style-type: none"> • Unit has insufficient resources.
13	82	Ruvuma Regional Secretariat	<ul style="list-style-type: none"> • Audit works planned by the internal audit department during the year were not implemented.
14	84	Singida Regional Secretariat	<ul style="list-style-type: none"> • Internal audit unit has not finalized all the planned audits activities. • Insufficient resources
15	86	Tanga Regional Secretariat	<ul style="list-style-type: none"> • The Unit lacks working tools
16	88	Dar Es Salaam Regional Secretariat	<ul style="list-style-type: none"> • Unit does not have the head of unit; and lacks working tools
17	89	Rukwa Regional Secretariat	<ul style="list-style-type: none"> • Not all planned audits were finalized • The Unit lacks working tools such as laptop computers and printers
18	91	Anti-Drug Commission	<ul style="list-style-type: none"> • Unit is not adequately staffed
19	95	Manyara Regional Secretariat	<ul style="list-style-type: none"> • Internal audit plan and reports were not approved or reviewed by the audit committee. • The unit is not provided with enough budgets
20		Fisheries Education and Training Agency	<ul style="list-style-type: none"> • Non Establishment of Internal Audit Unit

S/N	Vote	Name of Entity	Deficiencies
21		Internal Drainage Basin Water Board	<ul style="list-style-type: none"> Internal audit for the financial year 2015/2016 wasn't conducted.
22		Lake Victoria Basin Water Board	<ul style="list-style-type: none"> Internal audit for the financial year 2015/2016 wasn't conducted.
23		Ruvuma and Southern Coast Basin Water Board	<ul style="list-style-type: none"> Internal audit for the financial year 2015/2016 not conducted.
24		Wami- Ruvu Basin Water Board	<ul style="list-style-type: none"> Internal audit report for the financial year 2015/2016 wasn't submitted.
25		Agricultural Input Trust Fund	<ul style="list-style-type: none"> There was no adequate allocation of staff and other resources that correspond with the Internal Audit needs.
26		Presidential Trust Fund	<ul style="list-style-type: none"> No staff at the unit
27		Handeni Trunk Main Water Supply & Sanitation Authority	<ul style="list-style-type: none"> Internal audit for the financial year 2015/2016 wasn't conducted.
28		Institute of Judicial Administration	<ul style="list-style-type: none"> Unapproved internal audit plan 2015/16 There was no adequate number of staff and other resources
29		Tanzania Official Seed Certification Institute	<ul style="list-style-type: none"> Inadequate financial resources

S/N	Vote	Name of Entity	Deficiencies
30	23	Accountant General's Department	<ul style="list-style-type: none"> The Internal Audit Unit has not performed and finalized all the planned audits
31		Institute of Arts - Bagamoyo	<ul style="list-style-type: none"> No internal audit unit established
32		Tanzania Wildlife Protection Fund	<ul style="list-style-type: none"> Inadequate number of staff in the internal Audit Unit
33		National Service Corporation Sole	<ul style="list-style-type: none"> Internal audit recommendations are not adequately attended

Source: Respective management letters

Appendix 6.2: Entities with deficiencies on Audit Committee

S/N	Vote	Name of Entity	Deficiencies
1	5	The National Irrigation Commission	Audit Committee not established
2	15	Commission for Mediation and Arbitration	Committee didn't review and approve the Internal Audit's strategic audit plan
3	24	Tanzania Cooperatives Development Commission	The appointed made on the established audit committee members does not comply with requirement of Regulation 31(1) of the Public Financial Regulations 2001
4	34	Ministry of Foreign Affairs and East African Cooperation	One key member who was secretary to the Audit Committee also serves as member in another Ministerial Tender Board.
5	40	Judiciary of Tanzania	<ul style="list-style-type: none"> • There is no Audit Committee Charter. • No Annual Audit Committee report
6	41	Ministry of Constitutional and Legal Affairs	Audit Committee did not review the Financial Statements
7	44	Ministry of Industry, Trade And Investments	Committee did not prepare an annual Audit Committee report on its functions
8	54	Njombe Regional Secretariat	Committee did not prepare an annual Audit Committee report on its functions
9	65	Prime Minister's Office - Labour, Youth, Employment and Persons with Disability	Audit Committee met only once during the year under review instead of each quarter as required.
10	70	Arusha Regional Secretariat	Audit Committee has not reviewed the Financial Statements for the year 2015/16 as required by Regulation No. 32(f) of PFA

S/N	Vote	Name of Entity	Deficiencies
11	74	Kigoma Regional Secretariat	Audit Committee has not reviewed internal audit strategic plan.
12	75	Kilimanjaro Regional Secretariat	Committee has not reviewed the Financial Statements
13	76	Lindi Regional Secretariat	<ul style="list-style-type: none"> • Met only once during the accounting period 2015/2016; • did not approve Internal Audit plans
14	78	Mbeya Regional Secretariat	No Capacity Building Training Programs to Audit Committee members
15	79	Morogoro Regional Secretariat	Committee has not reviewed the Financial Statements
16	80	Mtwara Regional Secretariat	<ul style="list-style-type: none"> • No annual report prepared on its activities; • Committee has not reviewed the Financial Statements
17	85	Tabora Regional Secretariat	Audit Committee did not review the financial statements for the year ended 30 th June, 2016 contrary to Reg.32(1)(f) of PFR of 2001
18	86	Tanga Regional Secretariat	<ul style="list-style-type: none"> • Financial statements were not reviewed by audit committee • Progress reports and audit plans of the Internal Audit Unit were not reviewed by the audit committee.
19	89	Rukwa Regional Secretariat	Audit Committee did not review financial statements
20	95	Manyara Regional Secretariat	<ul style="list-style-type: none"> • The Committee didn't meet during the year under review • Committee didn't review the proposed Internal Audit Strategic Plan
21		Agricultural Seed Agency	Audit Committee conducted only one meeting instead of four contrary to Reg. 32 of Public Finance Regulation, 2001.

S/N	Vote	Name of Entity	Deficiencies
22		Fisheries Education and Training Agency	Non establishment of the Audit Committee
23		Tanzania Government Flight Agency	Audit Committee convened only two meetings instead of four contrary to the requirement of Reg.30 of the PFR, 2001).
24		Tanzania Tree Seed Agency	<ul style="list-style-type: none"> No annual report on the function of audit committee was submitted to the Controller and Auditor General contrary to Regulation 32 (1) (g) of Public Finance Regulation, 2001. Audit Committee did not meet while it is statutorily required to meet at least four times for the year as per to Accounting Circular No.1 of 2007/2008.
25		Handeni Trunk Main Water Supply & Sanitation Authority	Audit committee did not meet
26		Institute of Judicial Administration	There is no Audit Committee Charter.
27		Pasiansi Wildlife Training Institute	Non establishment of Audit Committee.
28		Tanzania Official Seed Certification Institute	The Audit Committee did not review the interim and annual financial statements
29	23	Accountant General's Department	Submission of financial statements for audit without the review and approval of the Audit Committee
30		National Service Corporation Sole	Audit committee annual report was not prepared

Appendix 6.3: Entities with Risk Management deficiencies

S/N	Vote	Name of Entity	Discrepancies
1	5	The National Irrigation Commission	Non-formulation of Risk Management Policy
2	29	Prisons Service Department	None performing of Risk Assessment
3	54	Njombe Regional Secretariat	There is no risk register maintained
4	63	Geita Regional Secretariat	Lack of fraud prevention and control environment
5	66	The Planning Commission	Non updating of risks register
6	70	Arusha Regional Secretariat	The risk management policy has not been reviewed since its first issue (June 2011) contrary to the Para 1.5 of RS risk management policy document.
7	71	Pwani Regional Secretariat	Secretariat did not perform risk assessment process
8	74	Kigoma Regional Secretariat	No risk assessments conducted Absence of Goods Inspection and Acceptance Committee
9	75	Kilimanjaro Regional Secretariat	There was no a risk management register in place
10	76	Lindi Regional Secretariat	No documented risk management process for identifying and responding to the risk of fraud
11	78	Mbeya Regional Secretariat	Non Preparation of the Risk Management Policy
12	82	Ruvuma Regional Secretariat	Secretariat did not perform management risk assessment
13	84	Singida Regional Secretariat	Lack of risk management process-risk management policy
14	86	Tanga Regional Secretariat	Absence of management fraud policy
15	91	Anti-Drug	No fraud policy and management's

S/N	Vote	Name of Entity	Discrepancies
		Commission	assessment of the internal control system to prevent and detect fraud have been done.
16	95	Manyara Regional Secretariat	No fraud policy and management's assessment of the internal control system to prevent and detect fraud have been done.
17		Business Registrations and Licensing Agency	Absence of Institutional Risk Management Framework (IRMF)
18		Tanzania Minerals Audit Agency	Management did not perform risks assessment to identify risks facing the Agency
19		Agricultural Input Trust Fund	Non-existence of Risk Management Policy and Risk Register
20		Presidential Trust Fund	Non-existence of Risk Management Policy and Risk Register
21		Roads Fund Board	Lack of Disaster Recovery Plan

Appendix 6.4: Information and Communications Technology

S/N	Vote	Name of Entity	Deficiencies
1	12	Judicial Service Commission	Lack of ICT policy guiding the entity.
2	34	Ministry Of Foreign Affairs And East African Cooperation	No IT steering committee No disaster recovery plan
3	54	Njombe Regional Secretariat	No data backups
4	63	Geita Regional Secretariat	Regulations/Policies and Circulars were not properly communicated to the user departments
5	70	Arusha Regional Secretariat	No Disaster recovering in place to guide the recovering of ICT facilities in RS in case a disaster strike.
6	71	Pwani Regional Secretariat	IT policy and ICT strategic plan were not prepared
7	74	Kigoma Regional Secretariat	No IT strategic plan
8	75	Kilimanjaro Regional Secretariat	ICT Policy was not in place IT Strategic committee was not established and no disaster recovery Plan
9	76	Lindi Regional Secretariat	Fire extinguishers have not been serviced for a long time; fire alarm fixed in laboratory building was not functioning; and no disaster recovery
10	84	Singida Regional	No IT Policy and the disaster recovery

S/N	Vote	Name of Entity	Deficiencies
		Secretariat	plan
11	85	Tabora Regional Secretariat	Lack of IT policy and annual plan
12	95	Manyara Regional Secretariat	No IT Policy and IT Strategic plan. No disaster recovery plan
13		Tanzania Tree Seed Agency	Agency has no IT Strategic Committee in place, no disaster recovery plan, backup and retention strategy
14		Institute of Judicial Administration	There is no approved ICT Policy as well as disaster recovery plans
15		Geological Survey of Tanzania	Non- establishment of Off-site Computerized Data Backup
16		Institute of Judicial Administration	There is no approved ICT Policy as well as disaster recovery plans
17		Government Chemist Laboratory Agency	No disaster Recovery Plan
18		Tanzania Wildlife Protection Fund	Lack of an IT specialist
19		NIDA	Lack of approved and operationalized Disaster Recovery Plan

Appendix 7.1: Delay of Payment of Statutory Contributions

Categories	Total Outstanding - TZS	< 30 Days	> 30 < 60 Days	> 60 < 90 Days
Employers' Contributions to Pension Funds	284,414,943,075.18	80,386,905,699.67	161,929,777,460.21	42,098,259,915.30

S/N	LG. No.	Vendor Name	Amount (TZS)
1	022VC15006667	Public Service Pensions Fund	5,467,161,163.76
2	022VC15006668	Public Service Pensions Fund	5,467,161,163.76
3	022VC15006670	Public Service Pensions Fund	5,467,161,163.76
4	022VC15006671	Public Service Pensions Fund	5,467,161,163.76
5	022VC15006672	Public Service Pensions Fund	5,467,161,163.76
6	022VC15006961	National Health Insurance Fund Contribution	3,690,613,524.13
7	022VC15006962	National Health Insurance Fund Contribution	3,690,613,524.13

S/N	LG. No.	Vendor Name	Amount (TZS)
8	022VC15006964	National Health Insurance Fund Contribution	3,690,613,524.13
9	022VC15006966	National Health Insurance Fund Contribution	3,690,613,524.11
10	022VC15007364	Local Authorities Pensions Fund	3,703,654,337.55
11	022VC15007366	Local Authorities Pensions Fund	3,703,654,337.55
12	022VC15007367	Local Authorities Pensions Fund	3,703,654,337.53
13	022VC15007383	GEPF Retirement Benefits Fund	2,465,701,724.55
14	022VC15007385	PPF Pensions Fund	3,624,972,226.74
15	022VC15007386	Public Service Pensions Fund	5,366,084,737.25
16	022VC15007387	Public Service Pensions Fund	5,366,084,737.25
17	022VC15007388	Public Service Pensions Fund	5,366,084,737.25
18	022VC15007389	Public Service Pensions Fund	5,366,084,737.25
19	022VC15007390	Public Service Pensions Fund	5,366,084,737.25

S/N	LG. No.	Vendor Name	Amount (TZS)
20	022VC15007391	Public Service Pensions Fund	5,366,084,737.25
21	022VC15007392	Public Service Pensions Fund	5,366,084,737.25
22	022VC15007393	Public Service Pensions Fund	5,366,084,737.24
23	022VC15007407	National Health Insurance Fund Contribution	35,268,000.00
24	022VC15007408	National Health Insurance Fund Contribution	3,624,638,857.46
25	022VC15007410	National Health Insurance Fund Contribution	3,624,638,857.46
26	022VC15007411	National Health Insurance Fund Contribution	3,624,638,857.46
27	022VC15007412	National Health Insurance Fund Contribution	3,624,638,857.46
28	022VC15007413	Local Authorities Pensions Fund	3,703,654,337.55
29	022VC15007902	PPF Pensions Fund	3,626,556,513.75
30	022VC15007987	Public Service Pensions Fund	81,049.30
31	022VC15007988	NSSF GDE Collection Account	1,889,345,041.90

S/N	LG. No.	Vendor Name	Amount (TZS)
32	022VC15008057	GEPF Retirement Benefits Fund	2,473,636,425.00
33	022VC15008058	GEPF Retirement Benefits Fund	705,495,526.00
34	022VC15008060	Public Service Pensions Fund	5,431,660,478.93
35	022VC15008061	Public Service Pensions Fund	5,431,660,478.93
36	022VC15008063	Public Service Pensions Fund	5,431,660,478.93
37	022VC15008064	Public Service Pensions Fund	5,431,660,478.93
38	022VC15008066	Public Service Pensions Fund	5,431,660,478.93
39	022VC15008069	Public Service Pensions Fund	5,431,660,478.93
40	022VC15008081	Public Service Pensions Fund	5,431,660,478.93
41	022VC15008082	Public Service Pensions Fund	5,431,660,478.92
42	022VC15008089	Local Authorities Pensions Fund	3,725,580,132.55
43	022VC15008090	Local Authorities Pensions Fund	3,725,580,132.55

S/N	LG. No.	Vendor Name	Amount (TZS)
44	022VC15008091	Local Authorities Pensions Fund	3,725,580,132.55
45	022VC15008092	Local Authorities Pensions Fund	3,725,580,132.53
46	022VC15008094	NSSF GDE Collection Account	1,886,926,142.91
47	022VC15008101	National Health Insurance Fund Contribution	3,656,105,204.94
48	022VC15008102	National Health Insurance Fund Contribution	3,656,105,204.94
49	022VC15008103	National Health Insurance Fund Contribution	3,656,105,204.94
50	022VC15008104	National Health Insurance Fund Contribution	3,656,105,204.92
51	022VC15008564	NSSF GDE Collection Account	1,856,624,421.90
52	022VC15008582	Public Service Pensions Fund	5,327,807,068.82
53	022VC15008583	Public Service Pensions Fund	5,327,807,068.81
54	022VC15008584	Public Service Pensions Fund	5,327,807,068.81
55	022VC15008586	Public Service Pensions Fund	5,327,807,068.81

S/N	LG. No.	Vendor Name	Amount (TZS)
56	022VC15008587	Public Service Pensions Fund	5,327,807,068.81
57	022VC15008588	Public Service Pensions Fund	5,327,807,068.81
58	022VC15008589	Public Service Pensions Fund	5,327,807,068.81
59	022VC15008590	Public Service Pensions Fund	5,327,807,068.81
60	022VC15008592	Local Authorities Pensions Fund	3,687,695,694.17
61	022VC15008593	Local Authorities Pensions Fund	3,687,695,694.17
62	022VC15008594	Local Authorities Pensions Fund	3,687,695,694.17
63	022VC15008595	Local Authorities Pensions Fund	3,687,695,694.17
64	022VC15008596	PPF Pensions Fund	3,585,880,117.59
65	022VC15008633	National Health Insurance Fund Contribution	3,605,087,270.83
66	022VC15008634	National Health Insurance Fund Contribution	3,605,087,270.83
67	022VC15008635	National Health Insurance Fund Contribution	3,605,087,270.83

S/N	LG. No.	Vendor Name	Amount (TZS)
68	022VC15008636	National Health Insurance Fund Contribution	3,605,087,270.82
69	022VC15008641	GEPF Retirement Benefits Fund	2,456,576,924.40
70	022VC15008642	GEPF Retirement Benefits Fund	694,154,776.00
Grand Total			284,414,943,075.18

Appendix 8.1: Analysis approved estimates and funds released

S/N	Agency	RECURRENT		DEVELOPMENT	
		Total Estimates in TZS	Funds Released in TZS	Total Estimates in TZS	Funds Released in TZS
1	E-Government Agency		2,670,087,409	-	3,000,000,000.00
2	Registration Insolvency and Trusteeship Agency(RITA)	2,785,856,000	1,979,903,781	1,691,194,000.00	1,113,806,170.00
3	Tanzania Forestry Service Agency(TFSA)	10,234,438,000	10,234,438,000	-	-
4	Tanzania Global Learning Agency(TAGLA)	411,517,000	272,464,078	-	-
5	Tanzania Public Service College(TPSC)	4,814,999,400	3,980,879,230	-	-
6	Tanzania Tree Seeds Agency(TTSA)	1,015,476,000	589,627,636	-	-
7	Agriculture Seeds Agency(ASA)	1,551,958,180	832,580,550	2,794,563,460.00	2,073,581,756.00
8	Drilling and Dam Construction Agency(DDCA)	8,303,235,912	2,118,067,979	6,173,739,100.00	675,376,250.00
9	Fisheries Education and Training Agency(FETA)	1,431,126,000	959,819,637	650,000,000.00	-

S/N	Agency	RECURRENT		DEVELOPMENT	
		Total Estimates in TZS	Funds Released in TZS	Total Estimates in TZS	Funds Released in TZS
10	Geological Survey of Tanzania(GST)	7,598,170,000	4,451,586,164.00	-	-
11	Livestock Institute Training Agency(LITA)	1,033,967,000	907,026,847	630,563,000.00	-
12	Tanzania Building Agency(TBA)	4,215,000,000	4,449,969,019	30,000,000,000.00	20,404,620,646.00
13	Tanzania Electrical, Mechanical and Services Agency(TEMESA)	7,733,743,400	7,587,552,647	12,214,636,910.00	4,430,677,788.00
14	Tanzania Government Flights Agency(TGFA)	6,452,091,080	5,141,525,531	5,000,000,000.00	5,800,000,000.00
15	Tanzania Meteorological Agency(TMA)	11,617,215,604	11,546,756,002	1,900,000,000.00	794,000,000.00
16	Tanzania National Roads Agency (TANROADS)	470,588,191,000	470,793,041,000	251,653,329,000.00	767,978,749,000.00
17	Tanzania Veterinary Laboratory Agency(TVLA)	1,491,733,000	337,045,573	1,027,775,000.00	347,957,000.00
18	Weights and Measures Agency (WMA)	4,972,169,839	3,613,140,000	150,000,000.00	-

S/N	Agency	RECURRENT		DEVELOPMENT	
		Total Estimates in TZS	Funds Released in TZS	Total Estimates in TZS	Funds Released in TZS
19	National Housing and Building Research Agency(NHBRA)	2,971,424,014	1,238,296,297	500,000,000.00	-
20	Agency for Development of Education Management(ADEM)	5,585,296,040	2,320,295,882	-	-
21	Institute of Arts and Culture-Bagamoyo(TASUBA)	2,181,346,760	1,034,157,189	450,000,000.00	-
22	Occupational Safety and Health Agency(OSHA)	10,002,638,828	10,776,564,012	-	-
23	Tanzania Employment Service Agency (TaESA)	1,403,594,489	907,481,380	-	-
24	Tanzania Mineral Audit Agency(TMAA)	10,978,436,000	9,146,659,000	-	-
25	Dar es Salaam Rapid Transit Agency(DART)	1,771,941,550	1,294,147,430	6,800,000,000.00	3,600,000,000.00

S/N	Agency	RECURRENT		DEVELOPMENT	
		Total Estimates in TZS	Funds Released in TZS	Total Estimates in TZS	Funds Released in TZS
26	Government Procurement Service Agency(GPSA)	3,346,825,000	3,153,790,000	418,840,000.00	282,140,000.00
27	Rural Energy Agency(REA)	5,375,701,200	168,041,870	357,117,000,000.00	294,872,654,299.00
28	Eastern Africa Statistical Training Centre (EASTC)	1,957,488,000	1,506,782,286	69,517,000	-
29	Tanzania Airports Authority(TAA)	1,900,000,000	153,083,688	97,793,000,000	7,620,691,829
30	National College of Tourism(NCT)	5,052,394,545	1,790,303,649	-	73,592,455
	TOTAL	598,777,973,841	565,955,113,766	777,034,157,470	1,113,067,847,193

Appendix 8.2: Agencies with accounts payables

S/N	Agency	Within 12 months (Amounts in TZS)	More than 12 months (Amounts in TZS)	Total in TZS
1	E-Government Agency	7,486,312,932	238,535,568	7,724,848,500
2	Registration Insolvency and Trusteeship Agency(RITA)	609,604,030	598,485,862	1,208,089,892
3	Tanzania Forestry Service Agency(TFSA)			-
4	Tanzania Global Learning Agency(TAGLA)	240,875,193	142,853,092	383,728,285
5	Tanzania Public Service College(TPSC)	1,069,805,690	-	1,069,805,690
6	Tanzania Tree Seeds Agency(TTSA)	108,866,897	72,745,963	181,612,860
7	Agriculture Seeds Agency(ASA)	61,760,158	176,790,819	238,550,977
8	Drilling and Dam Construction Agency(DDCA)	646,555,873	18,967,126	665,522,999
9	Fisheries Education and Training Agency(FETA)	111,676,767	-	111,676,767
10	Geological Survey of Tanzania(GST)	708,667,437		

S/N	Agency	Within 12 months (Amounts in TZS)	More than 12 months (Amounts in TZS)	Total in TZS
			40,140,060	748,807,497
11	Livestock Institute Training Agency(LITA)	2,778,500	64,953,810	67,732,310
12	Tanzania Building Agency(TBA)	5,471,604,178	21,695,620,640	27,167,224,818
13	Tanzania Electrical, Mechanical and Services Agency(TEMESA)	4,043,224,128	6,249,412,289	10,292,636,417
14	Tanzania Government Flights Agency(TGFA)	2,893,284,877	1,657,718,600	4,551,003,477
15	Tanzania Meteorological Agency(TMA)	634,416,325	237,253,308	871,669,633
16	Tanzania National Roads Agency (TANROADS)	1,105,716,000	1,786,521,498,000	1,787,627,214,000
17	Tanzania Veterinary Laboratory Agency(TVLA)			-
18	Weights and Measures Agency (WMA)			-
19	National Housing and Building Research Agency(NHBRA)	23,710,938	22,193,401	45,904,339

S/N	Agency	Within 12 months (Amounts in TZS)	More than 12 months (Amounts in TZS)	Total in TZS
20	Agency for Development of Education Management(ADEM)			-
21	Government Chemistry Laboratory Agency(GCLA)			-
22	Institute of Arts and Culture-Bagamoyo(TASUBA)	45,875,200	107,000,053	152,875,253
23	Occupational Safety and Health Agency(OSHA)			-
24	Tanzania Employment Service Agency(TaESA)	26,384,524	143,942,085	170,326,609
25	Tanzania Mineral Audit Agency(TMAA)	207,602,000		207,602,000
26	Dar es Salaam Rapid Transit Agency(DART)	401,348,167	101,473,557	502,821,724
27	Government Procurement Service Agency(GPSA)	4,380,276,191	899,586,841	5,279,863,032
28	Rural Energy Agency(REA)	14,706,796,019	770,072,300	15,476,868,319

S/N	Agency	Within 12 months (Amounts in TZS)	More than 12 months (Amounts in TZS)	Total in TZS
29	Business Registrations and Licensing Agency (BRELA)	69,804,386		69,804,386
30	Mzinga Corporation	1,539,179,846	2,322,221,481	3,861,401,327
31	Local Government Loans Board (LGLB)	14,925,920	-	14,925,920
32	Eastern Africa Statistical Training Centre (EASTC)	77,354,820	12,000,000	89,354,820
33	Tanzania Airports Authority(TAA)	-	5,429,692,501	5,429,692,501
34	National Identification Authority (NIDA)			-
35	National College of Tourism(NCT)	890,062,904	165,327,333	1,055,390,237
	TOTAL	47,578,469,902	1,827,688,484,688	1,875,266,954,590

Source: Individual management letter 2015/2016

Appendix 8.3: Agencies with outstanding accounts receivables

S/N	Agency	Within 12 months (Amount in TZS)	More than 12 months (Amount in TZS)	Total (Amount in TZS)
1	E-Government Agency	3,608,026,851	163,278,149	3,771,305,000
2	Registration Insolvency and Trusteeship Agency(RITA)	19,716,592	1,210,067,927	1,229,784,519
3	Tanzania Global Learning Agency(TAGLA)	138,740,387	43,759,122	182,499,509
4	Tanzania Public Service College (TPSC)	564,505,977	178,290,689	742,796,666
5	Agriculture Seeds Agency(ASA)	278,810,194	1,024,217,075	1,303,027,269
6	Drilling and Dam Construction Agency(DDCA)	1,413,969,222	1,330,220,187	2,744,189,409
7	Fisheries Education and Training Agency(FETA)	93,864,000	-	93,864,000
8	Geological Survey of Tanzania(GST)	16,368,367	-	16,368,367
9	Livestock Institute Training Agency(LITA)	57,648,755	11,063,382	68,712,137
10	Tanzania Building Agency(TBA)	31,475,131,527	3,786,836,386	35,261,967,913
11	Tanzania Electrical, Mechanical and Services Agency(TEMESA)	317,630,916	9,429,170,402	9,746,801,318
12	Tanzania Government Flights Agency(TGFA)	1,617,298,199	23,079,244,257	

S/N	Agency	Within 12 months (Amount in TZS)	More than 12 months (Amount in TZS)	Total (Amount in TZS)
				24,696,542,456
13	Tanzania Meteorological Agency(TMA)	1,312,858,752	232,702,982	1,545,561,734
14	Tanzania National Roads Agency (TANROADS)	116,232,000	494,648,588,000	494,764,820,000
15	Weights and Measures Agency (WMA)	2,001,559,084	1,064,523,269	3,066,082,353
16	National Housing and Building Research Agency(NHBRA)	119,272,120	27,315,738	146,587,858
17	Agency for Development of Education Management(ADEM)	36,150,093	27,596,000	63,746,093
18	Government Chemistry Laboratory Agency(GCLA)	288,314,807	443,958,887	732,273,694
19	Institute of Arts and Culture- Bagamoyo(TASUBA)	30,114,000	-	30,114,000
20	Occupational Safety and Health Agency(OSHA)	848,345,060	1,403,040,315	2,251,385,375
21	Tanzania Mineral Audit Agency(TMAA)	207,926,000	16,335,000	224,261,000
22	Dar es Salaam Rapid Transit Agency(DART)	303,953,120	11,488,320	315,441,440
23	Rural Energy Agency(REA)	3,992,478,277	14,789,454,467	18,781,932,744
24	Business Registrations and Licensing Agency	216,972,735	175,589,006	

S/N	Agency	Within 12 months (Amount in TZS)	More than 12 months (Amount in TZS)	Total (Amount in TZS)
	(BRELA)			392,561,740
25	Mzinga Corporation	2,317,930,098	4,617,370,262	6,935,300,360
26	Local Government Loans Board (LGLB)	3,648,168,315	1,918,948,626	5,567,116,941
27	Eastern Africa Statistical Training Centre (EASTC)	213,887,393	-	213,887,393
28	Tanzania Airports Authority(TAA)	8,338,020,404	2,778,051,061	11,116,071,465
29	National College of Tourism(NCT)	40,443,700	-	40,443,700
	TOTAL	63,634,336,944	562,411,109,508	626,045,446,452

Appendix 9.1 Procurement without competitive Tendering

S/N	Details	Amount(TZS)
1	Vote 42:National Assembly	
	Anomalies observed on the purchases of Transformer from M/S ABB LT	61,009,334
2	Vote 34:Ministry of Foreign Affairs and East Africa Cooperation	
	Single Source Procurement of Consultancy services for design of HQ buildings	1,516,411,044
3	Vote 26:Vice President-Private Office	
	Micro Value Procurement Method used for Hiring Civilian Aircraft	14,000,000
4	Vote 56:President Office PMO-RALG	
	Irregular procurement of food and refreshments	33,970,903
5	Vote 39:National Service Force	
	Procurements of various goods and services without Competitive Quotations	38,852,840
6	Vote 83:RS Shinyanga	
	Uncompetitive procurement of works for electrical installation to the proposed construction of the Administration block for Shinyanga Referral Hospital (Phase I)	145,040,835
7	Vote 47:RS Simiyu	
	Service/repair of motor vehicles without inviting quotations from different garages	21,267,059
8	Vote 47:RS Simiyu	
	Unjustified single source procurement of various goods and services	61,698,741
9	Vote 48: Ministry of Lands, Housing and Human Settlements Development	
	Single source procurement of service for installation and commission of automatic fire suppression system	1,472,456,763
10	Vote:48 Ministry of Lands, Housing and Human Settlements Development	
	Single source used for procurement of consultant services for preparation of the master plan for Mwanza and Arusha cities	20,007,835,090
11	Vote 48: Ministry of Lands, Housing and Human Settlements Development	

S/N	Details	Amount(TZS)
	Single source method used for renovation/construction of zonal offices for District Lands and Housing Tribunal	419,000,000
12	Vote 93:Immigration Services Department	
	Flouting of Procurement Procedures for procurement 100 pcs of Polo T-Shirts	9,386,000
13	Vote 80:RS Mtwara	
	Irregular Award of Contract for the construction of a Centre of Excellency building at Shangani	127,683,693
14	Vote 78: RS Mbeya	
	Procurements of various supplies Made without Competitive Quotations	51,641,600
15	Vote 50: Ministry of Finance and Planning	
	Unjustified Single Source Procurement of Consultant Services for Independent Verification of Health Service Result	236,000,000
	Total	24,216,625,390

Source: Individual CAG's Management Letter for the year 2015/2016

Appendix 9.2: Anomalies in the project/contract management

MDAs, Project Details & Irregularities.	Amount(TZS)
Vote 34: Ministry of Foreign Affairs and International Cooperation	
Project : Rehabilitation of embassy buildings in Maputo and New York	12,014,642,900
<ul style="list-style-type: none"> • Expected completion dates were 19th February, 2013 and September 2014 for Maputo and New-York respectively but there were no time extension granted to the date of this audit October, 2016 and the projects had not been completed. • TBA performed pre and post contract supervision services without the prior written agreement/contract. • There was no signed revised contract (addendum) to approve new terms/works as required by Reg.110 (4) of PPR of 2013. 	
Vote 33: President's Office Ethics Secretariat	
Tender: EI/022/2015/2016/W/01/LOT3 with M.S AC Technology for Supply of Air Conditions and Ventilation installation	165,763,398
<ul style="list-style-type: none"> • TZS.82, 881,699 was paid to AC. Technology as 50% of the whole sum against Invoice No 2492 dated 20/6/2016 without certification of the work done under the contract. • According to the Contract, the Main Contractor was supposed to submit to sub-contractor the program which allows him to start the work, However audit could not establish the commencement and completion date of the installation of Air Conditioners. • Additional amount of TZS.78, 202,324.32 was transferred instead of TZS.82, 881,699 as agreed in the separate contract agreement between Ethics Commission, CRDB Bank and AC Technology. • Final completion certificate had not been issued to evidence the completion of the project 	

MDAs, Project Details & Irregularities.	Amount(TZS)
Vote 57: Ministry of Defense and National Service	
Contract: MOD-SCG-0002 of 25/11/2009 with M/S SHANGHAI CONSTRUCTION (GROUP) GENERAL COMPANY for Designing and Construction of 10,000 energy saving and ECO-housing projects over 17 Regions in Tanzania	USD 300 Million
<ul style="list-style-type: none"> • The Contract agreement was not produced for audit verification contrary to Reg.109 and Reg.232 (1)-(2) of the PPR, 2013 • The actual number of houses to be built is not known to audit due to inconsistency of information/reports reviewed as either 10,000 houses project or 6064 houses • No separate BOQ provided for each site despite the different geographical location and nature. • No inspection evidenced has been conducted on various stages of construction by the Ministry's representatives/engineer whenever work is ready and before it is executed as well as the notice from the contractor to instruct the employer to inspect the work before progressing to the next stage. • The items worth USD 85,655,992.81 equivalent to TZS 187,453,857,465.04 are established in the Bills of Quantities in lump- sum as Provisional Costs (PC) however the detailed works to be performed and actual performance was not ascertained to audit • No evidence of certificate of work done and measurement sheets raised during the preparation of payments to the contractor 	
Vote 49: Ministry of Water and Irrigation	
Contract: No.ME-011/2014/15/CONTRACT/W/01 dated 18th May, 2015with M/s MAGACON Co. Ltd for Rehabilitation of Central Water Quality Laboratory and Office Extension at Ubungu	896,485,844
<ul style="list-style-type: none"> • Approval of Evaluation Committee members was not done by the Accounting Officer. • Review of contract documents revealed that, Bank Guarantee No.CRDB15-IGT347 had expired on 13th 	

MDAs, Project Details & Irregularities.	Amount(TZS)
<p>December, 2015 before effecting recoveries of the advance payment amounting to TZS. 179,297,008.00 as stated under clause 54.1 of the General Conditions of the Contract (GCC).</p> <ul style="list-style-type: none"> According to Interim Payment Certificate (IPC) No.04 of 14/06/2016 a sum of TZS.115,480,432.85 has been recovered leaving a total of TZS.63,816,575.20 	
Vote 49: Ministry of Water and Irrigation	
<p>Contract No.ME-011/2013-2014/W/01 with M/s China Civil Engineering Construction Corporation dated 10th November, 2014 for Construction of Office Building</p>	37,463,321,397
<ul style="list-style-type: none"> The draft Contract was vetted by Attorney General before been signed by the parties in line with section 60(9) of Public Procurement Act of 2011, however, upon vetting, six (6) recommendations were raised by the Attorney General vide letter reference number AGCC/A 130/23 of 3rd October, 2014.However they were not incorporated in the contract agreement Evaluation Committee members were not approved by Accounting Officer contrary to section 40(2) of the Public Procurement Act of 2011 I noted unpaid claims amounting to TZS 1,704,294,880 as at the time of audit, (September, 2016) 	
Vote 38: Tanzania Peoples Defense Forces (TPDF)	
<p>Improper management of various construction contracts Projects:</p>	10,051,918,527
<ul style="list-style-type: none"> No evidence of advertisement was made available contrary to Reg.181 (5) of the PPR,2013 No evidence produced to confirm if due diligence was performed to the contracted contractors contrary to Reg.31(a)-(e) and Reg.116(1)-(5) of the PPR,2013 	

MDAs, Project Details & Irregularities.	Amount(TZS)
<ul style="list-style-type: none"> The bills of quantities, interim payment certificate of work done and measurement sheets were not supporting the preparation of payments to the contractors No evidence showing that inspection were conducted on various stages of construction by TPDF representatives/engineer whenever work was completed and before it is executed, also there was no evidence that the contractor issued a notice to instruct the employer to inspect the work before progressing to the next stage. 	
Vote 28: Tanzania Police Force	
Project: Oversights in the concession agreement for development and operation of Integrated Commercial Complex at Oyster bay Police (PPP) between Police Force and M/S Mara World Tanzania Limited	USD 700 Million
<ul style="list-style-type: none"> Omission of tentative project costs for construction of residential houses of relocated police staff at Kunduchi and Mikocheni in the concession agreement. Exclusion of terms of payment for loan used to finance construction of residential houses of relocated police staff at Kunduchi and Mikocheni in the concession agreement. Recommendation for recoupment of loan on 50% to 50% basis on annual concession fees payable to Tanzania Police Force Corporation Sole by consultant (M/S UDSM) was disregarded and omitted in the concession agreement. Noted delays in completing construction of residential houses of relocated police staff at Kunduchi and Mikocheni. According to Section 2.1.10 of the concession agreement construction was supposed to end on 30 June 2015 but until time of our audit in November 2016 construction of houses was still going on. 	

MDAs, Project Details & Irregularities.	Amount(TZS)
<ul style="list-style-type: none"> Review of cumulated net cash flows noted that project payback period is 53 years. However audit scrutiny noted that concession period is 70 years without strong financial reasons to substantiate additional of 17 years 	
Vote 42: National Assembly	
Contract : Agreement between the Office of the National Assembly and M/S Toyota Tanzania LTD	
<ul style="list-style-type: none"> Technical specification in Appendix “C” priced list of the item to be procured, it was agreed that the supplier should supply 14 unit of Toyota Land-Cruiser Prado VX-L Automatic Mode IKDJ150-GKAEY each cost TZS.168, 477,476 including all taxes and VAT. But the supplier, supplied ten (10). Out of ten (10) Units supplied, five (5) Units were Toyota Land Cruiser TX-L Manual Model KDJ150 R-GKFEY at each TZS.136,989,767 and 5 Units were Toyota Land Cruiser TX-L Auto Model KDJ150 R-GKAEY at each TZS.205,257,235. The supply of ten (10) Units were made out of agreed contract agreement, the contract was defaulted by supplying Toyota Land Cruiser Prado TX-L instead Toyota Land Cruiser Prado VX-L as specified in the contract. Refer inspection report from Goods Inspection and Acceptance Committee which submitted to management on January, 2016 headed by one official (Merkion Ndofi) as chairman of the Inspection and Acceptance Committee. Clause 12.1 delivery of the motor vehicles state that the parties here to mutually agreement that delivery of the said 14 units of Toyota Land Cruiser Prado VX-L delivery shall be within ninety (90) days counted from 1st day of June, 2015 made by the supplier in accordance with the terms specified in the schedule of requirements while the motors vehicles ten (10) Units of Toyota Land Cruiser Prado TX-L were delivered on December, 2015 four month after the date of delivery 	2,662,571,015

MDAs, Project Details & Irregularities.	Amount(TZS)
<ul style="list-style-type: none"> Shortly delivered of Motor vehicles, the supplier was supposed to supply 14 motor vehicle Land cruiser Prado VX-L, 2 units of Land Cruiser hard top and 1 unit Toyota Double Cabin but up to the time of writing this report (November, 2016) only 10 unit were delivered, five (5) Units were Toyota Land Cruiser TX-L Manual Model KDJ150 R-GKFEY at each TZS. 136,989,767 and 5 Units were Toyota Land Cruiser TX-L Auto Model KDJ150 R-GKAEY at each TZS.205, 257,235. 	

Source: Individual CAG's Management Letters for the year 2015/2016

Appendix 9.3: Delay in completion of construction projects

S/N	Details	Amount(TZS)
1	Vote 49:Ministry of Water and Irrigation	
	Anomalies in contract procurements for supply and installation of laboratory equipment; Expected completion date was 30 th October,2016	1,194,748,612
2	Vote 63: RS Geita	
	Construction of Government leaders' houses not completed: Expected Completion was January,2015	2,328,897,196
3	Vote 38: Tanzania Peoples Defence Forces (TPDF)	
	Inadequate management of project for rehabilitation of VIP Lounge at 603 ATS and absence of formal handing over certificate: Expected Completion date was 10 th August,2016	86,725,726
4	Vote 28:Tanzania Police Force	
	Buildings not put into use in Mara, Iringa, Mwanza and Mtwara: Expected Completion date was July,2012	5,142,227,083
5	Vote 28: Tanzania Police Force	
	Abandoned construction projects in Bukoba, Babati and Zanzibar :Expected Completion date was July,2012	5,220,883,830
6	Vote 29: Prisons Service Department	
	Delay in completion of Idete irrigation project: Expected Completion date was November,2015	2,529,779,395

S/N	Details	Amount(TZS)
7	Vote 43: Ministry of Agriculture, Livestock and Fisheries	
	Slow pace for Construction of Hydraulic Demonstration Fields and water supply system at Igurusi Training Institute: Expected Completion date was January,2016	312,438,200
8	Vote 92: Tanzania Commission for AIDS (TACAIDS)	57,550,011
	Non completion of construction of car parking shades: Expected completion date was August,2014	
9	Vote 99: Ministry of Agriculture, Livestock & Fisheries	350,000,000
	Contract for Rehabilitation of Electrical Installation for TALIRI West Kilimanjaro not completed(26 th August,2016)	
10	Vote 54: RS Njombe	
	Irregularities noted in the Contract for Construction of the Government Leaders' Houses :Expected completion date was 6 th February,2016	1,842,297,506
11	Vote 54: RS Njombe	
	Delay in the Construction of Regional Office Block: Expected Completion date was July,2015	960,000,000
12	Vote 89:RS Rukwa	
	Delay in Completion of Construction of Government Leaders Residential Houses: Expected Completion date was 7 th	525,818,961

S/N	Details	Amount(TZS)
	December,2015	
13	Vote 85: RS Tabora	
	Suspended Construction of government leaders houses in Tabora region :Expected Completion date was 10 th May,2015	629,571,189
14	Vote 93:Immigration Services Department	
	Failure of the service provider, M/S Roots General Agency Company Limited JV TKA Company Limited to fulfill the obligation under the contract agreement: Expected Completion date was 15th July,2015	133,340,000
15	Vote 93:Immigration Services Department	
	Delays in construction of Regional Immigration Office Block at Geita Region: Expected Completion date was (14th May,2015	1,956,558,997
16	Vote 76: RS Lindi	
	Non Completion of Rehabilitation of Regional Commissioners Office : Expected Completion date was January,2016	57,767,000
	Total	23,328,603,706

Source: Individual CAG's Management Letter for the year 2015/2016

Appendix 9.4 Procurements without approve by Tender board:

S/N	Details	Amount(TZS)
1	Vote 27: Registrar of Political Parties	
	Procurement of Consultancy Services on provision of Aviation Safety, Security and life Skills without Tender board approval	668,000,000
2	Vote 57:Ministry of Defence and National Service	
	Procurement of various contractors for Construction works without proper procurement procedures	115,011,175
3	Vote 39:National Service Force (JKT)	
	Various Procurements approvals made by the tender board members without meeting minimal quorum requirements	191,341,940
4	Vote 39:National Service Force (JKT)	
	Procurement of T-Shirts, beds sheets and combats using single source method without tender board approval.	661,483,448
5	Vote 39:National Service Force (JKT)	
	Irregular Procurements of mattress and double Decker without Tender Board approval	146,728,452
6	Vote 72:RS Dodoma	
	Procurement of Hospital supplies and equipment's not approved by Tender board	65,842,035

S/N	Details	Amount(TZS)
7	Vote 63:RS Geita	
	Contract variation for construction of security guard shed and rehabilitation of Rest house lacking approval from the budget approving authority	60,214,928
8	Vote 36:RS Katavi	
	Procurements various goods and services without Approval by Tender Board	18,552,380
9	Vote 38:Tanzania Peoples Defence Forces (TPDF)	
	Construction of various works without complying with proper procurement procedures including tender board approval	164,773,448
10	Vote 14:Fire and Rescue Force	
	Procurement of goods and services made without approval of the Ministerial Tender board	151,795,000
11	Vote 82:RS Ruvuma	
	Awarded contracts for provision of Security Services not approved by the tender board	77,717,223
12	Vote 78:RS Mbeya	
	Procurement of Medicines without the Approval of Therapeutic Committee	163,951,500
Total		2,485,411,529

Source: Individual CAG's Management Letter for the year 2015/2016

Appendix 9.5: Investigations on allegations, complaints and reported cases of non-compliance with procurement legislations

1. Investigation conducted at the Ministry of Home Affairs on the procurement of E- immigration System for Immigration Department.

Tender No. ME/014/2012/2013/C/02 for procurement of a consultant (M/s Costech/DTBi) to carry out feasibility study for the e-immigration system

- The Minister of Home Affairs Hon. Shamsi Vuai Nahodha interfered the procurement process by directing the tender to be conducted through single source method of procurement and M/S Costech to be invited contrary to Section. 38 of PPA, 2004
- A total of TZS 347,585,100 was paid to M/s DTBi who was not a party to the contract; advance payment amounting to TZS. 148,500,000 was paid to the consultant without the advance payment guarantee; a total of TZS 45,809,600 was overpaid to DTBi being costs for supervision of project works (installation of e-immigration system) which had not been commenced;

Tender no ME/2013/2014/G/02 for hiring of a contractor (M/s Inspur Group Ltd) for Supply and installation of electronic immigration equipment's, software and infrastructure for Tanzania immigration department

- Ministry of Home of Affairs unnecessarily incurred TZS 49,550,000 for validating the feasibility study report conducted by M/s Inspur Group instead of using the feasibility study done by M/s Costech which was observed to address the country requirements on the systems to be installed.
- The Minister of Home Affairs Hon. Emmanuel Nchimbi interfered the functions of the tender board by directing the tender board to approve an award of contract to M/S Inspur Group Limited before 29th September, 2013 as the Exim Bank of china which was expected to provide loan for the project would have closed the process of issuing loans by 29th September, 2013;

Tender for consultancy services (hiring of M/s Shandong Ceprei Electronic Information Engineering Co. Ltd) for Design-Review, Supervision, Monitoring and Evaluation of the Implementation of E-Immigration

- The request for proposal specified that the consultant to be secured will prepare the tender document for the contractor who will install

the e-immigration system and will also participate in the evaluation of the tender while, the said contract was already secured; At the time the Ministry initiated the tender process to secure a consultant to supervise the implementation of the contract for installation of the e-immigration system; the Ministry had already engaged M/s Costech to supervise the installation works.

Tender no. ME/014/2014-2015/HQ/C/01 LOT 02 (Securing consultant Mr. Oswald Mutaitina) for project review and validation.

- There was no evidence of the approval the tender document and the method of procurement by the tender board contrary to Sec. 33 of PPA, 2011

Decision made by PPRA Board of Directors

- The Ministry should ensure that TZS 45,809,600 overpaid to M/s Costech/DTBi is recovered from Accounting Officer Mr. Sylvester Ambokile
- The board recommended to the competent Authority to take disciplinary measures as follows;
 - (i) Suspended immigration Accounting officer Mr. Sylvester Ambokile for his failure to manage the consultancy contract and hence caused overpayment to M/s Costech/DTBi amounting to TZS 45,809,600;
 - (ii) Against commissioner for Finance and Administration, Mr. Piniel O. Mgonja by wrongly advising the Accounting Officer on payments made to M/s Costech/DTBi hence caused an overpayment of TZS 45,809,600;
 - (iii) All concerned officials who caused loss of TZS 347,58,100 being costs paid to M/s Costech for a report which was not utilized by the Ministry;

2. Investigation on the contract for the procurement of Automated Fingerprint Information System (AFIS) implemented by Tanzania Police Defence Forces

- M/s Lugumi Enterprises Limited submitted two different documents submitted with different prices of TZS 37,163,940,127.70 and TZS 39,518,133,666.30 hence difficult to determine the valid document among the two; The two members participated in evaluation of this tender did not sign the evaluation report and covenant forms contrary

to Sec. 37 (6) of the Public procurement Act of 2004; and the evaluation committee failed to trace errors on the bid submitted by M/s Lugumi Enterprises Limited and caused the Police delegated tender board to approve the award of contract using the value that was not realistic and finally subjected to amendment after contract signing from TZS 37,163,940,127 to TZS 41,475,728,579.50.

- M/s Lugumi Enterprises failed to install AFIS equipment to 36 police stations out of 152 .
- The signed contract between the Ministry of Home Affairs and M/s Lugumi Enterprises Limited had some items with similar specifications but quoted at different prices that resulted into a total loss of TZS 656,779,032;
- TZS 1,028,918,464.00 inclusive of VAT was paid as training expenses while the same is yet to be done
- TZS 3,304,000,000.00 inclusive of VAT was paid for maintenance and support while the same is yet to be done;
- There was no evidence for the supplier to pay tax amounting to TZS. 2,250,917,455 out of TZS. 5,757,393,509.60 that was to be paid as VAT after given a tax relief of TZS 3, 506, 476,054.50 by TRA from the total contract sum of TZS 37,742,913,007.35 and the costs that were charged by the supplier for hardware's were higher than the market rates for the period of which this transaction was made hence resulted into a total loss of TZS 5,964,112,462.

Decisions by PPRA Board of Directors

- Tanzania Police Defence Force in collaboration with e-GA to carry out detailed evaluation of the system requirement and provide technical advice on possible measures to be taken by the government against the installed equipment;
- It was further deliberated that the Authority responsible for tax (TRA) to be instructed to establish on whether the supplier paid all relevant taxes relating to the procurement made as the law required
- The board recommended to the competent Authority to take disciplinary measures as follows;

- i. The then HPMU for issuing inappropriate bid document to the invited bidder.
- ii. Members evaluation committee who participated in evaluation exercise by failing to carry out correction of arithmetic errors to the bid submitted by M/s Lugumi
- iii. Officers who inspected and receive equipment's delivered by M/s Lugumi Enterprises as they accepted some goods that did not comply with specifications stated into the signed contract
- iv. members of the Police delegated tender board that involved in awarding contract to M/s Lugumi Enterprises while knowing that the supplier was not approved

3. Investigation on tender No. ME/PF/014/2014/2015/G/30 supply, installation and commissioning of Tanzania Public Security and Law enforcement ICT Project for Tanzania Police force of the Ministry of Home Affairs

- The requirements submitted by the invited bidder M/s Poly Technologies Inc. were not realistic as they based on assumptions.
- There were no justifications provided by the Ministry of Home Affairs to use single source procurement method in obtaining the supplier/contractor for executing this project contrary to Reg. 159(1) of GN no 446 of 2013
- Due diligence/ Post qualification was not conducted to the supplier

Decision made by PPRA Board of Directors

- The Ministry of Home Affairs to restart the procurement process
- The board recommended to the competent Authority to take disciplinary measures as follows;
 - i) Against members of evaluation committee
 - ii) Against the Head Procurement Management Unit
 - iii) Against the Director of Policy and Planning
 - iv) Against the Accounting Officer.

4. Investigation on procurement of National Identification and Registration System implemented by National Identification Authority (NIDA)

- NIDA entered into contract with M/s GIL in USD against the AG's advice of entering the contract by using local currency causing loss to the government of TZS 1,673,993,332.34 due to foreign currency exchange rate fluctuations.

- The project consultant M/s GIL was overpaid a total of TZS 2,850,021,660.71 without justification and approval by the tender board

Tender No. AE/061/2009/2010/G/08 for Procurement and Supply of Goods and Equipment and Implementation of the National ID System based on Smartcard Technology

- Non disqualification of M/s INDRA during preliminary examination of the pre-qualification for failing to submit an anti-bribery contrary to clause 10.2 of General Information to Applicants;
- NIDA Director General interfered the functions of the TB and disqualified the joint venture of M/s Madras Security Printers and M/s Bharat Electronics
- Permanent Secretary Ministry of Home Affairs interfered the function of the TB and disqualified M/s Thales Securities Systems for failing to submit anti bribery pledge;
- There was an overcharge of USD 87,649.00 (equivalent to TZS 184,062,900.00) paid to M/s IRIS for delivered items with higher price
- There was no appointment of goods inspection and acceptance committee

Tender No. AE/061/2014/2015/HQ/W/047 for Procurement of the Contractor for Establishment of AFIS Data Centers

- NIDA did not notify the winning bidder on errors detected in their financial proposal amounting to USD 12,943.87 which increased red out price to USD 58,962,943.87
- NIDA is liable to pay contractor interests amounting to USD 530.38 for a 122 days delay in paying certified third payments

Tenders for Renting of Offices

- NIDA paid wrongly BMTL a total of USD 259,786 equivalent to TZS 569,192,090 originated from the difference observed between the square meters indicated into the contract and the actual measurements taken during audit time.

Tender for Provision of Clearing and Forwarding Services

- NIDA overpaid M/s Gwiholoto Impex Limited TZs. 45,515,961 for clearing services; and failed to recover from IRIS a total of TZS 512,671,864.84 being 50% of costs incurred on clearing goods delivered

by M/s IRIS contrary to the agreement reached during negotiation.

Decision made by PPRA Board of Directors

- The competent authorities should take disciplinary measures against all officers as they were observed to violate the procurement law and mismanagement of contracts entered by NIDA in different occasions. The officers include but not limited to: The Accounting Officer; the Head of Procurement Management Unit; Director responsible for finance and the Director responsible for information systems (Project Manager).
- For the case of the overpayments made, NIDA should implement the following;
 - i) To recover TZS 45,515,285,590.75 overpaid to M/s Gwiholoto Impex Limited
 - ii) To recover TZS 512,671,864.84 from IRIS being 50% of the costs of clearing goods as per the contract;
 - (iii) To recover USD 14,000,000 equivalent to TZS. 22,197,210,005.00 paid to IRIS against invoice No. 1772-12 for purported procurement of equipment including those installed at IRIS factory in Malaysia;
 - iv) To recover USD 87,649 equivalent to TZS. 184,062,900.00 overpaid to IRIS for using higher rates than those stipulated in the contract; TZS. 27,000,000 overpaid to Dr. Siya Paul Rimoy as VAT
 - v) To recover TZS. 91,525,423.73 paid to M/s GIL as VAT; TZS. 167,445,671.96 overpaid to M/s GIL on using wrong exchange rates;
 - vi) To recover USD 136,240.02 equivalent to TZS 181,068,436.18 wrongly paid to M/s GIL for not adjusting VAT rates from 20% to 18%;
 - vi) To recover USD 1,135,333.50 equivalent to TZS. 1,508,903,634.84 being contingency money wrongly paid to M/s GIL;
 - vii) To recover USD 551,500.00 equivalent to TZS. 899,935,494 from M/s GIL's payments because the review of the laws was done by another firm - M-S Law Partners in Association with School of Law of University of Dar es Salaam and
 - (viii) To recover USD 259,786 equivalent to TZS. 569,192,090.04 overpaid to M/s MBTL due to exaggerated area of the rented office.

5. Investigation on tender No. IE/018/2014-2015/HQ/G/10 for supply of elections stationery, packing materials, indelible ink, lantern lamps, alkaline dry batteries, temper proof envelops, Polling booths, T-shirts, caps and bags, ballot boxes and ballot box seals for 2015, General Elections - National Electoral Commission

- The qualification and evaluation criteria were not clearly provided in the tender document
- No negotiation held before signing of the contract.
- There was no evidence that the suppliers submitted the performance security

Decisions by the PPRA Board of Directors

- Disciplinary measures should be taken by the competent authority against;
 - i) Members of tender board.
 - ii) Head of PMU and other PMU staff who participated directly in the preparation of bidding document
 - iii) Members of evaluation team for failure to carry out the evaluation using the criteria stated in the tender documents.

6. Special audit on the contracts for provision of maintenance services and procurement of medical equipment between Ministry of health, social development, gender, older and children and Philips Medical Systems Netherland BV

Agreement for maintenance of equipment (Contract for 2006 - 2010 and addendum of 2011) between the Ministry and Philips Medical System

- Contract of 2006 - 2010 and a supplementary agreement of 2011 were not in the Annual Procurement Plan of the Ministry of Health
- The Contract has no contract duration
- Single source procurement method stipulated under Regulation of 69 GN. 97 of 2005 was not properly followed which lead to the additional payments amounting to the contractor of US \$ 362,032.80 for 2006 to 2010 and 2011 contract,
- It was found that the actual cost of the contract was USD 12,750,640 and not USD 13,052,262. Therefore, the Authority has identified the existence of additional payment of USD 301,694 that the contractor should not be paid;
- It was observed that the payments totaling USD 2,610,452 for a supplementary agreement of 2011 was incorrect as it was required to be USD 2,550,128 and not USD 2,610,452

Agreement for maintenance of equipment (Contract for 2012 - 2016) between the Ministry and Philips Medical System

- The procurement was not in the Annual Procurement Plan of the Ministry of Health.
- There were delays in payments to the contractor which led the contractor to terminate the provision of maintenance services
- Authority noted over-payments amounting to USD 2,718,601 that were paid to the Philips company.
- Authority discovered the existence of extra payment of USD 60,324 to the contractor for the 2011 contract.

Decision by the PPRA Board of Directors

- Ministry of Health should suspend payments to Philips company until they conduct a thorough verification in all hospitals to identify the work done by the contractor.
- The Ministry to direct Philips to carry out training to other hospital staff to comply with the requirement of the 2012-2016 contracts before it expires.
- Ministry to take disciplinary action for staff of the Procurement Management Unit and the User Department for failing to perform their responsibilities accordingly as stipulated in the Public Procurement Act

7. Investigation report on contract No. ME/011/2014-2015/C/28 for consultancy services for design review and supervision of projects for extension of Lake Victoria Pipeline to Tabora, Igunga and Nzega towns (Phase I & Phase II

- The loan agreement was not in favor of the Government of United Republic of Tanzania as it contained the following stringent conditions; Clause 3.1(c) of the Dollar Credit Line Agreement required WAPCOS Ltd to be appointed as Project Management Consultant by the Borrower on nomination basis, and 75% of goods and services to be procured from India including machinery and equipment for the project while the remaining 25% of goods and services to be procured outside India.
- The two contracts for Phase I and Phase II were signed on 19th June 2015 but there was no any proof for those contracts to be vetted by the Attorney General.

- M/s WAPCOS was overpaid a total of USD 36,000 for phase I emanating from certified expenses for three interpreters contrary to clause 7 of Special Conditions of Contract
- M/s WAPCOS was overpaid a total of USD 45,000 for office set up contrary to appendix 5 which forms part of the contract
- Final report delayed by 179 days and WAPCOS did not obtain the Client's prior approval in writing on delay of submission of reports
- M/s WAPCOS overpaid a total of USD 36,000 for phase II emanating from certified expenses for three interpreters contrary to clause 7 of Special Conditions

Decisions by the PPRA Board of Directors

- The Ministry of Water should recover USD 899,000 approximately TZS 1.98 billion from M/s WAPCOS Ltd that had been certified for payment on redundant and overstated items for phase one
- Ministry to seek Attorney General's advice on the validity of the signed contract within 14 days from the date of receiving the investigation report.
- Contract for Phase II between the Ministry of Water and WAPCOS should be revisited with a view of correcting double allocated items, inflated inputs and overstated quantities amounting to USD 6,598,500.00, equivalent to about TZS 14.5 Billion
- The Board recommended to the competent Authority to take disciplinary measures as follows;
 - i) Against the members of the negotiation team
 - ii) Against the Accounting Officer
 - iii) Against the tender board
 - iv) Against DPMU
- The loan for the project was badly negotiated; hence the Government should be advised to consider amending the Governments' Loans, Guarantees and Grants Act in order to provide for a requirement for a competitive process.

8. Investigation conducted at Tanzania Institute of Accountancy on the procurement of leased buildings for its campuses in Mwanza, Kigoma and Dar es Salaam

Lease agreement with Mr Vedastus Ngasa Lukago

- Procurement was not included in the Annual Procurement Plan of 2012/2013.
- TIA did not establish an appropriate competitive method of procurement before entering into a contract.
- The method of procurement was not approved by tender board
- The lease agreement signed with Mr. Vedastus Ngasa Lukago on the 24th March, 2012 was silent on the size of the buildings in terms of the floor area to justify whether the amount of rent TZS. 15,000,000/= paid per month was commensurate with the size of the buildings and market rates for leasing of buildings in Mwanza at that time.
- The lease agreement provided for an automatic rental fee increase of ten percent (10%) after the lapse of every two years.
- At the time of the audit TIA had spent TZS 73,800,000.00 arising out of the 10% increase over a period of four years

Decision by the PPRA Board of Directors.

- TIA to re-negotiate the lease agreements signed with Mr. Vedastus Ngasa Lukago for lease of buildings situated on Plot no. 107 and 108 Block "FF" Nyakato, Mwanza
- Disciplinary action to be taken against the then Acting Chief Executive Officer (Mr. Shah M. Hanzuruni) for causing financial loss of TZS 1,073,172,259; and the Institute should expedite the process of developing its own building to accommodate the Mwanza Campus.

Source: PRA Performance Report for the year 2015/2016

Appendix 9.6:

Weaknesses and entities involved	Amount(TZS)
Un-transferred Balances Of Stores	
Vote 40 Judiciary	769,398.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	32,310,869.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	4,757,270.00
Vote 69 Ministry Of Natural Resources And Tourism	1,936,350.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	98,029,000.00
Sub - Total	137,802,887.00
Unsupported Receipt Of Stores	
Vote 14 Fire And Rescue	3,983,000.00
Vote 16 Attorney General Office	940,341.50
Vote 28 Police Force	1,393,400.00
Vote 40 Judiciary	32,846,600.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	454,159,840.00
Vote 49 Ministry Of Water And Irrigation	2,686,000.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	10,018,000.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	6,649,400.00
Vote 57 Ministry Of Defence And National Service	65,404,600.00
Vote 69 Ministry Of Natural Resources And Tourism	36,654,474.00
Vote 75 Regional Administrative Secretary-Kilimanjaro	2,791,500.00
Vote 80 Regional Administrative Secretary - Mtwara	9,097,660.00
Vote 89 Regional Administrative Secretary - Rukwa	8,342,236.00
Vote 91 Drug Control Commission	560,000.00
Vote 92 Tanzania Commission For Aids	106,040,480.00
Vote 93 Immigration Department	17,981,605.00
Vote 94 Public Service Commission	1,196,700.00
Vote 98 Ministry Of Works, Transport And Communication	28,215,600.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	67,972,500.00
Sub - Total	856,933,936.50

Weaknesses and entities involved	Amount(TZS)
Unsupported Issues Of Stores	
Vote 14 Fire And Rescue	4,523,600.00
Vote 28 Police Force	53,060,600.00
Vote 29 Prison Force	1,868,038.06
Vote 36 Regional Administrative Secretary-Katavi	9,050,000.00
Vote 40 Judiciary	634,100.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	17,146,124.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	6,010,900.00
Vote 49 Ministry Of Water And Irrigation	77,379,500.00
Vote 50 Ministry Of Finance And Planning	1,765,530.75
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	10,618,100.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	5,017,060.00
Vote 80 Regional Administrative Secretary - Mtwara	9,331,000.00
Vote 93 Immigration Department	25,620,146.00
Vote 98 Ministry Of Works, Transport And Communication	25,665,100.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	9,659,200.00
Sub - Total	257,348,998.81
Unaccountability Of Furniture & Equipment In Master Inventory Register And Inventory Sheets	
Vote 28 Police Force	6,100,000.00
Vote 36 Regional Administrative Secretary-Katavi	3,250,000.00
Vote 40 Judiciary	31,775,000.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	131,818,000.00
Vote 48 Ministry Of Land, Housing And Human Settlement	21,395,000.00
Vote 49 Ministry Of Water And Irrigation	12,564,500.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	138,951,000.00

Weaknesses and entities involved	Amount(TZS)
Vote 69 Ministry Of Natural Resources And Tourism	9,858,000.00
Vote 94 Public Service Commission	10,070,000.00
Vote 95 Regional Administrative Secretary-Manyara	2,540,000.00
Sub - Total	368,321,500.00
Outstanding Stores On Loan	
Vote 14 Fire And Rescue	1,625,000.00
Vote 32 President's Office-Public Service Management	1,069,200.00
Vote 35 National Prosecution Services	760,000.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	5,175,000.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	7,136,000.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	2,036,000.00
Vote 69 Ministry Of Natural Resources And Tourism	5,007,000.00
Vote 82 Regional Administrative Secretary - Ruvuma	17,800,000.00
Vote 86 Regional Administrative Secretary - Tanga	1,850,000.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	5,175,000.00
Sub - Total	47,633,200.00
Unaccounted Receipts Of Stores	
Vote 14 Fire And Rescue	15,530,000.00
Vote 16 Attorney General Office	50,000,000.00
Vote 28 Police Force	48,278,699.00
Vote 29 Prison Force	64,095,000.00
Vote 32 President's Office-Public Service Management	46,221,500.00
Vote 40 Judiciary	61,000,000.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	3,161,190.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	1,885,400.00
Vote 48 Ministry Of Land, Housing And Human Settlement	5,500,000.00

Weaknesses and entities involved	Amount(TZS)
Vote 50 Ministry Of Finance And Planning	1,402,758.00
Vote 49 Ministry Of Water And Irrigation	75,719,000.00
Vote 57 Ministry Of Defence And National Service	110,617,771.00
Vote 69 Ministry Of Natural Resources And Tourism	3,457,000.00
Vote 78 Regional Administrative Secretary-Mbeya	4,839,430.00
Vote 92 Tanzania Commission For Aids	87,490,000.00
Vote 94 Public Service Commission	2,105,000.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	9,100,000.00
Sub - Total	590,402,748.00
Un-receipted Issues Of Stores	
Vote 14 Fire And Rescue	1,559,500.00
Vote 16 Attorney General Office	3,357,500.00
Vote 28 Police Force	15,676,550.00
Vote 29 Prison Force	10,440,657.18
Vote 40 Judiciary	658,000.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	5,312,970.00
Vote 49 Ministry Of Water And Irrigation	4,547,000.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	58,377,020.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	1,253,000.00
Vote 69 Ministry Of Natural Resources And Tourism	38,822,743.00
Vote 82 Regional Administrative Secretary - Ruvuma	6,830,500.00
Vote 93 Immigration Department	13,666,900.00
Vote 96 Ministry Of Information, Youth, Culture And Sports	13,483,350.00
Vote 98 Ministry Of Works, Transport And Communication	9,275,520.00
Sub - Total	183,261,210.18
Unaccounted Fuel	

Weaknesses and entities involved	Amount(TZS)
Vote 29 Prison Force	8,473,250.56
Vote 40 Judiciary	16,930,525.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	35,067,400.00
Vote 44 Ministry Of Industry, Trade And Investment	3,313,800.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	125,175,000.00
Vote 49 Ministry Of Water And Irrigation	1,101,146.00
Vote 51 Ministry Of Home Affairs	20,655,000.00
Vote 58 Ministry Of Energy And Minerals	4,063,980.00
Vote 69 Ministry Of Natural Resources And Tourism	22,990,567.00
Vote 91 Drug Control Commission	3,426,945.00
Vote 93 Immigration Department	4,999,915.00
Vote 98 Ministry Of Works, Transport And Communication	9,085,029.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	35,067,400.00
Sub - Total	290,349,957.56
Unposted Issues Of Stores	
Vote 14 Fire And Rescue	20,125,700.00
Vote 28 Police Force	3,106,000.00
Vote 35 National Prosecution Services	19,440,000.00
Vote 40 Judiciary	8,474,400.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	17,626,000.00
Vote 42 National Assembly	4,652,900.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	11,631,500.00
Vote 49 Ministry Of Water And Irrigation	62,366,655.25
Vote 51 Ministry Of Home Affairs	3,472,000.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	79,778,310.00
Vote 57 Ministry Of Defence And National Service	12,321,149.00
Vote 82 Regional Administrative Secretary - Ruvuma	1,503,900.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	80,395,560.00

Weaknesses and entities involved	Amount(TZS)
Sub - Total	324,894,074.25
Deficient Stores	
Vote 14 Fire And Rescue	13,360,700.00
Vote 28 Police Force	36,680,800.00
Vote 40 Judiciary	3,747,500.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	12,921,228.00
Vote 51 Ministry Of Home Affairs	18,050,000.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	24,032,259.00
Vote 93 Immigration Department	3,043,300.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	12,921,228.00
Sub - Total	124,757,015.00
Uncompetitive Procurement	
Vote 49 Ministry Of Water And Irrigation	11,516,800.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	10,706,165.00
Vote 92 Tanzania Commission For Aids	7,065,604.00
Sub - Total	29,288,569.00
Undelivered Purchase Of Stores	
Vote 14 Fire And Rescue	2,585,400.00
Vote 28 Police Force	119,181,000.00
Vote 32 President's Office-Public Service Management	17,756,690.00
Vote 52 Ministry Of Health, Community Development, Gender, Elderly And Children	25,794,000.00
Vote 91 Drug Control Commission	1,650,000.00
Vote 92 Tanzania Commission For Aids	56,803,382.00
Vote 96 Ministry Of Information, Youth, Culture And Sports	26,400,000.00
Sub - Total	250,170,472.00
Unaccounted Purchases Of Stores	
Vote 14 Fire And Rescue	12,228,900.00
Vote 16 Attorney General Office	75,441,099.00

Weaknesses and entities involved	Amount(TZS)
Vote 28 Police Force	3,999,876.84
Vote 29 Prison Force	2,173,750.56
Vote 35 National Prosecution Services	740,000.00
Vote 36 Regional Administrative Secretary-Katavi	6,119,058.00
Vote 40 Judiciary	13,220,980.00
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	525,552,603.00
Vote 44 Ministry Of Industry, Trade And Investment	6,479,150.00
Vote 46 Ministry Of Education, Science, Technology And Vocational Training	40,379,800.00
Vote 49 Ministry Of Water And Irrigation	6,439,000.00
Vote 52 Ministry Of Health, Community Development, Gender, order And Children	143,064,062.00
Vote 53 Ministry Of Health, Community Development, Gender, Elderly And Children	7,240,686.00
Vote 57 Ministry Of Defence And National Service	56,425,139.00
Vote 58 Ministry Of Energy And Minerals	11,093,500.00
Vote 69 Ministry Of Natural Resources And Tourism	136,142,399.00
Vote 78 Regional Administrative Secretary-Mbeya	14,327,000.00
Vote 80 Regional Administrative Secretary - Mtwara	49,747,320.00
Vote 82 Regional Administrative Secretary - Ruvuma	7,922,500.00
Vote 89 Regional Administrative Secretary - Rukwa	743,820.00
Vote 91 Drug Control Commission	9,085,000.00
Vote 92 Tanzania Commission For Aids	595,242,679.30
Vote 93 Immigration Department	274,432,710.07
Vote 94 Public Service Commission	1,945,700.00

Weaknesses and entities involved	Amount(TZS)
Vote 96 Ministry Of Information, Youth, Culture And Sports	89,806,610.00
Vote 98 Ministry Of Works, Transport And Communication	535,628,070.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	144,823,257.00
Sub - Total	2,770,444,669
Fuel Not Accounted For In Log Books	
Vote 14 Fire And Rescue	11,410,000.00
Vote 16 Attorney General Office	8,992,880.00
Vote 28 Police Force	78,791,711.35
Vote 29 Prison Force	7,970,158.00
Vote 40 Judiciary	2,379,918.85
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	47,313,664.00
Vote 49 Ministry Of Water And Irrigation	100,290.00
Vote 57 Ministry Of Defence And National Service	12,311,900.00
Vote 91 Drug Control Commission	3,136,000.00
Vote 93 Immigration Department	59,256,313.00
Vote 95 Regional Administrative Secretary-Manyara	609,500.00
Vote 96 Ministry Of Information, Youth, Culture And Sports	7,756,000.00
Vote 99 Ministry Of Agriculture, Livestock And Fisheries	70,163,386.00
Sub - Total	310,191,721
Maintenance and repair of government vehicles to private garages without TEMESA'S pre and post inspection	
Vote 93 Immigration Department	11,223,428.00
Sub - Total	11,223,428

Weaknesses and entities involved	Amount(TZS)
Unauthorized Transfer Of Assets	
Vote 14 Fire And Rescue	560,000,000.00
Vote 49 Ministry Of Water And Irrigation	105,000,000.00
Sub - Total	665,000,000
Doubtful Purchases	
Vote 14 Fire And Rescue	2,140,000.00
Sub - Total	2,140,000.00
Doubtful Issues Of Fuel	
Vote 28 Police Force	1,815,000.00
Sub - Total	1,815,000
Unutilized Stores For Long Time	
Vote 28 Police Force	544,334,450.00
Sub - Total	544,334,450.00
Non-Working Projects	
Vote 29 Prison Force	212,980,149
Sub - Total	212,980,149
Non Acknowledgement Payments	
Vote 29 Prison Force	92,652,211.00
Sub - Total	92,652,211
Irregular Issues Of Stores	
Vote 49 Ministry Of Water And Irrigation	102,389,050.00
Sub - Total	102,389,050
Losses Of Stores	

Weaknesses and entities involved	Amount(TZS)
Vote 95 Regional Administrative Secretary-Manyara	865,000.00
Sub - Total	865,000.00
Expired White Maize Before Use	
Vote 43 Ministry Of Agriculture, Livestock And Fisheries	4,152,984,500.00
Sub - Total	4,152,984,500
Procurement Without Tender Board Approval	
Vote 51 Ministry Of Home Affairs	64,622,408.77
Sub - Total	64,622,408.77
Grand Total	12,392,807,156

Appendix 10.1: List of entities with nugatory expenditures

S/N	Vote No.	Name of the Entity	Nature of expenditure	Amount (TZS)
1	38	Tanzania People's Defence Force (TPDF)	Penalty due to delay in remittance of employee contribution to PSPF which resulted to TPDF being penalized for noncompliance.	11,181,362
2	32	President's Office Public Service Management and Good Governance	Interest on late payment of Interim Payment Certificates (IPCs) to M/s China Civil Engineering Construction Corporation in a contract for constructions of new residential house of the retired second phase President	557,870,931
3	53	Ministry of Health, Community Development, Gender, Elders and Children (Vote 53)	Interest on late payment of Interim Payment Certificates (IPCs) paid to M/S Varsan Ramji Dewji & Company for executing extension works to the Office Block for the Ministry - Phase IV	159,311,274
4	49	Ministry of Water & Irrigation	<ul style="list-style-type: none"> • Penalty for late remittance of statutory deductions to PSPF-TZS 25,194,275.48 • Interest on late payment of Interim Payment Certificate to Nor consult Tanzania ltd for construction supervision of works for water supply project from Lake Victoria to Kahama and Shinyanga towns-TZS 	711,432,346

S/N	Vote No.	Name of the Entity	Nature of expenditure	Amount (TZS)
			686,238,070.14	
5	2021	High Commission of Tanzania-Kampala-Uganda	Payment to M/S Nirvan Enterprises Ltd of Kampala in respect of penalty for termination of a tenancy contract without giving a landlord 3 month notice prior termination	5,250,000
6	50	Ministry of Finance and Planning	Interest on late payment of invoice to a supplier of spare parts and hardware's for Police Force Morogoro between since April 1995	15,525,000
Total				1,460,570,913

Source: Individual Management letters for the financial year ended 30th June, 2016

Appendix 10.2: Transfer of funds lacking accountability

S/N	Entities Involved	Anomalies noted	Amount (TZS)
1	Ministry of Defence and National Service (Vote 57)	<p>Ministry of Defence and National Service (Vote 57) transferred TZS 5,444,127,507.91 from its Development account to Chief of National Service(CNS) in respect of financing recruitment of JKT trainees for the year under review; However the following anomalies were noted ;</p> <ul style="list-style-type: none"> • No acknowledgement receipts from the payee confirming receipt of funds • Proposed budget and other relevant supporting documents was not availed for audit verification. • This activity was not budgeted by Ministry hence intended activities were affected • No evidence showing that the Chief of National Service requested funds for such activity. 	5,444,127,508
2	Ministry of Education, Science, Technology and Vocational Training (Vote 46)	TZS 201,600,000 were transferred by Ministry of Education and Vocational Training to Arusha School in FY 2012/2013 via Sub Treasury Arusha for rehabilitation of classrooms, student dormitories and staff houses but to date (20th October 2016) Arusha School did not spent the monies for intended purpose instead on 02nd- May 2016 returned to the Ministry TZS 101,600,000 out of TZS 201,600,000 hence missing accountability of TZS 100,000,000.	100,000,000
3	Ministry of	Funds spent for conducting activities up country centers for implementing	

S/N	Entities Involved	Anomalies noted	Amount (TZS)
	Water & Irrigation (Vote 49)	various WSDP projects activities but corresponding statements of expenditure and related supporting documents were not availed for verification	204,080,000
4	Ministry of Lands, Housing and Human Settlements Development (Vote 48)	<ul style="list-style-type: none"> Accountability of Standing Imprest amounted to TZS 95,000,000 dated 10/6/2015 was not availed to auditors for verification contrary to Reg. 100(i)(2)-(4) of PFR, 2001 Acknowledgement receipt, request letter, proposed budget, Statement of expenditure, progress report with respect to a Transfer to RAS-Mtwara amounted to TZS 104,705,500 for rescuing completion of Mtwara Master Plan was not availed for verification A transfer made by Ministry amounted TZS 627,484,000 in respect of preparation of land use plan in Mvomero District; However, acknowledgement receipt, budget, statement of expenditure were not availed for verification. Further, the Ministry of Land charged Plot Development Revolving Fund (PDRF) whose objective is for issuing loans to Councils however requisitions and write ups was not availed for verification 	827,189,500
Total			6,575,397,008

Source: Individual Management Letters for the year ended 30th June 2016

Appendix 10.3: Entities with funds spent on unintended activities

s/n	Name of MDA/RS	Anomaly Noted	Amount (TZS)
1	RS-Geita (Vote 63)	Use of funds from Deposit Account to discharge unintended recurrent commitments such as night out allowance, fuel consumption, to Finance Uhuru Torch race, procurement of tires and desks	61,382,221
2	RS-Mara (Vote 77)	Cost Sharing Monies used for activities other than those activities specified in its guideline such as night out allowances, seating allowances, rent, purchases of fuel, and other administrative costs	40,861,200
3	RS-Simiyu(Vote 47)	<ul style="list-style-type: none"> • Use of government leaders' emergency official trips monies to meet unintended activities such as night out allowances to junior staffs-TZS 7,115,000 • Use of funds from Deposit Account to discharge unintended commitments such as car maintenance, training and funeral expenses-TZS 3,850,000 	10,965,000
4	RS-Rukwa	<ul style="list-style-type: none"> • Cost Sharing Monies used for activities other than those specified in its guideline-TZS 80,661,099 • Funds Borrowed from the Cost Sharing Account not Refunded TZS 3,124,000 	83,785,099
5	RS-Tabora	Cost Sharing monies used for paying activities not allowed as per its guideline such as employee salaries, electricity cost and other utilities, allowances	31,709,847
6	RS-Arusha	Cost Sharing Monies used for activities other than those activities specified in its guideline	22,362,689
7	RS-Kilimanjaro	On-call allowance paid to ineligible staff	3,710,000
8	RS-Manyara	• On call allowance funds used for payments which are not related to on call allowances contrary to Reg. 53 (5) and 115	163,299,209

s/n	Name of MDA/RS	Anomaly Noted	Amount (TZS)
		of the Public Finance Regulations, 2001. • Retention Money Deducted From Contractors not Exist in Deposit Account-TZS 116,304,209	
9	RS-Tanga	Use of Cost Sharing Monies for paying rent contrary to the Guideline	3,400,000
10	Ministry of Lands,Housing and Human Settlements Development	Use of funds from Deposit Account to discharge unintended recurrent commitments	3,110,536,074
11	RS-Lindi	Use of Cost Sharing Monies for paying salaries, utility charges, cleanness services contrary to Para 7.2 (i - vii) of Cost Sharing Policy Implementation Guidelines which provides for specific activities	113,941,304
12	RS-Singida	• Use of deposit monies-TZS 25,140,653 for activities not related to the purposes of which were deposited • TZS 78,939,380 for Cost Sharing Monies were spent for disallowed activities such as Wages and Petty Cash contrary to Para 7.2 of Cost Sharing Guideline	104,080,033
		Total	3,830,032,676

Source: Individual Management Letters for the financial year ended 30th June 2016

Appendix 10.4: Entities with inadequate supported expenditures

S/N	Vote no.	Description	Amount (TZS)
1	42	National Assembly	293,107,191
2	34	Ministry of Foreign Affairs and East African Cooperation	193,294,604
3	4	President's Office Record and Archive Management Department	4,026,200
4	26	Vice President's Private Office	6,920,680
5	67	President's Office Public Service Recruitment Secretariat	24,849,017
6	27	Registrar of Political Parties	81,962,422
7	56	President Office, Regional Administration and Local Government	248,159,456
8	94	President's Office Public Service Commission	53,538,100
9	43	Ministry of Agriculture, Livestock and Fisheries	10,060,000
10	51	Ministry Of Home Affairs	28,469,528
11	39	National Service (JKT)	229,943,030
12	63	RS-Geita	221,810,417
13	77	RS-Mara	25,518,108
14	81	RS-Mwanza	5,341,000
15	83	RS-Shinyanga	11,066,155
16	36	RS-Katavi	26,423,142
17	82	RS-Ruvuma	7,250,000
18	85	RS-Tabora	13,165,923

S/N	Vote no.	Description	Amount (TZS)
19	93	Immigration Service Department	212,712,142
20	70	RS-Arusha	16,587,552
21	75	RS-Kilimanjaro	36,231,869
22	67	President's Office Public Service Recruitment Secretariat	24,849,017
23	48	Ministry of Lands, Housing and Human Settlements Development	5,015,366,197
24	71	RS-Coast	8,106,000
25	88	RS-DSM	12,076,134
26	79	RS-Morogoro	28,247,823
27	78	RS-Mbeya	101,769,400
28	84	RS-Singida	3,000,000
29	61	National Electoral Commission (NEC)	5,560,894,369
Total			12,504,745,476

Appendix 10.5: Details of entities that did not demand EFD Receipts

S/N	Vote	Name of the Entity	Amount (TZS)
1	34	Ministry of Foreign Affairs and East African Cooperation (Vote 34)	62,288,237
2	55	Commission for Human Rights and Good Governance	28,028,228
3	10	Joint Finance Commission	55,398,266
4	26	Vice President's Private Office	2,579,562
5	33	President's Office - Ethics Secretariat	35,692,992
6	66	President's Office Planning Commission	31,960,294
7	91	Drugs Control Commission	13,680,226
8	27	Registrar of Political Parties	10,518,520
9	56	President Office, Regional Administration and Local Government,	50,688,048
10	4	President's Office Record and Archive Management Department	556,845,254
11	29	Prisons Service Department	169,190,000
12	35	Directorate Of Public Prosecutions	167,803,153
13	37	Prime Minister's Office	45,150,000
14	43	Ministry of Agriculture, Livestock and Fisheries	17,266,794
15	52	Ministry of Health, Community Development, Gender, Elders and Children (Vote 52)	282,283,286

S/N	Vote	Name of the Entity	Amount (TZS)
16	92	Tanzania Commission for AIDS (TACAIDS)	6,763,142
17	73	RS-Iringa	85,691,402
18	87	RS-Kagera	327,375,671
19	77	RS-Mara	53,480,926
20	81	RS-Mwanza	133,535,740
21	83	RS-Shinyanga	50,641,330
22	47	RS-Simiyu	65,425,321
23	36	RS-Katavi	75,402,498
24	89	RS-Rukwa	13,397,000
25	25	Prime Minister's Private Office	3,245,200
26	93	Immigration Service Department	626,033,048
27	70	RS-Arusha	99,290,500
28	75	RS-Kilimanjaro	145,597,367
29	95	RS-Manyara	115,487,155
30	86	RS-Tanga	85,788,835
31	91	Drugs Control Commission	13,680,226
32	14	Fire and Rescue Force Department	556,845,254
33	71	RS-Coast	20,443,524
34	76	RS-Lindi	16,982,000
35	79	RS-Morogoro	158,488,100

S/N	Vote	Name of the Entity	Amount (TZS)
36	80	RS-Mtwara	179,891,606
37	78	RS-Mbeya	110,934,619
38	84	RS-Singida	30,450,299
39	61	National Electoral Commission (NEC)	3,286,055,784
		Total	7,790,299,407

Appendix 11.1: List of entities no updated assets register

S/N	Vote	Name of Entity
1	5	National Irrigation Commission
2	13	Financial Intelligence Unit
3	15	Commission for Mediation and Arbitration
4	16	Attorney General's Chambers
5	24	Tanzania Cooperatives Development Commission
6	25	Prime Minister's Private Office
7	28	Tanzania Police Force
8	29	Prisons Service Department
9	34	Ministry of Foreign Affairs and East African Cooperation
10	35	Directorate of Public Prosecutions
11	37	Prime Minister's Office
12	38	Tanzania Peoples Defense Forces
13	39	National Service Force
14	40	Judiciary of Tanzania
15	41	Ministry of Constitutional and Legal Affairs
16	42	National Assembly
17	43	Ministry of Agriculture Food Security and Cooperatives
18	44	Ministry of Industry, Trade and Investments
19	46	Ministry of Education and Vocation Training

S/N	Vote	Name of Entity
20	48	Ministry of Lands, Housing and Human Settlements Development
21	49	Ministry of Water and Irrigation
22	51	Ministry of Home Affairs
23	52	Ministry of Health, Community Development, Gender, Elderly and Children
24	53	Ministry of Health, Community Development, Gender, Elderly and Children
25	54	Njombe Regional Secretary
26	55	Commission for Human Rights and Good Governance
27	56	President's Office Regional Administration and Local Government
28	57	Ministry of Defense and National Service
29	58	Ministry of Energy and Minerals
30	59	Law Reform Commission
31	62	Ministry of Works, Transport and Communication
32	63	Geita Regional Secretariat
33	66	President's Office Planning Commission
34	69	Ministry of Natural Resources and Tourism
35	70	Arusha Regional Secretariat
36	71	Pwani Regional Secretariat

S/N	Vote	Name of Entity
37	72	Dodoma Regional Secretariat
38	74	Kigoma Regional Secretariat
39	76	Lindi Regional Secretariat
40	77	Mara Regional Secretariat
41	78	Mbeya Regional Secretariat
42	80	Mtwara Regional Secretariat
43	81	Mwanza Regional Secretariat
44	82	Ruvuma Regional Secretariat
45	85	Tabora Regional Secretariat
46	86	Tanga Regional Secretariat
47	87	Kagera Regional Secretariat
48	88	Dar es Salaam Regional Secretariat
49	89	Rukwa Regional Secretariat
50	93	Immigration Services Department
51	94	Public Service Commission
52	95	Manyara Regional Secretariat
53	96	Ministry of Information, Youth, Culture, and Sports
54	97	Ministry of Foreign Affairs and East African Cooperation
55	98	Ministry of Works, Transport and Communication

S/N	Vote	Name of Entity
56	99	Ministry of Agriculture, Livestock & Fisheries
57	2010	High Commission in New Delhi
58	2013	Tanzania Embassy in Paris
59	2014	Tanzania Embassy in Beijing-China
60	2019	Tanzania Embassy in Brussels
61	2032	Tanzania High Commission in Kuala Lumpur
62	2005	Tanzania High Commission in Abuja
63	2001	Tanzania Embassy in Addis Ababa
64	2028	Tanzania Embassy in Bujumbura-Burundi
65	2031	Tanzania Embassy in Brasilia
66	2023	Tanzanian High Commission in Nairobi-Kenya
67	2016	Tanzania Embassy in Stockholm
68	2033	Tanzania Embassy-The Hague
69	2017	Tanzania Embassy in Tokyo-Japan

Appendix 11.2: List of entities which did not value their assets

S/n	Vote	Name of Entity
1	4	President's Office Record and Archive Management Department
2	12	Judicial Service Commission
3	14	Fire and Rescue Force
4	16	Attorney General's Chambers
5	24	Tanzania Cooperatives Development Commission
6	25	Prime Minister's Private Office
7	28	Tanzania Police Force
8	29	Prisons Service Department
9	32	President's Office Public Service Management and Good Governance
10	35	Directorate of Public Prosecutions
11	37	Prime Minister's Office
12	38	Tanzania Peoples Defence Forces
13	39	National Service Force
14	40	Judiciary of Tanzania
15	41	Ministry of Constitutional and Legal Affairs
16	43	Ministry of Agriculture Food Security and Cooperatives
17	46	Ministry of Education and Vocation Training

18	48	Ministry of Lands, Housing and Human Settlements Development
19	49	Ministry of Water and Irrigation
20	51	Ministry of Home Affairs
21	54	Njombe Regional Secretariat
22	56	President's Office Regional Administration and Local Government
23	57	Ministry of Defense and National Service
24	62	Ministry of Works, Transport and Communication
25	63	Geita Regional Secretariat
26	68	Ministry of Works, Transport and Communication - Communication Sector
27	69	Ministry of Natural Resources and Tourism
28	70	Arusha Regional Secretariat
29	71	Pwani Regional Secretariat
30	72	Dodoma Regional Secretariat
31	76	Lindi Regional Secretariat
32	78	Mbeya Regional Secretariat
33	80	Mtwara Regional Secretariat
34	81	Mwanza Regional Secretariat
35	82	Ruvuma Regional Secretariat
36	85	Tabora Regional Secretariat

37	86	Tanga Regional Secretariat
38	87	Kagera Regional Secretariat
39	88	Dar Es Salaam Regional Secretariat
40	89	Rukwa Regional Secretariat
41	92	Tanzania Commission for Aids
42	93	Immigration Services Department
43	95	Manyara Regional Secretariat
44	96	Ministry of Information, Youth, Culture, and Sports
45	98	Ministry of Works, Transport and Communication
46	99	Ministry of Agriculture, Livestock & Fisheries
47	2010	High Commission in New Delhi
48	2013	Tanzania Embassy in Paris
49	2014	Tanzania Embassy in Beijing-China
50	2019	Tanzania Embassy in Brussels
51	2024	Tanzania Embassy in Saudi Arabia-Riyadh
52	2032	Tanzania High Commission in Kuala Lumpur
62	2005	Tanzania High Commission in Abuja
63	2001	Tanzania Embassy in Addis Ababa
64	2028	Tanzania Embassy in Bujumbura-Burundi
65	2031	Tanzania Embassy in Brasilia

66	2023	Tanzanian High Commission in Nairobi-Kenya
67	2016	Tanzania Embassy in Stockholm
68	2033	Tanzania Embassy-The Hague
69	2017	Tanzania Embassy in Tokyo-Japan

Appendix 11.3: List of entities that did not account land and buildings separately

S/n	Vote	Name of Entity
1	5	The National Irrigation Commission
2	15	Commission for Mediation and Arbitration
3	25	Prime Minister's Private Office
4	28	Tanzania Police Force
5	29	Prisons Service Department
6	39	National Service Force
7	40	Judiciary of Tanzania
8	41	Ministry of Constitutional and Legal Affairs
9	43	Ministry of Agriculture Food Security and Cooperatives
10	46	Ministry of Education, Science, Technology and Vocational Training
11	48	Ministry of Lands, Housing and Human Settlements Development
12	51	Ministry of Home Affairs
13	53	Ministry of Health, Community Development, Gender, Elderly and Children
14	56	President's Office Regional Administration and Local Government
15	63	Geita Regional Secretariat

S/n	Vote	Name of Entity
16	65	Prime Minister's Office, Labour, Youth, Employment and Persons with Disability
17	69	Ministry of Natural Resources and Tourism
18	71	Pwani Regional Secretariat
19	72	Dodoma Regional Secretariat
20	76	Lindi Regional Secretariat
21	78	Mbeya Regional Secretariat
22	80	Mtwara Regional Secretariat
23	81	Mwanza Regional Secretariat
24	85	Tabora Regional Secretariat
25	86	Tanga Regional Secretariat
26	87	Kagera Regional Secretariat
27	88	Dar Es Salaam Regional Secretariat
28	93	Immigration Services Department
29	95	Manyara Regional Secretariat
30	96	Ministry of Information, Youth, Culture and Sports
31	98	Ministry of Works, Transport and Communication
32	99	Ministry of Livestock and Fisheries Development
33	2010	High Commission in New Delhi
34	2013	Tanzania Embassy in Paris

S/n	Vote	Name of Entity
35	2014	Tanzania Embassy in Beijing-China
36	2019	Tanzania Embassy in Brussels
37	2024	Tanzania Embassy in Saudi Arabia-Riyadh
38	2032	Tanzania High Commission in Kuala Lumpur
62	2005	Tanzania High Commission in Abuja
63	2001	Tanzania Embassy in Addis Ababa
64	2028	Tanzania Embassy in Bujumbura-Burundi
65	2031	Tanzania Embassy in Brasilia
66	2023	Tanzanian High Commission in Nairobi-Kenya
67	2016	Tanzania Embassy in Stockholm
68	2033	Tanzania Embassy-The Hague
69	2017	Tanzania Embassy in Tokyo-Japan

Appendix 11.4: Government buildings located at Tanzania Embassies

S/N	Embassy	Title No.	Plot No & Physical Address	Use	Status	Remark
1	London	NGL 238158	3 Strafford place, W1C 1AS	Chancery building	In use	Need rehabilitation
		EGL 313751	3 View Road, High gate, London, N6 4DJ	HOM-Residence	In use	Need rehabilitation
		NGL 706503	37 Millway, London NW7 3QR	Officer's residence	In use	Need rehabilitation
		EGL 709295	78 The Avenue, London NW6 7NN	Officer's residence	In use	Need rehabilitation
		MX261165	74 The Grove, Edgware HA8 9QB.	Officer's residence	In use	Need major repair
		NGL 706501	6 Colindeep Gardens, London, NW4 4RU	Officer's residence	Not in use	Rehabilitation
2	Harare	2820/82 of 25/06/1982	1646 Salisbury Township 23 Bines Avenue	Chancery building Two Officer's residence	In use	Rehabilitation
		3139/80 of	Lot 65A Helensvale	HOM-Residence	In use only	2/3 need

S/N	Embassy	Title No.	Plot No & Physical Address	Use	Status	Remark
		17/06/1980	Township 23 Baines Avenue		1/3	rehabilitation
		3054/80 of 12/06/1980	13347 Salisbury Township 91 Churchul Avenue, Gunhill	Officer's residence	In use	Need rehabilitation
		3385/80 of 26/6/1980	80 Avondale Ext 2 13 Broadlands Road, Mt. Pleasant.	Officer's residence	In use	Need rehabilitation
		3298/81 of 26/05/1981	48 Ashbritten Township 7 Wretham Road Ashbritten	Officer's residence	In use	Need rehabilitation
3	Kigali	Vol. R. XVI Folio 35	Na.428 15 Avenue Paul vi. Kyovu	Financial Attache	In use	Need rehabilitation
			Na.722 Kacyiru, Kigali	Residence	In use	Need rehabilitation
4	Maputo	Na.3184 UK43b/12 No. 57,442 uk. 20 G 59	Na. 157/2 Fernandes Tomas currently AV. Dos Martires da Machava Na. 852	Chancery building and officers residence	Not in use	Rehabilitation in process

S/N	Embassy	Title No.	Plot No & Physical Address	Use	Status	Remark
		Na. 11739 UK. 80/B/32 Na. 57,442 UK. 20/ G.59	Na.141B 682 /Av. Don Carlos 24/Av. Zimbabwe 64	HOM Residence	Dilapidated	Need rehabilitation
		No. 7055 UK. 15/B/20 Na. 59,680 uk 83 G 73	Nevala General Rosado currentl Kwame Nkurumah /Kim IL Sung Na. 575	Officer residence	Dilapidated	Need rehabilitation
5	Lilongwe	Alimaunde 10/536	10/536	HOM Residence	Dilapidated	Need rehabilitation
		Almaunde 10/245	10/245 (10/106)	Officer residence	In use	Need rehabilitation
		Almaunde 43/2/2	Plot No. 2 Sector 2 Area 43 (i.e 43/2/2)	Officer residence	In use	Need rehabilitation
		Alimaunde 14/160	Plot No. 160 Area 14 (i.e. 14/160)	Officer residence	In use	Need rehabilitation
		Njewa 9/57	9/57	Officer residence	In use	Need rehabilitation

S/N	Embassy	Title No.	Plot No & Physical Address	Use	Status	Remark
6	Pretoria	T18070/96	822 George Avenue-Acardia - Pretoria	Chancery building	In use	Need rehabilitation
		T18070/96	845 Government Avenue-Acardia Pretoria		Not in use	Need rehabilitation
		T .161621/05	818 Jacques Street - Molerata Park, Pretoria	Officer residence	In use	Need rehabilitation
		T 13844/04	147 Nicolette Street Mayers Park- Pretoria	Officer residence	In use	Need rehabilitation
		T 533/86	846 Thomas Street-Arcardia Pretoria(Nyumba ya SMZ)	Officer residence	Not in use	Need rehabilitation
			58, 5 th Avenue Edenvale Johannesburg (ATC House)	Officer residence	Not in use	Need rehabilitation
7	Geneva	6373	5277 Chemin d'Ecogia 49, 1290 Versoix	HOM Residence	In use	Need rehabilitation
8	Washington	-	2139 street NW Washington, DC,	Old Chancery building	Dilapidated	Need rehabilitation

S/N	Embassy	Title No.	Plot No & Physical Address	Use	Status	Remark
			20008			
9	Kampala		Ridgeway Road (Kororo)	Officer residence	Not in use	Need rehabilitation
10	Stockholm			Officer residence	Not in use	Need rehabilitation
11	Khartoum		No.42 Square, House No. 6 Abu Qarga Street.	Officer residence	Dilapidated	Need rehabilitation
			No. 5 Plot No. 6 MAC-MACNIMIR Street	Officer residence	Dilapidated	Need rehabilitation
12	Moroni	38A 11CA	Coulee de Lave Moroni	Officer residence	Dilapidated	Need rehabilitation

Rented buildings

S/ N	Embassy	Title No.	Plot No.	Physical address	Remark	
1.	Harare	1986/91 of 26/5/1991	284 Greencroft Township	7 Chalfont Greencroft	In use	Need rehabilitation
		3074/80 of 12/6/1980	2620 Salisbury	6 Allan Wilson Belgravia	In use	Need rehabilitation
		5205/98 of 12/06/1968	289 Marborough Township ext 4 of Marborough Central	7 Alum Close Marborough	In use	Need rehabilitation

Land plots yet to be developed in our Tanzania embassies abroad

SN	Embassy	No. of plots	Location	Area	Lot No.	Title No.
1.	Nairobi	1	Upper Hill Area	8,094 m ²	Plot No.LR 209/13678	Have title deed
2.	Lilongwe	1	Lilongwe City Centre	Hector 0.5528m ²	Plot. No.13/103	Have title deed
3.	Abuja	2	Maitama, Cadastral Zone A05.	2,499.93m ²	Plot No.961	Have title deed
			Central Area, Cadastral Zone A00 Diplomatic Drive.	5,294.92m ²	Plot. No.353	Have title deed
4.	London	1	Denewood Road, Highgate, N6 4AQ - 'Premium location'.		Plot No. 19	Have title deed
5.	Kigali	1	Kacyiru North - Kigali City	2,057.57m ²	2560 Block U	No title deed
6.	Addis Ababa	2	Bole Area Wereda 3 Block E-11 "Premium Location"	2000m ²	458/98	Have title deed
				1414m ²	546/99	Have title deed
7.	Muscat	1	Diplomatic Quarter, Al-Khuwair	4400m ²	Plot No. 24	No title deed
8.	Maputo	1	Near chancery building			No title deed.

SN	Embassy	No. of plots	Location	Area	Lot No.	Title No.
9.	Bujumbura	1	Buterere - along road to Bujumbura international airport.	13,800m ²	Plot. No. 8463 1C	Kina hati Miliki Have title deed.
10	Riyadh	1	Diplomatic enclave	Sq 6,758		
		12				

Source: Individual CAG's audit reports for the year 2015/16

Appendix 11.5 Accumulation of liabilities

S/N	Vote	Name of Entity	Amount (TZS)
1	4	President's Office Record and Archive Management Department	173,707,031.65
2	5	The National Irrigation Commission	2,186,330,642.36
3	10	The Joint Finance Commission	281,542,199.92
4	12	Judicial Service Commission	97,666,575.08
5	14	Fire and Rescue Force	3,221,285,973.40
6	15	Commission for Mediation and Arbitration	339,052,665.00
7	16	Attorney General's Chambers	1,092,129,699.52
8	21	Treasury	60,648,567,990.00
9	23	Accountant General's Department	7,105,711,494.81
10	24	Tanzania Cooperatives Development Commission	384,186,205.42
11	25	Prime Minister's Private Office	3,497,635,460.43
12	26	Vice President Private Office	2,146,040,870.00
13	27	Registrar of Political Parties	1,860,461,115.00
14	28	Tanzania Police Force	730,069,501,757.00
15	29	Prisons Service Department	68,123,607,809.78
16	30	President's Office - Cabinet Secretariat	510,159,345.00
17	31	Vice President's Office	5,468,687,594.42
18	32	President's Office Public Service Management and Good Governance	6,314,437,791.13
19	33	President's Office, Ethics Secretariat	1,373,195,556.33
20	34	Ministry of Foreign Affairs and East African Cooperation	21,701,258,841.00

S/N	Vote	Name of Entity	Amount (TZS)
21	35	Directorate of Public Prosecutions	1,109,298,456.39
22	36	Katavi Regional Secretariat	885,620,854.20
23	37	Prime Minister's Office	2,840,499,461.00
24	38	Tanzania Peoples Defence Forces	136,775,011,277.63
25	39	National Service Force	79,858,278,499.97
26	40	Judiciary of Tanzania	2,023,237,675.00
27	41	Ministry of Constitutional and Legal Affairs	3,760,689,856.58
28	42	Office of the National Assembly	6,408,014,337.00
29	43	Ministry of Agriculture, Livestock and Fisheries	29,429,868,287.43
30	44	Ministry of Industry, Trade And Investments	1,785,965,277.00
31	46	Ministry of Education and Vocation Training	23,532,462,266.00
32	47	Simiyu Regional Secretariat	616,005,342.00
33	48	Ministry of Lands, Housing and Human Settlements Development	7,104,217,398.15
34	49	Ministry of Water and Irrigation	11,158,160,920.00
35	50	Ministry of Finance	7,113,749,367.00
36	51	Ministry of Home Affairs	2,837,113,677.04
37	52	Ministry of Health, Community Development, Gender, Elderly and Children	259,864,259,980.00
38	53	Ministry of Health, Community Development, Gender, Elderly and Children	2,064,937,586.00
39	55	Commission For Human Rights and Good Governance	1,084,722,858.00

S/N	Vote	Name of Entity	Amount (TZS)
40	56	President's Office Regional Administration and Local Government	18,127,549,350.24
41	57	Ministry of Defence and National Service	58,038,644,241.19
42	58	Ministry of Energy and Minerals	41,744,577,036.00
43	59	Law Reform Commission	221,425,584.00
44	61	National Electoral Commission	1,723,853,808.00
45	62	Ministry of Works, Transport And Communication	11,435,467,962.00
46	63	Geita Regional Secretariat	731,751,777.00
47	65	Prime Minister's Office, Labour, Youth, Employment and Persons with Disability	1,835,712,393.00
48	66	The Planning Commission	3,825,866,571.93
49	67	President's Office Public Service Recruitment Secretariat	1,336,132,500.94
50	68	Ministry of Works, Transport and Communication - Communication Sector	7,540,292,386.09
51	69	Ministry of Natural Resources And Tourism	2,244,121,995.00
52	70	Arusha Regional Secretariat	1,722,218,395.00
53	71	Pwani Regional Secretariat	805,052,950.00
54	72	Dodoma Regional Secretariat	3,103,324,138.00
55	73	Iringa Regional Secretariat	829,034,221.00
56	74	Kigoma Regional Secretariat	1,261,383,884.00
57	75	Kilimanjaro Regional Secretariat	1,616,043,810.18
58	76	Lindi Regional Secretariat	1,212,374,441.00
59	77	Mara Regional Secretariat	1,442,471,666.00
60	78	Mbeya Regional Secretariat	1,347,334,081.00

S/N	Vote	Name of Entity	Amount (TZS)
61	79	Morogoro Regional Secretariat	1,164,300,057.35
62	80	Mtwara Regional Secretariat	1,494,984,020.00
63	81	Mwanza Regional Secretariat	1,722,100,073.00
64	82	Ruvuma Regional Secretariat	1,213,741,153.00
65	83	Shinyanga Regional Secretariat	1,400,523,337.00
66	84	Singida Regional Secretariat	1,560,216,469.00
67	85	Tabora Regional Secretariat	1,657,906,379.00
68	86	Tanga Regional Secretariat	2,250,424,514.00
69	87	Kagera Regional Administrative Secretariat	2,060,134,421.00
70	87	Kagera Regional Secretariat	2,060,134,421.00
71	88	Dar Es Salaam Regional Secretariat	1,129,904,371.00
72	89	Rukwa Regional Secretariat	1,804,166,537.00
73	91	Anti-Drug Commission	126,455,964.78
74	92	Tanzania Commission For Aids	767,461,052.75
75	93	Immigration Services Department	5,707,038,319.71
76	94	Public Service Commission	1,177,483,777.75
77	95	Manyara Regional Secretariat	1,459,752,776.70
78	96	Ministry of Information, Youth, Culture, And Sports	4,528,161,110.00
79	97	Ministry of Foreign Affairs and East African Cooperation	1,561,334,036.27
80	98	Ministry of Works, Transport And Communication	271,620,820,327.00
81	99	Ministry of Agriculture, Livestock and Fisheries	6,935,588,900.00
82	2001	Tanzania Embassy in Addis Ababa	79,069,402.00
83	2002	Tanzania Embassy in Berlin	104,070,445.41
84	2003	Tanzania Embassy in Cairo	146,405,759.00

S/N	Vote	Name of Entity	Amount (TZS)
85	2004	Tanzania Embassy in Kinshasa	97,755,360.00
86	2009	Embassy of United Republic of Tanzania Moscow	1,823,103,673.00
87	2013	Tanzania Embassy in Paris	176,633,340.98
88	2014	Tanzania Embassy in Beijing-China	436,837,076.00
89	2015	Tanzania Embassy in Rome Italy	677,100,017.59
90	2016	Tanzania Embassy in Stockholm	472,011,757.00
91	2020	Tanzania Embassy in Geneva	1,692,375,892.00
92	2019	Tanzania Embassy in Brussels	576,988,500.00
93	2021	Tanzania High Commission in Kampala	74,796,560.00
94	2023	Tanzanian High Commission in Nairobi-Kenya	176,823,553.00
95	2026	High Commission of United Republic of Tanzania In Kigali	145,980,100.00
96	2028	Tanzania Embassy in Bujumbura-Burundi	51,395,368.00
97	2032	Tanzania High Commission in Kuala Lumpur	197,671,815.00
TOTAL			1,979,323,563,821.50