

**VOTE 29
PRISON SERVICE DEPARTMENT**

100. FOLLOW UP ON OUTSTANDING MATTERS IN THE PREVIOUS ANNUAL REPORTS

The following matters which were reported in the previous audit reports have not been finalized.

2002/2003

Para	Audit Observation	Amount Reported (Shs)	Amount Outstanding (Shs)
97.3	Outstanding Liabilities	1,205,455,979	1,205,455,979
98.2	Arrears of Revenue	344,364,669.50	344,364,669.50
101.2	Payments Inadequately Supported	206,036,175	141,860,182
101.3	Payments on Proforma Invoices	522,801,630	164,189,231
102.2	Acknowledgement Receipts Not Produced	1,637,220,259	759,692,122
103	Stores Not Accounted For	93,429,180	42,049,445
106	Suspected loss of Funds Moshi	300,000,000	300,000,000

101. AUDIT QUERIES

A test check of the accounts and related records for the year 2003/2004 resulted in the issue of 35 audit queries and 3 management letters. Seven (7) audit queries and one management letter had been replied as at the time of writing this audit report, May 2005. In addition, 7 audit queries relating to financial year 2002/2003 are still outstanding.

102. OUT TURN

102.1 Supply Vote

The Supply Vote closed with a net expenditure of Shs.36,675,647,881 against reported net approved estimates of Shs.36,993,376,800 reflecting a saving of

Shs.317,728,919. However, actual exchequer issues received during the year totalled Shs.36,923,296,567 resulting in actual saving of Shs.247,648,686. However, included in the net expenditure is an amount of Shs.3,456,293,935 transferred to Deposit account to meet some contractual obligations which were not effected during the financial year under review.

102.2 Development Vote

The year's out turn on Development Vote was a net expenditure of Shs.2,889,241,087 against net approved estimates (and exchequer issues received) of Shs.2,900,000,000 leaving a saving of Shs.10,758,913.

However, the Statement of Vote account as at 30th June, 2004 showed a balance of Shs.10,758,913 as per vote account cash book, while the actual cash book balance according to CPO records was Shs.10,393,412 disclosing an unreconciled balance of Shs.365,501.

In addition it has been noted that the net expenditure of Shs.2,889,241,087 includes an amount of Shs.471,864,122 transferred to Deposit Account for subsequent payment of undischarged commitments in the ensuing year.

102.3 Outstanding Liabilities Shs.6,572,614,376

The footnotes to the Appropriation Accounts as at 30th June, 2004 showed outstanding liabilities amounting to Shs.6,572,614,376 which upon settlement may greatly affect the financial position of Vote 29.

103. STATEMENT OF REVENUE

103.1 Over collection of Revenue Shs.68,257,417

The Statement of Revenue as at 30th June, 2004 submitted along with the Appropriation Accounts disclosed a total revenue collection of Shs.342,258,417 as against the estimated provision of Shs.274,001,000 reflecting an overcollection of Shs.68,257,417 or 25%.

103.2 Arrears of Revenue Shs.419,136,566

The Statement of Arrears of Revenue as at 30th June, 2004 disclosed uncollected revenue totalling Shs.419,136,566 for financial years 2001/2002, 2002/2003 and 2003/2004. Efforts are needed to collect these large and long outstanding arrears.

104. RETENTION REVENUE ACCOUNT

104.1 Bank Reconciliation Statement

The submitted bank reconciliation statement as at 30th June, 2004 reflected outstanding items for two years as follows:

Item	Amount Shs	
	2002/2003 Shs.	2003/2004 Shs.
Receipts in Cash Book Not in Bank	24,789,977.05	66,322,620.20
Receipts in Bank Not In Cash Book	42,144,890.25	108,740,451.35

The outstanding items should be cleared, urgently.

105. DEPOSIT ACCOUNT

**105.1 Variance Between Deposit Cash Book Balance and the
CPS Cash Book Balance Shs.13,292,925**

The Statement of Receipts and Payments for the year ended 30th June, 2004 showed a balance of Shs.4,187,049,648 while the actual cash book balance as per CPS Deposits Cash Account was Shs.4,196,407,023 disclosing unreconciled variance of Shs. 9,357,375.

106. FIXED ASSETS

It has been noted that values of some of the fixed assets have not been shown in the schedules of fixed assets as at 30th June 2004 submitted along with the appropriation accounts. In addition the correctness of the schedules of the fixed assets could not be confirmed due to the following:

- (i) The department does not keep a register of fixed assets to manage, monitor and control movement of assets and record information on the life of assets.
- (ii) The following motor vehicles found at RPO – Arusha, were not shown in the schedules submitted to audit:

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STG 8007	Isuzu Lorry
STJ 1616	L/Rover S/Wagon
STJ 2334	KIA CERES
STJ 2375	KIA CERES

- (iii) The valuation certificates from competent authorities to confirm the values of the fixed assets disclosed were not available for inspection.

A proper fixed assets management system should be instituted to ensure that all fixed assets are identified, valued and easily located. This is important as the Department owns substantial amounts of fixed assets.

107. LOSSES OF STORES SHS.5,200,566

The footnotes to the Appropriation Accounts reflected losses of stores worth Shs.5,200,566 relating to the financial year under review. However, the losses had not yet been finalized as at the time of writing this report, February 2005.

108. UNVOUCHED AND IMPROPERLY VOUCHERED EXPENDITURE SHS.693,282,195

108.1 Unvouched Expenditure Shs.14,259,466

Audit test check of payment vouchers detected that payment vouchers of Shs.14,259,466 were missing as follows:

<u>Account</u>	<u>Amount</u> <u>(Shs.)</u>
Supply Vote	1,517,000
Development Vote	<u>12,742,466</u>
Total	14,259,466 =====

In the absence of payment vouchers and their supporting documents I was unable to satisfy myself on the propriety of this expenditure.

108.2 Payments Inadequately Supported Shs.605,617,252

- 108.2.1** A test examination of the payments for the Supply Vote during the year under review revealed payments amounting to Shs.121,137,362 which were inadequately supported. In the absence of the supporting documents I could not confirm whether the expenditure incurred was proper.

108.2.2 Missing Compensation Schedules Shs.484,479,890

A sum of Shs.484,479,890 under Development Vote account was paid to Ilala Municipal Director to meet compensation payments to Segerea residents whose farm plants and houses were to be demolished in the course of expansion of Segerea Prison. In the absence of duly signed compensation schedules, I could not establish the legitimacy and propriety of the expenditure.

108.3 Payments on Proforma Invoices Shs.73,405,477

A total amount of Shs.73,405,477 was paid on strength of proforma invoices. Evidence of delivery and accountability of goods and services was not seen. My four audit queries issued in this respect remained unreplied.

109. ADVANCE PAYMENTS SHS.172,280,500

109.1 Two payments of Shs.9,986,500 and Shs.124,794,000 were made to two suppliers being 10% advance payments for the purchase of medical instruments and essential drug kits respectively. Confirmation on whether the final payments were effected and items paid for delivered, has not been given.

109.2 An amount of Shs.37,500,000 was paid to Presidential Parastatal Sector Reform Commission, under Development Vote account, being 25% advance payment of the purchase price of Shs.150,000,000 for the 30 housing units on Plot No. 84/E at Kihonda Industrial Area in Morogoro Municipality for prison officers use.

There was no confirmation on final payment and transfer of ownership.

110. STORES NOT ACCOUNTED FOR SHS.47,042,505

A test check of payments made during the year 2003/2004 disclosed that stores purchased worth Shs.47,042,505 were not taken on ledger charge. Replies to my nine audit queries seeking confirmation of receipt and booking of the supplies are awaited.

111. STORES DEFICIT SHS.1,192,500

An assortment of foodstuff valued at Shs.3,422,500 were ordered and paid for by Regional Prisons Officer – Iringa. However, delivery of items worth Shs.1,192,500 to have been delivered and were not confirmed taken on ledger charge.

112. UNAUTHORISED PAYMENTS Shs.6,318,057

Regional Prisons Officer – Arusha purchased spare parts from private dealers for repair of a motor vehicle. However, the purchases and repairs were effected without recourse to the Regional Mechanical Engineer as required under Regulation 77 (1) and (2) of the Public Procurement Act, 2001.

113. INELIGIBLE EXPENDITURE SHS.6,139,100

Payments totalling Shs.6,139,100 were made from Development Vote account for the purchase of building materials for the on going rehabilitation of the Prisons headquarters building. However, the rehabilitation work has been contracted to Prisons Corporation Sole, at a contract sum of Shs.1,272,075,734 which also covers the cost of materials needed for the rehabilitation works. The Accounting Officer was informed about this error and advised that the amount should be refunded by the contractor.

114. ACKNOWLEDGEMENT NOT PRODUCED SHS.1,495,141,501

Acknowledgement receipts for payments involving Shs.1,495,141,501 made to various payees were not produced to confirm whether the payments were actually received by the bonafide payees.

115. SPECIAL AUDIT: (RPO) REGIONAL PRISONS OFFICER - MOROGORO

A special audit on apparent financial mismanagement at the Regional Prisons Office, Morogoro was conducted in response to a request made by the Principal Commissioner of Prisons. Observations arising from the special audit as follows:-

115.1 Non-Accountability of Foodstuffs – Shs.202,261,910

Foodstuffs issued to the Regional Prisons Officer – Morogoro from main stores Keko-Dar es salaam worth Shs.202,261,910 were apparently not accounted for in the ration ledgers.

115.2 Un-ascertained Purchases of Foodstuffs – Shs.345,913,440

Foodstuffs purchased during 2001 – 2004 for Shs.345,913,440 could not be ascertained to have been received or accounted for in the ration ledger and their utilization could not be confirmed due to non-availability of the respective ledgers or evidence of their having been issued to District / Unit Prisons in the region.

115.3 Non-accountability of Foodstuffs Issued from Regional Prisons Office Shs.41,792,620

Foodstuffs worth Shs.41,792,620 including rice, maize flour, sugar and beans were observed to have been issued to prison units by RPO Morogoro. However, verification against the ration ledgers maintained at the prison units revealed that the foodstuffs were apparently not received and accounted for.

115.4 Stores items not accounted for Shs. 81,012,200

An amount of Shs.14,651,845 was paid to milling machine operators in respect of milling 417,588 kgs of white maize expected to produce 405,061 of maize flour worth Shs.81,012,200. However, it was noted during the course of special audit that the anticipated 405,061 kgs of flour was neither taken on ledger charge nor were utilization records kept and produced to auditors.

**116. UTILISATION OF TRANSFERRED FUNDS
SHS. 3,928,158,056**

During the financial year 2003/2004 a total sum of Shs.3,928,158,056 was transferred from Supply and Development Vote accounts Shs.3,456,293,934 and Shs.471,864,122 respectively to Deposit account to meet undercharged commitments during the year. Details of expenditure incurred have not been given.

116.1 Purchase of Mattresses of Inferior Quality Shs.247,500,000

As part of the utilization of transferred funds and in an endeavor to improve welfare in prisons, M/S Pan Africa Enterprises Ltd was awarded a contract to supply 25,000 pieces of mattresses valued Shs.247,500,000 to replace the old style of Prisoner's bedding materials (VIRAGO). However sample audit visit to few prisons revealed the purchased mattresses were of low quality. Due economy and best value couldn't be reasonably obtained for the funds applied.

116.2 Avoidable Expenditure Shs.40,616,287

A total sum of Shs.40,616,287 was spent to transport the purchased the purchased mattresses to various up-country destinations where they were to be distributed to prisons for prisoners' use. Had the purchases been decentralized to regions such an expenditure would have been avoided.

117. TREASURY STOCK VERIFICATION UNIT

(a) Unsupported Issues of Stores Shs. 39,161,420.00

Various stores worth Shs. 39,161,420 were issued and struck off ledger charge without their supporting issue documents as follows:-

		Shs.
i.	Mugumu Remand Prison – Serengeti (March 2004)	1,920,440.00
ii.	District Prison (Tabora “B” Mugumu (March 2004)	5,814,420.00
iii.	Regional Prisons Office – Arusha (April, 2004)	13,295,160.00
iv.	Lushoto Prison – Lushoto (January 2004)	617,000.00
v.	District Prison – Biharamulo (April 2004)	16,898,900.00
vi.	District Prison – Ngudu (May 2004)	615,500.00
		39,161,420.00

(b) Deficient Stores Shs. 3,215,056.00

Various stores worth Shs. 3,215,056.00 were found deficient when physical and ledger stock balances were compared as follows:-

i.	Mugumu Remand Prisons – Serengeti (March 2004)	460,800.00
ii.	Uyui Central Prison – Tabora (Sept. 2003)	1,421,000.00
iii.	Mang’aru Prisons – Kibiti (January 2004)	444,256.00
iv.	District Farm Prison – Urambo (October 2003)	889,000.00
		3,215,056.00

(c) Unreceipted Issues of Stores Shs. 15,225,300.00

Issues of stores worth Shs. 15,225,300.00 were not authenticated by respective recipients as follows:-

i.	District Prison (Tabora “B”) Mugumu (March 2004)	1,825,800.00
ii.	Regional Prisons Office – Arusha (April, 2004)	1,451,100.00
iii.	District Prisons Office – Shinyanga (Sept. 2003)	213,400.00
iv.	Uyui Central Prison – Tabora (Sept. 2003)	1,612,585.00
v.	Kitai Prison – Corporation Sole – Mbinga (January, 2004)	4,432,435.00
vi.	Manundu Prison – Korogwe (January 2004)	622,800.00
vii.	District Farm Prison – Urambo (October 2003)	4,547,580.00
viii.	District Prison – Magu (October, 2003)	519,600.00

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		15,225,300.00
(d)	Unaccounted for receipts of Stores Shs. 11,355,115.00	

Various stores worth Shs. 11,355,115.00 received from different sources were not accounted for as follows:-

i.	Mugumu Remand Prisons – Serengeti (March, 2004)	1,469,500.00
ii.	Central Prisons – Arusha (April 2004)	649,450.00
iii.	Kitete Prison Camp – Rukwa (January 2004)	1,331,26
iv.	Mang'aru Prisons – Kibiti (January, 2004)	1,226,600.00
v.	District Prisons Office – Rufiji (Sept. 2004)	730,275.00
vi.	District Farm Prison – Urambo (October, 2003)	3,889,250.00
vii.	District Prison – Nzega (June, 2004)	1,569,680.00
viii.	Mollo Prison – Sumbawanga (March 2004)	489,100.00
		11,355,115.00

(e) Unsupported receipts of stores Shs. 44,686,125.00

Various stores worth Shs. 44,686,125.00 were received and taken on ledger charge without any supporting receipt vouchers as detailed below:-

i.	District Prison – Rombo (December 2003)	1,469,500.00
ii.	Remand Prison – Mpanda (January 2004)	9,410,700.00
iii.	Lushoto Prison – Lushoto (January 2004)	4,073,760.00
iv.	Manundu Prison – Korogwe (Sept. 2003)	2,900,700.00
v.	District Farm Prison – Urambo (October 2003)	9,004,740.00
vi.	District Prison – Biharamulo (April 2004)	15,586,200.00
		44,686,125.00

(f) Short Transfer of Stores Shs. 9,169,000.00

Stores balances worth Shs. 9,169,000 as detailed below were not transferred from old to new ledgers:-

i.	Regional Prison Office – Arusha (April, 2004)	1,796,200.00
ii.	Uyui Central Prison – Tabora (Sept. 2003)	7,159,000.00
iii.	District Farm Prison – Urambo (October 2003)	213,800.00
		9,169,000.00

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(g) Overdue Outstanding Stores on loan Shs. 868,400.00

Stores worth Shs. 868,400.00 were outstanding on loan for a long period as detailed below:-

i.	Lushoto Prison – Lushoto (January 2004)	664,600.00
ii.	Lilungu Prison Mtwara (July 2003)	203,800.00
		868,400.00

(h) Unaccounted for purchases of stores Shs. 5,719,415.00

Stores worth Shs. 5,719,415.00 locally purchased were neither taken on ledger charge nor could their utilization accounts be produced for verification, as follows:

i.	District Farm Prison – Urambo (October, 2003)	4,039,400.00
ii.	District Prison – Biharamulo (April 2004)	450,240.00
iii.	District Prison – Nzega (June, 2004)	648,000.00
iv.	District Prison – Magu (Dec. 2003)	581,775.00
		5,719,415.00

- (i) Verification carried out at Uyui Central Prisons in Tabora in September, 2003 revealed that, drugs worth Shs. 622,345 were missing.
- (j) Verification carried out at Ngudu District Prison in May 2004, revealed that 3,500 kg of maize worth Shs. 525,000 were issued to Regional Prison Officer Mwanza but all relevant issue vouchers were missing when requested for inspection.
- (k) Verification carried out at Tabora District Prison in March 2004, revealed that, 8 cows worth Shs. 960,000.00 were reported lost during verification but loss report was not prepared for submission to the Treasury.
- (l) Verification carried out at Kitai Prison Corporation Sole, Mbinga in January 2004, revealed that five bulls worth Shs. 500,000.00 died for unknown diseases but death certificate from a Veterinary Surgeon was not produced for verification.

118. AUDIT CERTIFICATE

In my opinion, subject to clearance of matters raised in the preceding paragraphs, the Supply Vote, Development Vote, Miscellaneous Deposit and Revenue accounts present fairly the financial position of Vote 29 as at 30th June, 2004.