

VOTE 38
MINISTRY OF DEFENCE AND NATIONAL SERVICE (NGOME)

177. OUTSTANDING MATTERS FROM PREVIOUS AUDIT REPORTS

The following matters reported in the previous reports dating back to financial year 1998/99 were still outstanding at the time of writing this report, January, 2005.

YEAR	PARA NO.	ITEM	AMOUNT QUERIED SHS.	BALANCE SHS.	REMARKS
1998/99	168.1 (Para 165.1)	Overdrawn Deposits and in eligible expenditure	450,041,591	450,041,591	Amount has not been reimbursed from Recurrent Account
1999/2000	169.1 (Para 166.1)	Overdrawn Deposit	595,127,259	330,010,905	Amount overdrawn in Deposit Account to meet Supply Vote expenditure has not been reimbursed
2000/2001	170.4 (Para 172.1)	Overdrawn Deposit	261,158,628	15,329,775	Not yet reimbursed to Deposit Account from Recurrent Account
2001/2002	(Para 176.1)	Overdrawn Deposit Account	146,384,976	127,299,110	Amount overdrawn in Deposit Account to meet Recurrent Account expenditure has not been reimbursed yet

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	(Para 176.3)	Payments made from Deposit Account	101,081,550	31,228,178	Balance made to various Army Units as capital to facilitate Messes and Institute activities not yet reimbursed to appropriate account
	Para 177	Unvouched and Improperly vouched expenditure	15,021,850,439	243,849,570	Still outstanding
	Para 178	Payments made without proper authority	1,078,604,889	449,250,000	Retrospective approval from Treasury to regularize unauthorized expenditure has not yet been obtained
		TOTAL TSHS.	17,654,249,332	1,647,009,129	

178. AUDIT QUERIES

A test check of accounts and supporting documents for the year ended 30th June, 2004 resulted in the issue of 72 audit queries and two (2) Management letters. None of these queries had been settled as at the time of writing this report January, 2005.

In addition 42 audit queries relating to previous years accounts were also still outstanding as shown below:

Year of Accounts	Number of Outstanding Audit Aeries
2000/01	1

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2001/02	5
2002/03	36
TOTAL	42

179. OUT-TURN
179.1 Supply Vote

The Statement of Vote Account reports net expenditure of TShs.130,012,188,237 against approved estimates of Shs.130,024,805,814 an apparent saving of Shs.12,617,577. Exchequer issues received during the year totalled Shs.130,024,805,814 an apparent saving of Shs. 12,617,577. Similarly, exchequer issues received during the year totalled Shs. 130,024,805,814 resulting in an actual balance of Shs. 12,617,577.

179.2 Net expenditure as at 30th June, 2004 Shs. 130,012,188,237

In the Statement of Vote Account as at 30th June,2004 the net expenditure was reported to be Shs. 130,012,188,237. However, the expenditure records in the Deposit Account examined revealed that a total of Shs.801,646,360 was over drawn from Miscellaneous Deposit Account to meet recurrent expenditure, in addition to the reported sum of Shs. 130,012,188,237.

179.3 Unreconciled variances Shs.165,846,860

During audit of Appropriation Accounts, we noted that there are some variances between actual expenditure as shown in the Appropriation Account and Expenditure Statement by warrant holders.

Total Actual expenditure as shown in the Appropriation Account Shs.	45,437,836,653
Total expenditure statement by warrant holder Shs.	45,271,989,793
Difference Shs.	165,846,860

The above variance needs reconciliation.

**180. OUTSTANDING SALARY ADVANCES AND IMPRESTS
SHS. 232,070,170**

180.1 Outstanding Salary Advance Shs. 87,931,498

Appropriation Accounts reported a nil balance of outstanding salary advances. However, the examination of the Deposit Account payment vouchers revealed that a total sum of Shs 87,931,498 being outstanding salary advances, was not reported in the annual accounts.

180.2 Outstanding imprests Shs. 144,138,672

The outstanding imprests as at 30/6/2004 were reported as Shs.12,644,675 in the final accounts. However, the examination of the imprest registers and payment vouchers revealed that the imprests not yet retired up to 30th June,2004 were Shs.144,138,672 making understatement of Shs.131,493,997 not reported and accounted for in the final accounts. The outstanding salary advances and imprests need to be recovered/retired soon.

181. BANK RECONCILIATION STATEMENTS

The bank reconciliation statements for Supply Vote, Miscellaneous Deposit Account and Lead and Metal Fund Account for the month of June,2004 were submitted and examined.

The following items were still outstanding:

	Outstanding	Recurrent Account	Misc. Deposit Account
(a)	Unpresented cheques	4,759,916,485	594,198,378
(b)	Receipts in bank not in cash book	NIL	109,609

Clearance action is required.

Further, a total sum of Shs.2,546,450,850 which was transferred from Recurrent Account to Miscellaneous Deposit Account as per list of LPO's submitted to audit, differs with the amount transferred as per bank statement Shs.1,855,471,252 causing a difference of Shs.690,979,598. More effort should be made to clear the outstanding items and reconcile the differences.

182. STATEMENT OF ASSETS AND LIABILITIES

182.1 Overdrawn Deposits Shs.801,646,360

A total amount of Shs.801,646,360 was overdrawn from Deposit Account to meet Supply Vote expenditure contrary to financial regulations. No refunds or clearance has been made thereto.

182.2 Variances in actual amount recorded in the Deposit Register with that reported in the Appropriation Account.

A comparison of amounts on the Statement of Assets and Liabilities and those on the Deposit Register revealed the following differences:-

Code	Item	Reported Amount in the Appropriation Account	Register Records Amount	Difference
693-1001	Unpaid salary	20,554,135	(41,678,019)	62,232,154
693-1801	Motor cycle & bicycle loan	20,208,500	20,208,500	NIL
693-2111	Military & Liabilities Antiquity	1,433,740	1,433,740	NIL
693-2222	Maasi ya TR	1,197,400	1,197,400	NIL
693-2430	Zoezi maalum	24,265,900	24,265,900	NIL
693-2500	Vickers Defence system	1,669,709	16,697,082	(15,027,373)
693-3102	Buffalo	35,262,973	35,262,973	NIL
693-3131	Ukodishaji maturubai	1,477,675	1,477,675	NIL
693-9001	Deposit General	2,260,911,278	31,912,119	2,228,999,159
	TOTAL TSHS.	2,366,981,310	90,777,370	2,276,203,939

The figures above need reconciliation.

183. STATEMENT OF REVENUE

The total revenue collected during the year as at 30th June,2004 was Shs.13,028,672. However, it was noted during audit that a further sum of Shs.10,769,925 was collected through land craft (CASA) but the same was deposited in the Deposit Account (Deposit General) instead of paying to the Exchequer Account (Treasury). The statement should be updated and the revenue should be paid to Exchequer Account.

184. UNVOUCHED AND IMPROPERLY VOUCHERED EXPENDITURE SHS. 10,859,769,826

184.1 Unvouched expenditure Shs.1,161,396,902

A test check of the accounts and records during the year under review revealed expenditure totalling Shs.1,161,396,902 from supply vote which was not supported by payment vouchers.

It was not easy to ascertain the correctness of this expenditure due to the absence of payment vouchers and their supporting documents.

184.2 Improperly vouched expenditure Shs. 9,698,372,923

During the year under review a total amount of Shs.9,698,372,923 was paid for purchases of goods and services, which was not supported by valid supporting documents. Replies of my 21 audit queries about this issue are not yet submitted.

185. PAYMENTS SUPPORTED BY PROFORMA INVOICES SHS. 942,396,202

A test examination of the accounts during the year revealed that expenditure totalling Shs.942,396,202 was paid in advance using proforma invoices.

We could not confirm whether the goods and services paid for were correctly received and properly accounted for. Replies to my 8 audit queries raised thereon are still awaited.

186. PAYMENTS MADE WITHOUT PROPER AUTHORITY SHS.2,232,569,006

A total sum of Shs.2,232,569,006 was paid to several contractors in order to supply goods and services to various army units. However, no proper authority e.g Military Tender Board (MTB) was used to authorize the expenditure. My 9 audit queries raised on the issue are still not attended.

187. MEDICAL TREATMENT OUTSIDE THE COUNTRY SHS. 91,595,917

During the year under review, a total sum of Shs.91,595,917 was paid to various officers, men and their families in order to undergo treatment out side the country. However, the cost of treatment out side the country could have been met by the Ministry of Health after being advised by the authorized agency ie. Muhimbili Medical Centre (MMC). My 4 audit queries raised on this issue have not yet been replied.

188. QUESTIONABLE PURCHASES SHS.348,008,780

A total sum of Shs.348,008,780 was used to purchase various items such as building materials, motor vehicle spare parts, computer accessories etc. from several suppliers.

However, it was not known where these purchased items were delivered and utilized.

ITEM	AMOUNT (SHS)
Purchase of building materials	111,944,868
Purchase of spare parts	18,074,110
Purchase of computer accessories	26,283,935
Purchase of stationeries	191,705,867
TOTAL	348,008,780

My 5 audit queries raised on this issue have not yet been replied.

189. PAYMENT OF SALARIES SHS.233,366,067

In the Appropriation Accounts for financial year 2003/04 it was noted that a total amount received for Personal Emolument was Shs.62,320,274,747 but actual total expenditure as per warrant holder's statement was Shs.62,553,640,814 making a difference of Shs.233,366,067. My audit query No. 72 of 2003/04 raised on this issue has not yet been replied.

190. MATTERS ARISING FROM LOCAL INSPECTIONS.

Audit test – check of the army units accounts for the year 2003/04 revealed that financial regulations were not followed thereby resulting in irregular and questionable expenditure as explained below:-

111KJ – ZANZIBAR

190.1 Outstanding imprests Shs.130,044,505

A total sum of Shs.130,044,505 issued as imprests to various officers was still unretired. Some of the officers were issued additional special imprests without clearing the previous imprests issued, contrary to the financial regulations.

190.2 Missing supporting documents Shs.231,260,500

A total sum of Shs.231,260,500 was paid to various officers as allowances during their stay in Zanzibar. The payment was not supported by valid supporting documents. However, we failed to prove whether the money was paid to the proper payees since there were no original signed payrolls to vouch for these payments.

**190.3 Extension of roofing structure Amani Stadium
Shs.73,200,000**

A total sum of Shs.72,138,852 was paid to two payees M/S Commandant 101KV – Shs.18,000,000 and M/S Alternative Construction Service Ltd. Shs.54,138,852 in order to make an extension of roofing structure at Amani Stadium Zanzibar during the ceremony to mark 40 Years of Union day held in Zanzibar.

However, no clear explanation was given to the auditor to know who was doing what during the course of construction.

Further, there was no contract agreement between the contractors and the Army, and the work was not authorized by the relevant authority such as Military Tender Board (MTB)

**190.4 Payment made to M/S State Fuel and Power Corporation
Shs.153,784,231**

A total sum of Shs.153,784,231 was made to M/S State Fuel and Power Corporation in order to settle various, electricity bills. However, no bills were attached/seen to support the expenditure.

190.5 Payments made in Advance Shs.14,367,960

A total of Shs.14,367,960 was paid in advance to various payees in order to facilitate various goods and services to various army units at Zanzibar. However, we failed to ascertain the proper accountability of the services rendered due to non – availability of the relevant supporting documents to confirm delivery of goods paid for.

**190.6 Payments not authorized by Military Tender Board (MTB)
Shs.26,763,322**

A sum of Shs.26,763,322 was paid to various payees without being authorized by proper authorities such as Military Tender Board (MTB).

190.7 Doubtful issues of spares worth Shs.11,572,120

Spares worth Shs. 11,572,120 were purchased by the Stock Control Officer - 111KJ – Zanzibar and issued to his Quarter Master – 111KJ. However, the issues from Quarter Master's job cards to the maintenance unit is doubtful since the maintenance unit has no records of the serviced vehicles. Further, log books/files of the serviced vehicles were not produced when called for. In addition, the replaced parts from the serviced vehicles were not produced for verification.

191. AUDIT CERTIFICATE

In my opinion, the Revenue Account and Lead and Metal Fund Account present fairly the financial position of Vote 38 as at 30th June,2004.

However, subject to clearance of matters raised in the preceding paragraphs, the Supply Vote and Miscellaneous Deposit Accounts fairly present the financial position of Vote 38 as at 30th June,2004.