

VOTE 40 JUDICIARY

203. AUDIT QUERIES AND MANAGEMENT LETTERS

A test check of accounts, statements and related records for the year 2003/2004 resulted in the issue of three (3) Management letters, none of which have been replied and settled. In addition 48 audit queries related to the previous years and four management letters are still outstanding as at the time of writing this report.

The position of outstanding audit queries and management audit report is as follows:-

Year	Audit Queries	Management Audit Report
2001/2002	13	1
2002/2003	35	3
Total	48	4

204. OUT TURN

204.1 Supply Vote

The Statement of Supply Vote Account for the year under review closed with net expenditure of Shs.16,862,274,986 against approved estimates of Shs.16,923,562,392 resulting in a saving of Shs.61,287,406. However, exchequer issues received during the year totalled Shs.16,922,492,946 leaving an unspent balance of Shs.60,217,960 on the Paymaster General's Account

204.2 Development Account

During the year under review the Development account closed with a net expenditure, of T.shs1,699,963,636 which was equal to total estimates of Shs.1,699,963,636 leaving no savings. However, the total Development exchequer issues received during the year amounted to Shs.1,700,000,000, making a cash balance of Shs.36,364/= with the PMG's account

205. REVENUE ACCOUNT

205.1 Unreconciled Revenue Account

The Statement of Revenue Account has reflected an actual collection of Shs.506,141,127 against net approved estimates of Shs.482,407,000. However, an audit examination of the Bank reconciliation statements revealed that actual revenue collection was Shs.531,787,084 (Audit figure) resulting in unreconciled difference of Shs.25,645,957.

206. DEPOSIT ACCOUNT

206.1 Previous Deposit Balances not reflected in the current years/Deposit Account

The Statement of Deposit Account which has been compiled and submitted alongside with the appropriation Accounts reflects a total balance of Shs.4,957,673,985. However, this deposit balance does not include cumulative previous balance of Shs.4,376,334,611 brought forward from the previous years.

206.2 Mirathi Deposit Account

There are two conflicting Mirathi Deposit balances. The balance as reflected in the statement was Shs.20,575,434, while, the CPO cash book balance as at 30th June,2004 showed Shs.20,081,956.93 resulting in a difference of Shs.493,478. We understand that the Mirathi Deposit Account stands for monies received from individual clients through Courts. Therefore, it should reflect the true balances all the time, which represent outstanding amounts deposited for each individual.

The two conflicting balances should be resolved and clearly indicate, the proper balances, for each individual.

206.3 Special Deposit Account

The Statement for Special Deposit Account as at 30th June,2004 comprised of the following accounts:-

SPECIAL ACCOUNT	AMOUNT SHS.
NPF, DSM-Special Deposit	1,732,074
Special Deposit Miscellaneous	4,479,268,399
Stale cheques	3,298,384
Unpaid salaries	2,664,653
Commitment transfer	<u>450,135,038</u>
Total	<u>4,937,098,548</u>

This special deposit account balance of TShs.4,937,098,548 tallies with the amount shown in the CPO Cash Book balance as at 30th June,2004. However, the relevant schedules to support the balances for each individual account were not submitted to confirm the correctness of the balances and bank.

207. STATEMENT OF LOSSES OF CASH AND FIXED RECEIPTS AS AT 30TH JUNE, 2004

The statement for losses of cash and fixed receipts reflects outstanding losses of Shs.179,834,432

However audit examination revealed that the previous balance brought to the Account was Shs.123,068,817.70 instead of Tshs 221,628,035. (ref. Para 195 of the CAG Reports for 2002/2003). As a result the statement indicated a wrong balance of Shs 179,834,432 instead of Shs 278,393,649.40.

Further more, losses which had occurred during the year under review valued at Tshs.120,423,381 were not reported and loss finalisation reports submitted to the relevant authorities for information and necessary action as follows:-

	AMOUNT
R.M. Dodoma	11,386,324
D. M. Dodoma	7,872,240
RHC – HQS – DSM	3,162,600
DM – Kahama	109,500
HC-HQS-DSM	81,950,000
HC-HQS-DSM	15,942,717
Grand Total Tshs	120,423,381

208. STATEMENT OF FIXED ASSETS AS AT 30TH JUNE, 2004

The Fixed Asset Statement submitted alongside with the Appropriation Accounts reflects only fixed assets of TShs.6,790,498,680, without considering new fixed assets acquired during the financial year 2003/2004 valued at Shs.170,855,871, as follows:-

S/NO	VALUE
1. Suzuki Grand Vitara Registration No.STK 587-591 5 @ 23744846	118,724,230
2. Nisan Pick-up Double Cabin STK 295	22,659,330
3. Air Condition	750,000
4. H/Compaq (Computer 12) APC Laser jet 12)	28,072,011
5. Compent MR	650,000
Total Shs.	<u>170,855,571</u>

Apparently, this omission, has an effect of understating the fixed assets reflected in the Appropriation Accounts by the same figure.

209. UNVOUCHED AND IMPROPERLY VOUCHERED EXPENDITURE SHS.3,695,260,572

During the year under review, 2003/2004, unvouched and improperly vouched expenditure amounted to Tshs 3,695,260,572. as follows:-

	Amount (Shs)
1. Unvouched Expenditure	31,583,189
2. Missing signed payrolls	2,224,059,000
3. Improperly vouched Expenditure (i.e. supporting documents missing)	1,402,833,881
4. Payments made on strength of Proforma Invoices	26,355,560
5. Medical Treatment Abroad	10,428,942
TOTAL SHS.	3,695,260,572.

Out of the total sum of Sh.3,695,260,572. a portion of Tshs.2,255,642,189. relates to payment vouchers and signed payrolls completely missing from the batches, indicating that there is laxity over control of accounting records. Similarly, Tshs 1,439,961,883 relates to payments not supported by proper documentation including medical treatment abroad.

210. IRREGULAR AND QUESTIONABLE PAYMENTS SHS.1,513,533,730

210.1 Questionable Hotel Payments Shs.23,990,313

Irregular payments of Shs.23,990,313 were made to M/S Court Yard Hotel, Dar es Salaam in respect of hotel accommodation and services for Judiciary officials. Included in the list are irregular costs paid outside the required limit for public officials, such as international calls Shs.1,430,650 and hard drinks Shs.49,800.

Similarly, a sum of Shs.12,240,000 was paid as subsistence allowances to a Judiciary official and his wife for a period covering from 1/2/2003 -30/11/2003 (about 153 days) whilst on transfer.

However records in the respective personal file indicates that at the particular time the officer had already been allocated a residential house. Nevertheless, the officer was entitled to fourteen days subsistence allowance for both himself and his family (as per standing orders) which computes to Tshs 1,120,000 only. This implies that the officer had been overpaid a sum of Tshs 11,120,000.

In addition, a sum of Shs.15,680,000 was paid to another Judiciary official, his wife and four children for a period of 112 days for lack of a suitable Government quarter. The correct amount which was due to him was Tshs 8,960,000. only, resulting in overpayment of Tshs 6,720,000.

Offices (former Forodhani Hotel) for a contract sum of Shs.1,098,872,329. It was agreed that 10% of the contract sum would be advanced to the contractor as mobilisation costs.

However, a review of the Contract Agreement has revealed the following anomalies:-

- (i) Contrary to contract agreement, an initial advance payment of Shs.549,436,164 (about 50%) has been paid to the contractor instead of the agreed 10% of the contact sum,
- (ii) Although the agreed completion date was 10 weeks effective June,2004, however, up to the time of writing this report (December,2004) the work had not been completed.
- (iii) In addition, certification of works executed, was not made available to audit to support progress made.

210.6 Irregular Retirement of Special Imprests Shs.57,516,528

A test check of the retirement particulars of standing Imprest issued during the year has revealed that a sum of Shs.57,516,528 had been incurred for carrying out various activities. However, the following irregularities have been noted:-

(i)	Stores procured not taken on ledger charge	Shs.	14,179,780
(ii)	Fuel purchased not recorded in the fuel register, or logbook	Shs.	9,375,145
(iii)	Payment based on minute sheet and proforma Invoices	Shs.	16,007,500
(iv)	Missing supporting documents or statement of expenditure	Shs.	7,929,100
(v)	Payment of Extra duty allowance to an officer travelling on duty and spent nights away	Shs	2,505,000
(vi)	Car hire expenses	Shs.	<u>7,520,000</u>
			Total Shs. <u>57,516,528</u>

A management letter with Ref. No-EJ/120 of 1st December, 2004 has been raised addressing all the above anomalies and replies to my observations are still awaited.

Furthermore another Judiciary official who was transferred to Tanga claimed to be paid disturbance and subsistence allowances totalling Tshs.840,000 including dependants who were over eighteen years.

Moreover, the official had already been allocated a government at Tanga. My Management letter Ref. No. EJ/120 issued questioning these irregularities is yet to be attended.

210.2 Questionable Purchases of Motor Vehicles Honda CR-VS Motor Station Wagons Shs.870,510,000

The Court of Appeal entered into contract with M/S Quality Motors for the purchase of 23 units of Honda CR-VS motor vehicles – station wagon. However, an audit review of the contract revealed that the delivery of the motor vehicles was expected to be within 13 weeks from the date of payment of 1st instalment. However, until the date of writing report (December,2004), 26 weeks have elapsed without delivery of the envisaged vehicles, although the payment of Tshs.630,000,000 was made in June, 2004 vide P.V N.496/6 and cheque No. 0378144.

210.3 A sum of Shs.2,016,000 was paid to M/S Ibra Enterprises for the supply of air conditioner Split Unit type.

However, verification carried out revealed that the air conditioners supplied were SANYO types purchased at a market price of Shs.560,000 per piece (ref. Ledger Vol.III/9) resulting in an over payment of Shs.1,456,000.

210.4 Irregular Procurement of Goods and Services Shs.71,971,053

During the year under review, goods and services worth Shs.71,971,053 were procured without following procurement procedures and regulations as outlined in the Procurement Act, 2001 as summarized below:

	Amount (Shs)
• Repairs and services to motor vehicles without obtaining authority from MT Depot of E & M Division	47,175,493
• Printing and supplying files without obtaining authority from Government Printer	24,795,560
Total	71,971,053

210.5 Incomplete rehabilitation of the Court of Appeal Offices (former Forodhani Hotel) Shs.1,098,872,329

The Court of Appeal entered into a contract agreement with M/S B & s International of P.O. Box 5171 DSM for the rehabilitation of Court of Appeal

211. REFUND OF PENSION CONTRIBUTIONS NOT BROUGHT TO ACCOUNT Shs.11,948,462

Pension contributions of Shs.11,948,462 which were previously paid to NSSF as statutory contribution deductions were refunded back because the terms of service of such employees were no longer valid

However audit was not able to confirm whether the amount received was brought to account in the absence of acknowledgement receipt.

212. STORES NOT TAKEN ON LEDGER CHARGE SHS.152,269,096

A test check of the payment vouchers for the year under review, revealed stores purchased for Shs.100,480,596 and fuel worth Shs.48,405,000 were apparently not accounted for in the stores ledger and fuel registers respectively.

In addition, stores purchased worth Shs.3, 383, 500 were noted to have been short delivered and not accounted for contrary to Para 198 of the Public Procurement Act of 2001.

213. MATTERS ARISING FROM OUTSTATION AUDIT INSPECTIONS

213.1 Revenue collected but not banked Shs.27, 253, 166

Audit of revenue collections and its related records carried out during the year disclosed that revenue collections of Shs.27,253,171 were neither banked nor physically verified.

Station	Amount
• District Magistrate Hai	5,008,450
• District Magistrate Bukoba	6,443,900
• Regional Magistrate Bukoba	8,597,556
• District Magistrate Shinyanga	614,000
• Primary Court Magistrate - Temeke	136,000
• Regional Magistrate – Tanga	2,121,477
• District Magistrate – Tanga	1,235,000
• District Magistrate – Maswa	3,096,788
Total	<u>27,253,171</u>

Management should investigate and take appropriate action to recover the same from officers responsible.

213.2 Unreceipted Remittances: Shs.53, 527, 542

Revenue collections amounting to Shs.53, 526, 542 to were not acknowledged by the Registrar contrary to Public Finance Regulations as detailed below:-

	Amount (Shs)
R.M. – Tanga	2,058,530
DM – Shinyanga	19,568,911
DM-Kahama	4,936,050
Mwanga Urban	2,525,978
DM Ludewa	1,560,724
D. M. Bariadi (Gen)	1,657,990
DM Geita	2,593,360
DM Mpwapwa	2,240,362
Mpwapwa Urban Court	1,176,018
DM Maswa	1,987,286
DM Igunga	848,000
PCM Makete	485,750
D.M. Kahama	9,095,066
D.M. Manyoni	1,931,192
DM Mafia	861,325
TOTAL	53,526,542

213.3 Unproduced receipts Books

Seventeen Exchequer Receipt Vouchers (ERV) and two Revenue collectors cash books have been reported missing as follows:-

Station	Types	Quantities
Tanga RM's	RCCB	2
PCM – Tanga	ERV	2
Tanga D.M.	ERV	2
Tanga D. M.	RCCB	1

213.4 Payments for works not contracted Shs.47,195,597

A sum of Shs.47,195,597 being development funds was paid to M/S. E.I.J. Building Contractor of P.O. Box 605, Bukoba and the Regional Building Engineer for landscaping, construction of access road and stone masonry, wall fence with grill at top, carpark and chain brick fence at High Court Bukoba and supervision and consultancy services without entering into a proper contract agreement. However, development funds were meant for construction of High Court Buildings (Offices) and not for construction of Access Roads.

213.5 Doubtful Payment of Telephone Bills Shs.17,937,997

A sum of Shs.17,937,997 was paid to M/S.TTCL in respect of Telephone Bills as per telephone statement for the period from 1999 to 2004, (Telephone No.022-2110055) which was purported to be for the High Court of Tanzania .

However, audit scrutiny disclosed that Telephone No.022-2110055 belongs to Tanzania Telephone Company (Head Office DSM).

Management should investigate and confirm the appropriate holder of the telephone number and demand refund.

214. TREASURY STOCK VERIFICATION UNIT

(a) Stores in inventory Shs.37,940,650.00

Furniture and office equipment worth shs.37,940,650.00 were not taken on ledger nor inventory register as shown below:-

(i)	Resident Magistrate – Muheza (Jan 2004)	Shs.	2,255,900.00
(ii)	District Magistrate – Igunga (June 2004)	Shs.	1,601,000.00
(iii)	High court of Tanzania – Arusha (April, 2004)	Shs.	18,923,000.00
(iv)	Primary Court Magistrate – Mkuranga (June, 2004)	Shs.	350,000.00
(v)	District High Court southern Zone – Mtwara (March, 2004)	Shs.	2,902,000.00
(vi)	District Resident Magistrate – Korogwe – (Sept.2003)	Shs.	1,916,200.00
(vii)	District Magistrate – Handeni (April, 2004)	Shs.	1,870,600.00
(viii)	District Magistrate – Bunda (Oct. 2003)	Shs.	2,539,550.00
(ix)	District Resident Magistrate Kigoma (Jan. 2004)	Shs.	796,500.00
(x)	District Magistrate Kasulu (Sept. 2003)	Shs.	1,498,900.00
(xi)	District Magistrate Urambo (Sept. 2003)	Shs.	<u>3,287,000.00</u>
		Shs.	<u>37,940,650.00</u>

(b) Unsupported Issue of Stores Shs. 37,964,924.00

Various stores worth Shs.37,964,924.00 were issued and struck off ledger charge without supporting issue vouchers as shown below:-

(i)	Resident Magistrate – Muheza (Jan 2004)	Shs.	1,639,325.00
(ii)	District Court – Ukerewe (June, 2004)	Shs.	3,556,500.00
(iii)	District Resident Magistrate – Korogwe (Sept.2003)	Shs.	3,105,900.00
(iv)	District Magistrate – Handeni (april, 2004)	Shs.	1,552,000.00
(v)	District Magistrate – Babati (August 2003)	Shs.	1,729,000.00
(vi)	District Court – Kiteto (august 2003)	Shs.	1,683,300.00
(vii)	District Magistrate – Tarime (Sept. 2003)	Shs.	2,329,950.00

Vote 40 – Judiciary

(viii)	District Court – Ngara (March, 2004)	Shs. 4,304,905.00
(ix)	District Court – Kwimba (april, 2004)	Shs. 11,943,010.00
(x)	District Court – Sengerema (May, 2004)	Shs. 1,202,000.00
(xi)	District Resident Magistrate Kigoma (Jan. 2004)	Shs. 1,404,304.00
(xii)	District Magistrate Kasulu (Sept. 2003)	Shs. 1,560,100.00
(xiii)	Resident Magistrate Kigoma (Feb.2004)	Shs. 1,954,630.00
		Shs. <u>37,964,924.00</u>

(c) Unaccounted for Purchases of Stores Shs.43,346,188.05

Stores worth Shs.43,346,188.05 locally purchased from various sources were neither taken on ledger nor their utilization accounts produced as follows:-

(i)	Resident Magistrate – Muheza (Jan 2004)	Shs. 2,085,540.00
(ii)	District Magistrate – Igunga (June, 2004)	Shs. 226,100.00
(iii)	District Magistrate Court – Bariadi (May, 2004)	Shs. 1,300,000.00
(iv)	High court of Tanzania Arusha Zone (april, 2004)	Shs. 3,450,500.00
(v)	District High Court of Tanzania Southern Zone Mtwara (March, 2004)	Shs. 1,511,000.00
(vi)	District Resident Magistrate – Korogwe (Sept.2003)	Shs. 2,291,344.00
(vii)	District Magistrate – Kiteto (August, 2003)	Shs. 5,616,187.00
(viii)	District Magistrate – Bunda (October, 2003)	Shs. 615,630.00
(ix)	District Magistrate – Tarime (September, 2003)	Shs. 1,084,200.00
(x)	Resident Magistrate – Iringa (December, 2003)	Shs. 3,521,844.05
(xi)	District Court – Ngara (March, 2004)	Shs. 2,104,355.00
(xii)	District Court – Kwimba (April, 2004)	Shs. 3,036,480.00
(xiii)	District Court – Sengerema (May, 2004)	Shs. 4,167,500.00
(xiv)	District Resident Magistrate Kigoma (Jan.2004)	Shs. 1,142,000.00
(xv)	District Magistrate Kasulu (September, 2004)	Shs. 784,900.00
(xvi)	Resident Magistrate Kigoma (Feb.2004)	Shs. 6,912,997.00
(xvii)	District Magistrate Kahama (Jan.2004)	Shs. 1,948,545.00
(xviii)	District Magistrate Urambo (September, 2003)	Shs. 1,547,066.00
		Shs. <u>43,346,188.05</u>

(d) Unsupported of Stores Shs.15,165,620.00

Stores worth Shs.15,165,620.00 were received from various sources and posted in the ledgers without quoting their supporting receipts vouchers as shown below:-

(i)	District Magistrate – Igunga (June, 2004)	Shs. 335,000.00
(ii)	District Magistrate – Handeni (april, 2004)	Shs. 285,000.00
(iii)	District Magistrate – Bunda (October, 2003)	Shs. 762,070.00
(iv)	District Magistrate – Tarime (September, 2003)	Shs. 3,750,640.00
(v)	District Court – Ngara (March, 2004)	Shs. 3,619,950.00
(vi)	District Resident Magistrate Kigoma (Jan.2004)	Shs. 768,190.00
(vii)	District Magistrate Kasulu (September, 2003)	Shs. 2,675,100.00

Vote 40 – Judiciary

(viii)	Resident Magistrate Kigoma (Feb. 2004)	Shs. 871,670.00
(ix)	District Magistrate Maswa (October, 2003)	Shs. 697,500.00
(x)	District Magistrate Urambo (September, 2003)	Shs. <u>1,400,500.00</u>
		Shs. <u>15,165,620.00</u>

(e) Unreceipted Issues of Stores Shs.1,014,850.00

Stores worth Shs.1,014,850.00 were issued from the store but the issue vouchers were not signed by respective recipients as follows:-

(i)	District Magistrate – Handeni (April, 2004)	Shs. 781,800.00
(ii)	District Magistrate – Tarime (September, 2003)	Shs. <u>233,050.00</u>
		Shs. <u>1,014,850.00</u>

(f) Unaccounted for Receipt of Stores Shs.7,111,450.00

Stores worth Shs.7,111,450.00 received from various sources were not taken on ledger charge as shown below:-

(i)	District Magistrate – Babati (August 2003)	Shs. 2,186,275.00
(ii)	District Resident Magistrate Kigoma (Jan.2004)	Shs. 1,449,875.00
(iii)	District Magistrate Kasulu (September, 2003)	Shs. 2,110,760.00
(iv)	Resident Magistrate Kigoma (Feb. 2004)	Shs. <u>1,364,540.00</u>
		Shs. <u>7,111,450.00</u>

(g) Deficient Stores Shs.1,822,555.00

Comparison between physical and ledger stock balances during verification revealed deficient stores worth Shs.1,822,555.00 as follows:-

(i)	District Magistrate – Babati (August, 2003)	Shs. 455,400.00
(ii)	District Magistrate – Bunda (October, 2003)	Shs. 355,555.00
(iii)	District Court – Sengerema (May, 2004)	Shs. <u>1,011,600.00</u>
		Shs. <u>1,822,555.00</u>

(h) Verification carried out at Iringa Resident Magistrate in December, 2003 revealed that M/S Omari A. Ngole of Iringa was paid Shs.10,249,000.00 in June, 2003, to supply office furniture but to the time of verification the same had not been delivered. The payment was made on strength of Proforma Invoice.

(i) Verification carried out at Ngara District Court in March, 2004, revealed that balances of stores worth Shs.1,101,600.00 mostly stationery were not transferred to new ledger from the old ledger.

- (j) Verification carried out at Igunga District Magistrate Office in June, 2004 revealed that, stores worth Shs.808,000.00 were issued for office use but were not accounted for in respective offices.

215. AUDIT CERTIFICATE

In my opinion, subject to clearance of matters raised in the preceding paragraphs, the Supply Vote Development Vote and Revenue accounts present fairly the financial position of Vote 40 as at 30th June 2004. However, the Miscellaneous Deposit account does not present fairly the financial position of Vote 40 as at 30th June 2004.