

VOTE 43
MINISTRY OF AGRICULTURE AND FOOD SECURITY

239. FOLLOW-UP ON PREVIOUS YEAR AUDIT REPORT

239.1 1998/99 - Report

Para 208.5 Construction of Kilimo House

The approval of price fluctuations/variatioins amounting to Shs. 277,100,425 has not yet been obtained from Treasury.

Para 222.2 Outstanding Trade and other Debtors

The balance of Shs. 298,446,689 is still outstanding.

Para 228.2 1999/2000 Report

Para 204.16 Non-payment of claims arising from termination of contract

An unsettled claim of Sh. 5,866,736 should be treated as nugatory expenditure to the government.

Para 228.3 2000/01 Report

Para 238.2 Unpaid salaries not paid to Treasury

Out of the amount of Shs 84,122,606, queried Shs 63,297,357 was surrendered to Treasury leaving a balance of Shs 20,825,249.

Para 288.4 2001/02 Report

Para 19.1 Outstanding Debtors for Power Tiller Tractors
Shs. 420,373,470

Out of Shs. 420,373,470 the sum of Shs 292,891,712 has been collected leaving a balance of Shs. 127,481,758

240. AUDIT QUERIES

A test check of the accounts and other related records for the year ended 30th June 2004 resulted in the issue of 37 audit queries and 5 management letters, the more significant of which have been commented upon in this report.

As at the time of writing this report February, 2005, 24 queries relating to previous years are still outstanding.

241. OUT - TURN

241.1 Supply Vote

241.1.1 The Supply Vote Account closed with a saving of Shs 249,159,117 arising from net expenditure of Shs. 41,215,154,851 against the approved estimates of Shs. 41,464,313,968. Exchequer issues received during the year totalled Shs 41,473,229,968 making a cash balance of Shs 258,075,117 with the PMG account. Further verification however, revealed the following:

- (i) The amount released exceeds the net approved estimates by Shs 8,916,000.
- (ii) Letter from Treasury with ref. no. EB/AG/159/03/132 dated 30th July 2004 shows the net approved estimates as Shs. 39,027,795,600.

My letter seeking the clarification of the above variances is yet to be replied.

241.1.2 Disbursement not supported by expenditure details Shs 2,807,938,408

A sum of Shs 2,807,938,408 was paid to institutions under the Ministry in the form of subventions and warrants of funds. These disbursements were however not supported by acknowledgement receipts, expenditure statements as well as audited accounts (where the funds were disbursed in the form of subventions)

241.2 Development Vote

241.2.1 Development Vote closed with a saving of Shs 12,330,466,159 arising from net expenditure of Shs 19,187,498,041 against net approved estimates of Shs. 31,517,964,200/=. Exchequer issues received during the year totalled Shs. 19,194,838,707 leaving a balance of Shs 7,340,666 with PMG's Account. Exchequer issues received represent only 60% of the original approved estimates.

241.2.2 Unsupported disbursement shs. 2,151,467,260

There were no expenditure details and audited accounts for Shs. 2,151,467,260 paid from development funds to ministerial institutions and projects. Response to my Audit Queries Nos. 8 and 11 raised seeking propriety of this disbursement is still awaited.

242. STATEMENT OF REVENUE

The Statement of Revenue showed actual collection of Shs 636,819,963 against estimated revenue of Shs 1,131,167,000 registering a shortfall of Shs. 494,347,037 or 44% of estimated revenue collection.

243. STATEMENT OF ASSETS AND LIABILITIES

243.1 Unconfirmed Deposit Accounts

The Statement of Assets and Liabilities reflected the balances of deposit accounts totalling Shs. 380,272,350, the same figure equaled the cash balance with the PMG as at 30th June 2004. The correctness of the figure, however, could not be relied upon due to the following;

- (i) Closing balances of 7 deposit items reflected in the Statement of Assets and Liabilities differ with the figure appearing in respective Deposit Register.
- (ii) Registers for 4 deposit items were not submitted to audit for verification.

244. UNRETIRED IMPRESTS SHS. 42,271,445

An audit review of issuing, recording and retirement of imprests was carried out for the year under review. The following were observed:

- (i) Imprests totalling Shs. 38,228,125 comprising safari imprests Shs.37,982,125 and special imprest Shs.246,000 were found unretired as at the time of audit.
- (ii) Unspent balance of imprests totalling Shs. 4,043,320 issued to officials was neither receipted in cash nor recovered from the staff salaries.

245. UNVERIFIED PAYMENTS UNDER DADP SHS. 2,533,966,700

The Ministry transferred development funds totalling Shs. 2,533,966,700 to District Councils for rehabilitation of irrigation schemes, cattle dips and construction of charco dams under the District Agricultural Development Programmes (DADPs). The amounts were transferred direct to the District Programme bank accounts. However, information regarding the criteria/basis used to effect the transfers to the Districts, position of the activities earmarked to be performed and confirmation that the amounts were received in the respective destinations were not made available for audit.

246. IRREGULAR PROCUREMENT OF MAIZE

246.1 Importation of maize Shs. 6,568,165,861

Payment of Sh.6,568,165,861 was made to M/S Export Trading Co. Ltd as cost of imported white maize. However, the payment was not supported by the respective contract agreement, as a result audit could not establish whether proper procurement process was followed. Further the expenditure was not supported by potential supporting documents such as photo sanitary certificate, certificate of origin, shipping documents, inspection reports and other clearance certificates.

246.2 Questionable procurement of maize Shs. 1,058,791,161

An amount of Shs. 1,058,791,161 was paid to National Cereal and Produce Board – Kenya being 50% advance payment for procurement of 10,000 metric tons grade K2 white maize.

The payment was supported by a proforma invoice and the contract agreement dated 11th February, 2004 entered into in Kenya and signed by the Tanzania Ambassador to Kenya. Audit could not be availed with sufficient information on whether all procurements procedures and requirements were observed in this transaction. Further the payment voucher was not supported by the potential supporting documents i.e photosanitary certificate and other clearance certificates. My query seeking the clarification on the matter regarding the settlement of the transaction, delivery and distribution details and submission of the missing documents is yet to be replied.

247. UNSUPPORTED PAYMENTS SHS. 371,733,973

247.1 Missing bills/acknowledgement receipts Shs. 21,420,838

An amount of Shs. 21,420,838 was paid to TANESCO and M/S TTCL for settlement of electricity and telephone bills by the ministry. The payments were however neither supported by respective bills nor acknowledgement receipts.

247.2 Payment for redesign work Shs. 81,840,000

An amount of Shs. 81,840,000 was made to NMB as DANIDA/ASPS support for Ministry of Agriculture supervision to facilitate the re-design work of Irindi and Nyanzwa Irrigation Scheme in Mbeya Region. No details/evaluation reports pertaining to this scheme were available to support the payments. My query requesting the utilization details together with the position of the redesign work is yet to be acted upon.

247.3 Advance payments Shs. 52,323,635

An amount of Shs. 52,323,635 was made to PIDP to meet construction cost of the Ministry building and other expenses. The statement of expenditure with supporting documents including contract agreement (for construction works) were not produced for verification when requested.

247.4 Questionable settlement of debts Shs. 216,149,500

An amount of Shs. 216,149,500 was paid to the Cotton Development Fund (CRDB Bank Azikiwe Branch) for settlement of Urusi debt. The payments were not properly supported as a result we could not establish the source and nature of the debts.

248. UNCONFIRMED EXTERNALIZATION SHS. 214,906,839

248.1 Country contribution to Desert Locusts Control East Africa Shs. 184,906,839

An amount of Shs. 184,906,839 was paid as a country contribution to Desert Locusts Control of East Africa through Bank of Tanzania (BOT). However, there was no confirmation of externalization as no documents were attached/submitted. My audit query seeking further information on the expenditure has not been replied.

248.2 Questionable transfer Shs. 30,000,000

An amount of Shs. 30,000,000 was transferred to Tanzania PRESSO FAO, Rome Italy, through BOT Foreign Dept. The payment was reported to be funds for facilitation of implementation of planned activities. However, the planned activities were not disclosed and there was no budget provision to finance these activities. My query seeking clarification of this matter is still unreplied.

249. QUESTIONABLE TRANSPORTATION OF FERTILIZERS TO SOUTHERN HIGHLAND REGIONS SHS.1,051,884,324

249.1 Payment for fertilizer subventions Shs. 781,307,895

An amount of Shs. 781,307,895 was paid to the Agricultural Input Trust Fund as subvention to meet transportation of fertilizers to Southern Highlands Regions. The payments were merely supported by loose minutes, as a result audit could not establish the criteria used to effect the payment.

249.2 Questionable reimbursement for the cost of fertilizer Shs. 270,576,429

Payments of Shs. 270,576,429 were made between February and May, 2004 as reimbursements of transportation costs of subsidized fertilizers supplied to Iringa, Makambako, Njombe, Mbeya, Songea and Sumbawanga. According to the contract agreement prior to reimbursement proof of purchase price (C.I.F); inland transportation cost incurred by the supplier to final destinations sale and sale price at the final destination should be verified by RAS/DED or any officer designated by them. These requirements were apparently not observed before effecting the payments. My query seeking the above information together with the suppliers selection criteria is yet to be replied.

250. UNCONFIRMED DELIVERY OF TWO TRACTORS SHS.84,307,850

An amount of Shs. 84,307,850 was paid to M/S FMD East Africa Ltd for supplying tractors and farm implements as per contract No. 16. However, there was no evidence that the tractors had been supplied and accounted for in the stores ledgers.

251. PROJECTS PERFORMANCE REVIEW

251.1 Agricultural Inputs Trust Fund

251.1.1 Poor monitoring and Follow-ups of Fund Performance

As part of audit, outstation audit visits are made in order to establish and confirm whether the amounts advanced to beneficiaries were used for intended purposes i.e the supply (sale) of agricultural inputs. We noted that the list of unsuccessful applicants from the bank was missing. It was therefore not possible to make a complete assessment of the Fund activities.

The evaluation of the Fund performance disclosed poor monitoring and follow-up by the Fund's personnel to ensure that mortgaged properties are worth the amount of loan applied for, and that the loans provided to the borrowers are used for supply of agricultural inputs. Management commented that this was facilitated by insufficient number of staff and vehicles. We recommend that management should explore for the possibility of engaging consultants to perform monitoring and follow-up on behalf of the Fund. Further review of the system of issuing and recovery of loans revealed the following:-

- (i) Amount issued on loan Shs. 1,131,256,761**
During the year under review a sum of Shs. 1,131,256,761 issued as loans to individuals/organizations through the financial institutions and directly by the Fund had not been settled. Out of this amount Shs.

1,067,888,864 related to principal and the balance Shs. 63,367,897 was interest accrued.

In addition, the outstanding loans relating to the previous years as at 30th June, 2003 were Shs. 4,234,211,188.

Enforcement measures to recover these loans due should be taken.

(ii) Borrowers not traced Shs. 285,280,000.

The place of business or shops of some borrowers issued with loans amounting to Shs. 285,280,000 were not known by Regional/District Agricultural advisors. We could therefore not confirm whether the loans were used for intended purposes. These loans had not been repaid.

This anomaly seriously affects the liquidity position of the Fund.

(iii) Un recovered loan Shs. 8,960,000

A loan of Shs. 8,960,000 issued to Dr. Samwel Chacha who has since died July, 2003 is still unrecovered.

(iv) Loan not used to purchase agricultural inputs Shs. 16,800,000

The sum of Shs. 16,800,000 was paid as a loan to M/S James M. Manyinyi of Musoma for supply of Agricultural Inputs. However, physical audit visits disclosed that the borrower's business does not appear to deal with Agricultural Inputs.

251.1.2 Loss on sale of mortgaged property Shs. 481,866,000

A sum of Shs. 294,464,000 was realized from the sale of 31 mortgaged property through auctioning. The original value was Shs. 776,330,000 as at 30th June 2003 thus registering a loss of Shs. 481,866,000. Only 7 properties with mortgage value of Shs. 101,300,000 were sold at profit of Shs. 18,000,000. The Fund management should confirm whether the mortgaged values were considered during the dispositions of assets, also management should process write off of the realization loss of Shs. 481,866,000.

251.1.3 Questionable payment of Director's fees Shs. 3,960,000

The amount of Shs. 3,960,000 was paid to Board members of the Agricultural Input Trust Fund as director's fees. The relevant authority used to effect the payment was not made available for our confirmation. We have requested the management justify the propriety of the expenditure.

251.2 Strategic Grain Reserve “Sgr”

251.2.1 Financial performance evaluation

PARTICULARS	BUDGET SHS. (000)	ACTUAL SHS. (000)	VARIANCE SHS. (000)	% Performance
Sales	4,672,830	3,625,377.0	1,047,452.5	78%
Cost of Sales	3,936,831	3,666,304.6	270,526.4	93%
Gross Profit	735,999	(40,927.2)	776,926.2	-6%
Other Incomes	15,000	48,172.5	33,172.5	321%
Operating expenses	693,920	680,166.2	13,753.8	98%
Net Profit (Loss)	(57,079)	(674,600.8)	(731,679.8)	(1,182%)

The Department's profitability performance during the year under review continued to deteriorate. The Department planned to earn an operating profit of Shs. 57,079,000, to the contrary, the Department ended up with a net loss of Shs. 674,600,782 deviating negatively by about 1,182% of the planned profit margin.

The only performance indicators which lay within an acceptable planned ranges were the cost of sales and the operating expenses with a performance level of about 93% and 98% respectively. Despite these indicators being within the planned levels, they were quite above the annual sales which was about 78% of the planned sales level, thereby impacting negatively on the profit target. Action to improve the sales turnover by reviewing the sales strategy and reducing cost of sales through reducing transportation costs on transfer of stocks to Zones is called for.

251.2.2 Net operating loss Shs. 674,600,782

The Department during the year suffered a net operating loss of Shs.674,600,782. Only two branches Dodoma and Makambako earned profits of Shs.115,779,766 and Shs.19,553,462 respectively.

The department's profitability recorded some slight improvement compared to last year's performance where the department suffered an operating loss of Shs. 2,031,796,878. Effort to ensure that the department realizes the operating profit margin is called for.

251.2.3 Stock loss Shs. 9,878,040

Stock reconciliation statement and physical stock checks at Arusha revealed a stock variance of 97.548 tons of white maize worth Shs. 9,878,040 between the physical and theoretical stock balance during the year under review. Management should investigate and reconcile the variance.

**251.2.4 Outstanding trade debtors, prepayments and other debtors
Shs. 920,262,496**

The financial statements and related records revealed outstanding debtors, prepayments and other debtors totalling Shs. 920,262,496 as at June, 30th, 2003. We recommend that the Department should exert more effort on collection of outstanding debtors to increase the Fund operating capital and strengthen the financial capacity of the Department.

251.2.5 Expired chemicals Shs. 1,881,000

Chemicals/fumigants worth Shs. 1,881,000 were found expired at the Sumbawanga Branch since March, 2003. The fumigants were sent to the station two months before expiry dates indicating that the purchases were made without taking into account the time left before expiry for use of the fumigants. The Management should determine the requirements of the user-branches before dispatching the chemicals.

251.2.6 Unrecovered advances Shs. 6,644,132

Advances amounting to Shs. 6,644,132 extended to CMEW staff had not been recovered as at the time of audit.

**251.2.7 Purchase of Chemicals, Fumigants and Empty Gunny Bags
Shs. 567,175,000**

A sum of Shs. 567,175,000 was paid to suppliers of chemicals, empty gunny bags, fumigation sheets and green tarpaulins. The purchases were made without observing the tendering requirements prescribed in the Public Procurement Act No. 3 of 2001. Due to the failure to observe fundamental requirements in the purchasing process we were unable to determine whether economy, efficiency and effectiveness were achieved on the purchase transactions.

251.3 NATIONAL AGRICULTURAL EXTENSION PROJECT

251.3.1 Unconfirmed recoveries Shs. 153,919,552

A total sum of 230 motorcycles costing Shs. 133,519,552 and 2,400 bicycles valued at Shs. 20,400,000 were procured and issued on loan to Local Authorities Agricultural Staff. However, the value of the motor cycles was not recovered from the beneficiaries.

251.3.2 Funds unaccounted for Shs. 27,977,000

An amount of Shs. 27,977,000 was paid in the form of imprests to implement activity programs. The amounts had not been recorded in the imprests register and retirement records were not available. Due to failure to obtain vital accountability records we were unable to confirm whether the amounts were properly spent to meet eligible expenditures.

251.3.3 Questionable payments Shs. 8,521,000

A number of payments were made in the form of cash to meet Nanenane celebration expenses supported by a letter from the Prime Minister's Office (National Festivals and Celebrations). We could not relate this payment with the project expenses earmarked in project execution plan.

251.3.4 Unsupported payments of telephone charges Shs. 7,458,193

The amount was paid to telecommunication companies. However, the amounts were not supported by telephone bills, invoices or receipts. In the absence of these vital documents we could not establish the validity of the payment or units consumed.

251.3.5 Unreceipted refund of unused amount Shs. 125,274,591 (USD 121,850.83)

An amount of Shs. 125,274,591 not spent at the end of the project period was paid back to the World Bank. However, there was no official acknowledgement for the amount paid.

251.3.6 Questionable disbursement at Mpapwa Shs. 7,300,000

The NAEP records show that the sum of Shs. 7.3 million was disbursed to Zonal Research Extension and Livestock Officer Mpwapwa on different dates. However, the records at Zonal Research Extension and Livestock Officers show the disbursements of Shs. 9.4 million credited by the bank on 02.10.2003. The reconciliation of the correct amount disbursed had not been carried out.

251.3.7 Unutilised Transfer Shs. 9,600,000

An amount of Shs. 9,600,000 was transferred to Hai District Council to finance Hai Community Based Agriculture Extension micro project mainly to purchase 3 motorcycles and 6 bicycles. However, as at audit inspection date July, 2004 the amount was found unutilized. Reasons for failure to utilize the amount in time were not communicated to us.

251.3.8 Zanzibar Component

The internal control system on management of project fixed assets and stores was reviewed at the project head office Zanzibar. The following observations were made viz:

- (i) Project assets worth Shs. 72,832,500 i.e 3 Pcs Laptop computers, 15 Pcs Desk top Computers and 6 Pcs photocopier had not been coded with unique identification marks for physical verification.
- (ii) A fixed asset register detailing value, condition, location etc. of the assets was not being properly maintained.
- (iii) Inventory lists for assets were not maintained.

251.4 TANZANIA AGRICULTURAL RESEARCH PROJECT

251.4.1 Missing payment vouchers and improperly supported expenditure Shs.41,256,334

Payment vouchers supporting expenditure of Shs. 26,838,400 were found missing.

Further, a sum of Shs. 14,417,934 paid by the project was not supported by relevant documents such as invoices, receipts, delivery notes and other documents.

The authenticity of this expenditure of Shs. 41,256,334 could not be established.

251.4.2 Uncompleted civil works

(i) LPRI Mpwapwa

Water leakages in the roof due to poor roofing, a leaking ceiling board non functioning of toilet and sewerage system, poor electrical system and accessories, non fixing of shutters on the window and damaged locks on the door were observed in four houses that were renovated using the project resources. Likewise rehabilitation of irrigation system which includes repair of reservoir, installation of sprinkler irrigation system, construction of 2 water tanks for rainwater harvesting, and development of surface irrigation system were not carried out. As at the time of audit November, 2004 the rehabilitation works were found incomplete. With regard to irrigation system, the Project management explained that works stopped because of rains and the contractor confirmed that the remaining work would be completed by February, 2005.

Follow-up by the project management should be constantly made to ensure that the irrigation system is completed in time and the above defects rectified.

(ii) ARI Ifakara

A contract to rehabilitate grade 'B' staff houses and water supply system at ARI Ifakara was signed on 17th July, 2002 between the Ministry of Agriculture and Food Security and M/S Jovicer Construction and Supply Co. Ltd. At the time of audit visit (November, 2004) it was found that the rehabilitation of residential houses was complete with exception of installation of electricity for which project management explained that although TANESCO were paid to provide service lines they had not done the job. Furthermore, the rehabilitation of water supply system was found incomplete.

The project management informed the Audit team that the consulting engineers gave wrong pump specifications to the contractor i.e. 8 kw pump instead of 3 kw. The contractor agreed to change the pump by end January, 2005.

(iii) ARI Uyole

The civil works at Uyole consisted of completion of 7 Grade C staff houses, rehabilitation of irrigation system including construction of 230m² storage tank, construction of 6 km fence under livestock, construction of tissue culture laboratory and green house and rehabilitation of access road. Rehabilitation of irrigation system, construction of 6km fence and road rehabilitation were found complete and in use. However, the following works were partly completed/rehabilitated:

- Out of seven houses five were rehabilitated.
- Construction of screen houses was complete with the exception of installation of cooling system. However, both Audit and Uyole Management are in doubt whether the polythene materials used in the construction will tolerate Uyole weather which includes heavy rains and winds.

(iv) ARI Ilonga

The activities performed at ARI Ilonga included rehabilitation of 3 Grade A houses, rehabilitation of 10 Grade B houses and irrigation system. During the audit visit it was found that 3 Grade A houses had been rehabilitated and occupied, seven grade B houses instead of 10 were rehabilitated.

The rehabilitation of irrigation system is 90% complete. The irrigation system outstanding work is testing the service reserves. Regarding rehabilitation of 7 instead of 10 Grade B houses, the project management explained that the cost escalation forced the revision of the scope of works because the contracts did not have contingency elements in the budget.

The outstanding works require immediate completion to avoid extra cost.

(v) ARI Ukiriguru

The activities at ARI Ukiriguru include construction of seven houses and rehabilitation of biotech laboratory. The screen houses were found complete with exception of installation of cooling systems. However, management and the visiting auditors doubt whether the screen houses will tolerate heavy rains.

The rehabilitation of biotechnology laboratory were found complete but wall cracks, water leakages, ceiling board damages, poor electrical installation and a possibility of external weather interference were detected.

The Project management explained that the screen houses did not require cooling systems which were erroneously included in the Bills of Quantities (BOQ). Further in relation to weather the project management explained that the materials used have a guarantee of 10 years. Concerning the defects observed in biotechnology laboratory project management explained that the defects have already been reported to the contractor for rectification. The defects observed in the biotech laboratory should be corrected before the handing over process.

(VI) ARI Maruku

The rehabilitation of 1 Grade A and 3 Grade B Residential houses and office building were carried out at ARI Maruku. The rehabilitation was approximately 90% complete. The work was satisfactorily carried out. However, water system toilet flushing and waste flow were defective in the administration block. Defects should be rectified as soon as practicable to avoid further deterioration

(vii) ARI Mlingano

The construction work on water supply and rehabilitation of water pipe including elevated reserve tank was satisfactorily completed. However, the expected result of supply of safe and enough water may not be achieved as the Institute Management explained that water is little and salty and may not be useful for soil laboratory experiments. The project did not achieve fully the projected benefits.

(viii) ARI Selian

The construction of the building to be used as a spare parts store was found complete. However, the same was not in use and the reason advanced was that the building is yet to be handed over to the Institute management. The construction of water tank was also complete but water leakage was observed and that the contractor was yet to rectify the defects.

(ix) HORTI Tengeru

The laboratory renovation work was successfully completed. However, minor modifications need to be done in the breeding and growing rooms as recommended by the Director of the Horticulture Center. Despite being complete the Laboratory has yet to be put in use as two staff that were to be trained on culture pathology were not trained as expected.

251.5 PARTICIPATORY AGRICULTURAL DEVELOPMENT PROJECT

251.5.1 Outstanding advances Shs. 19,401,780

A sum of Shs. 19,401,780 was advanced from the project funds to meet commitments related to the Ministry of Agriculture and Food Security pending refund. However, up to the time of writing this report (December, 2004) no refunds had been made to the project account.

251.5.2 Ineligible expenditure Shs. 5,218,000

An amount of Shs. 5,218,000 was used to purchase tyres and tubes for vehicles which did not belong to the project. The expenditure appeared to be ineligible to be met from the project funds.

251.5.3 Environmental Impact Assessment

Environmental Impact Assessment is an important mechanism for systematically determining the likely impact of development proposals before decisions are made. During the PPF Phase, the project paid a total of USD. 63,700 to M/S Environmental Resource Consultancy for environmental impact assessment (EIA) study, training on EIA and preparation on EIA tool kit. Practically EIA should be carried out before and after commencement of development of project.

However, during the site visit, information regarding training having been conducted on community farmers group investment subprojects targeted personnel was not available

251.5.4 Iringa District Council

**(a) Non payment of 10% contribution for capacity building
Shs. 4,796,780**

Iringa District Council was required to contribute 10% of Shs. 47,967,800 released for capacity building activities. An audit verification of accounting records revealed that there was no such contribution made by the District Council to the project.

(b) Late implementation of community investments subprojects

The sub-projects write-ups and draft BOQ for Iringa District were at the final stages as follows:

Village	Type of C.I.S
• Magozi, Mkomlilenga, Ilolompya	Intake and Canal Construction
• Malizanga	Intake and Canal Construction
• Magulilwa	Dam and canal Construction
• Mangalali	Dam and Canal Construction

Audit observed delayed implementation of projects.

(c) Farmers group investment subproject (FGOS)

There are a total of 27 FGIS in Iringa District. During the site visit it was leant that the PRA was conducted in all selected villages, and the groups had opened their respective group bank accounts. However, no release of PADEP funds to respective group bank accounts was made. The farmers were yet to fulfill their obligations of contributing 50% of the subprojects values.

251.5.5 Singida District Council

(a) Delay in Implementation of Community Investment Subprojects.

The position of the Community Investment subprojects in Singida District was as follows:

Village	Subproject
Itaja	Charco dam construction to improve animal health.
Muhintizi	Charco dam construction.
Mangida	Charco dam construction.
Mipilo	Charco dam construction.

As at the time of audit the total amount of Shs. 9,000,000 for three subprojects (3 million each subproject) had already been disbursed for training. The delays for implementation of subprojects were caused by poor community contributions and untimely release of money by FOU which was caused by in-adequate budget preparation leading to over estimation of costs on certain items.

(b) Farmers Group Investment Subprojects

There are a total of 16 Farmers Group Investment Subprojects in Singida District. As at the time of audit the PCU had already released a sum of Shs. 4,821,000 for farmers group investment subprojects. Despite these releases the same were yet to be credited to farmers group investment subproject bank accounts due to failure by groups to complete their 50% contribution of subproject value.

251.5.6 Hanang District Council

(a) Delayed implementation of Community Investment Subprojects

There are a total of five community investment subprojects noted in Hanang District as follows:

Village	Subprojects
Masakta	Umoja wa Soko la Mazao Masakta (USOMAMA)
Endasak	Crop Market
Gehandu	Construction Charco dam for Irrigation
Measkron	Soil Conservation erosion control
Dirma	Charco dam construction for livestock and domestic use.

There was noticeable delay in the implementation of the subprojects.

(b) Farmers Group Subprojects Bank Accounts not credited with money

There are a total of 13 FGIS in Hanang District. The actual implementation of FGIS was yet to take off despite the release of money by PCU for the subprojects which was not credited by PDO to respective farmers group bank accounts for failure of the to meet the 50% contributions commitment. Failure to contribute was stated to have been attributed mainly to low incomes of farmers and poor sensitization.

251.5.7 Arumeru District Council

(a) Community Investment Subproject

Two community investment subprojects were earmarked for implementation in Arumeru District namely environmental conservation and rehabilitation of irrigation canals in Olkokola and Karangai villages respectively.

As at the time of audit, the actual implementation of the subprojects were yet to commence, mainly because of poor community contribution and inadequate, relevant and complete cost information of these subprojects submitted to PCU.

(b) Farmers Group Investment Subprojects

There are a total of 13 Farmers Group Investments Subprojects in Arumeru District. PCU could not release the funds due to various reasons detected on subprojects write-ups.

**(c) Motor vehicle No. STK 964 involved in a road accident
Shs. 19,493,610**

The project vehicle was involved in a road accident while on activities not related to the project four months after the purchase, killing a driver. Nevertheless a formal police investigation report had not been issued.

The project management should ensure that a final police investigation report is obtained with a view of fixing responsibility to the party concerned and submission of a formal loss report.

251.5.8 Morogoro District Council

(a) Community Investment Subprojects

There are two Community Investment Subprojects in Morogoro District i.e. Construction on intake/weir and construction of Charco dam and rain water harvesting bunds in Matuli and Dihombo Villages respectively.

At Matuli village the construction of intake was found complete and two main canals are in the process of lining. At Dihombo village Construction of Charco dam and rain water harvesting bunds is still at a preliminary stage. Audit could not act relevant information that hinder the completion and implementation of Community Investment Subproject at Dihombo Village as it is almost two years now since the subproject was to started.

(b) Farmers Group Subproject

There are a total 11 Farmers Group Investment Subprojects in Morogoro District. The audit site visit revealed that the farmers received relevant training in conformity with the objective of these subprojects and that the training was adequate and has improved their production skills and methodologies. In a random survey it was discovered that there is an increase of yield of paddy from 5 bags to 12 bags per acre and maize

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from 8 bags – 15 bags per acre. However, rising price of fertilizers may hinder achievement of project targeted objective of raising income and reducing poverty.

(c) Amount not recorded in Books of Account Shs. 7-,653,650

A total of Shs. 70,653,650 transferred from PADEP PCU to Morogoro District had not yet been recorded in the cash book.

(d) Unsupported payments of Shs. 4,219,280

A sum of Shs. 4,219,280 was not supported by proper documentation to authenticate payments made against the project fund.

252. TREASURY STOCK VERIFICATION UNIT

(a) Outstanding stores on Loan Shs. 13,719,920.00

Verification revealed Stores worth Shs.13,719,920.00 were outstanding on loan for a long period as follows:-

i. MATI Igurusi – Mbarali (May, 2004)	Shs.	1,354,000.00
ii. Agricultural Research and Development Institute Ukiriguru (March, 2004)	Shs.	<u>12,365,920.00</u>
	Shs.	<u>13,719,920.00</u>

(b) Unaccounted for receipts of stores Shs. 37,253,328.00

Stores worth Shs.37,253,328.00 received from various sources were not taken on ledger charge as follows:-

i. MATI Igurusi – Mbarali (May, 2004)	Shs.	30,809,800.00
ii. Selian Agricultural Research Institute (January 2004)	Shs.	3,141,950.00
iii. Water Laboratory Musoma (December, 2003)	Shs.	<u>3,301,578.00</u>
	Shs.	<u>37,253,328.00</u>

(c) Irregular Issues/over consumption of food stuff Shs.10,849,260.00

Verification carried out at MATI Igurusi, in May, 2004 revealed that food stuffs worth Shs.10,849,260.00 were issued in bulk from July, 2003 to March, 2004 for students use but the number of students who were supposed to be fed and diet scale were not indicated.

(d) Unaccounted for purchases of stores Shs.93,944,739.80

Various stores worth, Shs.93,944,739.80 locally purchased were neither taken on ledger charge nor could their utilization details be produced as follows:-

i. MATI Igurusi – Mbarali (May, 2004)	Shs.	7,460,060.00
ii. Agricultural Research and Development Institute Ukiriguru (March, 2004)	Shs.	85,444,243.00
iii. Selian Agricultural Research Institute (January, 2004)	Shs.	<u>1,040,436.80</u>
	Shs.	<u>93,944,739.80</u>

(e) Unaccounted for purchases of stores through special imprests Shs.6,158,601.50

Special imprests of Shs.6,158,601.50 were paid to various staff for purchase of stores but were not accounted for as follows:-

i. MATI Igurusi – Mbarali (May, 2004)	Shs.	875,000.00
ii. Agricultural Research and Development Institute Ukiriguru (March, 2004)	Shs.	3,995,900.00
iii. MATI Uyole – Mbeya (March, 2004)	Shs.	<u>1,287,701.50</u>
	Shs.	<u>6,158,601.50</u>

(f) Purchases of stores worth Shs.173,995,547.00 above the powers of Accounting Officer:-

Stores worth Shs.173,995,547.00 were purchased the value of which were above the purchasing powers of Accounting Officer as follows:-

i. MATI Igurusi – Mbarali (May, 2004)	Shs.	4,680,000.00
ii. Agricultural Research and Development Institute Ukiriguru (March, 2004)	Shs.	148,476,297.00
iii. MATI – Uyole Mbeya (March, 2004)	Shs.	<u>20,839,250.00</u>
	Shs.	<u>173,995,547.00</u>

(g) Unreceipted Issues of stores Shs.68,734,980,00

Stores worth Shs.68,734,980.00 were issued and struck off ledger account but the relevant Issue Vouchers were not receipted by respective officers as follows:-

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i.	Agricultural Research and Development Institute Ukiriguru (March, 2003)	Shs.	10,093,500.00
ii.	Strategic Grain Research – Songea (January, 2004)	Shs.	<u>58,641,480.00</u>
		Shs.	<u>68,734,980.00</u>

(h) Verification conducted at Agricultural Research and Development Institute (ARI) Ukiriguru in March, 2004 revealed losses of motor cycle, generator, camera and two motor vehicles all valued at Shs.20,144,500.00 but the losses were not reported to the Treasury.

(i) **Unsupported Issues of Stores Shs.36,217,225.00**

Stores worth Shs.36,217,225.00 were issued and struck off ledger account without quoting their relevant issue vouchers, as follows:-

i.	Agricultural Research and Development Institute Ukiriguru (March, 2004)	Shs.	31,903,725.00
ii.	Strategic Grain Reserve – Songea (January, 2004)	Shs.	849,500.00
iii.	Water Laboratory Musoma (December, 2003)	Shs.	<u>3,464,000.00</u>
		Shs.	<u>36,217,225.00</u>

(j) Verification carried out at Water Laboratory Office Musoma in December, 2003 revealed that 4090 litres of Diesel worth Shs.3,272,000.00 were taken on charge in fuel register without their supporting receipt documents.

253. AUDIT CERTIFICATE

In my opinion, subject to the clearance of matters raised in the preceding paragraphs, the Supply Vote, Development Vote, Revenue and Miscellaneous Deposit Accounts, present fairly the financial position of Vote 43 as at 30th June, 2004.