

VOTE 44
MINISTRY OF INDUSTRY AND TRADE

254. OUTSTANDING MATTERS IN THE ANNUAL REPORTS FOR PREVIOUS YEARS

Various matters arising from the previous years' audit reports listed here under have not been finalized:-

Para	F/Y	Detail	Amount Involved (TShs.)	Outstanding Balance (TShs.)	Comments
257	2001/02	Payment of Grants and subsidies to institutions	274,155,497	100,000,000	Required Institutions audited accounts.
258	2001/02	Improperly vouched Expenditure	860,468,762	3,742,557	Missing supporting documents
259	2001/02	Stores not taken on ledger charge	73,531,944	48,790,646	Missing Ledger
248.1	2002/03	Outstanding Imprests	28,232,611	28,232,611	imprests retirements required.
248.2	2002/03	Un-recorded Imprests	8,998,560	2,133,200	- do -
249	2002/03	Un-vouched Expenditure	541,779,927	112,338,555	Missing supporting documents.
250	2002/03	Maintenance of Motor Vehicles at Private Garages.	16,847,130	3,997,440	Repair costs on a motor vehicle involved on accident.
251	2002/03	Stores not taken on ledger charge	201,402,323	112,570,393	Stores not accounted
252.4	2002/03	Un-vouched Expenditure Weight & Measure (W&M)	346,820,072	119,894,463	Missing tender board authority.

More effort should be made to clear long outstanding matters.

255. STATUS OF AUDIT QUERIES

A test check of the accounts related records for the year 2003/2004 resulted in the issue of 39 audit queries and 1 (one) management letter. As at the reporting date January, 2005, only 13 queries were replied. Furthermore, 18 audit queries and one management letter relating to previous years are still outstanding as follows.

Year	Audit Queries	Management Audit Report
2001/2002	4	-
2002/2003	14	1
Total	18	1

256. OUT-TURN

256.1 Supply Vote

The Supply Vote account for the year 2003/2004 closed with a net actual expenditure of TShs.8,138,080,192 against approved estimates of TShs.8,138,858,987, which was the same as exchequer issues released by the Treasury during the year under review. The actual expenditure over the exchequer issues released resulted in an unspent balance of TShs. 778,795, which represents cash book balance as at 30th June, 2004.

256.2 Unauthorised Reallocations – TShs.221,197,192

During an examination of the Supply Vote appropriation accounts we noted a sum of TShs.221,197,192 which had been reallocated without the Treasury approved reallocation warrant, contrary to financial regulations. Up to the time of writing this report no retrospective approval has been sought to regularize the sum reallocated.

256.3 Development Vote

The Development Vote account closed with an actual expenditure of TShs.200,000,000 as against approved estimates of TShs.1,820,469,000 resulting in an apparent saving of TShs.1,620,469,000. In addition, Development expenditure on "D" Funds (from donors) amounting to TShs.281,875,164 has apparently not been reflected in the Ministry's Vote Account.

257. STATEMENT OF REVENUE

257.1 Under Collection of Revenue (by TShs.350,325,162)

The actual revenue collection was TShs.2,650,843,838/= against the approved estimates of TShs.3,001,169,000 an under collection of revenue of TShs.350,325,162 during the year under review. No explanation was provided for the under collection.

258. STATEMENT OF ASSETS AND LIABILITIES

The Statement of Assets and Liabilities as at 30th June, 2004 showed a cash balance of TShs.4,783,880/=. However, we could not verify the correctness of the cash balance because the cash book balance had not been reconciled with the CPO Cash balances.

259. OUTSTANDING IMPRESTS - TSHS.5,171,650

The Ministry's Vote Account Statement as at 30th June, 2004 does not show outstanding Safari Imprests. However, audit examination observed an amount of imprests outstanding as per imprest registers, totalling Shs.5,171,650/=.

260. DEFERRED COMMITMENT PAYMENTS (TSHS.23,081,679)

During the months May and June, 2004 M/s.Safe Line Travels Ltd. rendered services worth TShs.23,081,679 to the Ministry. The claims were withheld and deferred to the year 2004/2005 contrary to financial instructions.

261. PAYMENTS OF SUBVENTIONS (TSHS.200,000,000) TO PUBLIC AUTHORITIES:

We noted that a sum Shs.200,000,000 was paid to various public authorities/ parastatals as subventions from development vote. However, the institutions' financial statements for the year under review were not submitted to confirm and account for the funds so paid.

**262. UNVOUCHED AND IMPROPERLY VOUCHERED EXPENDITURE
(TSHS.203,176,931)**

Payment vouchers aggregating TShs.203,176,931 in respect of Supply Vote were not supported by proper documentation to authenticate expenditures incurred.

This indicates that there is laxity over physical security of accounting records. My audit query raised in this respect has not been replied.

263. STORES NOT TAKEN ON LEDGER CHARGE SHS.24,570,000

A test examination of payment vouchers for the year under review revealed payments for purchase of stores items worth TShs.24,570,000, which were apparently not recorded in the stores ledgers to confirm accountability. Four audit queries issued have not been replied (January, 2005).

264. UNDERCOLLECTION OF BUSINESS LICENCES TSHS.4,002,000

Two companies i.e. M/s. Dynamic Cotton Ginnery Co. Ltd with registration No.25611 of 27th June, 1994 and M/s. Dar es Salaam Marine Service Co. Ltd did not pay their business licenses fee for Shs.4,374,000 and Shs.2,004,000 respectively. Instead the two companies had only paid TShs.846,000 and TShs.1,530,000 which resulted in the under payment of TShs.4,002,000.

265. QUESTIONABLE EXPENDITURE -TSHS.205,000,000

We noted two subsequent payments, which were defrayed from the Ministry's Vote account without proper authority and relevant supporting documentation, as follows:-

- The Director General BET of Dar es Salaam was paid TShs.200,000,000 for settlement of Afro-Arab debt. However the payment was not supported by any claim particulars. No particulars were furnished to audit despite several requests.
- The Permanent Secretary Ministry of Industries and Trade was paid TShs.5,000,000 as facilitation money during the Sabasaba functions. The payment voucher didn't have any expenditure classification and it was not supported by proper documentation to authenticate its propriety.

266. FIXED ASSETS – TSHS.741,527,507

Along with the appropriation accounts was a detailed list of assets which totalled TShs.741,527,507 without a signed Summary Statement of Assets as required by the financial regulations. Further, the physical verification of the assets was not carried out because the Ministry's fixed assets register was not made available.

267. TREASURY STOCK VERIFICATION UNIT

(a) Unaccounted for Purchases of Stores Shs.28,716,439

Verification carried out in two offices under the Ministry of Industries and Trade revealed that stores worth Shs.28,716,439.00 locally purchased were neither taken on ledger charge nor their utilization accounts produced for verification as follows:-

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|------|--|---------------------------------|
| (i) | Weights and Measures Agency, Dar es Salaam (September, 2004) | Shs.7,716,650.00 |
| (ii) | Business Registration and Licencing Agency, Dar es Salaam (Jan.2004) | Shs. <u>20,999,789.00</u> |
| | | Shs.<u>28,716,439.00</u> |

(b) Verification carried out at Weights and Measures Agency, Dar es Salaam in September, 2003 revealed the following irregularities:-

- (i) Six (6) vehicles worth Shs.76,765,100 were taken on ledger charge without their supporting receipt documents.
- (ii) Spare parts and Battery N70 worth Shs.816,000 were issued and struck off ledger charge without their supporting issue vouchers.

(c) Verification carried out at Business Registration and Licencing Agency Dar es Salaam in January 2004 revealed the following irregularities:-

- (i) Issue vouchers pertaining to issue to stores worth Shs.2,776,090 were not posted in their respective ledgers folios.
- (ii) Various stores including stationery, extension cables, Trade and Service mark certificates worth Shs.1,286,700 were issued to various users but not authenticated by their respective recipients.

268. AUDIT CERTIFICATE

Subject to matters raised in the preceding paragraphs, the Supply Vote, Development Vote, Revenue and Miscellaneous Deposit accounts present fairly the financial position of Vote 44 as at 30th June, 2004.