

**VOTE 48**  
**MINISTRY OF LANDS AND HUMAN SETTLEMENT DEVELOPMENT**

**307. AUDIT QUERIES**

The Ministry accounts and the related statements for the year 2003/2004 were audited, and as a result, 41 audit queries and four management letters were issued. At the time of writing this report there were 35 audit queries and one appropriation letter relating to the previous financial year which were still outstanding.

**308. OUT TURN**

**308.1 Supply Vote**

The Statement of the Supply vote account reflected net expenditure of shs.5,710,774,849 against the approved estimates of Shs.5,890,779,198 resulting in an apparent saving of Shs.180,004,349. Exchequer issues received during the year under review totalled Shs.5,882,402,198, which resulted in a cash balance of Shs.171,629,350.

**308.2 Development Vote**

The Development Vote expenditure was Shs.754,440,562 against net approved estimates of Shs.755,194,755 which resulted in an apparent saving of Shs.754,193 which remained as unspent balance with the Paymaster General's Account. All development expenditure incurred was in respect of Land Development Management, Information system and for Surveys and Mapping.

**309. STATEMENT OF REVENUE**

**309.1 Arrears of Land Rent TShs.382,326,701**

The Statement of Revenue Collection as at 30<sup>th</sup> June, 2004, showed a total collection of Shs.6,103,264,280 against the budgetary provision of Shs.5,430,401,000 which resulted in an over collection of revenue Shs.672,863,280. However, land rent arrears of Shs.382,326,701 had not been collected as at 30.6.2004.

**309.2 Suspected Loss of Revenue**

An examination of revenue receipts and other records at two Revenue collection centers revealed losses of cash amounting Shs.70,433,552 as shown below:

(i)	Mwanza City Council (Lands Office)	Shs. 58,077,980
(ii)	Moshi Municipal Council (Land Office)	Shs. <u>11,355,572</u>
	<b>Total</b>	<b>Shs. <u>70,433,552</u></b>

All the above losses were reported to the police for further investigation.

### 309.3 Bank Reconciliation Statements

Examination of the revenue bank reconciliation statements revealed unleared items as shown below:-

Item	Amount
• Debit in bank not in cash book	8,346,138
• Receipts in cash book not in bank	4,464,881

### 309.4 Unreconciled cash book balance

We have noted two cash balances, one of an adjusted cash book balance of Shs.6,289,952,455.47 and another one of Shs.692,450,717.70 being cash book balance as at 30<sup>th</sup> June, 2004. However, two cash book balances have not been reconciled. In addition, the relevant bank reconciliation statements were not made available during audit exercise.

## 310. ERRORS NOTED FROM THE APPROPRIATION ACCOUNT AND OTHER STATEMENTS

### 310.1 Housing Revolving Fund

**Questionable interest earned Shs.2,313,402.87**

According to the Government Circular No.8 of 1992 para 9(iii) 3% interest on Housing Loan should be recovered from the premium yearly.

However a sample of interest recoveries taken indicated that there is no correlation between the loan recovered, loan outstanding and interest earned as follows:-

Debtors Reference	Name	Loan recovered during the year	Loan outstanding	Interest
2063	Ryoba Mseti	-	-	372,772.98
2068	Leticia Kweba	-	-	251,939.49
2162	Fatuma Ishak	93,534.95	3,319,026.35	1,433,441.75
2398	Philemon P. Mwakyombe	20,000.00	1,980,000.00	255,248.65
			<b>Total Shs.</b>	<b>2,313,402.87</b>

A review of the amounts due for recoveries is called for.

### **310.2 Under stated Value of Accumulated Fund Shs.1,750,399.34**

During the financial year 2002/03, the Ministry earned interest amounting Shs.1,750,399.34 from Housing Loans issued. However, the referred amount was not brought in the vote accounts, as a result, the opening balance was understated in the Accumulated Fund in the year 2003/04 by Shs.1,750,399.34.

### **311. PLOT DEVELOPMENT REVOLVING FUND**

#### **311.1 Overstated Miscellaneous Receipts**

We have noted that the Receipt and Payment Account for the year ended 30<sup>th</sup> June, 2004, under item 693-3826 showed a sum of Shs.628,199,699 as miscellaneous receipts in the General Ledger instead of Sh.626,199,699 resulting in an overstatement of Shs.2,000,000/=.

### **312. SPECIAL ACCOUNT FOR SONGWE RIVER PROJECT**

The final accounts for the year ended 30<sup>th</sup> June, 2004 in respect of the Songwe River Project were submitted along with the Appropriation Accounts without the paid vouchers and bank statements for the month of February, 2004 to support US\$3520 spent.

### **313. NON SUBMISSION OF ACCOUNTS FOR 20,000 PLOTS PROJECT**

In accordance with the provisions regarding the 20,000 Plots Project, it was estimated that Shs.8,927,000,000 would be released by Treasury in anticipation that revenue aggregating Shs.9,393,531,820 would be generated. However, no details of revenue realized have been confirmed as earlier agreed on.

### **314. IRREGULAR AND QUESTIONABLE PAYMENTS, UNVOUCHED AND MISSING SUPPORTING DOCUMENTS SHS.340,900,894**

A test check of the payments, made revealed irregular and questionable payments unvouched and missing supporting documents of shs.458,088,989.52 as shown below:-

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	Recurrent A/C (Shs)	Development A/C Shs)	Deposit A/C (Shs)	Total (Shs)
improperly vouched	146,250,094.00	7,194,288.00	-	153,444,382.00
Unvouched	3,363,766.00	-	-	3,363,766.00
Irregular and Questionable	<u>12,844,000.00</u>	<u>52,578,679.52</u>	<u>118,670,066.00</u>	<u>184,092,746.00</u>
<b>Total</b>	<b><u>162,457,860.00</u></b>	<b><u>59,772,968.00</u></b>	<b><u>118,670,066.00</u></b>	<b><u>340,900,894.00</u></b>

**315. OUTSTANDING IMPRESTS SHS.19,392,420**

We have noted outstanding imprests totalling Shs.19,392,420 during the year under review. However, no details were available to show whether these outstanding imprests have since been recovered and utilized as intended.

**316. STATEMENT OF EXPENDITURE MISSING**

We noted a total amount of Shs. 92,000,000 which was charged direct to Development/Expenditure item. However, the amount was not supported by expenditure details. One audit query issued seeking production of the expenditure statement, has not been replied as at the time of writing this report.

**317. RETENTION MONEY NOT ACKNOWLEDGED SHS.351,651,582/=**

The Ministry released funds to sundry payees in a form of Warrants of Funds and 20% Retention money amounting to Shs.351,651,582 as follows:-

P.V. No.	Amount Shs.
J.36	814,110
J.6	167,978,031
J.7	119,388,400
J.10	40,608,171
J.25	12,488,000
J.28	7,401,750
J.21	<u>2,973,120</u>
<b>Total</b>	<b><u>351,651,582</u></b>

However, no acknowledgement receipts were produced for audit when requested.

**318. MISALLOCATION OF FUNDS SHS.16,275,895**

We have noted that a sum of Shs.16,275,895 was paid from Development Funds to meet recurrent expenditure of the Ministry thus hindering the expected progress of the

respective development projects. Three (3) queries seeking reimbursement particulars are still outstanding.

### **319. SALARIES NOT CONFIRMED TO HAVE BEEN PAID**

An audit scrutiny of the salary data for the year 2003/2004 revealed that salary payrolls worth Shs.138,091,846 were missing from the account therefore, unable to confirm whether the relevant salary cheques drawn were correctly paid to the bonafide payees.

### **320. CASH PURCHASES OF STORES SHS.57,652,680**

We noted that several stores items worth Shs.57,052,680 were purchased using cash money instead of the LPO and cheque and the same could not be confirmed to have been received and accounted for, as per audit query No.J.4, raised.

### **321. PURCHASES MADE WITHOUT AUTHORITY**

A sum of Shs.104,313,992.80 was paid in respect of goods/services rendered to the Ministry. However, relevant purchase authority was not sought or obtained for these large purchases contrary to the Public procurement Regulations as per audit query No. 13, J.14, J.17, J.19, J.20, J.39, and J.38.

### **322. STORES NOT ACCOUNTED FOR SHS.22,070,498**

We noted that the Ministry had paid for supply of goods and services worth Shs.22,070,498 during the year. As at time of writing this report there was no evidence of receipt of goods or services as per audit query No.33, J.40, J.22 and J.8.

### **323. AUDIT CERTIFICATE**

Subject to my comments in the preceding paragraphs the Supply, Development Miscellaneous Deposit and Revenue Accounts present fairly the financial position of Vote 48 as at 30<sup>th</sup> June, 2004.