

VOTE 57
MINISTRY OF DEFENCE AND NATIONAL SERVICE (ULINZI)

405. AUDIT QUERIES

A test check of the accounts and related records for the year 2003/2004 resulted in the issue of 13 audit queries and one management letter. As at report date (January,2005) only 8 queries had been replied and settled. The more significant outstanding queries have been commented upon in this report.

406. OUT-TURN

406.1 Supply Vote

The Supply Vote Account closed with a saving of Shs.2,039,001 arising from net expenditure of Shs.5,155,449,882 against the approved estimates of Shs.5,157,488,883. However, exchequer issues received during the year similarly totalled Shs.5,157,428,883 leaving a cash balance of Shs.2,039,001 with the Paymaster General Account.

406.2 Outstanding imprest Shs.2,039,001

A test check of the Appropriation accounts detected outstanding imprests totalling Shs.2,039,001 as at 30/6/2004. More effort should be made to ensure that all outstanding imprests are fully retired without any further delay.

406.3 Development account

The year's outturn on the Development Account was an expenditure Shs.24,007,995,248 against the approved estimates of Shs.24,010,000,000 resulting in an apparent saving of Shs.2,004,752.

Actual exchequer issues received during the year amounted to Shs.24,009,999,955 thus closing with a cash balance of Shs.2,004,707 with Paymaster General's Account.

406.4 Statement of Revenue

The actual collection of revenue during the year was Shs.23,697,794 against approved estimate of Shs.25,201,000, leaving a shortfall of Shs.1,503,206 (6%) below the approved revenue estimates.

407. BANK RECONCILIATION STATEMENTS

The bank reconciliation statements as at 30th June, 2004 reflected unleared items as shown below:

	DESCRIPTION	RECURRENT ACCOUNT SHS	DEVELOPMENT ACCOUNT SHS
1	Payment in PMG Statement not in cash book	130,238	NIL
2	Unpresented cheques	56,513,596	96,408,699
3	Receipt in PMG statement not in cash book	NIL	500
4	Payment in cash book not in PMG Statement	1,377,189	NIL

More efforts should be made to clear all the outstanding items.

408. IMPROPERLY VOUCHERED EXPENDITURE SHS .766,277,141

A test check of the accounts and records during the year revealed expenditure totalling Shs.766,277,141 Le. Shs.65,170,570 from the Supply Vote Account and Shs.701,106,571 from the Development Account which was not supported by relevant supporting documents to confirm correctness of the expenditure. Replies to my 2 audit queries raised on this matter have not yet been received.

409. MZINGA CORPORATION

409.1 Payment of Litigation Claims Shs.1, 178,342,496

The Ministry paid Shs.1, 178,342,496 for the past three consecutive years in respect of litigation claims confirmed by the High Court and amicable agreement made between the Corporation and its beneficiaries. This situation continued to put Mzinga Corporation into questionable financial position. The Ministry should determine the sources of these claims and improve the Corporation's efficiency.

409.2 Doubtful creditors Shs.166,468,647

Verification of the Creditors Register noted that Shs.176,097,482 was owed by the Corporation to different suppliers. However, the existence of M/S Overseas Creditors Dantex who owes Shs.166,468,649 remains questionable for lack of confirmation of the debt for the past five (5) years.

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410. TANZANIA AUTOMOTIVE TECHNOLOGY CENTRE (TATC)

410.1 Cash purchases through imprests Shs.87, 112,541

We noted during audit that a total sum of Shs.87, 112,541 was issued as special imprests to officers of the Centre for purchase of goods and services. This matter was raised in previous year's reports since 1999/2000 it seems there is no improvement on this matter.

410.2 Debtors and staff loans Shs.32,285,384

The Centre had a total sum of Shs. 32,285,384 for outstanding debtors and staff loans which were yet to be cleared.

Some of the debtors are aged five (5) years. Most of the debtors relate to the Ministry of Defence and National Service staff but have not been recovered from their salaries. This hampers smooth cash flow of the Centre.

410.3 Payment made in advance Shs.3,658,000

A total sum of Shs.3,658,000 was paid in advance to suppliers of goods and services to the centre. The centre should ensure that the goods and services paid for are received and accounted for.

411. AUDIT CERTIFICATE

In my opinion, the Supply Vote, Miscellaneous Deposit and Revenue Accounts present fairly the financial position of Vote 57 as at 30th June, 2004. However, the Development Vote does not fairly present the financial position of Vote 57 as at 30th June, 2004, for failure to justify propriety of expenditure for Shs. 701,106,571.