

VOTE 58
MINISTRY OF ENERGY AND MINERALS

412. FOLLOW UP OF PREVIOUS MATTERS

The following matters which were reported in the previous audit reports have not been finalised.

Para	Audit observation	Amount reported shs.	Amount outstanding Shs.	Remarks
Financial year 1999/2000				
396(a)	Questionable payments to Madini Institute Dodoma, construction works	220,895,420	220,895,420	The payments have not yet been regularised by the Paymaster General
(b)	Royalties not paid by M/s Meremeta Company Limited	170,218,191	170,218,191	The whole amount of unpaid royalties is still outstanding. However, the Ministry in response wrote a letter to the Treasury seeking write off authority.
399	Failure to remit sorting fees to the Exchequer Account	2,505,126,015 (USD. 3,340,168)	2,505,126,015	There is no evidence that such an amount had been remitted to the Treasury
Financial year 2000/2001				
414	Outstanding imprests	68,445,480	2,020,000	Imprest amounting to Shs.2,020,000 are still outstanding
415.2	Goods not delivered to projects	5,102,208,668	2,553,829	Supporting documents amounting to shs.2,553,829 are still awaited for audit verification.

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423	Irregular and questionable payments Shs.02,261,360 (c) Doubtful retirement of safari imprest Shs.2,703,170	2,703,170	2,703,170	I am still waiting for recovery of the whole amount.
	(f) Questionable standing imprests shs.7,202,819	7,202,819	3,079,920	An amount of shs.3,079,920 has not yet been recovered.
429.3.2	Short collection of royalties on diamonds revised figure	743,935,668 (USD 708,510)	743,935,668	The Attorney-General confirmed my observation. I obtained no information regarding the refund of this amount to the exchequer account.
Financial year 2001/2002				
435.2	Arrears of Revenue	503,728,355	503,728,355	An amount of shs. 228,534,011 is still outstanding.

413. AUDIT QUERIES

A test check of the accounts and supporting documents for the year ended 30th June, 2004, resulted in the issue of 33 audit queries and five management letters. As at this report date, only four (4) queries had been replied satisfactorily and settled; one of the management letters has been replied. In addition, 73 audit queries and 11 management letters relating to the previous years accounts are still outstanding as shown below: -

Year of Accounts	Number of outstanding Audit queries	Special management Letters
1999/2000	01	03
2000/2001	05	02
2001/2002	15	04
2002/2003	<u>57</u>	<u>02</u>
Total	<u>78</u>	<u>11</u>

414. OUT-TURN

414.1 Supply Vote

The Supply Vote closed with an apparent saving of Shs.173,653,819 arising from net expenditure of Shs.25, 029,070,881 against approved estimates of Shs.25,202,724,700. However, exchequer issues received during the financial year under review totalled Shs.25,202,734,246 leaving a favourable cash balance of shs.173, 663,365 with the Paymaster General's Account.

414.2 Development Vote

The year's out-turn on the Development Vote was an expenditure of Shs.47,329,473,275 against the approved estimates of Shs.61, 571,552,300 an apparent saving of Shs.14,242,079,025. However, exchequer issues received during the year totalled Shs.47,353,986,996 thus making a real saving of Shs24, 513,721.

414.3 Direct to Project Funds.

The Vote Account Development for the 2003/2004, included direct to project funds amounting to Shs.42,754,098,921. However, a sample audit carried out in a number of D-funded Projects implemented during the year under review revealed that, although records showing details of stores imported under Direct to Project funds are now being filed by the respective agencies, the stores have not been recorded in the stores ledgers. As a result we could not confirm whether the stores were properly accounted for.

415. STATEMENT OF REVENUE

415.1 Revenue collection performance

The Statement of Revenue as at 30.6.2004 disclosed actual collection of Shs.22,909,102,003 against the net approved estimates of Shs.16,315,232,000 resulting in a surplus of Shs.6,593,870,003 equivalent to 40% of the approved estimates. The revenue earning potential was not correctly ascertained and reflected in the estimates.

415.2 Statement of arrears of revenue Shs.678,397,154

The arrears of revenue reported during the year 2003/04 totalled Shs.420,201,984. However, audit noted that there was uncollected annual rent on primary mining licences amounting to Shs.258,195,170 detected during local audit inspections, which was not included in the statement of arrears of revenue.

It appears that the records kept by Zonal / Resident Mines officers were not updated or reconciled with the records maintained by the Ministry headquarters.

416. BANK RECONCILIATION STATEMENTS**416.1 Revenue Retention Account**

The revenue bank reconciliation statement submitted along with the Appropriation accounts disclosed outstanding items which need urgent clearance as shown below: -

<u>Item description</u>	Amount Shs.
Receipts in RCCB not in PMG's Account	1, 351,739,448
Credits in PMG's not in RCCB	3,118,654

In addition, no revised bank reconciliation statement as at 31.12.2004 has been submitted to confirm whether the outstanding items have been cleared.

417. OUTSTANDING IMPRESTS SHS 29,315,030

The footnotes to the appropriation accounts reflected outstanding imprests totalling Shs.7,819,440 as at 30th June 2004. However, examination of the imprest register disclosed that outstanding imprests as at 30th June, 2004 amounted to Shs.29,315,030 as shown below: -

• Safari imprests	2,688,300
• Special imprests	<u>26,626,730</u>
Total	<u>29, 315,030</u>

418. STATEMENT OF FIXED ASSETS

The value of fixed assets held by the Ministry as at 30th June 2004 has been shown as Shs.2,674,248,962.80. However, it was noted that seven motor vehicles noted below worth Shs.204,114,071 were not recorded in the fixed assets register.

Motor vehicle no	Value Shs.
01. STJ. 9435	26,518,028.00
02. STJ 6220	19,000,000.00
03. STJ 6460	19,000,000.00
04. STK. 710	48,000,000.00
05. DFP 828	15,693,742.19
06. DFP. 2444	39,834,343.81
07. DFP.2445	<u>36,067,956.19</u>
Total	<u>204,114,071.00</u>

**419. STATEMENT OF LOSSES OF CASH AND STORES
SHS.70, 800,881**

The footnotes to the appropriation accounts as at 30th June 2004 disclosed outstanding losses of cash of Shs.70,490,881 and losses of stores Shs.310,000. These losses have remained outstanding for a long time, dating as far back as 1998.

**420. FUNDS ISSUED TO PARASTATALS FALLING UNDER
THE MINISTRY SHS. 2,947,453,918**

Payments totalling Shs.2,947,453,918 were made to the Tanzania Electric Supplies Company and the Tanzania Petroleum Development Corporation during the year under review to meet payments of salaries, other charges and rural electrification projects as shown below: -

Parastatal	Amount disbursed Shs.
Tanzania Petroleum development Corporation	445,001,787
Tanzania Petroleum development Corporation	779,609,889
Tanzania Electric Supplies Company (TANESCO) TPDC	1,722,842,242
Total	2,947,453,918

However, audited accounts of these Public Institutions were not made available for review in order to ascertain whether the funds issued were utilized for the intended purposes.

421. STORES NOT TAKEN ON LEDGER CHARGE SHS. 91,901,447

Examination of payment vouchers made during the year under review revealed that stores worth Shs. 91,901,447 were not confirmed to have been delivered, in the absence of delivery notes, reference to ledger folio and final utilization records. The Ministry did not respond to my seven audit queries raised on this matter.

**422. WARRANTS OF FUNDS NOT ACCOUNTED FOR
SHS. 2,133,035,263**

Warrants of Funds for Shs.2,133,035,263 were issued to various up-country stations during the financial year ended 30th June, 2004. No Statements of expenditure have since been furnished, confirming that the funds were received, accounted for and used for the intended purposes.

423. IMPROPERLY VOUCHERED EXPENDITURE SHS. 52,362,246

Although no cases of improperly vouchered expenditure have been disclosed in the footnotes to the appropriation accounts, examination of payment vouchers for the

year 2003/04 revealed improperly vouched expenditures amounting to shs.52,362,246.

424. IRREGULAR AND QUESTIONABLE PAYMENTS SHS.985, 220,891

424.1 Payment of Shs.61,095,820 for Construction of the proposed Resident Mines Office-Geita.

The Ministry entered into a contract with M/S D.F. Mistry & Co (1974) vide contract no.3/2002/03 for the construction of Resident Mines Office at Geita for a contract sum of Shs.76,468,704.

It was however observed that payments totalling Shs.61,095,820 were made to the contractor without the supporting bills of quantities and job specifications for the work done, to justify the payments. One audit query raised on this matter has not been replied.

424.2 Payments for electrification and air conditioning works at new Ministry headquarters Shs.128,589,131

A total sum of Shs.128,589,131 was paid to M/S Dunstan Electrical Engineering and M/S Daikin Tanzania LTD being costs for electrification and air conditioning works to the Ministry headquarters building along Samora Avenue.

According to the contracts, the works were required to be completed on 20th July 2004. However, as at the time of writing this report February, 2005 the works have not yet been completed and I am not aware of the progress made because the relevant contract files were not made available for scrutiny when called for.

424.3 Fencing of Mererani controlled area Shs.183,999,940

A total amount of Shs.183,999,940 was released to the Officer in-Charge, Arusha for strengthening security within the Mererani controlled area by erecting a barrier fence. Further, it was noted that the work was contracted to M/S Afgem Tanzania - Mererani Mining LTD at a contract price of Shs.142,469,118.

There was no evidence obtained to confirm whether the work has been completed due to the following missing information:-

- Signed contract agreement.
- Bills of quantities.

- Certificate of final completion, and
- Statement of expenditure.

**424.4 Payment of compensation without valuation schedules
Shs.600,000,000.**

An amount of Shs.600,000,000 was paid to the Regional Administrative Secretary-Mwanza through the Officer in-charge, Geita Mines Office in respect of claims for compensation to Mtakuja villagers for their forfeited land and plants. The expenditure details supported by relevant valuation reports and receipted compensation schedules duly received by the displaced people were not produced to audit when called for.

I have not received response from the Ministry on my audit query raised on this matter.

424.5 Expenditure details missing Shs.11,536,000

An official of the Ministry was given an amount of Shs.11,536,000 in April 2004 to facilitate a workshop organised by the Ministry for the Tanzania Salt Producers Association held in Dar es salaam. No expenditure details have been submitted for audit purposes.

425. TREASURY STOCK VERIFICATION UNIT

(a) Unsupported Receipts of Stores Shs.5,371,970

Stores worth 5,371,970.00 received from various sources were taken on ledger charge without their supporting receipt vouchers, viz.

(i)	Regional Mines Office – Ruvuma (June 2004)	Shs.	3,424,370.00
(ii)	Resident Mineral Office – Kagera (August 2003)	Shs.	<u>1,947,600.00</u>
		Shs.	<u>5,371,970.00</u>

(b) Unsupported Issues of Stores Shs.18,814,035.00

Stores including diesel worth Shs.18,814,035.00 were struck off ledger charge without their supporting issue vouchers as follows:-

(i)	Regional Mines Office – Ruvuma (June 2004)	Shs.	8,484,275.00
(ii)	Resident Mineral Office – Kagera (August 2003)	Shs.	6,280,960.90
(iii)	Zonal Mines Office – Mtwara (June 2004)	Shs.	820,000.00
(iv)	Zonal Mines Office – Arusha (September 2003)	Shs.	<u>3,228,800.00</u>
		Shs.	<u>18,814,035.00</u>

(c) Unaccounted for Purchases of Stores Shs.18,853,670.00

Stores worth Shs.18,853,670.00 locally purchased were neither taken on ledger charge nor could their utilization accounts be produced for verification as follows:-

(i)	Regional Mines Office – Ruvuma (June 2004)	Shs.	2,999,999.00
(ii)	Madini – Dodoma (July 2003)	Shs.	6,828,700.00
(iii)	Resident Mineral Office – Kagera (August 2003)	Shs.	5,752,291.00
(iv)	Resident Mineral Office – Arusha (September 2003)	Shs.	<u>3,272,680.00</u>
		Shs.	<u>18,853,670.00</u>

(d) Unreceipted Issues of stores Shs.2,884,050.00

Issue vouchers supporting issue of stores worth Shs.2,884,050.00 were not authenticated by respective recipients as follows:-

(i)	Madini – Dodoma (July 2003)	Shs.	2,083,750.00
(ii)	Regional Minerals Office – Singida (September 2003)	Shs.	<u>800,300.00</u>
		Shs.	<u>2,884,050.00</u>

(e) Unaccounted for Receipts of Stores Shs.3,032,350.00

Verification carried out at Regional Mineral Office Singida in September 2003, revealed that stores worth Shs.3,032,350.00 received from various sources were not taken on ledger charge.

(f) Verification carried out at Resident Mines Office, Kagera in August 2003 revealed the following irregularities:-

- (i) Fuel valued at Shs.3,396,120.00 was issued for use to office vehicles but the same was not recorded in vehicle's log books.
- (ii) Purchases of furniture worth TShs.6,920,000.00 were made without prior approval of the proper authority. No retrospective approval had been sought from Treasury to regularize the procurement of furniture.

426. AUDIT CERTIFICATE

Except for the above reservations, the Supply Vote, Development Vote, Revenue and Miscellaneous Deposit accounts present fairly the financial position of Vote 58 as at 30th June, 2004.