

VOTE 65
MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS

**470. STATUS OF OUTSTANDING MATTERS IN THE PREVIOUS
AUDIT REPORTS**

Ref.	Audit Observation	Amount Reported Shs.	Amount Outstanding Shs.	Remarks
1999/2000 Para 455.2	Stores not taken on ledger charge	47,153,141	47,153,141	A criminal case No. 793/2000 in respect of this matter is still outstanding.
2000/2001 Para 473	Losses of Stores	27,581,270	1,727,170	A balance of Shs. 1,727,170 is still outstanding.
2001/2002 Para 495	Erection of the Vodacom Booster Tower in the premises of Singida Regional Labour Office without any written agreement between the Government and M/S Vodacom.	NIL	NIL	The Ministry should enter into agreement with M/S Vodacom.
Para 496	Losses of Stores	961,800	961,800	The losses have not been finalized to-date.
Para 497	Statement of Domestic Debts.	427,671,527	453,230,834	The Ministry of Finance has paid a total amount of Shs. 453,230,834 instead of Shs. 427,671,527 resulting in excess payment of Shs. 25,559,307. The Accounting Officer has not confirmed whether the debts amounting to Shs. 25,559,307 paid in excess related to his vote.

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2002/2003 para 449.2	Unremitted Revenue Unremitted revenue from Football Association of Tanzania FAT (Now TFF).	4,399,615	4,399,615	The amount has not been remitted to the Ministry to-date.
Para 450	Statement of Fixed Assets	631,954,314	28,000,000	Fixed assets worth Shs. 28,000,000 have not yet been identified.
Para 452.2	Loans of Youth Development SHS. • Financial year 230,000,000 1999/2000 & 2000/2001 • Financial Year 367,680,964 2002/2003 Total Shs. 597,680,964	597,680,964	584,803,990	Only Shs. 12,876,974 or 2% of the amount paid has been recovered. More efforts should be made by the Ministry to recover te outstanding balance.
Para 455	Improperly Vouched expenditure	341,716,490	247,887,606	Payments adding to Shs. 93,828,884 have been cleared leaving a balance of Shs. 247,887,606. More efforts are required to clear the outstanding balance.
Para 457	Integrated Labour force survey project.	482,075,076	429,363,921	The Ministry has not accounted for Shs. 429,363,921 spent towards the project.

471. AUDIT QUERIES AND MANAGEMENT LETTER

A test check of the accounts and related records for the year under review resulted in the issue of twelve queries and one management letter of which the most significant matters are included in this report. At the time of writing this report, April, 2005 none of the queries or management letter had been replied.

472. OUT TURN

472.1 Supply Vote

The Supply Vote closed with a net expenditure of Shs. 5,526,875,550 against the approved estimates of Shs. 5,691,988,300 resulting in apparent saving of Shs.165,112,750. However, the exchequer issues received during the year totalled Shs.5,526,898,119 leaving real cash balance of Shs.22,569 with the Paymaster General's account.

472.2 Development Vote

The years out turn on the Development Vote account showed a net expenditure of Shs.4,740,048,993 against net approved estimates of Shs.8,149,577,300 resulting in an apparent saving of Shs. 3,409,528,307. However the exchequer issues received during the year totalled Shs. 4,740,548,993 leaving a cash balance of Shs.500,000 with the Paymaster General's account.

473. STATEMENT OF REVENUE

The statement of recurrent revenue for the year ended 30th June, 2004 showed actual collection of Shs. 30,738,753 against approved estimates of Shs.1,464,000 resulting in an overcollection of Shs. 29,274,753 or 1,999.6% above the approved estimates.

474. FIXED ASSETS

474.1 Understatement of Assets Shs. 64,267,085

The Ministry accounts included inventory list of assets worth Shs. 45,725,860 purchased during the year under review. However it was noted that assets worth Shs. 64,267,085, bought during the same year were not included in the list. Further despite my previous reports, the Ministry has not marked the assets with identification numbers for easy verification.

475. STATEMENT OF ASSETS AND LIABILITIES

475.1 Miscellaneous Deposit Account

The miscellaneous deposit account as at 30th June, 2004 showed a balance of Shs. 3,126,119,116. However, audit examination of the deposit register revealed that the amount was overstated by Shs. 2,212,607 since actual balances as at that date were as follows: -

Code	Description	Balance as per Financial Statement Shs.	Actual balances as per Deposit Register Shs.	Difference Shs.
963-6041	Deposit General	3,071,368,543	3,069,173,273	2,195,270
963-6950	Unclaimed salaries	17,612,227	17,612,227	NIL
963-6952	Stale Cheque	10,321,351	10,304,014	17,337
963-6953	Domestic Debts	<u>26,816,994</u>	<u>26,816,994</u>	NIL
Total Shs.		<u>3,126,119,115</u>	<u>3,123,906,508</u>	<u>2,212,607</u>

My audit observation in respect of these differences is still outstanding.

475.2 Government Child Labour Programme

The government Child Labour Programme is jointly funded by the Government of the United Republic of Tanzania (URT) and International Labour Organization (ILO) and operates three different bank accounts Nos. 2011100145, 201110151 and 201110178. At the end of the financial year under review, balances of two bank accounts adding to Shs. 26,553,471 were accounted for as shown below.

However, it was observed that a balance of Shs. 9,725,282 with Account number 201110151 was not accounted for in the appropriation accounts.

A/C Number	Account Name	Balance Shs.
2011100145	Government Child Labour Programme / TBP	23,043,971
201110178	Government Child Labour Programme Monitoring	<u>3,509,500</u>
Total		<u>26,553,471</u>

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In addition, full set of the financial statements for the years 2002/2003 and 2003/2004 in respect of this programme have not been submitted for audit.

476. DOMESTIC DEBTS NOT DISCLOSED SHS. 61,052,442

The Ministry reported domestic debts of Shs. 26,816,994 as at 30th June, 2004. It was, however, noted that the Ministry had outstanding debts amounting to Shs. 61,052,442 relating to the period from 1997 to 2002 which were not disclosed in the previous years annual statements. Debts totalling Shs. 26,896,221 were settled during the year under review leaving a balance of Shs. 34,156,224 which was again not included in the list of domestic debts as at 30th June, 2004.

477. INELIGIBLE PAYMENTS FROM YOUTH DEVELOPMENT FUNDS SHS. 300,801,966

Examination of the Youth Development Fund accounts revealed an amount of Shs. 300,801,966 drawn from the fund during the year for purposes other than loans to the youth groups. However, as at the year end, this amount had not been reimbursed to the Fund account.

478. FUNDS NOT ACCONTED FOR SHS. 7,932,010

The statement of expenditure showed that various office furniture and equipment worth Shs. 11,530,000 were purchased during the year. However, it was noted that office furniture worth Shs. 7,932,010 was omitted from the inventory list accompanying the financial statements.

479. OUTSTANDING IMPRESTS – SHS. 40,807,000

The financial statements did not disclose outstanding imprests as at 30th June, 2004. However, examination of imprests retirement particulars revealed outstanding special imprests amounting to Shs. 40,807,000. Appropriate measures to clear the outstanding imprests are required.

480. UNVOUCHED AND IMPROPERLY VOUCHERED EXPENDITURE SHS. 60,859,005

Audit examination of the payment vouchers for the year under review, revealed unvouched and improperly vouched expenditure totalling to Shs. 60,859,005 as detailed below: -

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Account Name	Unvouched Expenditure Shs.	Improperly Vouched Expenditure Shs.	Total Shs.
Recurrent	-	30,855,546	30,855,546
Deposit	5,045,000	21,449,695	26,494,695
Development		3,508,764	308,764
Total	5,045,000	55,814,005	60,859,005

Four (4) audit queries raised on this matter are still outstanding.

481. IRREGULAR AND QUESTIONABLE PAYMENTS

A test examination of payments made during the year revealed irregular and questionable expenditure as follows:-

481.1 Questionable network installation Shs. 10,519,443

A memorandum of understanding was signed between the Ministry and the Civil Service Department for network installation at Labour Exchange Centre at a cost of Shs. 10,519,443 (USD. 10,000).

However, the award of the contract was not competitive since the Ministry did not invite quotations from eligible contracts contrary to section 32 of the PPA No. 3 of 2001.

In addition, payment records showed that contrary to financial regulations, a cheque was drawn in favour of an individual instead of the Civil Service Department.

Furthermore, it was revealed that no certificate of completion was issued contrary to article 2 of the memorandum of understanding.

481.2 Payment of debts Shs. 11,062,063

The Ministry paid a total amount of Shs. 11,062,063 to various garage owners as part payments of domestic debts in respect of maintenance services to the Ministry's motor vehicles. However the payment vouchers were neither supported with LPO's nor references were quoted to facilitate follow-up. Further, no authority from E & M Division was attached to justify that the services were outsourced and certified that the repairs were done satisfactorily.

482. TREASURY STOCK VERIFICATION UNIT

- a) Unaccounted for receipt of Stores Shs. 9,613,392.00

Verification revealed stores worth Shs. 9,613,392.00 received from various sources were not accounted for in ledgers as follows: -

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- (i) Industrial Court of Tanzania, Dar es Salaam (May 2004) Shs. 9,253,000
- (ii) Regional Labour Office, Kigoma (May, 2004) Shs. 360,392
Shs. 9,613,392
- b) Verification carried out at Industrial Court of Tanzania Dar es Salaam in May, 2004 revealed the following irregularities: -
- (i) Issue vouchers supporting issues of stores worth Shs. 3,786,420.00 were posted in the respective ledgers.
- (ii) Stationery and laundry soap worth Shs. 356,000 were deficient when physical and ledger stock balances were compared.
- (iii) Stationery, tyres and building materials worth Shs. 15,738,700 locally purchased were neither taken on ledger charge nor their utilization accounts produced.
- c) Verification carried out at a Regional Labour Office Kigoma in May, 2004 revealed that stationery worth Shs. 406,240 received from Government Stores was taken on ledger charge but without quoting their supporting receipt documents.

483. AUDIT CERTIFICATE

In my opinion, except for the above reservations, the Supply Vote, Development Vote, Miscellaneous Deposit and Youth Development Fund accounts give a true and fair view of the financial position of Vote 65 as at 30th June, 2004.