

**VOTE 80
MTWARA REGION**

670. AUDIT QUERIES

A test check of the accounts and related records for the financial year 2003/2004 resulted in the issue of 57 audit queries, the more significant of which are commented upon in this report.

At the time of writing this report (January 2004) none had been replied. In addition 57 queries pertaining to the previous years were still outstanding as follows: -

Year	No. of Queries outstanding last year.
2001/2002	5
2002/2003	<u>52</u>
	<u>57</u>

671. OUT TURN

671.1 Supply Vote

The Supply Vote account for the year 2003/2004 closed with an saving of Shs.923,987 arising from reported actual expenditure of Shs.13,922,674,900 against approved estimates of Shs.13,923,598,887.

In addition, as the exchequer issues received equalled the approved estimates, Shs.13,923,598,887, the real saving on hand was Shs.923,987.

671.2 Development Vote

Total expenditure on Development Vote for the year was shs 1,520,694,719 as against approved estimates of shs 1,648,879,200 an apparent saving of Shs.128,184,481. However, as the Directorate received exchequer issues amounting to shs 1,520,726,030, the real saving was shs 31,311.

672. DEVELOPMENT FUNDS ISSUED TO LOCAL COUNCILS SHS 390,026,100

The Secretariat paid shs 390,026,100 to Urban Council and four District Councils in the Region for implementation of various development projects. However as at 31st January 2005, no financial statements or physical implementation progress reports have been made available for audit follow up.

673. REVENUE ACCOUNT

The Statement of Revenue for the year under review revealed revenue collection was shs 3,379,052 against the approved estimates of shs 2,320,000 resulting in over collection of shs1, 059,025 (or 45% of the approved estimate) indicating that the revenue estimates were not realistic.

674. STATEMENT OF ASSETS AND LIABILITIES

Examination of the Statement of Assets and Liabilities as at 30th June, 2004 revealed the following anomalies:-

(i) Cash Balance Shs 60,420,379

The cash balance of shs 60,420,379 reflecting the balance of deposits as at 30th June, 2004 was not supported by reconciled statement between the Secretariat and Sub – Treasury.

(ii) Deposit Balance not analysed

Examination made on Statement of Asset and Liabilities submitted along with the Appropriation Accounts revealed that no analysis/schedules were attached to support the balances as per schedule of deposit as at 30th June, 2004.

In addition, the Secretariat has no proper control over the deposits made as no deposits register was produced to audit though the same was called for.

675. SUBVENTIONS TO COUNCILS SHS 12,605,620,686

During the year 2003/2004, grants released by the Treasury and charged to the Appropriation Account amounted to shs 12,605,620,686. However substantive tests made on records revealed that an amount of 12,608,173,452 was spent against exchequer issues released, making over payment of shs 2,552,766. Furthermore, receipts issued by the respective Councils to acknowledge the funds were not produced to audit when called for.

**676. OUTSTANDING VOTE COMMITMENT FOR THE YEAR
SHS 9,732,130**

The schedule of outstanding vote commitments for the year reflected NIL balance on all aspects. However, audit verification made on the statement of expenditure from Sub-Treasury shows the commitments totalling shs 9,732,130.00

677. IMPROPERLY VOUCHED EXPENDITURE

Although, the footnotes to the Appropriation Accounts did not disclose the presence of improperly vouched expenditure for the year under-review, a test check of the year's accounts disclosed improperly vouched expenditure of shs 340,327,786 as follows:-

Category	No. of Queries Issued	Accounts	Amount
Payments not supported	18	Supply	93,320,069
By relevant document	9	Mis Deposit	81,792,932
	3	Development	163,734,485
Payments made on	1	Supply	1,480,000
Proforma invoices		Total	340,327,486
			=====

678. QUESTIONABLE PAYMENT FOR CONSTRUCTION OF DISTRICT COMMISSIONERS OFFICE – TANDAHIMBA SHS 68,367,217

The total sum of shs 68,367,217 was paid to M/s Quality Works Co- building and Civil Works being cost of construction of DC's office at Tandahimba as per contract no MWT/RTB/DCO/2003/2004/3, However, various suppliers were observed to have been paid for purchase of building material and also various officers were paid in respect of subsistence allowance and consultancy fees and supervision on the same building of District commissioner's office at Tandahimba.

The following irregularities were noted: -

- BOQ disclosed the scope of work was varied/increased to the extent that items amounting to shs 12,660,650 though included in the contract were not executed leading to addition of work to cover the sum of shs 12,660,650; as per the proposal from the Ag. Regional Manager TBA by letter Ref. No. TBA/MTW/Tandahimba DC/21 of 8th November 2004. This means the realistic contract sum was supposed to be shs 28,167,450 and not shs 40,828,130.
- It has been noted that the sum of shs 12,660,650 has already been paid to the contractor before the additional work being executed, and no binding contract to ensure that the work will be performed and no time limit for the work to be completed.

- The sum of shs 11,199,454 was charged from item 1001 – 6214 which is for Masasi VIP Rest house and not construction of DC's office at Tandahimba. This is diversion of development fund to an other activity which was not intended for and needs the permission of Development Planning.
- The building materials were purchased while the work has already been contracted to quality work Co-builder co. and the contractor supposed to supply all the materials.
- The sum of shs 2,449,587 was paid to Tanzania Building Agency for consultancy and supervision activities where as another sum of shs 6,300,000 was paid to the officers of the Secretariat for supervision of the same building.
- The sum of shs 300,000 was paid to the Ag. Manager TBA the same person who was supposed to be paid by TBA and not the employer (RAS). Similarly the sum of shs 300,000 was paid to an employee of the council residing at Tandahimba.
- Replies of the three-audit queries raised are still awaited.

679. MATTERS ARISING FROM LOCAL INSPECTIONS

As a result of local inspection conducted during the year the following audit findings were raised.

679.1 Non accountability of revenue collection capitation/cost sharing at RMO – Mtwara and DAS Tandahimba 2,096,600

Audit inspections carried out the Regional Medical Office – Mtwara and DAS – Tandahimba revealed non accountability of revenue collections as indicated below: -

DAS – Tandahimba Revenue collection not banked shs	600,000
RMO – Revenue collection not banked shs	754,300
RMO – Revenue collection short accounted for shs	178,300
RMO – Revenue collection not remitted to the chief cashier	<u>564,000</u>
	<u>2,096,600</u>

679.2 Uncredited revenue Shs 7,783,366

Revenue amounting to shs 7,783,366 for cost sharing was not confirmed to have been credited by bank in the absence of the relevant bank statement.

679.3 Fixed fee receipts books not produced Shs 4,920,000

112 fixed receipt books of cost sharing and capitation valued at shs 4,920,000 were not produced to audit and proceeds could not be verified as having been accounted for as follows: -

	<u>No. of Book</u>	<u>Value</u>
Cost sharing	66	3,450,000
Capitation	<u>46</u>	<u>1,470,000</u>
	<u>112</u>	<u>4,920,000</u>

679.4 Unrefunded amount SHS 17,900,285

A sum of shs 17,900,285 payable to Regional Medical Officer – Mtwara being refund from National Health Insurance fund was noted to be outstanding.

679.5 Claim not paid Shs 9,608,057

A test check conducted on reimbursement for National Health Insurance Fund revealed a huge variation of amount between the claim lodged for reimbursement and actual reimbursement made. However variation was much contributed due to wrong prescription of medicine/drugs which were not in programme of the National Health Insurance Fund, hence making shs 9,608,057 to remain unpaid.

680. LAXITY OVER THE CONTROL AND ACCOUNTING OF STORES SHS 18,792,589

Audit inspections carried out at the Regional Medical Office, Mtwara and DAS – Tandahimba revealed laxity over the control and accounting of store as indicated below: -

RMO Mtwara - Items shortly delivered	200,000
RMO Mtwara - Items store not taken on ledger charge	1,173,340
RMO Mtwara - Unserviceable stores	14,051,980
DAS Tandahimba - Items of stores not taken on ledger charge	<u>3,367,269</u>
	<u>18,792,589</u>

681. AUDIT CERTIFICATE

In view of my comments in the preceding paragraphs, the Supply Vote, Development Vote, Miscellaneous Deposit and Revenue Accounts present fairly the financial position of Vote 80 as at 30th June, 2004, subject to clearance of matters reported.