

**VOTE 83
SHINYANGA REGION**

707. AUDIT QUERIES

A test check of the accounts and related records for the year 2003/2004 resulted in the issue of 96 audit queries, of which the more significant are referred to in this report. At the time of writing (November, 2004) 64 queries had been replied satisfactory and closed, leaving 32 audit queries outstanding. In addition 3 audit queries relating to previous financial years are still outstanding as stated below:-

Year	No. of Queries
2001/2002	1
2002/2003	<u>2</u>
Total	<u>3</u>

708. OUT-TURN

708.1 Supply Vote

The supply vote closed with an apparent saving of shs.2,467,000 arising from the net expenditure of shs.22,741,080,000 against approved provision of shs.22,743,547,000.

However, the actual saving was shs.2,593,000 as exchequer issues received during the financial year amounted to shs.22,743,673,000 against net expenditure of shs.22,741,080,000.

708.2 Development Vote

The Development account closed with an apparent saving of shs.17,511,000 arising from expenditure of shs.510,208,000 against approved estimates of shs.527,719,000.

However, actual exchequer issues received during the year totalled shs.511,719,000 resulting in actual saving of shs.1,511,000 with PMG account.

708.3 Statement of Revenue

The Statement of Revenue shows that the amount collected was shs.789,000 against the approved estimates of shs.702,000 a surplus of shs.87,000.

708.4 Appropriation – in – aid

The statement of Appropriations-in-aid for the year ended 30th June, 2004 showed actual collections of shs.10,975 against estimated amount of shs.126,000 recording a shortfall of shs.115,025. This indicates that either the estimates were not realistic, or there was laxity in collection.

709. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE, 2004

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

709.1 Deposited items which were not supported by schedules valued at shs.32,314,052

The Statement disclosed the following deposits items which were not supported by schedules viz:-

Code	Details	Amount
693-2006	Deposit General	12,046,250
693-2007	Unclaimed salaries	20,267,842
	Total	32,314,092

709.2 The Statement also reflects outstanding liabilities to the tune of shs.5,743,127 which were reported from previous year 2002/2003 implying no accounting action had been taken during the year to clear the outstanding liabilities viz:

• Mkopo wa vijana	-	1,300,000
• Rambirambi	-	2,865,655
• Famine relief	-	459,400
• General Election 2002	-	403,962
• Week ya nenda kwa usalama	-	714,110
	Total	5,743,127

709.3 Bank Balance with Sub-Treasury shs.66,143,781

The Statement of Assets and Liabilities shows a bank balance of shs.66,143,781 as at 30th June, 2004.

However, in the absence of a bank reconciliation statement, together with confirmation from Sub-Treasury the correctness of this figure could not be confirmed.

710. UNRETIRED IMPRESTS SHS.5,586,100

Imprests totalling to shs.5,586,100 were issued to various officers during the financial year 2003/2004.

However, no retirement particulars could be verified up to the time of writing this report (November, 2004) and my 7 audit queries raised regarding this matter are still outstanding.

711. EXCESS RELEASE OF EXCHEQUER ISSUES SHS.126,000

The Statement of Vote account (supply) shows net approved estimates of shs.22,743,547,000 whilst the exchequer issues received stand to the tune of shs.22,743,673,000 recording excess release of shs.126,000

712. FIXED ASSETS SHS.2,556,004,110

712.1 Statement of Fixed Assets

The financial statements for the year ended 30.6.2004 showed that fixed assets owned by the Regional Administrative Secretary were valued at shs.2,556,004,110 as follows:-

Type of Fixed Assets	Value in (shs).
• Buildings	1,975,317,299
• Plant, vehicles and craft	435,427,311
• Office furniture and Equipments	137,055,500
• House hold furniture and Equipments	<u>8,204,000</u>
Total	<u>2,556,004,110</u>

However, I could not confirm the correctness of the value of shs.2,556,004,110 due to the following:-

- (i) Supporting schedules showing individual assets and their respective value were not made available for verification.
- (ii) Non-maintenance of fixed assets register.

712.2 One vehicle omitted in the schedule

One vehicle with Registration No. STJ 3036 was observed to be omitted in list of vehicles submitted along with appropriation account though it belongs to the directorate.

713. LOSSES OF STORES AND CASH SHS.13,967,518

Losses of stores reported during the year under review amounting shs.2,000,000 and balances of shs.11,967,518 being cash loss balances outstanding from previous years were still waiting finalization. It appears that the Secretariat failed to take appropriate accounting action to finalize losses after they had been reported.

714. DEFERRED PAYMENTS SHS.1,500,100

Payments totalling shs.1,500,100 pertaining to the financial year 2002/2003 were withheld and charged to the financial year 2003/2004 accounts. This transaction affects the accuracy of the accounts. My two (2) audit queries issued are still outstanding.

715. IMPROPERLY VOUCHERED EXPENDITURE SHS.77,209,414

The footnotes to the appropriation accounts did not disclose improperly vouchered expenditure. However, a test check of the payment vouchers for the year 2003/2004 revealed the existence of similar payments totalling shs.77,209,914 as shown below:-

Category	No. of queries	Amount (shs.)
Payment not supported by acknowledgement receipt.	5	71,800,000
Telephone bills not attached.	1	3,859,814
Marriage certificates and nature of safari not stated/produced	2	1,550,000
Total	8	77,209,814

716. IRREGULAR AND QUESTIONABLE PAYMENTS

716.1 Payment to a contractor – shs.6,018,977

A sum of shs.6,018,977 payable to m/s Hangaya Building Contractor for constructing a fence at the Regional Government Hospital against contract No. TBA/SHY/HSP/2003/32 was paid to a third party Mrs. Cotlida M. Kajala instead of being paid directly to the contractor. The payment was irregular as this practice could facilitate tax evasion. My query on this issue remains unreplied.

716.2 Purchase of stores without competitive Bids – shs.1,322,400

Stores worth shs.1,322,400 including a carpet and furniture were purchased without inviting competitive bids/quotations thereby denying the Government the

benefit of the lowest prices. My audit query on this irregularity remains outstanding.

716.3 Questionable payment of extra duty, lunch allowance and subsistence allowances shs.2,458,146

A sum of 2,458,146 was paid to various officers during the year as extra duty, lunch and subsistence allowances. Audit scrutiny of claims forms disclosed that they were questionable/doubtful claims. Eight audit queries raised are yet to be settled.

716.4 Delay in construction of RAS Office Fence.

The RAS Office fence is being constructed at a cost of shs.36,832,063 w of 8/12/2003 and expected date of completion was agreed to be 3/2/2004.

However at the time of writing this audit report November, 2004 the fence was not yet completed and handed over to RAS for use as per intended purpose. Also liquidated damages of shs.147,328 were not yet recovered from the building contractor.

716.4 Electrical generator not put to into use valued at shs.21,000,000

During the year the directorate purchased the Standby Generator set 50 KVA 17 KW and Automatic Change over switch at a total cost of US \$ 18360 equivalent to Tshs.21,000,000. However it was not yet installed and put into use.

This is an indication that the item was not basically needed, the funds used could have been spent for other essential activities within the Directorate.

717. MATTERS ARISING FROM LOCAL INSPECTION

Audit inspection carried out in offices listed below disclosed the following:-

717.1 Regional Medical Office - Shinyanga

(i) Receipt book not produced:

Revenue collection receipt book no.741801-741900 was not produced to audit. The management was asked to trace this book for audit.

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(ii) Outstanding bills shs.29,169,522.90

Scrutiny of the bill book revealed that, bills amounting to shs.29,169,522.90 being treatment charges to the National Health Insurance fund were outstanding.

(iii) Missing payment vouchers shs.466,500

The payment vouchers supporting the expenditure of shs.466,500 have not yet been produced for audit. PV. No.14/11 Cheque No.053144 Shs.166,500 and PV. No.17/9 Cheque No. 053087 shs.300,000. Missing PVs (as extracted from cash book).

(iv) Payment Vouchers not authorized shs.3,355,836

A test check of payment vouchers showed that authorizing officers did not approve or sign as required by financial regulations, as under:-

PV. No.	Cheque NO.	Amount
19/5	023288	591,000
5/11	053135	2,764,836
Total		3,355,836

It is extremely important that due authority be granted on payment vouchers before payment is effected.

(v) Stores not taken on ledger charge shs.208,200

It was noted that various items of stores were not yet recorded in the stores ledger as at the time of audit.

717.2 Regional Administrative Secretary Office – Shinyanga

(i) Revenue under banking shs.60,000

Examination of revenue collections, collected by RAS Shinyanga disclosed under banking revenue totalling shs.60,000.

(ii) Unreceipted REDEP hall collection shs.225,000

Scrutiny of REDEP Hall files and other related records revealed that hall collections totalling shs.225,000 collected from 27/8/2003 to 21/6/2004 were not receipted.

(iii) Statutory deductions erroneously paid shs.1,056,990.91

Scrutiny of pay rolls deductions and control sheet revealed that statutory deductions of shs.1,056,990.91 in respect of officers who had ceased to be Government servants for various reasons were still being paid by the Regional Administrative Secretary to various Institutions instead of being paid back to Treasury.

(iv) Three (3) Missing motor vehicles

Audit investigation disclosed that three motor vehicles belonging to the directorate were sent to private garages for repair but were not returned as shown below:-

S/No.	Vehicle registration No.	Type of vehicle
1	TZD 3371	Toyota Dyna
2.	263 TX-19	Suzuki
3.	STG 334	Uneria Van

718. TREASURY STOCK VERIFICATION UNIT

(a) Unsupported receipts of stores Shs. 3,467,800.00

Stores worth Shs.3,467,800.00 were posted in their relevant stores accounts as receipts without supporting receipt documents as follows:-

i.	District Administrative Secretary – Maswa (October, 2003)	Shs.	592,800.00
ii.	Regional Administrative Secretary – Shinyanga (March, 2004)	Shs.	<u>2,875,000.00</u>
		Shs.	<u>3,467,800.00</u>

(b) Unsupported issues of store Shs.396,200.00

Stores worth Shs.396,200.00 as detailed below were struck off ledger charge without supporting issue vouchers.

i.	District Administrative Secretary – Maswa (October, 2003)	Shs.	126,200.00
ii.	Regional Administrative Secretary – Shinyanga (March, 2004)	Shs.	<u>270,000.00</u>
		Shs.	<u>396,200.00</u>

(c) Unreceipted issues of stores shs.1,699,800.00

Stores worth Shs. 1,699,800 as shown below, were issued from the store but the issue vouchers were not signed by respective recipients as follows:-

District Administrative Secretary – Maswa (October, 2003)	Shs.	423,000.00
Regional Administrative Secretary – Shinyanga (March, 2004)	Shs.	<u>1,276,800.00</u>
	Shs.	<u>1,699,800.00</u>

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- (d) Verification carried out at Shinyanga District Administrative Secretary's Office in April, 2004 revealed the following irregularities:-
- (i) 641 litres of fuel worth Shs.427,850 were issued but not recorded in the respective vehicle log books.
 - (ii) Stores worth Shs. 270,000.00 were struck off ledger charge as issued without support of issue vouchers.
- (e) Verification carried out at the Office of Regional Administrative Secretary, Shinyanga in March 2004, revealed that, stores worth Shs.698,000.00 locally purchased from various suppliers were neither taken on ledger account, not produced as surplus on hand nor could their utilization accounts be produced.

719. AUDIT CERTIFICATE

In view of my comments in the preceding paragraphs the Supply Vote, Development Vote, Miscellaneous Deposit Accounts present fairly the financial position of Vote 83 as at 30th June 2004.