

**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL AUDIT OFFICE (NAO)**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON  
THE FINANCIAL STATEMENTS OF THE ACCOUNTANT  
GENERAL'S DEPARTMENT  
VOTE 23**

**FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

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DAR ES SALAAM.

February, 2006

## **Office of the Controller and Auditor General**

The National Audit Office,  
United Republic of Tanzania

*(Established under Article 143 of the Constitution of the URT).*

The statutory duties and responsibilities of the Controller and Auditor General are given in the Public Finance Act No 6 of 2001

### **Vision**

We aspire to be an organization that fosters a culture of financial discipline, transparency and accountability within the Government of Tanzania.

### **Mission**

We are the Supreme Audit Institution in Tanzania, which strives to provide timely and high quality audit services to all our clients in order to enhance public sector financial performance by educating key stakeholders on the effective management of public finances; providing value added services and functioning independently and impartially in auditing and reporting on public accounts.

### **Therefore, our Core Values are .....**

- ✓ We strive to achieve and maintain objectivity in providing impartial audit services so as to promote our independence
- ✓ We pursue excellence in the provision of our audit services
- ✓ We exercise professional integrity by demonstrating high ethical standards
- ✓ We focus on people and have great respect to our stakeholders
- ✓ We encourage and promote innovation amongst our members of staff; and
- ✓ We ensure best resource utilization at national as well as individual public entity level.

### **We do this by.....**

- contributing to better stewardship of public funds ensuring that ministries, departments, agencies, and public authorities are accountable for the resources entrusted to them;
- helping to improve the quality of public services by supporting innovation on the use of Public Resources;
- providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit circles and
- Providing audit staff with adequate working tools and facilities that promote independence

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## Definitions of terms and Abbreviations

Financial Statements means the following statements notes and other supporting schedules of the Accountant general's Department for the year ended 30<sup>th</sup> June 2005

- Statement of Vote Account - Recurrent Supply (Balance sheet)
- Statement of Vote Account - Development (Balance Sheet)
- Cash Flow statement for Recurrent Account
- Cash Flow Statement for Development Account
- Cash Flow for Statement of Deposit Account
- Summary Statement of Revenue
- Summary - Development Appropriation Account
- Summary - Recurrent Appropriation Account
- Statement of Arrears of Revenue
- Summary statement of Losses
- Statement of Assets and Liabilities
- Statement of Composition of Fund
- Statement of Commitment Outstanding
- Notes to Financial Statements

These statements form part of this report

Act means the Public Finance Act No. 6 of 2001 as amended in 2004

Regulations means the Regulation of the Public Finance Act issued under G.N Number 259 of 2003.

ACCGEN	Accountant General
AR	Annual Audit Report
IAS	International Accounting Standards
IFMS	Integrated Financial Management system
INTOSAI	international Organisation of Supreme audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on auditing
TBA	Tanzania Building Agency
PFA	Public Finance Act
PFR	Public Finance Regulations
PGDA	Postgraduate Diploma in Accounting
PPA	Public Procurement Act
PPR	Public Procurement Regulations
TANESCO	Tanzania Electricity Supply Company
TTCL	Tanzania Telecommunication Company Limited

## **1.0 BACKGROUND INFORMATION TO THE AUDIT**

### **1.1 Introduction**

We have completed the audit of the Accountant General's Department (Vote 23) for the year ended 30<sup>th</sup> June, 2005. Audit findings arising from examination of accounting records, appraisal of the internal control system which require management attention and action are set out under Part 3 of this report.

### **1.2 Brief History of Establishment**

The Accountant General's Department-Vote 23 was established as a separate vote from the Ministry of Finance Vote 50 since 1999/2000 financial year as per Special Supplement No. 4 of 1<sup>st</sup> December 2002 to the Gazette of the United Republic of Tanzania No. 48 and Government Notice No. 467 and 468 published on 1<sup>st</sup> December, 2000.

The Statutory functions of the Accountant General's Department comprise the compilation and management of the accounts and the custody and safety of public money and properties of the Government.

#### **Vision**

The vision of the Department is to ensure high economic growth and macro-economic stability, sound financial management and accountability achieved and sustained within the Government.

#### **Mission**

The Mission of the Ministry of finance is to support and promote excellence in Public Financial Management, budgeting and value for money to all stake holders.

### **1.3 Operational Objectives**

The short term goals of the Accountant General's Department include the following:

- Continue consolidating gains achieved following the implementation of the IFMS by increasing and widening the coverage of IFMS in order to increase and sustain greater accountability of public resources both in terms of cash as well as material goods.
- The Central Government will continue to support the Councils by providing a team of 25 Information Technology Specialists to five zones. The team will comprise of 12 specialists in System Application and the rest will serve in Technical Section.

The strategic goals of the Accountant General's Department includes the following:

- The Department will continue to build the capacity of the Accounting, Auditing and IT cadres in order to ensure the sustainability of the IFMS and Government Financial Management Framework.
- To ensure that the contractual and other requisite aspects of running and sustaining IFMS are carried out without threat to the operation of IFMS. This includes but is not limited to settling license fees on time, and updating the software as and when new versions are coming. This is important in order to ensure the security of the IFMS which most often becomes vulnerable if not updated.
- In line with ensuring that services are rendered in an environment that is user and client friendly, the Department will undertake rehabilitation, refurbishment and development of the existing offices, property and premises for Sub-Treasuries
- The Department is also intending to put a Help Desk for IFMS users to facilitate communication with the Headquarter and immediate attendance of system breakdown that might arise.
- The IFMS will be extended to the Ministry of Defence and National Service camps upcountry.

In addition, funds have been set aside to extend IFMS in the FY 2004/05 to at least 10 major embassies abroad.

#### 1.4 Financing:

The Accountant General's Department gets its finances from the resources available within the Government Budget Allocation through the Exchequer Issues System. The Department approved estimates for the year 2004/05 were:

(i)	Supply Vote	Shs.73,777,449,100.00
(ii)	Development Vote	Shs.11,299,849,000.00
	<b>Total</b>	<b>Shs.85,077,298,100.00</b>

However, Actual Exchequer issues received were:

	Supply Vote	Shs.73,776,853,796.00
	Development Vote	Shs. 1,156,327,148.70
	<b>Total</b>	<b>Shs.74,933,180,944.70</b>

#### 1.5 Management Structure

The management of the Accountant General's Department is vested in the Accounting Officer (Accountant General) who is assisted by 4 Assistant Accountant Generals for day-to-day activities of their respective divisions as follows:

- Financial Management
- Public Debt and Pension
- Financial Systems and Internal Audit
- Expenditure

## 1.6 Brief description of Internal Control system

- **Accounting system**  
The Accountant General's Department operates a Government Accounting System based on Central Payment Office in Dar es Salaam and various Sub-Treasuries in 21 mainland regions using Integrated Financial Management System and Epicor accounting package. The Department also follow Public Finance Act No.6 of 2001 and Public Procurement Act No. 21 of 2004.
- **Internal Audit and Audit committee**  
The Accountant General's Department has an Internal Audit Section, with four staff, headed by Chief Internal Auditor. The Department has also established Audit Committee comprising of seven members who are appointed by the Accounting Officer. Other members of the committee include one member invited from the National Audit Office, the Chief Accountant, the Chief Internal Auditor and the In charge of the Procurement and Supplies Unit
- **Tender Board**  
The Ministry of Finance has established a Ministerial Tender Board which deals with procurement of works, goods and services for the Ministry including the Accountant General's Department needs. The Tender Board comprises of six members who are heads of departments and one member from the Accountant General's Department. The chair person to the Board is appointed from among the committee members whereas the In charge of the Procurement Management Unit is the Secretary to the Board.

## 1.7 Financial Performance Issue Supply Vote

The Supply Vote reflected net approved estimates of Shs.73,777,449,100 and exchequer issues received during the year of Shs.73,776,853,796 which comprises of personal emoluments Shs.927,380,696 (1.25%) and other charges Shs.72,849,473,100 (98.75%).

However, actual expenditure during the year totaled Shs.69,672,032,746 leaving unspent balance of Shs.4,104,821,050 being cash on hand with PMG account at the Bank of Tanzania.

### **Development Vote**

The Development Vote reflected a net approved estimates of Shs.11,299,849,000. However actual exchequer issues received during the year totaled Shs.1,156,327,149 (10.24% of the net approved estimates), Shs.10,143,522,182 approved for this vote was not issued this being 89.76% of the net approved estimates.

Actual expenditure during the year totaled Shs.1,156,326,818 leaving unspent balance of Shs.331 being cash on hand with PMG account at the Bank of Tanzania.

### **1.8 Audit Mandate**

By virtue of the provision of Article 143 of the Constitution of the United Republic of Tanzania, and Section 30(i) and 37(i) of the Public Finance Act No.6 of 2001, the Controller and Auditor General is the appointed auditor of all government revenue and expenditure including the Accountant General's Department.

### **1.9 Audit Objectives**

The main objective of conducting the audit is to enable The Controller and Auditor General to express a professional opinion on the financial statements of the Accountant General's Department for the period ended 30<sup>th</sup> June, 2005 and in particular:

- To determine whether transactions were executed in accordance with management authorization and recorded properly in the books of account to permit the preparation of financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and requirements of the Public Finance Act No.6 of 2001.
- To determine whether funds have been collected properly and used exclusively to meet eligible expenses, as per approved budget and regulations governing the Government expenditure, Public Finance Act No.6 of 2001 and Public Procurement Act No. 21 of 2004.
- To ascertain whether all relevant supporting documents, records and accounts have been kept in respect of all transactions.
- To perform compliance tests to determine whether the Department's management has complied in all material respects with the Public Finance Act No.6 of 2001, Procurement Act No.21 of 2004 and the International Public Sector Accounting Standards (IPSAS).
- To evaluate whether the internal control procedures instituted are effective to provide relevant and reasonable information to the management, for implementing and monitoring activities and that the assets of the Department are adequately safeguarded against losses from unauthorized use or disposition.

- To determine whether the management of the Department has taken adequate corrective action on the previous years audit recommendations

#### **1.10 Audit Scope**

The audit of the Accountant General's Department financial statements for the period 30<sup>th</sup> June, 2005 was carried out in accordance with ISA and procedures that are consistent with those recommended by the INTOSAI. The audit covered the evaluation of the effectiveness of the financial accounting system and internal control over the activities of the Accountant General's Department, examination and verification of the accompanying financial statements and other auditing procedures as was considered necessary under the circumstances for the purposes of forming an opinion on the financial statements. The audit was carried out on test check basis, therefore, the audit findings are confined to the extent that records, documents and information requested for the purpose of audit were made available to us.

As auditors we are not specifically required to search for fraud, therefore our audit cannot be relied upon to disclose all such matters. However, our audit was planned so that we would have a reasonable expectation of detecting material misstatement in the financial statements, including those resulting from fraud or irregularities. The responsibility for detecting and prevention of fraud and irregularities and the setting up and maintaining an adequate system of internal control rests with the management of the Accountant General's Department.

#### **1.11 Audit Methodology**

Our audit included such tests of the accounting records and other procedures in order to satisfy the objectives of the audit. Our audit procedures included the following:

- Planning the audit to obtain an adequate understanding of the Department, its activities and operations and obtaining an assessment of the major risk areas.
- Carrying out substantive tests of the balances reported by the Department in order to obtain reasonable assurance regarding the amounts and disclosures included in the financial statements.
- Review legal documents and the internal control system in place and testing whether it is in compliance with the laid down rules, policies, procedures and regulations.
- Conducting interviews and discussions.
- Review of performance reports and various progress reports and to confirm that planned activities were carried out in an economic,

efficient and effective manner.

**1.12 Presentation of audit findings**

The audit was carried out according to the mandate stated above, applying professional standards and audit procedures that were considered appropriate in each situation.

The audit findings are divided into two parts. The first part comprises of the opinion on the critical examination of the financial statements submitted for audit and the circumstances surrounding their preparation and presentation.

The second part comprises of the detailed findings on the gaps and shortfalls in the internal control system which, if rectified on time, will greatly improve the effectiveness of the internal control system applied.

## 2.0 AUDIT REPORT AND FINANCIAL STATEMENTS

To the Accountant General,  
Accounting Officer of Vote 23,  
Accountant General's Department

Re: Audit Report on the Financial Statements of the Accountant General's Department for the year ended 30<sup>th</sup> June, 2005.

I have audited the financial statements of Accountant General's Department shown on pages 13 through 37 for the year ended 30<sup>th</sup> June, 2005.

### Responsibilities of the Accounting Officer

Section 25(4) of the Public Finance Act places responsibility to the Accounting Officer to prepare the financial statements based on the Generally Accepted Accounting Standards.

In addition, Regulation 35 requires the Accounting Officer and the entity management to establish an effective Internal Control System appropriate to the circumstances of the Department.

### Responsibilities of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements, and on procurement procedures based on the audit. According to section 30 of the Act 2001 my specific responsibilities are to examine, inquire into, audit and report on the accounts of the Department.

In addition, section 31 of the Act requires me to satisfy myself that the accounts have been kept in accordance with generally accepted accounting practices; reasonable precautions have been taken to safeguard the collection of revenue, the receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed, all expenditures of public money has been properly authorized; and to satisfy myself whether the funds appropriated to the Department were used exclusively and judiciously to meet eligible expenditures with due regard to economy and efficiency.

### Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing and procedures that are consistent with those recommended by the International Organization of Supreme Audit Institutions. Those

standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the significant estimates and judgments made in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of the Accountant General's Department (vote 23) consistently applied and adequately disclosed, evaluating the overall financial statements presentation, and assessing the extent of compliance with the relevant statutory requirements. I believe the audit provides a reasonable basis for my opinion.

The financial statements have been prepared and presented based on the cash basis of accounting pursuant to Regulation 53. Under the cash basis, cash receipts are recognised when they are received and cash payments are recognised when they are paid.

### **Opinion**

In my opinion, the financial statements of the Accountant General's Department have been prepared based on the generally accepted accounting standards and that they fairly reflect, in all material respects, the results of its operations and cash flows for the year ended on 30<sup>th</sup> June, 2005 and the financial position as at that date.

Further to my opinion, the procedures for the procurement of motor vehicles, furniture, computers, civil works, consultancy services and other goods and services was generally done in accordance with the Public Procurement Act No. 21 of 2004 and the related regulations.

### **Matters of Emphasis**

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

1. There were long outstanding commitments amounting to Shs.109,415,622 which have remained unpaid to suppliers for more than two years, this contravenes the requirements of Public Finance Regulations 53. (3) & (4)

Dr. Frank Mosses Hiza Mhilu  
**Ag: CONTROLLER AND AUDITOR GENERAL**

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Office of the Controller and Auditor General  
National Audit Office  
Dar es Salaam

February, 2006

## 2.2 STATEMENT OF RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2005

These Financial Statements have been prepared by the management of the Accountant General's Department in accordance with the provisions of Section 25(4) of the Public Finance Act. No 6 of 2001. The Financial statements comply with the generally accepted accounting practices as required by the said Act and are presented in a manner consistent with the International Standards on Financial Reporting under the Cash Basis of Accounting.

The management of the Accountant General's Department is responsible for establishing and maintaining a system of effective Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by the Accountant General's Department.

To the best of my knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the Accounts and underlying records provide a reasonable basis for the preparation of the Financial Statements for the 2004/2005 financial year.

I accept responsibility for the integrity of the Financial Statements, the information it contains, and its compliance with the Public Finance Act No. 6 of 2001 and the instructions issued by the Treasury in respect of the year under review.

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**Signed by Accounting Officer**

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**Date**

## Financial Statements

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF FINANCE**  
**VOTE 23-ACCOUNTANT GENERAL DEPARTMENT**  
**STATEMENT OF VOTE ACCOUNT**

**RECURRENT ACCOUNT**

(Balance sheet)

as at 30th June 2005.

<b>2003/2004</b>	NOTE	<b>2004/2005</b>
62,501,069,500	Original Approved Estimates	71,282,749,400
58,106,887,695	Add reallocation warrant No 2	12,864,000,000
		<b>84,146,749,400</b>

		Less reallocation warrant No 3		10,369,300,300	
<b>120,607,957,195</b>		Net approved estimates		<b>73,777,449,100</b>	
120,607,957,195	120,607,957,195	Issue received during the year	2		<b>73,776,853,796</b>
119,202,085,841	119,202,085,841	Less Net Expenditure	3	69,672,032,746	69,672,032,746
<b>1,405,871,354</b>	<b>1,405,871,354</b>	Unutilized Budget/ Issues		<b>4,105,416,354</b>	<b>4,104,821,050</b>
		Represented by			0
		Outstanding Imprest			0
		Advances			0
	<b>1,405,871,354</b>	Cash in hand with PMG	4		<b>4,104,821,050</b>
					<b>4,104,821,050</b>

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**B.S.J.Nyoni**  
**ACCOUNTING OFFICER**

**THE UNITED REPUBLIC OF TANZANIA**

**MINISTRY OF FINANCE**

**VOTE 23-ACCOUNTANT GENERAL DEPARTMENT**

**STATEMENT OF VOTE ACCOUNT**

**DEVELOPMENT ACCOUNT**

**(Balance sheet)**

**as at 30th June 2005.**

**2003/2004**

11,299,849,000

Original Approved Estimates

NOTE

**2004/2005**

11,299,849,000

<b>11,299,849,000</b>		Net approved estimates		<b>11,299,849,000</b>
1,393,219,928	1,393,219,928	Issue received during the year	5	<b>1,156,327,149</b>
1,393,219,678	1,393,219,678	Less Net Expenditure		1,156,326,818 1,156,326,818
<b>250</b>	<b>250</b>	Unutilized Budget/ Issues		<b>10,143,522,182 331</b>
		Represented by		0
		Outstanding Imprest		0
		Advances		0
	<b>250</b>	Cash in hand with PMG		<b>331</b>
				<b>331</b>

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**B.S.J.Nyoni**  
**ACCOUNTING OFFICER**

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

VOTE 23-ACCOUNTANT GENERAL DEPARTMENT

CASH FLOW STATEMENT SUMMARY FOR RECURRENT ,DEVELOPMENT,DEPOSIT FOR THE YEAR ENDED 30TH JUNE 2005

Actual Exp.	2003/2004		Actual Expenditure 2004/2005	Approved Estimates 2004/2005	Variance Approved/Actual
		<b>Cash flow from Operating activities</b>	Note		
		<b>Receipt</b>			
		Taxation			
		Non tax			
		Grants			
122,001,177,122.64		Exchequer Issues	74,933,180,944.70	85,077,298,100.00	10,144,117,155.30
		Interest received			
32,101,225,868.83		Other receipts	6 17,468,985,691.94	17,468,985,691.94	-
<b>154,102,402,991.47</b>		<b>Total Receipts</b>	<b>92,402,166,636.64</b>	<b>102,546,283,791.94</b>	<b>10,144,117,155.30</b>

<b>Payments</b>				
776,454,474.00	Personal Emoluments	917,775,693.89	927,976,000.00	10,200,306.11
2,812,369,972.21	Pensions	119,633,488.93	120,000,000.00	366,511.07
96,714,162,309.72	Suppliers-goods,works &C/services	20,393,248,880.21	25,941,549,294.40	5,548,300,414.19
	Current transfers & Subsidies			
	Interest paid			
41,973,705,018.61	Other Payments	68,785,236,644.76	77,475,307,618.26	8,690,070,973.50
<b>142,276,691,774.54</b>	<b>Total Payments</b>	<b>90,215,894,707.79</b>	<b>104,464,832,912.66</b>	<b>14,248,938,204.87</b>
<b>11,825,711,216.93</b>	<b>Net Cash flow operating activities</b>	<b>2,186,271,928.85</b>	<b>(1,918,549,120.72)</b>	<b>(4,104,821,049.57)</b>

**Cash flow from investing activities**

Purchases of assets	7	218,948,668.95	218,949,000.00	331.05
Proceeds from sale of Assets				
Proceeds from sale of investments				
Purchase of foreign currency securities				
Capital grants				

	<b>Net cash flow investing activities</b>	<b>218,948,668.95</b>	<b>218,949,000.00</b>	<b>331.05</b>
	<b>Cash flow from financing activities</b>			
	Proceeds from borrowings			
	Repayment of borrowings			
	Net cash flow from financing activities			
	<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>11,825,711,216.93</b>	<b>Net increase /(decrease)in cash &amp;cash equivalents</b>	<b>1,967,323,259.90</b>	<b>(2,137,498,120.72)</b>	<b>(4,104,821,380.62)</b>
<b>906,092,160.18</b>	<b>Receipts and Cash equivalents at the beginning of the period 8</b>	<b>11,325,931,772.31</b>	<b>11,325,931,772.31</b>	<b>0</b>
<b>12,731,803,377.11</b>	<b>Cash and Equivalents at the end of the period.</b>	<b>13,293,255,032.21</b>	<b>9,188,433,651.59</b>	<b>(4,104,821,380.62)</b>

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**B.S.J.Nyoni**

**ACCOUNTING OFFICER**

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

VOTE 23-ACCOUNTANT GENERAL DEPARTMENT

CASH FLOW STATEMENT FOR RECURRENT FOR THE YEAR ENDED 30TH JUNE 2005.

Actual Exp.	2003/2004	Cash flow from Operating activities	Note	Actual Expenditure 2004/2005	Approved Estimates 2004/2005	Approved/Actual
		<b>Receipt</b>			2004/05	
		Taxation				
		Non tax				
		Grants				
120,607,957,195.00		Exchequer Issues		73,776,853,796.00	73,777,449,100.00	595,304

	Interest received			
-	Other receipts			
<b>120,607,957,195.00</b>	<b>Total Receipts</b>	<b>73,776,853,796.00</b>	<b>73,777,449,100.00</b>	<b>595,304</b>
<b>Payments</b>				
776,454,474.00	Personal Emoluments	917,775,693.89	927,976,000.00	10,200,306
2,812,369,972.21	Pensions	119,633,488.93	120,000,000.00	366,511
92,190,882,139.39	Suppliers-goods,works &C/services	16,704,632,387.91	18,277,346,866.00	1,572,714,478.09
	Current transfers & Subsidies			
	Interest paid			
23,422,379,255.60	Other Payments	51,929,991,175.70	54,452,126,234.00	2,522,135,058.30
<b>119,202,085,841.20</b>	<b>Total Payments</b>	<b>69,672,032,746.43</b>	<b>73,777,449,100.00</b>	<b>4,105,416,353.57</b>
<b>1,405,871,353.80</b>	<b>Net Cash flow operating activities</b>	<b>4,104,821,049.57</b>	<b>-</b>	<b>(4,104,821,049.57)</b>
	<b>Cash flow from investing activities</b>			

	Purchases of assets	-	-	-
	Proceeds from sale of Assets			
	Proceeds from sale of investments			
	Purchase of foreign currency securities			
	Capital grants			
	<b>Net cash flow investing activities</b>	-	-	-
	 <b>Cash flow from financing activities</b>			
	Proceeds from borrowings			
	Repayment of borrowings			
	Net cash flow from financing activities			
	<b>Net cash flow from financing activities</b>	-	-	<b>0</b>
	 <b>Net increase /(decrease)in cash &amp;cash equivalents</b>			
1,405,871,353.80		<b>4,104,821,049.57</b>	-	<b>(4,104,821,049.57)</b>

	<b>Receipts and Cash equivalents at the beginning of the period</b>	-	-	<b>0</b>
<b>1,405,871,353.80</b>	<b>Cash and Equivalents at the end of the period.</b>	<b>4,104,821,049.57</b>	-	<b>(4,104,821,049.57)</b>

—  
**B.S.J.Nyoni**  
**ACCOUNTIN OFFICER**

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

VOTE 23-ACCOUNTANT GENERAL DEPARTMENT

CASH FLOW STATEMENT FOR DEPOSIT FOR THE YEAR ENDED 30TH JUNE 2005.

Actual Exp.	2003/2004	Cash flow from Operating activities	Note	Actual Expenditure 2004/2005	Approved Estimates 2004/2005	Approved/Actual
				5-Jun	2004/05	
		<b>Receipt</b>				
		Taxation				
		Non tax				
		Grants				
		Exchequer Issues			-	-

	Interest received				
32,101,225,868.83	Other receipts		17,468,985,691.94	17,468,985,691.94	-
<b>32,101,225,868.83</b>	<b>Total Receipts</b>		<b>17,468,985,691.94</b>	<b>17,468,985,691.94</b>	<b>-</b>
	<b>Payments</b>				
	Personal Emoluments				
	Pensions				-
3,130,060,492.69	Suppliers-goods,works &C/services		3,001,765,128.40	3,001,765,128.40	-
	Current transfers & Subsidies				
	Interest paid				
18,551,325,763.01	Other Payments		16,604,718,684.26	16,604,718,684.26	-
<b>21,681,386,255.70</b>	<b>Total Payments</b>		<b>19,606,483,812.66</b>	<b>19,606,483,812.66</b>	<b>-</b>
10,419,839,613.13	<b>Net Cash flow operating activities</b>		<b>(2,137,498,120.72)</b>	<b>(2,137,498,120.72)</b>	
	<b>Cash flow from investing activities</b>				

	Purchases of assets		-	-	-
	Proceeds from sale of Assets				
	Proceeds from sale of investments				
	Purchase of foreign currency securities				
	Capital grants				
	<b>Net cash flow investing activities</b>		-	-	-
	<b>Cash flow from financing activities</b>				
	Proceeds from borrowings				
	Repayment of borrowings				
	Net cash flow from financing activities				
	<b>Net cash flow from financing activities</b>				

10,419,839,613.13	Net increase /(decrease)in cash & cash equivalents	(2,137,498,120.72)	(2,137,498,120.72)	-
906,092,160.18	Receipts and Cash equivalents at the beginning of the period	11,325,931,772.31	11,325,931,772.31	
11,325,931,773.31	Cash and Equivalents at the end of the period.	9,188,433,651.59	9,188,433,651.59	-

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B.S.J.Nyoni

ACCOUNTING OFFICER

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

VOTE 23-ACCOUNTANT GENERAL DEPARTMENT

CASH FLOW STATEMENT FOR DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE 2005

Actual Exp.	2003/2004	Cash flow from Operating activities	Note	Actual Expenditure 2004/2005	Approved Estimates 2004/2005	Approved/Actual
	4-Jun			5-Jun	2004/05	
		<b>Receipt</b>				
		Taxation				
		Non tax				
		Grants				
1,393,219,927.64		Exchequer Issues		1,156,327,148.70	11,299,849,000.00	10,143,521,851.30
		Interest received				
		Other receipts				
<b>1,393,219,927.64</b>		<b>Total Receipts</b>		<b>1,156,327,148.70</b>	<b>11,299,849,000.00</b>	<b>10,143,521,851.30</b>
		<b>Payments</b>				

	Personal Emoluments				
	Pensions				
1,393,219,677.64	Suppliers-goods, works &C/services	686,851,363.90	4,662,437,300.00	3,975,585,936.10	
	Current transfers & Subsidies				
	Interest paid				
	Other Payments	250,526,784.80	6,418,462,700.00	6,167,935,915.20	
<b>1,393,219,677.64</b>	<b>Total Payments</b>	<b>937,378,148.70</b>	<b>11,080,900,000.00</b>	<b>10,143,521,851.30</b>	
250.00	<b>Net Cash flow operating activities</b>	218,949,000.00	218,949,000.00	-	
	<b>Cash flow from investing activities</b>				
	Purchases of assets	218,948,668.95	218,949,000.00	331.05	
	Proceeds from sale of Assets				
	Proceeds from sale of investments				
	Purchase of foreign currency securities				
	Capital grants				
	<b>Net cash flow investing activities</b>	<b>331.05</b>	<b>-</b>	<b>(331.05)</b>	

	<b>Cash flow from financing activities</b>			
	Proceeds from borrowings			
	Repayment of borrowings			
	Net cash flow from financing activities			
	<b>Net cash flow from financing activities</b>			
250.00	<b>Net increase /(decrease) in cash &amp; cash equivalents</b>	331.05	-	(331.05)
	<b>Receipts and Cash equivalents at the beginning of the period</b>			
250.00	<b>Cash and Equivalents at the end of the period.</b>	331.05	-	(331.05)

B.S.J.Nyoni

ACCOUNTING OFFICER

**UNITED REPUBLIC OF TANZANIA**  
**VOTE23 - Accountant General's Department**  
**SUMMARY APPROPRIATION ACCOUNT**  
**FOR THE FINANCIAL YEAR ENDED JUNE, 2005**

**DEVELOPMENT ACCOUNT**

<b>ACTUAL EXPENDITURE 2003/2004</b>	<b>CODE</b>	<b>DESCRIPTION</b>	<b>APPROVED ESTIMATES 2004/2005</b>	<b>ACTUAL EXPENDITURE 2004/2005</b>	<b>VARIANCE</b>	<b>Exp. As % of Appr Estimates</b>
1,393,219,677.64	233003	FINANCIAL MANAGEMENT	11,299,849,000.00	1,156,326,817.65	10,143,522,182.35	10.23
<b>1,393,219,677.64</b>			<b>11,299,849,000.00</b>	<b>1,156,326,817.65</b>	<b>10,143,522,182.35</b>	<b>10.23</b>

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B.S.J.Nyoni

ACCOUNTING OFFICER

**UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF FINANCE**  
**VOTE23 - Accountant General's Department**  
**SUMMARY APPROPRIATION ACCOUNT**  
**FOR THE FINANCIAL YEAR ENDED 30TH JUNE,2005**

Actual Expenditure 2003/2004	Code	DESCRIPTION	APPROVED ESTIMATES 2004/2005	ACTUAL EXPENDITURE 2004/2005	VARIANCE	Expe. As % of Approved Estimates
			1	2	3=(1-2)	4=(2/1)*100
		<b>Recurrent Expenditure</b>				
3,076,192,622.31	233001	Public Debt Management	853,370,000.00	786,761,946.40	66,608,053.60	92.19
302,249,295.31	233002	Expenditure Management	390,140,000.00	321,478,897.64	68,661,102.36	82.40
108,925,093,316.10	233003	Financial Management	61,292,873,610.00	58,786,534,899.39	2,506,338,710.61	95.91
4,320,710,979.64	233004	Systems and Internal Audit	6,860,676,090.00	5,579,415,016.22	1,281,261,073.78	81.32
124,570,866.16	233005	Sub Treasury Arusha	173,496,000.00	169,809,031.19	3,686,968.81	97.87
109,571,000.00	233006	Sub Treasury Coast	172,280,000.00	172,278,559.63	1,440.37	100.00

141,878,951.00	233007	Sub Treasury Dodoma	266,216,000.00	264,215,754.72	2,000,245.28	99.25
148,990,509.18	233008	Sub Treasury Iringa	194,636,000.00	194,043,554.90	592,445.10	99.70
112,076,983.43	233009	Sub Treasury Kagera	211,478,000.00	211,268,531.35	209,468.65	99.90
110,589,400.00	233010	Sub Treasury Kigoma	205,000,000.00	204,823,528.90	176,471.10	99.91
134,522,994.04	233011	Sub Treasury Kilimanjaro	194,310,000.00	193,728,198.21	581,801.79	99.70
106,510,851.20	233012	Sub Treasury Lindi	190,796,000.00	190,791,636.30	4,363.70	100.00
113,972,172.33	233013	Sub Treasury Mara	214,096,000.00	207,308,475.74	6,787,524.26	96.83
121,651,999.05	233014	Sub Treasury Mbeya	236,000,000.00	232,373,968.65	3,626,031.35	98.46
227,401,883.50	233015	Sub Treasury Morogoro	246,806,000.00	246,804,202.35	1,797.65	100.00
125,264,820.45	233016	Sub Treasury Mtwara	189,726,000.00	161,773,513.14	27,952,486.86	85.27
126,166,389.65	233017	Sub Treasury Mwanza	204,646,000.00	195,181,499.35	9,464,500.65	95.38

137,096,900.00	233018	Sub Treasury Rukwa	216,916,000.00	216,915,999.00	1.00	100.00
102,206,642.07	233019	Sub Treasury Ruvuma	183,366,000.00	176,838,760.85	6,527,239.15	96.44
120,237,686.30	233020	Sub Treasury Shinyanga	229,166,000.00	225,115,372.20	4,050,627.80	98.23
115,518,901.34	233021	Sub reasury Singida	208,916,000.00	204,551,998.70	4,364,001.30	97.91
101,752,644.60	233022	Sub Treasury Tabora	181,341,000.00	181,323,434.60	17,565.40	99.99
116,558,078.34	233023	Sub Treasury Tanga	221,536,000.00	219,665,000.40	1,870,999.60	99.16
181,299,955.20	233024	Sub Treasury Manyara	193,556,000.00	187,092,696.60	6,463,303.40	96.66
	-237001	Pension and Gratuity	246,106,400.00	141,938,270.00	104,168,130.00	57.67
<b>119,202,085,841.20</b>		<b>Total</b>	<b>73,777,449,100.00</b>	<b>69,672,032,746.43</b>	<b>4,105,416,353.57</b>	<b>94.44</b>

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B. J. S. Nyoni  
ACCOUNTING OFFICER

**THE UNITED REPUBLIC OF TANZANIA**  
**MINISTRY OF FINANCE**  
**VOTE 23-ACCOUNTANT GENERAL DEPARTMENT**

<b>STATEMENT OF COMMITMENT OUTSTANDING</b>					
<b>YEAR OF COMMITMENT</b>	<b>REASON(S) FOR COMMITMENT</b>	<b>GOT/PROJECT</b>	<b>AMOUNT COMMITTED</b>	<b>VALUE OF COMMITMENT PAID DURING THE YEAR</b>	<b>VALUE OF COMMITMENT CANCELLED DURING THE YEAR</b>
2002/2003	The Fund transferred to Deposit account due to the Contract made for Supplies of goods and Services	GOT	4,546,587,885.80	2,737,172,263.14	1,700,000,000.00
2003/2004		GOT	8,455,956,138.17	5,039,316,431.57	
2004/2005		GOT	5,134,316,755.00	0	

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**B.S.J.Nyoni**

**ACCOUNTING OFFICER**

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

VOTE 23-ACCOUNTANT GENERAL DEPARTMENT

STATEMENT OF LOSSES

YEAR WHICH LOSS OCCUR	LOSS/DESCRIPTION OF LOSSES	CATEGORY OF LOSSES				TOTAL	ACTION/EFFORTS TAKEN TO RECOVER.
		CASH	STORES	ABANDONMENT	ADJUSTMENT		

## 2. NOTES ON THE FINANCIAL STATEMENT

**Note 2** Recurrent Exchequer issues during the year comprises of

Personal emoluments	927,380,696.00
Other charges	<u>72,849,473,100.00</u>
	<b><u>73,776,853,796.00</u></b>

**3** Net expenditure of Tshs. 69,750,412,030.00 was mainly contributed to the following activities:

Bank Transaction Fee	6,800,000,000.00
Training Domestic (In-service MDA's staff)- Contribution to NHIF	1,713,285,045.80
13,337,776,694.88	
Teachers and council officers Debt	16,591,336,858.00
Treasury Voucher	<u>16,020,355,551.33</u>
<b>Total Tshs.</b>	<b><u>54,510,996,200.01</u></b>

The remaining balance of Tshs. 15,161,036,546.42 was spent in maintenances and services of IFMS, administration expenses and Training of Accountants and System Analysts.

### 4 Unutilised Exchequer issues with PMG as at 30<sup>th</sup> June, 2005

The unspent balances were caused by:

- Long Process of Tender and Procurements Procedures.
- Less expenditure in TVCs compared to approved estimates of Tshs 17,805,194,800.00

5. Development Exchequer issues during the year comprises of Development (Local) - 218,949,000.00

Development (Foreign)D-FUND 937,378,148.70

**Total Tshs. 1,156,327,148.70**

6. Other receipts This comprises of cheques collected on behalf of National health Insurance (employees Contribution), unclaimed salaries and commitments transferred to Deposit account.

7. Purchase of Asset Construction of Sub Treasury building in Morogoro Region (Phase one)

### 8. Cash and cash equivalent at the beginning of Period

Closing balance of Deposit account from previous year (2003/2004)

### 3.0 AUDIT FINDINGS AND RECOMMENDATIONS

#### 3.1 Follow up on Previous years Audit Findings

In the previous audit report for the year 2003/2004, 8 audit recommendations were issued 4 recommendations were satisfactorily implemented while 4 were either partly or not implemented as shown below:

##### Para 3.1 Outstanding audit queries.

Six audit queries relating to previous years are still outstanding

##### Para 4.2 and 4.3

National Assembly approval for excess exchequer releases of Shs.1,800,000,000 and excess expenditure of Shs.394,128,646 were not produced for audit verification.

##### Para 7 Booking of Fixed Assets

The valuation of Government fixed assets is still in progress.

#### 3.2 Current Year Audit Findings

##### Audit Queries and Management letters

Audit test check on the accounts and related records for the year resulted in 6 queries and one management letter being issued.

As at the date of writing this report, 6 audit queries issued during the year under review and 6 relating to previous years are still outstanding as indicated below:

Year	Outstanding as per the previous report	Outstanding as at this report	Clearance %
2001/02	3	2	33
2002/03	3	2	33
2003/04	<u>7</u>	<u>2</u>	<u>72</u>
<b>Total</b>	<b><u>13</u></b>	<b><u>6</u></b>	<b><u>54</u></b>

#### 3.3 Miscellaneous Deposit

The statement of cash receipts and payments for the year ended 30<sup>th</sup> June, 2005 reflected total receipts of Shs.28,794,717,463 which includes balance brought forward of Shs.11,325,731,772. Payments out of the deposit account totaled Shs. 19,606,483,812 leaving the account with a cash balance of Shs. 9,188,233,651.

### **Implication**

Non release of funds implies that some of the activities were not implemented as per the Department's annual action plan.

### **Recommendation**

Funds budgeted should be released promptly to ensure that planned activities are implemented as approved.

### **3.4 Operational performance**

Audit review of Recurrent Performance Report noted that the following planned targets were not satisfactorily achieved and no reasons and remedial actions were given against each activity.

<b>1. 2003 - Expenditure Management</b>	<b>Percentage of achievement</b>
(i) Financial management and Accountability	72.33%
Resource mobilization, allocation and utilization	57.59%
<b>2. 2003 Financial Management</b>	
(i) Resource mobilization, allocation and utilization	76.11%
(ii) To improve service and reduce HIV/AIDS infection	10.80%
<b>3. 3004 - Systems and Internal Audit</b>	
To maintain and develop sustainable human resource capacity to ensure quality service delivery to the public	66.53%

### **Implication**

Problems encountered which hindered achieving the set goals might not have been solved.

### **Recommendation**

The Management should state the reasons for not achieving the set goals. The management should also ensure that activities are implemented in accordance with the approved annual action plan.

### **3.5 Long Outstanding Commitments Shs. 109,415,622**

Audit examination of outstanding commitments as at 30<sup>th</sup> June, 2005 noted that Shs.109,415,622 committed during the financial year 2002/2003 had not been fully paid to the respective suppliers.

**Implication**

Activities for which the amounts were committed may not have been executed as planned.

**Recommendation**

The management should ensure that all commitments are settled within the respective accounting period. The management should also comment on the reasons behind not settling the long and overdue commitments.

**4. CONCLUSION**

The detailed audit findings presented above have been communicated to the Management of the Accountant General's Department during exit meeting. The Accountant General's Department has promised to take appropriate action with a view to rectify the situation. We shall appreciate to receive formally the actions taken in this respect.

Lastly, I would like to express my appreciation for the cooperation given to the audit team. It is my hope that such good working relationship will be extended during future audits.

Dr. Frank Mosses Hiza Mhilu  
**Ag. CONTROLLER AND AUDITOR GENERAL**

Copy to: The Chief Secretary,  
State House,  
P. O. Box 9120,  
**Dar es Salaam**

The Permanent Secretary and Paymaster General,  
Ministry of Finance,  
P. O. Box 9111,  
**Dar es Salaam**

**ANNEXURE I**

**INADEQUATELY SUPPORTED EXPENDITURE SHS.74,542,692.**

S/N	REFERENCE	AMOUNT	PAYEE	DESCRIPTIONS	DOCUMENT MISSING
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1.	PV 770/8 C/N 00398243	3,315,000.00	IFM	Payment in respect of meal allowance for 17 days for 39 PGDA students sponsored by Ministry of Finance at the rate of TShs.5,000/= per day to Institute of Finance Management	Acknowledgement Receipt
2.	PV 2134/10 C/N 00419903	35,331,000.00	Accountant General	Payment in respect of honorarium made to staff of ACCGEN for Sept. 2004	Payees' list with their signature
3.	PV 5184/12 C/N 00456422	2,773,600.00	Institute of Accountancy Arusha	Payment to Institute of Accountancy Arusha, in respect of Transport cost for PGDA students from Local Government Authorities sponsored by Ministry of Finance for academic year 2004/2005	Acknowledgement Receipt.
4.	PV 2570/11 C/N 00212828	25,305,000	Institute of Accountancy Arusha	Payment in respect of tuition fees and allowances paid to institute of Accountancy Arusha	Acknowledgement Receipt.

5.	PV 10491/1 C/N 4009435	4,464,332	TTCL	Being payment in respect of cancelled cheque No.00268670 for Telephone Bill	Cancelled cheque No.00268670
6.	PV 671/8 C/N 00397589	3,353,760	TANESCO	Payment in respect of Electricity Bill for the month of July, 2004	TANESCO Bill
<b>Total</b>		<b>74,542,692</b>			