

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE (NAO)



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE PRIME MINISTER'S OFFICE
AND AFFILIATED BODIES
VOTE 37**

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2005

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March, 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.

Our Vision

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

Our 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 by ensuring that our clients 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 cycles; and
- providing audit staff with adequate working tools and facilities that promote independence.

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Financial statements, accounting policies and notes to the financial statements	

Definition of terms and Abbreviations:

Financial statements means the following statements, notes and supporting schedules of the Prime Minister's Office for the year ended 30th June, 2005.

Responsibility for the Financial Statements
Statement of Vote Account - Supply
Statement of Vote Account - Development
Cash Flow Statement for 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 Composition of Fund
Notes to the Financial Statements

These Statements and notes form part of this report

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

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

CPO	Central Payment Office
AR	Audit Report
IFMS	Integrated Financial Management System
IAS	International Accounting Standards
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Standards
ISA	International Standards on Auditing
MTB	Ministerial Tender Board
NAO	National Audit Office
MDAs	Ministries, Departments and Agencies
PMG	Paymaster General
PMO	Prime Minister's Office
VPO	Vice President's Office

1.0 BACKGROUND INFORMATION TO THE AUDIT

1.1 Introduction

We have completed the audit of the Prime Minister's Office Vote 37 for the year ended 30th June 2005. Audit findings arising from the examination of accounting records, appraisal of the PMO activities as well as an evaluation 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 the client establishment

The prime goal of the Prime Minister's Office is to coordinate and supervise Government functions and several activities. The Prime Ministers Office was established under article 51 of the constitution of the United Republic of Tanzania 1977 which empowers the president to establish and disestablish such offices of Ministers in the Government of the United Republic of Tanzania. In addition, the president through a special instrument No. 4 of 1st December 2000 to the Government Gazette No. 48 Vol.81 dated December 2000 and Government Notice No. 467 and 468 published on 1st December 2000 established among others the Office of the Prime Minister's Office.

1.3 Operational objectives

- Coordination of Government Business, Monitoring and following up of Implementation of activities in all Ministries.
- Leader of Government Business in the National Assembly.
- Link between the Political Parties and Government.
- National Festivals and Celebrations
- Information Policy
- Monitoring of mass media (News papers, Radio and Television Stations)
- Disaster preparedness and management of Civic Contingencies (relief)
- Capital Transfer and Development
- Facilitation and Implementation of plans for the Development of Dodoma as the Capital of Tanzania.
- Coordination and Supervision of the Transfer Programmes.
 - (i) Development of Human Resources under this Office
 - (ii) Extra - Ministerial Departments, Parastatal - Organizations and under this office.
 - (iii) Government Agencies falling under this Office

Projects

The Prime Minister's Office is also responsible for the coordination of the following cross-sectoral and multi-sectoral programmes,

- Rural Financial Services Programme,
- Agricultural Marketing Systems Development Programmes and the
- National Multi-Sectoral strategic frameworks on HIV/AIDS.

Mission

The Mission of the Prime Minister's Office is to exercise a high standard of integrity and excellence in facilitating Coordination and supervision of Government activities in collaboration with all stakeholders. The Prime Minister's Office will achieve this through:

- Developing a well integrated system of Coordination and Supervision of Government business, which will promote discipline, efficiency and accountability.
- Creating Public awareness of Government activities through provision of high quality services while responding to stakeholder's needs and aspirations through maintaining highly qualified, lowest, and disciplined staff.

Vision

The vision of the Prime Minister's Office is to be a lead institution in Government Operations through effectively and efficiently coordinating and monitoring activities of all sectors observing neutrality in the country democratic development.

1.4 Financing

During the financial year 2004/2005 the ministry approved budget as shown in the Estimated Book was as follows:

Description	Vote	Budget
Supply Vote	37	15,429,694,400
Revenue	37	4,042,241,000
Development	37	1,239,010,000
Supply Vote	25	1,160,772,800

1.5 Management Structure

The Prime Minister's Office is headed by the Prime Minister. Two Ministers operate under the umbrella of the Prime Minister these are Minister of State - Natural disasters and HIV/AIDS and Minister of State Information and Political Affairs. The day to day activities of the Office of the Prime Minister is under the jurisdiction of the Permanent Secretary who is also the Accounting Officer of the office.

1.6 Brief description of Internal Control System

Accounting system

The Ministry operates the usual Government accounting system based on Central Payment Office (CPO) at the Treasury and sub-Treasuries in 21 regions using Integrated Financial Management System using Epicor accounting packages. Accounting procedures being followed are based on the Public Finance Act of 2001 and the Public Procurement Act No. 21 of 2004.

Internal Audit Section

Regulation 28 requires the Permanent Secretary who is the Accounting officer to establish an Internal Audit Unit to Strengthen Internal Control System. The Ministry has an Internal Audit Section with two staff. The Section is headed by the Chief Internal Auditor.

Audit Committee

Regulation 30 requires the Accounting Officers to establish an Audit Committee to strengthen internal control system. The Ministry has an audit Committee comprising of nine members, 3 nominated by the Permanent Secretary and one member from the Treasury. Four members to the Committee are invited from the Ministry and one from National Audit Office.

The Ministry Tender Board

The Public Procurement 2004 Section 33 and 34 requires the PMO to form Tender Board, and procurement management unit to assist in strengthening the system of procurement of goods, services and works from the right source in the right quantity at the right time, place and price. The Ministry has established a Tender Board comprising of 8 members, the Chairman to the Tender Board is appointed by the Permanent Secretary, the Chief Supplies Officer is the Secretary to the Tender Board.

1.7 Financial Performance

Supply Vote

The supply vote closed with an apparent saving of Shs.842,910,246 arising from net expenditure of Shs.14,586,784,154 against net approved estimates of Shs.15,429,694,400. However, actual exchequer issues received during the year totaled Shs.14,588,362,378 leaving a cash balance of Shs.1,578,224 with the Paymaster General's Account as reflected in the Statement of Vote Account.

Development Vote

The out-turn on the Development Vote was Shs.10,692,668,078 against the net approved estimates of Shs.12,319,010,000 resulting in apparent saving of Shs.1,626,341,992. However, exchequer issues received during the year totaled Shs.10,692,668,078 leaving a nil balance with the Paymaster General's Account at the Central Bank.

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 Financial Act No. 6 of 2001, the Controller and Auditor General is appointed auditor of all government revenue and expenditure including PMO.

1.9 Audit Objectives

The main objective of conducting the audit is to enable the Controller and Auditor General to express an independent opinion on the Financial Statements of the Prime Minister's Office, for the year ending 30th June 2005 and in particular:-

- To ensure that receipts and revenue due are properly assessed, collected and used.
- To verify whether goods and services were acquired through laid down procurement procedures as stipulated in the Public Procurement Act of 2001.
- To determine the accuracy and completeness of the accounts and statements and to assist the accounting officer in streamlining the Ministry's operations to avoid possible errors and omissions.
- To determine whether the Appropriation Accounts and other Financial Statements are prepared in accordance with Treasury instructions and/or Generally Accepted Accounting Practices.
- To ascertain whether all necessary documents, books, registers, accounts and information have been kept in respect of all transactions.
- To ensure adequate disclosure of assets and liabilities in the appropriation account.
- To determine whether the Internal Control System provides management with reasonable (not absolute) assurance that assets of the Ministry are safeguarded against loss from unauthorized use or disposition.
- To determine whether the desired results or benefits are being achieved, whether the objectives by which the office of the Prime Minister was established are being met, and whether the office has considered alternative causes of action which might meet desired results at lower costs.

- To determine whether the management of the Prime Minister's Office has taken adequate corrective action on previous years audit recommendations.

1.10 Audit scope

The audit was carried out in accordance with the ISA and the 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 Prime Ministers Office, examination and verification of the accompanying financial statements to the appropriation account, and other procedures as was considered necessary in the circumstances. Therefore the audit findings are confined to the extent that records, documents and information requested for the purposes of the audit were made available to audit.

As auditor, I am not required to search specifically for fraud; therefore our audit cannot be relied upon to disclose all such matters. However, our audit was planned in such a way that we would have reasonable expectation of detecting material misstatements in the financial statements, including those resulting from fraud or irregularities. The responsibility for detection and prevention of fraud and irregularities rests with the management of the Department who are responsible for setting up and maintaining an adequate system of internal control.

1.11 Audit methodology

Apart from the use of standards, the audit included such tests of the accounting records, site visits and other procedures in order to satisfy the objective of the audit. The audit procedures included the following steps:

- Planning the audit to obtain an adequate understanding of the Ministry, its activities and operations and assessment of the major risk areas
- Carrying out substantive tests of the balances reported by the Ministry in order to obtain reasonable assurance regarding the amounts and disclosures included in the financial statements
- Review the adequacy of the Internal Control system in place, testing whether it is in compliance with laid down rules, policies, procedures and regulations, and
- Conducting interviews and discussions with some of the employees of the Ministry

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 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 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: Mr. Vicent Mrisho,
Accounting Officer of Vote 37,
Prime Minister's Office

Re: **Audit report on financial statements of the Prime Minister's
Office for the year ended 30th June 2005**

I have audited the financial statements shown as annexure I of Prime Minister's Office for the year ended 30th June 2005.

Responsibilities of the Accounting Officer

Section 25(4) of the Act places responsibility to the Accounting Officer to prepare the financial statement 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 Prime Minister's Office.

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 Prime Minister's Office.

In addition, section 31 of the Act requires me to satisfy myself that the accounts have been kept in accordance with generally accepted accounting practice; all 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 Prime Minister's Office 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 ISA and procedures that are consistent with those recommended by the INTOSAI. 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. An

audit 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 Prime Minister's Office (Vote 37) 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 Public Finance 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 Prime Minister's Office comply with the generally accepted accounting practice, and that they fairly reflect, in all material respects, the results of its operations and cash-flows for the year ended on 30th June 2005, and the financial position as at that date.

Emphasis of mater:

1. There are several matters relating to previous years which have not been cleared.
2. There are outstanding imprests balances amounting to Shs.34,061,353 which have not been retired.
3. There were outstanding special imprests Shs.11,553,735
4. There are up-country collections not balanced Shs.79,430,200
5. Unrecorded fuel into ledger Shs.51,973,809

The details of these matters are given in para 3 of this report:

Without prejudice to the qualified opinion given above, the procurement of motor vehicles, specialised suppliers, sundry items, computers, and scanners were generally done in accordance with the requirements of the Public Procurement Act No. 21 of 2004 and the related Regulations.

Dr. Frank Mosses Hiza Mhlu
Ag. CONTROLLER AND AUDITOR GENERAL

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

February, 2006

3.0. AUDIT FINDINGS AND RECOMMENDATIONS

3.1. Follow-up of previous year's audit findings

Several matters raised in the previous years including 21 audit queries are yet to be acted upon. These matters are analysed below:

Period	Para No.	Particulars of paragraph	Recommendation
2000/01	147.1	Loss of projects funds Health and Nutrition Project totalling Shs.51,651,000 (USD 86,085)	The matter is required to be followed up more vigorously
	160	Loss of cash Shs.300,031,000	Present status of court proceedings is required
	161.2	Unvouched expenditure Shs.18,947,288 amount outstanding is Shs.9,065,165,163	Missing Vouchers and their supporting documents are required for audit purpose
	161.4	Sale of maize proceeds not remitted Shs.297,755,864	The matter is required to be seriously followed up by management.
2001/02	158	Improperly vouched expenditure Shs.122,000,000 still outstanding	Supporting documents are required for audit persal
	159	Stores not taken on ledger charge Shs.9,000,000 still outstanding.	Utilization accounts are required.
2001/02	165.4	Supply of equipment shs.3,128,000,000 (USD 4.6 million)	Delivery of equipment and their accountability should be submitted to audit.
	165.6	Questionable payment Shs.160,700,000 still outstanding.	This matter is required to be investigated without delay.

Recommendation

Management's attention is drawn to the advantage of acting promptly on audit recommendations with a view to securing public accountability by arresting financial and accounting control deficiencies.

3.1.2 Audit queries and management letters

A test check of the accounts, statements and related records for the year under review resulted in the issuance of 26 audit queries and 3 management letters of which none has been replied and settled.

3.2.3 Statement of revenue

Under collection Shs.485,316,011

The statement of revenue disclosed total revenue collected during the year under review of Shs.3,556,924,989 against approved estimates of Shs.4,042,241,000 which resulted into under collection of Shs.485,316,011, as shown below:

Sub Vote	Description	Approved budget T.Shs. Millions	Actual Collection Tshs. Million	Variance TShs. Million	Collecti on as % of Budget
1001	Administrati on and General	11,297,000	552,419,098.30	(541,314,598.86)	48.9%
7001	Government Printer	3,986,700,000	2,970,172,270.00	1,016,527,730.00	74.5%
7003	Information Services	44,244,000	34,333,621.15	9,910,378.85	77.6%
	Total	4,042,241,000	3,556,924,978.51	485,123,509.99	88%

Implication

Under collection of revenue indicates existence of gaps in revenue tracking system including unreliable revenue estimates.

Recommendation

The management should review its revenue collection strategies with a view of improving revenue generation, of which in the long run will enhance the government ability on provision of social services.

3.2.4 Operational performance

Most of the activities planned for implementation during the year under review were carried out in accordance with the annual action plan except for the following activities which were not implemented despite the availability of resources.

Strategic objectives	Planned targets	Achieved targets	Approved budget	Actual Expenditure	Management comment
Coordinating and monitoring effectively and efficiently government business across all sectors and in parliament	Ensure that a Management information System to support decision making is in place	The MIS was not developed	8,500,000	8,500,000	Consultant had not been contracted hence funds used for other activities. The Consultant will be contracted to undertake the exercise in the first quarter of 2005/06

	Ensure that all government decisions and directives from cabinet, VPO and PMO are documented and communicated to MDAs.	The mechanism and format was not developed.	13,862,000	26,224,000	More funds were provided to prepare government decisions and directives The mechanism and format will be prepared in the second quarter of 2005/06.
To print high quality Government documents in a timely and cost effective	Ensure that marketing strategy is developed by 2007	Target not achieved	5,500,000	600,000	Late recruitment of marketing officer and insufficient collection of revenue

Implication

Laxity/inefficiency in implementation of the planned activities

Recommendation

Proper care should be taken into account on the ability in implementing the activities of which the funds were requested.

3.2.5 Outstanding Imprest balance of Shs.34,061,353

A test check of payments for the year under review revealed that imprest totaling Shs.34,061,353 issued to various officers were not retired by 30th June 2005. This is contrary to Regulations 103 (2) (3). Further, audit noted that there are imprests issued to various officers amounting to Shs.40,372,617 which were not recorded in the respective registers.

Implication

Non retirement of imprest within stipulated time suggests existence of gaps in accountability on the part of the imprest holder.

Recommendation

Management should enforce Regulations 103(2)(3) with a view of maintaining financial discipline.

3.2.6 Statement of arrears of revenue Shs.999,006,141

The Statement of Arrears of Revenue for the year ended 30th June 2005 reflected outstanding balance of Shs.999,006,141 with the Government Printer.

Implication

- Laxity to collect revenues dues
- Results in failure by the Government to implement some of the planned activities due to lack of financial resources tied up in debts.

Recommendation

More efforts should be exerted to collect the remaining balance of Shs.999,006,141.

3.2.7 Contract documents not obtained Shs.44,458,486

A test check of payments for the year 2004/2005 revealed that a total sum of Shs.44,458,486 was paid to M/S Corporation Sole Work Superintendent of P.O. Box 9423 Dar es Salaam in respect of Rehabilitation of Prime Minister's office Dodoma. However, the payment vouchers were not supported by a contract agreement and a certificate of completion. In the absence of the certificates the authenticity of payments made could not be ascertained.

Implication

Gaps in Internal Control on records keeping

Recommendation

Management should comply with financial and procurement Regulations of 2004 and 2005 respectively.

3.2.8 Fuels and stores not accounted for Shs.15,428,190

A test check of payment vouchers for the year under review revealed that fuels and stores purchased worth Shs.15,428,190 were not accounted for in the stores/fuel ledgers and their utilization records were not available for verification.

Implication

Possible misuse of funds through dummy purchases

Recommendation

Payment for purchases of goods and services should only be made on receipt of goods and services from supplies.

3.2.9 Payments made in advance Shs.76,315,753

A sum of Shs.76,315,753 was paid in advance on the basis of proforma invoices for the purchase of goods and services from several suppliers. The supporting delivery notes, cash sales receipts and ledger folios references were all missing. Under the circumstance, audit was unable to confirm whether the items paid for were correctly received and utilized as intended.

Implication

Goods and services paid for might not be delivered.

Recommendation

The management should submit relevant delivery particulars for audit purposes.

3.3 Audit findings of the Tanzania Broadcasting Services

3.3.1 Payments made without proper supporting document: Shs.7,698,000

The TBS had incurred the sum of Shs.7,698,000 to pay various staff as allowances while all payments had transacted in cash terms, and there were no evidence of signed pay lists attached, to authenticate the completion of the transaction.

PV. No.	Details	Amount (Shs.)
55/6	Meal Allowances to the staff at the various stations upcountry.	4,848,000
29/10	Meal Allowances to the staff at the various stations upcountry.	2,850,000
	Total	7,698,000

Implication

The Risk of cash transaction is very high, and may cause fraud and error to the public money.

Recommendation:

The Management is advised to take control measures on cash transaction and should ensure that all signed pay list are attached to the respective payment vouchers.

3.3.2 Outstanding Special Imprests Shs. 11,553,735

It was revealed during audit examination that special Imprests amounting to Shs.11,553,735 were issued to various officials of the TUT - Management for the purposes of attending various activities for the year 2004/05. Some of these imprests were partially retired.

However up to date, Imprests of Shs.11,553,735 were still un-retired since no evidences to support the retirements of these Imprest have been furnished to audit for verification.

Implication:

Delay on retirement of special imprests in full indicates that officials overestimated the amount of imprests requested.

Audit Recommendations:

It is recommendation that the outstanding Imprest (Special) amounting to Shs.11,553,735 should be retired or recovered from the Imprests holders for audit verification.

3.3.3 Outstanding Debtors Shs.26,749,259

Examination of Debtor registers and other related documents pertaining to the accounts for the years ended June, 2005 has revealed that the total outstanding debtors amounted to Sh.26,749,259 and not Shs.26285,359 disclosed in the final accounts since some of the outstanding debtors were found omitted as comparisons were made between registers and final accounts as at the years end.

Audit Recommendation.

It is recommended that the T.V.T. Management should review the long outstanding debtors and new circulars for long outstanding debtors such as advance payment system or proforma invoice system should be introduced to ensure that service are provided to those who have only paid before service are provided.

3.3.4 Outstanding Imprests - Shs. 15,300,000

Audit examination of the Imprest (Standing) register at TUT - Headquarters revealed that standing Imprests worth Shs.15,300,000 were issued to various up- country stations for the purposes of attending various activities as per stipulated regulations.

However, it was revealed according to the standing Imprest register that the standing Imprests amounting to Shs.15,300,000 were found un-retired due to non - availability of evidences to support the retirements for audit purposes.

Imprest Warrant Holder	Amount
O1/c - Arusha (TUT)	3,000,000
O1/c - Kigoma (TUT)	1,800,000
O1/c - Mbeya (TUT)	1,800,000
O1/c - Morogoro (TUT)	1,800,000
O1/c - Dodoma (TUT)	3,600,000
O1/c - Mwanza (TUT)	3,300,000
TOTAL	15,300,000

Audit Recommendations

It is recommended that Imprests outstanding should be recovered from officer in-charge's salary and recovery particulars should be produced for audit verification.

3.3.5 Up- Country Collections not Banked - TShs.79,430,200

Examination of the up country stations (RTD - Mbeya and Dodoma) Revenue accounts up to December, 2005 revealed that revenue amounting to TShs. 79,430,200 collected from the respective station were collected by either officials of TUT - HQ or transferred by the expected mails services (EMS) to the Headquarters as shown above and as per attached letters no. RT/DOM/A.8/VOL. III/32 of 11.8.2005; RT/DOM/A.8/VOL.III/24 of 8.1.2005 and RT/DOM//A.8/VOL. III/30 of 01.06.2005.

However, no evidences have been produced by the up - country stations to confirm that the collection/transfers were received and CREDITED to the TUT - Bank accounts since no Bank pay in slips/Bank statements from TUT - Hq have been produced to confirm it.

Receipt/Cheque	Amount	Customer's Name	Collector
Cheq. 782597	19,849,600	Bunge - Dodoma	EMS
Cheq.	2,200,000		Salim Mbonde
Cheq.	53,780,600	Bunge - Dodoma	EMS
0025017 of 15.11.05	600,000	DAIPESA - Mbeya	Mrs. Maenda
002502 of 17.11.05	360,000	Salvation ammy	Mrs. Maenda
02503 of 21.11.05	300,000	Kiwira Coal Nines	Mrs. Maenda
02504 of 22.11.05	540,000	Kyimo Investment	Mrs. Maenda
02505 of 22.11.05	1,800,000	Local Govt. Zonal Region	Mrs. Maenda
Total	79,430,200		

Audit Recommendation

It is recommended that the missing letter transfers Bank pay in slips and Bank statements should be produced to confirm whether the collection have been received and accounted job.

3.3.6 Physical performance of the Tanzania Broadcasting Services

During the year under review various activities were performed by the TBS. Some of the activities were as follows:

S/NO.	PRINCIPAL ACTIVITIES	PERFORMANCE	PERCENTAGE
1.	Provision of educational programmes such as development issues, health, moral welfare and children programmes to the public through radio and television.	Radio programmes have gone on well without interruptions. Government ministries and department continued to utilize radio Tanzania for education programmes on all issues. TV programmes on the other hand provided a mix of both educational and entertainment. The private sector and some ministries also utilized the air time to broadcast their programmes.	85%
2.	Provision of cultural entertainment programmes to the public through radio and television.	Cultural entertainment programmes were broadcasted on both radio and TV and provide a good entertainment. But need to cover more areas in the villages.	65%
3.	Capture the market by opening a new office in town (Zanaki street) for ease of accessibility to the client	Zanaki marketing office has been opened and it is in full operation.	100%
4.	Expanding TV transmission stations to 7 mainland regions being Mbeya,	TV equipment fully imported. Four stations are in operation. Three stations i.e. Kigoma, Musoma and Kagera are in the process of	75%

	Lindi, Kigoma, Tabora, Kagera, Musoma and Tanga.	TV equipment installation. Expected full operations by April, 2006.	
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Implication

The achievement on percentage wise suggests for better performance.

Recommendation

The management has the responsibility to attain 100% on partial achieved activities

3.3.7 Procurement Management

Stores Purchased but not accounted for Shs.11,968,160

The audit examination has noted that some items purchased were not taken on ledger charge. Procurement of some items has done on the strength of Proforma.

It was uneasy to identify the accountability and utilization of goods purchased. In addition Tax invoice/Receipts and D/Notes were not obtained to ascertain the authenticity of the transactions.

PV. No./ Ref. No.	Amount (Shs.)	Items Purchased	Details
PV.22/99	7,398,000	Split Units AC at TVT 4Sets LG air conditioner 12000 Btg@ 600,000 1Sets LG air conditioner convertible@1,350,000 35mts of copper pipes complete@15,000 6pcs surge protector@2500 Supplied by M/S AL-Shaaf Burgain Centre.	No competitive quotation.
54/2	2,570,160	Paid to M/S Kigoma Garage and Auto repairs cost of purchase various spare parts and tyres.	Stores not taken on ledger charge.
Total	9,968,160		

Implication:

Lack of accountability on stores, and late delivery or undelivered items should attract theft of Agency's items and misallocation of funds.

Recommendation:

It is recommended that all purchased items should properly be recorded in the stores ledger.

3.3.8 Advance Payments to various suppliers Shs.14,842,150

Audit examination of payment vouchers during the year under review revealed that advance payments for purchases of fuel, spare parts and other items to Tanzania Broadcasting Services amounted to Shs.14,482,150. The payments were effected during the period between August, 2004 and June, 2005 as detailed below.

PV. No.	Chq. No.	Amount	Payee	Details
172/6/05	264490	5,155,378	M/S Darworth Limited	Purchased VTRS digital comcorders computer and Software for TVT.
5/12	220621	3,699,072	M/S Uhuru Publication Limited,	Payment based on the strength of proforma invoice.
54/12	227556	2,207,700	M/S Kahama Auto Works Lindi	Payment based on the strength of profoma invoice LPO'S were not effected.
98/10	220431	3,420,000	M/S Cabral's Electrical Works Limited	Purchases of Card
	Total	14,482,150		

Implication

Possibility of undelivered items should not ruled out.

Recommendation

The management should follow procurement procedures and to confirm delivery of items purchased and submit relevant documents to audit for verification.

3.3.9 Fuel Purchased worth to Shs.51,973,809 not recorded in the ledger.

A test check on fuel purchases noted that records of fuel purchased from M/S Victoria service station ltd Dar es Salaam, and Chief Supplies officer Dar es Salaam were not kept in the fuel ledger. It was difficult to ascertain whether or not the fuel purchased was received and used for official activities.

Implication

There is a possibility that same of the fuel might not have been used for the intended purposes.

Recommendation

Management should confirm accountability of fuel purchased and submit fuel register to Audit for verification.

3.3.10 Procurement of Consultancy services outside tendering procedure

The consultancy services worth Shs.8,984,000 were procured by the TBS without following the required procurement procedures in place

S/No	Pv No.	Cheque No.	Amount (Tshs)	Consultant Name	Description
5.	34	238838	8,984,000	ZSM ASSOCIATES	Contract for facilitation of TBS strategic planning exercise
	Total		8,984,000		

Implication

The management could have been denied the opportunity of obtaining favourable price by not following the competitive tendering procedures.

Recommendation

The management should in future comply with the procurement Regulations.

3.3.11 Outstation Visits

(i) Arusha Zone

TVT Transmitting Station - Thembi Hill.

During Audit verification tour, it was observed that construction works on Technician Room, Guard hut, Retention wall, Land scalping, paving work, Toilet and Supply of water at site, had not yet started since our previous audit report. The management had engaged another contractor who has not appeared at the site, since he was appointed to complete the construction work.

Also, two defective amplifier which returned to Italy for maintenance and repair were yet to be delivered.

Implication

The Transmitting station House do not provide a suitable working environment as important facilities are not in place in addition:

1. It is unhygienic for the place to be without a toilet. Hazard diseases can easily spread.
2. The Television Broadcasting has not reached the targeted coverage of 5000W instead it reached 1200W.

Recommendation

It is recommended that the Management should have to complete all constructions as agreed in the signed contract. Management should also make efforts to ensure amplifiers are returned in good condition or acquire another amplifier with the same capacity to replace the defective one.

(ii) Njiro Hill Transmitting Station

The physical inspection of broadcasting studio noted that the following equipment were out of order

- (i) Machine HBF 217 50KW Broadcasting Transmitter
- (ii) Program input Equipment MODEL HA - 110D

In addition, the stand by power electric Generator Model Wasila with a capacity of 362 KVA output is remained dormant in the station, apparently because of high fuel consumption.

Implication

There is no efficient and effective broadcasting services.

Recommendation

The management should replace the defective transmitting equipment and acquire a small stand by generator with a capacity at least 100KVA to avoid inconvenience of transmission in addition the management should find the suitable use for the electricity generator with high capacity.

3.3.12 Lindi Kihipe Site

Kihipe site transmission station was constructed by M/S J.FM Construction for Shs. 88,807,005.30 the contractor has taken 6 months to complete the works since July 2005 to December 2005

Partially Completed Works

We noted that there was a substantial part of construction not sufficiently completed by the contractor and the whole site not officially handed over to TUT management although now has started practical transmission on air.

3.3.13 Delay in completion of work

There was a delay in completion of construction of civil works and installation of the equipment to the TV transmission stations to 7 mainland regions of Mbeya, Lindi, Kigoma, Tabora, Kagera, Musoma and Tanga.

According to time all works should have been completed during the first week of September 2005.

S/No.	Transmission Station	Date of Signing the Contract	Contract Duration	Weeks Delayed
1.	Mbeya	16 th June, 2005	8 Weeks	19 Weeks
2.	Lindi	13 th June, 2005	8 Weeks	19 Weeks
3.	Kigoma	21 st June, 2005	8 Weeks	19 Weeks
4.	Tabora	8 th July, 2005	8 Weeks	19 Weeks
5.	Kagera	17 th June, 2005	8 Weeks	19 Weeks
6.	Musoma	17 th June, 2005	8 Weeks	19 Weeks
7.	Tanga	16 th May, 2005	8 Weeks	19 Weeks

Implication

The delay in completion may result into cost increase and loss of government revenue.

Recommendation

The TBS management should ensure that constructions of the transmission station have been completed.

4.0 CONCLUSION

The detailed audit findings presented above have been communicated to the management of the Prime Ministers' Office during exit meeting. Management of the Prime Ministers' Office has promised to take appropriate action with a view to rectify the situation. I 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 Mhilo
Ag. CONTROLLER AND AUDITOR GENERAL

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The Permanent Secretary and Paymaster General,
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5.0 ANNEXURES

Financial statements, accounting policies and notes to the financial statements.