

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



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF THE MINISTRY OF JUSTICE AND  
CONSTITUTIONAL AFFAIRS (ATTORNEY GENERAL'S CHAMBERS)  
VOTE 41**

**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.

**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 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 supporting schedules of the Ministry of Justice and Constitutional Affairs for the year ended 30<sup>th</sup> June, 2005.

- Responsibility for the Financial Statements
- Statement of Vote Account Supply
- Statement of Vote Account Development
- Cash Flow Statement for Recurrent Account
- 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.

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

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

AQ	Audit Query
CAG	Controller and Auditor General
ISA	International Standards on Auditing
INTOSAI	International Organisation of Supreme Audit Institutions
Ministry	Means Ministry of Justice and Constitutional Affairs which is also the Attorney General's Chambers(In this report the client shall be known briefly as the AG's Chambers)
NAO	National Audit Office
PMG	Paymaster General

## 1.0 BACKGROUND INFORMATION TO THE AUDIT

### 1.1 Introduction

We have completed the audit of the annual accounts of the Ministry of Justice and Constitutional Affairs for the year ended 30<sup>th</sup> June 2005. Audit findings arising from examination of accounting records, and evaluation of the Internal control system which require management's attention and action are set out under Part 3 of this report.

### 1.2 Establishment

Under second schedule of the Government Notice No.468 published on 1/12/2000, among other things the schedule explains assignment of ministerial responsibilities to the Ministry.

#### Vision

The vision of the AG's Chambers is Accessible and timely Justice for all.

#### Mission

The mission of the Ministry (AG's Chambers) is to support the development of Social Justice, equality and rule of law through equity and accessible legal services. This is being achieved through the following values.

- Fairness
- Basic human rights
- Equality and Social Justice
- The rule of law and
- Integrity of legal professionals

### 1.3 Operational Objectives and priorities

The main objectives of the AG's Chambers are:-

- To provide timely and transparent system for effective and efficient dispensation of justice to the public.
- To create a conducive environment for efficient and effective delivery of services.

### 1.4 Financing

Description	Amount Budgeted Shs.	Amount Received Shs.
Supply Vote	5,510,791,986	5,494,921,527
Development Vote	4,433,455,000	1,196,742,913
		<b>6,691,664,440</b>

The fund that was released by the Treasury in the form of exchequer issues was shs. 6,691,664,440 of which Shs. 5,494,921,527 was for Recurrent expenditure and Shs. 1,196,742,913 was for Development activities.

## **1.5 Management Structure**

The Attorney General's Chambers is headed by the Attorney General, who is assisted by the Deputy Attorney General. The day to day activities of the officer of the Attorney General is under the Jurisdiction of the Permanent Secretary who is also the accounting officer of the office. The Deputy Attorney General is assisted by two Directors; Director of Administration and Personnel, and Director of Planning and Information. Under directorate level there are Chief Parliamentary and Draftsman, Chief Accountant and Chief Internal Auditor.

## **1.6 Brief description of Internal Control System**

### **Accounting System**

The Ministry operates the usual government accounting system based on central payment office in Dar es Salaam and various sub treasuries in the 21 Mainland regions using Integrated Financial Management system and Epicor accounting packages. The financial statement are being prepared and presented based on the cash basis of account pursuant to Public Finance Act no. 6 of 2001 Regulation No. 53. To promote understanding and comprehension of the data the Ministry has included additional details in compliance with the International Public sector accounting standards for the cash basis of accounting.

### **Internal Audit**

Part VI of the Regulations requires Accounting Officers to establish an Internal Audit Unit and Audit Committee to assist in strengthening the system of internal control. The Attorney General's Chambers has an Internal audit section which is headed by the Chief Internal Auditor.

### **Audit Committee**

Regulation 28 requires the accounting officers to establish an audit committee to strengthen internal control system. The Attorney General's Chamber has an Audit Committee which comprising of five members. The Chairperson to the Committee is the Director of Administration and Personnel.

### **Procurement Tender Board**

The Public Procurement Act No. 21 of 2004 section 33 and 34 requires the Department to form Tender boards, and Procurements 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 Attorney General's Chamber has a Tender Board which supervises all procurement of goods and services.

## **1.7 Financial Performance Issues**

### **Supply Vote**

The Statement of Supply Vote Account for the year under review closed with net expenditure of Shs.5,476,038,759.42 against approved estimates of

Shs.5,510,792,000.00 resulting in an apparent saving of Shs.34,753,240.58. However, exchequer issues received during the year totaled to Shs.5,494,921,527.00 closing with the cash balance with the Paymaster General's Account of Shs.18,882,767.58 as at 30<sup>th</sup> June, 2005.

### **Development Vote**

The Development vote ended with the net expenditure of Shs.1,196,742,913.35 against approved estimates of Shs.4,433,455,000.00 resulting in an apparent saving of Shs. 3,236,712,086.65. Actual exchequer issues received during the year were equal to the expenditure ending in a nil balance with the Paymaster General's Account.

### **1.8 Audit Mandate**

The Controller and Auditor General is empowered by the Article 143 of the Constitution of the United Republic of Tanzania and the Public Finance Act of 2001 to conduct audit on all government accounts, all public authorities and other bodies, including the Ministry (AG's Chambers).

### **1.9 Audit Objectives**

The main objectives of conducting the audit is to enable me to express an Independent opinion on the financial statements of the AG's Chambers submitted for the period ended 30<sup>th</sup> June, 2005 and in particular:

- To determine whether all funds as approved by the National Assembly have been received and appropriated in accordance with the approved budget.
- To determine whether transactions were executed in accordance with management authorization and the financial statements prepared in accordance with the Generally Accepted Accounting Standards and guidelines issued by the Treasury.
- To verify, on sample basis, whether goods and services bought were acquired through laid down procedures through the use of the Public Procurement Act.
- To ascertain whether all relevant supporting documents, records and accounts have been kept in respect of all AG's Chambers activities.
- 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 AG's Chambers are adequately safeguarded against losses from any unauthorized use or disposal.
- To determine whether the management of the AG's Chambers has acted upon on outstanding matters relating to previous year's audit findings.

### **1.10 Audit Scope**

The audit was carried out in accordance with the 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 AG's Chambers, examination and verification of the accompanying financial statements to the appropriation account, and other procedures as was considered necessary under the circumstances,

Therefore the audit findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to audit. As auditors, we are 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 financials statements, including those resulting from fraud or irregularities. The responsibility for detection and prevention of fraud and irregularities rests with the management of the AG's Chambers who are responsible for setting up and maintaining an adequate system of internal control.

#### **1.11 Audit methodology**

In examining the financial statements together with related records and schedules, the following steps were followed:

- Review of legal documents
- Examination of receipts and payments records
- Review of Internal Controls in place
  
- Review of various reports and related statements
- Compliance tests of various core activities
- Interviews and discussions with key personnel and
- Visits to selected offices.

#### **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 Lyimo  
Accounting Officer of Vote 41**

**Re: Audit Report on the Financial Statements of the Ministry (AG's Chambers) for the year ended 30<sup>th</sup> June, 2005.**

I have audited the financial statements of The Ministry of Justice and Constitutional Affairs (AG's Chambers) given on page 11 through 34 for the year ended 30<sup>th</sup> 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 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 Attorney General's Chambers.

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

My responsibility is to express an independent opinion on the financial statements, and on procurement procedures adopted by the Attorney General's Chambers based on the audit. According to section 30 of the Act my specific responsibilities are to examine, inquire into, audit and report on the accounts of the Attorney General's Chambers

In addition, section 31 of the Act requires me to satisfy myself that the accounts have been kept in accordance with generally accepted accounting Standards; 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, expenditures of public monies have been properly authorized; and to satisfy myself whether the funds appropriated to the Attorney General's Chambers 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 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 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 Attorney General's Chambers

Vote 41 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 Regulations 53. Under the cash basis, cash receipts are recognised when they are received and cash payments are recognised when they are paid.

### **Qualification**

In my opinion except for matters specified below, the financial statements of the Attorney General's Chambers comply with 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 procurement of office furnitures, Computers, Printers, motor vehicles and related office equipments was generally done in accordance with the Public Procurement Act No. 21 of 2004 and the related Regulations.

### **Material Disagreement in Financial control and Records keeping**

1. There are questionable supply of Tshirts and Caps amounting to Shs.27,120,000 which were lacking delivery documents.
2. There were stores not taken on ledger charge amounting to 11,230,000
3. Lack of list of payees on Shs.13,951,231.78 paid to Attorney General's name. The details of these matters are given in part 3 of this respect.

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

**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 Ministry (AG's Chambers) 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 Ministry (AG's Chambers) 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 Ministry (AG's Chambers).

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**

MINISTRY (AG'S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS

RECURRENT EXPENDITURE STATEMENT OF VOTE ACCOUNT  
(BALANCE SHEET)

AS AT 30<sup>TH</sup> JUNE 2005  
VOTE 41

2003/04				NOTES	2004/05			
Shs.	Cts.	Shs.	Cts.		Shs.	Cts.	Shs.	Cts.
4,578,492,600.00				Original Approved Estimates	2.2	5,336,708,700.00		
541,741,698.00				Add Reallocation Warrants	2.3	174,083,300.00		
214,779,800.00				Less Reallocation Warrants				
<b>4,905,454,498.00</b>				Net Approved Estimates		<b>5,510,792,000.00</b>		
		4,905,454,498.00		Issues received in year	2.4		5,494,921,527.00	
<u>4,897,351,856.82</u>		<u>4,897,351,856.82</u>		Less Net Expenditure	2.5	<u>5,476,038,759.42</u>	<u>5,476,038,759.42</u>	
<b>8,102,641.18</b>		<b>8,102,641.18</b>		Unspent balance of issues	2.6	<b>34,753,240.58</b>	<b>18,882,767.58</b>	
				<b>Presented by:-</b>				
				-Less: Outstanding imprests			-	
				-Less: Advances			-	
				-Less: Accounts payable			-	
		<b>8,102,641.18</b>		Cash in hand with PMG			18,882,767.58	

**RECURRENT EXPENDITURE STATEMENT  
OF VOTE ACCOUNT**

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**1. Accounting Policies:**

- 1.1 The Recurrent Expenditure Statement of Vote Account has been prepared and presented based on the Cash Basis of Accounting pursuant to Public Finance Regulation 53 of 2001. However, additional details have been included to promote understanding and comprehension of the data as required and in compliance with the International Public Sector Accounting Standards for the cash basis of accounting.
- 1.2 The accounting policies used have been applied consistently throughout the reporting period consistent with previous periods.
- 1.3 Procurement of goods, works, consultancy and non-consultancy services that appear in this financial statement have been in accordance with the Public Procurement Act No. 4 of 2004.
- 1.4 The Recurrent Expenditure Statement of Vote Account has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on Financial Reporting under the Cash Basis of Accounting and it complies with the requirements of the Public Finance Act No. 6 of 2001.

**2. Notes on the Recurrent Expenditure Statement of Vote Account:**

**Note: 2.2 Original Approved Estimates:**

The original estimates which were approved by the National Assembly were as follows:-

• Personal Emoluments	Shs.	814,268,700.00
• Other charges	Shs.	<u>4,522,440,000.00</u>
<b>Total</b>	<b>Shs.</b>	<b><u>5,336,708,700.00</u></b>

Note 2.3: Reallocation Warrants

**(i) Reallocation Warrant No. 1 of 2004/05**

**(a) Section 1 - Reallocation to:**

**Vote 41 - Ministry (AG's Chambers) of Justice and Constitutional Affairs**

Sub-Vote	Segment	Item	Description	Amount (Shs.)
1001	A01C01	261147	Anti corruption strategy implementation	25,000,000.00

(b) Section II - Reallocation from:  
Vote 50 - Ministry (AG's Chambers) of Finance

Sub-Vote	Sub head	Item	Description	Amount (Shs.)
2001	261100	261132	Contingencies	25,000,000.00

(ii) Reallocation Warrant No. 3 of 2004/05

(c) Section I - Reallocation to:

Sub-Vote	Sub head	Item	Description	Amount (Shs.)
1001	250100	250101	Civil Servants	5,370,000.00
1002	250100	250101	Civil Servants	6,140,000.00
2001	250100	250101	Civil Servants	48,129,900.00
2002	250100	250101	Civil Servants	65,209,200.00
2003	250100	250101	Civil Servants	14,830,000.00
3001	250100	250101	Civil Servants	727,200.00
4001	250100	250101	Civil Servants	8,677,000.00
				<b>149,083,300.00</b>

(d) Section II - Reallocation from:  
Vote 50 - Ministry (AG's Chambers) of Finance

Sub-Vote	Sub head	Item	Description	Amount (Shs.)
2001	261100	261132	Contingencies	149,083,300.00

An amount of Shs. 149,083,300 was requested from Treasury in order to offset deficit of the Personal Emoluments budget which was caused by increase of Civil Servant Salaries.

**Note 2.4: Exchequer issues received in year**

Exchequer issues received during the year were as follows:-

• Personal Emoluments	Shs.	964,351,990.00
• Other charges	Shs.	<u>4,530,569,537.00</u>
<b>Total receipts</b>	<b>Shs.</b>	<b><u>5,494,921,527.00</u></b>

**Note 2.5 Expenditure incurred was as follows:**

• Personal Emoluments	Shs.	945,683,077.53
• Other charges	Shs.	<u>4,530,355,681.89</u>
<b>Total Expenditure</b>	<b>Shs.</b>	<b><u>5,476,038,759.42</u></b>

Note 2.6 Variance between approved  
Estimates and Expenditure

• Personal Emoluments	Shs.	17,668,907.49
• Other charges	Shs.	<u>16,810,269.31</u>
<b>Total</b>	<b>Shs.</b>	<b><u>34,753,240.58</u></b>

- (i) An amount of **Shs. 17,668,907.49** was not spent on personal emoluments because no promotions were made for the intended officers during the year. This was due to the introduction of the new system whereby promotions are now based on **Open Performance Review and Appraisal System (OPRAS)**. Results of the new system were not implemented and thus delay in effecting promotions.
- (ii) A total of **Shs. 16,810,269.31** were unspent on various items for other charges during the year. In other items funds were not released. Outstanding Imprests were journalised and transferred to Personal Accounts for recovery.

MINISTRY (AG'S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS

DEVELOPMENT EXPENDITURE STATEMENT OF VOTE ACCOUNT

(BALANCE SHEET)

AS AT 30<sup>TH</sup> JUNE 2005

VOTE 41

2003/04				NOTES	2004/05				
Shs.	Cts.	Shs.	Cts.		Shs.	Cts.	Shs.	Cts.	
4,458,241,100.00				Original Approved Estimates	2.2	4,433,455,000.00			
	0.00			Add Reallocation Warrants			0.00		
4,458,241,100.00				Net Approved Estimates		4,433,455,000.00			
		1,431,533,652.00		Issues received in year	2.3			1,196,742,913.35	
1,431,533,651.50		1,431,533,651.50		Less Net Expenditure	2.4	1,196,742,913.35		1,196,742,913.35	
<b>3,026,707,448.50</b>			<b>0.50</b>	Unspent balance of issues	2.5	<b>3,236,712,086.65</b>			0.00
				<b>Presented by:-</b>					0.00
		0.00		Less: Outstanding imprests					0.00
		0.00		Less: Advances					0.00
		0.00		Less: Accounts payable					0.00
		0.00		Cash in hand with PMG					0.00

.....  
ACCOUNTING OFFICER

## DEVELOPMENT EXPENDITURE STATEMENT OF VOTE ACCOUNT

### 1. Accounting Policies

- 1.1 The Development Expenditure Statement of Vote Account has been prepared and presented based on the cash basis of accounting pursuant to Public Finance Regulation 53 of 2001. However, additional details have been included in the form of notes.
- 1.2 The accounting policies used have been applied consistently throughout the reporting period consistent with previous periods.
- 1.3 Procurement of goods, works, consultancy and non-consultancy services which appear in the development expenditure statement of vote account have been in accordance with the Public Procurement Act No. 4 of 2004.
- 1.4 The Development Expenditure Statement of Vote Account has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on Financial Reporting under the Cash Basis of Accounting and it complies with the requirements of the Public Finance Act No. 6 of 2001.

### 2. Notes on the Development Expenditure Statement of Vote Account

#### Note 2.2 Original Approved Estimates:

The original Estimates which were approved by the National Assembly were as follows:

- Local funds.....Shs..... 300,000,000.00
- Foreign funds.....Shs..... 4,133,455,000.00

**Total Shs.....4,433,455,000.00**

#### Note 2.3 Exchequer issues received in year:

Exchequer issues received during the year were as follows:

- Exchequer received capital Shs.....882,711,284.23
- Exchequer received D-Fund Shs..... 314,031,629.10

**Total receipts Shs..... 1,196,742,913.35**

#### Note 2.4 Expenditure incurred

Local and Foreign funds were spent as follows:

- Local funds.....Shs.....300,000,000.00
- Foreign funds.....Shs.....896,742,913.35

**Total Shs... 1,196,742,913.35**

**Note 2.5 Funds not released Shs. 3,236,712,086.65**

**Sh. 4,433,455,000/=** was allocated for Development Projects of which the entire Government Contribution (Local) of **Shs. 300,000,000/=** was released and spent while **Shs. 1,196,742,913.35** out of the foreign component estimates of **Shs. 4,133,455,000/=** was released and spent. The balance of **Shs. 3,236,712,086.65** can be explained as follows:

**(a) Improving the Legal Framework for Economic Development:**  
Funds allocated for this project were **Shs. 1,434,125,000/=** of which only **Shs. 415,220,073.10** was released by the GTZ and spent. The remaining balance of **Shs. 1,018,904,926.90** could not be spent as planned due to the delay in award of consultants contracts and consultants failing to deliver on time.

**(b) Legal Sector Reform Project**

Project funded by the World Bank and Basket Fund **Shs. 2,699,330,000/=** was allocated of which **Shs. 481,522,840.25** was released by the World Bank and spent. The remaining balance of **Shs. 2,217,807,159.75** was not released. The funds were approved basing on the overall progress and achievements under the project. Major delays were attributed by the delay in finalization of the procurement process by implementing agencies and consultants failing to delivery on time.

MINISTRY (AG'S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS  
**RECURRENT CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

Actual Exp.	Cash flow from operating activities	Notes	Actual Receipts/ Exp.	Approved Est.	Variance Approved/Actual
<u>June 2004</u> Shs.            Cts.	<b>RECEIPTS</b>		<b>June 2005</b> Shs. Cts.	<u>2004/05</u> Shs.            Cts.	Shs.            Cts.
	Taxation		-	-	-
	Non tax		-	-	-
	Grants		-	-	-
4,905,454,498.00	Exchequer issues	2.2	5,494,921,527.00	5,510,792,000.00	15,870,473.00
	Interest received		-	-	-
	Other receipts		-	-	-
<b>4,905,454,498.00</b>	<b>Total receipts</b>		<b>5,494,921,527.00</b>	<b>5,510,792,000.00</b>	<b>15,870,473.00</b>
	<b><u>PAYMENTS</u></b>				
679,493,472.67	Personal Emoluments	2.3	945,683,077.53	963,352,000.00	17,668,922.47
	Pensions		-	-	-
3,677,362,539.10	Suppliers – goods, works and C/Services	2.4	746,646,463.20	746,920,512.00	274,048.80
23,000,000.00	Current transfers and subsidies		-	-	-
517,495,845.05	Other payments	2.5	3,783,709,218.69	3,800,519,488.00	16,810,269.31
<b>4,897,351,856.82</b>	<b>Total Payments</b>		<b>5,476,038,759.42</b>	<b>5,510,792,000.00</b>	<b>34,753,240.58</b>
<b>8,102,641.18</b>	<b>Net cash flow from operating activities</b>		<b>18,882,767.58</b>	-	-
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchases of assets		-	-	-
	Proceeds from sale of assets		-	-	-
	Capital grants		-	-	-
	<b>Net cash flow investing activities</b>		-	-	-
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		-	-	-
	Proceeds from borrowings		-	-	-
	Repayment of borrowings		-	-	-
	<b>Net cash flow from financing activities</b>		-	-	-

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2003/2004</b>	<b>2004/2005</b>	
Net increase/decrease in cash equivalents	-	-	
Receipts and cash equivalents at the beginning of the period	-	-	
Cash and equivalent at the end of the period	8,102,641.18	18,882,767.58	

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ACCOUNTING OFFICER

## RECURRENT CASH FLOW STATEMENT

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### 1. Accounting Policies:

- 1.5 The Recurrent Cash Flow Statement has been prepared and presented based on the Cash Basis of Accounting pursuant to Public Finance Regulation 53 of 2001. However, additional details have been included in the form of notes.
- 1.6 The accounting policies used have been applied consistently throughout the reporting period consistent with previous periods.
- 1.7 Procurement of goods, works, consultancy and non-consultancy services which appear in this financial statement have been in accordance with the Public Procurement Act No. 4 of 2004.
- 1.8 The Recurrent Cash Flow Statement of Vote Account has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on Financial Reporting under the Cash Basis of Accounting and it complies with the requirements of the Public Finance Act No. 6 of 2001.

### 3. Notes on the Recurrent Cash Flow Statement:

#### Note: 2.2 Exchequer issues received in year:

Exchequer issues received during the year were as follows:-

• Personal Emoluments	Shs.	964,351,990.00
• Other charges	Shs.	<u>4,530,569,537.00</u>
<b>Total receipts</b>	<b>Shs.</b>	<b><u>5,494,921,527.00</u></b>

Due to financial difficulties that faced the Government the amount of **Shs.15,870,473.00** was not released as per approved budget.

Note 2.3: An amount of Shs. 17,668,922.47 was not spent on personal emoluments because no promotions were made for the intended officers during the year. This was due to the introduction of the new system whereby promotions are now based on Open Performance Review and Appraisal System (OPRAS). Results of the new system were not implemented and thus delay in effecting promotions.

The actual payments made against the approved budget of **Shs.963,352,000/=** were as follows:

Sub-Vote	Item	Description	Amount (Shs.)
1001	Personal Emoluments	Civil Servants	114,832,573.28
1002	Personal Emoluments	Civil Servants	31,382,000.00
1003	Personal Emoluments	Civil Servants	45,705,065.50
2001	Personal Emoluments	Civil Servants	212,830,313.47

2002	Personal Emoluments	Civil Servants	362,245,334.94
2003	Personal Emoluments	Civil Servants	78,309,900.40
3001	Personal Emoluments	Civil Servants	53,129,199.95
4001	Personal Emoluments	Civil Servants	47,248,689.99
	<b>Total payments</b>	<b>945,683,077.53</b>	

**Note 2.4:** An amount of **Shs. 274,048.80** was a saving on amount incurred on service and repair and buildings rehabilitation. The actual payments made against the approved budget of **Shs. 746,920,512/=** were as follows:

Description	Amount
• Service and Repair	116,579,951.20
• Fumigation, office cleaning and fire equipments	25,000,000.00
• Minor civil works and building and establishment	206,777,000.00
• Office and Household Furniture and Equipments	181,088,550.00
• Consultancy Fees	152,200,962.00
• Motor vehicle	65,000,000.00
<b>Total payments</b>	<b>746,646,463.20</b>

**Note 2.5** A total of **Shs. 16,810,269.31** were unspent on various items for other charges. The actual payments made on various items were **Shs.3,783,709,218.69** as against the approved budget of **Shs.3,800,519,488/=**. On other items funds were not released. Outstanding imprests were journalised and transferred to Personal Accounts for recovery.

**MINISTRY (AG'S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS**

**DEVELOPMENT CASH FLOW STATEMENT FOR  
THE YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

<b>Actual Exp.</b>	<b>Cash flow from operating activities</b>	<b>Notes</b>	<b>Actual Receipts/Exp.</b>	<b>Approved Est.</b>	<b>Variance Approved/Actual</b>
<u>June 2004</u>	<b>RECEIPTS</b>		<b>June 2005</b>	<u>2004/05</u>	
Shs.      Cts.			Shs. Cts.	Shs.      Cts.	Shs.      Cts.
-	Taxation		-	-	-
-	Non tax		-	-	-
-	Grants		-	-	-
1,431,533,652.00	Exchequer issues	2.2	1,196,742,913.35	4,433,455,000.00	3,236,712,086.65
-	Interest received		-	-	-
-	Other receipts		-	-	-
<b>1,431,533,652.00</b>	<b>Total receipts</b>		<b>1,196,742,913.35</b>	<b>4,433,455,000.00</b>	<b>3,236,712,086.65</b>
	<b>PAYMENTS</b>				
	Personal Emoluments		-	-	-
	Pensions		-	-	-
	Suppliers – goods, works and C/Services	2.3	1,001,742,913.35	3,350,079,100.00	2,348,336,186.65
	Current transfers and subsidies		-	-	-
	Interest paid		-	-	-
1,431,533,651.50	Other payments	2.4	195,000,000.00	1,083,375,900.00	888,375,900.00
<b>1,431,533,651.50</b>	<b>Total Payments</b>		<b>1,196,742,913.35</b>	<b>4,433,455,000.00</b>	<b>3,236,712,086.65</b>
<b>0.50</b>	<b>Net cash flow from operating activities</b>		<b>0.00</b>	<b>-</b>	<b>-</b>
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchases of assets		-	-	-
	Proceeds from sale of assets		-	-	-
	Capital grants		-	-	-
	<b>Net cash flow from investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Proceeds from borrowings				
	Repayment of borrowings				
	<b>Net cash flow from financing activities</b>				

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>-</b>
Net increase/decrease in cash and equivalents	-	-	-
Receipts and cash equivalents at the beginning of the period	-	-	-
Cash and equivalent at the end of the period	0.50	0.00	-

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ACCOUNTING OFFICER

## DEVELOPMENT CASH FLOW STATEMENT

### 1. Accounting Policies

- 1.5 The Development Cash Flow Statement has been prepared and presented based on the cash basis of accounting pursuant to Public Finance Regulation 53 of 2001. However, additional details have been included in the form of notes.
- 1.6 The accounting policies used have been applied consistently throughout the reporting period consistent with previous periods.
- 1.7 Procurement of goods, works, consultancy and non-consultancy services that appear in the Development Cash Flow Statement have been in accordance with the Public Procurement Act No. 4 of 2004.
- 1.8 The Development Cash Flow Statement has been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on Financial Reporting under the Cash Basis of Accounting and it complies with the requirements of the Public Finance Act No. 6 of 2001.

### 2. Notes on the Development Cash Flow Statement

#### Note 2.2 Exchequer issues received in year:

Exchequer issues received during the year were as follows:-

- Exchequer received capital Shs..... 882,711,284.23
- Exchequer received D-Fund Shs..... 314,031,629.10

**Total receipts Shs..... 1,196,742,913.35**

The balance of Shs. **3,236,712,086.65** is explained in note 2.3 and note 2.4.

**Note 2.3** The remaining balance of Shs. **2,348,336,186.65** could not be spent as planned due to the delay in award of consultancy contracts and consultants failing to deliver on time. Delay in finalization of the procurement process by implementing agencies also was a result of the funds not being released.

The actual payments made comprise of:

Activity	Approved Estimates (Shs.)	Actual Expenditure (Shs.)	Balance (Shs.)
Consultancy	1,241,260,000.00	425,220,073.10	816,039,926.90
Furniture, curtain and flooring	756,685,000.00	25,000,000.00	731,685,000.00
Court martials and legal services	217,443,000.00	-	217,443,000.00
Engineer and design	183,840,000.00	76,960,794.10	106,879,205.90
Direct Hire of Labour	950,851,100.00	474,562,046.15	476,289,053.85
<b>TOTAL</b>	<b>3,350,079,100.00</b>	<b>1,001,742,913.35</b>	<b>2,348,336,186.65</b>

**Note 2.4 Shs. 888,375,900/= unspent on other items**

Funds for development expenditure were approved basing on the overall progress and achievements under the project. Delays in submission of progress reports for example action plans and public expenditure review made Donors not to release the remaining balance of funds.

The actual payments made comprise of:-

<b>Activity</b>	<b>Approved Estimates (Shs.)</b>	<b>Actual Expenditure (Shs.)</b>	<b>Balance (Shs.)</b>
All other items other than those mentioned in note 2.3	1,083,375,900.00	195,000,000.00	888,375,900.00

MINISTRY (AG'S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS

**DEPOSIT ACCOUNT CASH FLOW STATEMENT FOR  
THE YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

<b>Actual Exp.</b>	<b>Cash flow from operating activities</b>	<b>Notes</b>	<b>Actual Receipts/Exp.</b>	<b>Approved Est.</b>	<b>Variance Approved/Actual</b>
<b>June 2004</b>	<b>RECEIPTS</b>		<b>June 2005</b>	<b>2004/05</b>	
Shs. Cts.			Shs. Cts.	Shs. Cts.	Shs. Cts.
-	Taxation	-	-	-	-
-	Non tax	-	-	-	-
-	Grants	-	-	-	-
-	Exchequer issues	-	-	-	-
-	Interest received	-	-	-	-
127,849,005.03	Other receipts	*	122,944,677.50	-	-
<b>127,849,005.03</b>	<b>Total receipts</b>		<b>122,944,677.50</b>	-	-
-	<b>PAYMENTS</b>	-	-	-	-
-	Personal Emoluments	-	-	-	-
-	Pensions	-	-	-	-
-	Suppliers – goods, works and C/Services	-	-	-	-
-	Current transfers and subsidies	-	-	-	-
-	Interest paid	-	-	-	-
56,935,410.28	Other payments	*	88,347,394.22	-	-
<b>56,935,410.28</b>	<b>Total payments</b>		<b>88,347,394.22</b>	-	-
<b>70,913,594.75</b>	<b>Net cash flow from operating activities</b>	*	<b>34,597,283.28</b>	-	-
-	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
-	Purchases of assets	-	-	-	-
-	Proceeds from sale of assets	-	-	-	-
-	Purchase of foreign currency securities	-	-	-	-
-	Capital grants	-	-	-	-
-	Net cash flow from investing activities	-	-	-	-
-	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
-	Proceeds from borrowings	-	-	-	-
-	Repayment of borrowings	-	-	-	-
-	<b>Net cash flow from financing activities</b>	-	-	-	-

\*Notes – See statement of assets and liabilities

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2003/04</b>	<b>2004/05</b>	
Net increase (decrease) in cash and cash equivalents	28,591,425.70	(36,316,311.47)	
Receipts and cash equivalents at the beginning of the period	42,322,169.01	70,913,594.75	
Cash and equivalent at the end of the period	70,913,594.75	34,597,283.28	

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ACCOUNTING OFFICER

**SUMMARY STATEMENT OF REVENUE AS AT 30<sup>TH</sup> JUNE 2005-08-29**

**VOE 41 – MINISTRY (AG’S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS**

<b>2003/2004 COLLECTION</b>	<b>SUB VOTE</b>	<b>DESCRIPTION</b>	<b>NOTES</b>	<b>BUDGET (SHS.)</b>	<b>ACTUAL COLELCTIONS (SHS.)</b>	<b>VARIANCE</b>	<b>REVENUE AS % OF BUDGET</b>
15,388,839.10	1001	Administration and General	2.2	9,803,000.00	35,645,566.21	(25,842,566.21)	363
335,649,217.00	2001	Administrator General	2.3	373,000,000.00	412,535,143.03	(39,535,143.03)	110
		TOTAL		382,803,000.00	448,180,709.24	(65,377,709.25)	

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ACCOUNTING OFFICER

## STATEMENT OF LOSSES

YEAR WHICH LOSSES OCCUR	DESCRIPTION OF LOSSES	CATEGORY OF LOSSES				TOTAL	ACTION/EFFORTS TAKEN TO RECOVER
		CASH	STORES	ABANDONMENT	ADJUSTMENT		
2001/2002	Unrecoverable outstanding imprests due to death and abscondment of various staff	1,718,200.00	-	-	-	1,718,200.00	A letter was sent to Permanent Secretary Ministry (AG's Chambers) of Finance to report the loss with a recommendation to write off the loss. Our letter <b>Ref. No. J/N.10/9/8</b> dated 25 <sup>th</sup> June 2003 refers. A follow up will be made in 2005/2006
		-	-	-	-	-	
		-	-	-	-	-	
	<b>TOTAL</b>	<b>1,718,200.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,718,200.00</b>	

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ACCOUNTING OFFICER

**VOTE – 41 MINISTRY (AG’S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS  
STATEMENT OF ASSETS AND LIABILITIES AS AT 30<sup>TH</sup> JUNE 2005**

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<b>LIABILITIES</b>		<b>ASSETS</b>	
<b>Description</b>	<b>Amount</b>	<b>Description</b>	<b>Amount</b>
	<b>Shs. Cts</b>		<b>Shs. Cts</b>
Deposit General	34,597,283.28	Cash with CPS Account	34,597,283.28
<b>Balance as per Deposit Cash Book</b>	<b>34,597,283.28</b>		<b>34,597,283.28</b>

\* See breakdown next page

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ACCOUNTING OFFICER

**VOTE 41 – MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS  
STATEMENT OF ASSETS AND LIABILITIES  
(BREAK DOWN) AS AT 30<sup>TH</sup> JUNE 2005**

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ITEM	DESCRIPTION	RECEIPTS CARRIRD FORWARD INCLUDING DEPOSITS		ACTUAL EXPENDITURE		DEPOSIT BALANCE	
		Shs.	Cts.	Shs.	Cts.	Shs.	Cts.
6930D01001	Deposit General	97,801,706.75		63,204,423.47		34,597,283.28	
6930D01130	End of year commitment transfers to deposit	25,142,970.75		25,142,970.75			-
<b>TOTAL</b>		<b>122,944,677.50</b>		<b>88,347,394.22</b>		<b>34,597,283.28</b>	

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ACCOUNTING OFFICER

**VOTE 41 – MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS  
STATEMENT OF ASSETS AND LIABILITIES  
(BREAK DOWN) AS AT 30<sup>TH</sup> JUNE 2005**

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ITEM	DESCRIPTION	RECEIPTS CARRIRD FORWARD INCLUDING DEPOSITS		ACTUAL EXPENDITURE		DEPOSIT BALANCE	
		Shs.	Cts.	Shs.	Cts.	Shs.	Cts.
6930D01001	Deposit General	97,801,706.75		63,204,423.47		34,597,283.28	
6930D01130	End of year commitment transfers to deposit	25,142,970.75		25,142,970.75			-
<b>TOTAL</b>		<b>122,944,677.50</b>		<b>88,347,394.22</b>		<b>34,597,283.28</b>	

\* Further analysis see deposit register

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ACCOUNTING OFFICER

**STATEMENT OF COMMITMENT OUTSTANDING**

<b>YEAR OF COMMITMENT</b>	<b>REASON(S) FOR COMMITMENT</b>	<b>GOV./PROJECT</b>	<b>AMOUNT COMMITTED</b>	<b>VALUE OF COMMITMENT PAID DURING THE YEAR</b>	<b>VALUE OF COMMITMENT CANCELLED DURING THE YEAR</b>
2003/2004	Rahabilitation of Arusha AG's Office. The work was overlaping from FY, 2003/04 to 2004/05 by Corporation Sole Works Superitendent	Government	25,142,970.75	25,142,970.75	-
2004/2005	NIL		-	-	-
<b>TOTAL</b>			<b>25,142,970.75</b>	<b>25,142,970.75</b>	-

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ACCOUNTING OFFICER

**MINISTRY (AG'S CHAMBERS) OF JUSTICE AND CONSTITUTIONAL AFFAIRS**  
**STATEMENT OF COMPOSITION OF FUNDS**

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VOTE	PROJECT	NAME OF DONOR	APPROVED ESTIMATES			AMOUNT RELEASED			ACTUAL EXPENDITURE			VARIANCE		
			LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL	LOCAL	FOREIGN	TOTAL
41	Improving the Legal Framework for Economic Development	GTZ & BTC	40,000,000.00	1,434,125,000.00	1,474,125,000.00	40,000,000.00	415,220,073.10	455,220,073.10	40,000,000.00	415,220,073.10	455,220,073.10	-	1,018,904,926.90	1,018,904,926.90
41	Legal Sector Reform Project	WB & BF*	260,000,000.00	2,699,330,000.00	2,959,330,000.00	260,000,000.00	481,522,840.25	741,522,840.25	260,000,000.00	481,522,840.25	741,522,840.25	-	2,217,807,159.75	2,217,807,159.75
	<b>GRAND TOTAL</b>		<b>300,000,000.00</b>	<b>4,133,455,000.00</b>	<b>4,433,455,000.00</b>	<b>300,000,000.00</b>	<b>896,742,913.35</b>	<b>1,196,742,913.35</b>	<b>300,000,000.00</b>	<b>896,742,913.35</b>	<b>1,196,742,913.35</b>	<b>-</b>	<b>3,236,712,086.65</b>	<b>3,236,712,086.65</b>

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**ACCOUNTING OFFICER**

### 3.0 AUDIT FINDINGS AND RECOMMENDATIONS

#### 3.1 Follow up of Implementation on Previous Audit Findings

There are 4 outstanding audit queries for previous years as follows: 1 (AQ.J13/2002/2003) and 3 (AQ 6, 23, 29 of 2003/2004).

#### 3.2 Current Audit Findings

##### 3.2.1 Audit Queries

A test check of the accounts, statements and related records for the financial year ended 30<sup>th</sup> June 2005 resulted in the issuance of 11 audit queries and the more significant of which are referred to in the succeeding paragraphs. At the time of writing this report (January 2006) none has been replied.

##### Implication

Unwillingness of management to respond audit queries.

##### Recommendation

Management is responsible to act upon on the Audit queries issued, should also note that failure to respond to audit queries would result to qualification in future audit reports.

##### Revenue Account

During the year under review the Ministry (AG's Chambers) budgeted to collect Shs. 382,803,000.00 however actual collection was Shs.448,180,709.24 this recorded an over collections of Shs.65,377,709.25. Items recorded overcollections are listed below, however reasons for over collection were not given.

Item	Amount budgeted Shs.	Amount collected Shs.	Over/(under) collection Shs.
Rent from Govt Quarter & offices	3,300,000.00	13,380,870.04	10,080,870.04
Recoveries of public money	1,000.00	10,885,273.51	10,884,273.51
Miscellaneous receipts	1,000.00	7,536,422.66	7,535,422.66
Registration of marriages, births & deaths	373,000,000.00	411,417,032.00	38,417,032.00

##### Recommendation:

Management should ensure that the budgets reflect a realistic situations.

### **3.2.2 Statement of Assets and Liabilities**

The Statement of Assets and Liabilities showed unutilized balance of shs.34,597,283.28 as at 30<sup>th</sup> June 2005. However, no reasons were furnished for the unspent balances.

Furthermore, Note 2.4 of the Statement shows Shs. 13,951,231.78 to have been paid to Attorney General for various payees. However, the bonafide payees were not identified. Likewise Shs. 3,094,289.28 paid to Attorney General as “unspent balance for domestic debts due to irregularities” was not explained.

#### **Implication**

Violation of Public Finance Regulations.

#### **Recommendation**

Details of the above raised queries should be availed for audit verification.

### **3.2.3 Statement of Fixed Assets**

The statement of fixed assets for year ended 30<sup>th</sup> June 2005 reports assets worth shs.483,817,146.00 but the Ministry (AG’s Chambers) made adjustment to include assets acquired between 1997/1998 and 2003/2004 worth shs.1,476,923,419.00 and newly balance became shs.1,960,740,565.00.

#### **Implication**

The amount understated may lead to understatement of fixed assets.

#### **Recommendation**

In future the Ministry (AG’s Chambers) should include all assets that are newly acquired in the statement of fixed assets.

### **3.2.4 Weaknesses in Check up of Tenancies costed Shs 90,200,000**

The Attorney’s General Chambers paid a sum of Shs. 90,200,000 to various payees as rent assistances on behalf of various State Attorneys. A test examination revealed possibility of existence of weaknesses in control of tenancies and occupation of houses. (AQ. J 8 of 2004/05 refers).

#### **Implication**

Non regular check up of tenancies and occupation of houses may lead to incurring expenditures for which the government have not received the services.

#### **Recommendation**

The management has to review the tenancies agreements with a view of ensuring that rent is paid only for houses occupied by its staff.

### **3.2.5 Questionable Supply of T-Shirts and caps valued Shs.27,120,000.00**

Shillings 27,120,000.00 was paid to the Corporate Image Ltd. supported with Proforma Invoice No. 16115 of 10/3/05 for T-shirts and caps supplied to the Attorney's General Chambers' and acknowledged through receipt No. 2391 of 30/5/2005. However, delivery note and distribution receipts were not attached.

#### **Implication**

The purchased goods may not have been delivered or were used for unintended purposes.

#### **Recommendation**

The Ministry (AG's Chambers) should submit supporting documents to confirm the delivery of T-shirts and caps.

### **3.2.6 Lack of Break down of Shs. 7,862,400.00 spent on workshop**

The Ministry (AG's Chambers) paid a sum of shillings 7,862,400.00 (USD.5,850) in respect of services provided to 45 participants during the Legal Sector Workshop held at Bagamoyo between 22/9/2004 and 24/9/2004 as noted on the payee's invoice No. 12247 of 24/8/2004. The breakdown to support this expenditures were not obtained was not attached to support the payments.

#### **Implication:**

In the absence of the breakdown on expenditures incurred it was difficult to establish whether the funds were utilized for the activity in their entirety.

#### **Recommendation**

The Management should submit the breakdown of expenditures for audit scrutiny.

### **3.2.7 Sitting allowances not accounted for Shs. 8,350,000**

The payments of Shs. 8,350,000 was paid to the employment Committee members in respect of sitting allowances for conducting interviews during the month of May 2005. However, the payments were not supported by a signed pay sheets to justify expenditures.

#### **Implication**

There could be irregularities on payment of allowances.

#### **Recommendation**

The Management should submit a signed paysheet for audit scrutiny.

### **3.2.8 Tyres worth Shs 11,230,000.00 were not recorded in stores ledger.**

40 pieces of tyres with value of shs. 11,230,000.00 which were ordered from a single supplier were not recorded in stores ledgers.

#### **Implication**

Inadequate controls over stores.

### Recommendation

A sound system of Internal control over stores should be instituted to avoid possibility of short landing or unsupplied of paid goods.

### 3.2.9 Missing Tender Board files

The Ministry (AG's Chambers) files in respect of Procurement information were not made available for audit.

### Implication

This is a limitation of scope of audit.

### Recommendation

The management should submit files containing procurement particulars and proper maintenance of Tender Board minutes should be emphasized.

### 3.2.10 Operational Performance issues

Approved estimate for development vote was shs.4,433,455,000.00 and net expenditure was Shs.1,196,742,913.35, that is 26% of the Approved estimate. The following activities were partially implemented and some not implemented due to the fact that funds were not released or partially released by donors. See table below.

Strategic Objectives	Planned Targets	Achieved Targets	Approved Budget	Actual Expenditure	Variance	Reasons for variance
B. Responsive legal framework	Improved the legal frame work for Economic Development	-	654,000,000	-	654,000,000	Funds not released by donors
A. Speed Administration of Justice	Enhance government in delivery of justice	Target were not fully achieved as expected	1,434,125,000	425,220,000	1,018,905,000	Some of the funds were not released by donors
	Improved working environment and administration of juvenile justice	Target were not fully achieved as expected	2,045,330,000	481,522,840	1,563,807,159	Some of the funds were not released by donors

### Implication

This implies that the planned targets were not fully accomplished during the year under review.

### Recommendation

The Management should ensure that there is liaison between the Chambers and Donors in release of budgeted funds

#### 4.0 CONCLUSION

The detailed audit findings presented above have been communicated to management of the Attorney Generals Chambers. The Management 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 relationships will be extended during future audits.

Dr. F. M. H. Mhilu  
**Ag. CONTROLLER AND AUDITOR GENERAL**

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P. O. Box 9120  
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The Permanent Secretary and Paymaster General,  
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