

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE (NAO)



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE OFFICE OF THE SPEAKER
VOTE 42**

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2005

The Office of the Controller and Auditor General
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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 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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Definition of terms and Abbreviations:

Financial Statements means the following statements, notes and supporting schedules of the Office of the Speaker for the year ended 30th June 2005.

- Responsibility for the Financial statement
- Statement of vote Account - Recurrent
- Statement of vote Account - Development
- Cash flow statement for Recurrent Account
- Cash flow statement for Development Account
- Cash flow statement for Deposit Account
- Statement of Composition of Fund

These Financial Statements are attached as annexure No. 1 to this report

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

Act	Public Finance Act No. 6 of 2001 as amended in 2004
INTOSAI	International Organization of Supreme Audit Institutions
ISA	International Standards on Auditing
PFR	Public Finance Regulations

1.0 BACKGROUND INFORMATION TO THE AUDIT

1.1 Introduction

We have completed the audit of the financial statements of Office of the Speaker Vote 42 for the year ended 30th June 2005. Audit findings arising from examination of accounting records, appraisal of activities and evaluation of internal control system that require management attention and action are set out in part 3 of this report.

1.2 Brief history of the client establishment

The Tanzania Parliament was established during the colonial era and re-established after the attainment of independence in 1961, and derives its current mandate from the Constitution of the United Republic of Tanzania (1977) as amended from time to time according to the laid down procedures.

Section 63(2) of The Constitution of the United Republic of Tanzania provides that Parliament shall be the principal organ of the United Republic of Tanzania which shall have the authority on behalf of the people to oversee and advice the Government of the United Republic of Tanzania and all its organs in the discharge of their respective responsibilities in accordance with the Constitution.

1.3 The Main Statutory Functions

The office of the Speaker has dual responsibility to:-

- (i) Ask questions to any Minister concerning public affairs in the United Republic which are within his responsibility.
- (ii) Debate the performance of each Ministry during the annual budget session of the National Assembly.
- (iii) Deliberate upon and authorize any long or short term plan which is intended to be implemented in the United Republic and enact a law to regulate implementation of that plan.
- (iv) Enact legislation where implementation requires legislation.
- (v) Deliberate upon and ratify all treaties and agreements which the United Republic is party and the provision of which require ratification.

Vision

A Parliament that is a model of excellence is accessible to the public and enhances democracy.

Mission

To deliver quality services to the public that enhances the law making process and supervision of the performance of the government of the day.

1.4 Operational objectives

Objective A. (strategic plan)

To ensure conducive working environment to the Parliament in its major roles of considering and approving Legislation Bills, Taxation proposals as well as proposals for expenditures.

POLICIES	1 ST YEAR TARGETS
<ul style="list-style-type: none"> ➤ To have time spent in rendering services reduced 	<ul style="list-style-type: none"> ➤ Efficient administration of 3 Parliamentary Sessions by 2006. ➤ To provide welfare to Members of Parliament by 2006 ➤ To enable Tanzania parliament to have effective and efficient participation on International Conferences of which is a member. ➤ To ensure efficient operation of 16 Parliamentary Standing Committees and Sectoral Committees

Objective B (Strategic Plan)

To create conducive working environment for efficient and effective delivery of supporting services.

POLICIES	3 RD YEAR TARGETS
<ul style="list-style-type: none"> ➤ Highly qualified and motivated personnel ➤ Improved management coordination, supervision and supportive services 	<ul style="list-style-type: none"> ➤ To develop Human resources capacity and promote means for improved Parliamentary Services. ➤ Upkeep of Parliamentary House and its premises, Dar es salaam and Zanzibar ➤ To ensure improved social services to members of staff ➤ to ensure effective administration of the Table Office Department ➤ To ensure efficient and effective administration of the Hansard Production Department ➤ To ensure improved Library and Research services

	<ul style="list-style-type: none"> ➤ To have a well digested information and Civic Education to the Public ➤ To have efficient and effective accounts services ➤ To ensure adherence to Financial Rules and Regulations ➤ To ensure maximum Defence and Security of the Parliament ➤ To have improved communication services
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1.5 Financing

The main source of funds was the Government through the Appropriation Act. During the year under review the Exchequer issues received for Supply Vote amounted to Shs.18,387,488,675 and Development Vote Shs.1,899,913,000

1.6 Organization Structure

The Office of the Speaker is headed by the Speaker of the National Assembly. The daily activities are under the management of the Clerk of the National Assembly. There are nine divisions; namely:-

- Directorate of Library and Research
- Directorate of Parliamentary committees
- Directorate of Table Office
- Directorate of Hansard
- Directorate of Administration and Personnel
- Information and Mass Education Unit
- Defense and Security Unit
- Finance and Accounts Unit
- Internal Audit Unit

1.7 Financial Performance

Supply Vote

The supply vote account closed with a saving of Shs.32,952,879 after a net expenditure of Shs.18,354,537,421 against the net approved estimates of Shs.18,387,490,300. Exchequer issues received during the year amounted to Shs.18,387,488,675. The issues put against the net

expenditure resulted in Shs.32,951,254 being unutilized issues, which were partly offset by outstanding imprests of Shs.2,487,715 to make a cash book balance of Shs.30,463,539 with the Paymaster General. The saving was due to Shs.1,635 not released against the net approved estimates and Shs.32,951,254 not utilized against the exchequer issues.

Development Vote

Approved estimates for development vote account was Shs.1,899,913,000 and the whole amount was issued for development activities during the year resulting to nil balance as at the year end.

1.8 Audit Mandate

By virtue of the provision of Article 143 of the Constitution of the United Republic of Tanzania and section 30(1) and 37(1) of the Public Finance Act No.6 of 2001, the Controller and Auditor General is the appointed auditor of all government revenues and expenditures.

1.9 Audit objectives

The main objective of conducting the audit is to enable me to express a professional opinion on the Appropriation Account and Allied statements for the year ended 30th June, 2005 and in particular:-

- To determine whether the Appropriation Account and Allied Financial Statements were prepared in accordance with Treasury instructions.
- To ascertain whether all necessary accounting documents have been kept in respect of all transactions.
- To ensure adequate disclosure of necessary information in the Appropriation Accounts.
- To determine whether procurement procedures conform to the laid down regulations.
- To determine whether there is proper control and utilization of resources in an economic and efficient manner and any deficiency is being identified and reported thereon.
- To assess compliance with applicable Regulations.
- To determine whether the design of the internal control structure is adequate to protect the system and controls have been implemented and properly functioning as intended.

1.10 Audit Scope

The audit of the Office of the Speaker Dodoma for the year ended 30th June 2005 was carried out in accordance with ISA and the procedures that are consistent with INTOSAI. The audit covered the evaluation of the effectiveness of the financial accounting system and Internal Control over the activities of the Office of the Speaker. Examination and verification of the accompanying financial statements and other auditing procedures was considered necessary under the circumstances for the purpose of forming an opinion on the financial statements. The audit

was carried out on a test check basis, therefore the audit findings are confirmed to the extent that records, documents and information requested for the purpose of audit were made available to us.

As auditors we are not required to search specifically for frauds, 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 a reasonable expectation of detecting material misstatements in the financial statements, including those resulting from frauds or irregularities. The responsibility for detection and prevention of frauds and irregularities rests with the Office of the Speaker's management who are responsible for setting up and maintaining an adequate system of Internal Control.

1.11 Audit methodology

In auditing the financial statements together with the related records and schedules, the following procedures were followed:-

- Review of legal documents
- Examination of receipts and payments to confirm compliance with existing legislations, financial regulations and other instructions or directives.
- Review of the internal control system by assessing significant policies and procedures and determine its adequacy.
- Conducting Compliance tests on the system of procurement contracts and their execution as well as stores management.
- Appraisal of the previous audit recommendations to determine whether the Office of the Speaker has taken adequate corrective action.
- Hold entrance, and exit meetings with the auditee to discuss the audit objectives and results of the audit exercise.

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. D. Foka,
Accounting Officer of Vote 42,
Office of the Speaker

Re: **Audit Report on the Financial Statements of the Office of the Speaker for the year ended 30th June, 2005.**

I have audited the financial statements of the Office of the Speaker shown as Annexure I for the year ended 30th June, 2005.

Responsibilities of the Accounting Officer

Section 25(4) of the Public Finance Act places responsibility to the Accounting Officer to prepare the financial 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 Office of the Speaker.

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 Office of the Speaker.

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 Office of the Speaker 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 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 Office of the Speaker Vote 42 consistently applied and adequately disclosed, evaluating the overall financial statements presentation, and assessing the extent of compliance with the relevant statutory requirements. I believe the audit provides a reasonable basis for my opinion.

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

Opinion

In my opinion, the financial statements of the Office of the Speaker have been prepared based on the generally accepted accounting standards; and that they fairly reflect, in all material respects the results of its operations and cash-flows for the year ended on 30th June 2005, and the financial position as at the date.

Emphasis of matter

- (1) Shs.125,652,951,951 was paid in advance to suppliers of goods and Services contrary to the financial Regulations
- (2) Imprest of Shs.175,155,160 paid to various officers and Honourable members of parliament remained outstanding as at the report date.
- (3) Shs.22,543,744.80 was paid for Consultancy services in excess of the original agreed amount of Shs.44,354,400

Further to my opinion, the procedures used for the procurement of furnitures, IT equipments, and consultancy services and management of construction activities did not comply with the public procurement Act No. 21 of 2004 and the related regulations

The details of these matters are given in part 3 this Report.

Dr. Frank Moses Hiza Mhilu
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 Anomalies in the Financial Statements

An examination of the financial statements revealed the following anomalies:-

- (i) Exchequer Issue Notification Ref. No. EB/AQ/159/3/183 of 20th November, 2004 for Shs.99,000,000 was recorded in the Cash Book on 25/5/2005, almost six (6) months after being issued.

Implication

Delay in recording such transactions may result to an incorrect cash book balances.

Recommendation

Transactions have to be recorded in the relevant books of accounts or registers as soon as they are received or paid.

3.2 Statement of Vote Account - Supply

Net Approved Estimates

The Net approved estimates for the Supply Vote for the period under review was Shs.18,387,490,300. However, audit revealed that some of the figures on the approved estimates column (sub votes) were overstated/understated as per appendix attached.

Implication

This has resulted into incorrect accounts.

Recommendation

The necessary adjustments should be effected and the accounts revised accordingly.

3.3 Statement of Revenue - Recurrent

The statement of Revenue has shown that the actual revenue collected during the year was Shs.5,829,541 or 79.5% of the approved estimates of Shs.7,335,000 resulting in under collection of Shs.1,505,458.95 or 20.5% of the budget.

Implication

If efforts are not fully deployed in revenue collections, the Government is likely to lose a lot of revenues to be used to meet various social and development activities.

Recommendation

Management should raise effort to collect revenues due.

3.4 Statement of Arrears of Revenue

The Statement of Arrears of Revenue for the Year ended 30th June, 2005 disclosed that arrears of revenue amounting to Shs.9,488,490.04 were still uncollected as at that date.

Implication

Non collection of the arrears of revenue denies the government funds for meeting various expenditures in various activities.

Recommendation

Additional efforts should be made to ensure that the revenue is collected.

3.5 Statement of Losses of Cash and Stores

The balances of losses of Cash and Stores for the previous years were indicated as Shs.1,361,060 and Shs.2,292,000 respectively.

Implication

Frequent losses of cash and stores may imply that the controls instituted are not adequate.

Recommendation

Management should comply with the Regulations to ensure that losses are avoided.

3.6 Bank reconciliation statement as at 30th June, 2005

Outstanding - Items

The bank reconciliation statement as at 30th June, 2005 reflected the following outstanding items:-

Description	Amount (Shs)
• Payment in Bank not in Cash Book	42,853,948
• Receipts in Bank not in Cash Book	4,566,609
• Outstanding Deposits	324,208,636
• Outstanding Cheques	1,943,710,882

Implication

There is non-compliance with best accounting practices

Recommendation

Management should perform regular bank reconciliation as required in best practices.

- 3.7 Payments on the Strength of Proforma Invoices Shs. 124,652,951**
A total of Shs.124,652,951 was paid in advance to various suppliers of goods and services on the strength of proforma invoices contrary to financial regulations.

Implication

Proforma invoice is not an official accounting document.

Recommendation

Management should use proforma invoices to support payments in the books of accounts.

- 3.8 Unretired imprest Shs. 175,155,160**
A total of Shs.175,155,160 was paid to various officers and Honorable Members of Parliament as special imprests during the year under review. However, the imprests paid were not retired/recovered as the relevant details to confirm retirement/recoveries particulars were not submitted for audit verification.

Implication

If no recoveries or retirements have been affected, losses of money are likely to occur. This indicates inadequate financial controls.

Recommendation

It is recommended that recoveries or retirements of the outstanding imprests should be done as required by law.

- 3.9 News papers not recorded in the stores/ library register Shs. 14,012,160**
A total of Shs.14,012,160 was paid to MUSTAFA SWALEHE TUNDU for supplying various News Papers during the financial year 2004/2005. However, in the absence of Register/Records showing accountability of the News Papers paid for, I could not ascertain the authenticity of the payments made.

Implication

- Without a register or any other relevant records, bills may be inflated.
- Without relevant records it is difficult to ascertain that newspapers paid for had actually been delivered.

Recommendation

It is recommended to have a register in place for control purposes.

3.10 Invoices raised before issuing LPOs, Shs.57,254,544

A test check on procurement of goods and services revealed that an amount of Shs.57,254,544 was paid to various suppliers of goods and services based on invoices raised for payments even before issuing the relevant LPOs.

Implication

Such practices may lead to loss of public funds

Recommendation

Management should comply with financial Regulations.

3.11 Improperly vouched expenditure Shs.96,127,045

Examination of payment vouchers for the recurrent expenditure account revealed that payments amounting to Shs.96,127,045 were effected without relevant supporting documents contrary to Regulation No. 90 & 91 of Public Finance Regulation of July, 2001 propriety of the total expenditure could not be ascertained.

Implication

- Improperly vouched expenditure implies inadequate internal check and that Financial Regulations have been contravened.

Recommendation

The missing supporting documents should be traced and submitted to audit for verification

3.12 Questionable Payment Shs.17,426,800

Payment of Shs.17,426,800 was made to various payees to cater for transportation and supply of goods. Such payments were questionable since some of them were double paid, and circumstances surrounding the decision to effect such payments could not be established.

<u>PV. No.</u>	<u>Amount</u> <u>Shs.</u>
214/9	11,035,200
45 & 46/7	4,791,600
122/5	1,600,000

Implication

Audit could not rule out possibility of collusion on such transactions.

Recommendation

Management should recover from each payee the amount double paid.

3.13 Equipment not taken on ledger charge Shs.44,645,581

An amount of Shs.44,645,581 was paid to the Manager, CRDB Bank, Dodoma for purchasing Transcription and Recording Equipment from M/s Winchester Procurement Ltd of United Kingdom.

The number/quantities of the items purchased were not indicated. Further, Relevant records were not produced to confirm that the items already paid for were delivered.

Implication

There is violation of stores procedures.

Recommendation

Management should submit documentary evidence to confirm receipt of the same and ledger folio reference.

3.14 Payments supposed to be met by UNDP Shs.27,524,500

An amount of Shs.27,524,500 was paid to M/S HYPORMEDIA COMPANY (Shs.6,024,500) for Publications made and two staff members (Shs.21,500,000) for attending Management Development Programme for Executive Assistants in Mbabane Swaziland. It was noted from the related supporting documents that in both cases the payments were supposed to be met by UNDP.

Implication

There is a possibility of double payment for same services.

Recommendation

Management should recover the amount from UNDP or take measures to have Shs.27,524,500 regularized by the competent authority.

3.15 Questionable and irregular expenditures Shs.89,439,368

Payment for Executive Leather Sofa Sets Shs.15,817,500

An amount of Shs.15,817,500 was paid to HAASE GENERAL ENTERPRISES LTD for supplying Executive Leather sofa Sets.

The following anomalies were noted:-

- (i) The payment was made on 25th June, 2005, but delivery was affected on 18th August, 2005.
- (ii) The LPO was lacking essential signatures and not passed for payment in the pre-audit section.

Implication

Both the procurement and financial regulations were breached by effecting payment before delivery of the goods and payment effected without the necessary signatures on the relevant LPO

Recommendation

Management should ensure that both the procurement and financial regulations are strictly adhered to.

3.16 Short delivery of Air Conditioner Shs.5,850,000

An amount of Shs.11,700,000 was paid to JANMOHAMED's LTD for supplying 20 Sanyo Air Conditions - Window Type at a price of Shs.585,000 per unit. Examination of payment vouchers revealed the following:

- Proforma invoice No. 2446 from the supplier indicated that 10 Sanyo Air Conditions would have costed Shs.5,850,000 implying that 20pcs. would have costed Shs.11,700,000 as shown above. Stores particulars to confirm receipt of 20 pcs. of the air conditions were not submitted during audit.

Implication

Non delivery and follow up to the suppliers on the remaining air conditions imply that stores regulations are not adhered to.

Recommendation

- Recover Shs.5,850,000 overpaid or ensure delivery of the air conditions.
- Management should submit the authority granted for procurement of the items to audit for verification

3.17 Payment for Digital Priport Machine Shs.33,519,168

An amount of Shs.33,519,168 was paid to ZAOMA LTD for supplying 1 brand new digital Priport Machine, Model JP8500, Stand, Automatic Document Feeder, Twin Colour Unit, Editing Function Unit and Colour Drum A₃.

However, the following matters were noted:-

- The payment to the supplier was made on 16th June 2005, but delivery was affected on 12th September 2005 (The terms of payment as per Proforma Invoice No. PHK/104/05 were 100% delivery and Installation)
- Invoice No. 1584 was issued on 10th September, 2005 three months after the payment had been effected.

- The resolution of the purchasing committee was made on 11th June, 2005. However, the relevant document could not be submitted for audit on request.

Implication

Procurement and financial regulations were violated.

Recommendation

- Management is urged to adhere to the procurement and financial regulations.
- Management would also submit the resolutions document issued by the purchasing committee for audit scrutiny.

3.18 Payment to M/s Bonvoyage Travel Centre Shs.28,402,700

An amount of Shs.28,402,700 was paid to M/S BONVOYAGE TRAVEL CENTRE for transport services provided to the staff and Hon. Members of Parliament outside the country. However, included in the invoices were the payments for accommodations amounting to U\$ 1,930, (Shs.2,045,800) (U\$ 1930@ 1,060) which could not be authenticated by audit as it was not evidenced in the contract terms.

Implication

Propriety of the expenditure of Shs.2,045,800 could not be ascertained in the absence of the non availability of the accommodation element in the agreed contract.

Recommendation

Follow up to have the matter regularized or the money recovered as appropriate.

3.19 Payments to contractors Shs.485,977,537.55

Payments to M/s WEASONS Tanzania Ltd Shs.169,079,392.75

A total of Shs.169,079,392.75 was paid to M/S WEASONS TANZANIA LTD in respect of contract agreement for the extension of National Assembly Sub-Office, Dar es salaam, vide contract no. 56 of 2003/2004 for Shs.785,593,715.

However, the following matters were noted:-

- The payments were made from Supply Vote account instead of development vote account.
- The contract period was effective from 18th June 2004 to 18th February, 2005. However, till 27th September 2005, the works were still in progress meaning that the works were delayed for completion for 221 days with no liquidated damages recovered from the contractor.

- No contract register produced for audit when called for, meaning that none was being maintained

Implication

- Diversion of funds from the supply vote account to development activities is contrary to the financial regulations with reference to the relevant approved budgets.
- The terms of contract have been breached for late completion of the contracted works, and non recovery of the liquidated damages is a violation of a contract for the construction works.
- Control of the contract activities and transactions is difficult without a contract register to be deployed as a control tool.

Recommendations

- Ensure that the activities earmarked for financing from supply vote are implemented as planned.
- In future management should establish and make full use of a contract register.

3.20 Payments to M/S MAZRUI BUILDING CONTRACTORS Shs.250,000,000 A total of Shs.250,000,00 was paid to M/S MAZRUI BUILDING CONTRACTORS LTD of Zanzibar for construction of the National Assembly Sub-Office at Tunguu, Zanzibar for a contract sum of Shs.925,884,398.

Scrutiny of the related documents revealed the following anomalies:-

- The payments were not supported by Certificates of completion of works.
- The contract register for controlling payments was not produced for audit scrutiny.
- All payments were effected on 30th June, 2005 using three payment vouchers. Acknowledgement receipts to show that the payments were actually received by the payees were not produced for audit.
- There was no documentary evidence that retention money was set aside to be used for rectification of any future defects on the building(s)

Implication

- Without certificate of completion of works the basis and propriety of payments could not be ascertained.
- Control of contract activities and transactions is almost impossible without a control register.
- It is difficult to ascertain that payments have been received by the proper payees without acknowledgement receipts from the payees.
- Without retention money the contractor will hardly be liable for repairing any defective areas on the building

Recommendation

Management should adhere to the contractual and financial procedures to rectify the anomalies.

3.21 Excess payment for consultancy fee Shs.22,543,744.80

Ms. Data Vision International (T) Ltd was contracted by the Government through the clerk of the National Assembly to manager construction projects at Dar es Salaam and Zanzibar at a contract sum of TZS 110,146,000 (USD 110,146). Duration of the contract was 13 months from 2nd March 2004 to 1st March 2005. It was later extended to June, 2005. During implementation, agreement was reached that the contract sum be revised to USD 154,500.4 (=154,500,400) recording an increment of Tshs.44,354,400 to the original contract value.

However, the consultant was paid Shs.66,898,144.80 instead of Shs.44,354,400, being an excess payment of Shs.22,543,744.80 equivalent to 51% of the additional contract sum (AQ. No. 34).

In addition, the payment was made from supply vote account instead of Development Vote account.

Implication

Recurrent account activities remained unattended. Non certification of such payments implies weak controls over construction contracts.

Recommendation

- Management should refund the monies spent from supply vote account to Development account or justify the genuinity of the transaction.

3.22 Non submission of final accounts for catering services

The National Assembly operates catering services using public funds. However, no financial statements were prepared for submission to audit for examination as required by financial regulations and standards.

Implication

Non accountability of the Public Funds implies weak supervision of public property.

Recommendation

It is recommended to the management to ensure that the accounts are submitted for audit scrutiny.

4.0 CONCLUSION

The above findings were discussed with the management and they were generally agreed upon. We shall appreciate to receive formal replies to the report within twenty-one days after the date of receipt of the same.

We wish to thank the Accounting Officer and staff for the co-operation extended to the audit team during the course of the audit exercise.

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

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

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

5.0 ANNEXURES

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