

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE (NAO)



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF THE MINISTRY OF AGRICULTURE AND
FOOD SECURITY AND AFFILIATED BODIES
VOTE 43**

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2005

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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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CONTENTS

	Page
1.0 Background information to the audit	5
1.1 Introduction	5
1.2 Brief history of the client establishment	5
1.3 Operational Objectives	5-6
1.4 Financing	6
1.5 Management structure	6
1.6 Brief description of internal control system	6-7
1.7 Financial Performance	
1.8 Audit mandate	7
1.9 Audit Objectives	7-8
1.10 Audit scope	8
1.11 Audit methodology	8-9
1.12 Presentation of audit findings	9
2.0 Audit Report on the Financial Statements	
3.0 Audit findings and Recommendations	
3.1 Status of the previous years audit recommendations	13-20
3.2 Current Year's Audit Findings	20-34
4.0 Conclusion	34
5.0 Annexures	35-61
Organization structure	
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 Ministry of Agriculture and Food Security for the year ended 30th June, 2005.

- Responsibility for the Financial Statements
- Notes to the Financial Statements
- Statement of Vote Account - Supply
- Statement of Vote Account - Development
- Cash Flow Statement for Development Account
- Cash Flow Statement for Recurrent Account
- Cash flow statement for Deposit Account
- Summary Statement of Revenue
- Summary - Development Appropriation Account
- Statement of Losses
- Statement of Commitments of funds
- Statement of Arrears of Revenue

These Statements and notes form part of this report.

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

Regulations means the Regulations of the Public Finance Act issued under G.N. Number 259 of 2003 and the Public Procurement Regulations, 2001 as amended in 2005.

ARI	Agriculture Research Institute
DADPS	District Agriculture Development Plans
HORTI	Horticulture
IFRS	International Financial Reporting Standards
INTOSAI	International Organisation of Supreme Audit Institution
IPSAS	International Public Sector Accounting Standards
LGA	Local Government Authorities
LPRI	Livestock Production Research Institute
MTEF	Medium Term Expenditure Framework

1.0 BACKGROUND INFORMATION TO THE AUDIT

1.1 Introduction

We have completed the audit of the annual accounts of the Ministry of Agriculture and Food Security for the year ended 30th 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

The Ministry of Agriculture and Food Security was established in December, 2000 after dissolving the former Ministry of Agriculture, Cooperatives and Livestock Development. The mandates of the Ministry are provided in presidential directive issued vide government notice No. 467 of December 2000. The Ministry of Agriculture responsibility is to promote measures to improve efficiency and effectiveness of the services in the agricultural sector and to acquire, retain, develop and motivate personnel for efficient and effective implementation of its mandate at the most economical manner. Accordingly the mission of Ministry of Agriculture and Food Security is to facilitate efficient and effective agricultural development in collaboration with all stakeholders using well trained, gender sensitive, and maintaining the highest standard of excellence, honest and integrity.

1.3 Operational Objectives

The Ministry of Agriculture and Food Security is charged with facilitating the development of sustainable agriculture to increase productivity and profitability, to enhance food security and income through:-

- Increased agricultural production, productivity and quality to improve rural income and to reduce rural poverty.
- Enhanced capacity of Local Government to deliver quality demand driven agriculture services.
- Increased capacity of demand driven research and client oriented technology development and dissemination.
- Creating conducive environment for efficient and effective delivery of support services.
- Attainment of stable food availability and accessibility
- Creating environment for private sector participation in investing in agriculture and delivery of agricultural services.

Within its Medium Term Expenditure Framework (MTEF) the Ministry will achieves those objectives through:

- Developing and promoting appropriate agricultural technologies.
- Promoting integrated and sustainable use and management of natural resources to conserve environment.

- Increase capacity of LGA to deliver quality agricultural services.
- To increase private sector participation in agriculture
- Promote service and reduce HIV/AIDS infection in the agriculture sector.

1.4 Financing

The major sources of financing are:-

- Government through Recurrent and Development funds
- Development partners financing through foreign funds in the development budget which is categorized into loan and grants.

During the financial year 2004/2005 the Ministry received a total sum of Shs.55,224,786,859.27 in form of exchequer issues from Treasury as shown hereunder:-

Recurrent Expenditure	35,384,898,596.80
Development Vote	<u>19,839,888,262.47</u>
Total Exchequer Issues/Receipts	<u>55,224,786,859.27</u>

1.5 Management Structure

The Ministry of Agriculture and Food Security is headed by the Minister, assisted by the Deputy Minister and Permanent Secretary who is the Accounting Officer to the Vote.

Under the Permanent Secretary, the Management structure includes director of Administration and Personnel Division, Director of Policy and Planning Unit, Director of strategic Grain Reserve, Director of Research Development and Training Division, Director of Crop Development Division, Director of Irrigation and Technical Services Division, Director of Food Security Division, Principal State Attorney, Chief Accountant and Chief Internal Auditor.

1.6 Brief Description of Internal Control System

1.6.1 Authorization of Transactions

All transactions are duly authorized by the Head of Divisions. Payments not relating to procurement of goods and services exceeding 1 million must be authorized by the accounting officer.

1.6.2 Procurement system

All procurements are initiated by users. The requirements are documented and sent to the head of department for approval. The procurements are made either through quotations or tenders.

1.6.3 Stores and Property management system

The fixed assets upon delivery are recorded in the assets ledger/register and issued direct to the user using the issue vouchers and consumable stores once delivered are counted, posted in the ledger and stored. The issues are only made when required and authorized by head of department.

1.6.4 Internal Audit Unit

The Ministry has internal audit unit comprising of Chief Internal Auditor and 3 supporting staff.

1.6.5 Tender Board

There is a Ministerial Tender Board which deals with various procurements made by the Ministry.

1.6.6 Audit Committee

The Ministerial Audit Committee is headed by the Director of Irrigation and Technical Services. The Committee is formed by 3 Ministerial members, and one member from Treasury. The External Auditor, Chief Accountant and Chief Internal Auditor are invited members.

1.7 Financial performance issues

(i) Supply Vote Account

The net approved estimates for the year under review was Tshs.35,384,898,596. The exchequer issues received during and in respect of the year was Tshs.35,384,898,596 whereas the actual expenditure was Tshs. 35,377,267,668 leaving a balance of Tshs. 7,630,928 being cash in hand with the Paymaster General cash book. Actual expenditure represent 99.9% of both exchequer issues received and approved estimates.

Expenditure incurred are divided into the following categories;

Category	Amount (Shs.)
Personal emoluments	6,586,019,856
Supplier Goods, works & services	15,804,388,606
Transfer and subsidies	1,497,448,486
Other payments	11,489,410,718

(ii) Development Vote Account

Net approved estimates for Development Vote Account was Tshs.29,097,441,500. Exchequer issues received and actual expenditure incurred during and in respect of the year was Tshs. 19,839,888,262. The exchequer issues and actual expenditure represent 68% of original approved estimates.

Expenditure incurred is divided into the following categories:

Category	Amount (Shs.)
Suppliers -goods works and services	4,704,742,673
Current transfers and subsidies	7,482,532,218
Other payments	<u>7,652,613,371</u>
	<u>19,839,888,262</u>

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 responsible for the audit of all government offices including this Ministry.

1.9 Audit Objectives

The main objective of the audit is to enable me to express an independent opinion on the financial statements of the Ministry of Agriculture and Food Security for the year ended 30th June 2005 and in particular:

- To determine whether transactions were executed in accordance with management authorization and recorded properly in the books of account to permit the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs) and existing financial legislation.
- To determine whether exchequer issues received have been used exclusively and judiciously to meet eligible expenses as per approved budget by the Parliament.
- To ascertain whether all necessary documents, records and accounts have been kept in respect of all Ministry activities and verify that expenditures were made on the basis of approved budget.
- To verify whether goods and services bought during the year were procured according to the Public Procurement Act and related Regulations.
- 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 Ministry are adequately safeguarded against losses from unauthorized use or disposition.
- To determine whether the Ministry has taken adequate corrective action on previous years audit reports and recommendations.

1.10 Audit Scope

The audit was carried out in accordance with ISA and procedures that are consistent with those recommended by the INTOSAI. The audit covered the evaluation of the effectiveness of the financial accounting system and internal control over the activities of the Ministry of

Agriculture and Food Security, examination and verification of the accompanying financial statements and other auditing 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 a 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 Ministry of Agriculture and Food Security 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 their underlying records, the following principal audit steps were followed:

- Examination of receipts and payments transactions to establish compliance with the financial and procurement regulations.
- Review of the Ministry financial statements, performance reports and other associated information, deemed necessary.
- Interview and discussion with some of the staff and stakeholders on the implementation of the Ministry activities.
- Site visits to Research and Training Institutes, Foundation Seed Farms, District Council for DADPS to assess physical progress of various activities under the Ministry and
- Hold entrance and exit meetings with the auditee to discuss the audit objectives and results of the audit exercise respectively.

1.12 Presentation

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 comprise the opinion on the critical examination of the financial statements submitted for audit and the circumstances surrounding their 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. AUDIT REPORT AND FINANCIAL STATEMENTS

To: Mr. Paniel Lyimo
Accounting Officer Vote 43

Re: **Audit Report on the Financial Statements of the Ministry of
Ministry of Agriculture and Food Security for the year ended
30th June, 2005.**

I have audited the financial statements of the Ministry of Agriculture and Food Security shown as Annexure 2 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 statements 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 Ministry of Agriculture and Food Security and the affiliate bodies.

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 Ministry of Agriculture and Food Security 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 Ministry of Agriculture and Food Security,

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; reasonable precautions have been taken to safeguard the collection of revenue, the receipt, custody, disposal, issue and proper use of public property, that the laws, directions and instructions applicable thereto have been duly observed, expenditures of public monies has been properly authorized; and to satisfy myself whether the funds appropriated to the Ministry of Agriculture and Food Security 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

misstatement. 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 Ministry of Agriculture and Food Security consistently applied and adequately disclosed, evaluating the overall financial statements presentation, and assessing the extent of compliance with the relevant statutory requirements. I believe the audit provides a reasonable basis for my opinion.

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

Qualification

In my opinion, except for the matters specified below, the financial statements of the Ministry of Agriculture and Food Security and related bodies 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 that date.

Further to my opinion, except for non-delivery of one motor vehicle worth Shs. 29,640,000 and farm assets and implements valued at Shs.35,737,056.60, the procurements of household furniture and equipments, chemicals, fumigants, pest sides and maintenance of physical infrastructures and other services were generally done in accordance with the Public Procurement Act No. 21 of 2004.

Material Violation of Financial and Procurement Regulations of 2004 and 2005 respectively.

1. Eight matters relating to 1998/99 to 2003/04 audits involving an amount totalling Shs. 1,895,833,862.80 are still outstanding.
2. Supporting documents pertaining to payments of subsidy fertilizers made to M/S Dimon Morogoro, Tobacco Processor amounting to Shs. 217,224,717 were not made available.

3. Losses of cash and stores totalling Shs. 158,468,798.95 were not yet finalized as at 30th June 2005.

The detailed findings on these matters and others is given in part 3 of this report.

Dr. Frank Mosses 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 Status of the previous years audit recommendations

There are 13 outstanding matters relating to financial years 1998/99 to 2003/04. At the time of writing this report, 5 matters were settled and 8 were still outstanding as follows:-

Para 228.1 1998/99 Report

Para 208.5 Construction of Kilimo House

The approval of price fluctuations/variations amounting to Shs.277,100,425 has not yet been obtained from Treasury.

Management Response

The Ministry is working very close with the Treasury in getting the required document, our letter with reference No. JA/271/01 dated 19th July 2004 refers.

Comment

We are still waiting finalization of this mater.

Para 222.2 Outstanding Trade and other Debtors

The balance of Shs. 295,912,157 is still outstanding.

Management Response

The balance now stand at Shs.295,912,157.00 after the Treasury's write off of Shs.2,340,000.00 vide their letter Ref. No. EB/AG/270/01 VOL. I.II/37 dated 15th August, 2005.

Follow-up still being made on the remaining balance the breakdown of which is as shown below:-

Debtor	Amount	Remarks
Kijenge animal Production	158,840,100.00	The matter is still under court proceeding
Mbutano Investment and Confine Ltd	28,362,506.00	The matter is still under court proceeding
Bondeni Seed Co.	2,051,293.00	Under liquidation (LART)
Bondeni Seed Co.	89,632,713.00	Under liquidation (LART)
RTC Mtwara	15,840,000.00	Loss Report was prepared and submitted to Treasury
Gimo Mwanza	993,000.00	Follow-up on Loss Report being made
J. Chambo	192,515.00	Loss Report was submitted to Treasury, follow-up being made.
TOTAL	295,912,127.00	

Comment

Follow-up of outstanding Trade Debtors is emphasized.

Para 228.2 1999/2000 Report**Para 204.16 Non-payment of claims arising from termination of contract**

An unsettled claim of Shs. 5,866,736 should be treated as nugatory expenditure to the government.

Management Response

The claim was settled by the Federal Bank of the Middle East Limited in favour of M/S Delphis Bank vide receipt number 17249206 of 19/11/2004.

Comment

The matter is settled.

Para 228.3 2000/01 Report**Para 238.2 Unpaid salaries not paid to Treasury**

Out of the queried amount of Shs. 84,122,606, Shs. 63,297,357 was surrendered to Treasury leaving a balance of Shs. 20,825,249.

Management Response

The amount confirmed and due to be surrendered to the Treasury is TShs.11,234,731.20. The remaining balance of TShs.9,590,517.80 is being followed up.

Comment

Settlement of the Balance outstanding of Shs.9,590,517.80 is awaited.

Para 288.4 2001/02 Report**Para 19.1 Outstanding Debtors for Power Tiller Tractors****Shs.420,373,470**

Out of Shs. 420,373,470 the sum of Shs. 292,891,712 has been collected leaving a balance of Shs. 127,481,758.

Management Response

The amount collected up to November 2005 was Tshs.391,257,557.00, leaving a balance of Ths.29,115,913.00 as per attached schedule of debtors.

Comment

Recovery of the Power tillers and Tractors loans from Shs.292,891,792 to Shs.29,115,913 is appreciated. Management is required to make close follow up on the remaining amounts of Shs. 29,115,913.

2002/2003**Para 235 Shs. 4,610,000**

The matter is still unsettled.

Management Response

The procured items worth Shs. 4,610,000.00 were received and entered in the ledger books. The query was replied and submitted to Ex-Audit on 13th December 2005 for audit verification.

Comment

Verification has been done and the matter is now been cleared.

Para 241.24 JPY 1,037,100

Loss finalization report has not yet been obtained.

Management Response

This loss was written off by the Ministry of Finance vide their letter Ref. No. EB/AG/270/01 Vol. I. II/37 of 15th August 2005.

Comment

The letter with reference No. EB/AG/270/01 Vol.I.II/37 dated 15th August 2005 from Treasury has been produced and verified.

Para 241.3.2 USD 1,723.83

Loss report is awaited.

Management response

This loss was written off by the Ministry of Finance vide their letter Ref. No. EB/AG/270/01 Vol. I. II/37 of 15th August, 2005.

Comment

The letter with reference No. EB/AG/270/01 Vol. I.II/37 dated 15th August 2005 from Treasury has been submitted to Audit and verified.

Para 241.3.4 Contingent Liability Shs. 1,017,417,500

Comment from Attorney General is yet to be obtained.

Management Response

We are still awaiting Attorney General's comments sometimes in May, 2006.

Comment

Comments from Attorney's General are awaited.

Para241.5.6 Special Audit SGR - Arusha

The sum of Shs. 210,638,020 is yet to be recovered.

Management Response

This sum of Tshs. 210,638,020.00 comprises of two debtors namely:

i.	M/S/ Kijenge Animal Products Ltd	Shs. 158,840,100.00
ii.	M/S Kenmillars Ltd	Shs. <u>51,797,920.00</u>
		Shs. <u>210,638,020.00</u>

However, M/S Kijenge Animal Products Ltd. filed the suit in court in protest of the amount of Shs.158,840,100.00 he owes the Ministry. The matter is still pending in court.

Out of outstanding amount of Shs. 51,797,920.00 by M/S Kenmillars Ltd., only Shs.1,250,040.00 has been settled by him leaving a balance of Shs.50,547,880.00.

The total amount due to the Ministry now is Shs.209,387,980.00 i.e. Shs.158,840,100.00 + 50,547,880.00

The measures in force is to pursue the pending suit in court. Secondly to pressurize M/S Kenmillars to settle his outstanding debt.

Comment

Efforts to settle the outstanding balance are too minimal. Outcome of court proceedings on unsettled debt of Shs.158,840,100 is awaited. In addition, concerted effort should be taken to recover the outstanding amount of Shs. 50,547,880 from M/S Kenmillars Ltd.

2003/04

Payment for redesign work Shs. 81,840,000

Rehabilitation of Ilinzi and Nyanzwa Irrigation schemes.

No detailed evaluation report pertaining to these schemes were obtained to support this payment.

Management Response

Evaluation report on these schemes has been submitted to National Audit Office for verification.

Comment

Verification has been done and the matter is settled.

Questionable Settlement of Debts Shs. 216,149,500

Payments were made from Cotton Development Fund for settlement of “Urusi” debt. However, the nature of these payments was not known.

Management Response

The letters with Ref. No. CAC.65/138/01 of 19th July, 2004 and TYC/C/310/18/80 of 23rd February, 2005 explaining the nature of payments were submitted to the auditor for verification.

Comment

Audit is not satisfied by the response of the Accounting Officer. Further clarification is called for.

Uncompleted Civil works

Civil works in LPRI Mpwapwa, ARI Ifakara, ARI Maruku, ARI Mlingano, ARI Ilonga, HORTI Tengeru, ARI Selian, and ARI Ukiluguru are stand still.

The Ministry has not found the best alternative, to complete the work.

Management Response

Para:	Issues Raised	Responses	Comment
6.4.1	LPRI Mpwapwa - Station Rehabilitation It was observed that the rehabilitated four houses still had water leakages due to poor roofing, destructed ceiling boards caused by leakages, non functioning of toilets and sewerage system, poor electrical system, poor window shatters, damaged door locks and incomplete irrigation system.	This project was handed over on 8 April 2003 and defects period ended 6 October 2003. During Audit visit the defects liability period has already elapsed . Some of these defects are due to poor use e.g toilets, door locks etc. The department will source funds to rectify these defects in FY 2006/07 Construction of irrigation system stopped due to on going rain season. The office of DRT is communicating with the office –Director of Irrigation and Technical Services (DITS) to summon Zonal Irrigation	The Ministry is emphasized to appoint a suitable Supervisor who will be handed over the completed projects with a lot of defects as observed by Auditor during the site visits.

		Office in Morogoro to accomplish the remaining work.	
6.4.2	<p>ARI Ifakara</p> <p>It was found that the rehabilitation of Grade ‘ B’ houses was complete with an exceptional of electrical installation and incomplete water supply system due to wrong pump specification given by the consulting engineers.</p>	<p>The TANESCO problem has been completed and electrical system working properly..</p> <p>Specification of pump was changed and given to the contractor, and the same has been paid his money recently(Dec.2005) to complete the work. Flushing of bore hole and testing of the system will be done before end of January, 2006.</p>	<p>We agree with response by the Accounting Officer. The installation of a new water pump should be done, and call the auditor for verification.</p>
6.4.3	<p>ARI Uyole</p> <p>It was found that the rehabilitation of seven grade ‘C’ houses, construction of a storage tank, construction of 6km fence, construction of tissue culture laboratory, construction of a green house and the rehabilitation of access road were all complete with an exceptional of two houses that were not carried out, missing cooling system in the green house, doubtful construction material on the green house and poor windows on the tissue culture laboratory that needed modifications.</p>	<p>The responses on the observed issues are as follows:</p> <ul style="list-style-type: none"> • Two houses were omitted and the savings were used for more priority areas such as the extension of the livestock fence and drainage system. • The cooling system was mistakenly entered in the BOQ and was later omitted during implementation • Consultants have assured us that the green house construction materials are durable . • Windows in tissue culture laboratory were not part of the contract. But due to its necessity, DRT management has included this work to be rectified before end of FY 2005/06. Funds has already been sought in this quarter. <p>The Regional Engineer from Mbeya Municipality together with Uyole management have certified these finished works</p>	<p>Arrange audit site visit to check the completion of the work</p>

6.4.4.	ARI Ilonga It was found that the irrigation works were 90% complete	The parts (from abroad) which delayed the completion of the work have been delivered and now the work is to be completed except testing which will be done before end of March 2006	Pending for verification
6.4.5	ARI Ukiriguru It was found that the rehabilitated biotech laboratory, green house and construction of seven houses were complete. However cracks, water leakages, ceiling board damages poor electrical installation were detected	The mentioned defects are from the works done during the implementation of Phase I in Mid 1990's(NALRP) which was funded by the African Development Bank. Floor tiles, and other minor works was done by TARP II Funds will be requested from the government in next FY to rectify all the defects	Rectification of all defects should be done
6.4.6	ARI Maruku The civil works carried out were found to be satisfactory and were rated at 90% complete. However poor water system, toilet flushing and sewerage system were noted in the administration block.	The contractor has been paid his claims recently (Dec.2005) and he is planning to go to Maruku to finish the remaining work. All remaining works will be done before end of February 2006.	Pending for verification
6.4.7	ARI Mlingano It was found that the construction of water supply and elevation of water tank was successfully completed. However the water was found to be salty although it was tested by Maji Ubungo and found useful for domestic purposes.	The Maji Ubungo results showed that the water is suitable for domestic use. Copy of the certification is appended. DRT has sought some funds (Tshs 232 Mill.) from Food Aid Counter Part Funds for the other source of Water to the institute which has been identified at Pongwe village. This source has clean water. The committee has accepted the request.	Implementation report and expenditure details on utilization of Shs. 232 million, should be availed to audit.
6.4.8	ARI Selian The construction work done on the spare part store and the construction of water	The water leakage to the tank was rectified. Handing over of the project was also done. Minutes of the hand-over are	The matter is now cleared

	tank was found complete. However the store was not in use for the handing over reasons and water leakages were found on the tank that need rectification	appended.	
6.4.9	HORTI Tengeru The civil works on the laboratory were successfully carried out. The laboratory has not been put in to use due to lack of trained staff on culture pathology.	One staff is being trained in Netherlands and three other staff will undergo short course locally which is expected to start in February 2006.	The matter is now cleared

3.2 Current Year's Audit findings

3.2.1 Internal control system

(i) Internal audit services unit

It was noted that the Internal Audit Services Unit has only 4 staff however taking into the complexity and diversity of the Ministry this number of staff is not adequate.

Implication

The planned duties of the unit may not be carried out effectively.

Recommendation

It is recommended that this number be increased preferably to six to enable effective performance of the Internal audit service unit.

(ii) Audit Committee

According to Public Finance Regulations 30 -32 every accounting officer shall establish an audit committee which is required to meet at least quarterly. However, it was observed that contrary to regulations 32 (1) (a) the Committee had to meet only twice a year.

Implication

Important issues on control of resources could not be discussed for a common solution.

Recommendation

The Audit Committee should meet at least four times during the year as required by the Regulation. The committee should agree a timetable of

formal agendas in the four meetings and ensure that such agendas are fully discussed.

3.2.2 Financial Performance of the Ministry

(i) Miscellaneous deposit account

Miscellaneous deposit cash flow statement discloses receipts and payments during the year as Shs. 1,149,093,350 and Shs. 695,991,279 respectively. In addition the statements show the increase in cash at the end of the year of Shs.453,102,070. However, closing balance of Shs. 380,272,350 in financial year 2003/04 was not carried forward, as an opening balance for the year 2004/05.

Implication

The opening balance of the Ministry's Cash Book was understated as a result the closing balance of the bank statement differed with that of cashbook.

Recommendation

It is recommended that management should adjust the opening balance of Shs.380,272,350 in the Miscellaneous Deposit Account financial statements for the year 2005/06.

Management Response

The opening balance on 1st July, 2004 was Tshs.388,565,750.44 after making some adjustments with Treasury (CPS). Cashbook report from 1st July 2004 to 30th June 2005 has been attached for audit verification.

Comment

The submitted documents were verified and the matter is settled.

(ii) Revenue account

(a) The audited statements of Revenue Account and related records revealed actual collection of Shs. 848,703,058 against estimates of Shs. 819,709,000 registering over collection of Shs. 28,994,058. However, the following collections totalling Shs. 14,053,732 reflected in the bank statement were not recorded in the cash book.

Station	LT No.	Amount (Shs.)
PHS - Tunduma	300804	1,438,515
PHS - Tunduma	001290904	1,080,580
PHS - Namanga	00538502	6,236,199
PHS - Namanga	00538503	4,056,208
PHS - Tunduma	010405	1,242,230
	Total	<u>14,053,732</u>

Implication

The amount of revenue collection in the cashbook was understated.

Recommendation

The Ministry should ensure that the understatement of Shs. 14,053,732 is adjusted in the cashbook.

Management Response

- (a) It is true there was an over collection of revenue to the tune of Shs.28,994,058.00. All transactions queried have been entered in the cash book as well as in the Treasury Central payment system (CPS) and also appeared on statement of Account with Bank of Tanzania (BOT).
Cash activity Report of 1.7.2004 to 30.6.2005 has been attached for the purpose of your early reference.

Comment

We agree with the Accounting Officer's response.

- (b) Revenue account bank reconciliation statements were prepared up to 30th June 2005. The following items were still outstanding:

Item	Amount (Shs.)
• Credits in bank not in cash book	17,118,382
• Dishonoured cheque	2,321,649

Implication

The accuracy of the accounts could not be established.

Management Response

Revenue amounting to Tshs.17,118,382.00 was entered in the cash book and in the Treasury Central payment System (CPS), also Post June Bank reconciliation statement has been prepared with the inclusion of those transactions, therefore, accuracy of those items could be established. All documents relevant to this subject are available for your audit verification. Cheque No. 163222 for Tshs.275,600.00 was recovered by cheque No. 1668846 of the same amount vide LT 00220667 dated 28.10.2004 and acknowledged by ERV No.20354680. The remaining cheques number 465218, 130194 and 394551 amounting to TShs.2,046,049.00 paid to the Director - TPRI Arusha are still outstanding despite reminding letters with reference JA 311/501/01 JA 54th/508/01 and JA 211/508/01/91 of 30th August, 2005, 11th November, 2005 and 2nd January, 2006 respectively. The unpaid cheques still unsettled effort is being made to communicate with the debtors through Director of TPRI Arusha to settle their debts.

Comment

The Director of TPRI should request the Debtors to issue replacement cheques with the amount of Shs.2,046.049.00 (cheques No. 465218, 130194 and 394551)

3.2.3 Financial Controls

(i) Payment of subsidy for fertilizers Shs. 4,248,699,806

A test check of payments amounting to Shs. 4,248,699,806 relating to reimbursement of part of the cost of the fertilizers revealed the following irregularities:

- All transaction were not supported by customs clearance certificates
- There was no proof to confirm transportation of fertilizers as neither weighbridge receipts nor confirmation by Local Authority Officials were made available to audit.
- Some of the suppliers distributed fertilizers not specified in the contract agreement.

Implication

The correctness of payments made could not be established in audit.

Audit Recommendation

It is recommended that the management should submit to audit the necessary details required to support the payments made.

Management Response

Customs clearance Certificates and other supporting documents for Ms Premium Agro chem. Ltd., DRC Trading Co. Ltd., Export Trading Co. Ltd., and Tanzania Fertilizer Co. Ltd. Tanzania Leaf Tobacco Co. Ltd, are available for audit verification. However, we are still working on Dimon Morogoro Tobacco Processor documents.

Comment

Except for documents amounting to Shs.217,224,717 related to M/S Dimon Morogoro Tobacco processor other documents submitted to Audit were verified correctly. Action on the outstanding documents is awaited.

(ii) Unsupported payments Shs. 111,145,851

An amount of Shs. 111,145,851 was paid to Strategic Grain Reserve (SGR) as a refund of amount advanced to the Ministry HQ's to cater for training on food production, processing and storage; vide Pv. No. 108/5 and Chq. No. 00500887 dated 6/5/2005. However the expenditure details of the amount initially advanced to the Ministry were not available to audit to justify the refunded amount.

Implication

There is a possibility of making improper payments.

Recommendation

It is recommended that management should furnish the missing records for verification.

Management Response

It's true that during the financial year 2004/05 the Ministry spent Tshs.111,145,851.00 to facilitate training on food production, processing and storage, the training was conducted during the last part of May, 2005 and involved various stakeholders throughout the country. The exercise was carried out successfully. The expenditure details and all relevant supporting documents to account for Tshs.111,145,851.00 are available for audit verification.

Comment

Submitted expenditure details were verified and the matter is settled.

(iii) Unconfirmed Externalisation Shs. 65,000,000

The Ministry paid Shs. 65,000,000 to Desert Locusts Control as Tanzania's contribution. However neither externalization evidence nor acknowledgement receipt from respective organization was made available to audit.

Implication

Possibility of improperly payment being made cannot be ruled out.

Recommendation

Confirmation of externalization should be made available to audit.

Management Response

Tshs.65,000,000.00 was paid to Ms. Desert Locust Control Organisation for Southern Africa as Government contribution to the Organization, This contribution was made on 17th November 2004. Acknowledgement receipt number A 2982 of 25th November 2004 was obtained and hence it is available for audit verification.

Comment

The receipt No. A 2982 of 25th November 2004 was availed to audit and the matter is settled.

(iv) Questionable payment from Development Vote Shs. 23,292,731

A test audit of payment vouchers revealed that a sum of Shs. 23,292,731 was paid from development vote account to cater for

motor vehicle expenses and various allowances. The payment appears to be of recurrent nature.

Implication

Misallocation of Funds leading to ineffective budgetary control.

Recommendation

Payment of recurrent nature should not be made from the Development vote account.

Management Response

The fund was used for monitoring and evaluation purposes for all Projects under the Ministry.

Comment

The response by the Accounting Officer is agreed.

(v) Un confirmed accountability of fuel Shs. 50,394,434

A test check of the payments relating to procurement of fuels revealed that the Ministry paid Shs. 50,394,434 to the Chief Supplies Officer, Government Stores.

However, confirmation of receipt and accountability of fuel was not made available to audit.

Implication

Improper use of purchased fuel.

Recommendation

Management should confirm accountability by forwarding missing information.

Management Response

Fuel Acquisition Procedure.

Fuel is purchased from Government Stores through the Combined Requisition and Issue Note according to Ministry's Departmental orders raised. However, the payment system is by depositing the amount with Government stores before the service delivery. Deposit particulars are entered in the Ledger in terms of fuel quantities purchased and also in the fuel distribution register. Fuel delivery is obtained by issuing other Combined Requisition and Issue Note listing vehicles and quantity of fuel to be consumed by each vehicle whereby the drivers acknowledge the receipt of fuel by signing on the documents and return copy C to the office for recording purposes in the distribution register.

In respect of unconfirmed accountability of fuel TShs.50,394,434.00, the acknowledgement receipts from Chief Supplies, Government Stores, and other documents i.e. ledgers which show the accountability of fuel from various Departments are available for audit verification.

Comment

The missing documents and stores ledgers were submitted and verified.

3.2.4 Physical performance of the Ministry

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

- Training 400 students at a Diploma level.
- To reduce crop losses caused by pest and diseases through Quelea control operations in Mbeya, Morogoro, Dodoma, Shinyanga, Mwanza, and Manyagara and approximately 30 million birds were killed and locusts control in Bahi, Wembere and Katavi Plain with a total area of 15,000 hectares.
- Distributing 73,580 tonnes of fertilizer under subsidy arrangement.
- Distributing 12,803 metric tones of improved seeds to farmers.
- Expanding the total of 22,506 hectares of irrigation areas
- Developed and introduced to farmers nine crop technologies.
- Developed and introduced to farmers three technologies in soil and water management, agro forestry, and agricultural engineering.
- Five species of spices, five indigenous fruits and vegetables and two exotic fruits were introduced and tested at five research stations.
- Procurement of 45,000 metric tones of grains.

The statement of performance submitted with accounts did not give yearly clear planned targets against achieved targets.

Implication

The yearly achievement against planned targets could not be measured.

Recommendation

The Ministry should ensure that the targets are clearly defined.

Management Response

It is true according to Auditor's observation.

Comment

The performance report to indicate planned and achieved targets for the year 2004/2005 should be prepared and submitted to audit for verification.

3.2.5 Procurement Management

(i) Irregularities observed on procurement of vehicles Shs.127,155,495

A test audit of transactions relating to purchase of procurement of Motor vehicles observed that the following two suppliers were awarded contracts to supply vehicles:

Pv. No.	Supplier	Amount (Shs.)	No. of Vehicles	Type of Vehicle	Contract date
856/6	Diamond Motors Ltd.	97,515,495	3	4WD Double Cabin Pickup	14 th June, 2005
926/6	D.T. Dobie Co. (T) Ltd	<u>29,640,000</u>	1	Min Pickup Hardbody D/Cabin	15 th June, 2005
	Total	<u>127,155,495</u>			

The following irregularities were observed from the above payment:

- The basis used to award the contract was not availed to audit
- Payments were made on the basis of proforma invoices
- Out of the four vehicles purchased one was not yet delivered by the time of audit

Implication

Without calling for tenders/quotations exorbitant prices may be charged and delay in delivery of vehicle may cause extra cost.

Recommendation

The management should comply with procurement procedures and confirm delivery of the remaining vehicle by forwarding all relevant supporting documents.

Management Response

It is true according to Auditor's observation

Comment

At the time of writing this report (January 2006) one vehicle worth Shs.29,640,000 had not been delivered.

- (ii) **Non-delivery of farms assets and Implements Shs. 106,618,807**
Two payments amounting to Shs. 106,618,807 were as shown below, made to a supplier for the purchase of two tractors and farm implements as specified in contract agreements nos. 12 and 18 of 2004/05

PV. No.	Amount paid Shs.
40/6	73,464,075
42/6	33,154,732
Total	106,618,807

Evidence that the purchased items were delivered was not made available to audit.

Implication

Possibility of there being loss of stores cannot be ruled out.

Recommendation

Evidence to support delivery of purchased items should be produced to audit.

Management Response

The Delivery of those items was made on 29.5.2005 and 15.12.2005 respectively. Delivery note number 0232 of 29.5.2005 and 0378 of 15.12.2005 are attached for audit Scrutiny. The remaining items worth 35,737,059.60 are expected to be delivered later this month.

Comment

Items worth Shs.35,737,056.60 are still undelivered.

3.2.6 Outstation audits

(i) **Audit of agricultural research and training institutes**

Sample audits of Agricultural Research and Training Institutes were carried out to establish compliance to financial and procurement regulations. Some of the weaknesses observed which need immediate management attention and follow up include:

- Some of the procurements were made without observing procurement procedures i.e no use of quotations, gaps in maintenance of stores records etc. Shs. 105,479,300.
- In certain cases payment vouchers were found missing in their respective batches Shs. 9,126,325.

- Gaps in accountability of revenues was observed. Some of the revenues were not recorded in the cash books, and others were untraceable in the bank statement Shs. 18,722,820.
- Procured fixed assets were not coded and recorded in the fixed asset registers Shs. 6,762,460.

Implication

Misallocation of funds.

Recommendation

It is recommended that management should investigate the matters and take appropriate actions.

Management Response

We have taken note of the auditor's observations regarding the non-compliance to the financial and procurement regulations by some of the institutes. In order to rectify this abnormality, the Ministry conducted a one week seminar for all institutes accountants and Supplies Officers in Morogoro in November, 2005 to familiarize them with the New Finance and Procurement Acts. However, arrangements are being made to send Accountants from HQ to upcountry stations to render some help.

The recommendation has been taken by Management for compliance.

Comment

Follow-up will be made during future audits.

(ii) Audit of District Agricultural Development Plans (DADPS)

The audit of District Agricultural Development Plans were carried out with the aim of ascertaining compliance with respective DADPS financial resources utilization requirements. The test audits in sampled districts have revealed the following general weaknesses.

- Public participation in planning selection and execution of the projects were not practiced in some districts. Most of the projects are initiated by District council authorities.
- In certain instances it was found that the funds were unutilized as at the time of audit.
- It was observed that in certain instances the disbursed funds were used to finance projects which were not approved by the Ministry.

Implication

Misallocation of funds.

Recommendation

It is recommended that management should ensure that the funds allocated are not diverted to activities not in approved plans.

Management Response

(i) It is evident based on the DADPs guidelines issued to Local Government Authorities (LGAs) by Agricultural Sector Lead Ministries (ASLMs) that District Councils are required to prepare DADPs using Opportunities and Obstacles to Development (O&OD) planning methodologies with the involvement of beneficiaries at the village level in planning and implementation of own projects. Beneficiaries are also required to operate project Bank accounts of which funds could be transferred from DADPs district accounts.

Audit conducted during the aforementioned fiscal year observed some irregularities. Some districts were found to effect most of transactions through district accounts with slight involvement of beneficiaries due to delays in opening of beneficiaries account. However, the supervision visits made in November 2005 to eight district councils revealed that with exception of Magu DC, seven districts namely Muheza, Lushoto, Tabora MC, Kilombero DC, Morogoro DC, Mkuranga DC and Temeke MC managed to open beneficiaries' accounts and beneficiaries are fully involved.

(ii) Cases of unutilized funds were observed in eight districts as in (i) above. For Tabora MC, Kilombero DC, Morogoro DC and Temeke MC the irregularities were mainly due to delays in opening beneficiaries/projects accounts. However, based on the supervision report conducted by ASLMs in November 2005, the problem has been solved and projects are at various stages of implementation. For Mkuranga and Lushoto districts delays in funds utilization was due to changes from the original plan to implement different projects. The districts have communicated with MAFS regarding the proposed changes and arrangement to transfer funds to new projects for implementation is underway. Muheza District Council funds were not utilized because the management argued that funds allocated were insufficient to accomplish construction of planned charco dams, additional funds were allocated to the projects in financial year 2005/06.

(iii) This applied to two districts of Mkuranga and Lushoto for similar reasons as elaborated in (ii) above.

Comment

Prompt action should be taken to open Bank accounts for beneficiaries in Magu District Council. In addition, review on implementation and achievements of all DADPs will be performed during next audit.

(iii) Audit of Foundation Seed Farms

The audit of 5 foundation seed farms was made to evaluate farms performance, compliance with financial and procurement regulations and problems that hinder farms good performance. In summary audit observed the following weaknesses:

- In certain farms production and sales records are not maintained.
- Some farm's buildings are defective and need repairs
- Some Farms lack necessary machineries (e.g seed processing plants), thus increasing overhead costs.
- Some for the machines and buildings installed and constructed in mid 1980's and early 1990's were found not in use.

Implication

Inefficiency and poor performance leading to loss of funds.

Recommendation

Management should take appropriate action to rectify the anomalies.

Management Response

- In certain farms production and sales records are not maintained
- The farm manager of Dabaga has been directed to prepare production and sales ledger and submit them to the audit office for verification.

Comment

Store and sale ledgers from Dabaga Foundation Seed Farm were not submitted to audit for verification

- **Some of farm buildings are defective and need repair**
Funds have been sought from Japanese Food Aid Counterpart Funds (JFACF). A total of shillings 17,069,000 have been allocated for rehabilitation of seed farm buildings. Repair of buildings has started in Kilangali and Msimba farms.

Comment

We are still waiting to be informed on the progress of rehabilitation.

- **Some Farms lack necessary machineries (e.g. processing plants) thus increase overhead costs**
Efforts to solicit funds for the rehabilitation of the foundation seed farms have been taken. A total of Tshs 438,869,000 has been obtained from the Japanese Food Aid Counter Funds (FACF) in

order to improve seed production in the four farms (Dabaga, Msimba, Mwele and Kilangali). The funds are aimed at purchasing the tractors and implements (Tshs 296,200,000), processing plants (Tshs 125,600,000) and repair of buildings (Tshs 17,069,000). Already five tractors Lamborghini 674 N 70 have been purchased and delivered to the farms. Four other tractors HP 110 and implements including 4 disc ploughs, 6 disc harrows, 3 seed drills, 3 planter, 1 trailer, 2 cultivators, 2 fertilizer spreaders and 2 boom sprayers have been purchased and are to be delivered to the four above mentioned farms in mid January 2006.

Comment

Verification of the accountability and use of purchased machinery will be performed during future audit.

- **Machines and Buildings installed and constructed in mid 1980's and early 1990's were found not in use.**

An evaluation on the performance of machines in the seed farms is being done in order to have an updated inventory to identify the type of machines which need repair and their costs. Also the assessment will allow us to dispose off those which are beyond repair.

Comment

Final report of evaluation on the performance of machines should be submitted to audit.

3.2.7 Statement of Losses

The Statement of Losses indicated that losses of cash and stores amounting to Shs. 158,468,798.95 as detailed below were not yet finalized as at 30th June, 2005.

Number of Losses	Amount Shs.	Remark
7	6,867,551.25	Expired drugs awaiting board of condemnation
9	70,329,785.60	Under Police Investigation
1	32,221,805	Cash stolen awaiting court decision
	18,488,352.10	Cheque stolen and unrecovered loan under investigation
13	<u>30,561,305</u>	Relevant documents not available
Total	<u>158,468,798.95</u>	

Recommendation

The Ministry should exert more effort to finalize these losses.

4.0 CONCLUSION

The detailed audit findings presented above have been communicated to management of the Ministry during exit meeting held on 11th January, 2006. The Management has promised to take appropriate action with a view to rectify the situation. We shall appreciate to receive formally the action 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. Frank Mosses Hiza Mhilu
Ag. CONTROLLER AND AUDITOR GENERAL

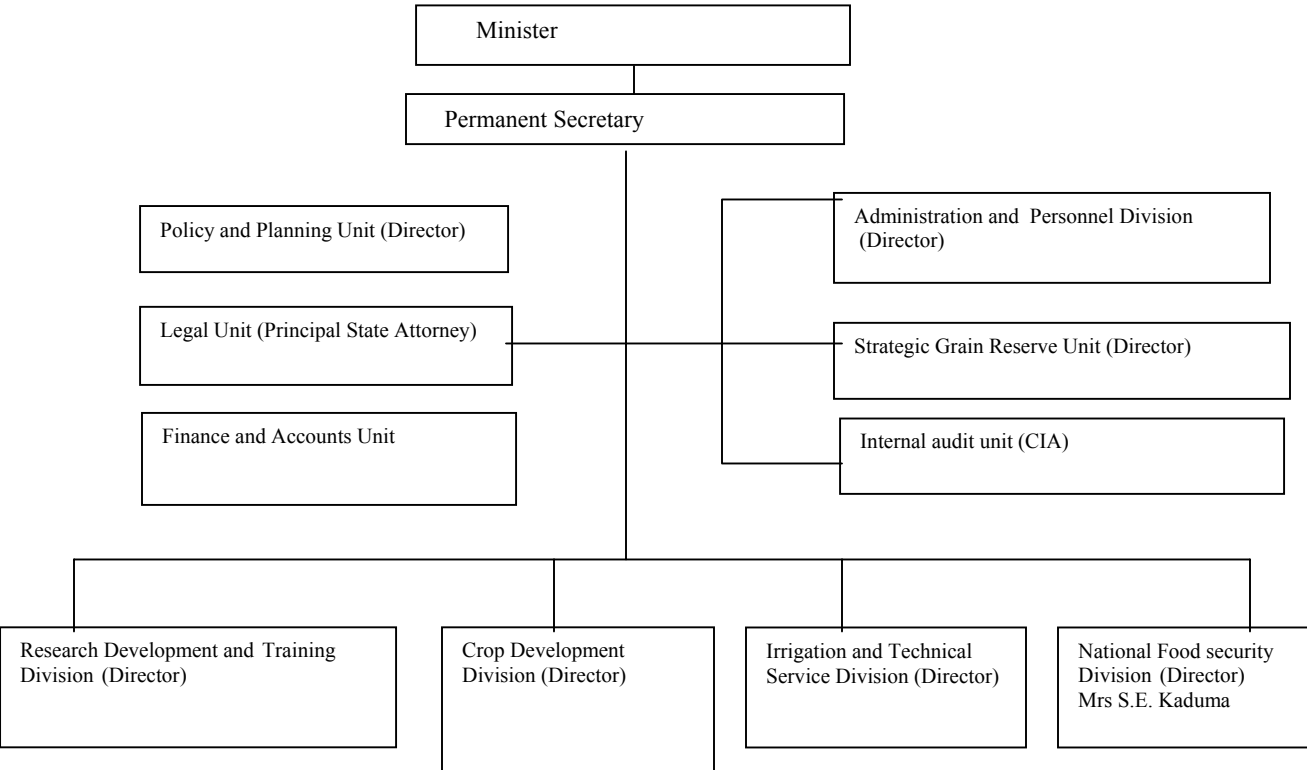
Copy to: The Chief Secretary,
State House,
P. O. Box 9120
Dar es Salaam

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

5.0 ANNEXURES

5.1

ORGANISATION STRUCTURE



**STATEMENT OF RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE, 2005**

These Financial Statements have been prepared by the management of the Ministry of Agriculture and Food Security 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 of Agriculture and Food Security 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 of Agriculture and Food Security.

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.

Signed by Accounting Officer

Date

5.2 FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

Appendix (i)

Refund of subsidy for Fertilizers Shs. 4,248,699,806

PV. No.	Payee	Amount (Shs.)	Remarks
228/3	Export Trading Company	377,562,267	- No customs clearance certificates
5/3	M/S Premium Agro Chem Ltd.	327,178,264	- No import declaration forms
453/3	M/S Export Trading Co. Ltd.	697,000,821	-“-
590/3	Tanzania Fertilizer Co. Ltd.	896,869,171	-“-
366/3	Export Trading Co. Ltd.	310,594,892	-“-
365/3	-“-	116,406,342	-“-
355/3	-“-	312,734,670	-“-
281/3	-“-	61,592,725	-“-
371/4		32,522,600	
106/6	Dimon Morogoro Tobacco Processor	217,224,717	- No Customs clearance certificate - No Customs
698/6	Tanzania Fertilizer Company Ltd.	231,039,985	- No import declaration forms - Customs clearance certificates
622/6	Tanzania Fertilizer Company Ltd.	206,201,601	No import declaration forms
533/6	DRTC Trading Company Ltd	17,402,687	- No import declaration forms - No Customs clearance certificate
532/6	DRTC Trading Company Ltd	162,754,374	declaration four - No Customs clearance certificate
416/6	Premium Agro Chem Ltd	64,389,974	- No Inputs declaration four - No Customs clearance certificate
409/6	Tanzania Leaf Tobacco Co. Ltd	217,224,716	- No Customs clearance certificate
	Total	4,248,699,806	

Appendix (ii)

Questionable payment from Development Vote Shs. 23,292,731

Pv. No.	Cqh. No.	Amount (Shs.)	Payee
51/6	00578118	892,000	Maximum Auto Garage
30/6	00577788	617,600	N/S Chan enterprises
48/6	00577786	735,100	M/S Zumbahae Group Co, Ltd.
47/6	00577785	452,400	Maximum Auto Garage
46/6	00577784	890,400	Maximum Auto Garage
45/6	00577783	1,520,400	Maximum Auto Garage
44/6	00577782	1,222,800	Maximum Auto Garage
43/6	00577781	449,600	Maximum Auto Garage
39/6	00577775	370,000	a.c Kinyaha
38/6	00577776	235,000	P/S
37/6	00577775	666,000	P/S
21/6	00577536	750,000	Edineck Mambazi
19/6	00577534	325,000	Joseph D. Kimaryo
18/6	00577533	400,000	P/S
15/6	00577530	276,000	Rhoda J. Mbelwa
7/6	00576966	612,950	M/S enterline Travel and Tours Ltd.
12/6	00577147	495,600	Maximum Auto Garage
11/6	00577148	595,200	Maximum Auto Garage
45/5	00576833	760,800	Tanzania Standard News paper (Ltd)
43/5	00576720	2,040,000	Julius A. ZEDEKIA
41/5	00576718	654,900	Ayoub J. Mndeme
39/5	00576716	560,000	Bakari A. Jongo
35/5	00576674	1,915,000	Benedict G. Njau
2/5	00576477	1,524,996	M/S Semvual enterprises
1/5	00576426	984,000	M/S Maximum Auto Garage
7/4	000576176	250,000	P/S
16/3	00575864	1,058,985	M/S Semvual enterprises
9/3	00575567	568,000	Oliva Mvuvu
2/2	00575136	800,000	Joseph D. Kimaryo
11/2	00575007	670,000	P/S
		23,292,731	

Appendix (iii)

Unconfirmed Accountability of Fuel 50,394,434

PV. No.	Chq. No.	Amount (Shs.)	Payee	Item
390/11	00435030	4,000,000	Chief Suppliers Officer (Govt. Stores)	Fuel
732/11	00440312	822,000	-“-	Fuel
731/11	00440311	1,708,800	-“-	-“-
696/11	00439991	922,000	-“-	-“-
367/11	00434570	4,000,000	-“-	-“-
366/11	00434569	950,000	-“-	-“-
337/11	00434154	3,000,000	-“-	-“-
336/11	00434153	2,000,000	-“-	-“-
335/11	00434152	4,687,500	-“-	-“-
334/11	00434151	922,000	-“-	-“-
670/11	00439738	1,334,267	-“-	-“-
340/3	00480818	3,000,000	Government Stores	Fuel
339/3	00480817	518,520	-“-	-“-
474/3	00484773	1,167,347	-“-	-“-
196/3	00479209	5,000,000	-“-	-“-
46/3	00475544	800,000	-“-	-“-
2/3	00474939	5,000,000	-“-	-“-
156/3	00478150	5,100,000	-“-	-“-
139/3	004776940	510,000	-“-	-“-
122/3	00476923	2,952,000	-“-	-“-
457/3	00484035	2,000,000	-“-	-“-
	Total	50,394,434		

**WEAKNESS OBSERVED IN SAMPLE AUDITS OF AGRICULTURAL RESEARCH
AND TRAINING INSTITUTES**

- (i) Procurements made without observing laid down procedures and poor maintenance of stores

Name of Institute	Description	Amount (Shs.)
Selfhelp DRT, DSM	Distribution of printed handbooks	11,580,000
IRI Ilonga, Morogoro	Stores not taken on charge	9,310,424
IRI Kifyulilo, Iringa	Purchase without quotations	5,831,950
ARI Kifyulilo,	Stores not on charge	13,406,200
MATI Uyole, Mbeya	Stores not on charge	11,714,313
MATI Uyole, Meya	Purchases using imprests	38,692,563
MATI Igurus, Mbeya	Stores not on charge	1,376,650
MATI Ilonga	Stores not charge	1,737,400
ARI Selian, Arusha	Questionable purchase of spares	629,800
ARI - Naliendele (cashewnut Research Fund)	Short delivery of Agro Chemicals	<u>11,200,000</u>
Total		<u>105,479,300</u>

- (ii) Poor Accountability of Revenue

Name of Institute	Amount Shs.
ARI Ilonga	731,639
ARI Uyole	2,956,500
MATI Uyole	2,011,800
MATI Igurusi	2,000,000
ARI Selian	6,389,920
ARI Selian	4,324,761
ARI Mlingano	<u>308,200</u>
	<u>18,722,820</u>

- (iii) Missing payment vouchers ARI, Ilonga Shs. 9,126,325
- (iv) Procured Fixed assets Neither coded nor recorded in the Fixed Assets Register

Name of Institute	Amount
Mati Uyole	6,762,420

Recommendation

The Ministry should ensure that the amount for approved budget is fully released.

Management Response

It is true there is variance in the approved estimates for development vote against the actual expenditure incurred. The approved estimates for the development vote during the financial year under review indicates that the Government contribution was 100 percent honoured, whereas the donors (World Bank for ASSP and EU for DADPs) could not honour the approved estimates of TShs. 22,661,008,300 as the actual fund released and spent was 13,403,455,062.49. The implication of not releasing funds has delayed the implementation of the respective programme/project activities.

Comment

We agree with the response of the Accounting Officer. The project (ASSP) is yet to be started.