

THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF THE MINISTRY OF HEALTH AND  
AFFILIATED AGENCIES  
VOTE 52

FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> 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:
- providing audit staff with adequate working tools and facilities that promote independence.

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### Definitions of terms and Abbreviations:

Financial Statements - Means the following financial statements notes and Supporting schedules of the Ministry of Health for the period ended 30<sup>th</sup> June 2005.

- Statement of Vote Account (Balance sheet) - Recurrent Account
- Statement of Vote Account (Balance sheet) - Development
- Health Services Fund Balance Sheet
- Cash flow statement for Recurrent
- Cash flow statement for Development
- Cash flow statement for Deposit
- Statement of cash receipt and Payment for Health Services Fund
- Summary statement of Revenue - Recurrent
- Statement of arrears of Revenue
- Statement of Composition of Fund
- Notes to the Accounts of Appropriation Accounts and other statements.

These financial statements are attached as annexure I to this report:

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

Regulations - Means Public Finance Regulations issued under GN 259 of 2003

AIDS - Acquired Immune Deficiency Syndrome  
ACGEN - Accountant General  
CIDA - Canadian International Development Agency  
HIV - Human Immune - Deficiency Virus  
HOST - Head of Sub-Treasury  
IFMS - Integrated Financial Management System  
INTOSAI - International Organization of Supreme Audit Institution  
ISA - International Standards on Auditing  
GCLA - Government Chemistry Laboratory Agency  
MDA - Ministry, Department and Agency  
NGOs - Non-Governmental Organizations  
TFDA - Tanzania Food and Drugs Authority  
TOR - Terms of Reference

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

### **1.1 Introduction**

We have completed the audit of the Ministry of Health for the year ended 30<sup>th</sup> June 2005. Audit findings arising from examination of accounting records appraisal of the Ministry's activities as well as evaluation of the internal control system which require management's attention and action are set out under part 3 of this report.

### **1.2 Brief history of client establishment**

The Ministry of Health was established by the Presidential decree on 23<sup>rd</sup> November, 2000 as per Special Instrument No.4 of 1<sup>st</sup> December, 2000 in the Official Gazette No.48 Vol.81 dated 1<sup>st</sup> December, 2000 and Government Notice No.467 and 468 published on 1<sup>st</sup> December, 2000.

#### **Vision**

Health Services of high quality, effective and accessible to all, delivered by well performing and sustainable national health system.

#### **Mission**

To ensure that all health employees and providers deliver health services for the achievement of improved health status of the public.

### **1.3 Operational objectives**

- Reduce morbidity and mortality rates with special focus on infants, children and women of reproductive age, to increase life expectancy.
- Prevent and control communicable diseases including emergencies and re-emerging oriented research.
- Ensure availability of primary health care services backed up with an effective referral system and action oriented research.
- Increase community participation and involvement in environmental sanitation health promotion and service delivery at all levels.
- To plan, train and provide competent and adequate number of health staff to manage health services with gender perspective.
- To revise periodically the National Health Policy and develop/revise policy guidelines, health legislation that ensure delivery of quality health service.
- To ensure availability of good quality, safe, effective and affordable drugs, medical and diagnostic supplies, equipment and safe food.
- Mobilize adequate resources and ensure proper management of human, financial and material resources.
- To facilitate rehabilitation and provide maintenance system of health infrastructure, equipment and instruments.

#### 1.4 Financing

During the financial year 2004/2005 the Ministry of Health approved budget was as follows:

<u>Description</u>	<u>Amount Shs.</u>
Recurrent Account	105,083,684,200
Development Account	91,215,753,600
<b>Total</b>	<b><u>196,299,437,800</u></b>

#### 1.5 Management structure

In order to perform its assigned roles, the Ministry of Health has six divisions, five units, two Agencies, Councils, Commissions and Board.

##### (i) Directorate

- Policy and Planning Directorate
- Administration and Personnel Directorate
- Preventive Health Services Directorate
- Curative Health Services Directorate
- Human Resource Development Directorate
- Chief Medical Officer Directorate

##### (ii) Units

- Finance and Accounts Unit
- Internal Audit Unit
- Information, Education, Communication Unit
- Nursing Services Unit
- Health Services Inspectorate Unit

##### (iii) Agencies

- Government Chemist Laboratory Agency (GCLA)
- Tanzania Food and Drugs Authority (TFDA)

##### (iv) Councils, Commissions, and Boards.

#### 1.6 Brief description of Internal Control System

The Ministry of Health has established Internal Audit Units and Audit Committee to ensure that proper system of Internal Control and accounting system exist throughout the Ministry, Unit, Agencies Commission and Board.

##### 1.6.1 Accounting System

The Ministry operates the usual government accounting system based on Central Payment Office in Dar es Salaam and Sub-treasurers at Regions using Integrated Financial Management System Platinum accounting package SQL (Structured Query Language)

### **1.6.2 Procurement System**

The Ministry of Health was using the Public Procurement Act, 2001 and the Regulations from 11<sup>th</sup> February, 2005 as adopted a new Public Procurement Act, 2004 and Regulation for procurement of Goods, Works, Non-Consultant services, Disposal of Public Assets by Tender, and Selection and Employment of consultants. The Ministry of Health has established the Ministerial Tender Board which deals with all Procurement activities.

### **1.6.3 Stores and Property Management System**

The Office of Supplies and Services under the Administration and Personnel Division is the Office which deals with the stores and property management of the Ministry of Health. The Ministry maintains Fixed Assets register, stores ledger for keeping the records of the Ministry's properties.

## **1.7 Financial Performance**

### **Exchequer issues**

The Ministry of Health received Exchequer issues during the year totaling Tshs.105,083,684,200 in respect of supply vote and Tshs.91,215,753,600 for Development Vote. All exchequer issues were requisitioned up to the required limit.

### **Supply Vote**

The year's out-turn on the Recurrent expenditure account reflected an actual expenditure of Tshs.104,162,371,574 against an approved budget of Tshs.105,083,684,200 which resulted in a favourable balance of Tshs.921,321,626.

### **Development Vote**

During the year under review, the actual development expenditure incurred was Tshs.43,854,183,114 of last year (2003/2004) indicating a progressive expenditure trend. The actual development expenditure incurred when offset with the approved budget of Tshs.91,215,753,600 resulted in a favourable saving of Tshs.19,505,596,455.

## **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 revenue and expenditure, including this ministry.

## **1.9 Audit objectives**

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

- To determine whether all funds as approved by the National Assembly

have been received and appropriated in accordance with the approved budget.

- To determine whether transactions were executed in accordance with management authorization and the financial statements prepared in accordance with the International Public Sector Accounting Standards and guidelines issued by the Treasury.
- To verify, on sample basis, whether goods and services bought were acquired through laid down procurement through the use of the Public Procurement Act.
- To ascertain whether all relevant supporting documents, records and accounts have been kept in respect of all Ministry activities.
- To perform compliance test to determine whether the management complied with all material aspects with regard to the objectives of the Ministry.
- 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 any unauthorized use or disposal.
- To determine whether the management of the Ministry has taken reasonable corrective action on previous year's audit recommendations.

#### **1.10 Audit scope**

The audit was carried out in accordance with the ISA and the procedures that are consistent with those recommended by the INTOSAI. The audit covered the evaluation of the effectiveness of the financial accounting system and internal control over the activities of the Ministry of Health and Affiliated Agencies, examination and verification of the accompanying financial statements to the appropriation account, and other procedures as was considered necessary in the circumstances. Therefore the audit findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to audit. 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 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 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 steps were followed by auditors:-

- Review of legal documents
- A review of the internal control structure

- Compliance tests,
- Interviews and discussions
- Examination of receipts and disbursements and payment records
- Site visits.
- Confirmation of exchequer issues received during the year.

#### **1.12 Presentation of audit findings**

The audit was carried out according to the audit 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 which is given in pages 10 to 17 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 the Permanent Secretary,  
Accounting Officer of Vote 52,  
Ministry of Health

**Re: Audit Report on the Financial Statements of the Ministry of Health  
for the year ended 30<sup>th</sup> June, 2005.**

I have audited the financial statements of the Ministry of Health attached as Annexure I for the year ended 30<sup>th</sup> June, 2005.

### **Responsibilities of the Ministry of Health**

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 entity.

### **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 Ministry.

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 Ministry of Health 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 Ministry of Health Vote 52 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.

### **Qualification**

1. In my opinion, except for the matters specified below, the financial statements of the Ministry comply with the generally accepted accounting standards, and they fairly reflect, in all material respects the results of its operations and cash flows for the year ended on 30<sup>th</sup> June, 2005 and the financial position as at that date.
  - (a) A total of Shs.949,516,914 issued to Sub-Treasury offices up country as Special Imprests was not accounted for by the Ministry Headquarter officials.
  - (b) Five audit queries relating to 2001/02 and 2002/03 audits are yet to be acted upon.
  
2. Further to my opinion, on public procurement, except for the matters specified below, the procedures for procurement of stationeries, equipment and other services were generally done in accordance with the Public Procurement Act. No. 21 of 2004.
  - (a) the procedures for selection and hiring of a Consultant for services on Health Care amounted to Shs.20,000,000 were apparently not followed as per Public Procurement Regulation (2005) Section 2(1)(c)
  - (b) The Ministry has purchased 10(ten) motor vehicles using tender proceedings. The Successful Supplier M/s Diamond Motors Ltd, apparently supplied only nine(9) pieces. One vehicle was not supplied. Even then, the 9 vehicles which were supplied do not meet user's specifications.
  - (c) Without prejudice to (b), goods worth Tshs.29,733,005,082 were short delivered contrary to the Public Finance Regulations.

**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 RECOMMENDATION

#### 3.1 Status of the previous audit recommendations

During the previous year's audit recommendations there were some of the key issues which required necessary action for improvement. We commend management for having implemented most of the recommendation. The status of key issues remaining is as follows:-

Period	Para	Recommendation	Status
2001/02	373.5	10.6 billion Deferred customers credit were still outstanding	Tshs. 6.1 billion is still outstanding
	373.8	Onion computerized system at MSD not yet installed	The expression of interest for procurement of the consultant have been advertised
2002/03	339.2	Payments made through contracts worth Tshs.103,271,517 were noted to be doubtful	The final report on the matter has not yet been released.
	341.2	Unvouched and Improperly vouched expenditure worth Shs.5,700,789,216 not supported by proper documentation.	Expenditure documents worth Shs.358,899,056 are yet to be delivered or rectified
	342.1	Irregular and questionable payments worth Shs.335,703,674 not yet rectified.	Payments worth Shs.230,117,604 not yet regularized/resolved

#### Recommendations

Accounting Officer's attention is drawn to the prospective advantages of acting promptly on audit findings with a view to securing public accountability by arresting financial and accounting controls deficiencies.

#### 3.2. Current audit findings and recommendations

##### 3.2.1 Position of Audit Queries

A test check of the accounts, statements and related records for the year under review (2004/2005) resulted in the issuance of 18 queries, the more significant matters of which are referred in the succeeding paragraphs.

At the time of writing this report (January, 2006) 25 audit queries and 1 Management letter, relating to the previous years were still outstanding.

#### Recommendation

We reiterate management should act on the previous audit queries and submit evidence for verification.

### 3.4.0 Financial Control Issues

#### 3.4.1 Unvouched and improperly vouched expenditure shs.30, 051,610,720

During the year under review we have noted that in some instances paid Payment Vouchers were not fully supported by proper documentation to authenticate payments effected as follows:

S/N	Description	No. of queries raised	Amount involved
1.	Missing Payment Vouchers	2	7,503,825
2.	Unvouched Expenditure		
	• Goods and services 2,082,049,301		
	• Medical expenses (abroad) 361,284,512	4	2,443,333,813
3.	Goods not delivered	6	29,733,005,082
4.	Payment based on wrong account	1	66,768,000
	<b>Total</b>		<b>30,051,610,720</b>

#### Implication

Laxity in control of accounting records

#### Recommendation

- Management should ensure that missing payment vouchers and relevant supporting documents are traced and submitted for audit review.
- Payments made based to wrong account should be adjusted accordingly.

#### 3.4.2 Outstanding Special Imprest Issued to Sub-Treasuries Tshs.949,516,914

A general review of imprests has revealed that a total of Tshs.949,516,914 relating to Special Imprest which were issued to various up-country Sub-treasuries pending accountability by Ministry's Officials. Details of how these imprests have been utilized in the interest of the public are yet to be furnished as follows:-

Arusha	62,291,250
Dodoma	86,002,225
Iringa	7,278,500
Kagera	56,828,380
Kibaha	33,274,800
Kigoma	41,319,000
Kilimanjaro	33,196,514
Lindi	10,249,329
Manyara	3,160,000
Mara	85,874,000
Mbeya	26,797,000
Morogoro	197,295,200
Mtwara	11,277,860
Mwanza	179,174,700
Pwani	9,480,520
Rukwa	5,786,000

Shinyanga	9,033,600
Singida	2,098,000
Tabora	28,481,700
Tanga	60,618,336
<b>Total Shs.</b>	<b><u>949,516,914</u></b>

### Implication

Imprests are not being retired within the stipulated time limit (14 days) or after completion of the activity(s).

### Recommendation

- Management should ensure that special imprests issued to Ministry's Officials through respective Sub-treasuries up-country are accounted for

### Management response

The outstanding imprest amounting to 949,516,914/= appeared in the appropriation accounts for the year 2004/2005. This amount was paid through the Host Sub Treasuries for activity implementation. Out of this amount 247,473,313.00 has already been retired as detailed below. Ministry is still working on the balance remaining amounting to Tshs. 701,943,601.00.

Attached are credit memos for the retirement of this 247,473,313.00

Host Sub Treasury	Amount Tshs.	Credit Memo	Amount Retired
Arusha	26,820,000.00	5000459	29,690,000.00
	2,870,000.00	5000483	
Dodoma	21,423,250.00	5000482	21,423,250.00
Iringa	2,648,500.00	5000497	2,648,500.00
Kagera	46,829,000.00	5000488	52,490,880.00
	5,661,880.00	5000487	
Kilimanjaro	2,689,760.00	5000498	8,351,754.00
	2,865,000.00	5000496	
	2,796,994.00	5000499	
Lindi	4,453,330.00	5000464	7,719,329.00
	3,265,999.00	5000463	
Mara	26,862,000.00	5000485	26,862,000.00
Morogoro	17,941,000.00	5000500	38,151,000.00
	20,210,000.00	500524	
Kibaha	14,019,000.00	5000525	14,019,600.00
Tanga	38,757,200.00	5000502	46,117,000.00
	3,625,000.00	5000501	
	3,734,800.00	5000526	
<b>TOTAL</b>			<b>247,473,313.00</b>

**Comment**

Audit is awaiting the submission and verification of the retirement particulars.

**3.4.3 Fixed Assets**

A physical survey of the assets (i.e. computers, furniture, and other equipments) of the Ministry has revealed that several assets were not coded for easy identification.

**Implication**

Non-coding of fixed assets may render to easy theft and misallocation.

**Recommendation**

Management should ensure that all assets are coded for easy identification.

**Management response**

The codification work is progressing well. The contractor has already finished with the Preventive Department; he is now working on the Chief Medical Officers assets after which he will then code the other department's assets. Ms. Roots General Agency was given this was through LPO No. 5000067 issued on 24<sup>th</sup> January 2006.

**Comment**

The matter is still outstanding.

**3.4.4 Consultancy services not rendered but paid for TShs.20,000,000**

A sum of Tshs.20,000,000 was paid to the Permanent Secretary (Ministry of Health) for Consultancy Services on Health Care.

However, we observed that the procedure for the selection and employment of Consultant as per Public Procurement Regulation (2005) section 2(i)(c) was apparently not followed. Further, there was no evidence, which indicated that the consultant was engaged and consultancy service actually took place. On the other hand the payment made to the Permanent Secretary vide payment voucher No. 1950/6 could not be traced and no explanation was given despite several enquiries.

**Implication**

- Violation of procedures on the selection and employment of consultant.
- Money utilized for purpose not intended

**Recommendation**

Management should ensure that procedures for the selection and employment of consultants are adhered to and followed.

Management should account for Shs.20,000,000 purported to have been paid to the Permanent Secretary.

**Management response**

The Ministry is in a process of engaging a Consultant.

**Comment**

The matter is still outstanding

**3.4.5 Non-delivery of Mitsubishi Pick-up**

Tender No. 65 of 2003/2004 was awarded to M/s Diamond Motors Limited for the supply of ten (10) Motor Vehicles worth Tshs.241,630,596. However, we noted that the approved tender did not materialize during the year 2003/2004 instead the payment was made during the financial year 2004/2005 where no budgetary provision existed. No explanation was provided for the delay. Despite the delay, the supplier (M/s Diamond Motors) did not deliver one unit of Mitsubishi pick-up. Further, the Bid Evaluation Report in the File for Tender No. 65 of 2003/2004 disclosed that the motor vehicles delivered were not according to the user's specifications.

**Implication**

- The supplier did not adhere to the contract agreement.
- Financial regulations violated without authority.

**Recommendation**

The Management should ensure that one unit of Mitsubishi Pick-up is delivered by the supplier.

**Management response**

This issue has been presented to the Ministerial Tender Board on 21/20/2005 for approval of the suppliers claim of balance. The after discussions the Board decided the issue should be presented to the Ministry Lawyer for advice.

**Comment**

Recovery and Accountability of the motor vehicle is awaited.

**3.4.6 Ministerial Audit Committee**

The Public Finance Regulations 30(1) and 31(1) and (2) stipulates that there shall be in each Ministry; Ministry; Agency of Region a committee known as Audit Committee.

An audit Committee shall be composed of Senior Member of the Ministry; agency; Ministry or region as the case may be; nominated by the respective Accounting Officer and at least one member appointed by the Accounting

Officer from the external sources. However, we observed that, despite the existence of the Ministerial Audit Committee no formal training has been provided to the members to enable them carry out their duties responsibly

**Implication**

Due to lack of proper training the audit committee may not perform its duties efficiently and effectively.

**Recommendation**

Management should ensure that formal training for Audit Committee members is provided.

**Management Response**

The Accounting Officer has already issued an approval for the Audit Committee training; only left is when and where to go.

**Comment**

Based on the management response, our observation remains as stated.

**3.4.7 Internal Audit Unit**

The Public Finance Regulations Part 6 Section 28 stipulates that in order to discharge his responsibilities under this regulation the Accounting Officer shall establish an effective Internal Audit Service Unit throughout the Ministry; Ministry or Agency or other reporting unit.

However, we observed that the management structure of the Ministry provides for a provision of 14 Internal Audit Staff. Currently, the unit consists of only 4 Internal Audit staff.

**Implication**

Considering the magnitude of the Ministry of Health the existing number of Internal Audit Staff may have an adverse effect in carrying out Internal Audit function effectively and producing Internal Audit Report in time

**Recommendation**

Management should ensure that more staff are recruited to strengthen internal audit unit as per ministerial approved structure.

**Management response**

The Ministry has sent a request to Permanent Secretary Civil Service Management President's Office vide Ref. Na. CDA 209/238/01/28 of 1<sup>st</sup> April 2005 asking for the permission to employ 10 audit staffs to fill the existing gap in the Internal Audit Unit.

The permission was obtained for only 3 auditors to be employed in the year 2005/06 as follows:-

- Principal Internal Auditor (1)
- Senior Internal Auditor (1)
- Internal Auditor (1)

The ministry has already advertised the posts in the Daily News Paper. Short-listed the qualified applicants and the recruitment process are in the final stage.

The ministry has already included in its 2006/07 budget all vacant posts for Internal Audit Unit. Audit will recruit the qualified auditors after receiving the authority from Civil Service Management President's Office.

#### Comment

With effective Internal Audit Unit as External Auditors we could place reliance on the work of internal audit to reduce the extent of our audit tests.

### 3.5. Operational performance overviews

#### 3.5.1 Performance overviews:

The Accountant General's Guidelines for the preparation of annual final accounts stipulate that all Ministries, Departments and Agencies (MDAs) should comment on what has been achieved at each target level, when reporting the current year's performance.

However, a review of physical progress of activities performed by the Ministry of Health in order to achieve intended objectives and factors which contributed to less expenditure has revealed the following features:

S/N	OBJECTIVE	TARGET	ACHIEVEMENT	AUDIT COMMENTS
	RECURRENT ACCOUNT			
	SUB VOTE: FINANCE AND ACCOUNTS MINISTRY			
1.	To create a conducive and gender responsive environment for efficient and effective delivery of supportive services.	Provision of Administrative and logistics services to improve performance of finance and accounts by June 2007.	6 staff was paid Annual Leave, 12 months utilities paid to the CA and three motor vehicles serviced, and stationery purchased as well as the MTEF 2005/2006 prepared.	Target Achievements attained are not related to the intended objective.
	SUB VOTE: POLICY PLANNING			
1.	To ensure availability of basic essential health care services backed up with an effective referral system, action oriented research, gender disaggregated	Health Systems Research, health information and utilization of gender disaggregated data for evidence based planning	Nil	Target Achievement not given despite the fact that Tshs. 121,429,750 was spent against a budgetary provision

	health data and active participation and involvement of the community.	and decision making promoted at national to district levels by June 2007		of Tshs. 132,234,650.
2.	To review, develop, disseminate, monitor and evaluate the National Health Policy, policy guidelines, legislation, standards, processes, regulations, plans and budgets that ensure delivery of quality health services with a gender perspective.	Implementation of National Health Policy, Guidelines and 5 Plans advocated, supported, monitored, evaluated and reviewed at all levels by June 2007.	Process to procure consultant to develop key features of bill in health sector underway. Harmonization of MOH Medium Term Strategic Plan and Health Sector Strategic Plan are worked on. Top level management has attended training session on this. Working session to prepare MTEF was conducted and MTEF document produced.	Partially implemented.
<b>DEVELOPMENT ACCOUNT</b>				
<b>SUB VOTE: POLICY AND PLANNING</b>				
1.	To rationalize and rehabilitate the health infrastructure taking into consideration services for people with disabilities and provide a maintenance system for health facilities, equipment and instruments.	Policy guidelines on health infrastructure, equipment and instrument developed and disseminated to 114 councils, 45 training institutions, 8 tertiary hospitals and 4 agencies and parastatals of the ministry of health.	Nil	Target Achievement not given despite the fact that Tshs. 4,690,459,666 was spent against a budgetary provision of Tshs. 9,097,804,000.
<b>SUB VOTE: CURATIVE SERVICES</b>				
1.	To reduce morbidity and mortality rates in vulnerable groups with special focus on infants, under five children, pre-school and school age children, youths, people with disability, elderly and women of reproductive age, to increase life expectancy.	Rehabilitate health services introduced and strengthened in level III public health facilities by 2007.	Rehabilitation under way.	Not Implemented.

### Management response

The Ministry acknowledges the weakness reported and has taken note of the Auditors recommendation. In future the Ministry will ensure reported achievement is realistic.

### Comment

Audit will keep it in view for future implementation.

#### 4.0 CONCLUSION

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

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

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

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**5.0 ANNEXURES:**  
Financial statements and statement of responsibility