

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



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON  
THE FINANCIAL STATEMENTS OF THE MINISTRY OF LABOUR  
YOUTH DEVELOPMENT AND SPORTS  
VOTE 65**

**FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2005**

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DAR ES SALAAM.

February, 2006

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

The National Audit Office,  
United Republic of Tanzania

*(Established under Article 143 of the Constitution of the URT).*

The statutory duties and responsibilities of the Controller and Auditor General are given in the Public Finance Act No. 6 of 2001.

### **Our Vision**

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

### **Our Mission**

We are the Supreme Audit Institution in Tanzania, which strives to provide timely and high quality audit services to all our clients in order to enhance public sector financial performance by educating key stakeholders on the effective management of public finances; providing value added services and functioning independently and impartially in auditing and reporting on public accounts.

### **Therefore, our Core Values are .....**

- ✓ We strive to achieve and maintain objectivity in providing impartial audit services so as to promote our independence
- ✓ We pursue excellence in the provision of our audit services
- ✓ We exercise professional integrity by demonstrating high ethical standards
- ✓ We focus on people and have great respect to our stakeholders
- ✓ We encourage and promote innovation amongst our members of staff; and
- ✓ We ensure best resource utilization at national as well as individual public entity level.

### **We do this by.....**

- contributing to better stewardship of public funds ensuring that ministries, departments, agencies, and public authorities are accountable for the resources entrusted to them;
  - helping to improve the quality of public services by supporting innovation on the use of public resources;
  - providing technical advice to our clients on operational gaps in their operating systems;
  - Systematically involve our clients in the audit process and audit circles; and
  - Providing audit staff with adequate working tools and facilities that promote independence;
- © This audit report is intended for use by government authorities. However, upon receipt of the General Report of the CAG by the Speaker, this report is a matter of Public record and its distribution may not be limited.

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## Definitions of terms and Abbreviations

Financial Statements means the following statements, notes and supporting schedules of the Commission for Human Rights and Good Governance for the year ended 30<sup>th</sup> June 2005.

- Responsibilities for the financial statements
- Statement of Vote Account-Recurrent
- Cash Flow Statement for Recurrent Account
- Cash Flow Statement for Deposit Account
- Notes to Financial Statements
- Summary Statement of Revenue
- Statement of Arrears of Revenue
- Summary Statement of Losses
- Summary Appropriation Account

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

Ministry means Ministry of Labour and Youth Development

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

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

Act	Public Finance Act No. 6 of 2001 as amended in 2004
F/Y	Financial Year
G.N.	Government Notice
INTOSAI	International organization of Supreme Audit Institutions
ISA	International Standards on Auditing
NGOs	Non Governmental Organizations
PFR	Public Finance Regulations
TFF	Tanzania Federation of Football
TFA	Tanzania Football Association (now TFF)
OSHA	Occupational Safety and Health Authority

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

### **1.1 Introduction**

We have completed the audit of the Ministry of Labour, Youth Development and Sports for the year ended 30<sup>th</sup> June 2005. Audit findings arising from examination of accounting records, appraisal of the Ministry activities as well as an evaluation of the Internal Control System which require Management attention and action are set out under Part 3 of this report.

### **1.2 Brief History of the Client Establishment**

The Ministry was established under Article 55(i) of the Constitution of the United Republic of Tanzania, 1977 which empowers the President to establish and dis-establish such Offices of Minister in the Government.

#### **Vision**

“To be the Ministry that effectively facilitates excellent and equitable human relations, creation of employment opportunities and make Tanzania one of the world’s leading and competitive nations.”

#### **Mission**

“To facilitate and provide an enabling environment by promoting high quality Labour standards and working environment, enhance equitable employment opportunities and Social Welfare services to our customers and stakeholders.”

### **1.3 Operational objectives**

- Care and maintenance for the people with disabilities and the elderly; Provision of probation services and services to family, child welfare and day care centers.
- To promote Labour, Industrial relations, dispute prevention and resolution and to ensure social security.
- Promotion of employment opportunities, services, planning and Labour market information.
- Mobilization and Coordination of Youth projects, programmes, Training, guidance and counseling of youth and youth groups.
- To ensure development of Games and Sports and infrastructures.
- Registrations of Games, Sports Associations, Trade Unions and Union of Employers.
- Management of office administration, Staff development, effective public and human resources utilization; Policy, analysis, Planning, research and management and control of public funds.

#### 1.4 Financing

The Ministry receives funds from Treasury. During the financial year 2004/2005, the Ministry received a total sum of Shs. 21,628,756,924 of which Shs.5,927,388,874 were to meet recurrent expenditure and Shs. 15,701,368,050 for development activities.

#### 1.5 The Organization Structure

The Ministry has the following Management Structure.

- (a) Five line divisions i.e Labour, Social Welfare, Youth Development, Employment services and Sports Development.
- (b) Two staff divisions i.e Policy and planning, Administration and Personnel.
- (c) Three units i.e. finance and accounts, Internal audit and Trade Union Registration.
- (d) One Agency i.e Occupational Safety and Health Authority (OSHA)

The Organisation structure of the Ministry is shown as annexure II

#### 1.6 Brief description of Internal Control System

- **Accounting System**

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

- **Internal Audit**

Part VI of the Public Finance Regulations requires Accounting Officers to establish an Internal Audit Unit and Audit Committee to assist in strengthening the system of internal control. The Ministry has an Internal Audit Unit.

- **Audit Committee**

The Ministry has established an Audit Committee which comprise five members headed by the Director of Policy and Planning Others are Commissioner of Labour, Commissioner of Social Welfare, Principal Economist, Accountant and two invited members who are Chief Accountant and External Auditor.

## **1.7 Financial Performance**

### **Supply Vote**

The Supply Vote closed with a net expenditure of Shs. 5,927,335,960 against the approved estimates of Shs. 5,928,559,800 resulting in apparent saving of Shs. 1,223,840. However, the exchequer issues received during the year totaled Shs. 5,927,388,874 leaving cash balance of Shs. 52,914 with the Paymaster General's Account.

### **Development Vote**

The years out turn on the Development Vote Account showed a net expenditure of Shs. 15,701,259,436 against the reported net approved estimates of Shs.55,338,811,000 resulting in an apparent saving of Shs.39,637,551,564. However the exchequer issues received during the year totaled Shs. 15,701,368,050 leaving a cash balance of Shs. 108,614 with the paymaster general's account.

## **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 empowered to audit all government revenue and expenditure as appropriated by the Parliament including the Ministry.

## **1.9 Audit Objectives**

The objective of conducting the audit is to enable me to express an independent opinion on the Appropriation Account and related Financial Statements of the Ministry for the period ended on 30<sup>th</sup> 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 Generally Accepted Accounting Standards.
- To ascertain whether all necessary supporting documents, records and accounts have been kept in respect of all Ministry's activities.
- To confirm whether revenues collected and payments made are as per approved budget and are properly classified, recorded and summarized in the Appropriation Accounts and statements.
- To verify whether goods and services bought were acquired through laid down procurement procedures.
- To evaluate whether the internal control procedures instituted are effective to provide relevant and reasonable information to the management for implementing and monitoring its activities and that the assets of the Ministry are safeguarded against loss from unauthorized use or disposition.
- To asses the extent of the achievement of the objectives establishing the Ministry.

### **1.10 Audit Scope**

The audit of the Ministry for the year ended June 30<sup>th</sup> 2005 was carried out in accordance with ISA and procedures that are consistent with those recommended by the INTOSAI Standards. The audit covered the evaluation of effectiveness of the financial accounting system and internal controls over the activities of the Ministry, examination and verification of accompanying financial statements of Vote (65) and appropriation account and other auditing procedures, as was considered necessary under the circumstance for the purpose of forming an opinion on the financial statements.

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

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 way we would have a reasonable expectation of detecting material misstatements in the financial statements, including those resulting from fraud and irregularities. The responsibility for detection and prevention of irregularities rests with the management of the Ministry who are responsible for setting up and maintaining of the 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:-

- Review of Legal documents
- Examination of receipts and disbursements and payments records
- A review of Internal control structure
- Review of project financial statements and progress reports
- Compliance tests
- Interviews and discussions
- Site visits

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

The audit was carried out according to the mandate stated above applying professional standards and audit procedures that were considered appropriate in each situation. The audit findings are divided into two parts.

The first part comprise the opinion on the critical examination of the financial statements submitted for audit and the circumstances surrounding their preparation and presentation.

The second part comprises the detailed findings on the gaps and shortfalls in the internal control system which, if rectified on time, will greatly improve the effectiveness of the internal control system applied.

## 2.0 AUDIT REPORT ON THE FINANCIAL STATEMENTS

To: Dr. Ladislaus Komba  
Accounting Officer of Vote 65

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

I have audited the financial statements of the Ministry of Labour, Youth Development shown on pages 13 through 31 for the year ended 30<sup>th</sup> June, 2005.

### **Responsibilities of the Accounting Officer**

Section 25(4) of the Act places responsibility to the Accounting Officer to prepare the financial 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 Labour, Youth Development and Sports.

### **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 Labour Youth Development and Sports 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 Labour, Youth Development and Sports.

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 Labour, Youth Development and Sports 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 Labour, Youth Development and Sports 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 Labour, Youth Development and Sports 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 30<sup>th</sup> June 2005, and the financial position as at that date.

### **Material violation of financial and procurement regulations of 2004 and 2005 respectively**

1. Non compliance of procurement procedures on goods and services purchased during the year amounted to Shs. 98,291,802.
2. Unissued loans for Youth Development of Shs. 338,215,464
3. Ineligible payments of Shs. 231,953,156 from Youth Development Fund Account
4. Expenditures incurred without having proper supporting documents amounted to Shs. 47,565,856.
5. Eight outstanding matters relating to previous year's audits involving an amount totalling Shs. 1,236,071,124 are yet to be acted upon.
6. The Ministry is yet to establish an effective Internal Control system to oversee financial as well as procurements controls.

This is violation of both public finance and Public Procurement Acts issued in 2001 and 2004 respectively.

The details of these matters are given under part 3 of this report.

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

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

February, 2006

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

These Financial Statements have been prepared by the management of the Ministry of Labour Youth Development and Sports 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 Labour Youth Development and Sports 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 Labour Youth Development and Sports.

To the best of my knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the Accounts and underlying records provide a reasonable basis for the preparation of the Financial Statements for the 2004/2005 financial year.

I accept responsibility for the integrity of the Financial Statements, the information it contains, and its compliance with the Public Finance Act No. 6 of 2001 and the instructions issued by the Treasury in respect of the year under review.

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**Signed by Accounting Officer**

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**Date**

**CASHFLOW STATEMENT FOR RECURRENT FOR THE YEAR ENDED 30TH JUNE, 2005**

**FOR THE YEAR ENDED 30 JUNE, 2005**

Actual Exp		Note	Actual Exp/Rec.	Approved Est	Variance Approved/ Actual
	Cash flow from Operating activities				
<b>Jun-04</b>			Ju - 05	2004/05	
	<b>Receipts</b>				
	Taxation				
	Non tax				
	Grants				
5,526,898,119.00	Exchequer Issues	1	5,927,388,874.00	5,928,559,800.00	1,170,926.00
	Interest Received				
	Other receipts				
<b>5,526,898,119.00</b>	<b>Total Receipts</b>		<b>5,927,388,874.00</b>		

<b>Payments</b>					
2,392,405,394.93	Personal Emoluments		2,352,924,974.00	2,352,924,974.00	
	Pensions				
2,395,061,126.74	Suppliers-goods works & Services	3	2,903,960,131.75	2,904,013,046	52,914.25
720,511,028.16	Current transfers and subsidies		670,450,854.00	671,621,750.78	1,170,896.78
	Interest paid				
18,898,000.00	Other Payments				
5,526,875,549.83	<b>Total Payments</b>		<b>5,927,335,959.75</b>		
<b>22,569.17</b>	<b>Net Cash Flow from operating activities</b>		<b>52,914.25</b>		

**Cash flow from investing activities**

	Purchases os assets				
	Proceeds from sale of Assets				
	Proceeds from sale of investments				
	Purchase of foreign currency securities				
	Capital grants				
	<b>Net Cash flow from investing activities</b>				

**Cash flow from financing activities**

	Proceeds from borrowings				
	Repayment of borrowings				
	<b>Net cash flow from financing activities</b>				

<b>Net Increase ( decrease) in cash and cash equivalents</b>			<b>52,914.25</b>		
<b>Receipts and cash equivalents at the beginning of the period</b>					
<b>Cash and equivalent at the end of the period</b>			<b>52,914.25</b>		

A.R.M.S Rajabu

5/9/2005

**ACCOUNTING OFFICER**

**CASHFLOW STATEMENT FOR DEPOSIT FOR THE YEAR ENDED 30TH JUNE, 2005**

Actual Exp		Note	Actual Exp/Rec.	Approved Est	Variance Approved/Actual
	Cash flow from Operating activities				
<b>Jun-04</b>			Ju - 05	2004/05	
	<b>Receipts</b>				
	Taxation				
	Non tax				
	Grants				
	Exchequer Issues				
	Interest Received				
3,126,119,115.87	Other receipts		3,613,929,596.80		
3,126,119,115.87	<b>Total Receipts</b>		<b>3,613,929,596.80</b>		
	<b>Payments</b>				
	Personal Emoluments				
	Pensions				
	Suppliers-goods works & Services				
	Current transfers and subsidies				
	Interest paid				
	Other Payments		2,045,904,105.55		
	<b>Total Payments</b>		<b>2,045,904,105.55</b>		
<b>3,126,119,115.87</b>	<b>Net Cash Flow operating activities</b>		<b>1,568,025,491.25</b>		
	<b>Cash flow from investing activities</b>				
	Purchases os assets				
	Proceeds from sale of Assets				
	Proceeds from sale of investments				
	Purchase of foreign currency securities				
	Capital grants				
	<b>Net Cash flow investing activities</b>				
	<b>Cash flow from financing activities</b>				
	Proceeds from borrowings				
	Repayment of borrowings				
	<b>Net cash flow from financing activities</b>				
	<b>Net Increase ( decrease) in cash and cash equivalents</b>		<b>1,568,025,491.25</b>		
	<b>Receipts and cash equivalents at the beginning of the period</b>				
	<b>Cash and equivalent at the end of the period</b>		<b>1,568,025,491.25</b>		

A.R.M.S Rajabu

**ACCOUNTING OFFICER**

5/9/2005

**CASHFLOW STATEMENT FOR DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE, 2005**

**FOR THE YEAR ENDED 30 JUNE, 2005**

Actual Exp		Note	Actual Exp/Rec.	Approved Est	Variance Approved/Actual
	Cash flow from Operating activities				
<b>Jun-04</b>			Ju - 05	2004/05	
	<b>Receipts</b>				
	Taxation				
	Non tax				
	Grants				
4,675,258,349.00	Exchequer Issues	1	15,701,368,050.00	55,338,811,000.00	39,637,442,950.00
	Interest Received				
	Other receipts				
<b>4,675,258,349.00</b>	<b>Total Receipts</b>		<b>15,701,368,050.00</b>		

<b>Payments</b>					
4,434,349,999.90	Personal Emoluments				
	Pensions				
120,454,174.10	Suppliers-goods works & Services				
	Current transfers and subsides				
	Interest paid				
119,954,174.00	Other Payments	4	14,999,881,386.30	15,000,000,000.00	118,613.70
<b>4,674,758,348.00</b>	<b>Total Payments</b>		<b>14,999,881,386.30</b>		
<b>500,000.10</b>	<b>Net Cash Flow from operating activities</b>		<b>701,486,664.00</b>		

**Cash flow from investing activities**

	Purchases os assets				
	Proceeds from sale of Assets				
	Proceeds from sale of investments				
	Purchase of foreign currency securities				
	Capital grants	5	701,368,050.00		
	<b>Net Cash flow investing activities</b>		<b>118,613.70</b>		

**Cash flow from financing activities**

	Proceeds from borrowings				
	Repayment of borrowings				
	<b>Net cash flow from financing activities</b>				

<b>Net Increase ( decrease) in cash and cash equivalents</b>	<b>118,613.70</b>		
<b>Receipts and cash equivalents at the beginning of the period</b>			
<b>Cash and equivalent at the end of the period</b>	<b>118,613.70</b>		

A.R.M.S Rajabu

5/9/2005

**ACCOUNTING OFFICER**

**STATEMENT OF VOTE ACCOUNT AS AT JUNE, 30TH, 2005 MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND  
SPORTS  
DEVELOPMENT EXPENDITURE - VOTE 65 - SUPPLY VOTE  
( BALANCE SHEET)**

F/Y 2003/2004	%	DESCRIPTION	TSHS.	F/Y 2004/2005
5,439,388,300.00		Original approved Estimates	5,795,175,200.00	
378,147,300.00		<b>Add: Reallocation Warrant No. 1 2004/05</b>	<b>20,000,000.00</b>	
125,547,300.00		<b>Add: Reallocation Warrant No.3 2004/05</b>	<b>113,254,600.00</b>	
<b>5,691,988,300.00</b>		<b>NET APPROVED ESTIMATES</b>	<b>5,928,559,800.00</b>	<b>5,928,559,800.00</b>
<b>5,526,898,119.00</b>		Issues received during the year and in respect of the current financial year (Exchequer Issues)	5,927,388,874.00	5,927,388,874.00
<b>5,526,875,549.83</b>		<b>Less: NET EXPENDITURE</b>	5,927,335,959.75	5,927,335,959.75
<b>165,112,750.17</b>		<b>UNSPENT BALANCE OF ESTIMATE/ISSUES</b>	<b>1,170,926.00</b>	
	<b>97.09%</b>	<b>% OF PERFORMANCE AGAINST ESTIMATE/ISSUES</b>	<b>99.98%</b>	
		<b>FOOT NOTE</b>		
NIL		Outstanding Imprest	NIL	
NIL		Advance	NIL	
NIL		Accounts Payable	NIL	
<b>22,569.17</b>		<b>BALANCE AS PER VOTE CASH ACCOUNT</b>		<b>52,914.25</b>

27/9/2005.

Abubakar R.M.S. Rajabu  
ACCOUNTING OFFICER

SUMMARY OF APPROPRIATION ACCOUNT FOR THE YEAR ENDED 30TH JUNE,2005

MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS

SUPPLY ACCOUNT - VOTE 65

ACTUAL EXPENDITURE F/Y 2004/2005 TSHS	SUB-VOTE	DESCRIPTION	APPROVED ESTIMATES TSHS	ACTUAL EXPENDITURE TSHS	VARIANCE OVERSPENT TSHS	VARIANCE UNDERSPENT TSHS	BUDGET VARIANCE TSHS	VARIATION BY %
		PROGRAMME 10 ADMINISTRATION						
		(ADMINISTRATION)						
	1001	ADMINISTRATION AND GENERAL	739,463,197.99	739,463,197.99				
	1002	FINANCE AND ACCOUNTS	170,865,799.99	170,865,799.99				
	1003	POLICY AND PLANNING	329,271,699.99	329,271,699.99				
		TOTAL PROGRAMME 10	<b>1,239,600,697.97</b>	<b>1,239,600,697.97</b>				
		PROGRAMME 20 LABOUR AND WORKERS PARTICIPATION						
	2001	LABOUR	919,604,800.00	918,437,345.44		1,167,453.74		0.028%
		TOTAL PROGRAMME 20	919,604,800.00	<b>918,437,345.44</b>		<b>1,167,453.74</b>		<b>0.028%</b>
		PROGRAMME 21 EMPLOYMENT						
	2002	EMPLOYMENT	550,408,899.98	550,408,899.98				
		TOTAL PROGRAMME 20	550,408,899.98	550,408,899.98				
		PROGRAMME 40 SOCIAL WELFARE SERVICES						
	4001	SOCIAL WELFARE	1,987,235,726.29	1,987,184,476.80		56,386.51		0.028%
		TOTAL PROGRAMME 50	<b>1,937,144,800.00</b>	<b>1,987,235,726.29</b>		<b>56,386.51</b>		<b>0.028%</b>
		PROGRAMME 50 YOUTH DEVELOPMENT						
	5001	YOUTH DEVELOPMENT	712,524,899.58	712,524,899.58				
		YOUTH DEVELOPMENT	712,524,899.58	<b>712,524,899.58</b>				
		PROGRAMME 60 BUILDING AND CONSTRUCTION						
	6004	SPORTS	519,179,639.98	519,179,639.98				
		TOTAL PROGRAMME 60	519,179,639.98	519,179,639.98				
		TOTAL VOTE	<b>5,928,559,800.00</b>	<b>5,927,335,959.75</b>		<b>1,223,840.25</b>		<b>0.0206%</b>
		BALANCE AS PER VOTE ESTIMATES TSHS 23,047,502.02						

Abubakar R.M.S. Rajabnu

ACCOUNTING OFFICER

28TH AUGUST 2005

**STATEMENT OF VOTE ACCOUNT AS AT JUNE, 30TH, 2005 MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS**  
**SUPPLY VOTE**

<b>F/Y 2003/2004</b>	<b>%</b>	<b>DESCRIPTION</b>		<b>TSHS.</b>	<b>F/Y 2004/2005</b>
			<b>NOTE</b>		
5,439,388,300.00		Original approved Estimates		5,795,175,200.00	
378,147,300.00		Add Reallocation Warrant No. 1 2004/2005	1	<b>20,000,000.00</b>	
125,547,300.00		Add Reallocation Warrant No. 3 2004/2005		<b>113,254,600.00</b>	
5,691,988,300.00		<b>NET APPROVED ESTIMATES</b>		<b>5,928,559,800.00</b>	
<b>5,526,898,119.99</b>		Issues received during the year and in respect of the current financial year (Exchequer Issues)			5,927,388,874.00
<b>5,526,875,549.83</b>		<b>Less: NET EXPENDITURE</b>		5,927,335,959.75	5,927,335,959.75
<b>165,112,750.17</b>		<b>UNUTILIZED BUDGET/ISSUES Represented by</b>		1,223,840.25	<b>52,914.25</b>
NIL		Outstanding Imprest		NIL	
NIL		Advance		NIL	
<b>22,569.17</b>		Cash in hand with PMG			<b>52,914.25</b>
<b>22,569.17</b>					<b>52,914.25</b>

05/09/2005

**Abubakar R.M.S. Rajabu**  
**ACCOUNTING OFFICER**

STATEMENT OF VOTE ACCOUNT AS AT JUNE, 30TH, 2005 MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS  
**- VOTE 65 - DEVELOPMENT ACCOUNT**

F/Y 2003/2004	%	DESCRIPTION		TSHS.	F/Y 2004/2005
			<b>NOTE</b>		
8,649,577,300.00		Original approved Estimates		55,338,811,000.00	
		Add Reallocation			
500,000,000.00		Less Reallocation			
<b>8,149,577,300.00</b>		<b>NET APPROVED ESTIMATES</b>		55,338,811,000.00	
<b>114,809,515.00</b>		Issues received during the year and in respect of the current financial year (Exchequer Issues)			15,701,368,050.00
<b>114,809,515.00</b>		<b>Less: NET EXPENDITURE</b>	<b>1</b>	15,701,259,436.30	15,701,259,436.30
		<b>UNUTILIZED BUDGET/ISSUES</b>		<b>39,637,551,563.70</b>	<b>118,613.70</b>
		<b>Represented by</b>			
NIL		Outstanding Imprest		NIL	
NIL		Advance		NIL	
<b>500,000.00</b>		Cash in hand with PMG			<b>118,613.70</b>
<b>500,000.00</b>					<b>118,613.70</b>

05/09/2005

**Abubakar R.M.S. Rajabu**  
**ACCOUNTING OFFICER**

**STATEMENT OF VOTE ACCOUNT AS AT JUNE, 30TH, 2005 MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS  
DEVELOPMENT EXPENDITURE - VOTE 65 - SUPPLY VOTE**

**( BALANCE SHEET)**

<b>F/Y 2003/2004</b>	<b>%</b>	<b>DESCRIPTION</b>	<b>TSHS.</b>	<b>F/Y 2004/2005</b>
5,439,388,300.00		Original approved Estimates	5,795,175,200.00	
378,147,300.00		<b>Add:Reallocation Warrant No. 1 2004/05</b>	<b>20,000,000.00</b>	
125,547,300.00		<b>Add: Reallocation Warrant No.3 2004/05</b>	<b>113,254,600.00</b>	
<b>5,691,988,300.00</b>		<b>NET APPROVED ESTIMATES</b>	<b>5,928,559,800.00</b>	<b>5,928,559,800.00</b>
<b>5,526,898,119.00</b>		Issues received during the year and in respect of the current financial year (Exchequer Issues)	5,927,388,874.00	5,927,388,874.00
<b>5,526,875,549.83</b>		<b>Less: NET EXPENDITURE</b>	5,927,335,959.75	5,927,335,959.75
<b>165,112,750.17</b>		<b>UNSPENT BALANCE OF ESTIMATE/ISSUES</b>	<b>1,170,926.00</b>	
	<b>97.09%</b>	<b>% OF PERFORMANCE AGAINST ESTIMATE/ISSUES</b>	<b>99.98%</b>	
		<b>FOOT NOTE</b>		
NIL		Outstanding Imprest	NIL	
NIL		Advance	NIL	
NIL		Accounts Payable	NIL	
<b>22,569.17</b>		<b>BALANCE AS PER VOTE CASH ACCOUNT</b>		<b>52,914.25</b>

27/9/2005.

**Abubakar R.M.S. Rajabu**  
**ACCOUNTING OFFICER**

**STATEMENT OF VOTE ACCOUNT AS AT JUNE, 30TH, 2005 MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS**  
**SUPPLY VOTE**

F/Y 2003/2004	%	DESCRIPTION	NOTE	TSHS.	F/Y 2004/2005
5,439,388,300.00		Original approved Estimates		5,795,175,200.00	
378,147,300.00		Add Reallocation Warrant No. 1 2004/2005	1	<b>20,000,000.00</b>	
125,547,300.00		Add Reallocation Warrant No. 3 2004/2005		<b>113,254,600.00</b>	
<b>5,691,988,300.00</b>		<b>NET APPROVED ESTIMATES</b>		<b>5,928,559,800.00</b>	
<b>5,526,898,119.99</b>		Issues received during the year and in respect of the current financial year (Exchequer Issues)			5,927,388,874.00
<b>5,526,875,549.83</b>		<b>Less: NET EXPENDITURE</b>		5,927,335,959.75	5,927,335,959.75
<b>165,112,750.17</b>		<b>UNUTILIZED BUDGET/ISSUES Represented by</b>		1,223,840.25	<b>52,914.25</b>
NIL		Outstanding Imprest		NIL	
NIL		Advance		NIL	
<b>22,569.17</b>		Cash in hand with PMG			<b>52,914.25</b>
<b>22,569.17</b>					<b>52,914.25</b>

05/09/2005

**Abubakar R.M.S. Rajabu**  
**ACCOUNTING OFFICER**

**STATEMENT OF VOTE ACCOUNT AS AT JUNE, 30TH, 2005 MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS  
- VOTE 65 - DEVELOPMENT ACCOUNT**

F/Y 2003/2004	%	DESCRIPTION		TSHS.	F/Y 2004/2005
			<b>NOTE</b>		
8,649,577,300.00		Original approved Estimates		55,338,811,000.00	
		Add Reallocation			
500,000,000.00		Less Reallocation			
<b>8,149,577,300.00</b>		<b>NET APPROVED ESTIMATES</b>		55,338,811,000.00	
<b>114,809,515.00</b>		Issues received during the year and in respect of the current financial year (Exchequer Issues)			15,701,368,050.00
<b>114,809,515.00</b>		<b>Less: NET EXPENDITURE</b>	<b>1</b>	15,701,259,436.30	15,701,259,436.30
		<b>UNUTILIZED BUDGET/ISSUES</b>		<b>39,637,551,563.70</b>	<b>118,613.70</b>
		<b>Represented by</b>			
NIL		Outstanding Imprest		NIL	
NIL		Advance		NIL	
<b>500,000.00</b>		Cash in hand with PMG			<b>118,613.70</b>
<b>500,000.00</b>					<b>118,613.70</b>

05/09/2005

**Abubakar R.M.S. Rajabu**  
**ACCOUNTING OFFICER**

**SUMMARY STATEMENT OF COMMITMENTS OUTSTANDING AS AT THE YEAR ENDED 30/6/2005**

<b>SUB-VOTE</b>	<b>ITEM</b>	<b>VALUE OF COMMITMENTS FOR THE MONTH OF JUNE,2004</b>	<b>VALUE OF COMMITMENTS PAID OR CANCELLED DURING THE MONTH</b>	<b>VALUE OF COMMITMENTS A THE END OF THE YEAR</b>
1001				NIL
1002				NIL
1003				NIL
2001				NIL
2002				NIL
4001				NIL
5001				NIL
6004				NIL

Abubakar R.M.S.Rajab  
**ACCOUNTING OFFICER**

**SUMMARY STATEMENT OF COMMITMENTS OUTSTANDING AS AT THE YEAR ENDED 30/6/2005**

<b>SUB-VOTE</b>	<b>ITEM</b>	<b>VALUE OF COMMITMENTS FOR THE MONTH OF JUNE,2004</b>	<b>VALUE OF COMMITMENTS PAID OR CANCELLED DURING THE MONTH</b>	<b>VALUE OF COMMITMENTS A THE END OF THE YEAR</b>
1001				NIL
1002				NIL
1003				NIL
2001				NIL
2002				NIL
4001				NIL
5001				NIL
6004				NIL

Abubakar R.M.S.Rajab  
**ACCOUNTING OFFICER**

**SUMMARY OF APPROPRIATION ACCOUNT FOR THE YEAR ENDED 30TH JUNE,2005 BY SUBVOTE  
MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS  
SUPPLY ACCOUNT - VOTE 65**

ACTUAL EXPENDITURE F/Y 2003/2004 TSHS	SUB- VOTE	DESCRIPTION	APPROVED ESTIMATES TSHS	ACTUAL EXPENDITURE TSHS	VARIANCE OVERSPENT TSHS	VARIANCE UNDERSPENT TSHS	BUDGET VARIANCE TSHS	EXP.as % of Budget
850,357,100.47	1001	ADMINISTRATION AND GENERAL	739,463,198.00	739,463,197.99				
137,818,176.45	1002	FINANCE AND ACCOUNTS	170,865,800.00	170,865,799.99				
268,095,009.00	1003	POLICY AND PLANNING	329,271,700.00	329,271,699.99				
<b>1,256,286,433.00</b>		TOTAL PROGRAMME 10	<b>1,239,600,698.00</b>	<b>1,239,600,697.97</b>				
		PROGRAMME 20 LABOUR AND WORKERS PARTICIPATION						
872,888,217.00	2001	LABOUR	919,604,800.00	918,437,345.44		1,167,453.74		0.127%
<b>872,888,217.00</b>		TOTAL PROGRAMME 20	<b>919,604,800.00</b>	<b>918,437,345.44</b>		1,167,453.74		0.028%
		PROGRAMME 21 EMPLOYMENT						
426,497,670.00	2002	EMPLOYMENT	550,408,900.00	550,408,899.98				
<b>426,497,670.00</b>		TOTAL PROGRAMME 20	550,408,900.00	550,408,899.98				
		<b>PROGRAMME 40 SOCIAL WELFARE SERVICES</b>						
1,773,983,720.00	4001	SOCIAL WELFARE	1,987,240,840.00	1,987,184,476.80		56,363.20		0.0028%
1,773,983,720.00		TOTAL PROGRAMME 50	<b>1,987,240,840.00</b>	<b>1,987,184,476.80</b>		56,356.49		0.00025%
		PROGRAMME 50 YOUTH DEVELOPMENT						
818,037,582.00	5001	YOUTH DEVELOPMENT	712,524,900.00	712,524,899.58				
818,037,582.00		YOUTH DEVELOPMENT	712,524,900.00	<b>712,524,899.58</b>				
		PROGRAMME 60 BUILDING AND CONSTRUCTION						
544,294,678.00	6004	SPORTS	519,179,640.00	519,179,639.98				
544,294,678.00		TOTAL PROGRAMME 60	519,179,640.00	<b>519,179,639.98</b>				
<b>5,691,988,300.00</b>		TOTAL VOTE	<b>5,928,559,800.00</b>	<b>5,927,335,959.75</b>		1,223,840.25		0.0206%

2708/2005

Abubakar R.M.S. Rajabu  
**ACCOUNTING OFFICER**

**SUMMARY STATEMENT OF ARREARS OF REVENUE FOR THE YEAR ENDED 30/6/2005**

<b>VOTE</b>	<b>AMOUNT OUTSTANDING PREVIOUS YEAR (A)</b>	<b>AMOUNT OUTSTANDING AS AT 30/6/2004 (B)</b>	<b>AMOUNT COLLECTED DURING THE YEAR 2004/2005 (C)</b>	<b>OUTSTANDING BALANCE</b>
<b>65</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	NIL	NIL	NIL	NIL

Abubakar R.M.S. Rajabu  
**ACCOUNTING OFFICER**

## NOTES ON THE FINANCIAL STATEMENT

### NOTE 1. Exchequer Issues during the year

(Supply Vote cashflow)	comprised of: <b>Supply Vote</b>		<b>5,927,388,874.00</b>
(Dev. Cashflow)	Development Vote		<u>15,701,368,050.00</u>
			21,628,756,924.00
	Refund to Exchequer Supply Vote		- 52,914.25
	Development Vote		-118,613.70
			<b><u>21,628,585,396.00</u></b>

### NOTE 2 Personal Emoluments

**6,826,755,394.83**

(Supply Vote  
Summary of  
cash receipts)

Amount of Tshs. 6,826,755,394.83  
Include personal emoluments under  
Development project in Vocational  
Education & Training (VETA)

### NOTE 3 SUPPLIES - Supply Vote

**1,223,440.25**

Variance of Tshs. 1,170,926.80 was due to  
Fund which were not released from Treasury  
and Tshs 52,914.25, Cash in hand with PMG

### NOTE 4 Other payment – Development Vote

(Development  
Vote  
Cashflow)

In the year 2005 - Ministry  
is undertaking the construction  
of the new Nation Stadium

	Financial Year	2004	Shs.		<b>119,954,174.00</b>
	“	“	2005	Shs.	<b>14,999,988,386.30</b>

<b>Note 5</b> (Development Vote Cashflow)	<b>SUPPLIES – Development Vote</b> During the current year, Ministry undertaking the construction of the new National Stadium	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Financial Year</td> <td style="text-align: center;">2004</td> <td style="text-align: center;">Shs.</td> <td style="text-align: right;"><b>120,454,174.10</b></td> </tr> <tr> <td style="text-align: center;">“ “</td> <td style="text-align: center;">2005</td> <td style="text-align: center;">Shs.</td> <td style="text-align: right;"><b>701,368,050.00</b></td> </tr> </table>	Financial Year	2004	Shs.	<b>120,454,174.10</b>	“ “	2005	Shs.	<b>701,368,050.00</b>
Financial Year	2004	Shs.	<b>120,454,174.10</b>							
“ “	2005	Shs.	<b>701,368,050.00</b>							
<b>Note 6.0</b>	<b>REVENUE ACCOUNT</b>	<b>(439,279.00)</b>								
<b>6.1</b>	<b>Miscellaneous receipts: REVENUE ACCOUNT</b> Unclaimed salaries over collection was from unclaimed salaries that were retained in the Deposit A/c after confirming that Bonafide payees died and others were no longer employees	<b>(23,469,570.57)</b>								
<b>6.2</b>	<b>Other taxes ; REVENUE ACCOUNT</b> Registration of sports club. No Sports Clubs were registered during the year	<b>(500,000.00)</b>								
<b>6.3</b>	<b>The National Stadium: REVENUE ACCOUNT</b> The National Stadium was closed for renovation Purpose, however local football matches were taking place	<b>3,821,500.00</b>								
<b>Note 7</b>	<b>Other Receipts Deposit</b> Amount of Tshs. 3,613,929,596.80 include	<b>3,613,929,596.80</b>								

Funds transferred from Development A/C  
2003/2004 for the construction of the  
New National Stadium

<b>Note 8</b>	<b>Other Payments</b>	<b>17,045,785,491.85</b>
	Amount of Tshs. 17,045,785,491.85 Includes payments for the construction of The New National Stadium	
<b>Note</b>	<b>Register for movable Fixed Assets</b>	<b>29,269,998.00</b>
	This amount comprises of total Fixed Assets Purchased during 2004/2005	
<b>Note</b> Pg 40	<b>List of Motor Vehicles</b>	<b>258,428,335.20</b>
	The list comprises of Motor vehicles and motor cycles which were not shown In the Financial Statements of the previous years	
<b>Note</b>	<b>Domestic Debts</b>	<b>789,031,859.40</b>
	Since 1998, Ministry has Domestic Debts amounting to Tshs. 789,031,859.40 which were not paid due to various reasons.	

### 3.0 AUDIT FINDINGS AND RECOMMENDATIONS

#### 3.1 Follow up of previous year's Audit findings

Ref.	Audit Observation	Amount Reported Shs.	Amount Outstanding Shs.	Audit Comment
1999/2000 Para 455.2	Stores not taken on ledger charge.	47,153,141	47,153,141	A criminal case No. 793/2000 in respect of this matter is still outstanding.
2002/2003 Para 449.2	<b>Unremitted Revenue</b>  Unremitted Revenue from football Association of Tanzania FAT (Now TFF)	4,399,615	4,399,615	The outstanding balance should be recovered from TFF
Para 452	Loans for Youth Development  <ul style="list-style-type: none"> <li>• Financial Year 1999/2000 &amp; 2000/2001 Shs. 230,000,000</li> <li>• Financial Year 2002/2003 Shs. 367,680,964</li> </ul> <b>Total Shs. 597,680,964</b>	597,680,964	534,367,025	Only Shs. 63,313,939 or 10.6% of the amount paid has been recovered More efforts should be made by the Ministry to recover the outstanding balance or seek approval from the Ministry of Finance and members of parliament to treat the amount as a loss to the Government.
Para 457	Integrated Labour force survey project	482,075,076	482,075,076	The Ministry has not accounted for Shs. 429,363,921 spent towards the project.
2003/2004 Para 474.1	<b>Understatement value of fixed assets</b> Assets worth Shs. 64,267,085 purchased during the year 2003/04 were not included in the list of assets	64,267,085	64,267,085	The appropriation account has not been updated.
Para 475.2	<b>Government Child Labour programme</b> A Balance of Shs. 9,725,282 with account No. 20111151 was not accounted for in the appropriation Accounts and full set of the financial statements for the year 2002/2003 and 2003/2004 in respect of this programme have not been submitted for audit	9,725,282	9,725,282	The amount was not adjusted and financial statements have not been submitted for audit verification

Para 477	Ineligible payments from Youth Development Funds Shs. 300,801,966 The amount was drawn from the fund for purposes other than loans to the Youth Groups and as at the year end this amount had not been reimbursed to the fund account	300,801,966	68,204,461	The management is advised to stop using funds to unrelated activities and the outstanding balance of Shs. 68,204,461 should be refunded to the account.
Para 481	<b>Irregular and Questionable payments</b>  <b>(i) Debt payments Shs. 11,062,063</b> The payment vouchers were neither supported with LPOs nor references were quoted to facilitate follow-up. Further no authority from E & M Division was attached to justify that the services were outsourced and actually certified to have been done satisfactorily.  <b>(ii) Delayed Construction of Mtwara Remand home.</b> It was noted that Shs. 14,817,376 was paid to four consultants as preparatory costs.  However, there has been substantial delay and as of now tenders for the main construction works have not been invited	36,398,882	25,879,439	The management should Investigate the matter and confirm to audit whether the debts were genuine. Also the tenders for the main construction works should be invited.
		<b>Total</b>	<b><u>1,236,071,124</u></b>	

### Recommendation

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

## 3.2 Current Year's Audit findings

### Physical Performance Issues

An examination of the accounts and related records for the year under review resulted in the issuance of 14 queries and 1 management letter of which the most significant matters are referred in this report. At the

time of writing this report, January, 2006 only two queries were dealt with and have been settled.

### **3.2.1 Over Collection of Revenue Shs. 27,287,071**

The statement of revenue for the year ended 30<sup>th</sup> June 2005 showed total collection of Shs. 27,977,071 against approved estimates of Shs.690,000 resulting to over collection of Shs. 27,287,071 above the approved estimates. This overcollection was associated with amount of unclaimed salaries of Shs. 10,614,580 which were transferred from miscellaneous Deposit Account to miscellaneous Revenue Account.

#### **Implication**

The management has achieved its targets on revenue collection.

#### **Recommendation**

To avoid misleading of financial statements, management should not consider unclaimed salaries as revenue received under the respective year.

### **3.2.2 Statement of Losses Shs. 3,220,000**

In the year under review the Ministry reported a loss of cash of Shs.3,000,000 which occurred at the Regional Labour Office, Tanga. Management has reported the matter at Police station and the issue is still under police investigation. The audit was informed that the Officer involved has died. Another loss of fire extinguishers valued 220,000 were reported to have occurred at the Ministry headquarters. The audit revealed that neither loss of cash nor fire extinguishers were shown in both financial statements and loss report.

#### **Implication**

Internal Controls over cash handling and properties management is inadequate.

#### **Recommendation**

Management should strengthen the controls over cash and proper safeguarding of its assets to minimize the risk of further losses.

### **3.2.3 Long Outstanding Domestic Debts Shs. 815,879,456**

In the year under review the footnotes and statement of Deposit showed uncleared domestic debts totaling Shs. 815,879,456. A test Check made on the list of debtors produced to audit noted the following:-

- Claims of Shs. 27,948,818 were not included in the list of loan outstanding domestic debt.

- Debts totaling Shs. 540,801,252 were not adequately supported with relevant documents like LPOs, invoices, delivery notes etc.

#### **Implication**

There is poor records keeping.

#### **Recommendation**

The management should declare genuine debts and accommodate them in its annual budget for parliamentary approval.

### **3.2.4 Non compliance of Tendering Procedures Shs.98,291,802**

Section 33 and 34 of the Public Procurement Act No. 21 of 2001 requires the Ministries, Independent Departments and Agencies to form Tender Boards in order to acquire goods, services and works from the right source in the right quantity, at the right time, place and price. During the year under review the ministry purchased goods and services worth TShs. 98,291,802 being Shs. 69,021,804 for non consumable goods/services and Shs. 29,269,998 for movable fixed assets. The audit revealed that procedures for procurement were apparently violated.

#### **Implication**

In the absence of competitive tendering there was no justification that the prices paid were the most economical and it would appear that the Ministry was denied the benefit of competitive prices.

#### **Recommendation**

We recommend management to comply with the PPA and related regulations as laid down in Public Procurement Act.

### **3.2.5 Unclaimed salaries Shs. 10,614,580**

During the year 2004/2005 the Ministry transferred unclaimed salaries from Miscellaneous Deposit Account to miscellaneous Revenue Account totaling Shs. 10,614,580. The audit scrutiny revealed that the unclaimed salaries in question was for absconded and dead employees for the years 2003/04 and 2005.

#### **Implication**

The situation suggests that there are inadequate internal controls over payroll.

#### **Recommendation**

In the absence of updated payroll the Ministry is in the risk of paying ghost staff. We recommend the management to take immediately appropriate actions by deleting the non existing staffs in payroll and should surrender the unclaimed salaries to Treasury.

### 3.2.6 Youth Development Fund

(i) **Ineligible Payments Shs. 231,953,156**

In my previous audit report, I mentioned ineligible payments of TShs.300,801,966 from Youth Development Fund. During the financial year under review an amount of Shs. 231,953,156 was drawn from the Fund for purposes other than loans to the youth groups. In addition to that audit revealed a sum of Shs.164,343,991 was outstanding as shown below:-

Outstanding amount relating to 2003/04	Shs. 68,204,461
Outstanding amount relating to 2004/05	Shs. <u>96,139,530</u>
	<b>Shs. <u>164,343,991</u></b>

**Implication**

The intended purposes for which the funds were allocated could not be attained.

**Recommendation**

The Management should discourage the transfer of funds for an intended purposes from one budgeted item to another.

(ii) **Un issued Loans for Youth Development Shs. 338,215,464**

During the year under review exchequer issues received in respect of Youth Development Fund was Shs. 400,000,000. The purpose of the fund was to provide loans for youth development. Audit scrutiny revealed that only 61,784,536 of the total funds were issued for this purpose leaving unutilized funds amounting to Shs.338,251,464. At the end of the financial year 30<sup>th</sup> June 2005 the balance as per adjusted cash book of Youth Development Fund stood at Shs.842,804,689.50 which implies that there were accumulated un issued loans from previous years.

**Implication**

Laxity in issuance of loans for youth development.

**Recommendation**

The management should ensure that the funds allocated for the purpose of youth development are properly utilized with a view of improving the youth standards of living.

### 3.2.7 Excessive use of Fuel Shs. 5,617,115

During the year under review the Ministry purchased 10,000 litres of fuel which costs Shs. 8,860,000 from Deposit Account in respect of motor vehicle with registration No. STJ. 1534, used by a departmental Director. The annual allocation of fuel for a departmental Director for

official use is 3650 litres worth Shs. 3,242,885 at an average price of Shs.888.46 per litre. The audit failed to obtain a justification from the management on the excess of 6350 litres of fuel worth Shs.5,617,115 issued to STJ 1534.

**Implication**

Gaps in controls over stores issues.

**Recommendation**

It is recommended that the management should strengthen the controls over stores issues particularly in the case of fuel.

**3.2.8 Questionable Subsistence allowance of Shs.11,257,848**

The Ministry paid a sum of Shs. 11,257,848 in respect of subsistence allowance to five officers who were invited by the Chinese Government to visit China for a study tour. The audit scrutiny revealed that the host Country as agreed in the invitation letter met all expenses of the study tour.

**Implication**

Weak internal controls over authorization of expenditures.

**Recommendation**

The management should recover the allowances from respective Officers.

**3.2.9 Questionable Purchases of tyres Shs. 2,880,000**

A test check on tyres issued during the year from stores revealed that 5 tyres were fitted to STJ 8663. Five months later the same vehicle STJ 8663 were again issued with another 5 tyres which makes a total of 10 tyres. In addition, audit noted that there were another 5 tyres issued from stores to unknown motor vehicle. An audit query issued regarding this matter on misuse of ten tyres worth 2,880,000 is yet to be replied.

**Implication**

Weak internal controls over stores issues.

**Recommendation**

The management should account for tyres issued to he vehicle.

**3.2.10 Unsupported expenditure Shs. 47,565,856**

A test check on the payment vouchers revealed expenditure amounting to Shs. 47,565,856 were incurred without having proper supporting documents. The breakdown of the expenditures is follows:-

Account	Total Shs.
Recurrent	26,083,156
Youth Fund	<u>21,482,700</u>
<b>Total</b>	<b><u>47,565,856</u></b>

**Implication**

The authenticity of the expenditure could not be ascertained and it implies non adherence to financial regulations.

**Recommendation**

It is recommended that management should submit all supporting documents on expenditures incurred for audit verification.

**3.2.11 Internal Controls Issues**

**(i) Internal Audit Unit**

The Volume of operations and the varied nature of activities of the Ministry, call for an efficient and effective internal control system including establishment of Internal Audit Unit/Section. An efficient and effective internal audit department would ensure that the Ministry's funds are properly managed and assets are safeguarded. It would also minimize the risk of fraud and embezzlement. By having only one internal auditor the Ministry cannot fulfill the need for having effective internal controls.

**Implication**

The management could not meet its intended controls set on both financial and procurement procedures.

**Recommendation**

It is recommended that the employment of the internal auditors should be accorded high priority with a view to enhance internal controls over the Ministry's funds and assets.

**(ii) Procurement system**

The Public Procurement Act No 21 of 2004 section 33 and 34 requires the Ministry to form Tender Boards, and Procurement Management Unit to Assist in Strengthening the system of procurement of goods, services and works from the right source in the right quantity, at the right time, place and price. However, the Ministry did not form the procurement Management Unit contrary to the Public Procurement Act.

**Recommendation**

Management should comply with the Public Procurement Act No 21 of 2004 section 33 and 34 and the related Regulations.

**3.2.12 Occupational Safety And Health Authority****Non Maintenance of Data base**

During the audit under review it has been noted that, the OSHA Management did not maintain the database or the records of all clients who are required to be inspected.

In the absence of the vital records (Data Base), the achievement of OSHA's business plan could not be ascertained.

**Implication**

The management cannot achieve its objectives.

**Recommendation**

It is recommended that the OSHA Management should install the data base so that the business plan can be achieved.

**4.0 CONCLUSION**

The detailed audit findings presented above have been communicated to the Management of the Ministry during the exit meeting held on 23<sup>rd</sup> January, 2006 where the Ministry promised to take appropriate corrective measures on all matters which need to be rectified. We shall appreciate to receive formal actions taken against each item.

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

Dr. F. M. H. Mhilu

**Ag. CONTROLLER AND AUDITOR GENERAL**

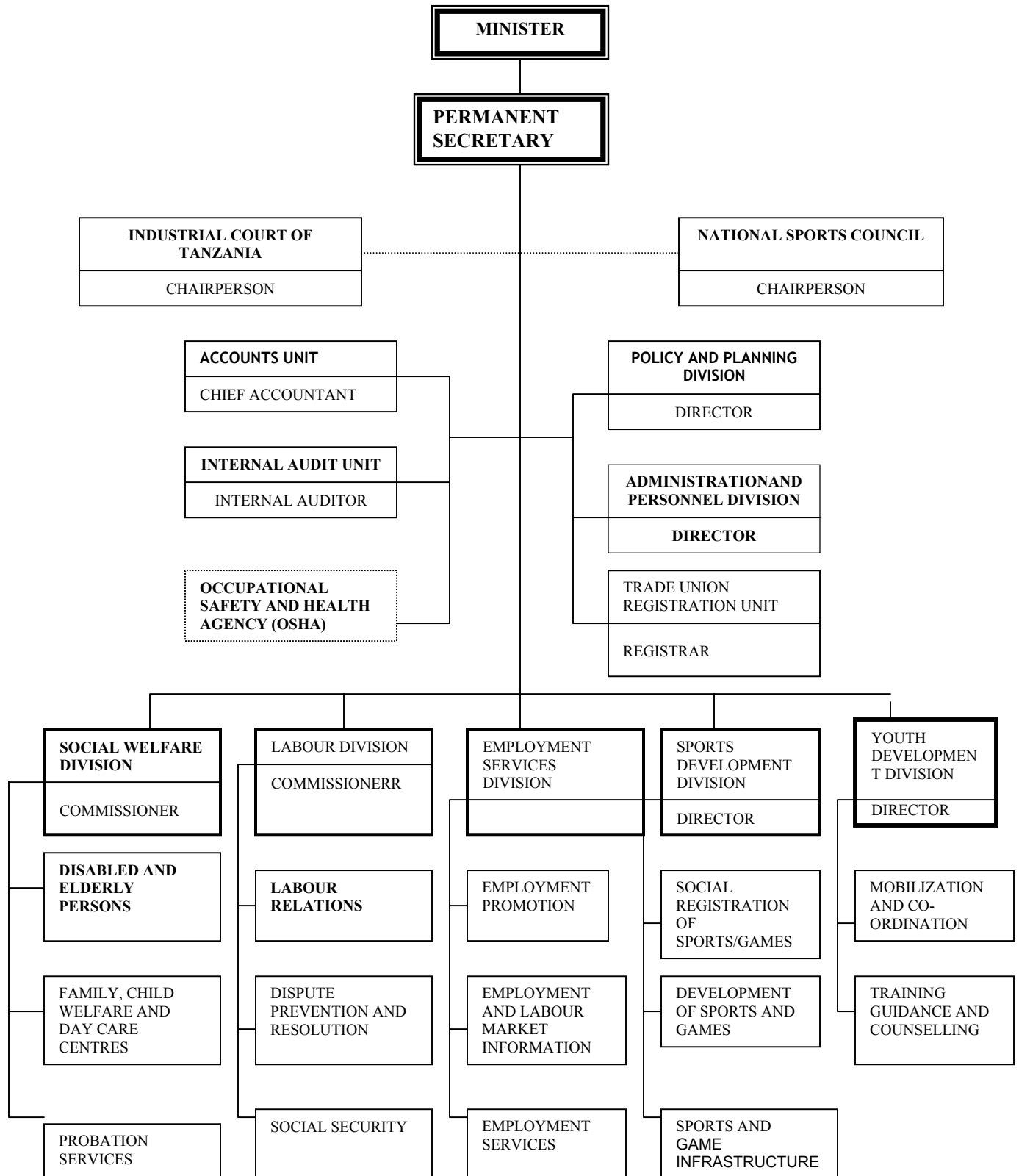
Copy to: The Chief Secretary,  
State House,  
P. O. Box 9120,  
Dar es Salaam

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

## 5.0 ANNEXURE

Organisation Structure of the Ministry.

**ORGANIZATIONAL STRUCTURE FOR  
MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS  
(As Approved by the President on 30<sup>th</sup> May, 2002)**



## APPENDIX II

## PAYMENT WITHOUT TENDERING PROCEDURES

Pv	Chq.	Amount	Suppliers	LPO	Tender Fees
1461/11	0440241	450,000	Compute Lab	4000043	50,000
1233/11	00433998	1,566,500	Jeel General Enterprises	4000038	50,000
1059/11	00430825	3,783,000	Professional Business	4000033	50,000
1376/11	0438153	21,575,000	Easy Jel	-	50,000
1447/12	00442604	1,500,000	Dema Inter Ltd	4000066	50,000
1480/12	00442606	350,000	Alamroot Enterprises	4000057	50,000
1481/12	00442608	687,000	AJ Office Supplies	4000050	50,000
1482/12	00442609	490,000	-do-	4000058	-
1629/12	00446447	870,000	Unique Off. Soln.	-	50,000
1634/12	00446847	450,000	-do-	4000073	-
1635/12	00446850	820,000	-do-	4000075	-
1636/12	00446849	964,000	-do-	4000074	-
1637/12	0446850	820,000	Unique Office soln	4000076	-
1791/12	0453380	3,216,000	Furniture and carpet world	04000068	50,000
1792/12	0453383	399,840	Kasojus Gen. Trader	4000069	50,000
1794/12	0453384	367000	-do-	4000084	-
3623/5	0499074	1,540,800	Suyule General	4000153	50,000
3146/5	0503320	280,000	Peoroot Enterprises	40000159	50,000
3150/5	0503378	690,000	Kotes (T) Ltd Reco Engineering	40000150	50,000
3290/5	0506384	1,080,000	Reco Engineering	-	50,000
3282/12	00506386	252,000	Unique Office soln	4000156	-
3283/12	00506387	555,000	-do-	40000157	-
3284/5	00506388	1,968,000	Mullya Gen Enterprises	4000158	50,000
3397/5	00508127	3,240,042	Antelop Tour & Traveling service	-	50,000
3428/5	00509664	610,000	Kotes (T) Ltd	4000162	-
2973/04	00497055	2,178,240	M/S Dubai Trading Centre DSM	4000154	50,000
2716/03	00484678	84,000	Lyamkindo Invest (T) LTD	4000119	50,000
2715/03	00484677	323,000	"	4000118	-
2714/03	00484676	390,600	"	4000117	-
2713/03	00484675	180,000	"	4000131	-
2719/03	00485946	1,948,800	New Singh Garment Ltd	4000134	50,000
2692/03	00484664	478,000	Biria Company	4000111	50,000
2691/03	00484670	2,988,600	Unique Office Solution	4000127	-
2690/03	00484662	561,840	Daisytek Traders	4000116	50,000
2689/03	00484663	950,000	West rock Enterprises	4000106	50,000
2688/03	00484674	100,000	Lyamkindo Invest. (T) Ltd.	4000125	-
2687/03	00484673	100,000	Lyamkindo Invest. (T) LTd	4000124	-

2686/03	00486472	100,000	Lyamkindo Invest (T) Ltd	4000122	-
2685/03	00484671	100,000	“	4000121	-
891/10	0042253	593,880	Kasojas General Traders	4000020	-
793/10	00418169	747,000	“	4000018	-
711/10	00416972	366,000	Unique Office Solutions	4000023	-
710/10	00416971	327,600	“	4000024	-
709/10	00416973	439,200	Niceda General Business DSM	4000025	50,000
875/10	00420303	927,000	Kotes (T) Ltd	4000013	-
873/10	00420305	1,329,000	Tan printers & Stationeries Ltd	4000027	50,000
872/10	00420304	693,100	M/S Yoke Enterprises	4000029	50,000
466/09	00409302	271,200	Sayule General Enterprises	4000009	-
465/09	00409303	624,000	Kasonjas General Trades DSM	4000010	-
521/09	00411049	1,200,000	Kotes (T) Ltd DSM	4000011	-
262/08	00402716	560,000	Furniture & Carpet World Ltd DSM	4000001	-
788/10	00417317	1,676,400	M/S Dubai Training Centre DSM	4000028	-
659/09	00415607	250,560	Dav Sons General Business	4000019	50,000
2835/4	00416339	1,100,000	M/S Leyaze Enterprises.	4000142	50,000
4241/6	00419719	5,981,000	M/S MFI Office	4000218	50,000
4242/6	0041720	11,300,000	M/S MFI Office	4000201	
4248/6	00417725	1,196,000	M/S Bena Com (T)	4000220	50,000
4250/6	00419717	1,414,500	M/S Furniture Carpert world Ltd	4000217	-
711/10	00416972	366,000	Unique solution	4000023	-
710/10	00416971	327,600	“	4000024	-
2636/03	00483825	672,000	“	4000108	-
2842/04	00492139	564,000	Unique Solution	4000133	-
2869/04	00493361	2,118,000	Furniture & Carpet World Ltd	40000139	-
2885/04	00495568	340,000	Lyamkindo Invest (T) Ltd	4000150	-
2841/04	00492143	537,500	ESS A. General Traders	4000109	-
2840/04	00492138	483,600	Unique Solution	4000132	-
2837/04	00492135	105,000	Kotes (T) Ltd	4000138	-
2836/04	00492134	73,200	“	4000138	-
2868/04	00493362	79,200	Kasejas General Traders	4000128	-
2975/04	00497050	1,224,000	Spexim (T) Ltd	4000130	50,000
4252/6	00419722	450,000	M/S Kikar General Supply	4000230	50,000
2288/2	00472992	948,000	M/S Quality Furniture Ltd	400099	-
<b>Total</b>		<b>98,291,802</b>			

**ORGANIZATIONAL STRUCTURE FOR  
MINISTRY OF LABOUR, YOUTH DEVELOPMENT AND SPORTS  
(As Approved by the President on 30<sup>th</sup> May, 2002)**

