

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE (NAO)



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF REGIONAL SECRETARIAT-DODOMA
(VOTE 72)**

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2005

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AR/VT 72/2005

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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	The financial statements, notes to the financial statements and organization structure.	

Definitions of terms and Abbreviations:

Financial Statements - Means the following financial statements notes and Supporting schedules of the region for the year ended 30th 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

IFMS - Integrated Financial Management System

INTOSAI - International Organization of Supreme Audit Institution

ISA - International Standards on Auditing

RAS - Regional Administrative Secretary

LGA - Local Government Authorities

1.0 BACKGROUND INFORMATION TO THE AUDIT

1.1 Introduction

We have completed the audit of the Dodoma Region Secretariat for the year ended 30th June 2005. Audit findings arising from examination of accounting records, appraisal of 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 Dodoma Regional Secretariat is within Dodoma Region, which is composed of five districts, namely, Dodoma (Rural), Dodoma (Urban), Kongwa, Mpwapwa and Kondoa Districts. However, recently the President has divided the Dodoma (Rural) district into Bahi and Chinolwa districts. The Region has five Councils and one Township Authority of Kondoa. The Councils are Dodoma, Mpwapwa, Kongwa and Kondoa District Councils and Dodoma Municipal Council. The Regional Secretariat is responsible for the general administration of the region and supervision of all the development activities implemented by the councils. Each district is headed by a District Commissioner assisted by a District Administrative Secretary and other supporting officers. The Councils are headed by directors assisted by various officers in different professional capacities.

Dodoma regional Secretariat was established under Regional Administration Act no.19 of 1997 from the former management of Regional Development Director. Besides the Act, the Secretariat operates within other instruments as follows:-

- Public Finance Act no.6 of 2001 and Public Procurement Act no. 21 of 2004.
- Staff Circulars and Standing Orders issued from time to time.
- Treasury regulations and other accounting circulars issued by the Treasury.
- Any other regulations issued by the Government.

1.3 Operational objectives of the Regional Secretariat

The regional secretariat performs development and administrative functions which include capacity building within itself and supporting local Government Authorities (LGAs) to be able to deliver the following:-

- Development of management services which focus on local Authorities by putting together expertise in the area of local Government's administration and finance, training planning and Economic analysis, community development, legal, labour affairs and Auditing.

- Economic Development services which focus on support for production related activities in the region provided through experts in agriculture, trade and natural resources.
- Physical planning and engineering services which focus on support to infrastructure and land management activities. This includes support for regulation of technical designs, contracting and tendering in the sections of physical planning engineering and land development.
- Social development services which focus on support services and regulation of services development activities related to health, education, water services and local welfare activities (both public and private) in the region.
- To ensure peace and tranquility for all regional inhabitants so as to enable them to pursue their goals.
- To facilitate and assist the LGAs in the region to undertake and deliver their responsibilities by providing and recurring the enabling environment for the successful performance of their duties and functions.

1.4 Financing

During the year, exchequer issues totalling to Shs. 22,372,981,724 were received by the Secretariat as hereunder detailed.

Description	Amount
Supply Vote for RAS	1,832,065,873
Supply Vote for Councils	20,323,480,851
Development Vote for RAS	190,462,000
Development Vote for Councils	26,973,000
GRAND TOTAL	22,372,981,724

1.5 Management structure

The Secretariat is headed by the Regional Commissioner assisted by the Regional Administrative Secretary who is the Accounting Officer of the Secretariat. The secretariat has an Internal Auditor and the regional Consultative Council which plays the advisory role to the Secretariat.

The Pictorial Presentation of the management structure for other managerial levels is shown as annexure II.

1.6 Brief description of Internal Control System

The Regional Secretariat has established Internal Audit Units and Audit Committee to ensure that proper system of Internal Control and accounting do exist throughout its activities.

1.6.1 Accounting System

The Secretariat operates the Integrated Financial Management System (IFMS) managed by the Treasury. The Internal Auditor was employed to check and report on the shortcomings in connection with the accounts, finances and related operations of the Secretariat.

1.6.2 Procurement System

The Regional Secretariat has to comply to the Public Procurement Act, 2004 and the related Regulations for procurement of Goods, Works, and Consultancy services and Disposal of Public Assets. The Secretariat has established the Regional Tender Board, which deals with all Procurement activities.

1.6.3 Stores and Property Management System

The Office of Supplies deals with Procurement, stores and property management of the Regional Secretariat. The Secretariat maintains Fixed Assets register and stores ledger for keeping the records of the Secretariat properties.

1.7 Financial Performance issues

Supply Vote

The original approved budget by the National Assembly amounted to Shs. 20,877,420,100. After taking into account reallocation warrants of Shs. 1,370,548,100 added, Shs. 26,348,000 deducted, and Shs. 158,000 appropriation-in-aid the total net approved budget reached a tune of Shs. 22,221,619,200. This included Shs. 1,832,209,500 for the office of the Regional Commissioner and Shs. 20,389,567,700 for the five Councils. These attracted exchequer issues of Shs. 1,832,065,873 for the office of the Regional Commissioner and Shs. 20,323,480,851 for the five councils.

Development Vote

The original and net approved budget for the development vote amounted to Shs. 1,441,358,500 of which Shs. 269,673,000 related to the five councils as follows:-

- Dodoma Municipa Council	Shs. 43,927,000
- Dodoma District Council	Shs. 73,581,000
- Kondo District Council	Shs. 71,429,000
- Mpwapwa District Council	Shs. 42,052,000
- Kongwa District Council	Shs. 38,684,000
Total	Shs. <u>269,673,000</u>

The remaining budget of Shs. 1,171,685,500 is for the office of the Regional Commissioner for meeting projects supervision and other expenses related to development projects. Against the budget exchequer issues received during the accounting period were Shs.190,462,000 for use in the office of the Regional Commissioner and Shs. 26,973,000 for meeting development projects expenses by the five councils.

Percentages Based on Net Approved Estimates

Percentages of exchequer issues and actual expenditures based on the net approved estimates are as follows:-

Accounts Names	Nets Approved Estimates	Exchequer Issues Received	Net Actual Expenditure
1. Supply Vote Account	22,221,619,200 (100%)	22,155,546,724 (99,703%)	22,115,291,506 (99,702%)
2. Development Vote Account	1,441,358,500 (100%)	460,135,000 (31.9237%)	460,133,839 (31.9236%)

All the development funds issued and spent are of the local component. Though Shs. 981,223,500, foreign funds, (68.1% of total budget) was budgeted for HIV/AIDS epidemic (Shs. 271,223,500) and construction of rural water schemes (Shs. 710,000,000) none was released.

Revenue Budget

The Secretariat planned to collect revenues amounting to Shs. 4,086,000 from various sources of revenue. However, it managed to collect Shs. 3,010,818 or 74% of the total budget, resulting in a deficit of Shs. 1,075,181 or 26% of the very budget.

Appropriation-In-Aid Budget

The budget for the appropriation-in-aid was Shs. 158,000, out of which Shs. 148,961 or 94.3% of the budget was collected. This resulted in a deficit of Shs. 9038 or 5.7% of the planned budget.

Actual Expenditures

Net actual expenditure amounted to Shs. 22,255,291,506 (audit figure) for the supply vote account and Shs. 460,133,839 for the development vote 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 the statutory auditor of all government revenue and expenditure, including this Regional Secretariat.

1.9 Audit objectives

The main objectives of conducting the audit is to enable me express an opinion on the financial statements of the Regional Secretariat-Dodoma for the year ended 30th 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 procedures by the procurement Act no 21(2004) and the related regulations.
- To ascertain whether all relevant supporting documents, records and accounts have been kept in respect of all Secretariat transactions.
- To perform compliance test to determine whether the management complied with all material aspects in regard to the objectives of the Secretariat.
- 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 Secretariat are adequately safeguarded against losses from any unauthorized use or disposal.
- To determine whether the management of the Secretariat 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 Regional Secretariat-Dodoma, 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 the audit team.

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 Regional Secretariat who are responsible for setting up and maintaining an adequate system of internal controls.

1.11 Audit Methodology

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

- Review legal documents
- Examination of receipts and payments to confirm compliance with existing legislation, financial regulations and other instructions or directives.
- Review of Internal control structure by assessing significant policies and procedures and determine its adequacy.
- Conduct compliance tests on the system.
- Interview some key personnel.
- Hold entrance conference and exit meetings with the management to discuss the audit objectives and results of the audit exercise respectively.
- Site visits to verify the executed projects.
- 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 ON THE FINANCIAL STATEMENTS

To: Regional Administrative Secretary,
Accounting Officer of Vote 72,
Dodoma Region.

Re: **Audit Report on the Financial Statements of Dodoma Regional Secretariat for the year ended 30th June 2005.**

I have audited the financial statements of Dodoma Regional Secretariat which are attached as Annexure I for the year ended 30th June 2005.

Responsibilities of Dodoma Regional Secretariat.

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 I have performed. According to section 30 of the Act 2001 my specific responsibilities are to examine, inquire into, audit and report on the accounts of the Secretariat.

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 receipts, 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 Dodoma Regional Secretariat 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 on 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 Dodoma Regional Secretariat (Vote 72) 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 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

In my opinion, except for the material matters pointed below, the financial statements of Dodoma Regional Secretariat have been prepared based on the Generally Accepted Accounting Standards, and that they fairly reflect, in all material respects, the results of its operations and cash flows for the year ended on 30th June 2005 and the financial positions as at that date.

Further to my opinion, except for the Procurement of works for constructing a fence at RC's office and an overpayment to Contractors, the procurement of goods and services were generally done in accordance with Public Procurement Act No.21 of 2004 and the related regulations.

Material disagreement and non-compliance with the Law:

1. The management of the Secretariat has failed to maintain properly the Deposit account and other accounts were not submitted for Audit.
2. The Secretariat has not kept the Fixed Assets register up to date to reflect the movement of the fixed Assets on procurement and disposal of the same.
3. Imprests were issued without a register which lead to non retirement of the same. On this, Imprest totalling 31,566,350 was noted to be outstanding.
4. Expenditures amounting to Shs 51,231,233 were noted to have been paid without proper supporting documents which make them difficult in verifying their genuiness.
5. Payments totalling to Shs 40,226,541 was questionable with various anomalies including non compliance to the budgetary provisions.

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

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

Office of the Controller and Auditor General,
National Audit Office,
Dar-Es-Salaam.
February, 2006

3.0 AUDIT FINDINGS AND RECOMMENDATIONS

3.1 Current year's Audit findings

3.1.1 Financial Statements Not Submitted for Audit.

Financial statements not submitted for audit included the following:-

- A statement for nugatory expenditure
- A statement for Unvouched expenditure
- A statement for improperly vouched expenditure
- A statement for outstanding imprests and other debtors

Implication

Non-submission of the said financial statements is a breach of the financial instructions, and renders the accounts submitted incomplete; hence the public is denied of the information supposed to be included therein.

Recommendation

The management of the Secretariat is advised to adjust the financial statements so as to have the omitted ones included in the accounts.

3.1.2 Statement of Vote Account - Supply Vote Net Reallocation Warrants worth Tshs 1,344,199,100

Reallocation warrants were reflected in the statement of vote account at a net total of Shs. 1,344,199,100. Though the figure was correctly reflected no arithmetical workings were shown to demonstrate how the figure was arrived at. This could have been done by showing in the statement the total amount of reallocation warrants added to the appropriation accounts (Shs. 1,370,548,100) and those deducted from the accounts (Shs. 26,349,000) as per the reallocation warrants Nos. 3 and 4 of 2004/2005 financial year. Proper presentation would have been as follows:-

Original Approved Estimated	Shs. 20,877,420,100
Add: Reallocation warrants	
No. 3 and 4	Shs. 1,370,548,100
Less: Reallocation warrant	
No. 4	Shs. 26,349,000
Net Approved Estimate	<u>Shs. 22,221,619,200</u>

Implication

If total reallocations added to and deducted from the original net approved estimates are not taken into account the source of the result of Shs. 1,344,199,100 cannot be easily established.

Recommendation

Revise the statement so that the source of Shs. 1,344,199,100 is easily identified.

3.1.3 Statement of revenue

The Regional Secretariat budgeted to collect a total of Shs. 4,086,000 during the financial year under review from various sources of revenue. However, a total of Shs. 3,010,818.44 or 74% of the total budget was collected as follows:-

Code Nos.	Sources	Budget (Shs)	Actual Collections (Shs.)	Variance (Shs)
1001 - 080303	Rent from Government quarter and offices	2,087,000	625,603.80	1,461,390/60 (Deficit)
1001-080305	Rent other Parastatals	1,997,000	1,991,915.04	5,084.96 (Deficit)
1001 - 080711	Receipts from sale of stores	1,000	-	1000 (Deficit)
1000 - 100121	Recovery of Public Money	1,000	393,300	392,300 (Surplus)
Total		4,086,000 (100%)	3,010,818.84 (74%)	1,075,181.5 (26%)

The supporting details from Sub-Treasury showing the actual collections from various sources of revenues were not enclosed with the accounts.

Implication

The collections amounting to Shs. 3,010,818.84 could not be verified as correctly reflected in the statement in the absence of the relevant documents from Sub-Treasury Dodoma.

Recommendation

The management of the Secretariat should communicate with Sub-Treasury to have the relevant document and submit them for Audit verification.

3.1.4 Deposit account

Deposit Register Not Properly Maintained

(a) Unknown Transactions Recorded in the Deposit Register Shs 101,146,103

The following unrecognizable amounts were recorded in the receipts column of the deposits register:-

Code Nos.	Dates	Amounts
693 - 02	8/3/2005	14,072,568
- ' -	- ' -	14,512,568
693 - 03	- ' -	4,367,517

- ' -	- ' -	4,627,517
- ' -	9/3/2005	5,261,517
- ' -	- ' -	5,411,517
- ' -	10/3/2005	5,466,517
- ' -	23/6/2005	1,007,633
693 - 14	24/2/2005	700,000
- ' -	- ' -	1,040,000
- ' -	5/3/2005	1,150,000
- ' -	10/3/2005	1,240,000
- ' -	- ' -	1,345,000
- ' -	4/4/2005	1,495,000
693 - 16	27/2/2005	1,326,848
693 - 23	11/1/2005	4,000,000
- ' -	26/1/2005	13,770,000
- ' -	7/3/2005	18,770,000
693 - 27	31/12/2004	1,581,900
	Total	101,146,102

However, sources of these amounts could not be identified.

(b) Receipts of Funds Recorded In The Payment Column 9,950,000

In the following transactions which are the receipts to the office have been recorded in the payments column.

Dates	Code Nos.	Receipts Nos.	Amounts
20/4/2005	693 - 27	21468757	1,370,000
- ' -	- ' -	21468758	1,370,000
- ' -	- ' -	21468759	1,370,000
13/5/2005	- ' -	23118881	1,370,000
11/5/2005	693 - 45	17592380	4,470,000
Total			9,950,000

(c) Payment Vouchers Not Recorded 19,638,650

Despite my observation raised during the financial year 2003/2004 payment vouchers for various deposit payments are still not recorded in the deposits register as shown below:-

Code Nos.	Dates of Payments	Amounts Tshs
693 - 01	10/4/2004	2,500,000
- ' -	8/10/2004	2,000,000
- ' -	15/10/2004	2,000,000
- ' -	16/11/2004	4,470,000

- ' -	24/11/2004	1,000,000
- ' -	10/2/2005	515,000
- ' -	14/2/2005	315,000
- ' -	22/2/2005	165,000
- ' -	25/2/2005	165,000
- ' -	16/2/2005	32,450
- ' -	21/2/2005	710,000
- ' -	29/4/2005	150,000
- ' -	22/6/2005	1,295,000
693 - 01	Not shown	2,971,200
- ' -	- ' -	200,000
693 - 45	24/3/2005	1,150,000
	Total	19,638,650

Implication

Contrary to the accounting procedures the deposits register was not properly maintained. This could imply that the information in the financial statements might be incorrectly reflected to a significant degree.

Recommendation

Management should rewrite the deposits register so that it remains with properly recorded transactions.

3.1.5 Cash flow statement as at 30th June 2005

(a) Deposit Account

Cash flow statement for the deposits account reflected total receipts of Shs. 219,692,303 and payments amounting to Shs. 186,462,631. However, according to the register of deposits, receipts and payments were observed to amount to Shs.193, 433,813 and Shs 164,456,640 respectively. The difference in these figures could not get clarification from Secretariat management.

Implication

Receipts were overstated by Shs. 26,258,890 and payments by Shs. 22,005,990. The reporting of wrong information in the cash flow Statement misleads the users of the Secretariat's Financial Statements.

Recommendation

Management should revise the Cash Flow Statement for the correct receipts and payments figures. Further rigorous efforts should be made to have efficient accounting system in place.

(b) Consolidated cash flow statement (Recurrent, Development and Deposit)

(i) Receipts

The receipts according to the consolidated cash flow statement amounted to Shs. 22,835,374,027. The amount included Shs. 460,135,000 , Shs. 22,155,546,774 and Shs. 219,692,303 being exchequer issues for development and recurrent accounts respectively, and deposit account receipts. However, the total receipts were incorrect because:-

- According to the deposits register total receipts for the deposits account was Shs.193,432,363 and not Shs. 219,692,303 as reported. So a difference of Shs. 26,259,940 was noted to be an overstatement.

Therefore total receipts would amount to Shs 22,809,263,048 as follows:-

Total Exchequer issues	Shs. 22,615,681,724
Add: Deposits receipts (adjusted)	Shs. <u>193,432,363</u>
Total	Shs. <u>22,809,114,087</u>

(ii) Other Payments

Other payments reflected in the statement and the relevant schedule amounted to Shs. 382,316,431. However, since the total payments in respect of deposit transactions was overstated by Shs. 22,005,990 the total payments in respect of other payments would read Shs.360,310,441 (382,316,431- 22,005,990) instead of the reported figure of Shs.382,316,431

Implication

Total payments in respect of other payments was overstated by Shs. 22,005,990

Recommendation

Management should revise the statement so as to have the correct total payments figure and make the statement meaningful.

3.1.6 Fixed Assets management

(a) Fixed Assets Not Written Off After Sale.

The following fixed assets had been sold, but the same still remained recorded in the fixed assets register as hereunder detailed:-

Names of Assets	Original Prices Reported (Shs.)	Book Values Per Register (Shs.)	Accumulated Depreciation Value (Not Shown In Register) (Shs.)
Motor vehicle STJ 767, Nissan Patrol	33,680,000 (100%)	8,420,000 (25%)	25,260,000 (75%)
Motor Vehicle STH 8242, Suzuki Samurai	5,600,000 (100%)	1,400,000 (25%)	4,200,000 (75%)
Motor vehicle STH 1537, Suzuki Samurai	5,600,000 (100%)	1,400,000 (25%)	4,200,000 (75%)
Motor vehicle STH 9592, Land/Rover 110 Defender	5,800,000 (100%)	1,450,000 (25%)	4,350,000 (75%)
Motor vehicle STH 8244, Suzuki Samurai	5,600,000 (100%)	1,400,000 (25%)	4,200,000 (75%)
Motor vehicle STH 9008, Land/rover 110, Defender	4,260,000 (100%)	1,065,000 (25%)	3,195,000 (75%)
Total	60,540,000 (100%)	15,135,000 (25%)	45,405,000 (75%)

In addition, these anomalies were noted on the assets:-

- Names of the officers/people to whom the vehicles were sold and the sale prices were not shown in the register of the fixed assets.
- All the book value balances were written in pencil.

Implication

- If the names of the officers/people to whom the assets were sold and the sale prices are not shown in the register of fixed assets it becomes difficult to ascertain that the assets were really sold.
- The records are easily erased if recorded in pencils. Further, the financial statements may not be presenting the true picture of the Secretariat's properties.

Recommendation

The management of the Regional Secretariat has to Comply to the procedures applicable when disposing Fixed Assets.

(b) Schedule Of Fixed Assets And Stores

The items below are among the fixed assets listed in the schedule of fixed assets and stores for the whole region.

Details	Quantity	Cost Prices (Shs.)	Years Acquired	Locations Per Schedule
Computer (Model DEL)	11	11,000,000	2003	RAS, RMO
STJ 9917 (Pajero)	1	27,600,000	1997	Hospital
Tables	154	3,080,000	2001	RAS, DAS
Office chairs	312	1,872,000	2001	RAS, DAS
STH 7207 (Toyota)	1	4,700,000	1987	Hospital
Book shelves	35	1,225,000	1995	RMO, DAS
Wooden stools	7	14,000	1995	RMO, DAS
Arm chairs	25	2.250.000	2002	RAS, RMO, DAS
Wooden Benches	9	70,200	2002	RMO, DAS
Totals	553	51,811,200		

In regard to the above items, the following anomalies were noted :-

- The quantities and values of assets allocated to each office are not stated. For example the quantities and values of computers, chairs and tables allocated to the office of Regional Administrative Secretary, Regional Medical Officer and the District Administrative Officer are not stated in the schedule.
- The hospitals to which the two motor vehicles were allocated are not stated.

Implication

The circumstance implies the following:-

- From the schedule it is not easy to determine the quantities and values of assets allocated to each office.
- Also it is not easy to determine the hospitals in which the two motor vehicles are allocated.

Recommendation

It is recommended that the management has to take action in maintaining the proper schedule of Fixed Assets from which the movement of the same may be traced. Also the Schedule has to be updated with the information addressing the following:-

- (i) Quantities and values of assets allocated to each office.
- (ii) The hospitals in which the two vehicles were allocated

(c) Fixed Assets Omitted from the Schedule and Register
Tshs 7,290,000

The below named fixed assets recorded in the fixed assets register were omitted from the schedule.

Details	Cost price (Shs)	Years Acquired	Location
Motor cycle STJ 5178	2,900,000	2002	Kongwa
Motor cycle STG 8932	70,000	1987	Not known
Motor cycle STG 8931	70,000	1987	Not known
Total	3,040,000		

On the other hand, a motor vehicle, STH 1652 (Toyota), worth Shs. 4,250,000 acquired in 1990, recorded in the schedule of fixed assets and stores was not recorded in the fixed assets register contrary to the stores management procedures.

Implication

The schedule/register of fixed assets and stores submitted is incomplete since it fails to allocate the whereabouts of each Asset.

Recommendation

It is recommended that management should revise the schedule/Register of fixed assets and stores to include the assets not included therein and locate the whereabouts of each Asset.

3.1.7 Matters arising from transactional audit

(a) Imprests Register Not Maintained

Despite issues of imprests to various officers the secretariat does not maintain an imprests register so as to serve as an internal control tool on this aspect.

Implication

Since the Imprest register is not maintained control of the imprests issued to various officers remains impossible and all the issued imprests are likely to remain unretired.

Recommendation

The Secretariat has to establish imprests register and keep it updated. Further as a matter of internal control prepare monthly imprests reconciliation statements and take action on retirement defaulters.

(b) Imprests not verified as retired Shs.31,566,350

In the absence of the imprests records and retirement particulars for the imprests amounting to Shs. 31,566,350 issued during the year under review could not be verified as retired by various officers. In addition, imprests were charged direct to the items of expenditure contrary to Regulation 98(2) of the Public Finance Regulations of 2001.

Implication

There is no control over the imprests issued to various officers. As such a lot of money remains in the hands of the officers unaccounted for which violate Requirement of Regulation 98 of the Public Finance Regulations.

Recommendation

The Secretariat has to keep proper records indicating names of imprests holders, dates of issue of imprests, amounts of imprests issued, amounts of imprests retired and balances. Further regulation 98 of the Public Finance Regulations should be adhered to.

(c) Improperly Vouched Expenditure Shs.51,231,233

Though no improperly vouched expenditure figure was reported in the footnotes to the appropriation accounts, expenditures of the same nature amounting to Shs. 51,231, 233 were noted during the transactional audit. Ten Audit queries, not yet replied, were raised on the matter.

Implication

Without the supporting documents, propriety of the total expenditure of Shs. 51,231,233 could not be ascertained.

Recommendation

Management should trace and submit for audit the relevant supporting documents and ensure that the accounting procedures are observed.

(d) Questionable Payments worth Shs.40,226,541.10

- I. Shs.9,025,904.40 being development funds meant for construction of Kongwa District Council Office block was used for the construction of a fence at the Regional Commissioner's Office.
- II. Expenditure of Shs.840,000 of the recurrent nature was met against the development funds.
- III. Shs.13,169,300 was spent for the expenses of the recurrent nature from the deposit account.

- IV. Shs.5,000,000 released by UNICEF for facilitation of livestock vaccination at the regional level was erroneously paid to the Regional Medical Officer instead of the District/Regional Livestock of Officer(s).
- V. Shs.980,000 was paid for the purchase of tyres whose type and size were not stated.
- VI. Payments amounting Shs.3,101,515 relating to expenditure in excess of imprests issued to various officers were not approved by the Accounting Officer.
- VII. Acknowledgement receipts for Shs.8,109,821.70 paid as statutory deductions to various institutions could not be verified as received by the proper payees in the absence of the relevant acknowledgement receipts from the very payees.
- VIII. Shs.2,674,563 charged against development account was overpaid to contractors.
- IX. Stores worth Shs.228,500 were not taken on ledger charge.

Implication

- Diversion of funds is contrary to the financial instructions that all the funds should be spent for the purposes for which they were meant, meaning that the planned activities were not implemented for not using the funds rightly.
- If the sizes and types of tyres purchased are not stated it is difficult to ascertain that the prices charged are correct.
- Overpayments to payees amount to nugatory expenditure.
- If payments are not approved by the Accounting Officer they amount to unauthorized expenditure, hence improper.
- If payments are not acknowledged receipts by the payees it cannot be ascertained that such payments have reached the right hands.
- It is a breach of the stores management procedures if the stores purchased are not accounted for in the stores ledger.

Recommendation

Management has to ensure that the anomalies above are rectified and internal control system is strengthened.

4.0 CONCLUSION

The detailed audit findings presented above have been communicated to management of the Dodoma Regional Secretariat 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

National Audit Office,
Dar es Salaam
February, 2006

5.0 ANNEXURES

- Financial statements and notes to the financial statements-**Annexure I**
- Organization structure of RAS-Dodoma-**Annexure II**

- Financial statements and notes to the financial statements

THE ORGANIZATION STRUCTURE OF DODOMA REGIONAL SECRETARIAT

