



ANNUAL GENERAL REPORT OF THE CONTROLLER

AND AUDITOR GENERAL

*On the Audit of Public Authorities and Other
Bodies for the financial year 2013/2014*



THE UNITED REPUBLIC OF
TANZANIA

NATIONAL AUDIT OFFICE



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In reply please quote

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26th March, 2015

H. E. Dr. Jakaya Mrisho Kikwete,
The President of the United Republic of Tanzania,
State House,
1 Barack Obama Road,
11400 DAR ES SALAAM.

Re: Submission of the Annual General Report of the Controller and Auditor General on the Audit of Public Authorities and Other Bodies for the Financial Year 2013/2014

Pursuant to Article 143 of the Constitution of the United Republic of Tanzania of 1977 as amended from time to time, I hereby submit to you my Annual General Report on the Audit of Public Authorities and Other Bodies as defined in Section 3 of the Public Audit Act No. 11 of 2008.

This report includes audit reports of Public Authorities and Other Bodies for the financial years ended 30th September, 2013, 31st December, 2013 and 30th June, 2014. I submit for your kind consideration and onward submission to Parliament in accordance with the requirement of the law.

Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

**The Controller and Auditor General,
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 under Article 143 of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time) and amplified by the Public Audit Act, No. 11 of 2008 (as amended) and further amplified by Public Audit Regulations of 2009.

Vision

To be a centre of excellence in public sector auditing.

Mission

To provide efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

Core Values:-

Objectivity:	We are an impartial organization, offering services to our clients in an objective and unbiased manner;
Excellence:	We are professionals providing high quality audit services based on best practices;
Integrity:	We observe and maintain highest standards of ethical behaviour and the rule of law;
People focus:	We focus on stakeholders' needs by building a culture of good customer care and having competent and a motivated work force;
Innovation:	We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and
Best resource utilisation:	We are an organization that values and uses public resources entrusted to it in an efficient, economic and effective manner.

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List of Abbreviations/Acronyms

ADB	African Development Bank
AFROSAI-E	African Organisation of Supreme Audit Institutions for English Speaking Countries
APP	Annual Procurement Plan
ARU	Ardhi University
AU	African Union
AUWASA	Arusha Urban Water Supply and Sanitation Authority
BAWASA	Babati Urban Water Supply and Sanitation Authority
BoT	Bank of Tanzania
CAG	Controller and Auditor General
CAMARTEC	Centre for Agricultural Mechanization and Rural Technology
CAWM	College of African Wildlife Management (MWEKA)
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CFR	Centre for Foreign Relations
CHC	Consolidated Holding Corporation
CIDA	Canadian International Development Agency
CMSA	Capital Markets and Securities Authority
COSOTA	Copyright Society of Tanzania
COSTECH	Tanzania Science and Technology Commission
CR	Circular Resolution
CTB	Central Tender Board
DAWASA	Dar es Salaam Water and Sewerage Authority
DAWASCO	Dar es Salaam Water and Sewerage Corporation
DFID	Department for International Development
DG	Director General
DIT	Dar es Salaam Institute of Technology
DOWUTA	Dock Workers Union of Tanzania

DSE	Dar es Salaam Stock Exchange
DUCE	Dar es Salaam University College of Education
DVC-PFA	Deputy Vice Chancellor Planning, Finance and Administration
EAC	East African Community
EC	Evaluation Committee
EPZA	Export Processing Zone Authority
ESWS	Electronic Single Window System
EWURA	Energy and Water Utility Regulatory Authority
FCC	Fair Competition Commission
GEAS	Group Endowment Administrative Scheme
GEPF	GEPF Retirement Benefit Fund
GIZ	Deutsche Gesellschaft for Internationale Zusammenarbeit
GN	Government Notice
GoT	Government of Tanzania
GNP	General Procurement Notice
GPSA	Government Procurement Service Agency
HESLB	Higher Education Students' Loans Board
HQ	Head Quarters
HR	Human Resource
IAE	Institute of Adult Education
IAS	International Accounting Standards
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IMTU	International Medical and Technology University
INTOSAI	International Organisation of Supreme Audit Institutions
IPSASs	International Public Sector Accounting Standards
IRDP	Institute of Rural Development Planning
ISA	International Standard on Auditing
ISSAIs	International Standards of Supreme Audit Institutions

ISW	Institute of Social Work
JWTZ	Jeshi la Wananchi wa Tanzania
KCML	Kiwira Coal Mines Limited
KCPL	Kiwira Coal and Power Limited
KEC	Kibaha Education Centre
KINAPA	Kilimanjaro National Park
KMC	Kariakoo Market Corporation
KOJ	Kurasini Oil Jet
LAPF	LAPF Pensions Fund
LPO	Local Purchase Order
LTD	Limited
MBEUWASA	Mbeya Urban Water Supply and Sanitation Authority
MD	Managing Director
MINAPA	Mikumi National Park
MNH	Muhimbili National Hospital
MTO	Motor Transport Officer
MTUWASA	Mtwara Urban Water Supply and Sanitation Authority
MUST	Mbeya University of Science and Technology
MWAUWASA	Mwanza Urban Water Supply and Sanitation Authority
NAOT	National Audit Office of Tanzania
NBAA	National Board of Accountants and Auditors
NCAA	Ngorongoro Conservation Area Authority
NDC	National Development Corporation
NEMC	National Environment Management Council
NHC	National Housing Corporation
NHIF	National Health Insurance Fund
NIC	National Insurance Corporation
NIDA	National Identification Authority
NMB	National Microfinance Bank

NSSF	National Social Security Fund
OPRAS	Open Performance Review and Appraisal System
ORCI	Ocean Road Cancer Institute
OUT	Open University of Tanzania
PA&oBs	Public Authorities and other Bodies
PAA	Public Audit Act No. 11 of 2008
PAC	Public Accounts Committee
PAYE	Pay As You Earn
PES	Procuring Entities
PFMRP	Public Finance Management Reform Programme
PMG	Pay Master General
PMU	Procurement Management Unit
POC	Planning and Operation Committee
PPA	Public Procurement Act
PPAA	Public Procurement Appeals Authority
PPE	Property Plant and Equipment
PPF	PPF Pensions Fund
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
PRIDE	Tanzania Promotion of Rural Initiative and Development Enterprises Limited
PSPF	Public Service Pensions Fund
RAHCO	Reli Assets Holding Company
Reg.	Regulations
RT	Restricted Tendering
SADC	Southern Africa Development Community
SADCOPAC	Southern African Development Community Public Accounts Committee
SAI	Supreme Audit Institution
SDL	Skills and Development Levy
SHUWASA	Shinyanga Urban Water Supply and Sanitation Authority

SIDA	Swedish International Development Agency
SNAO	Swedish National Audit Office
STAMICO	State Mining Corporation
SUMATRA	Surface and Marine Transport Regulatory Authority
TAEC	Tanzania Atomic Energy Commission
TAFORI	Tanzania Forestry Research Institute
TANAPA	Tanzania National Parks
TANESCO	Tanzania Electricity Supplies Company Ltd
TB	Tender Board
TBC	Tanzania Broadcasting Corporation
TBS	Tanzania Bureau of Standards
TCB	Tanzania Cotton Board
TCRA	Tanzania Communications Regulatory Authority
TDB	Tanzania Dairy Board
TEA	Tanzania Education Authority
TEMDO	Tanzania Engineering and Manufacturing Design Organization
TFNC	Tanzania Food and Nutrition Centre
TFRA	Tanzania Fertilizer Regulatory Authority
TIC	Tanzania Investment Centre
TIRA	Tanzania Insurance Regulatory Authority
TIRDO	Tanzania Industrial Research and Development Organization
TLSB	Tanzania Library Services Board
TNBC	Tanzania National Business Council
TPA	Tanzania Ports Authority
TPB	Tanzania Postal Bank
TPDC	Tanzania Petroleum Development Corporation
TR	Treasury Registrar
TRA	Tanzania Revenue Authority
TSN	Tanzania Standard News Papers

TTB	Tanzania Tourist Board
TTCL	Tanzania Telecommunications Company Ltd.
TTMS	Telecommunication Traffic Monitoring System
TUWASA	Tukuyu Urban Water Sewerage Authority
TWLB	Tanzania Warehouse Licensing Board
TZS	Tanzania Shilling
UCSAF	Universal Communications Services Access Fund
UDA	Usafiri Dar es Salaam
UDOM	University of Dodoma
UPL	Ubungo Plaza Limited
URT	United Republic of Tanzania
USAID	United States of America International Development Agency
USD	United States Dollar
UTT-MFI	Unit Trust of Tanzania-Micro Finance
VAT	Value Added Tax
VETA	Vocational Education Training Authority
VTC	Vocational Training Centre
WB	World Bank

ACKNOWLEDGEMENTS

I am obliged to extend my gratitude to His Excellency Dr. Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania, for always drawing attention to, and laying emphasis on this general report.

My appreciation goes to the Honourable Speaker of Parliament of the United Republic of Tanzania, Chairpersons and Honourable members of various oversight Committees of Parliament and the whole Parliament for their commitment in the deliberation of the contents of the report and the directives issued to Public Authorities and Other Bodies for corrective measures.

My sincere gratitude goes to my predecessor, Mr. Ludovick S. L. Utouh for the great work he has done for this office by putting in place systems of internal control which has enabled me to issue this annual general report of Public Authorities and other Bodies on time.

I equally wish to express my gratitude to the Boards of Directors, Chief Executive Officers and for that matter Accounting Officers and all employees of the audited Public Authorities and Other Bodies for the co-operation extended to my audit teams during the audit of their entities.

I would also like to thank the printer of this report for expediting the printing of this report and make it possible for it to be submitted to the President of the United Republic of Tanzania on the statutory due date.

Further, I wish to express my sincere appreciation to Development Partners who have been supporting NAOT including but not limited to the Public Financial Management Reform Programme (PFMRP) under the co-ordination of the World Bank (WB), the Swedish National Audit Office (SNAO), the Government of Sweden through the Swedish International Development Agency (SIDA), Department for International Development (DFID) of UK, Deutsche Gesellschaft for Internationale Zusammenarbeit (GIZ), African Development Bank (ADB), United States of America International and Development Agency (USAID), SAI of India, SAI of China, AFROSAI-E, Canadian International Development Agency (CIDA) and all other well-wishers who have contributed immensely towards the modernization of the audit functions in my office by sponsoring training to NAOT staff and provision of various facilities such as computers and motor vehicles.

Furthermore, I wish to thank all the private audit firms that have been working with NAOT in the audits of Public Authorities and Other Bodies.

Finally, with much appreciation, I would like to thank all the staff of the National Audit Office. Their commitment and dedication in the fulfilment of this task has been very inspirational to me. I urge them to continue upholding the same team spirit they have demonstrated in all their future endeavours so that we could raise higher the banner of the office in providing efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

FOREWORD

It is my great pleasure and honour to present this annual general report on the audit of Public Authorities and Other Bodies (PA&OBs) for the year 2013/2014. The report is a compilation of various individual reports on the audit of Public Authorities and other Bodies. The report highlights issues that impede the efficiency of Public Authorities and Other Bodies in discharging their responsibilities, objectives and achievement of their predetermined goals.

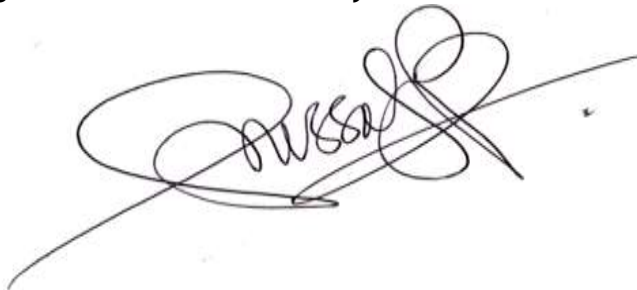
This report is meant to draw the attention of the Executive, Legislature, Judiciary, Development Partners and the General Public at large about the main findings, conclusions and recommendations drawn from the audit of Public Authorities and Other Bodies during the year 2013/2014.

Given the greater concern of the general public in the performance of PA&OB's and the increased need for accountability, transparency and good governance, informed decisions are very vital. To this effect therefore, I have prepared this report to ensure that decision makers in the country are served with relevant and up-to-date information with technical recommendations on the financial reporting, utilization and management of public resources of the Public Authorities and other Bodies in the Country. I have prepared this report in compliance with Article 143 of the Constitution of the United Republic of Tanzania and Section 34 of the Public Audit Act No. 11 of 2008.

In ensuring that the work of the CAG and National Audit Office Tanzania (NAOT) adds value in the economic development of the country, I have been reviewing my audit approaches to ensure that the reported findings meet the expectations of my stakeholders. Capacity building to auditors has been one of my focus and priority area in ensuring their understanding of relevant laws, regulations, circulars, directives and various emerging issues both locally and globally such as the on-going reforms in financial reporting frameworks issued by the International Federation of Accountants (IFAC), INTOSAI and other professional bodies to which NAOT is a member.

In enhancing professional development, NAOT staff have been subjected to various trainings so as to enhance their efficiency, effectiveness and work performance with due diligence. To this effect, NAOT has plans underway to construct an Audit Training Centre at Gezaulole Kigamboni, Dar es Salaam and I believe the Government having realized the importance of training to auditors, will support my office in all aspects and in making the project a success.

It is of paramount importance to note that, while there is a key role for oversight organs to play in overseeing compliance with the laws, regulations, and procedures in public entities, ultimately, the responsibility for maintenance of an adequate internal control system and compliant financial reporting framework lies with Boards of Directors of the PA&Bs. I commend the role played by His Excellency the President of the United Republic of Tanzania, Dr. Jakaya Mrisho Kikwete, and his entire Government, the Parliamentary Oversight Committees, the Parliament and the Development Partners for their continued support in ensuring the existence of enhanced accountability which has led to improved governance in the country.

A handwritten signature in black ink, appearing to read 'Mussa Juma Assad', with a long horizontal line extending from the end of the signature.

Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL
26th March, 2015

EXECUTIVE SUMMARY

Introduction

This executive summary highlights specific issues detailed in this report which need the attention from the Government, Parliament, Boards of Directors and respective Managements of Public Authorities and Other Bodies to ensure efficiency and effectiveness in the operations of their respective entities.

This report includes audit findings that were considered to hamper the performance of PA&Bs' drawn from individual audit reports. Generally, it includes issues which are considered significant to be brought to the attention of the public and those charged with governance for immediate actions. The highlighted issues are as follows:

i. Basis and Trend of Audit Opinions

As of 17th March, 2015, I managed to conclude 125 individual audit reports out of 180 which are subject to my ambit of audit under the category of PA&Bs. Out of the concluded audits, 109 audited financial statements were finalised and issued with audit opinions while 16 audited entities had no Boards of Directors to adopt their financial statements. The remaining 52 PA&Bs audits were at different stages of completion due to various reasons including late submission of financial statements, failure to convene board meetings on time as required by law and failure to respond to the audit observations on time. A peculiar case was for three (3) entities which did not submit their financial statements for audit purposes namely Tanzania Railway Limited (TRL), Air Tanzania Company Limited (ATCL) and Marine Services Company.

Out of 109 audit opinions, 105(96%) entities were issued with unqualified audit opinion while 4(4%) were issued with qualified audit opinion. There was neither an adverse nor disclaimer of opinion issued to any of PA&Bs. However, of the 105 accounts issued with unqualified opinion, 39 accounts were issued with unqualified opinion with an inclusion of emphasis of matter paragraphs while two qualified audit opinions were also issued with an emphasis of matter paragraphs.

Further, I wish to point out that some PA&Bs are experiencing deteriorating financial performance as a result of incurring consecutive losses/deficits. This has been associated with liquidity problems which hindered them from honouring their current liabilities as and when they fell due. Attention also is drawn to some of PA&Bs that had total contingent liabilities of TZS.52.36 Billion and USD 258.761 million as shown in Appendix IV. Contingent liabilities arose from pending lawsuits

whose preliminary hearings and investigation proceedings were in progress of which the ultimate outcome of the matters could not be determined hence, no potential liability had been provided for in the financial statements.

ii. Summary of Outstanding Audit Recommendations

My previous year audit revealed that 31 recommendations were outstanding during the year 2012/2013.

During the year 2013/2014, follow ups on implementation of prior year recommendations were made and noted that; only 2 outstanding recommendations from previous years were implemented and 1 recommendation was overtaken by events while 28 recommendations were not fully implemented. Some of these recommendations have remained unresolved for more than four (4) years as summarized in chapter three (3) of this report. This indicates that those charged with governance have not fulfilled their responsibilities properly in ensuring that issued audit recommendations are timely acted on.

I appreciate the efforts made by the Paymaster General in responding to my recommendations issued in the previous years general report. However, I wish to point out that implementation of the recommendations is not satisfactory since most of them are either partially implemented or not implemented at all.

iii. Significant audit matters which were not reported in the previous year's general report

There are Public Authorities & Other Bodies whose audits were not concluded within the required timeframe due to different reasons and hence did not appear in the previous year General Report, these include the following:

I noted potential long outstanding receivables at TPC, DIT and NHC amounting to TZS.2.695 Billion, TZS.215.66 million, and TZS.3.289 billion respectively. TPC had long outstanding reconciling items amounting to TZS.436.2 million which had not been cleared. Significant delays in remittance of statutory deductions were noted at TPC where unremitted deductions included PAYE, VAT and SDL accumulated to the tune of TZS.4,019,106,693, TZS.2,063,060,274 and TZS.2,679,711,571 respectively. Long outstanding PPF Pensions Fund Contribution amounting to TZS.2.6 Billion were also noted at TPC.

Long Outstanding Payables were noted at Open University of Tanzania and MUST of TZS.236.833 million and TZS.100.22 million respectively. Rent overdue from Taji Company Ltd of TZS.84.500 million was noted at University of Dodoma and non-updating of fixed asset register was noted at Mbeya University of Science Technology (MUST) which resulted into an un-reconciled difference of TZS.3.89 Billion. Unverified Inventories and Stores at MUST and Tanzania Industrial Research and Development Organisation amounting to TZS.129.95 million and TZS.6.51 million respectively were also noted.

The audit revealed going concern problem indicators at DIT, TFNC, OUT and TDB as detailed in chapter four. EPZA has accumulated accrued interest of TZS.3,297,690,041 resulted from delayed compensation payment to land owners.

I also noted non preparation of Corporate Strategic Plan and, non-disclosure of performance bond account at Tanzania Warehousing Licensing Board (TWLB).It was also noted that Warehouse Licenses and bond receipts were being issued before payment is made by licensees; licences for TZS.260 Million were issued using this arrangement.

iv. Procurement and Contracts Management

Procurement functions have remained one of the largest expenditure components in the budgets of PA&Bs in Tanzania; hence adherence to laws, regulations, guidelines and circulars on public procurement becomes critical. Our audit scope covered compliance with both the new Public Procurement Act No.7 of 2011 and its Regulations GN.No.446 of 2013 which came into effect almost at the middle of financial year 2013/2014 and the PPA No.21 of 2004 and its Regulations of 2005 which was repealed, as detailed in chapter five of this report.

The significant procurement issues noted in this year's report include among others; inappropriate composition of tender boards at CMSA, PMU at MWAUWASA did not discharge its responsibilities appropriately whereby a questionable tender worth TZS.2,442,516,560 for construction of its head office and a tender worth TZS.4,411,667,067 was awarded without tax clearance contrary to Reg.14(1)(d) of PPR 2005 (GN No.97 of 2005) and Reg.116(1)(d) of the PPR 2013.

I further noted significant procurements that were made out of procurement plan such as TZS.151,738,945 at MWAUWASA, TZS.12.41 billion at BoT and TZS.45.7 billion at TTCL. Lack of quality assurance process before acceptance of goods resulted into DIT procuring one motor vehicle costing TZS.53.9 million without considering the relevant technical

specifications provided in the tender document contrary to Reg.244 and 245 of PPR, 2013. Further, I noted questionable institutional arrangement of PMU at TANESCO which resulted into the company making procurements worth TZS.971,152,972.80 without knowledge of the Company's PMU. Dominant use of Circular Resolutions was noticed at UDOM where goods and services worth TZS.1,277,005,722 were procured without passing through normal tender board meetings.

Furthermore, I noted single source procurements worth TZS.219,872,140 at CAMARTEC and TZS.335,900,000 at MUCCOBS contrary to the requirement of Reg.159 of PPR, 2013. At TPA, I noted serious violation of PPA and its Regulations in almost every tender reviewed whereby, eight tenders with a total value of TZS.9,279,321,280 and EURO 5,878,707 were noted to have not complied with the requirement of procurement law and its regulations.

Moreover, I noted several weaknesses in contracts management at Mzumbe University Mbeya Campus whereby, a contract worth TZS.2,944,437,966 was not managed properly. A massive delay in completion of contracts was noted at TANESCO for contracts worth USD 34,848,390.78 resulting into the Company paying penalties of USD 2,106,038.09 and EURO 981,831. Delay was also noted at Ocean Road Cancer Institute where, construction of a linear accelerator treatment building worth TZS.2,333,061,101 was not completed as per the signed contract.

v. Assets Management

I noted remarkable delays in completion of various projects being executed by five PA&Bs worth over TZS.3 Billion at AWSA, DAWASA, CAMARTEC, RAHCO, VETA Arusha VTC. Some of these projects have remained stagnant for over 3 years. I further noted weaknesses in fuel management where log books were either not filled or do not exist at all as detailed in chapter six of this report.

I also noted that CAMARTEC had paid TZS.157,500,200 to M/s-Scan Tanzania Co. Ltd for tractor parts and tools since May 2012 which have not been delivered to date. Some PA&Bs' did not include some of their assets in the financial statements, notably UDOM which has not recognised its buildings estimated at TZS.452.1 billion in their books of account. Also, at EWURA, I noted a motor vehicle worth TZS.106,723,967 that was procured through Ministry of Infrastructure Development since year 2010 but has not yet been delivered to the Authority.

TANAPA is facing challenges of animal killings through road accidents. A review of the Ecological Monitoring report revealed that, a total of 107 animals were killed in road accidents between July 2013 and March 2014. In another instance, a significant difference of TZS.1,137,185,235 between the records of Universal Communications Services Access Fund(UCSAF) and Zanzibar Telecommunication Ltd in regard to funds owed to Zanzibar Telecommunication Ltd was noted.

vi. Human Resource Management

Vast changes have been made from my last year's report regarding human resource management though there are identified areas that need improvement. The audit noted late remittance and collection of statutory deductions by some institutions such as DAWASCO whereby, remittances of TZS.10 billion which include PAYE, Skills and Development Levy (SDL), and pension funds contributions are still outstanding. I also noted some Authorities with vital vacant positions unfilled while positions for heads of departments at Tanzania Women Bank were not approved. Contracts of temporary staff at TSN were not updated while the Director General of Tanzania Sisal Board was working without having a contract.

I further noted that TANAPA was double charged TZS.957,807,633 a commission for Group Endowment Assurance Scheme (GEAS) by an agent called Inter trade Express Ltd. VETA changed their salary structure without seeking for an approval from the Treasury Registrar while TBS faces significant shortage of staff, whereas Tanga Urban Water and Sanitation Authority has no succession plan.

vii. Corporate governance

Best corporate governance principles ensure achievement of accountability, fairness and transparency in the operations of an organization. Sound corporate governance provides a structure that works for the benefits of everyone concerned by ensuring adherence to ethical standards and best practices as well as the governing laws. Good corporate governance principles also ensure that roles and relations between the corporation management, board of directors, sub committees of the Board of Directors, shareholders and other stakeholders are well observed.

Also for Audit Committees to be able to exercise their due care in fulfilling their oversight responsibilities and to have a reasonable independence in judgment, some of its members are supposed to have professional knowledge in accountancy and/or finance. However, we have noted that some of the Audit Committees in PA&OBs do not have a single member with accountancy profession. These organizations include Social

Security Regulatory Authority (SSRA) which is charged with an oversight role over Social Security Funds which are responsible for handling members' contributions including investment of the funds.

I have further noted that, following the dissolution of the Board of Directors of Kariakoo Market Corporation due to its non-performance, the operations of the Corporation were entrusted to the Dar es Salaam City Council. The Council appointed an Advisory Council to act as an oversight organ of the Corporation contrary to the requirement of Sections 5(2) (a) and 5(2) (b) of Kariakoo Market Corporation Act. The Act requires the President of the United Republic of Tanzania to appoint the chairman and the rest of the members to be appointed by the minister responsible for Regional Administration and Local Government.

I have also noted that some of PA&Bs such as TIRA opted to establish Audit Committees in line with the Public Finance Act, while others follow best practices, bringing double standard in evaluating the entities. With this observation, the Treasury Registrar should give guidance to the Public Authorities on the best way of establishing and functioning of Audit Committees in order to avoid this kind of misinterpretation. It is important to note that, it is a best practice for the Audit Committees to be constituted from non-executive members of the Board of Directors.

In my audit I have also noted with concern that the Social Security (Regulatory Authority) Act No. 8 of 2008 provides for two regulators for the Social Security Sector. Apart from the Authority itself, the Bank of Tanzania (BoT) has been granted powers relating to regulation and supervision of financial matters of the Schemes which include control of fund reserves, monitoring of investments and investment decisions which is the core activity in the social security sector and thus causing the possibility of regulatory arbitrage risk arising in the Social Security Sector.

Performance contracts between the Boards of Directors and the Treasury Registrar are important for monitoring and evaluation of the performance of the Boards of Directors. I noted that these have not been signed as per circulars from the Treasury Registrar as noted at TCB, NIP, and STAMICO.

Likewise in the previous years' reports, I have always been reporting on the need to have timely succession of the Boards of Directors as soon as the existing board's tenure expires. However, there are no remarkable improvements as delays in appointment of new boards have been consistently observed over the years as noted at MOI, TIRDO and KEC. This has a negative impact on the operations of the corporations in terms of guidance, decision making and finalization of the audit cycles.

viii. Status of Government loans with Social Security Funds

As at the year end, the Government had outstanding loans from Social Security Funds amounting to TZS.1,875,896,246,224.49. This includes loans directly issued to the government and those issued to Public Authorities with government guarantee. This amount does not include PSPF debt of TZS.7,066,530,000,000 which has continued to build up as a result of PSPF paying the pre 1999 retirement benefits to members the Fund inherited from the then Pension Ordinance who were previously not contributing to the scheme but were legally supposed to be paid pension benefits. During the audit, I noted slow pace and none repayment of these loans and some of these loans did neither have formal agreement nor Government guarantee.

The tendency of late payment of these loans may have substantial impact on the liquidity of the Social Security Funds which will ultimately affect the operations and the ability of the Funds to meet their short and long term obligations including payment of retirement benefits to its members. On the other hand, the burden to the government increases as some of these loans bear interests and penalties which it wouldn't have incurred had the loans been paid in time.

ix. Results of Special Audits

During the period under review, three special audits were carried out at Tanzania Cotton Board (TCB), Mbeya Urban Water Supply and Sewerage Authority (MBEUWSA) and at the Tanzania Telecommunication Company Ltd. (TTCL).

The special audit of Tanzania Cotton Board noted that, the Board incurred a loss of TZS.166,446,320 as a result of it paying compensations in excess of the required amounts to cotton buying companies. Subsidies of TZS.68,731,360 were not paid to cotton farmers by M/s S& G although the company had already received the amount from TCB. M/s Badugu Ginning Company Ltd and M/s Vearrian (T) closed business without paying subsidies amounting to TZS.105,823,760 due to cotton farmers. Further to that, subsidies of TZS.104,680,350 were not paid to the farmers who could not avail evidences of sales receipt but TCB has not yet remitted the unpaid amount to the Treasury.

In the special audit of Mbeya Urban Water Supply and Sewerage Authority I noted that TZS.554,646,350 was spent by the Authority to purchase water meters but the quantities bought could not be determined. The Authority has not yet connected water meters to a total of 2399 customers receiving water service from the Authority. The Authority incurred expenditures of TZS.724,068,119.25 which were not in line with

the Authority's Financial Regulations. The Authority recruited 30 employees without advertising as per the Authority's recruitment procedures; I noted five newly recruited staff were given high salaries not equivalent to their positions and not in conformity with the Authority's scheme of service.

CHAPTER ONE

BACKGROUND INFORMATION

1.0 Legal Framework for Public Audit in Tanzania

The Office of the Controller and Auditor General of the United Republic of Tanzania is an office established in accordance with Article 143 of the Constitution of the United Republic of Tanzania of 1977 (as amended from time to time). Public Audit in Tanzania is emphasized under the Public Audit Act No. 11 of 2008 and under Sect.44 (2) of the Public Procurement Act No.21 of 2004 which was later replaced by Section 48 (3) of Public Procurement Act No.7 of 2011.

Sub Article (5) of Article 143 of the Constitution of the URT requires the CAG to audit all Public Authorities and other Bodies at least once in every financial year. In connection with that, Section 33 of the Public Audit Act No.11 of 2008 empowers the CAG to authorize any person eligible to be appointed as an auditor of a company or any officer to inspect, examine or audit on his behalf the books of account of any public body that the CAG may be required to audit. However, the audit opinion shall remain the sole responsibility of the Controller and Auditor General.

Public Authorities and other Bodies in the country operate under the accrual basis of accounting which necessitates them to be IFRSs or IPSAS's compliant. In such a condition, the legal framework governing the financial reporting and auditing of the Public Authorities and other Bodies is either the Companies Act No.12 of 2002 or the enabling Acts of the Parliament of the respective Public Authorities and Other Bodies.

1.1 Audit and Reporting Mandate of the Controller and Auditor General

1.1.1 Audit Mandate

The audit of the financial statements of PA&oBs is mandated by Article 143 (2) (c) of the Constitution of the United Republic of Tanzania. The objectives of this provision of the Constitution are amplified under Section 34 (1) of the Public Audit Act No.11 of 2008 which states that "on receipt of accounts prescribed in relevant laws, the Controller and Auditor General shall cause the accounts to be audited and shall within a period of nine months after the

end of the year to which the accounts relate, express a professional opinion, in respect of each account and the results of the audit”. The Controller and Auditor General has the mandate to conduct financial, performance, forensic or any other audit at PA&Bs as required by Sections 26, 27, 28 and 29 of the Public Audit Act No.11 of 2008. Section 12 of the same Act empowers the CAG to make recommendations for the purpose of:-

- Preventing or minimizing unproductive expenditure of public moneys.
- Maximizing the collection of public revenues;
- Averting loss by negligence, carelessness, theft, dishonesty, fraud and corruption relating to public moneys and resources.
- Improving economy, efficiency and effectiveness in the use of public moneys.

1.1.2 Reporting Mandate

The CAG is required to submit his annual reports to the President of the URT by virtue of Article 143 (4) of the Constitution of the URT of 1977. Under Regulation 88 of the Public Audit Regulations, these reports are submitted to the President by 31st March each year. Upon receipt of such reports, the President shall direct the persons concerned to submit those reports before the first sitting of the National Assembly which shall be held after the President has received the reports. The reports shall have to be submitted to such sitting before the expiration of seven days from the day the sitting of the National Assembly began.

If the President does not take steps of submitting such reports to the National Assembly, then the CAG shall submit a copy of such reports to the Speaker of the National Assembly (or the Deputy Speaker if the office of the Speaker is vacant, or if for any reasons the Speaker is unable to perform the functions of his/her office) who shall submit the report to the National Assembly. The CAG report regarding PA&Bs is primarily discussed by the Parliamentary Accounts Committee (PAC) on behalf of the Parliament and reports to that effect prepared and submitted to Parliament.

1.2 Scope and Applicable Audit Standards

1.2.1 Audit Scope and Objectives

The scope of my audits covered the evaluation of the effectiveness of financial accounting systems and internal controls over the activities, examination and verification of the accompanying

financial statements, performance reports and other auditing procedures considered necessary in arriving at an audit conclusion. The audits were carried out on a sample basis based on risk and materiality. Therefore the audit findings are confined to the extent that records, documents and information requested for the purpose of the audits were made available to me.

The main objective of conducting any audit is to enable the CAG express an independent opinion on the true and fairness of the financial statements of the PA&Bs for the year 2013/2014 and whether they have been prepared, in all material respects in accordance with an accepted financial reporting framework. Particularly, the audits covered audited accounts of the periods ended, 30th September, 2013, 31st December, 2013 and 30th June, 2014. This report also, includes outstanding and unimplemented audit recommendations made in previous years' audit reports and significant matters from the individual audit reports which were not reported in the previous year's general report.

1.2.2 Applicable Auditing Standards

The National Audit Office (NAOT) is a member of the International Organisation of Supreme Audit Institutions (INTOSAI), the African Organisation of Supreme Audit Institutions (AFROSAI) and the African Organisation of Supreme Audit Institutions of English speaking Countries (AFROSAI-E). I therefore, applied in my audit procedures governed by the International Standards of Supreme Audit Institutions (ISSAI) issued by INTOSAI and International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).

The National Audit Office has a unique responsibility of ensuring that there is a proper public accountability, financial discipline and transparency within the country. Further, NAOT has the responsibility of issuing timely and good quality audit reports on how public resources have been spent.

1.3 Responsibilities of the Board of Directors and Chief Executive Officers

The individual Boards of Directors and management of PA&Bs are responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting standards (IFRS) or the International Public Sector Accounting Standards (IPSAS). This responsibility includes;

- Designing, implementing and maintaining internal control systems relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or errors;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The preparation and submission of PA&oBs financial statements for audit purposes is a legal requirement as per individual Public Authorities and other Bodies enabling Acts, the Companies Act of 2002 and the PAA No. 11 of 2008.

International Accounting Standards (IAS 1) and International Public Sector Accounting Standards (IPSAS 1) stipulate the types of financial statements to be prepared. PA&oBs in Tanzania are required to prepare their financial statements in compliance with International Financial Reporting Standards (IFRS) or the International Public Sector Accounting Standards (IPSAS) depending on the nature and objectives of the Public Authorities and other Bodies in question. This is in line with the decision taken by the National Board of Accountants and Auditors (NBAA) and endorsed by the Government that effective from 1st July, 2004 reporting entities in Tanzania shall embrace International Financial Reporting Standards framework while auditing will be conducted in accordance with International Standards on Auditing (ISA), and shall also be guided by standards and guidelines issued from time to time by the National Board of Accountants and Auditors (NBAA).

1.4 Internal Control System

Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

Internal controls play an important role in preventing and detecting frauds/misappropriations and protecting the public resources, both physical and intangible. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and

compliance with laws and regulations. At the specific transaction level, internal controls refer to the actions taken to achieve a specific objective (e.g. how to ensure that payments to suppliers and service providers for valid goods and services rendered are timely and properly made).

1.5 Responsibilities of the Treasury Registrar

Sect.8 and 11 of the Treasury Registrar (Powers and Functions) Act (Cap.370 R.E.2002) and part IV of the Public Corporations Act (Cap 257 R.E. 2002) as amended by Act No. 2 of 2010 in relation to functions of the Treasury Registrar in Public Corporations, stipulate the functions and responsibilities of the Treasury Registrar as an oversight organ over the Public Authorities and other Bodies in collaboration with the Board of Directors of the respective entities. They do so by closely monitoring, controlling and managing the PA&oBs effectively by the way of issuing oversight directives.

1.6 Submission of Financial Statements to CAG for Audit

Section 31 of the Public Audit Act No.11 of 2008 requires PA&oBs to submit their financial statements to the CAG for audit purposes within three months after the end of the respective financial year to which the accounts relate.

1.7 Organisation and Outsourcing of Audit Work

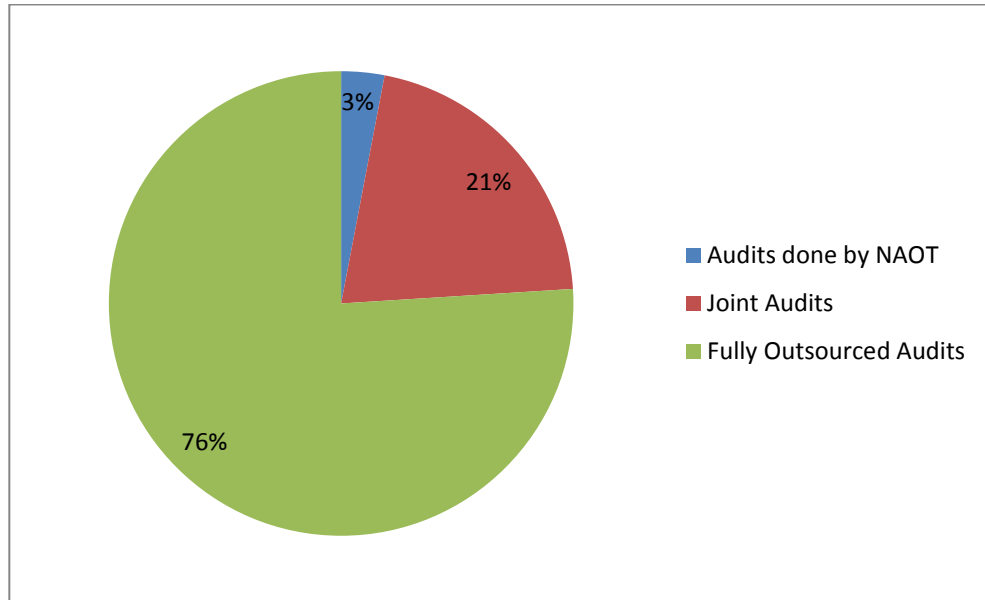
In order for my office to effectively handle this task of auditing all the PA&oBs in the country, I outsourced some of the audit of Public Authorities and other Bodies to private audit firms. This is in line with Section 33 of the PAA, which empowers the CAG to authorize any person or body eligible to be appointed as an auditor under the Auditors and Accountants (Registration) Act No.33 of 1972 as amended in 1995 to conduct the audit of PA&oBs on his behalf.

The authorized auditors shall be bound by the provision of the law that they shall not disclose any information which relates to the business secrets of the auditee which comes to their knowledge in the course of the audit. The audit opinion shall remain the sole responsibility of the CAG. The outsourced audits are subjected to the quality review process carried out by NAOT.

For year 2013/2014; out of 180 PA&oBs, 6(3%) were audited by National Audit office while 37(21%) were jointly audited by NAOT and private audit firms.137 (76%) PA&oBs audits were carried out

by outsourced private audit firms as depicted on the Pie Chart below:

Figure 1: Allocation of Audit Assignments of PA&Bs in 2013/2014



The low percentage of (3%) PA&Bs wholly audited by the National Audit Office is an indication of how severe CAG's Office is understaffed.

During the year under review, NAOT engaged 56 private audit firms which are registered with the National Board of Accountants and Auditors (NBAA) as Certified Public Accountants in Public Practice to carry out audits of PA&Bs as shown in Appendix I to this report.

CHAPTER TWO

BASIS AND TYPES OF AUDIT OPINIONS

2.0 Introduction

International Standards on Auditing (ISA) 200 stipulates that the objective of conducting an audit of financial statements is to enable an auditor to express an independent opinion as to whether the financial statements are prepared in all material respects according to applicable financial reporting framework. This is achieved by designing the audit in such a way that, it will enable the auditor to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement whether due to fraud or errors. That assurance is important because it enhance the degree of confidence of the users of the financial statements.

This annual general report covers individual audit reports of 180 Public Authorities and Other Bodies (PA&oBs) whose financial year ended 30th September, 2013, 31st December, 2013 and 30th June, 2014. During the financial year 2013/2014, financial statements of 177 out of 180 PA&oBs were submitted to my office for audit. However, financial statements of Tanzania Railway Limited (TRL), Air Tanzania Company Limited (ATCL) and Marine Service Company were not submitted.

Of the submitted financial statements, 125 audits were concluded and their reports issued to the respective PA&oBs as at 17th March, 2015. Out of the concluded audit reports, 109 were finalised and issued with audit opinions while 16 audits were concluded but the respective entities lacked Boards of Directors to adopt the financial statements. The remaining 52 audits were at different stages of completion due to various reasons including late submission of financial statements, failure to convene board meetings on time as required by law and failure of some of the PA&oBs to respond to the raised audit observations on time. A detailed audit status as of 17th March, 2015 is as shown in Appendix II.

2.1 Types of Audit Opinions Expressed

2.1.1 Unqualified Opinion

An unqualified opinion is expressed when the auditor concludes that the financial statements of an audited entity give a true and fair view or are presented fairly in all material respects in accordance with the applicable financial reporting framework. In the year under review, 105 unqualified opinions were issued to PA&OBs.

2.1.2 Qualified Opinion

A qualified opinion is issued when: (a) The auditor, having obtained sufficient appropriate audit evidence which concludes that misstatement, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive. During the year under review I issued four (4) qualified opinions to PA&OBs.

2.1.3 Disclaimer of Opinion

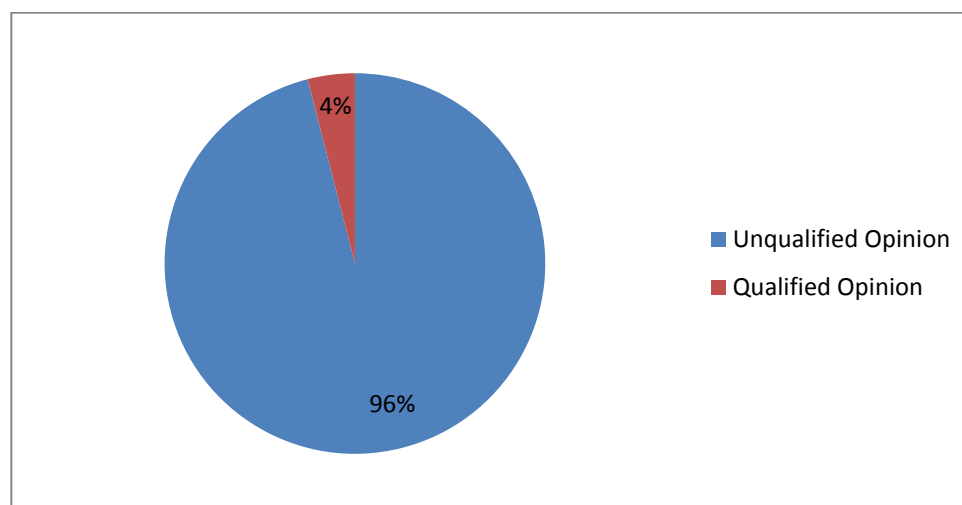
A disclaimer of opinion is expressed when the possible effect of a limitation of scope is so material and pervasive that the auditor has not been able to obtain sufficient, appropriate and reliable audit evidence and accordingly is unable to express an opinion on the financial statements. During the year under review I did not give any disclaimer of opinion to any of the Public Authority and Other Bodies.

2.1.4 Adverse Opinion

An adverse opinion is expressed when the effect of a disagreement is so material and pervasive to the financial statements that, the auditor concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements. During the year under review, I did not issue any adverse opinion to any of the Public Authority and Other Bodies.

Analysis of the audit opinions issued in the year 2013/2014 is shown in the below pie chart and a detailed analysis of audit opinion is as shown in Appendix III.

Figure 2:Types of Audit Opinions in the Current Year



Note: during the period under review no adverse or disclaimer of opinion was issued.

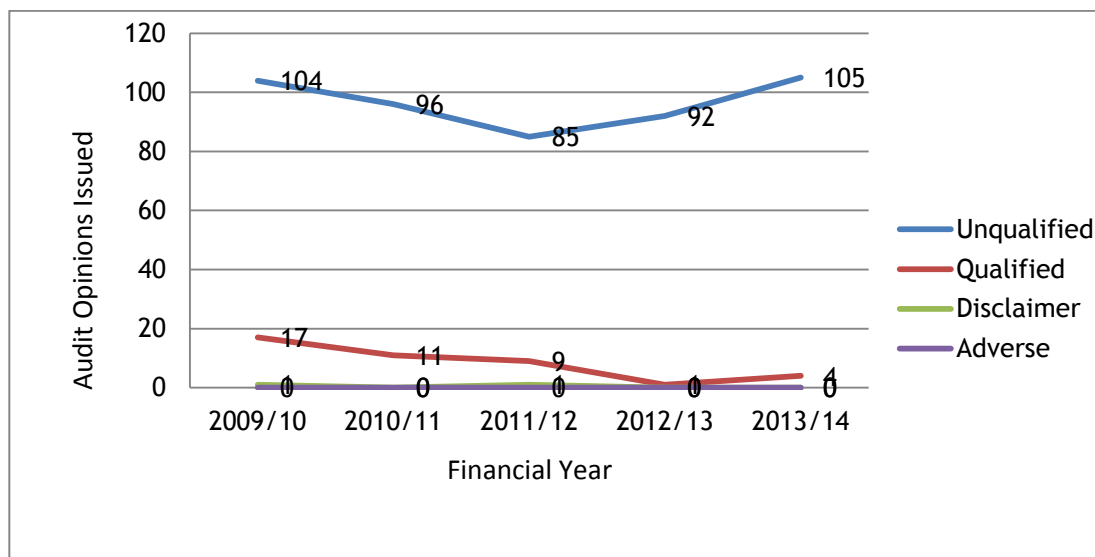
Analysis of the trend of the audit opinions issued to Public Authorities and other Bodies for the consecutive five (5) years from 2009/2010 to 2013/2014 is as follows:

Table 1: Trend of Audit Opinions

Annual General Report Year	Category of Opinions				
	Unqualified	Qualified	Disclaimer	Adverse	Total
2013/2014	105	4	0	0	109
%	96	4	0	0	100
2012/2013	92	1	0	0	93
%	99	1	0	0	100
2011/2012	85	9	1	0	95
%	90	9	1	0	100
2011/2010	96	11	0	0	107
%	90	10	0	0	100
2009/2010	104	17	1	0	122
%	85	14	1	0	100

The Trend of Audit Opinions is further analysed in figure below:

Figure 3: Trend of Audit Opinions



The trend of audit opinions in terms of number and types fluctuates from one reporting period to another as shown on table1 which implies inconsistencies of PA&oBs commitment to comply with the reporting framework during preparation and presentation of their financial statements and existence of irregularities and errors in those financial statements.

2.2 Basis of Audit Opinions Issued

2.2.1 Reports issued with Unqualified Opinion

As shown in table 1, unqualified opinions were issued to 105 Public Authorities and Other bodies for the year under review. However, out of the 105 unqualified audit opinions issued, 39 were issued with emphasis of matter paragraphs included in the auditor's report. The emphasis of matter paragraphs included were to draw attention to users of the financial statements in regards to going concern problems indicators. This will enable management to timely take remedial actions where the entities operations and service delivery may be at risk.

This was done in line with the assessment of any events or conditions that may cast significant doubt on the entities ability to continue as a going concern. We found that some of Public Authorities were experiencing deteriorating financial performance as a result of consecutive losses/deficits and liquidity problems.

The situation which hindered these PA&Bs in honouring their current liabilities as and when they fell due which in turn resulted into current ratio that is quite far away from the ideal ratio of 2:1.

Attention also has been drawn to PA&Bs that had contingent liabilities arising from several pending lawsuits whose preliminary hearings and investigation proceedings were in progress. The ultimate outcomes of the matters could not be determined hence, no potential liability had been provided for in the financial statements. Emphasis of matter paragraphs were included to draw attention to users of the financial statements so that they can make informed economic decisions regarding these potential liabilities. The amount involved in these legal suits is estimated at TZS.52.36 Billion and US\$ 258.761 Million as shown in Appendix IV.

The number of entities with material uncertainties in going concern and those with negative financial risk indicators of which Government interventions is required has remained unchanged as reported in prior year report. Detailed analysis of liquidity position and deficits is provided under Appendix IV.

2.2.2 Reports Issued with Qualified Opinion

During the year under review, I issued qualified Opinions to four (4) Entities, Dodoma University, Same Urban Water Supply and Sanitation Authority, Tanzania Smallholders Tea Development Agency and Chalinze Water Supply and Sanitation Authority. The qualified opinion was issued to Dodoma University on the ground that it had buildings worth TZS.452.1 billion that have been excluded from its books of account. Based on the substance over form, UDOM incurs repair and maintenance costs and also enjoys all the benefits including revenue hence the said assets qualify to be included in the University's books of account under property, plant and equipment category. UDOM did not comply with IAS 16 Para 7 which states that the cost of an item of property, plant and equipment shall be recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity.

Another qualified opinion was issued to Same Urban Water Supply and Sanitation Authority based on material difference in the number of customers not billed. Audit scrutiny of 6,189 revenue receipts for an average of 516 customers billed by the Authority per month disclosed an amount collected of TZS.164,090,000 for the year ended 30th June, 2014, however, the number of customers

declared by the Authority was 1,200 resulting into a difference of 684 customers not billed by the Authority. Therefore the customers not billed should have been issued with an invoice estimated at TZS.217 million during the year.

Moreover, Tanzania Smallholders Tea Development Agency was issued with qualified audit opinion based on Property, Plant and Equipment reported at TZS.1,385,566,871 without being revalued for more than five years contrary to Para 31 and 34 of the IAS 16. Also, financial statements of Chalinze Water Supply and Sanitation Authority were qualified on the ground that the Authority did not disclose value of land and buildings separately as required by Para 58 of IAS 16, instead land and building were altogether reported at TZS.8,680,000,000.

CHAPTER THREE

SUMMARY OF OUTSTANDING AUDIT RECOMMENDATIONS

3.0 Introduction

This chapter summarises the outstanding recommendations from the previous year's audit report of the Public Authorities and Other Bodies which were either partly implemented or not implemented at the time of preparing this report. Accountability and good governance will not be achieved if there is no individual effort of the parties involved in implementing all outstanding matters.

3.1 Responses to my Previous Year's Audit Report(2012/2013)

I received the Government responses to my previous Annual General Report vide the Paymaster General's letter with Ref. No. C/DE.85/229/01/72 dated 30th August, 2014. I appreciate the effort being deployed by the PMG in responding to the issued audit recommendations. Our review of the responses has shown that most of the outstanding recommendations are still not implemented. In this regard, the desired goals and objectives of the PA&oBs will not be achieved unless more efforts are devoted towards implementing the outstanding audit recommendations.

It should be noted that the recommendations which I have been issuing from time to time are intended to ensure strong measures are taken to safeguard the collection and use of public resources. Further, the recommendations are meant to ensure all necessary precautions are taken to warrant expenditure of public monies are properly authorised and applied for the purpose for which they were budgeted for. By so doing, economy, efficiency and effectiveness will be achieved in the use of public resources, while laws and regulations applicable to the relevant PA&oBs are dully observed.

In this regard, I would like to reiterate my previous recommendations which have not been addressed or partly addressed by the Government, Parliament, Boards of Directors and Chief Executive Officers of the Public Entities. Summary of the status implementation of previous years' issues are shown below:

Table 2: Summary of status of implementation of previous years' issues

Status	Number of recommendations						%
	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	Total	
Implemented	0	0	1	0	1	2	6%
Under implementation	4	2	1	5	4	16	52%
Not implemented	0	0	1	3	8	12	39%
Overtaken by events	0	0	0	0	1	1	3%
Total	4	2	3	8	14	31	100%

3.2 Outstanding Recommendations for the year 2008/2009

3.2.1 Performance Contracts with Boards of Directors

The Government should enter into performance contracts with Boards of Directors of PA&Bs and set pre-determined deliverables to be achieved during the tenure of these Boards which should be made public.

The Paymaster General response is noted, however, The Plan of the government to enter into performance contracts with twenty parastatals is not adequate. The government should make sure that the Board of Directors of the remaining PA&Bs enter into performance contracts with the Treasury Registrar on behalf of the government.

3.2.2 A Need for the Establishment of a Public Investment Fund

In Tanzania, most of the public entities face the problem of under capitalization which hinders them from meeting their operational

objectives. The Government should establish a Public Investment Fund to overcome these challenges. I still urge the government to speed up the process of establishing the Public Investment Fund as responded to by the Paymaster General.

3.2.3 Un-harmonised Benefits

There is a need of standardizing and harmonizing the benefits enjoyed by Boards of Directors and managements of Public Authorities and other Bodies (i.e. Sitting allowances, directors' fees, etc.) harmonising these benefits within the PA&oBs taking into the responsibilities of each specific public entity will enhance efficiency and accountability through the use of public resources. The response of the Paymaster General is noted by the establishment of Salaries and Remuneration Rationalization Board.

3.2.4 PSPF Loan TZS.54.6 Billion to HESLB and Students Loans Repayments of TZS.51.1

Loans borrowed from the Pension Funds by Public Institutions under Government guarantee become overdue while the Government is reluctant to enforce repayment. PMG's response has been noted, however, the PSPF Loan to Higher Education Student's Loans Board (HESLB) has not been paid. I recommend that the Government should put strong measures to ensure that the outstanding loan both principal and interest borrowed from PSPF are repaid to avoid any further costs in terms of interest and penalties.

In regard to low pace in recovery of student's loans the Board is advised to expedite the efforts of loan recovery and liaise with the government in designing strategies of recovering students' loans as per the HESLB Act.9 of 2004.

3.3 Outstanding Recommendations for the Year 2009/2010

3.3.1 Apparent Conflict of Interest Regarding MPs Being Appointed Members of Boards of Directors of Public Authorities and Other Bodies

In order to avoid conflict of interest, Members of Parliament should not be members of Boards of Directors of Public Authorities and Other Bodies to which they have an oversight role.

The response from PMG has been noted; however, there are Boards of Directors of PA&oBs with members who are Members of

Parliament. I still insist that Members of Parliament should not be members of Boards of Directors of PA&Bs.

3.3.2 Provision of Capital to Undercapitalized PA&Bs

Provision of capital to Undercapitalized PA&Bs will ensure smooth operation of their activities, hence the provision of better services to the general public. The government should speed up the process of establishing the Public Investment Fund as responded by the Paymaster General.

3.4 Outstanding Recommendations for the Year 2010/2011

3.4.1 Assets Management

NSSF, PSPF, LAPF, NHIF and PPF spent a sum of TZS 415.4 billion in the construction of some of the buildings at the University of Dodoma (UDOM), under contract terms of Design, Build, Own and Transfer after 10 years. The constructed buildings are not in the books of the University of Dodoma.

PMG has responded that, the buildings will be recorded in the books of account of UDOM. However, financial statements of UDOM for the year 2013/2014 were issued with a qualified opinion due to omission of these buildings which were constructed by Social Security Funds. A transfer needs to be formally effected.

3.4.2 Assured Sources of Financing Investment

There is a need for the Government to pass a law requiring potential Companies in Tanzania to be listed in the Dar es Salaam Stock Exchange such as Mining Companies, Mobile Phone Companies, Cement Companies, and Beverage Companies, etc. PMG's response has been noted; implementation of this recommendation should be in line with the requirements set by Dar es Salaam Stock Exchange.

3.5 Outstanding Recommendations for the year 2011/2012

3.5.1 Procurement Transactions Made Under Emergency Basis without Obtaining Approval from the Paymaster General

I noted that Tanzania Ports Authority through PMU procured various equipment worth USD.810,000 and EURO 13,915,783 under emergency basis without obtaining approval from PMG. At Mzumbe University, management engaged a contractor for construction of a five storey building at the Dar es Salaam Campus at a contract sum of TZS.1,987,136,449.20 under emergency procurement of which

the approval from PMG could not be obtained, the issue is now under PCCB investigation. However, the observation regarding TPA procurement has not yet been addressed.

3.5.2 Liquidity Problems at the Tanzania Broadcasting Corporation

Tanzania Broadcasting Corporation (TBC) has been reporting an operating loss persistently. I also noted that the Corporation is technically insolvent and largely depends on Government financing to meet its operational needs and obligations as and when they fall due.

PMG's response is noted, however, the government should increase the budgetary support while the implementation of a five year strategic plan is in progress so as to ensure smooth operation of TBC.

3.5.3 Increased Poaching Incidents at TANAPA

Tanzania National Parks (TANAPA) has been experiencing substantial increase in poaching activities especially on elephants. Including the efforts already stated by PMG, the emphasis should be increasing awareness campaigns to the communities surrounding the National Parks.

3.5.4 Two Containers of Library Books from Children International (Donors) not cleared at the Dar es Salaam Port Since 2009 by TLSB

The Tanzania Library Services Board (TLSB) received a grant in the form of books from children International since 2009. The books were still at the Port at the end of the financial year 2013/2014 pending settlement of custom duties and demurrage charges. Due to time lapse these books may become out-dated. I recommend TLSB management to liaise with the government to ensure these containers are cleared.

3.5.5 License Fees Paid to TCRA by TBC on Behalf of Star Media TZS.618,300,000

Tanzania Broadcasting Corporation (TBC) paid TZS.618,300,000 to the Tanzania Communication Regulatory Authority (TCRA) on behalf of Star Media (Tanzania) Limited in the financial year 2009/2010 in respect of license fees. However, Star Media (Tanzania) Limited has a performance contract signed with the Tanzania Investment Centre whereby Star Media (Tanzania) Limited has been exempted from paying license fees from its inception for a period of ten years and has thus disputed to recognize the amount as TBC's advance

towards Star Media's share capital. TBC should liaise with the government to resolve this dispute.

3.5.6 NDC Plot No. 2338 Mbezi Beach, Bagamoyo Road without Rental Agreement

National Development Corporation (NDC) does not have a rental agreement with the current occupier of the property, Messrs Avignon Education Foundation the owners of IMTU whose agreement with Consolidated Holdings Corporation (CHC) expired in August 2011. Vignan Education Foundation refused to accept the terms of the agreement drafted by NDC which inter alia contained a monthly rent of TZS.60 million determined by a professional valuer. NDC has taken this matter to Court. NDC should closely follow up with the case proceedings.

3.5.7 Sugar Board of Tanzania House Occupied by the Minister of Agriculture

Sugar Board of Tanzania has a house on plot No.482 along the Bray Road Masaki. For a long time the house has been occupied by the former and who is also currently Minister for Agriculture, Food Security and Cooperatives. Management of Sugar Board should enter into lease agreement with the Ministry of Agriculture.

3.5.8 Usafiri Dar es Salaam (UDA)

a) Sale of UDA Shares

The Board sold the un-allotted shares in UDA without Government approval. UDA was valued at TZS.744.79 per share in October 2009 and TZS.656.15 per share in November 2010. However, the Board of Directors of UDA gave a 60% discount on the value to the prospective investor (based on the October 2009 valuation) without any clear basis. The PMG has responded that the Government does not recognize the whole process of selling the un-allotted shares in UDA. However, the Government is in the process of selling its 49% shares in UDA and has prepared a draft Cabinet paper regarding the same. The response does not stipulate what will happen to the shares which were sold and action taken against the Board of Directors of UDA.

b) Confirmation of the Amount Paid by the Purchaser

The contract for share subscription dated 11th February, 2011 states that the investor (Buyer) was to pay a sum of TZS.1,142,643,935 in consideration for the purchase of all un-allotted shares of UDA. The investor paid a sum of TZS.285 million into account 01J1021393700 at CRDB Bank belonging to UDA. There have been no further

payments by the investor in respect of the purchase of UDA shares. The Chairman admitted receiving TZS.320 million in his personal account from the investor as 'consultancy fees' for the services he claimed to have provided to the investor which raises a serious conflict of interest issues. The government should take legal action against the Chairman of the Board of UDA. Since the sale of unallotted shares of UDA is not recognised by the government, the government should seize control of UDA.

3.6 Outstanding Recommendations for the year 2012/2013

3.6.1 Capital Grants from the Republic of China of USD 300,000 not Recorded in the TLSB Books of Accounts

On 24th September, 2012 Tanzania Library Services Board (TLSB) received capital grants of 1000 Library books, 20 Computers and furniture worth USD 300,000 (equivalent to TZS.450,000,000 at an exchange rate of TZS.1,500=USD 1). However, the values of the capital grants were not recorded in the books of account leading to understatement of total assets. TLSB should recognise these assets in the financial statements.

3.6.2 Abandonment of Flow Meters at TPA

Tanzania Port Authority (TPA) installed Flow meters at Tanga and Dar es Salaam Ports purposely to control loss of revenue from oil consignments which enter the country. However, these flow meters were stopped by the Chief Executive Officer of Weights and Measures (WMA) claiming that they were not accurate. TPA had to go back to the manual way of measuring the volumes of fuel, i.e. dipping a measuring stick, the situation which has impact on the collection of taxes by TRA as well as TPA revenue from the services rendered.

I reiterate my previous recommendation that TPA has to use the flow meters to ensure that both TPA and TRA can collect revenue and taxes respectively based on correct measurement of the fuel consignments.

3.6.3 Absence of Contract for the Financing Arrangement of Construction of Modern Diagnostic Centre in Dodoma

The construction of a Medicare Centre in Dodoma is on-going without a valid contract in place for the financing arrangement between NHIF and the government. NHIF and the government should ensure that the agreement is formalized for proper

accountability and adequate disclosures in the financial statements.

3.6.4 Breach of Shareholding Ratio - TPB

Following issues of various bonus shares as well as issues of fully paid shares to the Government of Tanzania, the shareholding of Tanzania Postal Bank as at 31st December, 2012 stood at a ratio of 80.4: 4.1:11.8:3.7 for the Government of Tanzania, the Revolutionary Government of Zanzibar, Tanzania Post Corporation and TP&TC Savings and Credit Society. However, the Tanzania Postal Bank Act, 1991 stipulates that the holdings of the shareholders should be in the ratio of 41:10:30:19 to the Government of the URT, the Revolutionary Government of Zanzibar, Tanzania Posts Corporation and TP & TC Savings and Credit Society respectively. There is a breach of the shareholding ratio contrary to the TPB Act, which may lead into litigations during dividend distribution.

3.6.5 Outstanding Rent Amount from Tenants of TTCL

Tanzania Telecommunication Company Ltd. (TTCL) has leased a number of its properties to third parties as well as Government Ministries and Agencies. Although the contract requires the rent to be paid in advance, there were a number of tenants who did not comply with this requirement. Examples of outstanding balances which should have been settled based on the contractual arrangement in the lease agreements are Airtel (TZS.687,631,588), Ministry of Health and Social Welfare (TZS.419,934,014), National Identification Authority (TZS.267,187,419), Universal Communications (TZS.216,966,831), Ministry of Lands and Human Settlement Development. (TZS.213,125,305) and e-government (TZS.211,359,169).

PMG has not responded to this issue taking into account that significant amount of this debt is from Government Ministries and Agencies. I urge the government to pay this debt so as to ensure sustainability of services from TTCL.

3.6.6 Lack of Clear Guidelines from the Government on TANAPA Contributions to Other Institutions

Tanzania National Parks (TANAPA) is subjected to several statutory payments, donations and other payments as directed by either the

parent ministry, government through circulars or other laws enacted by parliament.

Some Acts establishing PA&Bs state that source of their revenue will be a certain percentage of Tanzania National Park Authority's gross revenue. For example, Regulation 3(a) of the Tourism (Tourism Development Levy) Regulations of 2012 states that 3% of the Tanzania National Parks Authority's gross revenue will be collected and deposited in the tourism development account maintained by the Permanent Secretary Ministry of Natural Resources and Tourism.

Other amount was directly contributed to the Treasury as contribution to the Consolidated Fund. TANAPA also pays money to the Tanzania Tourism Board for development of tourism, an activity which is also performed by TANAPA. This is a duplication of efforts where two separate entities are performing similar tourism promotion activity. I urge the government to revisit these contributions and payments for the purpose of synergizing some activities and contributions in order for TANAPA to maintain a healthy financial position.

3.6.7 Enhancing Efficiency and Effectiveness of Consumer Consultative Councils

The government has established Consumer Consultative Councils (CCC) in the country to cater for consumer's rights in the industry of services oriented organizations. Currently there are four CCCs namely EWURA CCC, SUMATRA CCC, Ngorongoro CCC and TCRA CCC.

I recommend that the government should consider combining these Councils under one umbrella which will help to cut down operating costs by having only one Executive Director with directorates for each sector as they are all serving the same public interest. Also by combining them, it will create synergy between CCCs and therefore help them to have a common platform for dealing with consumer complaints. After establishing that entity, the government may have to look for a way of enhancing its financial independence by coming up with a better strategy of financing its operations instead of the current practice whereby these CCCs depend on the mercy of their regulatory bodies.

3.6.8 Appointment of TPA staff to be a Member of Board of Directors

According to section 6(2) of Tanzania Ports Authority Act No. 17 of 2004, the Minister of Transport is mandated to appoint five (5) TPA board members to team up with the Chairperson appointed by the President to constitute the TPA Board of Directors. While performing a statutory audit for the year ended on 30th June 2013, I noted that the Dock Workers' Union of Tanzania (DOWUTA) representative was appointed to be a member of the Board of Directors.

In my view, this is against best practice and good corporate governance because the aforesaid member of the board on one hand is accountable to management of TPA as a full time employee at the same time is accountable to the Board of Directors of TPA.

3.6.9 Capital Market Development

Privatization and development of capital markets are symbiotic in nature. Privatization in practice enables companies to operate efficiently and profitably thus making them eligible for listing on the stock exchange. Dar es Salaam Stock Exchange (DSE) was established in 1998 in order to facilitate the reform process in the financial sector, encourage wider ownership of shares among Tanzanians and facilitate the privatization process.

Main challenges affecting DSE development include low volume of transactions and limited products. Broadening ownership of parastatals by Tanzanians was one of the objectives of privatization of parastatals in Tanzania.

It is important for the DSE which is the only stock market in Tanzania to perform awareness programmes that will enable Tanzanians to understand operational activities of the stock market and thus be attracted to trade whenever opportunities to do so are available to them.

3.6.10 Azania Bank Limited

Azania Bank Limited (formerly 1stAdili Bancorp Limited) is a bank established in 1995. The major shareholders of the bank are National Social Security Fund (NSSF) 34.8%, Parastatal Pension Funds (PPF) 30.1%, Public Service Pension Funds (PSPF) 17.2%, Local Authorities Provident Fund (LAPF) 14.2%, East Africa Development Bank Limited (EADB) 2.3%, Staff and other minority shareholders with 1.4%. The Pension Funds collectively own 96.3% of the paid up share capital of Azania Bank Limited. This implies that the Pension

Funds have a controlling interest over the operations of this bank. On the other hand, all the Pension Funds are owned by the government through the Treasury Registrar. By virtue of this relationship, Azania Bank is owned by the government through Pension Funds.

However, this bank was initially established as a private bank registered under Companies Act and therefore there is no Act of Parliament for its establishment. Therefore, Azania bank is not in the list of the corporations maintained by the Treasury Registrar and hence had never submitted financial statements to my office for audit pursuant to Article 143 of the Constitution and Section 9(a) iii & iv of the Public Audit Act No. 11 of 2008.

3.6.11 Promotion of Rural Initiative and Development Enterprises (PRIDE Tanzania) Limited

PRIDE Tanzania was incorporated on 5th May, 1993 under Cap.212 as a company limited by guarantee. The main purpose of establishment of this entity was to provide credit to small and micro entrepreneurs in Tanzania. According to the Treasury Registrar's statement of government investments and public interest as at 30th June, 2008, all shares of PRIDE Tanzania were being owned by the Government of Tanzania.

It has come to my notice through the Statement of Treasury Registrar for the year ended 30th June, 2012 that PRIDE Tanzania was deleted from the list of public entities being overseen by the Treasury Registrar. The justification for removal from the list of government investments and interests could not be ascertained.

Furthermore, pursuant to Section 31 of the Public Audit Act No.11 of 2008, any public authority or body shall submit its financial statements to the Controller and Audit General within three months after the end of the financial year to which it relates. PRIDE Tanzania has never submitted its financial statements for audit as required by the law.

3.6.12 Recommendation on Post Privatization Study of the Government Enterprises

The post privatization audit noted a number of noncompliance with the Public Corporations Act, I call upon the Government of Tanzania and Treasury Registrar to always abide to the Public Corporations Act in order to avoid the conflicting responsibilities between the Government itself and other entities entrusted to

perform some of the duties contained in the Act. Also by abiding to the Act, monitoring and control of privatized public enterprises in view of determining adherence to the investment plans and asset sale agreements will be enhanced.

I still insist on my recommendation that, the Treasury Registrar should ensure that it carried out adequate performance reviews in all privatized public enterprises with a view to determining the status of their performance and compliance to the terms stipulated in the sales agreements. In connection to this, supervision by the Board and Management of Specified Public Corporations should be strengthened in order to ensure that the corporations continue to carry out their functions in accordance with the statements of their corporate strategies.

The Treasury Registrar needs to take immediate action on the issues raised in the special audit done by PKF Tanzania before handover of Kiwira Coal Mine to the Government of Tanzania. The PMG has not provided status on implementation of recommendation provided in the special audit report.

3.6.13 Privatization of Southern Paper Mills (SPM)

The Assets Sale Agreement between Parastatal Sector Reform Commission (PSRC) and Rai Group stipulated that the agreed price of USD.26 million shall be paid in the following manner; USD.1 million on the date of signing the agreement, USD 3 million to be deposited in the escrow account and USD. 22 million to be used by Purchaser to (i) invest in the Company in the first two years (USD 16.2 million) and (ii) USD 5.8 million in the third year. It was further agreed that the amount deposited at the escrow account was to be withdrawn by the investor upon making a cumulative investment of USD. 22 million.

Considering the fact that USD 3 million deposited in the escrow account is recoverable by the investor and USD 22 million will be invested in SPM, this leaves only USD1 million to be the actual Asset Sales Price for SPM. We noted that no consideration for SPM assets has moved to the government since the proceeds of the sale were reinvested in SPM. The amount of USD 22 million injected in SPM as part of sales price should have been regarded as government investment in SPM.

The Treasury Registrar should carry out post privatization monitoring of the implementation of the provisions stipulated in the sale agreement.

CHAPTER FOUR

SIGNIFICANT MATTERS NOT REPORTED IN THE PREVIOUS YEAR'S REPORTS

4.0 Introduction

This chapter highlights significant matters considered worth reporting, which relate to the previous year's audit of some of the Public Entities that were not included in my previous year's general report due to various reasons beyond my capability.

According to Section 31 of the Public Audit Act No.11 of 2008, all PA&Bs are required to submit their financial statements to CAG for audit within three months after the end of each financial year to which the accounts relate. Since there has been a considerable non-compliance with this provision by PA&Bs, some of the audits have been going beyond the reporting period causing failure on the part of the CAG to report the same in the respective year the audit is carried out. It is important to understand that PA&Bs, whose audits have not been completed on the statutory due dates and therefore not reported in the current year's general report, will be included in the forthcoming annual general report.

At the time of writing my last year's general report (2012/2013) which was submitted to the President towards the end of March, 2014, only 93 audits of PA&Bs were reported while 10 audited accounts had no Boards of Directors. The remaining 74 were in various stages of completion due to various reasons including late submission of financial statements, while other PA&Bs failed to convene board meetings on time as required by law and finally failure of some of the auditees to respond to the audit queries on time.

Significant matters which were not reported in my previous year's general reports which are considered worth reporting in the current year's general report include:

4.1 Use of non-competitive procurement methods at NHC TZS. 1.75 billion and USD 5.54 million

Section 58 (2) of PPA, 2004 requires all procurement and disposal of public assets to be conducted in a manner that maximizes competition and achieve economy, efficiency, transparency and value for money. Contrary to this requirement, I noted that NHC

used single sourcing method for its procurement of its 24 contracts worth TZS.1.75 billion and USD 5.54 million, without observing the need for competition.

Further, Reg.69 (1) of PPR, 2005 (GN 97) states that, procurement shall be made under single source method only under specified conditions including availability of supplies, unforeseeability of the urgency, additional supplies needed to additional approved contracts and national security and defence. The procurements made using a single source procurement method which could not be justified are shown under (Appendix V).

4.2 Poor Management and Implementation of Contracts at TFNC and UDOM

My review of contracts management noted that on 7th February, 2007 the Tanzania Food and Nutrition Centre (TFNC) entered into a contract with M/s Gross Investment Limited in respect of laboratory renovation costing TZS.333,396,275. This project was planned to be completed within sixteen (16) weeks from the date of signing the contract. However, I noted that the project was completed on 9th August, 2012 five (5) years later. As a result the Centre paid TZS.376,912,293 which was in excess of the original contract sum of TZS.333,396,275 by TZS.43,516,018. According to Management, this was caused by shortage of funds at TFNC. I am of the view that this has been caused by poor management of the contract which led the Centre to incur unnecessary cost overruns.

I also observed that M/s Taji Co Ltd has a canteen building constructed at University of Dodoma (UDOM) compound. According to the Memorandum of Understanding between the University of Dodoma and M/s Taji Company Limited, the latter was granted a lease term of 33 years commencing 1st September, 2007 to 30th August, 2040 for operating cafeteria services within the leased term. In addition, I noted that the canteen building constructed by the company was not in operational since students and staff have shifted to different locations within UDOM far from the Company's cafeteria. I noted that there was no agreement between UDOM and the Company on how the building will be treated/operated after expiration of the lease period.

I further noted that, M/s Taji Co Ltd has been a tenant of UDOM since 2007. The Company provides cafeteria services at the College of Humanities and Social Sciences and canteen services at the Central Administration Building. The monthly rent for each canteen

as per agreement is TZS.1,300,000. However, I noted that there was no rent that had been paid to UDOM despite repeated demand notes made to M/s Taji Company Ltd by UDOM. The outstanding rent receivable had accumulated to the tune of TZS.84,500,000. It is evident that the longer this overdue rent remained unpaid the less the chances of the University to recover the unsettled amount from the tenant.

4.3 Potential Long Outstanding Receivables in some Public Authorities & Other Bodies

Receivables are Money owed by individuals or corporations to another entity in an exchange for goods or services that have been delivered or used, but not yet paid for. Receivables usually are due within a relatively short period of time ranging from a few days to one year. On Public Entities' Statement of Financial Position, accounts receivable is often recorded as an asset because this represents a legal obligation for the individuals or corporations to remit cash for its short-term debts.

During verification of account receivables in the Financial Statements of Public Authorities and Other Bodies I revealed several balances, which did not show any movement during the year implying that there is non-collection of debts. Under such circumstances, outstanding debts were held by third parties hence affecting the liquidity position of these Public Authorities. In this regard, Public Authorities with huge outstanding receivables are probably in a risk of running short of cash to finance its daily activities.

This anomaly was noted at Tanzania Posts Corporation (TPC) whereby sundry receivables stated in the financial statements stood at TZS.2,695,474,297 which included Ex-Agent/Staff receivables balances amounting to TZS.118,675,892.44 remained dormant for a long period of time.

Further, verification of TPC's staff receivables balances, noted that outstanding staff imprest had risen to the tune of TZS.306.29 million for the year ended 31st December, 2012 from TZS.164.23 million for the year ended 31st December, 2011. This has been caused by granting additional imprest before retirement of the outstanding ones.

Furthermore, DIT had not recovered students' long outstanding receivable balances amounting to TZS.215,664,110, while NHC had

outstanding tenant account receivables of more than one year amounting to TZS.3.289 Billion. There was no evidence to ensure these amounts will be recovered by NHC as most of these amounts were disputed by the debtors. Though tenant agreements give NHC the mandate to evict a tenant when no rent has been paid for more than 3 months, few of these tenants have been evicted by management so far.

4.4 Un-cleared Long Outstanding Reconciling Items TZS.436.2 Million at TPC

The purpose of preparing bank reconciliation statements is to detect any discrepancies arising between the accounting records of an entity and the bank records for corrective measures.

Review of Tanzania Post Corporation (TPC) bank reconciliation statements revealed un-reconciled items of TZS.436.2 million which had remained un-cleared for a long period of time. Table 3 below gives the description of the items;

Table 3: List of Un-reconciled items

S/No	Description	Year	Amount(TZS)
1.	Deposits in cash book not credited by bank	2006-2012	122,336,454
2.	Debits in bank statements not in cash book	2008-2012	49,619,052
3.	Credits in bank statement not in cash book	2011-2012	264,250,611
Total Amount			436,206,117

Further, I noted that due to untimely clearance of reconciling items, some of the bank accounts reflected negative balances to the tune of TZS.353.59 million shown in the financial statements as bank overdraft. However, the review of the same noted that there was no bank overdraft facility extended to the Corporation during the year under review. Management should note that dormant accounts can be used to facilitate fraudulent transactions. The bank accounts which had negative balances are shown in Table 4.

Table 4: Bank accounts with negative balances

S/N	Account Number	Amount (TZS)
1.	NBC 011103020240 (HQ)	(58,770,905.66)
2.	NBC 011105007500 (HQ)	(82,535,484.18)
3.	NBC 011103020226 (HQ)	(212,291,878.22)
Total		(353,598,268.06)

4.5 Significant Delays in Remittance of Statutory Deductions

According to Section 84(1) and (2) of the Income Tax Act 2004 (revised from time to time) salaries and all other payments or benefits which are paid to employees should be subjected to Pay as You Earn (PAYE) tax and the amount of tax withheld by employers should be remitted to the Commissioner of Income Tax on or before the 7th day of the month following the month of deduction. However, TPC management did not timely remit the statutory deductions for PAYE, VAT and SDL as a result, the un-remitted deductions were accumulated to the tune of TZS.4,019,106,693, TZS.2,063,060,274 and TZS.2,679,711,571 respectively.

4.6 Long Outstanding PPF Pension Fund Contributions TZS.2.6 Billion at TPC

Section (9) of Parastatal Pensions Fund Act (PPF Pension Fund) of 1978 requires that contributions payable ought to be paid within thirty days from the end of each month. Payments remitted after the thirty days of grace period are subjected to a penalty computed as an interest on the amount outstanding at the month at a compounded interest rate of 5%.

During the year under review, I noted that TPC had PPF Pensions Fund Liability in respect of PPF contributions for year 2005 and 2006 which included penalty for late payment of deductions of Mbeya Branch Office and Head Quarter to the tune of TZS.2,589,506,332.06. This was substantiated as per letter from PPF Pensions Fund with reference No. PPF/GB.56/217/01/G.52 dated 4th March, 2013 and the attached Provisional Penalty Notice. This liability and penalty expense was not reflected in the financial statements for the year under review for the reason that it was taken over by the Government since the year 2006. In my view it is the responsibility of the Corporation to ensure that both employee and employers' contributions are promptly remitted on a monthly basis

to the respective Pension Funds as required by law. As such, in case the Government fails to pay the above debt to PPF, the Corporation will be held responsible for the outstanding balances and penalties in order to enable the beneficiaries to be paid their retirement benefits.

4.7 Long Outstanding Payables in some Public Entities

In the course of audit of long outstanding payables of Public Authorities, I observed that Open University of Tanzania had long outstanding balances for more than one year amounting to TZS.236,833,133. I could not be able to justify the nature and existence of this account since the supporting documents could not be availed for audit verification. The payable balances without details are shown on Table 5.

Table 5: Payable balances without details;

S/NO.	Description	Amount TZS
1.	Deposit Payable	38,697,473
2.	HESLB Deposit Payable	64,651,317
3.	Standard Chartered Bank	2,252,272
4.	Bank of Zanzibar	4,962,224
5.	Transfer of Funds	31,394,444
6.	PPF/NSSF/SSSS Claimable	62,392,081
7.	Bungo Deposit Payable	17,827,871
8.	Students Organization Funds	14,655,451
Total		236,833,133

The same instance was noted at Mbeya University of Science and Technology (MUST) whereby, during the audit I noted long outstanding payables of TZS.100.22 million reported in the financial statements as payable to various suppliers which have remained unsettled for more than seven years.

4.8 Non Updating of Fixed Assets Register at MUST

The verification of Non-Current Assets in the Fixed Assets Register at MUST revealed that the register was not updated for a long time. Review of the same noted that the figure reported in the fixed asset register was TZS.16.6 Billion and the figure reported in the statement of financial position was TZS.19.5 Billion resulting into a difference of TZS.3.89 Billion.

4.9 Unverified Inventories and Stores worth TZS.136.46 Million

According to para 6 of IAS 2, inventories include assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in process), and materials and supplies that are consumed in production (raw materials).

During the audit of MUST and Tanzania Industrial Research and Development Organization (TIRDO), I noted that their financial statements reported balances for inventories of TZS.129.95 million and TZS.6.51 million respectively. There were no verifiable documents/evidence supporting the nature, type, existence and value of these inventories. Also there were no stores ledgers maintained to account for these inventories. TIRDO inventory figure has been reported for more than twenty years with the same value contrary to IAS 2 which provides the basis for valuation and measurement of inventory.

4.10 Going Concern Status of Some Public Entities

According to ISA 570, an entity is required to prepare and present its financial statements on a going concern assumption if it is expected to continue in business for the foreseeable future. General purpose financial statements are therefore prepared on a going concern basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

While reviewing PA&oBs financial statements, I noted that some of them had incurred adverse operating losses and negative working capital which is far away from the ideal current ratio of 2:1. The table below indicates the analysis of some of the Public Authorities & Other Bodies facing the problem of deteriorating working capital:

Table 6: Going Concern Status of PA&OB

S/N	Name of Entity	Deficits incurred(TZS)		Current ratio analysis (Standard Ratio 2:1)		Total current liabilities exceed total asset (TZS)
		Year 2011/12 TZS	Year 2012/13 TZS	Year 2011/2012	Year 2012/2013	
1.	DIT	1.5 Billion	68.46 Mill	0.53:1	0.6:1	Nil
2.	TFC	1.581 Bill.	3.786 Bill	0.40:1	0.28:1	4.59 Bill.
3.	OUT	-	1.093 Bill	-	0.69:1	Nil
4.	TDB	58.145Mill	75.903Mill	1.50:1	0.24:1	49,667Mill.
5.	COSOTA	-	231.1Mill	-	0.28:1	124.14Mill

The above ratios indicate the existence of a material uncertainty that may cast significant doubt about the ability of these entities to continue as going concern entities if no immediate action is taken by the Government to improve their financial capabilities.

4.11 Delay in Payment of Compensation Resulting to Accumulated Accrued Interest of TZS.3,297,690,041

Among the core activity which the Export Processing Zone Authority (EPZA) has been doing is land acquisition from the earmarked areas and paying compensation to the respective land owners after valuation has been done by the government or competent valuer. According to the land laws the amount of unpaid compensation accrues interest at the rate of 6% every year.

During the year under review, I noted that EPZA had not paid accumulated compensation amounting to TZS.58,259,190,721. This amount was in respect of the acquired land country wide. Audit scrutiny of the Authority's financial statements for the year ended 30th June, 2013 noted accrued interest of TZS.3,297,690,041 which had been accumulated for a long period without being compensated by the Authority after valuation of the earmarked areas. This situation will result into unnecessary payments of huge amounts of accrued interest which would have been avoided had the compensation been paid on time.

4.12 Improper Disclosure and recognition of Land and Buildings at MUST

Paragraph 58 of International Accounting Standard No. 16 describes that land and buildings are separable assets and are accounted for separately, even when they are acquired together. With some exceptions, such as quarries and sites used for landfill, land has an unlimited useful life and therefore is not depreciated. Buildings have a limited useful life and therefore are depreciable assets. An increase in the value of the land on which a building stands does not affect the determination of the depreciable amount of the building.

My review of the financial statements of Mbeya University of Science and Technology observed that the University reported Land and Building together at a value of TZS.15,218,054,750. These two assets had not been valued or accounted for in accordance with the requirements of IAS 16 para 58.

4.13 Potential non recovery of loans guaranteed by the Government

NSSF issued loans to various Public Authorities and Other Bodies which were secured and guaranteed by the government. During the financial year ended 30th June, 2013, NSSF reported loans which are 100% guaranteed by the Government through the Ministry of Finance with no repayments made to the Fund. Also, it came to my notice that the strength of the guarantees is weak due to the fact that the guarantees cannot be enforced by the Fund. Hence, the Fund is at a great danger of not recovering the loaned funds which may result into failure to meet its obligations in the foreseeable future especially benefits payment as they fall due. Below is a list of the loans guaranteed by the government;

- a) Contract for financing 2nd Phase for Construction of Buildings of one Ministry signed on 29th December 2009 with loan amount of TZS.23,120,000,000;
- b) Contract for financing Construction of Houses of one Ministry signed on 12th August 2008 and 29th December 2009 with a loan amount of TZS.25,378,595,361.80;
- c) Contract for Construction of a Building of one organization signed on 17th August 2007 with a loan amount of TZS.5,627,223,736;
- d) Contract for financing Construction of the College of Humanities and Social Sciences at UDOM signed on 23rd May, 2008 with a loan amount of TZS.277,746,319,997;

- e) Contract for financing Tanzania National Identification Cards project with NIDA dated 30th December, 2012 with a loan amount of TZS.20,000,000,000.

The loan amounts have remained outstanding for a long period of time.

The NSSF management should make close follow up on these loans in order to ensure that they are paid by the government.

4.14 Non preparation of Corporate Strategic Plan at TWLB

Strategic plan is a systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them. It involves setting of goals. (i.e. choosing a desired future) and developing an approach to achieve these goals. A strategic plan helps an organization to foresee a desired future, and translating this vision into broadly defined goals of objectives and step by step to achieve the targeted goals. Every organization can only achieve its planned objectives through step by step implementation of set out strategic objectives and the resources needed for the implementation of the same.

However, during the audit of Tanzania Warehouse Licensing Board (TWLB), I noted that the Board had no written Corporate Strategic Plan. We further noted that no formal action plans were prepared; consequently, no performance report was prepared to assess the achievement of the planned activities during the year under review.

4.15 Non-disclosure of a bank Account for Performance Bond in the Financial Statements at TWLB

The Tanzania Warehousing Licensing Board (TWLB) opened an account named “Warehousing Receipt System Performance Bond” since 2010 to accommodate the requirement of S.19 (1) of Warehouse Receipts Act, 2005. This Section states that “Each warehouse operator applying for a License under this Act shall, execute and file with the Board a bond sufficient to secure the faithful performance of the obligations as a warehouse operator under this Act and regulations and other statutory instruments made under this Act”.

Audit review noted that a sum of TZS.469,984,613.32 was received and TZS.223,259,630.18 was paid as shown in the bank statement. However, I noted that the Board has no cash book, bank reconciliation statements and payment/expenditure records maintained for this account. Further, I noted that this account has never been disclosed by the Board in the financial statements since it was opened.

4.16 Issuing of Warehouse License and Bond Receipt Before Payment is Made by Licensee Amounting to TZS.260 Million

Section 29 of the Warehouse Receipt Regulations, 2006, describes that a warehouse bond referred to under section 19 of the Act shall be filed with the Board before a warehouse operation license is issued to the warehouse operator.

However, I noted that the Board had issued the Warehouse Operators with receipts in respect of Bond charge amounting to TZS.260 Million contrary to the requirements of the Warehouse Receipt Regulations of 2006. On the other hand, the same amount was not credited by the bank during the year under review. This implies that Warehouse Operators may operate without filling Performance Bond on time and exposing farmers and the Board at a risk of not being compensated in case of any damage/loss that might occur. For instance, Chimbuli Trading Co. Ltd has been issued with license No. 25-2012 dated 13/11/2012 prior payment of the licensing fees. The table below indicates the analysis;

Table 7: Receipt issued before payment of licence fees

Date	Payee Name	Cheque No.	Amount (TZS)	Receipt No.
14/11/2012	Chimbuli Trading Co. Ltd	190885	59,000,000.00	415
14/11/2012	Chimbuli Trading Co. Ltd	190886	200,000,000.00	416
28/2/2013	Wakefield Inspection Services Ltd	180490	1,000,000.00	429
Total			260,000,000.00	

4.17 Rent Paid Without Lease Contracts TZS.62.5 Million

Tanzania Warehouse Licensing Board is renting an office space at NIC investment house 12th Floor; Wing A. The rents are payable monthly, in US dollars. For the year 2012/2013, TWLB incurred rent expenditure of TZS.62,511,000 as per statement of financial performance. Audit scrutiny noted that there is no lease agreement between NIC (land lord) and TWLB (tenant). All the rents were paid based on a letter of offer with Ref. No. H & R /NDL/08/01 of 12/08/2009 for the 12th floor, wing 'A'. In the offer, the amount of rent was proposed to be USD 2,730.00 per month in a period of two years. In the renewal of contract, the rent amount would vary depending on the prevailing market rates as stipulated in Para 4 of the offer letter. However, we could not see the lease contract at the beginning or at the time of renewal of contract to substantiate the rents paid. Absence of lease agreement exposes TWLB at a risk of paying ineligible rental claims. I strongly recommend for Management of TWLB to Communicate with NIC to ensure that a binding lease agreement, from which rent claims are based, is in place.

CHAPTER FIVE

PROCUREMENT AND CONTRACTS MANAGEMENT

5.0 Introduction

Tanzania embarked in a major undertaking of strengthening its procurement system which led into the enactment of the Public Procurement Act, 2001 which was later repealed by the Public Procurement Act No.21 of 2004 which was recently repealed by Public Procurement Act No.7 of 2011. However some of the transactions reviewed were evaluated based on PPA 2004 and its Regulations of 2005. To ensure the existence of procurement compliance in Tanzania, Section 48 (3) of the Public Procurement Act (PPA), 2011 requires the auditor of each public entity to state in his annual report whether or not the audited entity has complied with the procurement law and its Regulations.

This chapter contains audit findings relating to procurements and management of contracts from the respective management audit reports of PA&oBs during the financial year ended 30th September, 2013, 31st December, 2013 and 30th June, 2014.

5.1 Compliance with Procurement Legislations

According to Section 3 of PPA, 2011, procurement means buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by a procuring entity and includes all functions that pertain to the obtaining of any goods, works or services, including description of requirements, selection and invitation of tenderers, preparation and award of contracts. The following observations were raised during the audit of procurement.

5.1.1 Inappropriate Composition of Tender Boards

Section 2 (1) of the Second Schedule of the Public Procurement Act, 2011 requires the tender board of a procuring entity to be composed of the chairman, six members who are heads of department or persons of similar standing with the same procuring entity and a secretary who shall be a procurement specialist, and the head of the Procurement Management Unit.

My review of composition of the tender board at Capital Market Security Authority (CMSA) noted that the Authority formed a tender

board that is composed of five members only contrary to the requirement of law that requires the TB to have 8 members.

5.1.2 Ineffective functioning of Procurement Management Unit

In the course of my audit, I reviewed the effectiveness of the Procurement Management Units (PMUs) in some of the PEs as stipulated under section 38 of the Public Procurement Act No.7 of 2011. In this review, I noted that the PMU at Mwanza Urban Water and Sanitation Authority (MWAUWASA) did not properly discharge its responsibilities of managing procurement activities.

I noted that the PMU at the Authority was established in the year 2010 with five members of which all of them are procurement specialists. This composition is contrary to the requirements of Section 37(2) of the Public Procurement Act No.7 of 2011 that requires the PMU to be consisted of procurement and other technical specialists together with the necessary supporting and administrative staff. This weakness has resulted into PMU not functioning well in the areas of record keeping; internal controls over procurement proceedings; segregation of duties; tendering procedures; preparation of procurement reports; lack of proper planning of procurements and inadequate documentation of Tender Board deliberations; non-involvement of user department in the procurement process leading to wrong specification; and late notification and publication of awarded tenders by the Authority. These weaknesses led to non-compliances with section 38 of Public Procurement Act No.7 of 2011 which defines the responsibilities of PMU.

Audit of TANESCO also revealed that the PMU functions at the Company are mixed with other functions such as transportation and stores. With this arrangement I found that the head of PMU is reporting to Managing Director (MD) as per requirement of law but other members of PMU report to Chief Finance Officer (CFO) via Manager Final Account. In this specific case I noted that there is Manager of Transport and Supplies under PMU whose function is to order goods and deliver them to Principal Supplies Officer Stores for custody. This structure has led to procurement of goods and services worth TZS.971,152,972 without knowledge of PMU contrary to Sect.34 and 35 of PPA, 2004.

Ineffective functioning of PMU was also noted at SHUWASA where PMU was found to have only one staff the same to TIC and NEMC where there is only one staff with no qualification in procurement.

5.1.3 Questionable Award of Tender for Construction of MWAUWASA Head Quarters TZS.2,442,516,560

In my review of procurement activities at Mwanza Urban Water Supply and Sewerage Authority, I noted that the Tender Board made a decision to award a tender to a contractor other than the one recommended by the evaluation team.

According to the evaluation report, the evaluation team recommended the award of tender for construction of the Authority's Head Quarters-Phase II worth TZS.2,442,516,560 to the lowest evaluated bidder M/s Ngogo Engineering Ltd. This recommendation was honoured by PMU and forwarded to TB for approval but under unknown circumstances the TB on its 112th meeting disagreed with the recommendation and decided to award the tender to M/s DF MISTRY without further explaining the reason for rejection or referring the matter back to the evaluation team.

In their decision the Tender Board did not observe Reg. 52(1)-(3) of GN No.446 of PPR, 2013. This regulation requires that where the tender board disagrees with the recommendations of the Procurement Management Unit, the tender board shall return the submission to the procurement management unit for review and shall, in addition, give reasons, in writing, for such decision. Where the tender board is dissatisfied with an outcome of the review, the chairperson of the tender board shall refer the matter to the Accounting Officer for further review and where the tender board disagrees with the outcome of the review by the Accounting Officer, the tender board shall refer the matter to PPRA for directives.

5.1.4 Tenders awarded to Contractors at MWAUWASA without Submission of Tax Clearance Certificates TZS.4,411,667,062

In order for the suppliers, contractors, service providers or asset buyers to qualify to participate in a procurement or disposal proceedings; he or she has to fulfil the obligation to pay taxes and social security contributions and that they abide to employment, environmental, health and safety requirements in Tanzania. This is in accordance to Reg.14 (1) (d) of the PPR 2005 respectively.

During audit of Mwanza Urban Water and Sanitation Authority I reviewed ten contracts awarded by the Authority during the

financial year 2013/14 and noted that, all of the ten contracts awarded with a total value of TZS.4,423,467,062 did not get Tax Clearance from Tanzania Revenue Authority (TRA) to confirm that contracted firms fulfilled their obligation with regard to payment of taxes.

5.1.5 Acquisition of Motor vehicle Contrary to Technical Specifications at DMI TZS.53.9 million

Review of procurement transactions at Dar es Salaam Maritime Institute (DMI) revealed that acquisition of one motor vehicle SU 39949 Nissan X 37 Limited 4WD at a cost of TZS.53.9 million did not observe the required technical specifications. The tender document under which the technical specifications were mentioned stipulated that the motor vehicle should have a remote central door locking system, remote operated window and tyre size No.255/70R15. Contrary to these specifications the supplier delivered the vehicle with manual door locks, manual operated windows and tyre with size No.255/70R. This situation indicates that the procurement process regarding inspection and acceptance of the motor vehicle was not observed by management of DMI contrary to Reg.244 and 245 of PPR GN.No.446 of 2013. These regulations state that once goods are procured, the Accounting Officer shall appoint a goods inspection and acceptance committee to perform quality assurance and wherever something goes wrong with the specifications the goods shall be rejected and required to be collected by the supplier within seven days.

5.1.6 Weakness in Maintaining Procurement Records by Procuring Entities.

Section 38 (l) of the PPA, 2011, requires the PMU to maintain and archive records of the procurement and disposal process. Further, Regulation 88 (4) of GN.No.446 of 2013 states that, for ease of procurement information retrieval, procuring entities shall be required to keep procurement records in a proper manner as prescribed in the Procurement Records Guideline prepared by PPRA. Contrary to this requirement, I observed that some of the PA&Bs had procurement records which were not kept properly as directed by the procurement laws and its regulations.

My review of procurement records at Ubungo Plaza Limited observed incidents of lack of proper arrangement of the tender files i.e. there was no proper sequence of the procurement process. The procurement sequence should start from invitation for quotation, submission of tender, opening of tender, evaluation

report, recommendation for award, notification to bidders and signing of contract.

At Shinyanga Urban Water Supply Authority (SHUWASA) the procurement documents related to particular tenders were scattered such that it was not easy to locate documents in one folder. This situation was also reported at Dar es Salaam University of Education (DUCE) whereby the procurement files/records were not properly maintained to ensure that all information pertaining to the respective tender proceedings from the opening of a tender to contract signing is properly kept. The same weakness was also observed during the audit of UDOM whereby the procurement files did not contain information from the initiation of the procurement transaction up to the finalization of the tender process including implementation of the contracts. At VETA records of procurement proceedings were not properly maintained to show stages and process of procurement. We observed the same shortcoming during the audit of Ngorongoro Conservation Area Authority (NCAA), where sample of contract files reviewed had some documents missing. Generally, my review noted poor record keeping by these Authorities that procurement records were scattered in different files hence making it difficult to retrieve information of a particular tender.

5.1.7 Inefficiencies noted in the Preparation and Approval of Annual Procurement Plans.

Section 49 (2) and (3) of PPA No.7 of 2011 requires budget approving authority of the procuring entity to approve the annual procurement plan based on the approved budget. This section further clarifies that, the procuring entity has to observe the approved annual procurement plan and any unplanned procurement has to get a prior written approval of the Accounting Officer of the procuring entity.

In my review of procurement processes at TANESCO, I noted that the Company prepared the annual procurement plan which was reviewed by the Planning and Operation Committee (POC) but there was no evidence that the plan was approved by the Board of Directors. Further, I noted that the tender opportunities in the Annual Procurement Plan were delayed to be announced to the public contrary to the requirement of law. Also, I noted that the General Procurement Notice (GPN) for the year ended 2013 was placed in the newspaper on 30th May, 2013 five months later from the start of financial year, indicating that the procurement

processes of several tenders started before the tender opportunities were announced to the public. This is contrary to Regulations 18 and 19 of the Public Procurement Regulations GN No.446 of 2013 which requires the procuring entity to advertise all tender opportunities in the PPRA journal and PPRA website at least one month prior to any publication to prospective tenderers.

Audit of the Tanzania Telecommunication Company Ltd (TTCL) revealed procurement worth TZS 45.7 billion that were made in absence of annual procurement plan. This is contrary to sect. 45 of PPA, 2004 and Reg. 25(3) of GN 98 and Reg. 46(5) of GN.97 of 2005 which requires a procuring entity to forecast its requirements of goods, services and works as accurately as practicable, with particular reference to activities already programmed in its annual work plan and included in its annual estimates.

In this year's review, I also noted that Ubungo Plaza Limited (UPL) did not finalize its Annual Procurement Plan on time. The UPL annual procurement plan for the financial year ended 31st December, 2013 was finalized in March 2013. The entity therefore was operating during the first quarter without an approved annual Procurement Plan. However, despite the plan being late for almost a quarter UPL annual procurement plan was not exhaustive such that it did not take into account all expected procurements for the year under review. This weakness led to the procurement of insurance services for buildings under emergency basis contrary to Reg.69 (1) (b) of PPR GN.No.97 of 2005.

Late preparation of annual procurement plan was also reported in the audit of VETA-KAGERA VTC that the centre prepared and approved annual procurement plan for the financial year 2013/2014 on 22nd August, 2013; two months after start of the accounting period. At UTT-MFI the Company did not prepare an annual procurement plan for the year ended 30th June, 2014 contrary to Section 49 (1) of the Public Procurement Act, 2011. Likewise at MWAUWASA procurement worth TZS.151,738,945 were made out of APP due to poor planning. At UDOM the Annual Procurement Plan lacked key important information such as tender numbers, lot numbers, and time scale for procurement activities. Also the University did not prepare General Procurement Notice to be submitted to PPRA website and journal contrary to requirement of Reg.18 of GN.No.446 of 2013.

At LAPF it was noted that the Fund implemented two procurements that were not included in the approved Annual Procurement Plan for the year 2013/2014. These procurements relate to hiring of individual consultants to undertake interior design of LAPF new office accommodation at Millennium Tower through tender No.PA.095/HQ/2012/2013/c/21 and Renovation of (8) units in Blocks "B" Located at Area D in Dodoma Municipality with tender No PA095/HQ/2013/2014/w/01.The same applied to BoT where goods worth 12.41 billion were procured out of APP.

5.1.8 Execution of Tenders in Excess of threshold under PPA,2004

According to section 31(3) of PPA No.21 of 2004 the procuring entity is required not to exceed the limit of procurement with reference to type of the tender.

In our review we noted that TANESCO processed various tenders exceeding the required limit(s) with reference to the type of the tender. However, there was no evidence of notification to PPRA to this effect which should be within 14 days from the commencement of the tender. Instance of tenders in excess of threshold are detailed in table 8.

Table 8: Tenders in excess of threshold by Using National Competitive Bidding

Tender No.	Tender value(TZS)	Limit as per method (TZS)	Difference
PA/001/13/HQ/N/004	3,872,833,802.91	500,000,000	3,372,833,802.91
PA/001/12/HQ/G/008	2,030,173,176.60	800,000,000	2,029,373,177

At TTCL, the Company procured goods and services worth TZS.5,332,001,259 without observing the limit of applications as stated under Second Schedule of GN 97 and GN 98, 2005. This violation was not notified to PPRA as required by section 31(3) of Public Procurement Act, 2004. The awarded tenders which violated the procurement law are shown in table 9.

Table 9: The awarded tenders which violated the procurement law

SN	Tender No	Method used	Set out limit (TZS) In Million	Procurement value(TZS)	Difference (TZS)
1	PA/032/13/HQ/G/010	SS	500	699,532,608	199,532,608
2	PA/032/13/HQ/W/003	RT	500	1,579,100,800	1,079,100,800
3	PA/032/13/HQ/NC/004	RT	200	381,966,107	181,966,107
4	PA/032/13/HQ/G/016	RT	500	781,308,960	281,308,960
Total				3,441,908,475	1,741,908,475.3

5.1.9 Tenders Processed with Lack of Sufficient Budget

Section 54(2(d)) of PPA, 2004 and Reg. 20(2) (e) of PPR, GN No. 97 of 2005 requires the tender to be rejected if its proposals involve costs substantially higher than the original budget. Also Reg. 62(1) of PPR, GN 97 of 2005 requires procuring entities to ensure that funds have been voted or committed before commencing the procurement proceedings and that the evaluation of tenders should consider the estimated cost of the project as well as fund committed.

Contrary to the above requirements, I noted that TANESCO processed tender No.PA/001/13/HQ/N/030 whose contract was USD 1,945,053 (equivalent to TZS.3,189,886,920) substantially above the budgeted amount of TZS.400,000,000. For tender No.PA/001/13/HQ/H/G/106 the company signed a contract of TZS.340,857,463 which is above the budgeted amount of TZS.154,000,000. I however, did not see evidence for re-allocation of budgeted funds from other sources to meet this budget gap.

5.1.10 Inadequate Time for Preparation and Submission of Bidding Documents

While reviewing the procurement processes at TANESCO, I noted that, management advertised tender No.PA/001/13/HQ/N/030 worth USD.1,945,053 on 17th June, 2013. The advert was made through the Guardian Newspaper of which the dead line for

submission of bid was set to be 26th July, 2013, 39 days from the date of the advert. This period is shorter than the minimum period of 45 days as required under the third schedule of GN No.97.of PPR, 2005.

For tender No.PA/001/13/HQ/N/023, TANESCO sent the letter of invitation for bid on 17th April, 2013 and the invitation was delivered to most of the suppliers on 19th April, 2013. The deadline for submission of the bids was 30th April, 2013 giving a period of 13 days which is shorter than the minimum period of 21days as stated in the third schedule of GN.97of PPR, 2005.

With regard to tender No.PA/001/13/HQ/G/104, TANESCO sent the letter of invitation for bid to suppliers on 13rd March, 2013 and the deadline for submission of the bids was 22nd March, 2013 equivalent to 9 days which is shorter than the minimum period of 21days required by the procurement law under third schedule of GN.97 of PPR, 2005.

With reference to the above tender, on 19th March 2013, TANESCO issued amendment of the bidding document and there was no evidence of the extension of the submission deadline. This is contrary to the requirement of Sect.61(3) of PPA,2004 and Reg.65(6), 66(4),74(8),80(6) GN No.97 of PPR,2005 which requires suppliers to be given sufficient time for preparation and submission of their responses.

5.1.11 Use of Procurement Methods not Compliant to PPA, 2004 and its Regulations of 2005

During my review of tendering process at Tanzania Telecommunication Company Limited (TTCL), I observed that the company applied restricted tendering method in two of its contracts without following the procedures given under PPA, 2004 and its Regulations of 2005.

Review of Tender Number PA/032/13/HQ/W/003 for Supply and Installation of Towers, Tower Foundation, Fencing, Pit Latrines and Guard Shelters worth USD.986,938.00, revealed that the Company opted for restricted tendering method but the requirements of Regulation 67 (a) to (d) of PPR, 2005 (GN.97) were not observed. Also regarding Tender number PA/032/13/HQ/NC/004 related to provision of Security Services to TTCL Buildings and Business sites in DSM North and Ex Telecom House worth TZS.381,966,107.30 the tender board approved the use of restricted tendering method

without proper justification. At MUCCOBs I noted the use of single source procurement method not supported by Reg.159 of 2013 which defines the conditions for PEs to opt for single source method.

While review of procurement processes at Ngorongoro Conservation Areas Authority (NCAA), I noted two tenders which were awarded based on restricted tendering method without justifiable reasons specified under Reg. 152(c) of PPR GN.No.446 of 2013. This regulation specifies that restricted tendering method can be used only when there is an urgent need for the goods, works or services such that there would be insufficient time for a procuring entity to engage in open national or international tendering, and that the circumstances giving rise to the urgency could not be foreseen by a procuring entity and have not been caused by dilatory conduct on its part. In my review of tender No.AE/055/2013-14/HQ/G/08 worth TZS.1,963,000,000 and tender No. AE/055/2013-14/HQ/G/60 worth TZS.320,064,000 both at NCAA I noted that the Authority opted for restricted tendering method contrary to Reg.152 of PPR 2013.

5.1.12 Non Publication of General Procurement Notice at UDOM

Regulation 18 GN.No.446 of PPR, 2013 requires a procuring entity intending to procure goods, works or services to prepare its general procurement notice based on its annual procurement plan and submit it together with its summary to PPRA for publication in the Journal and Tenders' Portal. During audit of procurement processes at University of Dodoma (UDOM), I noted that there was no publication of general procurement notice as required by the above cited regulation. This non-compliance minimizes the possibility of having a wide base of suppliers, service providers and contractors.

5.1.13 Irregularities noted in the Tender for Supply, Installation and Commissioning of Laboratory and Office Furniture at UDOM-TZS.603,185,320

My review of procurement processes at the University of Dodoma revealed inefficiencies in the tendering processes for the tender of supply, installation and commissioning of laboratory and office furniture worth TZS.603,185,320.00. This contract was made between M/s. Jaffery Ind Sain Ltd of Dar es Salaam and the University.

Review of tender documents revealed non adherence to PPA, 2011 and its Regulations of 2013 on the areas of notification for

procurement which was not approved by Tender Board, lack of initiation document from user department and permission to procure which was not granted by Tender Board. This failure went contrary to Sect.33 (d) of Public Procurement Act No.7 of 2011. In the tender receipt and opening the number of members who attended the opening ceremony was 8 instead of 4 as recommended by Reg.56 GN.No.446 of 2013. In the award of the contract the University did not notify unsuccessful bidders the name of the person to whom the contract was awarded and the contract amount contrary to Sect.60 (14) of PPA, 2011 and Reg.235 of GN 446 of 2013.

I also noted that the University did not communicate to the respective Authorities on the award of this contract contrary to Reg.232 of GN 446 of 2013. The University of Dodoma also did not form the goods inspection and acceptance committee as per requirement of Reg.144 and 245 of PPR, GN.446 of 2013. For this reason the quality assurance for the procured goods could not be ascertained.

5.1.14 Procurements done Using LPOs and Imprest without observing Threshold

In my review of compliances with PPA of 2011 and PPR of 2013 by PA&Bs revealed procurements that were made using special imprest and Local Purchase Orders (LPO) beyond the limit specified under the Seventh Schedule of PPR, 2013. In this schedule it is stated that procurement by using LPO should be those with value between TZS 10million and TZS 20 million while the use of imprest is limited to only TZS 5 million.

While reviewing procurement processes at University of Dodoma I noted procurements of goods and services worth TZS.1,237,232,088 that were made through LPOs contrary to seventh schedule. I noticed practice of using Local Purchase Orders (LPOs) for most of procurements made without signing the related contract with suppliers/contractors (Refer Appendix VI).

Under seventh schedule of PPR, 2013 the limits under which PEs may procure through imprest is limited to TZS.5,000,000. In the audit of Dar es Salaam Institute of Technology (DIT) I noted procurements worth TZS.148,848,050 that were made through imprest while at TANAPA procurement of goods worth TZS.60,965,000 were reported to be acquired through imprest contrary to the cited procurement law. At TAFIRI my review noted

procurement worth TZS.162,166,958 that were made through imprests granted to staff to procure various items in the financial year ended 30th June, 2014 and that exceeded TZS.5 million per specific transaction.

5.1.15 Weaknesses noted in the Award of Various Tenders at Tanzania Ports Authority (TPA)

In my review of procurement processes at Tanzania Ports Authority, I noted various non-compliances to PPA of 2011 and its Regulations of 2013.

5.1.15.1 Supply, Installation, Training and Commissioning of Electronic Single Window System (ESWS) worth Euro 5,041,533.00

This tender was awarded to M/s Phaeros Group BVBA at an agreed contract price of Euro 5,041,533.00. My review noted delays in notifying the unsuccessful bidders contrary to Sect. 71(4) of PPA 2004 and Reg. 17(1) of 2005. The unsuccessful bidders were notified on 10th February, 2014 after signing of the contract. It was further noted that, some of the notifications made did not reach the unsuccessful bidders hence causing claims to the Public Procurement Appeals Authority as it was quoted in the consolidated appeal cases No.37 and 40 of 2013-14 that there was no proper communication by TPA to unsuccessful tenderers/bidders.

The award of this contract to M/s Phaeros Group BVBA was made without considering value for money because the Authority used an evaluation criterion which was not in the tender documents. Our review noted that the evaluation team recommended award of tender to M/s Phaeros Group BVBA who was the first scorer by 90.73% with a bid price of USD 8,370,907.55. However, M/s Web Fountaine who was the second scorer by 89.38% and who qualified in the technical evaluation as the lowest bidder who quoted USD 6,158,921.38 was not awarded contrary to Sect.43 of PPA 2004 and Reg.90 (4) to (5) of 2005 and Clause 35.1 of tender documents which states that the bid with lowest evaluated price from amongst those which are eligible, compliant and substantially responsive shall be the lowest evaluated bid.

I further noted that, the evaluation criterion which set a score of 80% and 20% to be obtained on technical and financial evaluation respectively was not among the evaluation criteria provided in the tender documents. From my review of appeal report from PPAA I also noted that this criterion was invented during the evaluation process. As a result, the Authority incurred unnecessary cost due to

inappropriate and biased decision during the evaluation of bids. This cost arises when M/s Web Fontaine who was the lowest bidder appealed against the tender board's decision and the Public Procurement Appeals Authority found out the bases of appeal to have merit and ordered Tanzania ports Authority to pay the appellants a sum of TZS 40,000,000 as there was no other recourse. There was no evidence that TPA management had taken any disciplinary (or otherwise) action against the evaluation committee and Tender Board members for this.

5.1.15.2 Levelling and Compaction of Land at DSM Port- Gerezani Creek Marshalling Area TZS.2,236,881,600

This tender was awarded to M/s Ruvuma Contractor and Supply Limited at a contract price of TZS.2,236,881,600. In my review I noted that there was no any request from user department to initiate procurement process, contrary to Sect. 39(1) (b-d) of PPA 2011. This section provides that user department shall “(b) initiate procurement and disposal by tender requirements and forward them to the Procurement Management Unit; (c) prepare technical inputs to statements of requirements and or terms of reference for procurement requirements to the Procurement Management Unit; (d) propose technical specifications to the Procurement Management Unit when necessary’.

5.1.15.3 Transfer and Installation of Floating Dock from Mwanza to Kyela Port-TZS.2,994,439,680

The award of this tender was made to M/s Songoro Marine Transport Ltd Boat Yard at a contract price of TZS.2,994,439,680. In my review of the related tender documents and the evaluation report I noted that the award was made to the bidder (M/s Songoro Marine Transport Ltd) that was not responsive to the tender and that did not qualify for detailed evaluation after the preliminary assessment. During the post qualification, the evaluation team noted that the remaining bidder had not met all the technical specifications as such recommended for re-advertisement as it was approved by the CTB during its 94th Ordinary Meeting held on 20/02/2014. However, contrary to CTB recommendation TPA did not re-advertise the tender instead it made a request for clarification from M/s Songoro Marine Transport Ltd contrary to Reg.90 (16) of GN No. 97 of PPR, 2005. This regulation states that “If a tender is not responsive to the tender document; it shall be rejected by the procuring entity, and may not subsequently be made responsive by correction or withdrawal of the deviation or reservation”. Section .35(2) of PPA, 2004 also states that “No

person or firm shall sign a contract with any public body unless the award has been approved by the tender board."

5.1.15.4 Consultancy Services for Study and Detailed Engineering Design for Modernization of Lake Victoria Ports Euro 589,174

In this year's review I noted that TPA entered into contract with M/s Haskoning DHV Nederland B.V to perform a Study and Detailed Engineering Design for Modernization of Lake Victoria Ports of Mwanza, Musoma and Bukoba at a contract price of Euro 589,174. Review of tender documents could not provide evidence for the related minutes for tender opening, a record of read out prices and attendance signed by participants at the opening meeting contrary to Reg.199 of PPR GN.No446 of 2013. Also the Authority could not be in the position to provide us with the notice to unsuccessful bidders of the intention to award the contract contrary Sect.71 (4) of PPA 2004 and Reg.17 (1) of PPR 2005).

5.1.15.5 Consultancy Services for Feasibility Study for Developing a Dry Port at Kisarawe North. Euro.248,000

This tender was awarded to M/s Haskoning DHV Nederland B.V.at a contract price of Euro 248,000. My review on compliances to PPA and its Regulations noted that the Tender Board and the Accounting Officer did not approve the tender documents and advertisement of the procurement notice contrary to Section 33 (1)(c) of PPA 2011 which requires the Tender Board to approve tender documents; Section. 35 (1)(a) of PPA 2011 which prohibits any person other than the accounting officer to advertise, invite, solicit or call for tenders or proposals in respect of a contract and Regulations 181 (4) and 185 (1) which requires the tender documents to be approved by the tender board before the advertisement of the procurement notice is made.

I also noted that this project delayed to commence due to the fact that TPA did not have ownership of the Land at Kisarawe where the consultancy services were to be carried out. The process of getting the said land was concurrently carried out during the procurement process for the consultant. I noted a request to bidders to extend the validity of their bids in order to buy time for land to be obtained. My review of the assets owned by TPA at the time of audit (16/10/2014) evidenced that the land at Kisarawe was not yet owned by the Authority at the time the contract for consultancy services was signed on 17/09/2014.

5.1.15.6 Supply and Commissioning of No. 12 Terminal tractors for DSM port TZS.1,735,000,000

During the year under review I noted that TPA entered into contract with M/s Eristic (T) Investment Limited to supply and commissioning of No.12 Terminal Tractors at a contract price of TZS.1,735,000,000. Audit scrutiny on tender documents revealed various non-compliances to the procurement laws and its regulations.

My review revealed that the contract was first awarded to bidder M/s John Achelis & Sohne GmbH who was not responsive to the tender following an evaluation done by the appointed evaluation team at a price of EURO 1,224,550. In the process of approval, PMU through Memo No. 48/2014 presented a different opinion to that of the evaluation team which resulted from an instruction by the Central Tender Board to carry out a re-evaluation of the bids, during its 941 ordinary meeting held on March 2014. The second report of re-evaluation came out recommending awarding of the tender to M/s MOL Transport solution at a price of EURO 1,100,056. However, through memo No.99 from PMU to Chairman of the CTB, PMU recommended Ms Eristic Ltd at a price of TZS.1,735,000,000 the recommendation that was approved by the CTB. The approval by the CTB was due to PMU's argument that the departure from criteria for failure to submit tax clearance and failure to meet operational characteristic for tractive effort of min 220KN that led to disqualification of Eristic Investment Limited was minor deviations.

According to the report of the Public Procurements Appeals Authority which follows the appeal filed by one of the bidders M/s Kihelya Auto Tractors Co. Ltd the said departure from the criteria were major deviation contrary to the position taken by PMU. I also noted that the exchange rates used to convert the quoted price from M/s MOL against that of M/S Eristic were unreasonable i.e M/s Eristic quoted TZS.1,735,000,000 versus TZS.2,913,157,298.64 quoted by M/s MOL that were converted from Euro 1,100,056 at a rate of TZS.1,648.19/EURO. The BoT average exchange rate for Euro on the date of conversion 31 March, 2014 was TZS.2243.5/EURO.

If this is not the case, TPA rushed to award the tender to M/s Eristic while the Authority was aware that M/s Kihelya Auto Tractors co. Ltd had filed for administrative review with PPRA against this tender. This act restricted PPRA from performing

administrative review for any case hence referred the matter to PPAA as an appeal. The ruling by PPAA was that the tender was not evaluated according to PPA, therefore TPA was penalised to pay M/s Kihelya Auto Tractors co. Ltd a compensation of TZS 20m and the plaintiff has been advised to refer the case to High Court.

5.1.15.7 Tender for Supply of Cargo handling gears by M/s Mpomabiva Investment Ltd

The evaluation of tender No.AE/016/2013-14/DSM/G/43 on supply of Cargo handling gears under Framework Contract noted that the approved budget was exceeded by TZS.288,309,880 and there was no approval from the responsible Authority. My review however noted that, all bidders were not responsive to the tender as a result they were all disqualified by tender board, thereby approving the re-advertisement of the tender. Following this tender board decision, we were not provided with any evidence regarding appointment of a new evaluation committee, evaluation report for the re-advertised tender or tender board approval for the award of the tender. With all these shortcomings, on 19/06/2014 the Port PMU issued a report to Dar es Salaam Port Manager recommending the award of this tender to M/s Mpomabiva Investment Ltd by insisting that all procurement processes were observed. Given the issues noted above, the legitimacy of the Port PMU's advice could not be proved. The PMU misled the Tender Board regarding what was recommended by the evaluation committee. This made the tender board to approve award of the tender to the supplier M/s Quality Motors Ltd who was disqualified by the Evaluation Committee during the preliminary evaluation stage.

5.1.16 Quality Assurance for Goods Purchased not performed at SUA TZS.214,792,200

Pursuant to Regulation 244(1) of PPR 2013, the procuring entity on procuring goods or services shall make them to be inspected, sampled and tested to confirm whether they meet the standards stipulated in the contract. In addition, Reg. 245 of GN No.446 of 2013 requires the Accounting Officer to appoint a goods inspection and acceptance committee for each tender including call off orders. Our test of compliance with these requirements of law at Sokoine University of Agriculture noted that the quality assurance for the goods is not performed. This audit could not get evidence of the Accounting Officer appointing the inspection and acceptance committees.

5.2 Contract Management

5.2.1 Delays in Completion of Projects due to Weak Management of Contracts

It was revealed during the audit that some of the Public Authorities and Other Bodies did not well manage the contracts entered between them and various contractors. This weakness had contributed to the late completion of some of the projects of PA&Bs and sometimes poor performance of the same. This was observed during audit of Mzumbe University whereby the University entered into a contract with M/s B.H. Ladwa Ltd of P.O. Box 195, Morogoro to build a three storey building at Mbeya Campus at a contract price of TZS.2,944,437,966.00. According to the contract, the completion period for this project was 45 weeks from the date of signing the contract on 14th February, 2011. However, this contract took 188 weeks to be completed and with some shortfalls such as insufficient power supply, malfunctioning of water supply systems, malfunctioning of fire fighting equipments and the standby generator installed to support power not put in use for unknown reasons.

At Tanzania Institute of Education, I noted that contracts entered into between the Institute and service providers were open ended. The duration period and date which the contracts should expire was not specified in the contracts contrary to Reg. 74(1) of the PPR GN No.446 of 2013. This regulation emphasizes establishment of a contract period in each contract entered into by making realistic assessment of the time in which a reasonable tenderer could be expected to complete delivery of the goods, complete the works, or complete providing the services, having regard to the desired completion date and the locality. For the specific contracts for which the expired period was not specified see table 10.

Table 10: The specific contracts for which the expired period was not specified

Name of Supplier	Date contract Made	Royalty	Purpose
Oxford University Press	16.09.2011	12.5%	Writing & publishing books
Educational Books	16.09.2011	12.5%	Publishing of

Publishers			books
Dar-es-Salaam University Press	16.09.2011	12.5%	Publishing of books
Mture Educational Publishers	16.09.2011	12.5%	Publishing of books

At Tanzania Electricity Supply Company Limited, I noted remarkable delays on a number of projects which resulted into payment of unnecessary additional cost. Review of contract No.PA/001/08/HQ/W/46 worth USD 34,848,390.78 for construction of 132KV transmission network reinforcement noted that the project had 3 lots and was expected to be completed within 18 months up to September 2011. Inaccessibility of the land that the Company had already paid for resettlement, the Company had not managed to secure the site and the problem led to delay of commencement of the project to June 2013. As a result the contractor and the consultant operated without a valid contract. This also necessitated the Contractor to charge TANESCO unnecessary extra cost for idle time in respect of one lot of EURO 981,831.00, USD.1,423,098.60 and penalty of USD 682,940.09.

In another contract No.PA/001/13/HQ/G/006 for supply, installation and configuration of CMS hardware we noted that at the reporting date, the hardware had been delivered but not yet installed and configured due to lack of software despite the fact that it was supposed to be completed in 8 weeks from the contract signing date (December 2013). We could not find evidence that, liquidated damages were being charged against the contractors payment certificates. Regarding Contract No.PA/001/10/HQ/G/076 for supply of hardware and software, system installation, and commissioning functional EDMS worth USD.467,340, we noted that, the project was still in progress at the time of doing this audit April, 2014 while basically it was supposed to be completed within 12 weeks from the date of contract signing on 5th May 2011.

These deviations went contrary to Regulation 114 of the Public Procurement Regulations GN No.446 of 2013. This regulation requires the procuring entity to be responsible for the effective management of any procurement of goods, services or works for

which it is undertaking by ensuring it monitors the costs and timely delivery of goods and services in the correct quantities and to the quality specified in each contract; monitor the progress and timely completion of works in accordance with the terms of each contract; take or initiate steps to correct or discipline deviations from observance of contract condition; and ensure that the responsibilities imposed on it by the contract are fully discharged.

5.2.3 Weakness in the Management of contract for Linear Accelerator Treatment Building at ORCI worth TZS.2.3bil

In my review, I noted that Ocean Road Cancer Institute (ORCI) entered into a contract with M/s Salem Construction Ltd on 14th November, 2013, for construction of a Linear Accelerator Treatment Building with a contract sum of TZS.2,333,051,101.

According to the contract, the construction was expected to take 32 weeks from the date of signing the contract but as of 16th December, 2014, the only work completed was site clearance as per certificate dated 18th December, 2013. Audit review, however noted that, the payment certificate value was TZS.349 million covering for standing time, site establishment, insurance bond, performance bond, advance payment bond and demolition and alteration which was yet to be finished. According to management of ORCI, the procurement and contracting was made based on an approved budget of TZS.8.0 billion of which nothing was received from the Government in the financial year 2013/2014.

5.2.4 Contract Paid for but not Executed at Tanzania Insurance Regulatory Authority TZS.22,686,380

Any procuring entity is legally responsible for the effective management of contract related to the procurement of goods, services or works which it is undertaking. A Procuring entity is also required to monitor timely delivery of goods and services in an acceptable manner and to take necessary steps to correct or discipline deviations from observance of contract conditions, as stipulated under Regulation 121 of GN 97 of 2005. My review of contracts management at TIRA noted that on 25/06/2014 the Authority awarded tender number IE/019/2013-2014/HQ/W/002 to Tanzania Building Agency to construct fencing wall at TIRA Zanzibar Office at a contract value of TZS.22,686,380. Up to the time of writing this report, this contract had not been implemented thus defeating the achievement of the intended purpose.

5.2.5 Weaknesses in the Management of Lease Agreements

In my review of lease agreement I noted inefficiencies on how management of the PA&Bs deals with the agreed terms to the leasing agreement. During the audit of MTUWASA, some of the tenants were found to operate without lease agreements. For the existing agreements, we noted that some of these agreements had expired since 2013 and had not been renewed for a long period of time between 8 to 15 months from the expiry of the respective lease agreements and some from 2007.

My review of the lease agreement revealed that, there was outstanding amount in respect of unpaid rent of TZS.493,947,078 for the period between April, 2014 and June 2014 which includes an interest rate of 2% compounded per month in case the Tenant fails to pay rent and service charge on the due date. Up to the time of concluding this audit October, 2014 total amount of TZS.1,152,543,183 were outstanding.

5.2.6 Delays in Commencement and Completion of Projects at TANAPA

Subject to Reg.114 of PPR GN No. 446 of 2013 a procuring entity is responsible for the effective management of any procurement of goods, services or works for which it is undertaking and shall- (a) monitor the costs and timely delivery of goods and services in the correct quantities and to the quality specified in each contract; (b) monitor the progress and timely completion of works in accordance with the terms of each contract; (c) take or initiate steps to correct or discipline deviations from observance of contract condition; and (d) ensure that the responsibilities imposed on it by the contract are fully discharged. Contrary to this requirement my review of contract management at Tanzania National Parks (TANAPA) noted weaknesses in the way the Parks manage contracts they entered with various contractors.

This year's review I revealed that contract for tender No. PA/037/2013-2014/ANP/W/119 relating to rehabilitation of Miriakamba road at Arusha National Park was not adequately managed. This contract was signed on 25th June, 2014 and the parties agreed the project to commence within 14 days after issue of letter of acceptance which was issued on 20/03/2014. The contract period was 3 months from the date of the letter of acceptance 20/03/2014. However, up to the time of concluding this audit in November, 2014, the project was yet to commence. Delays in completion of projects were also observed at Tarangire National Park where the Park entered into a contract to construct a dining

hall at Eng'eno Secondary School, Sukuro village at Simanjiro District at a contract sum of TZS. 63,000,000. This contract was signed between Tarangire National Park and M/s Kiliroads Engineers on 26th day of March, 2013 to be completed after four (4) weeks. At the time of this audit in June, 2014, the building project was yet to be finished due to financial problems.

Another weakness was observed during review of a contract for construction of staff houses at Rubondo National Park worth TZS.109,899,453. This contract was signed on 28/02/2013 between the Park and a contractor M/s Kabiriti Engineering and agreed to be completed on 19th September, 2013. Thereafter TANAPA granted an extension of 14 days to 21/10/2013 and later to 27th December 2013. However, up to the time of this audit on 14th July, 2014 the construction was yet to be completed, a delay of about 7 months.

In Lake Manyara National Park we noted that the Park entered into contract with different health centres for provision of medical services to staff and their dependants. Our audit review noted that the service contracts had expired and management did not take early actions to extend the expired contracts.

5.2.7 Delays in commencement of Production in Respect of the Joint Venture Agreement for Re-development of Buck Reef Gold Mine between STAMICO and Tanzania American International Corporation (2000) Limited

Our review of the agreement between State Mining Corporation (STAMICO) and Tanzania American International Corporation (2000) Limited of Dar es Salaam, on which the joint venture company, Buckreef Gold Company Limited was incorporated on 24th October, 2011 for re-development of Buckreef Gold Mine revealed significant delays leading to questionable progress of the project. It was agreed that the property will be brought into production within thirty (30) months from the date of signing the agreement and in case of extension of the commencement date, Tanzania American International Corporation (2000) Limited shall pay STAMICO USD.500,000 for first year extension, USD.625,000 for second year extension and USD.750,000 for each subsequent extension as delay penalties. However, up to the date of completion of this audit, more than 38 months since the joint venture company was incorporated, the property had not yet been brought into

production and no evidence for the payment of the delay penalties as mentioned in the agreement.

CHAPTER SIX

ASSETS MANAGEMENT

6.0 Introduction

An asset is a resource controlled by an entity as a result of past transactions or events from which future economic benefits are expected to flow to the entity. The future economic benefits embodied in an asset are potential in contributing, directly or indirectly, to the flow of cash and cash equivalents to the enterprise. Asset management is a systematic process of operating, maintaining, upgrading, and disposing off the assets in a cost effective way.

Management of assets is very important for discharging functions of the PA&Bs. The success of the PA&Bs in the achievements of their established objectives highly depends on the efficiency of that entity in the management of its assets. During the audit, I observed various issues relating to mismanagement of assets in some of PA&Bs. This chapter therefore, summarizes significant findings on management of assets emanating from the individual audit reports of various PA&Bs to provide stakeholders with general understanding of the results of the audits and take corrective actions.

6.1 Delays in Completion of Work In Progress TZS.3 Billion

Some PA&Bs undertake a number of projects which are normally funded through internal and/or external resources. During my audit, I noted delays in completion of projects which resulted into increased costs to respective PA&Bs and tied up the capital which does not provide timely expected value for money. For example, during the financial year 2013/2014, AUWSA had four (4) projects relating to boreholes worth TZS.157,298,390 which remained dormant throughout the year. DAWASA had five (5) projects worth TZS.1,104,964,614 that remained stagnant for over six (6) years, while at the Centre for Agricultural Mechanisation and Rural Technology (CAMARTEC), I noted slow progress in the construction of a biogas project at Namajani Prison and Mlale JKT worth TZS.781,425,425 which was supposed to be completed by 31st December, 2013 but up to December 2014, the project was still in progress. This project attracts liquidated damages of 0.1% for each delayed day hence a cost to the Centre. Reli Assets Holding Company (RAHCO) had six (6) projects that have exceeded their handover period. Also, VETA Arusha VTC had work in progress

valued at TZS.432,372,254 in respect of construction of a dormitory which was initially scheduled to be completed on 26th November, 2010 but up to the year end the project was still in progress.

Further, ORCI had the Health Management Information System (NIARA software) project which was initially planned to be commissioned in three months since its inception (1st March, 2011), but it has taken more than four (4) years and has not yet been commissioned as of 30th November, 2014 whereby 94.99% equal to TZS.293,513,527.30 out of total project cost of TZS.308,961,607.80 have already been paid. The software was intended to automate the Institute's operations with a view to improving efficiency and effectiveness. The software is becoming obsolete and no value for money has been realized so far as the envisioned purpose has not been achieved.

6.2 Weak Control over Fuel Management

My audit noted weaknesses in the control of fuel in a number of PA&Bs. At the College of African Wildlife Management (CAWM), I noted that fuel was supplied to drivers basing on the coupons delivered to suppliers and later payment made without reconciling against fuel coupons, delivery notes and invoices. It is easy for a driver, or any official together with the supplier to conspire in making false payments. Masasi Nachingwea and VETA-HQ had log books for vehicles which were not regularly being reviewed by a responsible senior staff and for each vehicle consumption was not reviewed to determine usage against distance travelled. In addition, some log books had incomplete entries. ORCI, TCU, TPDC and Musoma UWSA did not update entries to the log books with some of the motor vehicles missing log books. The Tanzania Standards News Papers (TSN) had un-reconciled difference between monthly fuel consumption reports and motor vehicle log books while MOI did not maintain periodic reports to summarize consumption of fuel for all Motor Vehicles. Such reports or register facilitate keeping track of each vehicle fuel consumption trends. Without a proper control, it is extremely cumbersome to establish the extent of fuel consumption for these PA&Bs as the fuel may be used for unauthorized trips and increase burden to the entity.

6.3 Delays in Delivery of Assets to PA&Bs

The Government issued a directive requiring all Government owned entities to channel their requests of procuring motor vehicles through the Ministry of Infrastructure Development. In 2010, EWURA submitted their request to procure five motor vehicles.

However, out of the five (5) motor vehicles ordered, the Ministry delivered only four. The fifth vehicle, Toyota Land Cruiser Hard Top worth TZS.106,723,967 was not delivered to date. CAMARTEC entered an agreement with M/s-Scan Tanzania Co. Ltd of Dar es Salaam in May 2012 to be supplied with tractors parts and tools. The Centre paid the supplier an advance of GBP 70,785.65 (TZS.157,500,200). Up to the financial year 2013/14, where the value of undelivered goods was TZS.142,935,903.37, the supplier managed to supply only goods worth TZS.22,874,124.00 leaving tractor parts and tools worth TZS.120,061,779.37 undelivered at the year end.

6.4 Non collection of Rents

I noted at VETA-HQ that, between July and December 2013 employees who occupied VETA houses paid between TZS 20,000 and TZS 50,000 for small and large houses respectively contrary to VETA Staff Regulations and Conditions of Services Schedule 13 which requires deduction of an approved rate of 8% of the employee's salary as house rent. At VETA-Tanga, I noted an incident where a former HRAM, who was transferred to Mbeya and later on decided to resign in 2013 refused to hand over the Authority's house despite the ruling of the district land and housing tribunal (Tanga) in favour of the Authority which was given on 11th March, 2014. We also noted that tenants utilizing SUA's premises have not paid rent estimated at TZS.44,468,595 and SUA has not recognized it in the books of account of the University. Additional to that, TPDC rented out some of its residential houses to non-staff. However, TZS.78,604,500 have remained unpaid for over two years by the vacated tenants. At CARMATEC, I noted that an employee, who was not entitled to, occupies one of the Centre's houses at Plot No.14/15 without paying any rent. Non collections or delays in collection of rents, affects the income and cash flows of the PA&Bs' who in turn incur maintenance costs.

6.5 Non-inclusion of Assets in the Financial Statements

The conceptual framework describes an asset as a resource controlled by an entity resulted from past transaction of which the future benefits are expected to flow to that entity. During the financial year 2013/14, I noted some assets which are controlled by PA&Bs' but have not been accounted for in their financial statements. I noted that Tanzania Forestry Research Institute (TAFORI) owns and controls land given by the government without consideration in various parts of the country but did not include it in the Financial Statements. Also, UDOM Buildings with estimated

value of TZS.452.1 billion (Year 2011 values) whose construction was financed by pension funds, that is, National Social Security Fund (NSSF), Public Service Pensions Fund (PSPF), Local Authorities Pensions Fund (LAPF), PPF Pensions Fund and National Health Insurance Fund (NHIF) were not incorporated in their books of account. Although UDOM has yet to receive the legal ownership, IAS 16 requires transactions to be accounted for and presented in accordance to their substance and economic reality and not merely their legal form. VETA-Kipawa still recognises in its financial statement as Work In Progress, a building that has been used for two (2) years while the land has not been recognized at all. IRUWASA had three land areas located at Lukobe, Kingolwira and Kilakala area which were not included in the list of the Authority's assets/properties but had titles kept with the custodian.

6.6 Increases in Animal Deaths Caused by Road Accidents

Tanzania National Parks (TANAPA) was established and empowered to manage and regulate the use of areas designated as National Parks in accordance with the provisions of the National Parks Chapter 282 of 2002 (revised editions). TANAPA is required to protect natural resources, park facilities and tourists, manage and develop parks areas, monitor ecological and wildlife health, develop tourism and involve community in conservation efforts among other things. Mikumi National Park (MINAPA), which operates under TANAPA, is facing challenges of animal deaths through road accidents. According to the Ecological Monitoring Report, a total of 107 animals were killed in road accidents in a period between July 2013 and March 2014. Without putting in place proper measures to protect the animals from road accidents, TANAPA will not be complying with Chapter 282 of 2002, which requires it to protect the natural resources.

6.7 Loss of Revenue Due to Non-Optimal Production

Telecommunication Traffic Monitoring System (TTMS) is a newly established system in TCRA aimed at monitoring telecommunication traffic coming from foreign countries. The system is also capable of determining the telecommunication traffic volume of local off-net and international calls as well as all mobile money transactions, measuring quality of service parameters, detecting and blocking fraudulent calls and can also serve as the Central Equipment Identification Register (CEIR). TTMS is guided by Electronic and Postal Communications (Telecommunications Traffic Monitoring System) Regulation, 2013 whose functions are defined in Regulation 8. TCRA has managed to generate a substantial income of

TZS.26,219,841,328 from international calls captured by the system. However, TCRA have not upgraded the system (TTMS infrastructure) to accommodate local calls as well in order to increase their revenue. I further noted bulk production of newspapers at TSN without regard to sales level. Total number of newspapers' produced during the year was 8,346,834 against total number of 5,362,641 newspapers sold. The production cost of unsold newspapers was TZS.1,171,996,899 equivalent to 36% of total production cost.

Further, UWSA billed only 53% of water they produced (413,567 cubic metres) during the year. Significant percentage of water produced of 47%, was regarded as loss. This amount is far above 20-25% acceptable level. If the amount of abnormal loss was sold to low tariff domestic customers at TZS 750 per cubic meter, the revenue obtained would be TZS.114,764,250. DAWASA's revenue comprises lessor's tariff billed to customers by the Operator and lease rental fees payable by the Operator. During the year the Authority recorded tariff revenue relating to water charges amounting to TZS.15,159 million, which represents revenue generated from 46% of the total water produced, and therefore reveals an unaccounted proportion of 57.4% of the total production which is 20-25% higher than an industrial average of Non-Revenue Water of 20%. Value of the excess of the Non-Revenue Water suffered over the industrial average is approximated at TZS.9,556 million.

Failure of the mentioned PA&Bs to operate at their optimum levels resulted into avoidable loss of Revenue to the respective PA&Bs.

6.8 Deficiencies in Cash Management

Cash is ready money in the bank or in the operation of the organization but very prone to theft and fraud more than any other asset. Prevention and detection of fraud/misappropriations of public resources need proper management by instituting an internal control system that covers a broad area of finance involving the collection, handling, and usage of cash. Nevertheless, during my review of PA&Bs, I noted various weaknesses which if not properly addressed, might lead to fraud and other irregularities. For instance, at VETA-HQ, I noted the existence of bank overdraft of TZS.152,650,626, long outstanding unknown credits in bank not in cash book of TZS.21,964,038 and long outstanding unbanked collections by cashier amounting to TZS.82,992,929. Mbeya RVTSC

had a cash and bank balance of TZS.165,964,649 in the financial statements out of which TZS.122,350,000 is un-reconciled balance that has been there for more than five (5) years indicating the existence of fraudulent activities.

6.9 Issues which Need Government Immediate Attention

Ocean Road Cancer Institute (ORCI) faces acute shortage of cancer diagnosis and treatment equipment. The current requirement of the Institute is 36 equipment but the Institute has only 11 equipment out of which three are of old technology and no longer being used (i.e. waiting for decommissioning) and four (4) were not timely repaired or lacked preventive maintenance. The situation has led to delays in cancer radiation treatment to a minimum of three (3) months for starting or follows up patients, which is contrary to acceptable standard time of two (2) weeks for either starting patient or following up patient.

The Government also has to note that, Fair Competition Commission (FCC) had set aside TZS.5.3 billion for procurement of its own building for offices. The FCC consultant, Tanzania Building Agency (TBA) recommended the Grand Villa Hotel which is valued at TZS.3.9 billion (owner's offer is TZS.4.2 billion), to be purchased and turned into office building. However, there is no evidence that a feasibility study was carried out in regard to cost of changing the hotel into an office. The FCC building fund may not suffice the costs if a feasibility study is not conducted prior to procurement of the hotel.

6.10 Holding of Assets in Excess of Requirements

Dar es Salaam Water and Sewerage Authority (DAWASA) holds Materials of substantial quantity worth TZS.1,296,416,650 as at 30th June, 2014 in their books of account which were returned by the Contractor after the completion of Water Projects. These materials were acquired specifically for that project and are not used by the Authority in their daily operations which implies excessive and unplanned purchases without regard to actual requirements. Although these materials can be used in rehabilitations and replacements of the project, holding of such significant quantity of materials puts DAWASA at risk of pilferages, obsolescence including deterioration, tying up of working capital and increased holding costs. I also noted that VETA- LINDI RVTSC had unused tools and equipment worth TZS.286,876,830 that had remained dormant in the containers since their delivery in August 2011 waiting for the respective courses/traits to be launched. Some of these materials

relate to science laboratory which involve chemicals that will expire after usable time. ORCI received two radioactive machine "Gamma Cameras", donated by Prime Minister's Office through MSD on 22nd October, 2014. However, there were no rooms built to their specifications so that they could be put in use. One machine (SIEMENS No. 3575435606) was kept outside because there was no room which could accommodate it even for storage. ORCI explained that the machines are excess to their requirements.

6.11 Absence of Proper Controls over Defective Meters

Defective water meters which are replaced by the new ones are supposed to be returned to the store waiting to be disposed off through the proper procedures laid down by the Public Procurement Act and its Regulations. However, at SHUWASA I noted unsatisfactory control of the defective water meters which were returned by customers. As well, no adjustments were made in the financial statements and PPE Register to write them off from the records. The same incidents were also noted at MTUWASA where stock count of the disconnected meters stored in the commercial department showed a variance of 372 meters between the actual stock count and the expected stock balance.

6.12 Differences of Balances reported between Universal Communications Services Access Fund (UCSAF) and Zanzibar Telecommunications Ltd

I noted that, at 30th June, 2014 UCSAF reported to have a balance of TZS.1,272,851,390 owing from Zanzibar Telecommunication Ltd. On inquiry, Zanzibar Telecommunication Ltd confirmed only a balance of TZS.135,666,155 which was owed to UCSAF; a figure that differs significantly by TZS.1,137,185,235. If immediate measures and joint efforts aimed at reconciling the difference noted will not be put in place, there is a possibility of dispute between the two institutions.

6.13 Non Revaluation of Fixed Assets

IAS 16 requires fixed assets to be revalued after every 3 to 5 years. Sokoine University of Agriculture (SUA) has not revalued any of their fixed assets for 12 years. STAMICO, the last revaluation of the office buildings and buildings classified as investment properties was made in 2008. The case is the same for DUWASA, CAMARTEC, TPA and TEA whose Fixed Assets were revalued in 2008. Non revaluation of fixed assets may not portray the fair value of the asset which in turn will mislead the users of the financial statements.

6.14 ICT Related Issues

6.14.1 Use of Manual Systems in Business Operations.

Recently, technology has been changing abruptly with different software being produced to cater for the needs of small, medium and big entities. However, some PA&Bs have not opened up to these technologies and are still operating their business manually, a method which is prone to errors, inaccuracy and time consuming. Absence of Accounting Software can result to a number of errors as far as accounting applications are concerned. PPAA, TFRA and EWURA CCC are some of PA&Bs which still maintain manual books of account. National Institute of Transport (NIT) acquired an accounting package namely “Pastel” in 2012 for data processing. To-date, the said software has not been fully utilized and is unable to produce any report for management consumption.

On the other hand, Centre for Foreign Relation (CFR) maintains manual records in processing and keeping information of students’ admissions, a system which is inefficient and prone to errors. This led to Admissions Department to have a figure of 888 students contrary to that of the Finance Department which had a record of 879, a difference which could not be reconciled. SUA has control on forestry products movements (sales and monthly stock balance) including three way match control i.e delivery note, receipt and gate pass for purchased items. However, all the controls and transaction records are performed manually hence difficult to obtain audit trail of transactions which took place during the year.

Further, I noted that DIB does not have an independent computerized accounting system. Currently, DIB’s accounting system is integrated with the computerized system of the Bank of Tanzania (BoT). DUWASA had acquired software for handling the Human Resource data and Payroll named ARUTI from M/s NPK Technology at USD.7,400. However, the said system ceased to operate after two months and as such the human resource data and preparation of payroll continued to be handled manually as before which signify improper utilization of the Authority’s funds.

6.14.2 Un-Updated and Absence of ICT Policy

TCRA’s ICT policy was last updated in December 2011. However, since then, TCRA had major changes to its IT infrastructure and business operations that need to be reflected in the TCRA ICT policy especially changes to ICT environment, implementation of

wide area network (WAN), electronic data management System (EDMS) and telecommunication traffic monitoring system (TTMS). MUCCOBS has inadequate ICT security policy which does not provide clear guidance in key processes including security awareness, backup management, access control, password and authenticity and business continuity. CAWM existing ICT Security policy has inadequacies in providing guidance in key processes including security awareness, backup management, access control, password and authenticity and business continuity. TPA's ICT policy is outdated and does not match with the current technology.

CHAPTER SEVEN

HUMAN RESOURCE MANAGEMENT

7.0 Introduction

Human resource management (HRM) is the governance of an organization's employees. Human resources department is responsible for creating, implementing and overseeing policies governing employees. Human resources are the people who work for the organization and are assets of the organisation. HRM activities include among many others, employee recruitment and retention, motivation, training and professional development.

Effective management of human resource can help the organization achieve high performance; motivate morale and satisfaction levels throughout the workforce by creating ways to strengthen the employer-employee good working relationships.

This chapter focuses on essential areas which can provide improvement to Public Authorities and Other Bodies once implemented.

7.1 Staff Performance Appraisal (OPRAS) not Conducted

Staff performance appraisals facilitates systematic evaluation of staff performance, thus availing to the management a scientific base for decisions on promotions, demotions, annual increments and selection of best worker. It is also expected to provide feedback to the staff for the purpose of enhancing performance.

During the year under review, there was no evidence that open periodical appraisals of members of staff performance were carried out by management of some Public entities. In this regard staff members did not get feedback of their performance and thus not able to identify areas of their weaknesses and improvement.

The weaknesses were noted at the Ardhi University, Tanga Urban Water, Tanzania Education Authority, Ubungu Plaza, Kariakoo Market, National Institute of Transport, Institute of Social Work and Shinyanga Urban Water Supply and Sanitation Authority.

7.2 Employees Benefits Not Provided For as per IAS 19

IAS 19 Employee Benefits (amended 2011) outlines the accounting requirements for employee benefits, including short-term benefits such as wages and salaries, annual leave and post-employment benefits such as retirement benefits, long-term benefits like long service leave and termination benefits.

The standard establishes the principles that the cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather than when it is paid.

Ardhi University was not complying with the above cited standard by not providing for amount of unpaid leave which implies that liabilities and expenses were understated by the un-provided amount of unpaid leave.

7.3 Missing Vital Documents in Employees Personal Files

Properly created and maintained employee personnel files are essential as they keep all important documents relating to each employee in one place where it is easy to access and is available when it is time to make decisions such as promotion, employee confirmation or any other decision related to human resource affairs. Proper documentation in personal files assists in fast tracking decision making in an organisation.

Review of personal files of various PA&OBs noted that staff personal files were missing important documents such as copies of academic certificates, letters of appointments and promotions which were used in assessing individual competence and skills required. Personal files not maintained with all necessary documents as stipulated by the human resources policies and procedural manuals were observed at Ubungu Plaza Limited, Benjamin William Mkapa HIV Foundation and MOI.

7.4 Late Collection and Remittance of Statutory Deductions to Pension Funds and PAYE to TRA

Pay As You Earn is a withholding tax on taxable incomes of employees. Under this system, an employer is required by law to deduct income tax from an employee's taxable salary or wages. While reviewing the statutory contributions deducted during the year under audit, I noted that some PA&OBs did not comply with the remittance deadlines of the PAYE. The deadline for submission of PAYE to TRA is the 7th day after end of month of deduction as per ITA Act 2004 (Rev. 2008). These authorities will be exposed into

risks of fines and penalties which could have a negative impact on the uses of entity's funds in paying fines and penalties and failure to meet its planned objectives. The weakness was observed at the National Institute of Productivity, Public Procurement Appeals Authority, National Kiswahili Council, Public Procurement Regulatory Authority, Gaming Board of Tanzania, NEMC, STAMICO and Cashewnut Board of Tanzania.

The newly enacted GEPF Retirement Benefits Fund Act, No. 8 of 2013 entitles the Fund to impose penalty to late remittance of members' contributions. The audit carried out at GEPF revealed that there were significant delays of members' contribution to the Fund. There was no evidence which shows that the Fund imposed fines to the respective non-compliant employers. Late remittance of TZS.60,906,000 was noted at NIDA. GEPF management does not comply with its Act of establishment by ensuring there is adequate awareness to its members to make them understand the consequences of late remittances of member's contributions.

On review of the payables (sundry creditors) for the period ended 30th June 2014, I noted that Tanzania Petroleum Development Corporation (TPDC) has provided TZS.1,240,103,538.96 and TZS.594,372,016.50 for Income tax and SDL that were not remitted timely to TRA as required. The unremitted tax balances originated from deductions relating to salaries which were not received from Treasury hence paid from internally generated funds.

It was also observed that DAWASCO did not comply with the requirements of Section 81 of the Income Tax Act, 2004, and Section 46 of the Social Security Laws (amendments) Act, 2012 of respective Social Security Schemes namely the NSSF, PPF, and LAPF. As at the reporting date, the Corporation had outstanding liabilities amounting to Tsh.10 billion in respect of Pay As You Earn (PAYE), Skills and Development Levy (SDL), NSSF, PSPF, LAPF and (PPF) contributions. These liabilities have accumulated over years but the Corporation has failed to remit the same to Tanzania Revenue Authority, NSSF, PSPF, LAPF and PPF due to shortage of funds. The circumstance indicates uncertainties on the possibility of the employees not being paid by the respective pension funds their future benefits if the outstanding statutory deductions will not be remitted.

7.5 Vacant Positions Not Filled for Long Time

Review of human resources requirements at TIC noted that important positions remained vacant for long periods of time. Many key directors had retired during the year and no appointments were made, instead these positions are held by officers in acting capacities. The vacant positions at Tanzania Investment Centre were in respect of the Director of Finance and Administration, Director of Research and the Director of Investment and Promotion.

It was also observed at Mwanza Urban Water and Sanitation Authority (MWAUWASA) that the positions of Manager of Management Information System and Assistant Manager Marketing and Customer Service were vacant.

I also noted that after the Head of Finance at Tanzania Women's Bank left the office, BoT issued a letter dated 19th December, 2013 with reference FA.56/433/050/Vol.III/17 acknowledging that they received the notice and instructed that the vacancy should be filled within three months after the date of their letter. This vacancy has not been filled to date.

While reviewing the Ocean Road Cancer Institute's 2014-2019 human resource plan and comparing with the current number of staff, I noted that there were forty four (44) vacant posts. Vacancies in these positions have caused activities such as machine maintenance, vehicle maintenance, and real estate management to be assigned to other directorates hence interrupting their performance.

Given that the 2014-2019 strategic plan has been prepared considering filled posts, the vacant posts will be one among the drawbacks in implementing its strategic plan.

It was also observed that DAWASA does not have a store keeper who would be responsible for day to day management of the Organization's inventories. In the absence of a store keeper, day to day management and control of the Authority's inventories will be limited and risk pertaining thereto increased.

Verification of job allocation at TBS proved that TBS is highly understaffed with some of the key positions not filled. For instance, out of fifty two border posts, only 5 are subject to TBS inspections. This implies that imported goods from those posts are released without being inspected or tested by TBS. Lack of the required

number of employees may lead to serious problems including release of non-conforming products in the market.

My review of the College of African Wildlife Management (MWEKA) organization structure confirmed the vacant positions of the Internal Auditor and Planning Officer. These positions are important for the College to function effectively. Delays in filling these positions may lead into inefficiency and therefore failure to attain the College objectives. The vacant key positions may affect achievement of objectives of aforesaid entities and officers serving on acting capacity for long time may lose working morale and commitment.

7.6 Unapproved Heads of Departments at Tanzania Women's Bank by BoT

Section 19 (4) of the Banking and Financial institutions (Internal Control and Internal Audit), Regulations, 2005 requires BoT be advised of the appointment of Chief Internal Auditor with sufficient advance notice for vetting process.

My review of internal audit function revealed that management of Tanzania Women's Bank advised the BoT on the appointment of the internal auditor for vetting process through their letter with reference No.TWB/HQ/VET/06-13/04 of 27th June 2013. However, there was neither evidence from BoT sanctioning the appointment nor management follow up with BoT for response.

Similarly, Heads of Departments must be vetted by BoT before they can be confirmed by the Bank. From my review of BoT approval for the heads of departments I noted that there was no evidence that the Bank received approval from BoT for the Head of Legal Affairs and Head of Operations. The Bank may be penalized for not complying with the required regulations.

7.7 Succession Plan not Prepared at Tanga Urban Water Sanitation and Supply Authority

The staff compliment of Tanga Urban Water Sanitation and Supply Authority is made up of experienced and skilled employees. It has a policy, inter alia, that gives employees appropriate training so as to update and develop their knowledge and skills to enhance their performance at work. However, the organization has not yet prepared an employees' succession plan so as to ensure continued delivery of water and related services to Tanga City residents. I

urge management to prepare a documented employees succession plan which should be integrated in its strategic and business plans.

7.8 Housing Allowance Benefits paid Contrary to Government Circular No. TYC/T/200/583/18 at Dar es Salaam Maritime Institute (DMI)

DMI staff with salary bellow PGSS18 scale received housing allowance at a rate of 30% of the basic salary. This practice is contrary to Government circular No. TYC/T/200/583/18. At its Ordinary meeting of the Board of Governors held on 23rd November, 2012 as stated in the Board memo 35/2012 the Board directed management to identify sources of fund for house maintenance allowances and submit the proposal to the Board for clearance and ultimately to the Treasury Registrar for approval. I further noted through Board of Governors minutes dated 23rd November, 2012 that management was advised by the Treasury Registrar that it is against Public services practice to reverse government directives.

7.9 Commission Charged Twice by Agent for Group Endowment Assurance Scheme

Tanzania National Park (TANAPA) entered into an Agency Agreement with M/s Intertrade Express Ltd (the Agent) in 2007 as an implementing agent for TANAPA' Group Endowment Assurance Scheme Policy with the African Life Assurance (T) Ltd (the Insurer).

In 2011, the contract was terminated and TANAPA undertook the reconciliation of all premium it paid to the Insurer from 2007 to 2011 through the Agent whereby it realized that, total amount of TZS.957,807,633 was not remitted by the Agent to the Insurer. Upon enquiry by TANAPA to establish the reason, the Insurer replied that the Agent has been remitting the premium net off 10% commission. Upon examination of Insurer financial records related with TANAPA GEAS, it was realized that the Insurer had been paying commission to the Agent. The act of remitting the premium net of 10% is against Section 37 and 136 of Insurance Act Cap. 394 of 2002 R.E which stipulate that, the agent should be paid commissions by the Insurer. We also noted that, as per the Agreement between TANAPA and the Agent, the Agent was not supposed to be paid by TANAPA for the service rendered but by Insurer.

I further noted that, the Agent had refused to disclose the correct amount deducted as commission before remitting the premium to the Insurer as well as the commission received from the Insurer for the entire period between 2007 to 2011 which is against Section B.3

(f) of the Code of Ethics and Practice for Tanzania Insurance Industry which restricts imposition of any charge in addition to the premium required by Insurance company without disclosing the purpose of such charges. TANAPA wrote to the Tanzania Insurance Regulatory Authority (TIRA) since September 2013 seeking for assistance to recover the amount without any promising results.

7.10 Weakness in Approval of Payroll Costs at TBS and VETA

In my review of Human Resource function at TBS, it was observed that the HR Personnel is not involved in approving some of the remunerations paid to employees. The remunerations which are not subject to HR Personnel's review and approval includes allowances, overtime and all other payments which are part of employees' salaries but are not part of the monthly payroll standing data. HR Personnel should be involved in the review and approval of payroll and all the payroll related payments made to staff. Errors or misstatements which could have been noticed by the HR Personnel may go undetected.

Section 5.4 sub section IV (a) - (b) of VETA staff regulation which requires overtime to be authorized by the appropriate personnel. Also there should be a need of working overtime and the work cannot be done under normal hours. Furthermore it requires the overtime sheet to be completed by heads of departments, and supervising officer. Names and signatures of the authorizing officer and the head of finance department should also be included.

In reviewing overtime allowances we noted that in certain instances the reason and approval for request of need for working overtime was not available. Before authorization, the forms are processed directly to the payroll system by human resource department and the amount was made part of salary.

7.11 A need to Change the Current Staff Medical Scheme at Tanzania Bureau of Standards

The current staff medical scheme requires TBS Staff to pay for their medical services and submit claims to TBS for compensation. The current practice exposes important and confidential information about employees healthy to their colleagues working in various departments within the organization. Also in some cases depending on the situation and staff financial position, it may be difficult for some of the staff to receive medical services in case of emergency. Management should consider using employee's healthy insurance cover available in the market.

7.12 Change of Salary Structure in 2013/2014 by VETA without Approval of Treasury Registrar

Vocational Education and Training Authority management changed the salary structure in 2013/2014 without getting an approval from the Treasury Registrar as per the Circular from the Chief Secretary dated 28th March, 1994 with Ref No. SHC/B.40/6/21. Further, I noted that, employees with the same qualification or position were pegged with different salaries for the reason that they consider weight of the activities and years of service. However, the base used was not stated either in the VETA scheme of service or VETA staff Regulations. Any changes made to employees regarding their emoluments are supposed to have a well-documented base or criteria and be communicated to the responsible approving Authority.

7.13 Weakness Noted on Statutory Deductions Made by Tanzania Ports Authority

Our review of payroll costs at TPA revealed several weaknesses related to statutory deductions.

NSSF contributions were made for ex TPA staff (deceased and retired), which resulted in over remittance of NSSF contributions by TZS.488.8 million for Dar es Salaam port.

Table 11: Over Remittance of NSSF- Dar port

Month	NSSF to be remitted TZS. (a)	Actual amount remitted TZS. (b)	Overpaid amount (b-a) TZS
Nov-13	297,113,403	414,092,407	116,979,004
Dec-13	310,150,123	408,046,648	97,896,525
Mar-13	372,252,662	646,263,034	274,010,372
Total			488,885,901

Several differences were noted between the amount remitted and amount shown in the payroll summaries related to PAYE and SDL. As a result, total over remittance of TZS.1.35 billion was noted for HQ, Tanga, Mtwara, Mwanza, Kigoma and Kyela as per table below:

Table 12: Over Remittance of PAYE and SDL (HQ, Tanga, Mtwara, Mwanza, Kigoma and Kyela Ports)

Month	Deduction	Amount as per the payroll summary TZS	Total (a)	Amount as per pay slip (b) TZS	Variance (a-b) TZS
Jul-13	PAYE	627,865,260	767,662,852	1,258,483,770	(490,820,918)
	SDL	139,797,592			
Apr-14	PAYE	706,789,134	860,988,167	1,723,897,786	(862,909,619)
	SDL	154,199,033			
Total		1,628,651,019	1,628,651,019	2,982,381,556	(1,353,730,537)

Skill and Development Levy (SDL) was computed at the rate of 6% instead of 5%. This resulted in over remittance of SDL of TZS.1.12 billion. See Table 13.

Table 13: Non -compliance with approved SDL rate - Dar Port

Details	Amount in TZS.	Remarks
Total gross salary	112,239,868,679	
SDL by 6% (a)	6,734,392,121	Rate used by management
SDL by 5% (b)	5,611,993,434	Rate as per regulations
Variance (a-b)	1,122,398,687	

There is a need to perform regular reviews of all payments and transactions posted in the general ledger and ensure they are properly supported and accounted for as the financial statements may be misstated and the Authority may suffer unnecessary losses.

7.14 Some Payroll Costs Processed Outside the PAYTAN Payroll System at CAWM MWEKA

Our review of payroll expense, established some payroll costs processed outside the payroll system, PAYTAN. It was confirmed that total amount of TZS.55,083,005 was processed outside the payroll. Such payment resulted into under deduction of pension contribution from staff and the employer and under-remitting PAYE. The College is at a risk of suffering PAYE liability and

penalties from TRA for not making proper deductions from staff as per the Income Tax Act of 2006.

7.15 Contracts for Temporary Employees at Tanzania Standard News Papers(TSN) Not Updated

The Company uses temporary employees in carrying out some operational matters at upcountry offices. However, we noted that a number of them have worked with the Company for a number of years without having signed formal contracts with the company. For example a casual labourer at Zanzibar has been working for over 8 years and one at Arusha for over 5 years without formal employment contracts. The Company may be breaching labour laws by not renewing their contracts or not having signed contracts with temporary employees.

7.16 The Position of the Director General of Tanzania Sisal Board Being Acted by a Retired Director General Without a Valid Contract

My review of the human resources and administration of the Tanzania Sisal Board revealed that the Director General had already retired from employment at the age of 60 years as required by the law although he still performs his activities as Board's Director General without having a signed work contract. Furthermore, we noted that he has not been paid salaries but instead he is paid acting allowances as per Board regulations. In the absence of legal and written contract for his post means the Board has no substantive Director General (DG) with powers to act in that capacity as per the TSB Act. Further, lack of contract and salary may have serious negative impact on his performance. A Letter with Ref. No.CAC.65/598/01B/116 dated 24th January, 2014 was sent by Tanzania Sisal Board to the President's Office, Public Service Commission requesting for two years contract for the retired DG but no response was received by the time of concluding the audit.

7.17 Non Existence of Training Feedback and Training Evaluation at TPDC

During the year under review TPDC incurred TZS.5,975,199,357 for training in accordance with Staff Training and Development Policy.

On inquiry of the training programme and its implementation for review, I was not availed with evidence that the program has been prepared or implemented and reviewed in an annual basis.

The current out-dated TPDC Staff Regulations require staff attending short-term training to submit a report which should include: Topics Covered; Training Methodology; Usefulness of the programme and observations and recommendations. However I noted that there was no any training feedback made. In the absence of TPDC staff training feedback and evaluation it was difficult to determine the effectiveness of training programmes and the application of knowledge and skills required at the workplace.

CHAPTER EIGHT

CORPORATE GOVERNANCE

8.0 Introduction

Corporate governance is a term that refers broadly to the rules, processes, or laws by which corporations are operated, regulated, and controlled. It involves roles and relations between the corporation management, Board of Directors, sub committees of the Boards of Directors, shareholders and other stakeholders. The main objective is to achieve accountability, fairness and transparency in the operations of the organizations. Sound corporate governance provides a structure that works for the benefits of everyone concerned by ensuring adherence to ethical standards and best practices as well as the governing laws.

Globally the corporate governance has been placed high on the agenda due to various scandals which involve abuse of corporate powers and in some cases illegal activities by some corporate officials. In Tanzania, the Boards of Directors and Councils have been entrusted by the President of the United Republic of Tanzania and the Ministers of parent Ministries to oversee the functions of Public Authorities and Other Bodies (PA&oBs) on behalf of the public.

Over the years, I have been reporting various anomalies relating to corporate governance issues and provided recommendations on how to address them. I have noted with appreciation the plans and efforts being exerted by the government and the individual PA&oBs in implementing my recommendations on corporate governances as highlighted in the structured responses prepared by the Ministry of Finance. As a result of these efforts, some recommendations were fully implemented and others are still under implementation.

Although there are some improvements in the corporate governance of PA&oBs, I have noted with disappointment that there are observations which were reported in my previous reports and are still recurring over the years. Some of the issues which were raised in previous years and are not resolved include lack of Board of Directors Charter, existence of the members of parliament on the Boards of PA&oBs, inefficiencies in functioning of the Internal Audit Departments, absence of members with accounting qualification in the audit committees, non-preparation of proper

internal audit plans and/or poor implementation of the plans and understaffing of internal audit units in some PA&oBs.

While conducting this year's statutory audit of the PA&oBs, I observed matters which contravene good corporate governance principles and practices. Some of these matters are summarized here below:

8.1 Lack of Operational Guidelines/Procedure Manuals

A guideline is a statement that determines a course of action. A guideline aims at streamlining particular processes according to a set routine or sound practice. Best practice requires that significant activity processes and procedures be documented in operational and procedural manuals so that the same are properly guided.

In the course of audit review of various Public Authorities and Other Bodies for the year ended 30th June, 2014 it has been noted that, there is a number of PA&oBs which either do not have operational guidelines for some activities which are conducted as per its establishment mandate or the guidelines are outdated and thus calling for their review.

As per the review, examples of the organizations which had no guidelines for some of its operations or their guidelines were outdated includes; Arusha International Conference Centre (AICC) which had no operational manual for hospital services, Deposit Insurance Board (DIB) which had no operational procedures for liquidation, pay out and investment decisions, Dodoma Urban Water Supply and Sanitation Authority (DUWASA) which had no operational procedures for activities such as handling of customer complaints, meter reading, billing, revenue collection, water connection, disconnection and reconnection, debt collection and ICT activities.

Other PA&oBs include, DUCE which lacks an internal audit manual whereas the National Institute of Transport (NIT) lacked operational guideline to register a limited liability company. At the Women Bank of Tanzania, there is no documented treasury policy and procedures and a policy to manage counter party risk. At CARMATEC it has been noted that there are no policies, regulations and guidelines to guide operations such as production, research, risk management, housing and anti-fraud while at TPRI there was lack of manpower policy and staff regulations which have been mentioned in the institute's financial regulations. At Tanzania Broadcasting Corporation (TBC), ICT policy including the Disaster Recovery Plan has not been approved although it had been drafted

in 2010. At EWURA Consumer Consultative Council, it has been reported that, there is lack of a scheme of service and a comprehensive salary structure that would cover all its employees.

I am of the view that, lack of documented procedures (procedures manuals) or policies for executing the authority's activities may lead to ineffectiveness and inadequacy of the assessment of the operations and their related internal controls by management and other interested parties.

8.2 Formation of Kariakoo Market Corporation Advisory Board Contrary to Kariakoo Market Corporation Act 1974

Kariakoo Market Corporation was established by an Act of Parliament (Kariakoo Market Corporation Act 1974) and its amendments in 1984. Section 5 (2) (a) and Section 5 (2) (b) of the establishing Act requires that the Chairman of the Board of Directors be appointed by the President and other Board members be appointed by the responsible Minister respectively.

The overall management of the Corporation in accordance with the Establishing Act is vested in the Board of Directors, whereas the day-to-day activities are taken care of by the General Manager who shall be appointed by the President as per the requirement of Section 5(5) of the Act.

I observed that the Corporation has been running without a properly constituted oversight body since year 2000, after the Board of Directors had been dissolved by the then Minister responsible for Regional Administration and Local Government and tying the decision under Section 7 (1) of the Kariakoo Market Corporation despite the fact that, the section does not give such powers to the Minister implying that, the dissolution of the Corporation was against the law.

Following the dissolution of the Board of Directors of Kariakoo Market Corporation, the operations of the Corporation were entrusted to the Dar es Salaam City Council which then appointed an Advisory Council to be an oversight organ of the market contrary to the requirement of Sections 5(2) (a) and 5(2) (b) of the Kariakoo Market Corporation Act.

Further, the General Manager who is supposed to be appointed by the President was appointed by the Minister contrary to Section 5 (4) of the Act.

Such contravention of the establishing Act leads to the illegitimacy of the existence of the Advisory Council and thus decisions issued by the same for the period of its existence are not in line with the requirement of the law.

In view of the above contravention, I have not been able to issue an audit opinion on the financial statements of the Kariakoo Market Corporation for the year ended 30th June, 2014 unless the raised controversy is resolved by the responsible authority with a view of complying with the establishment Act and best practices of corporate governance.

8.3 Delays in Appointment of Members of the Boards of Directors

The appointing authority of the chairpersons of the Boards of the PA&Bs is the President of the United Republic of Tanzania while the rest of the Board members are appointed by the responsible ministers of the parent ministries of PA&Bs. In my prior years' reports, I reported delays in appointment of the Boards of Directors whereby the structured responses by the PMG pointed out that the Government issued Circular No. SAB 55/204/01/159 in September, 2010 directing the Accounting Officers to propose new Boards six months prior to expiry of the tenure of the existing Boards. Similar to prior years, there are still delays in appointment of the new Boards of Directors of PA&Bs.

In the course of my review of corporate governance matters of various PA&Bs, I noted that the tenures of some Boards had expired without being replaced by new ones. The delay in appointing new Boards of Directors results in hampering deliberations of corporate issues for the respective PA&Bs. Late-appointment of the Boards results in management carrying out activities of the PA&Bs without directive from the Boards which are responsible for directing and oversight functions of PA&Bs. Among the things affected by the lack of Boards of Directors include appointment of senior management level personnel, approval of budgets, making strategic decisions, monitoring of integrity of financial reporting and adoption of the audited financial statements.

Up to the time of concluding of this general report 24th February, 2015 Public Authorities and Other Bodies (PA&Bs), there were sixteen (16) PA&Bs whose Boards had expired are the Tanzania National Parks, Tanzania Engineering Manufacturing Development

Organisation, Tanzania Forest Research Institute, Tanzania Sisal Board, Sugar Board of Tanzania, Institute of Rural Development Planning, Cereals and Other Produce Board, Tanzania Pyrethrum Board, Tanzania Industrial Research and Development Organization (TIRDO), Kibaha Education Centre, Muhimbili Orthopaedic Institute (MOI), Centre of Agriculture Mechanization and Rural Technology (CARMATEC), National Museum of Tanzania, National Land Use & Planning Commission, National Construction Council Kariakoo Market Corporation.

It was further noted that, some Public Authorities have been operating without Boards of Directors for more than a year. These include Kariakoo Market Corporation which has been operating for fourteen years without a Board of Directors, the Tanzania Engineering Manufacturing Development Organizations, National Museum of Tanzania and Sugar Board of Tanzania for at least a year.

I have also noted that at Kibaha Education Centre (KEC), the chairperson and other three members of the Board have not been appointed and thus making the Board of Directors incomplete, a situation that hinders implementation of functions which require Board's approval.

8.4 Number of Board Members Exceeding the Requirement of the Establishment Act

During the review of the composition of Board of Directors of various PA&Bs it was noted that some Boards had members exceeding the requirement of the establishment Acts of the respective entities.

For example, according to the First Schedule of Water Supply and Sanitation Act 2009, members of the Board of Directors are supposed to be not more than ten (10). However, during our review of the Board of Directors composition, we found that Chalinze Water Supply and Sanitation Authority's Board of Directors had eleven members contrary to the requirements of the Act. This is non-compliance with the Act and causes extra Board expenses that would have been avoided.

8.5 Weaknesses in Internal Controls of PA&Bs

8.5.1 Absence and Non-performance of Audit Committees

The Audit Committee is a technical sub-committee of the Board of Directors whose main function is to assist the Boards in discharging its oversight and monitoring responsibilities including overseeing the integrity of financial reporting and disclosure process of the organization, monitoring the choice of accounting policies and principles, monitoring the internal control process, oversight of the regulatory compliance and ethics, overseeing the performance of the Internal Audit functions and discussing and deliberating with management on the risk management policies and practices.

I have noted that at the Tanzania Investment Centre (TIC) there was no Audit Committee throughout the year and thus causing the internal audit plan of the Centre to be approved by the Executive Director, a practice which causes a conflict of interest. It was further noted at TIC that, the internal auditor had submitted reports to the Executive Director and no follow up was recorded and as a result, the internal audit recommendations were not implemented. At BAKITA, the Audit Committee has never conducted any meeting during the year implying non-performance of its functions. At Kahama Shinyanga Urban Water Supply and Sanitation Authority (KASHWASA), it was noted that there was lack of review of the internal audit report by the Audit Committee. At the Tanzania Commission for Universities (TCU), the Audit Committee met only twice during the year instead of meeting on a quarterly basis as stipulated by TCU policy and thus causing other internal audit observations pending for discussion. Other PA&Bs which had no Audit Committees during the year include Muhimbili Orthopaedic Institute (MOI), National Development Corporation (NDC), CARMATEC, Chalinze Water Supply and Sanitation Authority and Tanzania Fertilizer Regulatory Authority (TFRA).

8.5.2 Absence of Audit Committee members with Accounting or Finance background

An Audit Committee as a technical committee of the board has a responsibility of providing an oversight role over management practices in key areas. It is therefore, an important part of an organization's governance structure.

As per the best practice, in order for the Audit Committees to be able to exercise their due care in fulfilling their oversight responsibilities and to have a reasonable independence in

judgement, some of the members of the Audit Committees are supposed to have professional knowledge in accountancy and/or finance.

However, during the year under review it has been noted that, some of the Audit Committees did not comprise of members with accountancy and/or finance qualification. This causes difficulties for the committees to be able to make analysis of financial statements, analysis of risks and designing of internal controls for the organization. Examples of the PA&Bs with Audit Committees members with no accountancy and/or finance profession are the Tanzania Education Authority (TEA), Moshi Urban Water Supply and Sanitation Authority, Energy and Water Utilities Regulatory Authority (EWURA), Tanga Urban Water and Sanitation Authority, Public Service Pension Funds (PSPF), National Development Corporation (NDC) and the Social Security Regulatory Authority (SSRA).

8.5.3 Weaknesses in Internal Audit Departments Functioning

Effective internal audit department is a key aspect for appraisal of the operations of the organizations. The strength of the internal audit rests on the position of the department, reporting lines, number and competency of staff in the department.

While reviewing the internal audit functions in the PA&Bs, I observed that most of the departments have insufficient number of staff for efficient and effective carrying out of their functions. This situation was noted at Muhimbili Orthopaedic Institute (MOI) where an Internal Audit Department has two qualified staff and one whom is still undergoing accountancy professional studies, even though the approved staff establishment indicates five staff are needed and thus causing execution of some audit activities not accomplished. At the University of Dodoma, it was noted that there was a delay in the completion of audits and non-execution of some of the planned audit due to shortage of staff.

I have also noted that, at Ardhi University (ARU) and the Tanzania Fisheries Research Institute (TAFIRI), the internal audit units were under staffed. Comparing the size and operations of the University, having only three internal audit staff, where only two are qualified impairs the strength of the internal audit unit in the implementation of its annual audit plan. The shortage has persisted since the past three years. At Iringa Urban Water Supply and Sanitation Authority (IRUWASA), there was only one internal auditor

performing all the internal audit functions of the Authority. At Tanzania Pesticides Research Institute there were also vacant posts in the internal audit department. The problem of understaffing in internal audit departments has also been noted at the Export Processing Zone (EPZA) and the Ngorongoro Conservation Area Authority.

Further, during the course of my audit, I have noted various weaknesses regarding development of strategic internal audit plan and annual internal audit plan as follows; at Ardhi University (ARU), a strategic plan and annual plan as part of implementation of the strategic risk management plan to ensure a comprehensive coverage of internal audit and assessment were not prepared by the University. It has further been noted that, the audit annual work plan for the University was submitted late to the Audit Committee for approval and thus causing a number of internal audit functions to be conducted before the approval of the Audit Committee. Other PA&Bs where the audit plan was not approved include Morogoro Urban Water Supply and Sanitation Authority (MORUWSA), Moshi Urban Water Supply and Sanitation Authority (Moshi UWSA), Public Procurement Regulatory Authority (PPRA) and Sumbawanga Urban Water supply and Sanitation Authority which also lacked a strategic audit plan. At Iringa Urban Water Supply and Sanitation Authority (IRUWASA) the Internal Audit Unit had a well approved annual plan but it was not fully implemented and thus missing the value which could have come out from the audit of the mentioned areas of the plan. Other PA&Bs where the internal audit plan was not fully implemented include, Dar es Salaam University College of Education (DUCE) and National Board of Accountants and Auditors (NBAA). It has further been noted that, some PA&Bs such as the Dar es Salaam Institute of Technology (DIT) had internal audit plans which are not risk based, implying that, the plan was prepared without performing risk assessment of the organization. At Muhimbili University of Health and Allied Sciences it has been noted that, the internal audit plan was not comprehensive as it did not cover all areas of its operations. At Ngorongoro Conservation Area Authority (NCAA), the audit plan of the internal audit was not approved by the Audit Committee.

Other shortfalls include delayed responses and implementation of the internal audit recommendations by the management of the internal audit reports at the Kibaha Education Centre (KEC) and the National Board of Accountancy and Auditors.

8.5.4 Lack of Legal Framework Governing Establishment and Composition of Audit Committees and Absence of Internal Audit Charter

The audit of various Public entities revealed that, there is no common standard in establishing the Audit Committees of the PA&OBs. The Public Finance Act, 2001 section 30 refers to the establishment of the committees in the Ministries, Departments, Agencies or Region but does not cover the establishment of Audit Committees in the PA&OBs. Also the composition stated in section 31 of PFA, 2001 requires members of the Audit Committees to be the senior members of the entities mentioned above while some corporations establish the Audit Committees as a committee of the governing board which is a best practice. This has resulted into double standards in forming the Audit Committees of PA&OBs.

Example of Public Authorities where the members of the Audit Committee are the executives in the Authority is the Tanzania Insurance Regulatory Authority (TIRA) where the Commissioner and Deputy Commissioner are the members of the committees.

Also I have revealed absence of audit committee charter for some of the PA&OB such as the Moshi Urban Water Supply and Sanitation Authority, Same Urban Water Supply and Sanitation Authority, Cashewnut Board of Tanzania and Reli Asset Holding Corporation (RAHCO).

In the absence of the audit committee charter, the scope, position, authority and responsibilities of the Board's Internal Audit Department will not be defined and applied by the responsible staff in the internal audit unit.

8.6 Absence of Internal Audit Charter at some PA&OB

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal auditing is a catalyst for improving an organization's governance, risk management and management controls by providing insight recommendations based on analyses and assessment of data and business processes.

As it applies for Board of Directors and audit committee, the internal audit is supposed to have its own charter to act as an instrument that orient the staff in performing its functions of

advising management and the Board of Directors (or similar oversight body) regarding how better execute their responsibilities. Review of functioning internal audit departments of PA&OB revealed various PA&OB which had no internal audit charter. These include Kibaha Education Centre (KEC), EWURA Consumer Consultative Council (EWURA CCC) and Tanzania Bureau of Standards (TBS) whose internal audit charter was yet to be approved by the Board and therefore oversight role of the Board over internal audit functioned could not be justified.

8.7 Possibility of Regulatory Arbitrage Risk in the Social Security Sector

Regulatory arbitrage is a practice whereby firms capitalize on loopholes in regulatory systems in order to circumvent unfavourable regulation when there is more than one regulator of the same sector, with different regulations and no clear demarcation.

During the audit review of the functions of the Social Security Regulatory Authority (SSRA), I have noted that the Social Security (Regulatory Authority) Act No. 8 of 2008 provides for two regulators for the Social Security Sector. Apart from the Authority itself, the Bank of Tanzania (BoT) has been granted powers relating to regulation and supervision of financial matters of the Schemes which include control of fund reserves, monitoring of investments and investment decisions which is the core activity in the Social Security Sector.

The existence of two regulators may lead to regulatory arbitrage especially in the area of investment management which is a critical component of the sector. This may enable the schemes to capitalise on loopholes in the regulatory system to circumvent unfavourable regulatory requirements to them.

Also the two regulators may not share the same vision on certain aspects of regulation of the sector which might give room to the regulated entities to capitalise on the vacuum created by non-agreement by the regulators and thus creating a risk for non-compliance by the regulated entities.

8.7.1 Possibility of Existence of Conflict of Interest between Boards of Directors for DAWASA and DAWASCO

The Board of Directors is the organ which takes responsibility for identifying key risk areas of the organization, considering and monitoring investment decisions, considering significant financial

matters, and reviewing the performance of the business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and that the organization complies with sound corporate governance principles and therefore taking care of the interest of the organization they oversee.

Review of composition of Board of Directors for DAWASA and DAWASCO for the reporting year 2013/2014 has noted that chairpersons for DAWASA and DAWASCO Boards of Directors are also members of the Boards in DAWASCO and DAWASA respectively.

Noting that, DAWASCO has entered into a lease Agreement with DAWASA and that each party has its rights and responsibility under the agreement, therefore we are of the view that chairpersons of the Boards having access to the other board will deprive the Boards to discuss matters of their interest whether covered under the lease agreement or other matters of business interest to either of the two entities.

I advise the appointment authority to consider rectifying the composition of the Board members to avoid conflict of interest that may arise from the existing relationship where the chairperson of DAWASA or DAWASCO being a member of the other Board of Directors and instead the two Board of Directors should create a forum where representatives of each Board may meet to discuss matters of common interest or discuss to resolve any conflict that may arise as a result of their lease agreement or any other business arrangement between the two entities.

8.8 Absence of Board's Charter for some Boards of Directors

Board charter is an instrument that orient board members to the organization and its mission and which serves as the Board's operating manual by providing information on the Board's structure and operations outlining the Board members' roles and responsibilities. It also contains among other things the code of ethics and code of conduct, including conflict-of-interest policy, Board meeting attendance policy, guidelines for evaluating the Board, guidelines for evaluating Chief Executive Officers, Board member biographies, Board calendar and work plans.

My review of the operations of the various PA&OBs during the year has revealed that still there were Boards of Directors which lacked board's charter to guide their operations. The PA&OBs that do not

have Boards charter are the Dar es Salaam Water and Sewerage Supply Company (DAWASCO) and EWURA Consumer Consultative Council (EWURA CCC). In the absence of the Board's charter, the Board of Directors may not be properly guided in executing its responsibilities.

8.10 Absence of Risk Registers

To be effective, best practice requires that an organization's risk management plan to develop and maintain an on-going process that enables the identification, analysis, evaluation, and treatment of risks that may impact the organization.

To be able to prepare risk management plan, a risk register has to be prepared for gathering of risks that may affect the organization. The register serves as a central repository for the organization's risk information and allows for the information that results from the risk management process to be suitably sorted out, standardized, and merged to be used by the appropriate level of management.

Its key function is to provide management, the Board of Directors, the Governing Boards or the Councils as the case may be, and key stakeholders with significant information on the main risks facing the organization. The risk register also gives the organization's risk management stakeholders a clear view of the current status of each risk, at any point in time.

While reviewing PA&Bs risk management practices during the year, I have noted some shortfalls regarding risk management in some Public entities. These include lack of approval of the risk register at the University of Dodoma (UDOM) by the Council and thus making it non-authoritative and hence management is unable to use it to register risk that may impact the University. Other PA&Bs which lacked risk register and thus unable to prepare risk management plan include Ardhi University (ARU), Iringa Urban Water Supply and Sanitation Authority (IRUWASA) and therefore no proper report describing risks associated with the entities operations although various meetings on risks management were conducted. Other entities which did not have a risk register and therefore lacked risk management process are Kibaha Education Centre (KEC), Muhimbili University of Health and Allied Sciences and Ocean Road Cancer Institute (ORCI).

8.11 Senior positions held in acting capacities

Senior management or executive management is a team of individuals at the highest level of organizational management who have the day to day responsibilities of managing a company or corporation. They hold specific executive powers conferred into them with and by the appointing authority such as the Board of Directors or the responsible Minister in the sector where the company or corporation is operating who are representatives of those who own the company or corporations.

In the course of our review of management structure of the Public Authorities and Other Bodies, I have noted that some senior positions in the PA&oBs are held in acting capacities.

Examples is the Unit Manager position at the Marine Service and Reserve Unit (MSRU) where the position has remained vacant since October, 2012 where the appointing authority is the minister responsible for Livestock and Fisheries Development, two acting wardens in charge of DMRs and TACMP. This has an effect on the performance of Unit as the Unit's strategic decisions may not be made timely and/or objectively. Also, at NHIF, the position of Director General has been vacant following the retirement of the former Director General two years ago. Since then, the Board appointed the acting Director General waiting for the recruitment process.

The recruitment and final appointment has not been concluded by the end of year and as a result, the appointed acting Director General had to continue exercising his duties in that capacity for more than two years contrary to Standing Orders for Public Service Servant paragraph D.25 (3) which requires no public servant to act in a vacant post for a period exceeding six months.

8.12 Delays in Signing of Performance Contracts with Boards of Directors

Section 10(2) (k) of the Treasury Registrar (powers and functions) Act (Chapter 370 R.E.2002) together with Public Corporation Act of 1992 amended in 2010 requires the Treasury Registrar to enter into performance contracts with Boards of Directors of PA&oBs. The objectives are to increase efficiency on execution of their obligations. The performance agreements on the other hand, are useful in enforcement of accountability and good governance as well as providing the framework for monitoring and evaluation of work performed by the board members. In my

previous audit reports, I recommended implementation of performance contracts in the PA&Bs although this recommendation has not been executed in most of the PA&Bs. I noted the government efforts through Treasury Registrar Circular No. 1 of 1st January, 2012 reminding Public Authorities to effectively comply with Treasury Registrar Act of 2002 and another reminder letter with Ref. No. CNA.114/572/01/8 dated 13th February, 2014. Despite these efforts, lack of performance agreements between the Treasury Registrar and boards of directors has been observed in a number of PA&Bs during the current year's audit. The typical examples include Fair Competition Commission (FCC), Tanzania Coffee Board (TCB), the National Institute of Transport (NIP) and State Mining Corporation (STAMICO). Absence of these performance agreements makes the Boards to lack benchmarks against which their performance and the overall accountability for the results can be measured. I still urge Boards of Directors of PA&Bs to speed up the process of complying with Treasury Registrar Act.

CHAPTER NINE

GOVERNMENT LOANS STATUS WITH SOCIAL SECURITY FUNDS

9.0 Introduction

Tanzania has six (6) Social Security Funds which contribute to a great extent in the economy of the country and economic development of the members. The Social Security Funds are PPF Pensions Fund, Public Service Pension Fund (PSPF), LAPF Pensions Fund, National Social Security Fund (NSSF), National Health Insurance Fund (NHIF) and GEPF Retirements Benefits Fund. These Funds are regulated by Social Security Regulatory Authority (SSRA).

These Funds have been affected by non-performing loans, most of which were lent to the Government and its Institutions. Some of these loans neither had guarantees nor formal contractual agreements with the Government, a situation which exposes the Funds into high risk of either losing the funds advanced to the Government and its Institutions or late recovery of the loans and interests.

This chapter details the status of Government loans to the Social Security Funds and its impacts to the Funds and Government in general.

9.1 Investment in the Social Security Funds

Social Security Funds utilize investing opportunities to invest funds contributed by members to earn returns that facilitate growth, sustainability and stability in paying pension benefits, provide services to the members and meet operational costs. In Tanzania, Social Security Funds invest in various portfolios including loans to the Government and its institutions.

The Social Security Funds from which the Government had obtained loans include PPF, PSPF, LAPF, NSSF, GEPF and NHIF. Also the Social Security Funds have been investing in various portfolios including issuing interest bearing loans to private sector guided by the directives from Bank of Tanzania (BoT) and Social Security Regulatory Authority (SSRA).

9.2 Investment Policy in the Social Security Funds

In compliant with Para 3.12 of Social Security Policy of January 2003, guidelines regarding investment of Pension Funds were developed in 2012 based on principles of safety yield and liquidity,

as funds were often being directed to areas where there is no stimulation of economic growth. Investment of Social Security Funds is an inseparable function of Social Security Institutions. Sustainability of the schemes and improvement of benefits depend on their investment incomes.

Social Security Funds have been investing in various portfolios including issuing interest bearing loans direct to the Government or through issuance of guarantees. The Government is obliged to repay loans received by it or those guaranteed to Public Authorities and Other Bodies in accordance with the loan agreements/contracts.

9.3 Status of Government Loans to the Social Security Funds

Recovery of principal amounts and interest income in time is crucial to Social Security Funds for them to be able to maintain their required levels of liquidity and be able to pay maturing obligations including payment of retirement and other benefits to their members, manage operational costs as well as exploiting other investment opportunities.

However, Government debt from Social Security Funds has been increasing with no or low pace of repayment. According to confirmation letters from Social Security Funds, as of 30th June, 2014 the government debt at Social Security Funds accrued to TZS.1,697,884,933,137.93 where by TZS.975,048,756,582.94 was due for repayment but was not yet settled.

Table 14: Government debts from Social Security Funds as at 30th June, 2014

Social Security Fund	Total Debt (TZS)	Amount Due (TZS)
LAPF	173,231,417,845.00	94,655,371,891.00
PSPF	460,995,168,878.82	251,942,767,372.27
PPF	221,070,451,951.77	27,252,909,658.32
NHIF	105,792,983,055.76	26,325,247,799.96
NSSF	722,460,946,894.36	575,048,756,582.94
GEPF	14,333,964,512.22	0
Total	1,697,884,933,137.93	975,048,756,582.94

Source: Social Security Funds response letters following CAG inquiry on their debt status to the government as of 30th June, 2013

9.4 Task force Report on the Government Debt to the Social Security Funds

The Public Accounts Committee (PAC) was very concerned about the state of government debts with Social Security Funds. PAC held a meeting with both the government and Social Security Funds to get explanations and the way forward regarding the settlement of these debts by the Government. The loans details between the Social Security Funds and the Government did not match as reported in Para 1.1.2 of the report of the Social Security Funds on Government debts deliberated in PAC meeting on 24th October, 2014.

As a result of this mismatch of the debt information between the Government and Social Security Funds, a task force comprising of members from each stakeholder (Government, Government Institutions and Social Security Funds) was formed to establish the exact debt of the government with Social Security Funds. According to the report of the task force presented in a reconciliation meeting held on 24th October, 2014 it was agreed by all the stakeholders that total government debts with Social Security Funds as at 30th September, 2014 was TZS.1,875,896,246,224.49 whereby TZS.937,865,235,385.80 was due for payment but had not yet been settled. However, up to 7th March, 2015 the outstanding amount was yet to be paid to the Funds by the Government.

Table 15: Government debts from Social Security Funds as at 30th September, 2014

Fund	Total Debt (TZS.)*	Amount due (TZS.)*
LAPF	173,231,417,845.00	94,655,371,891.00
PSPF	478,564,986,495.99	273,422,154,530.03
PPF	275,682,357,071.87	53,269,846,358.40
NHIF	106,576,578,959.88	27,651,457,652.66
NSSF	827,506,941,339.53	488,866,404,953.71
GEPF	14,333,964,512.22	-
Total	1,875,896,246,224.49	937,865,235,385.80

Source: Task Force report presented in a PAC meeting on 24th October, 2014 as mentioned in Para 2.7.1 page No. 34 of PAC annual report No.TK/02 JAN.2015 for the year ending 30th June, 2013

*Total debts and amount due is inclusive of principal interest and penalties.

According to the task force report and PAC annual report No.TK/02 JAN.2015, page No. 34, for the year ended 30th June, 2013, government's debt of TZS.1, 875,896,246,224.49 did not include PSPF debt estimated at TZS.7,066,530,000,000 relating to pre 1999 unpaid contributions by the then Pension Ordinance members who joined PSPF who had to be paid pension benefits despite their none contribution to the Fund.

9.5 Loans to the Government and its Institutions without contracts

During the audit it was noted that some loans were issued to Government and its institutions basing on oral agreements while loan agreements and written government guarantees were yet to be finalized. In the absence of loan agreements or written Government guarantees the Pension Funds have limited assurance on the recoverability of these loans which could bring adverse effects to the Social Security Funds. Further, computation of interests and penalties may be limited as criteria for the same are yet to be concluded. To cite few examples among others, there is neither Government guarantee nor agreed repayment plan for the loan facility issued by LAPF to Hombolo Local Government Training Institute amounting to TZS.36,185,348,451 to the extent management has suspended the interest income during the year. Also, NHIF issued a loan to University of Dodoma for Construction of Medicare Centre (Phase I) of which TZS.43,356,737,578 is outstanding. However, there is neither loan agreement nor Government guarantee in respect of this loan.

9.6 Impacts of Non Repayment of Loans to Social Security Funds

The tendency of late payment of these loans may have substantial impact on the liquidity of the Social Security Funds which will affect the operations and ability to meet short and long term obligations including payment of retirement benefits to retiring members. Also, the funds tied up with the Government poses an opportunity cost as would have been invested in more profitable undertakings to earn more income to the Funds. These loans hinder the Social Security Funds from performing their roles as institutional investors.

On the other hand, the burden to the Government increases as some of these loans bear interests and penalties. There would be no increased burden of Interest and penalties of which the

Government is obliged to pay had the loans been repaid on time. But with the current slow repayment pace, the burden is likely to increase with adverse effect to both the Government and Social Security Funds.

CHAPTER TEN

RESULTS OF SPECIAL AUDITS

10.0 Introduction

The Controller and Auditor General (CAG) is empowered under Section 29(2) of the Public Audit Act No. 11 of 2008 to undertake special audits upon receiving a request from a Person, Institution, Ministries, Departments, Agencies, Local Government Authorities and such other Bodies.

In accordance with this provision of the Act, the Office of the Controller and Auditor General during the year under review conducted three special audits in three Public entities which are Tanzania Cotton Board (TCB), Mbeya Urban Water Supply and Sewerage Authority (MBEUWSA) and Tanzania Telecommunications Company Limited (TTCL).

The results of the special audits presented in this report are the summary of the key findings from the special audits conducted. The detailed findings are available in the respective reports and can be obtained from the respective authorities who requested the special audits to be conducted.

Key findings from the special audits conducted are outlined as follows:-

10.1 Tanzania Cotton Board (TCB)

The special audit of Tanzania Cotton Board (TCB) was conducted following a letter with Ref. No. CAB/65/138/01 dated 6th June, 2013 from the Permanent Secretary Ministry of Agriculture, Food Security and Cooperatives. The Permanent Secretary requested the Controller and Auditor General to investigate the allegations of embezzlement of funds the Board had received from the Government for agricultural subsidies to cotton farmers in the year 2009/2010.

The results of TCB special audit were as follows:-

(a) Cotton buying Companies were paid subsidies from TCB of TZS.166,446,320 an amount which was more than the amount required and authorised for payment. The payments were made without being verified by TCB inspection team as per the laid down procedures. Some of the payments made to the Companies by TCB

lacked signatures of those who prepared the payments and signatures of senior officers who verified them prior to payment. This is an indication of significant poor internal controls within TCB.

(b) Subsidies of TZS.237,987,200 supposed to have been paid to Cotton farmers by M/s S& C Ginning Company after selling their cotton to the company could not be verified during the special audit. The documents related to the payment of the subsidy paid to M/s S& C Ginning Company were claimed to have been collected by the internal auditors from the Ministry of Agriculture, Food Security and Cooperatives for audit and verification. However, further verification was conducted subsequent to the special audit and it was noted that out of 237,987,200, documents with total TZS 169,255,840 were payments made to the farmers but documents with total payments of TZS 68,731,360 could not be verified and thus were not available for verification. We could not therefore confirm whether M/s S& C Ginning Company paid TZS 68,731,360 to cotton farmers.

(c) Two Companies M/s Badugu Ginning Company Limited and M/s Vearrian (T) Limited closed business with an outstanding amount of TZS.105,823,760 held by the companies. The amount was supposed to be paid back to the farmers as subsidy but the same has not been paid due to the fact that the companies closed their business while the funds are still held by them.

It was further noted that cotton subsidies amounting to TZS.104,680,350 were not paid to the cotton farmers who lost their sales receipts but there was no evidence that the cotton buying companies refunded the subsidies to TCB. The unpaid amount was held by four companies M/s Fresho Investment Co.Ltd, M/s Gaki Investment Co.Ltd, M/s Kahama Cotton Co. Ltd and M/s Roko Investment Co. Ltd instead of remitting the unpaid amount to the Treasury.

(d) One of the TCB Board members was among owners of the cotton buying companies. Given the importance and the responsibility of the Board of Directors in the operations of Tanzania Cotton Board (TCB), a member of the Board having self-involvement in the buying companies could result into conflict of interest between TCB and the companies.

(e) Tanzania Cotton Board was not carrying out verification exercise of the cotton sales from its Zonal office in Mwanza. The Board is

responsible for safekeeping accurate records related to the amount of cotton purchased by the cotton buying companies. Some of the documents submitted to TCB head office from Mwanza were not adequately verified by the senior staff from Mwanza thus were found with a lot of errors which could imply that fraudulent transactions could have perpetrated.

10.2. Mbeya Urban Water Supply and Sewerage Authority (MBEUWSA)

Mbeya Urban Water Supply and Sewerage Authority (MBEUWSA) special audit was conducted following a request lodged by the Board Chairman of MBEUWSA through a letter with Ref.No.UWAS/MB/C/UM/16/66 dated 5th April, 2013 requesting the CAG to conduct a special audit of the Authority operations. The results of MBEUWSA special audit revealed several shortfalls as follows

During the period from 2010 to 2013 MBEUWSA purchased water meters of TZS. 554,646,350 but the information and records available were inaccurate and not reliable to evidence the quantities of meters bought. The number of meters already fixed to customers and those available in;

- (a) Stores, indicate weakness in the internal controls within the Authority.
- (b) 2,399 customers receiving water service from the Authority had not been connected with water meters for MBEUWSA to bill the actual quantity of water consumed. The Customers are billed on flat rates including service charges. The practice might lead to loss of funds by the Authority if excessive consumption of water by the customers is above the estimated levels.
- (c) The special audit noted invoices submitted to the Authority with total claims of TZS.155,301,944 not posted into the Authority's accounting system between the years 2010 and 2012 contrary to the internal control procedures of the Authority. The practice might lead to fraudulent payments which are not beneficial to the Authority.
- (d) MBEUWSA special audit noted existence of conflict of interest in the procurements made by the Authority whereby one company M/s Transportation, Agricultural and Milling Services owned by one employee of the Authority was engaged in the

supply of goods and services to the Authority without following procurement procedures in which TZS.825,200 was paid to the company.

- (e) MBEUWSA recruited new employees in the period between years 2010 to 2013. Recruitment of 30 employees was made public through advertisements but 32 employees were recruited without advertisements. Among the recruited staff, five employees (Meter Service supervisor, Credit Controller/Revenue Accountant, Assistant Public Relations Officer, Accountant and Senior Internal Auditor) were given salaries of higher scales than the scales prescribed in their respective positions. Some of the employees were recruited in positions not in the MBEUWSA scheme of service and in the Authority organization structure. Further the audit noted that, the head of the Meter Shop Department was employed without interviews and granted a salary scale which is higher than the salary scale stated in the Authority's scheme of service.
- (f) Water meters from Suppliers were directly delivered to and received by meter shops other than the Authority's stores officer contrary to the requirements of the Authority's financial regulations. Stock taking exercise was not conducted by the Authority, a situation which rendered the Authority not having accurate records of water meters in stock.
- (g) The special audit noted payments made by the Authority without complying with the Authority's financial regulations. Payments for TZS.71,251,536 were made without indicating the budgeted amounts and their respective expenditure codes while TZS.18,943,500 were paid without approval from the respective heads of Units; payment of TZS.10,554,000 was approved by the payee who was the beneficiary of the payment, thus approved his own payment. TZS.28,251,634.25 being electricity bills payable to TANESCO was paid to the Managing Director of the Authority instead of being paid directly to TANESCO and there was no acknowledgement receipt from TANESCO availed to the auditors to evidence receipt of the money.

We further noted that payment vouchers for TZS.382,717,426 were not stamped paid, a situation which might result into double

payments as the same documents can be resubmitted for subsequent payments. TZS.110,154,463 cash withdrawn from bank to meet various office expenditures was withdrawn by Cheques under the name of an employee instead of the Authority's name. This incident might lead to fraud and loss of the Authority's funds.

Payment for compensations of the areas affected by the Authority's water project amounting to TZS.32,099,887 was paid in cash instead of being paid in form of cheque to the beneficiaries as per the Authority's procedures. Total compensation paid was TZS.62,680,084. The valuation of the affected areas by the project was conducted by the Department of Public Relations and Technical Department which had no professional competence to carry out the valuation exercise to justify the amount of the compensations paid. The Authority made a total payment of TZS.70,095,673 without invoices to support the payments.

10.3 Tanzania Telecommunication Company Limited (TTCL)

TTCL special audit was conducted upon request by the TTCL Board of Directors in relation to allegations against the company. The following were noted in TTCL special audit:-

- (a) The audit noted instances where staff and management at TTCL relied on parallel records mainly in MS Excel rather than the financial system named SunSystem. This situation makes it difficult to rely on the information in the financial system as its accuracy and completeness could not be ascertained.
- (b) TTCL management reviews process in various departments across numerous processes and reports were not adequately performed. In certain cases we noted that managers had identified key business risks but had not implemented controls to mitigate these risks or where controls were in place were not effective.
- (c) Management of TTCL did not inform the Board of Directors on critical matters that required their knowledge and approval prior to implementation. During the SunSystem upgrade, the Board was not informed of the system shut down for a period of four months.
- (d) Poor oversight by management of TTCL to key functions such as network development has led to substandard work and non-delivery of goods and services. Poor oversight by TTCL

management also led to frauds in payroll processing whereby one individual was able to initiate and complete the entire process without adequate supervision.

Payroll Accountant who was preparing the payroll from August 2007 to January 2011 was reassigned other duties as acting management accountant but still continued processing the payroll for over one year and was not questioned by any manager including the Chief Executive Officer (CEO) or Chief Finance Officer (CFO) who was responsible for signing on the payroll payments. In the process she could inflate her salary in the payroll system and from the records identified in the audit a total of TZS.71,769,407 was diverted to her personal bank accounts for the amount paid in excess of her salary. The transactions were possible because the paymaster system does not require approval in processing before the payroll is processed. There were no regular reviews of the paymaster activity log which means that suspicious transactions could go unnoticed.

- (e) The audit noted double payment to invoice No.INB80029 of TZS.99,481,957.96 from M/s Adwest which entered into contract with TTCL for the supply of optical fibre material and accessories for additional NMB branches fibre connectivity. The first payment of TZS.99,481,957.96 for the invoice was made on 13th April,2012 and the second payment of the same amount was paid on 7th September,2012 by TTCL to the company. This payment constituting a double payment was offset against two invoices amounting to TZS.93,018,456. The offset was done six months after the double payment was made. TTCL could not notify M/s Adwest of the double payment once it was detected which implies that there was an element of fraud through collusion in the double payment made.

(f) Procurement of 10 Vehicles and 30 tricycles

(i) Procurement of Tricycles (Bajajs)

During the year under review, TTCL purchased 30 tricycles (Bajajs) TTCL management had initially proposed the purchase of Bajaj through international competitive bidding at an estimated cost of TZS.156,000,000 and was approved in a meeting of the Board of Directors held on December 2011 indicated that the Bajajs would be procured through international competitive bidding and the decision was approved. The Tender Board later resorted for restricted

tendering contrary to the Board resolution which endorsed an international competitive bid and the decision was not taken to the Board for ratification.

Out of four suppliers invited to bid only one supplier responded. The Tender Board resolved to proceed with the procurement due to urgent need of the Bajajs but this might have impacted on the ability of TTCL to take advantage of competition in the market.

(ii) Purchase of Toyota Pick- Ups and Station Wagons

TTCL contracted M/s Toyota Tanzania Ltd for the supply of five pick-ups and five station wagon vehicles for a contract price of TZS.1,254,005,890.26. The decision to procure the vehicles from Toyota without inviting other suppliers was made by the Board of Directors based on the recommendations from Management. The bid evaluation committee report noted that some of the specifications set out in the tender documents were not met by Toyota. The bid by Toyota did not meet colour specifications where TTCL required the vehicles to be lemon chrome yellow. Further, Toyota did not meet the requirement for seating capacity and manufacturer's authorisation. Despite all these anomalies noted, the evaluation committee went on to recommend the awarding of the tender to Toyota as the bidder who had met all the major technical specifications.

(g) Mismanagement of Fuel

The audit noted inconsistencies in the measurement of fuel at Mwenge Earth Station by using wrong dipstick when taking readings from the tank resulting in a loss of 1,900 liters with a value approximately to TZS.3,300,300.00. It was further noted that the formula used to convert the units to litres was flawed resulting in misrepresentation of the actual volume of fuel in the tank which indicated significant fluctuations in actual consumption rates resulting in a loss of 9,640 litres of fuel. In Singida there was a fuel loss of 4,065.40 litres worth TZS.8,130,808, in HBU Zanzibar there was a reported loss of 4,008 litres of fuel with estimated value of TZS.8,418,900.

In Tanga region the established standard fuel rate for the standby generators was highly overstated exposing TTCL to a possible loss of 26,669.45 litres worth to TZS.53,338,900. Three power stations were operating above the normal standard fuel rate and hence resulting in a total loss of 1,284.35 litres worth

to TZS.2,632,918 in the year 2011. It was further noted that, two motor vehicles; a Ford Ranger and Land Cruiser had higher than normal maintenance cost estimated at TZS.9,505,021 and TZS.7,343,500 respectively in the year 2011. This portrays lack of internal controls in monitoring movement of vehicles. A total of 3,285 litres of diesel worth TZS.6,570,000 was reported to have been used to refill 5 motor vehicles without knowledge of Motor Transport Officer (MTO's) and was not reported on fleet management reports for the year 2011.

CHAPTER ELEVEN

CONCLUSIONS AND RECOMMENDATIONS

11.0 General Overview

This chapter deals with conclusions and recommendations regarding matters that have been detailed in this report and which require attention and action of the Government, Parliament, Board of Directors (BoD) and Management of the respective Public Authorities and Other Bodies (PA&oBs). Most of the recommendations have been derived from audit results of individual management letters and audit reports which were communicated separately to the respective Boards of Directors of PA&oBs and other pertinent current issues which are of interest to the general public.

Section 12 of PAA, 2008 empowers the CAG to make recommendations for the purpose of preventing or minimizing unproductive expenditure of public moneys, maximizing collection of public revenues, and averting loss by negligence, carelessness, theft, dishonesty, fraud or corrupt practices relating to public resources for the purpose of better service delivery to the public.

This general report covers financial years ended 30th September, 2013, 31stDecember, 2013 and 30thJune, 2014. By assuming the powers to make recommendations vested in me by law, I wish to make general conclusions and recommendations regarding the results of the audits of PA&oBs as follows:

11.1 Specific Recommendations

11.1.1 Basis and Trend of Audit Opinions

While finalizing this annual general report, I had managed to audit 125 PA&oBs out of 180 which are under my ambit of audit. Three (3) entities did not submit their financial statements. The remaining 52 PA&oBs audits were at different stages of completion due to various reasons including late submission of financial statements, failure to convene board meetings on time as required by law and failure of some of the PA&oBs to respond to the raised audit observations on time among other matters.

The overall audit outcomes in (2013/2014) in terms of opinions issued to PA&oBs remained largely unchanged, with four(4) entities, the University of Dodoma, Chalinze Water Supply and Sanitation

Authority, Tanzania Smallholders Tea Development Agency and Same Urban Water Supply and Sanitation Authority failed to maintain clean audit opinions compared to one recorded last year(2012/2013). 105(96%) PA&oBs were issued with unqualified audit opinions as compared to 92(99%) of the previous year. Details on the basis and types of audit opinions issued are discussed in chapter two (2) of this report.

I therefore urge the responsible authorities to ensure that Boards of Directors are appointed timely, disciplinary actions be taken against those Accounting Officers who fail to submit their financial statements on the due date, Government to take immediate actions to rescue those PA&OBs with negative financial performance indicators. Board of Directors and Management of the respective PA&oBs should look on other sources of financing their operations and ensure that they minimize expenses.

11.1.2 Implementation of the Previous Outstanding Recommendations

During previous years, I managed to issue several recommendations which required consideration and intervention of the Government, Parliament, the Board of Directors and Executive Officers of the PA&oBs. Some of the recommendations have been implemented while others are still outstanding.

My office is committed to ensure audit recommendations issued add value to the nation. However, the commitment can only be enhanced if there is recognition of the work done by my office through implementation of the audit recommendations. It is the responsibility of the Government and the stakeholders of PA&oBs to recognize the significance of the recommendations issued and come up with action plans for their implementation. It should be remembered that the recommendations made in my reports are meant to bring about changes in the effectiveness and efficiency in the operations of the Public Authorities and Other Bodies in order to enhance accountability over the collection and use of Public resources within the Country.

Moreover, I wish to acknowledge the receipt of the Government responses to my previous General Report through the Paymaster General's letter with Ref. No. C/DE.85/229/01/72 dated 30th August, 2014. Nevertheless implementation of the recommendations is not satisfactory since most of the recommendations have not been implemented at all while only a few of them have been partially implemented. I have noted that

most of the observations originated from noncompliance to principles of good governance and best practices in managing PA&Bs. I humbly request the Government and Parliament to intervene on the corporate governance issues I have been raising since they are of paramount importance for the PA&Bs to attain their planned goals and objectives.

There are recommendations in this report which are specific to particular Public Authorities and others are general. I call upon the Government through the Parent Ministries of PA&Bs, Parliament and Parliamentary Oversight Committees, the Office of the Treasury Registrar (TR), Boards of Directors and Chief Executive Officers of the respective PA&Bs to ensure that the pending outstanding audit recommendations are implemented to enhance accountability of public resources in PA&Bs.

11.1.3 Significant Matters not Reported in the Previous Report

I have noted that there were long outstanding receivable balances at TPC, DIT and NHC which had remained dormant for a long period and therefore affecting the liquidity positions of these Public entities. These entities are at a risk of running short of cash to finance their daily activities. Therefore, I recommend that management of the respective entities should make vigorous efforts to collect the long outstanding receivable balances.

Also, I have noted a significant delay in remittance of statutory deductions for PAYE, SDL and VAT at TPC. I therefore recommend TPC management to comply with tax laws by paying its statutory deductions timely and filing the appropriate returns as required by the Income Tax Act 2004 (As revised). Failure to settle statutory deductions on due dates may attract penalties to the PA&Bs.

In order to avoid accumulation of interest on the valuation of land earmarked by EPZA for building export processing zones, I recommend that management of the Authority in collaboration with key stakeholders to ensure payment of the compensations is effected on time. Also, the Authority should forecast consequences of the accrued interest and come up with strategies of mitigating risk associated with the unpaid amount.

For the case of loans 100% guaranteed by the Government via the Ministry of Finance from NSSF amounting to TZS.351.872 billion, the Government is urged to make follow up to ensure their recovery. The non-recovery of these loans guaranteed by the Government

exposes the Pension Funds to high risk of losing the members' funds and therefore jeopardizing the ability of further re-investing in other profitable undertakings.

11.1.4 Procurement and Contracts Management

The enactment of the Public Procurement Act No. 21 of 2004 and its Regulations of 2005 together with the recently issued Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013 provided a legal framework governing institutional set up and processes of procurement in the public sector. Despite the existence of the law, some PA&Bs are still not complying fully with PPA of 2011 and its Regulations of 2013. In this regard, I therefore conclude that, there is little awareness of Public Authorities and Other Bodies on the requirements of the procurement law and its Regulations. This fact has been evidenced by audit findings summarized in chapter five of this report.

Further, audit of PA&Bs concluded that procurement process in some of the entities was not carried out in accordance with the requirement of the law. It was observed that some of the PA&Bs did not properly administer procurement contracts. Generally management of PA&Bs are advised to change their attitude towards management of the contracts they enter with various suppliers from the first day of implementation. Based on the summary of issues reported in chapter five, Procuring Entities (PEs) are advised to work closely with the office of the Attorney General for vetting of contracts before being signed.

The Chief Executive Officers (CEOs), PMUs, Tender Boards, Evaluation Committees and User Departments, should ensure that they fully observe the requirement of procurement laws specifically in the area of preparation and implementation of Annual Procurement Plans (APPs). The CEOs of PA&Bs should ensure the PMUs and TBs are properly constituted and discharge their responsibilities as prescribed in the Public Procurement Act and its Regulations. With regard to record keeping, I advise PMUs of PA&Bs to ensure proper maintenance of procurement records.

On the aspect of delay in completion of contracts, I advise management of PA&Bs to observe terms and conditions in the respective contracts and strictly ensuring the liquidated damages are charged in case of failure to comply with the terms and conditions of the contracts.

I further recommend that PA&Bs should avoid the use inappropriate procurement methods such as single source and restricted tendering methods in circumstances where those procurement methods are not justified by Reg.159 of PPR, 2013 in order to achieve value for money.

Tanzania Ports Authority, TANESCO, MWAUWASA and TPDC are advised to strengthen their Procurement Management Units in order to exercise their duties as stipulated in the Public Procurement Act.

11.1.5 Assets Management

In my review of assets management of various audited PA&Bs during the year, I came up with various recommendations as detailed below;

The PA&Bs should ensure proper projects planning and feasibility studies are conducted well in advance to ensure timely completion and affordability of the projects. PA&Bs should also take into account economic order quantities in purchasing of inventories and should only buy assets which are essential to the business. The assets should be properly utilized to ensure optimum production. All assets controlled by the PA&Bs should be capitalized as per requirements of IAS 16. The revaluations of Assets should be done after every three (3) to five (5) years to comply with IAS 16 for all entities reporting carrying their immovable assets at revaluation model. PA&Bs, which have investment properties, should ensure that, rents are correctly and timely collected. For those properties and buildings with very poor conditions, the PA&Bs should consider doing regular maintenance on the assets.

PA&Bs are also advised to establish tight and strict controls over fuel management aiming at reducing costs and ensuring efficiency and economy. Government, through the Ministry for Infrastructure Development should either procure the motor vehicle that had already been paid for by UWURA, or refund the money paid.

On the noted difference of TZS.1,137,185,235 between Universal Communications Services Access Fund (UCSAF) and Zanzibar Telecommunications Ltd, the Government should intervene and mediate the reconciliation of the balances to avoid any dispute and/or misunderstanding that may arise.

PA&Bs are also advised to keep up with the pace of change in technology by either establishing or updating their ICT policies.

Further, the PA&Bs are advised to use the available software to cater for their business operational needs, or tailor them to their requirements, in a view of increasing efficiency and effectiveness. The PA&Bs, which are still conducting business manually should consider embarking on computerising their business processes.

11.1.6 Human Resources Management

As it has been highlighted in chapter seven that effective management of human resource can help the organization achieve high performance, boost the morale and satisfaction levels throughout the workforce. I recommend staff performance appraisal to be carried out in PA&Bs as they give feedback on performance of employees and identifying weak areas for improvement. Cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather than when it is paid while, personal files should be maintained with all necessary documents as stipulated by the human resources policies and procedural manuals; PA&Bs should strive to remit employee contributions at the earliest time as required by law to avoid penalties and interests, The Government should approve employment of additional staff to fill the existing human capital needs to respective authorities. Management of Tanga Urban Water Supply and Sanitation Authority should prepare a documented employees succession plan which should be integrated in its strategic and business plans.

TPDC Staff Regulations should be updated and every staff after attending a training programme, must submit training feedback in the form of a report.

11.1.7 Corporate Governance

Adherence to principles of good corporate governance is important for maintaining a clear distinction of oversight bodies and the executives of the corporations with an objective of exercising best practices in corporate governance in order to achieve accountability, fairness and transparency in the operations of the organizations.

During the year, I have noted a number of weaknesses in the adherence to best governance practices. Some of the recommendations have been implemented while others have been recurring over the years. Below is a summary of critical recommendations which are to be implemented by the government or the respective PA&Bs.

PA&Bs should ensure that they have well documented operational guidelines or procedure manuals for all operations which will determine a course of action and streamline processes according to set routine practices.

PA&Bs should include members with knowledge in accountancy and/or finance in the Boards for them to be appointed as members of the Audit Committees.

The Treasury Registrar should liaise with the appointing Authority of the Board of Directors of Kariakoo Market Corporation to resolve a controversial appointment of the Advisory Board of Kariakoo Market Corporation and to comply with the Kariakoo Corporation Act of 1974 (as amended in 1984).

The responsible Authority to ensure that new Board of Directors are immediately appointed after the expiry of the tenure of the previous ones. Number of Board Members of Chalinze Water Supply and Sanitation Authority should be in line with its establishment Act. Public Authorities and Other Bodies to have a well-designed strategic internal audit risk management plan and an annual audit plan and ensure they are effectively implemented.

I further recommend that, Audit Committees should meet quarterly and as or when need arises in an effort to oversee operations of the PA&Bs. The Treasury Registrar should issue guidance to all PA&Bs on the best way of establishing and the functions of the committees. All PA&Bs to prepare Board of Directors charter which will act as an instrument in guiding the operations of the Boards of Directors. SSRA to liaise with BoT and other stakeholders to eliminate any loopholes that could lead to regulatory arbitrage in the social security sector. I also recommend the appointment Authority, to consider rectifying the composition of the Board members of DAWASCO and DAWASA to avoid chairpersons of one Board to be a member of the other BoD.

PA&Bs should also ensure availability of enough number of staff, in their internal audit units to execute audit assignments on time. Managements of PA&Bs to timely respond to internal audit recommendations and to develop a risk register which is the central repository for the organization's risks.

The responsible appointing Authorities in collaboration with the Board of Directors should make sure that all the acting positions in the managerial levels and other substantive posts are filled and the PA&OB to design and cause to be signed a performance agreement between the Treasury Registrar and the Board of Directors with a view to increasing efficiency on execution of their obligations.

11.1.8 Government Loans Status in Social Security Funds

As agreed in the task force report worked on the status of Government debts with Social Security Funds as at 30th September, 2014 and according to PAC recommendation No. 3.7 of its annual report No.TK/02 JAN.2015 on audited accounts of Central Government and Public Authorities, is urged to prioritize the repayment of the debts borrowed from Social Security Funds so as to rescue these Funds from the threat of insolvency and ensure availability of those funds which may be reinvested to earn more returns which will enhance improvement in quality of benefits that Social Security Funds offer to their members.

It is crucial for Social Security Funds and the government to comply with the investment guidelines which among others, aim at providing limits for investment in various asset categories. Further, it aims at safeguarding and protecting the interest of the members of the schemes by directing investments in safe and high yielding investment opportunities without compromising the rationale behind diversification and social economic utility criteria, and ensuring that there are sufficient resources to meet maturing obligations.

Both, the Government and Social Security Funds should expedite the negotiation process to finalize loan contracts and government Guarantees for all loans issued to government and its institutions without loan contract or grant agreements.

11.1.9 Results of Special Audits

As a result of special audits conducted during the period under review, below are the recommendations that have been issued;

Disciplinary measures should be taken by Tanzania Cotton Board against the Staff involved in the preparation and authorization of TZS.166,446,320 which was more than the amount required to be paid as subsidy. TCB should make follow up and ensure that subsidy of TZS.105,823,760 not paid to Cotton Farmers by M/s Badugu Ginning Company Ltd and Vearrian (T) Limited which closed

business, is remitted to TCB and legal proceedings instituted against the owners of the companies.

TCB should further ensure that the outstanding amount of TZS.104,680,350 held by M/s Fresho Investment Co. Ltd, M/s Gaki Investment Co. Ltd, M/s Kahama Cotton Co. Ltd and M/s Roko Investment Co. Ltd is remitted to the Treasury through Tanzania Cotton Board.

MBEUWSA Management should intensify its internal controls over payments and ensure that all payments conform to the laid down financial regulations and procedures. The Board of Directors is advised to ensure that all payments made by the Authority are for the services rendered to the Authority or for goods received by the Authority. For MBEUWSA staff who were employed without following recruitment procedures, management should cease their employment contracts and disciplinary measures be taken against those who were involved in the recruitment process of these employees.

TTCL Management should consider taking appropriate disciplinary action to all staff members that the report has indicated as responsible for loss of funds or whose action contributed to loss of funds. TTCL Board of Directors and management should provide leadership and be consistent in dealing with matters that involve unethical behaviour and implement a framework for managing fraud. Given high reliance on system data to make payments and process payroll, TTCL should undertake continuous auditing and monitoring of transactions posted in the SunSystem.

APPENDICES

Appendix I: List of Private Audit Firms Outsourced for Auditing of PA&Bs for 2013/2014

S/n	Name of Audit Firm
1.	ABA Alliance
2.	ABS Consultants
3.	Adolph Associates
4.	AMAS Associates
5.	AUDITAX International
6.	Baas Associates & EVK Certified Auditors
7.	Baker Tilly DGP & Co
8.	BDO East Africa
9.	BM Associates
10.	Claritas International
11.	Cooperatives Audit and Supervision Corporation (COASCO)
12.	Crown Audit, Tax, Business Consultants
13.	Deloitte
14.	Demus Associates
15.	Diamond Financial Services & TEG Consultancy
16.	E.K. MANGESHO & COMPANY
17.	Elite Financial Managers
18.	Ernst &Young
19.	Financial Consultants& Services
20.	Global Finance and Business Solutions
21.	Hekima Associates
22.	HLB Mekonsult
23.	INNOVEX Auditors
24.	ISM Consultants
25.	Kepler Associates
26.	KPMG
27.	Laki Associates
28.	Martec& Co
29.	Matsab and Company
30.	MGK Consult
31.	MM Micro Business Consultants
32.	Murl - AATEC Associates
33.	Ngowi& Company

34.	Organization & Efficiency Consultants (OREFCO)
35.	Paul Clem&Associates
36.	Philip & Co
37.	PIMA Associates
38.	Nexia SJ Tanzania
39.	PMCG
40.	Probs Associate
41.	PWC
42.	Quintex Financial Services
43.	R & S Associates
44.	Reliable Consultants
45.	RS and Partners
46.	RSM Ashvir
47.	SBC Consultancy Services
48.	SHEBRILA & CO
49.	TAB Consult
50.	TAC Associates
51.	TAG Systems Associates
52.	TAX Pro & Associates
53.	Trion & Co
54.	VA Business Assurance Services
55.	Wiscon Associates
56.	Y. H. Malundo& Company

Appendix II: Status of the Audit for the year 2013/2014

S/N	Category of PA&Bs	F/S Submi- tted	Audit in Prog- ress	Audit at Quality Review Stage	Audit conclu- dedbut NoBOD	Audit Awaiti- ngBOD Adopti on	Audit Concluded and Adopted byBOD
A	Financial Institutions, Pension Funds and Other Public Entities						
1.	Bank of Tanzania (BoT)	Yes					Yes
2.	PPF Pensions Fund (PPF)	Yes					Yes
3.	Tanzania Postal Bank (TPB)	Yes					Yes
4.	Tanzania Investment Bank (TIB)	Yes					Yes
5.	Kilimanjaro Airport Development Company (KADCO)	Yes					Yes
6.	Tanzania Women Bank (TWB)	Yes					Yes
7.	NHC/PPF Investment Company Limited	Yes					Yes
8.	National Housing Corporation (NHC)	Yes					Yes
9.	Ubungu Plaza Co. Ltd (UPL)	Yes					Yes
10.	Benjamin William Mkapa Foundation	Yes					Yes
11.	Marine Park Reserve Unit (MPRU)	Yes					Yes
12.	Dar es Salaam Stock Exchange (DSE)	Yes					Yes
13.	Tanzania Education Authority (TEA)	Yes					Yes
14.	Capital Market Securities Authority (CMSA)	Yes					Yes
15.	Tanzania Investment Centre (TIC)	Yes					Yes
16.	Muhimbili National Hospital	Yes					Yes
17.	Deposit Insurance Board (DIB)	Yes					Yes
18.	GEPF Retirement Benefits Fund	Yes					Yes
19.	Tanzania Fertilizer Company (TFC)	Yes					Yes
20.	National Development Corporation (NDC)	Yes					Yes
21.	LAPF Pensions Fund	Yes					Yes
22.	Tanzania National Parks (TANAPA)	Yes			Yes		
23.	Reli Assets Holding Company (RAHCO)	Yes					Yes
24.	Tanzania Standards News Papers (TSN)	Yes					Yes
25.	Kariakoo Market Corporation	Yes			Yes		
26.	State Mining Corporation (STAMICO)	Yes					Yes
27.	Public Service Pension Fund	Yes					Yes
28.	Tanzania Engineering Manufacturing and Design	Yes			Yes		

	Organisation (TEMDO)						
29.	National Health Insurance Fund (NHIF)	Yes					Yes
30.	Small Industries Development Organization (SIDO)	Yes		Yes			
31.	National Identity Authority (NIDA)	Yes				Yes	
32.	National Bureau of Statistics (NBS)	Yes		Yes			
33.	Consolidated Holding Corporation (CHC)	Yes		Yes			
34.	National Ranching Company (NARCO)	Yes		Yes			
35.	Tanzania Posts Corporation (TPC)	Yes		Yes			
36.	Twiga Bancorp	Yes	Yes				
37.	National Insurance Corporation (NIC)	Yes	Yes				
38.	Unit Trust of Tanzania - Micro-Finance Plc. (UTT-MFI)	Yes	Yes				
39.	Unit Trust of Tanzania-Assets Management and Investors Services (UTT-AMIS)	Yes		Yes			
40.	Unit Trust of Tanzania - Projects and Infrastructure Ltd (UTT-PID)	Yes		Yes			
41.	Medical Stores Department (MSD)	Yes	Yes				
42.	NSSF Pensions Fund	Yes	Yes				
43.	Tanzania Broadcasting Corporation (TBC)	Yes	Yes				
44.	Tanzania Petroleum Development Corporation (TPDC)	Yes					Yes
45.	Export Processing Zones Authority (EPZA)	Yes		Yes			
46.	Co-operative Audit and Supervision Corporation (COASCO)	Yes		Yes			
47.	Ngorongoro Conservation Area Authority (NCAA)	Yes				Yes	
48.	Watumishi Housing Company	Yes		Yes			
49.	Tanzania Ports Authority (TPA)	Yes				Yes	
B.	Public Regulatory Authorities						
1.	Architects and Quantity Surveyors Registration Board	Yes					Yes
2.	National Kiswahili Council (BAKITA)	Yes					Yes
3.	Capital Development Authority (CDA)	Yes	Yes				
4.	Contractors Registration Board (CRB)	Yes					Yes

5.	Copyright Society of Tanzania(COSOTA)	Yes					Yes
6.	Engineers Registration Board(ERB)	Yes					Yes
7.	Fair Competition Commission	Yes					Yes
8.	Fair Competition Tribunal	Yes	Yes				
9.	Gaming Board of Tanzania	Yes					Yes
10.	Higher Education Students' Loans Board	Yes	Yes				
11.	National Arts Council	Yes					Yes
12.	National Board of Accounts and Auditors (NBAA)	Yes					Yes
13.	National Construction Council	Yes			Yes		
14.	National Council of Technical Education	Yes					Yes
15.	National Economic Empowerment Council	Yes					Yes
16.	National Environment Management Council (NEMC)	Yes				Yes	
17.	National Examination Council of Tanzania(NECTA)	Yes					Yes
18.	National Land use Planning Commission	Yes		Yes			
19.	National Museum of Tanzania	Yes			Yes		
20.	National Sports Council	Yes					Yes
21.	Procurement and Supplies Professionals and Technicians Board(PSPTB)	Yes					Yes
22.	Public Procurement Appeals Authority	Yes				Yes	
23.	Public Procurement Regulatory Authority (PPRA)	Yes					Yes
24.	Rufiji Basin Development Authority (RUBADA)	Yes		Yes			
25.	Social Security Regulatory Authority (SSRA)	Yes					Yes
26.	Sugar Board of Tanzania	Yes			Yes		
27.	Surface and Marine Transport Regulatory Authority	Yes					Yes
28.	SUMATRA Consumer Consultative Council	Yes				Yes	
29.	Tanzania Atomic Energy Commission	Yes					Yes
30.	Tanzania Bureau of Standards (TBS)	Yes					Yes
31.	Tanzania Cashew Nut Board	Yes					Yes
32.	Tanzania Cereals Board and Other Produce	Yes				Yes	
33.	Tanzania Civil Aviation Authority	Yes					Yes
34.	Tanzania Coffee Board	Yes					Yes
35.	Tanzania Commission of	Yes					Yes

	Science and Technology(COSTECH)						
36.	Tanzania Communication Regulatory Authority(TCRA)	Yes					Yes
37.	Tanzania Cotton Board	Yes					Yes
38.	Tanzania Dairy Board	Yes				Yes	
39.	Tanzania Fertilizer Regulatory Authority	Yes					Yes
40.	Tanzania Food and Drugs Authority (TFDA)	Yes					Yes
41.	Tanzania Food and Nutrition Centre	Yes					Yes
42.	Tanzania Insurance Regulatory Authority(TIRA)	Yes					Yes
43.	Tanzania Meat Board	Yes	Yes				
44.	Tanzania National Business Council	Yes					Yes
45.	Tanzania Pyrethrum Board	Yes	Yes				
46.	Tanzania Sisal Board	Yes			Yes		
47.	Tanzania Small Holders Tea Development Agency	Yes					Yes
48.	Tanzania Tobacco Board	Yes				Yes	
49.	Tanzania Tourist Board	Yes		Yes			
50.	Tanzania Trade Development Authority(TANTRADE)	Yes	Yes				
51.	Tanzania Warehouse Licensing Board	Yes				Yes	
52.	Tax Revenue Appeal Board	Yes				Yes	
53.	Tax Revenue Tribunal	Yes				Yes	
54.	Tea Board of Tanzania	Yes					Yes
55.	Universal Communication Services Access Fund (UCSAF)	Yes					Yes
C	Training, Research and Higher Learning Institutions						
1.	Institute of Finance Management (IFM)	Yes					Yes
2.	Mzumbe University	Yes					Yes
3.	Ardhi University	Yes					Yes
4.	Dar es salaam Maritime Institute(DMI)	Yes					Yes
5.	Dar es salaam University College of Education(DUCE)	Yes					Yes
6.	National Institute of Transport(NIT)	Yes					Yes
7.	Institute of Social Work (ISW)	Yes					Yes
8.	Tanzania Institute of Education (TIE)	Yes					Yes
9.	National Institute for Productivity (NIP)	Yes				Yes	
10.	College of African Wildlife Management-Mweka	Yes					Yes
11.	Centre For Agricultural Mechanization And Rural Technology (CAMARTEC)	Yes			Yes		
12.	College of Business	Yes					Yes

	Education(CBE)						
13.	Tropical Pesticides Research Institute (TPRI)	Yes					Yes
14.	Kibaha Education Center (KEC)	Yes			Yes		
15.	Institute of Accountancy Arusha (IAA)	Yes				Yes	
16.	Tanzania Forest Research Institute(TAFORI)	Yes			Yes		
17.	University of Dodoma(UDOM)	Yes					Yes
18.	Institute of Adult Education(IAE)	Yes					Yes
19.	Tanzania Fisheries Research Institute (TAFIRI)	Yes					Yes
20.	Tanzania Wildlife Research Institute (TAWIRI)	Yes				Yes	
21.	Ocean Road Cancer Institute	Yes					Yes
22.	Institute of Rural Development Planning (IRDP)	Yes			Yes		
23.	MwalimuNyerere Memorial Academy	Yes					Yes
24.	Centre for Foreign Relations	Yes					Yes
25.	Tanzania Industrial Research and Development Organization(TIRDO)	Yes			Yes		
26.	Arusha Technical College(ATC)	Yes					Yes
27.	Sokoine University of Agriculture (SUA)	Yes				Yes	
28.	Vocational Education Training Authority (VETA)	Yes					Yes
29.	Moshi University College of Co-Operative and Business Studies (MUCCoBS)	Yes					Yes
30.	Tanzania Commission for Universities (TCU)	Yes					Yes
31.	Muhimbili Orthopaedic Institute(MOI)	Yes			Yes		
32.	Dar es salaam Institute of Technology (DIT)	Yes					Yes
33.	National Institute for Medical Research(NIMR)	Yes		Yes			
34.	Mkwawa University College of Education (MUCE)	Yes		Yes			
35.	Muhimbili University of Health and Allied Sciences (MUHAS)	Yes					Yes
36.	Open University of Tanzania	Yes		Yes			
37.	University of Dar-es-salaam(UDSM)	Yes	Yes				
38.	National College of Tourism	Yes	Yes				
39.	Mbeya Institute of Science and Technology (MIST)	Yes	Yes				
40.	National Sugar Institute	Yes	Yes				

D	PublicUtilitiesOrganizations						
1.	Tanzania Telecommunication Co. LTD (TTCL)	Yes					Yes
2.	Tanzania Electric Supply Co. LTD (TANESCO)	Yes					Yes
3.	Air Tanzania Company Limited (ATCL)	No					
4.	Tanzania Railway LTD (TRL)	No					
5.	Tanzania Library Services Board	Yes	Yes				
6.	Marine Services Company	No					
7.	Dar es salaam Water and Sewerage Corporation(DAWASCO)	Yes					Yes
8.	Dar es salaam Water and Sewerage Authority(DAWASA)	Yes					Yes
9.	Energy and Water Utilities Regulatory Authority (EWURA)	Yes					Yes
10.	EWURA Consumer Consultative Council	Yes					Yes
11.	Arusha Urban Water Supply and Sanitation Authority	Yes					Yes
12.	Dodoma Urban Water Supply and Sanitation Authority	Yes					Yes
13.	Tanga Urban Water Supply and Sanitation Authority	Yes					Yes
14.	Sumbawanga Urban Water Supply and Sanitation Authority	Yes					Yes
15.	Iringa Urban Water Supply and Sanitation Authority	Yes					Yes
16.	Moshi Urban Water Supply and Sanitation Authority	Yes					Yes
17.	Musoma Urban Water Supply and Sanitation Authority	Yes					Yes
18.	Arusha International Conference Centre	Yes					Yes
19.	Mwanza Urban Water Supply and Sanitation Authority	Yes					Yes
20.	Singida Urban Water Supply and Sanitation Authority	Yes					Yes
21.	Morogoro Urban Water Supply and Sanitation Authority	Yes					Yes
22.	Songea Urban Water Supply and Sanitation Authority	Yes					Yes
23.	Babati Urban Water Supply and Sanitation Authority	Yes					Yes
24.	Masasi-Nachingwea Urban Water Supply and Sanitation Authority	Yes					Yes
25.	Mtwara Urban Water Supply	Yes					Yes

	and Sanitation Authority						
26.	Kahama Urban Water Supply and Sanitation Authority	Yes					Yes
27.	KahamaShinyanga Water Supply and Sanitation Authority	Yes					Yes
28.	Shinyanga Urban Water Supply and Sanitation Authority	Yes					Yes
29.	Tabora Urban Water and Sanitation Authority	Yes					Yes
30.	Same Urban Water Supply and Sanitation Authority	Yes					Yes
31.	Kigoma urban Water Supply and Sanitation Authority	Yes					Yes
32.	Chalinze Water Supply and Sanitation Authority	Yes					Yes
33.	Bukoba Urban Water Supply and Sanitation Authority	Yes					Yes
34.	Lindi Urban Water Supply and Sanitation Authority	Yes		Yes			
35.	Mbeya Urban Water Supply and Sanitation Authority	Yes		Yes			
36.	Njombe Urban Water Supply and Sanitation Authority	Yes	Yes				

Appendix III: Analysis of Audit Opinions issued in 2013/2014

S/N	Category of PA&Os	Audit Opinions Issued
1.	PPF Pensions Fund (PPF)	Unqualified Opinion
2.	Bank of Tanzania (BoT)	Unqualified Opinion
3.	Babati Urban Water Supply and Sanitation Authority	Unqualified Opinion
4.	Tanzania Investment Bank (TIB)	Unqualified Opinion
5.	Kilimanjaro Airport Development Company (KADCO)	Unqualified Opinion
6.	Tanzania Women Bank (TWB)	Unqualified Opinion
7.	NHC/PPF Investment Company Limited	Unqualified Opinion
8.	National Housing Corporation (NHC)	Unqualified Opinion
9.	Ubungu Plaza Co. Ltd (UPL)	Unqualified Opinion
10.	Benjamin William Mkapa Foundation	Unqualified Opinion
11.	Tabora Urban Water and Sanitation Authority	Unqualified Opinion
12.	Dar es Salaam Stock Exchange (DSE)	Unqualified Opinion
13.	Tanzania Education Authority (TEA)	Unqualified Opinion
14.	Capital Market Securities Authority (CMSA)	Unqualified Opinion
15.	Tanzania Investment Centre (TIC)	Unqualified Opinion
16.	Muhimbili National Hospital	Unqualified Opinion
17.	Deposit Insurance Board (DIB)	Unqualified Opinion
18.	GEPF Retirement Benefits Fund	Unqualified Opinion
19.	Architects and Quantity Surveyors Registration Board	Unqualified Opinion
20.	National Kiswahili Council (BAKITA)	Unqualified Opinion
21.	Gaming Board of Tanzania	Unqualified Opinion
22.	Contractors Registration Board (CRB)	Unqualified Opinion
23.	Kahama Urban Water Supply and Sanitation Authority	Unqualified Opinion
24.	Engineers Registration Board (ERB)	Unqualified Opinion
25.	National Board of Accounts and Auditors (NBAA)	Unqualified Opinion
26.	National Examination Council of Tanzania (NECTA)	Unqualified Opinion
27.	National Council of Technical Education (NACTE)	Unqualified Opinion
28.	Procurement and Supplies Professionals and Technicians Board (PSPTB)	Unqualified Opinion
29.	Social Security Regulatory Authority (SSRA)	Unqualified Opinion
30.	Public Procurement Regulatory Authority (PPRA)	Unqualified Opinion
31.	Tanzania Civil Aviation Authority	Unqualified Opinion
32.	Tanzania Coffee Board	Unqualified Opinion
33.	Tanzania Cashew Nut Board	Unqualified Opinion
34.	Tanzania Communication Regulatory Authority (TCRA)	Unqualified Opinion
35.	Tanzania Cotton Board	Unqualified Opinion
36.	Tanzania Insurance Regulatory Authority (TIRA)	Unqualified Opinion
37.	Tanzania Food and Drugs Authority (TFDA)	Unqualified Opinion
38.	Institute of Social Work (ISW)	Unqualified Opinion
39.	Tanzania Institute of Education (TIE)	Unqualified Opinion
40.	Dar es Salaam Maritime Institute (DMI)	Unqualified Opinion
41.	College of African Wildlife Management-Mweka	Unqualified Opinion
42.	Dar es salaam University College of Education (DUCE)	Unqualified Opinion
43.	College of Business Education (CBE)	Unqualified Opinion
44.	Tanzania Commission for Universities (TCU)	Unqualified Opinion
45.	Vocational Education Training Authority (VETA)	Unqualified Opinion
46.	Dar es salaam Institute of Technology (DIT)	Unqualified Opinion

47.	Energy and Water Utilities Regulatory Authority (EWURA)	Unqualified Opinion
48.	EWURA Consumer Consultative Council(EWURA CCC)	Unqualified Opinion
49.	Arusha Urban Water Supply and Sanitation Authority	Unqualified Opinion
50.	Dodoma Urban Water Supply and Sanitation Authority	Unqualified Opinion
51.	Tanga Urban Water Supply and Sanitation Authority	Unqualified Opinion
52.	Sumbawanga Urban Water Supply and Sanitation Authority	Unqualified Opinion
53.	Iringa Urban Water Supply and Sanitation Authority	Unqualified Opinion
54.	Moshi Urban Water Supply and Sanitation Authority	Unqualified Opinion
55.	Arusha International Conference Centre	Unqualified Opinion
56.	Mwanza Urban Water Supply and Sanitation Authority	Unqualified Opinion
57.	Morogoro Urban Water Supply and Sanitation Authority	Unqualified Opinion
58.	Songea Urban Water Supply and Sanitation Authority	Unqualified Opinion
59.	Masasi-Nachingwea Urban Water Supply and Sanitation Authority	Unqualified Opinion
60.	National Sports Council	Unqualified Opinion
61.	Tanzania Fertilizer Regulatory Authority	Unqualified Opinion
62.	Tanzania Bureau of Standards (TBS)	Unqualified Opinion
63.	Tanzania Commission of Science and Technology(COSTECH)	Unqualified Opinion
64.	Tanzania Petroleum Development Corporation (TPDC)	Unqualified Opinion
65.	Bukoba Urban Water Supply and Sanitation Authority	Unqualified Opinion
66.	National Health Insurance Fund	Unqualified Opinion
67.	National Economic Empowerment Council	Unqualified Opinion***
68.	National Arts Council	Unqualified Opinion***
69.	Tanzania Atomic Energy Commission	Unqualified Opinion***
70.	MwalimuNyerere Memorial Academy	Unqualified Opinion***
71.	Arusha Technical College(ATC)	Unqualified Opinion***
72.	Shinyanga Urban Water Supply and Sanitation Authority	Unqualified Opinion***
73.	Singida Urban Water Supply and Sanitation Authority	Unqualified Opinion***
74.	Moshi University College of Co-Operative and Business Studies (MUCCoBS)	Unqualified Opinion***
75.	Tanzania Fisheries Research Institute (TAFIRI)	Unqualified Opinion***
76.	Mtwara Urban Water Supply and Sanitation Authority	Unqualified Opinion***
77.	Ocean Road Cancer Institute	Unqualified Opinion***
78.	KahamaShinyanga Water Supply and Sanitation Authority	Unqualified Opinion***
79.	Tanzania Telecommunication Co. LTD (TTCL)	Unqualified Opinion***
80.	Tanzania Electric Supply Co. LTD (TANESCO)	Unqualified Opinion***
81.	Dar es Salaam Water and Sewerage Corporation(DAWASCO)	Unqualified Opinion***
82.	Tanzania Fertilizer Company (TFC)	Unqualified Opinion***
83.	National Development Corporation (NDC)	Unqualified Opinion***
84.	Reli Assets Holding Company (RAHCO)	Unqualified Opinion***
85.	Tanzania Standards News Papers (TSN)	Unqualified Opinion***
86.	State Mining Corporation (STAMICO)	Unqualified Opinion***
87.	Public Service Pension Fund	Unqualified Opinion***
88.	Tanzania Postal Bank (TPB)	Unqualified Opinion***
89.	Marine Park Reserve Unit (MPRU)	Unqualified Opinion***
90.	Musoma Urban Water Supply and Sanitation Authority	Unqualified Opinion***
91.	Institute of Adult Education(IAE)	Unqualified Opinion***
92.	Surface and Marine Transport Regulatory Authority (SUMATRA)	Unqualified Opinion***
93.	Dar es Salaam Water and Sewerage Authority(DAWASA)	Unqualified Opinion***
94.	National Institute of Transport(NIT)	Unqualified Opinion***
95.	Tea Board of Tanzania	Unqualified Opinion***

96.	Tanzania National Business Council	Unqualified Opinion***
97.	Institute of Finance Management (IFM)	Unqualified Opinion***
98.	Mzumbe University	Unqualified Opinion***
99.	Ardhi University	Unqualified Opinion***
100.	Tanzania Food and Nutrition Centre	Unqualified Opinion***
101.	Muhimbili University of Health and Allied Science (MUHAS)	Unqualified Opinion***
102.	Tropical Pesticides Research Institute (TPRI)	Unqualified Opinion***
103.	Copyright Society of Tanzania(COSOTA)	Unqualified Opinion***
104.	Fair Competition Commission	Unqualified Opinion***
105.	Centre for Foreign Relations	Unqualified Opinion***
1.	Chalinze Water Supply and Sanitation Authority	Qualified Opinion
2.	Same Urban Water Supply and Sanitation Authority	Qualified Opinion
3.	University of Dodoma (UDOM)	Qualified Opinion***
4.	Tanzania Smallholders Tea Development Agency	Qualified Opinion***
	NOTE	
	*** The opinion was issued with the inclusion of emphasis of matter paragraph	

Appendix IV: Financial Performance and Liquidity Position 2013/2014

No	Entity	Deteriorating financial performance		Liquidity Position		Contingent Liabilities
		Current Year Deficit TZS	Prior Year Deficit TZS	Current Assets-of Current period-TZS	Current Liabilities-of Current Period	
1	Kahama Shinyanga Water Supply and Sanitation Authority	2,293,161,234	1,827,525,431	2,769,323,042	2,892,334,299	
2	Shinyanga Urban Water Supply and Sanitation Authority.	838,777,062	63,025,244	798,765,937	1,191,462,000	
3	State Mining Corporation (STAMICO)	788,640,347	1,338,999,887			
4	Tanzania Electric Supply Co Ltd (TANESCO)	467,704,000,000	177,399,000,000			USD 258.7 millions
5	Tea Board Tanzania	128,047,834	399,620,294			
6	Mwalimu Nyerere Memorial Academy	320,653,268	767,233,268	215,326,499	843,062,439	
7	National Economic Empowerment Council	396,641,000	326,291,000	509,184,000	1,158,993,000	TZS 586,833,738.97
8	Singida Urban Water Supply and Sanitation Authority	522,591,456	323,712,496	244,358,518	1,198,201,996	
9	Musoma Urban Water Supply and Sanitation Authority	175,941,413	145,900,863	1,270,596,304	1,533,176,879	
10	Dares Salaam Water and Sewerage Authority	4,023,506,000	17,159,383,000	20,832,241,000	20,962,207,000	
11	Marine Parks and Reserves Unit	502,246,000	823,838,000	297,951,000	399,661,000	
12	Moshi University College of Co-operative and Business Studies	2,586,279,000	3,211,691,000	2,065,190,000	2,065,190,000	
13	Mtwara Urban Water Supply and Sanitation Authority	595,994,565	517,931,118	562,187,689	4,223,029,426	

14	Tanzania Fisheries Research Institute (TAFIRI)	482,496,077	102,207,176	395,637,895	874,638,553	
15	Dar es Salaam Water and Sewerage Corporation (DAWASCO)	12,964,840,000	9,996,736,000	14,630,917,000	71,022,130,000	TZS 15,500,000,000
16	National Arts Council	232,416,156	187,250,723	111,462,584	376,350,289	
17	Reli Assets Holding Company (RAHCO)	2,422,055,000	2,488,031,000			TZS 24,207,286,836 & Usd 60,705.45
18	Tanzania Standards News Papers (TSN)	1,061,625,000				
19	Arusha Technical College	1,267,977,187	1,261,430,323	823,459,464	1,102,099,401	
20	Institute of Finance Management (IFM)	631,632,000	1,286,700,000			
21	Ardhi University	781,890,482	585,252,914			TZS 220,176,241
22	Tanzania Atomic Energy Commission			284,469,673	762,964,276	
23	Surface and Marine Transport Regulatory Authority (SUMATRA)					TZS 1,100,000,000
24	Mzumbe University					TZS 2,258,000,000
25	Tanzania Telecommunication Co. LTD (TTCL)	16,258,000,000	20,883,000,000	84,508,000,000	233,798,000,000	
26	Tanzania Fertilizer Company (TFC)	2,516,805,828	3,786,925,315	11,541,063,036	13,204,865,350	TZS 678,369,679
27	National Development Corporation (NDC)			6,667,933,000	16,041,269,000	TZS 5,428,000,000
28	National Institute of Transport (NIT)	1,222,847,341	340,369,546	501,735,403	2,522,320,742	TZS 1,258,000,000
29.	Tanzania Small Holders Tea Development Agency	331,377,940	36,946,963	88,524,277	224,163,124	

30.	Tanzania Food and Nutrition Centre	383,483,828	586,697,317			TZS 1,130,000,000
31.	Muhimbili University of Health and Allied Sciences (MUHAS)	2,502,398,473	1,529,575,733			
32	Tropical Pesticides Research Institute (TPRI)	617,510,000	386,015,000	921,272,000	1,058,288,000	
33	Copyright Society of Tanzania(COSOTA)	40,337,000	230,999,000	21,849,000	199,211,000	
34	Fair Competition Commission					TZS 224,470,500
35	Centre for Foreign Relations	519,402,297	116,773,411	469,353,753	1,174,098,557	

Appendix V: Non Competitive Procurement Methods

S/N	Project/Service/Work	Name of Consultant	Amount TZS.
1.	Consultancy Service for Undertaking Condition Survey Study (Amendment)	Bureau for Industrial Cooperation (BICO),	TZS 6,645,000
2.	Provision of Consultancy services for undertaking Topographical survey of Uvumba area, Kibada, Temeke in Dar es Salaam Municipality	Precise Survey & Mapping Ltd	TZS 30,000,000
3.	Provision of Consultancy Services to Oversee the process for amendment the National Housing Corporation Act 1990	M/s Abenry& Company	TZS 56,404,000
4.	Provision of Consultancy Services for Undertaking Desktop Valuation for accounting purposes for NHC properties in all NHC regions, including work in progress properties (WIP) Usa-river, burka estates, lyumbu estate-Dodoma, Ngarenaro coffee estates - Arusha	M/s Ardhi University (ARU)	TZS 96,205,000
5.	Undertaking Valuation of NHC Selected Properties for Mortgage Purposes.	M/s Ardhi University	TZS 48,036,400
6.	Printing and Supply of Commercial and Residential Lease Agreement Booklets	M/s Jamana Printers Limited	TZS 144,786,000
7.	Proposed Construction of 33KV electricity line route and associated works at Medeli Phase II in Dodoma Region	M/s Ngama Electrical Contractors Co. Ltd	TZS168,752,400
8.	Provision of hiring of heavy duty printing/copier machines for NHC head office.	M/s MFI Investments Ltd	Minimum monthly charge TZS 7,066,000
9.	Procurement of motor vehicles	M/s Toyota Tanzania Ltd	USD 729,683 JPY 32,801,272 TZS 51,000,000 & 19,500,000
10.	Supply of Software Updates for Instigate Firewall	M/s Ebiz Solutions Ltd	TZS 7,325,500
11.	Consultancy Services for Securing Lost Certificate of Titles, Renewal of Expired Terms of Rights of Occupancy, Re-grants of Untitled Acquired Properties and Registration of NHC Name in the Certificates	M & R Agency Company Limited	TZS 104,585,040
12.	Consultancy service for provision of soil/geotechnical investigation for four projects located in DSM (Modification 1)	Bureau for Industrial Cooperation (BICO)	TZS 60,000,000
13.	Consultancy service for provision of soil/geotechnical investigation for four projects located in DMS (Modification 2)	Bureau for Industrial Cooperation (BICO)	TZS 16,000,000
14.	Microsoft software's licenses to National Housing Corporation	M/s Cats Tanzania Limited	TZS 86,738,186

15.	Consultancy services for preparation of development master plan for proposed Burka Satellite city in Olasit (Mateves) Arusha Municipality	M/s Sign JV	USD 3,854,778
16.	Provision of printing of application forms for the purchases of houses	M/s Jamana Printers Limited	TZS 13,865,000
17.	Supply of cement for long term service employees lot No. 2 supply of cement	M/s Tanzania Portland Cement Company Limited (TPCC)	TZS 73,531,000
18.	Supply of iron sheets for long term service employees lot No. 2 supply of Iron Sheets	M/s ALAF	TZS 84,621,157
19.	Supply of iron sheets for renovation of NHC Head Office Building	M/s ALAF	TZS 16,453,861
20.	Supply of hydraform blocks making machines for national housing corporation	M/s Hydraform International (PTY) Limited	USD 671,893
21.	Procurement of Idea Auditing Software	Brian De Souza T/A KPMG Kenya	USD 22,590
22.	Provision of Backup Internet Services and Website Hosting for National Housing Corporation - Head Office	M/s Cats Tanzania Limited	TZS 33,310,070
23.	Provision of consultancy services on Public-Private Partnership training programme (PPP)	M/S IP3, A Tetra Tech	USD 259,566
24.	Proposed renovation of reception, offices, warehouse, and external works at head office	M/s Pioneer Building Limited	TZS 591,672,870

Source: NHC the revised annual procurement plan for 2012/2013

Appendix- VI: Procurement made through LPOs at UDOM

Date	Contractor/Supplier	Details	LPO	Amount TZS.
14.4.14	Basada Contractors	Works for renovation	5295	189,989,770
14.4.14	Msindavii Investment	Works Renovation	5296	279,519,816
12.7.13	Toyota (T) LTD	Motor vehicle	4647	65,720,000
24.12.13	Computer Connections LTD	Computers	5048	71,940,000
11.3.14	Msindavii Investment	Works-Partitioning	5193	43,191,540
24.2.14	Salama pharmaceuticals	Goods-Drugs	5176	30,300,740
21.1.14	Techno Net Scientific LTD	Goods-Lab supplies	5079	63,131,000
10.4.2014	Shamoza Investment	Works-fixing curtains	5293	109,423,870
8.10.13	Nehos Gen. supplies	Goods-stationery	4870	10,727,000
25.8.13	Nehos Gen. supplies	Goods-stationery	4856	65,658,500
20.1.14	Nehos Gen. supplies	Goods-stationery	5071	36,674,942
24.12.13	Inter-press (T) LTD	Goods-prospectus	5045	30,680,000
24.12.13	Inter-press (T) LTD	Examination booklets	5046	15,930,000
25.4.14	Inter-press (T) LTD	Examination booklets	5367	44,958,000
9.4.14	Nehos Gen. supplies	Goods-stationery	5286	77,788,266
14.3.14	In-depth Scient. LTD	Goods-medical equipments	5254	22,322,244
14.3.14	Synermed pharmaceuticals LTD	Medical equipments	5253	26,400,000
14.3.14	Crown health care	Medical equipments	5252	15,890,000
	Noble Motors LTD	Motor vehicle	5461	36,986,400
Total				1,237,232,088