



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT REGULATORY
AUTHORITY FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2020

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March, 2021

AR/PA/PPRA/2019



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Mandate

The statutory mandate and responsibilities of the Controller and Auditor General are provided for under Article 143 of the Constitution of the URT of 1977 (as amended from time to time) and in Section 10 (1) of the Public Audit Act, 2008.

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

Core values

In providing quality services NAO is guided by the following Core Values:

Objectivity	We are an impartial organization, offering services to our clients in an objectives and unbiased manner.
Excellence	We are professionals providing high quality audit services based on standards and best practices.
Integrity	We observe and maintain high standards of ethical behaviour, rule of law and strong sense of purpose.
People focus	We value, respect and recognize interest of our stakeholders.
Innovation	We are a learning and creative public institution that promotes value added ideas within and outside the institution.
Results Oriented	We are an organization that focuses on achievement based on performance targets.
Team work spirit	We work together as a team, interact professionally, and share knowledge, ideas and experiences.

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Public Procurement Regulatory Authority(PPRA) and may form part of the annual general report which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.

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ABBREVIATIONS

ADF	African Development Fund
AfDB	African Development Bank
BOT	Bank of Tanzania
BTC	Belgian Technical Cooperation
CEO	Chief Executive Officer
e-GA	Electronic Government Agency
HIV/AIDS	Human Immune-Deficiency/ Acquired Immune Deficiency Syndrome
IAUs	Internal Audit Units
IPSAS	International Public Sector Accounting Standards
ISPGG	Institutional Support Project for Good Governance
ISSAI	International Standards of Supreme Audit Institutions
MDAs	Ministries, Independent Departments and Agencies
MoFP	Ministry of Finance & Planning
MTSP	Medium Term Strategic Plan
NAOT	National Audit Office of Tanzania
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
PCCB	Prevention and Combating of Corruption Bureau
PE	Procuring Entity
PMIS	Procurement Management Information System
PMO	Prime Minister's Office
PMU	Procurement Management Unit
PO-PPGG	President's Office - Public Service and Good Governance
PPA	Public Procurement Act, 2011 (Amended in 2016)
PPAA	Public Procurement Appeals Authority
PPD	Public Procurement Policy Division
PPR	Public Procurement Regulations, 2013 (Amended in 2016)
PPRA	Public Procurement Regulatory Authority
PSC	Project Steering Committee
PSPTB	Procurement and Supplies Professionals and Technicians Board
PVCA	Procurement Value Chain Analysis
SDP	Staff Development Plan
TANePS	Tanzania National e-Procurement System
TFRS	Tanzania Financial Reporting Standards
TPJ	Tanzania Procurement Journal
TZS	Tanzania Shilling
UDs	User Departments
USAID	United States Agency for International Development
VAT	Value Added Tax
VFM	Value for Money

1.0 DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2020

1.1 INTRODUCTION

In compliance with the Public Procurement Act (PPA) Cap 410 and the Tanzania Financial Reporting Standard (TFRS) No. 1 on Directors' Report, the Board of Directors submits their report and the audited financial statements of the Public Procurement Regulatory Authority (PPRA) for the year ended 30th June, 2020.

1.2 ESTABLISHMENT

PPRA is an autonomous body established under PPA, Cap 410, and Section 7 (1). It became operational in May 2005.

1.3 VISION AND MISSION

1.3.1 Vision

A public procurement system with integrity, offering best value for money

1.3.2 Mission

To regulate the public procurement system and promote best practices in order to attain best value for money and other desired socio-economic outcomes.

1.4 PRINCIPAL ACTIVITIES

The Authority carries out the following functions as provided in PPA, CAP 410: Section 9 (1)-

- i) To offer advisory services on public procurement issues to public bodies and any other person;
- ii) To monitor and enforce compliance with PPA;
- iii) To issue standard bidding documents and guidelines for the better carrying out of procurement activities;
- iv) To implement measures aimed at building procurement capacity in the country;
- v) To store and disseminate information on procurement opportunities and tender awards; and
- vi) To determine, develop, introduce, maintain and update related system to support public procurement by means of information and communication technologies including the use of public electronic procurement

The Authority is given powers to conduct investigation on its own initiatives or as a result of representation made to it by any person, to terminate procurement process for breaching the Act as well powers to require submission of information, to summon any person who can furnish information relating to an investigation or on any representation made to it. (Section 10,11,13,18 and 19 (i) of PPA, 2011).

1.5 COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of PPRA is a governing body consisting of a Chairman who is appointed by the President and six non-executive directors appointed by the Minister responsible for Finance. The Chief Executive Officer (CEO), is appointed by the President, and is the Secretary to the Board. Board members who served the Board during the year 2019/20 are indicated in Table 1 below:

Table 1: Composition of Board of Directors

S/N	Name	Position	Discipline	Nationality	Age	Date of Appointment and Period Served
1.	Amb. Dr. Matern C. Lumbanga	Chairman	PhD in International Relations	Tanzanian	73	12 /04/2016 to 11 /04/2019. And re-appointed on 21 /07/2019 to 18 /07/ 2022
2.	Prof. Sufian H. Bukurura	Member	PhD in Law	Tanzanian	64	3 /09/ 2016 to 2 /09/ 2019. And re-appointed on 10/05/ 2019 to 9/05/2023
3.	Eng. Sylvester N. Mayunga	Member	MBA, BSc in Engineering	Tanzanian	56	15 /09/ 2018 to 14/09/ 2021
4.	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	Tanzanian	51	15 /09/2018 to 14 /09 2021
5.	CPA. Rhoben P. Nkori	Member	MBA, CPA (T)	Tanzanian	48	15 /09/2018 to 14 /09/ 2021
6.	Eng. Prof. M. Ninatubu Lema	Member	MSc and PhD in engineering project management	Tanzanian	64	10/05/ 2020 to 9 /05/2023
7.	Ms. Grace M.J Mfinanga	Member	Master of laws (LLM)	Tanzanian	61	10 /05/ 2020 to 9 /05/ 2023
8.	Eng. Leonard S. Kapongo	Secretary /CEO	MSc. in Engineering	Tanzanian	58	26 /10/2018 to 25/10/2022

Source: Board Appointment letters

1.6 CORPORATE GOVERNANCE

The overall responsibilities of the Board of the Directors, among other things, include providing general oversight of the Authority's operations, identifying key risk areas, monitoring investment decisions and reviewing the performance of management strategic plans and budgets. The Board is also responsible for ensuring presence of a comprehensive system of internal control as well as compliance with sound corporate governance practices.

1.7 BOARD COMMITTEES

During the year 2019/20, the Board had three committees namely, Audit Committee, Advisory Committee, and Technical Committee. The audit committee dealt with issues related to risk management, finance and audit. The Advisory Committee advised the Paymaster General (PMG) on applications for retrospective approvals, as they happened. The Technical Committee dealt with other technical matters of public procurement.

1.7.1 Composition of Board Committees

Below is the composition of the members who formed the Board's Committees indicating period they served:

Table 2: Audit Committee

S/N	Name	Position	Discipline	Nationality	Age	Date Appointed /Period served
1	CPA. Rhoben P. Nkori	Chairperson	MBA, CPA (T).	Tanzanian	48	15/09/ 2018 to date
2	Mrs Grace M. J. Mfinanga	Member	Master of Laws (LLM)	Tanzanian	61	10/05/ 2020 to date
3	Eng. Sylvester N. Mayunga	Member	MBA, BSc in Engineering	Tanzanian	56	15/09/2018 to date
4	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	Tanzanian	51	15/09/2018 to date

Source: Audit Committee Appointment letters/ Audit Committee file

Table 3: Advisory Committee

S/N	Name	Position	Discipline	Nationality	Age	Date Appointed
1.	Prof. Sufian H. Bukurura	Chairman	PhD in Law	Tanzanian	64	10/05/2020 to 9/05 2023
2.	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	Tanzanian	51	15/09/2018 to date
3.	Mrs Grace M. J. Mfinanga	Member	Master of Laws (LLM)	Tanzanian	61	10/05/2020 to date
4.	Eng. Prof. M. Ninatubu Lema	Member	MSc and PhD in engineering project management	Tanzanian	64	10/05/2020to 9/05/ 2023

Source: Advisory Committee Appointment letters/ Advisory Committee file

Table 4: Technical Committee

S/N	Name	Position	Discipline	Nationality	Age	Date Appointed
1.	Eng. Prof. M. Ninatubu Lema	Member	MSc and PhD in engineering project management	Tanzanian	64	10/05/2020 to 9/05/ 2023
2.	Prof. Sufian H. Bukurura	Chairman	PhD in Law	Tanzanian	64	10/05/2020 to 9/05/ 2023
3.	Eng. Sylvester N. Mayunga	Member	BSc. in Engineering	Tanzanian	56	15/09/2018 to date
4.	CPA. Rhoben P. Nkori	Member	Certified Public Accountant	Tanzanian	48	15/09/2018 to date

Source: Technical Committee Appointment letters/ Technical Committee file

1.7.2 Attendance to Board Meetings

Paragraph 5(1) of the First Schedule to the Public Procurement Act ,2011 (as amended in 2016) states that, the Board shall meet at such times and such places being not less than once in a month as the Chairman may determine. During the year 2019/20, a total of Five (5) meetings were planned but the Board managed to hold only four (4) meetings. **Table 5:** indicates the number of meetings attended by the board members during FY ended 30th June, 2020

Table 5: Attendance to Board Meetings

S/N	Name	Position	Discipline	Planned Number of meetings	Ordinary meetings attended
1	Amb.Dr. Matern C. Lumbanga	Chairman	PhD in International Relations	5	3
2	Mrs Grace M. J. Mfinanga	Member	Master of Laws (LLM)	1	-
3	Prof. Sufian H. Bukurura	Member	PhD in Law	2	1
4	Eng. Sylvester N. Mayunga	Member	MBA, BSc in Engineering	5	4
5	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	5	4
6	CPA. Rhoben P. Nkori	Member	MBA, CPA (T).	5	3
7	Eng. Prof. M. Ninatubu Lema	Member	PhD in engineering project management	1	-

Source:Board Meeting file

NB: For member no. 2, 3 and 7 were appointed on 10thMay 2020 and there was one planned Board meeting in June, 2020. However, the meeting was not conducted as scheduled. For member no. 3 his previous term expired on 2ndSeptember, 2019 and was re-appointed on 10thMay, 2020.

1.7.3 Attendance to Committees Meetings

During financial year 2019/2020, a total of four (4) Audit Committee meetings were held, no meeting of the Advisory Committee was held whereas the Technical Committee held two (2) meetings. Attendance to committees' meetings is as shown in tables below:

Table 6: Attendance to the Audit Committee meetings

S/N	Name	Position	Planned Number of meetings	Number of meetings attended
1.	CPA. Rhoben P. Nkori	Chairman	5	4
2.	Mrs Grace M. J. Mfinanga	Member	-	-
3.	Eng. Sylvester N. Mayunga	Member	5	4
4.	Eng. Ephatar L. Mlavi	Member	5	4

Source:Audit Committee file

NB: One meeting was not conducted as scheduled

Table 7: Attendance to Advisory Committee meetings

S/N	Name	Position	Planned Number of meetings	Number of meetings attended
1	Prof. Sufian H. Bukurura	Chairman	2	-
2	Eng. Ephatar L. Mlavi	Member	2	-
3	Mrs Grace M. J. Mfinanga	Member	2	-
4	Eng. Prof. M. Ninatubu Lema	Member	2	-

NB: No advisory meeting held for FY 2019/20

Table 8: Attendance to Technical Committee meetings

S/N	Name	Position	Planned Number of meetings	Number of meetings attended
1	Eng. Prof. M. Ninatubu Lema	Member	-	-
2	Prof. Sufian H. Bukurura	Chairman	1	1
3	Eng. Sylvester N. Mayunga	Member	4	2
4	CPA. Rhoben P. Nkori	Member	4	2
	Eng. Ephatar L. Mlavi	Member	4	2

Two meeting were not conducted as scheduled

1.7.4 Board Remuneration

The remunerations of the Board of Directors are approved by the Treasury Registrar and are reviewed from time to time to match with what is being paid in similar Government organisations. During the year 2019/20, the directors were paid annual fees and sitting allowance as shown below;

Details	Number of persons	2019/20	2018/19
		TZS '000	TZS '000
Directors' fees	8	24,500	5,000
Sitting allowance	8	49,500	48,150
Total Remuneration		74,000	53,150

Source: Accounts department

1.8 RELATIONSHIP WITH STAKEHOLDERS

The Authority continued to maintain good relationship with all stakeholders including the National Audit Office of Tanzania (NAOT), Prevention and Combating of Corruption Bureau (PCCB), Ethics Secretariat, Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), Procurement Policy Division (PPD) of the Ministry of Finance and Planning, Government Procurement Services Agency (GPSA), Public Procurement Appeals Authority (PPAA) and Procurement and Supplies Professionals and Technicians Board (PSPTB).

1.9 MANAGEMENT

Management is responsible for day-to-day operations of the Authority and comprises CEO and five heads of divisions and two units namely, Capacity Building and Advisory Services, Monitoring and Compliance, Legal and Public Affairs, Information Systems, Corporate Services, Internal Audit, and Procurement Management.

1.10 COMPENSATION OF SENIOR STAFF

The senior staff consists of CEO, heads of divisions, heads of independent units, and heads of sections. During the year, remuneration of senior staff was as follows: -

Details	Number of Staff	2019/20 TZS '000	2018/19 TZS '000
Salaries	14	1,179,634	1,172,529
Retirement benefit obligations	14	129,517	216,382
Housing allowance	14	109,200	100,800
Total		<u>1,418,351</u>	<u>1,489,711</u>

1.11 OVERALL PERFORMANCE

During the year 2019/20, PPRA recorded some remarkable achievements as explained in the succeeding subsections.

1.12 CAPACITY BUILDING

- a) During the period under review, in line with the amendment of PPA, PPRA recorded and published on its website 60 special groups (women, youth, the elderly and persons with disabilities) to enable them enjoy tender opportunities offered by PEs;
- b) The Authority developed 11 and reviewed 21 procurement implementation tools;
- c) Two internal audit reporting tools for PEs were reviewed and improved;
- d) 281 participants from 12 PEs were trained on the application of PPA and procurement implementation tools as compared to 991 participants from 37 PEs trained in the preceding year;
- e) 44 training sessions on TANePS were conducted to 2,707 participants from PEs and 531 economic operators as compared to 257 participants from PEs and 721 economic operators in the preceding year; and
- f) Five dissemination workshops were conducted to AOs, legal officers and staff from IAUs, PMUs and UDs. The workshops aimed at equipping the participants with requisite knowledge of PPA and the procurement implementation tools. The

workshops were attended by 216 participants from various PEs as compared to 144 participants from various PEs in the preceding year.

1.13 ADVISORY SERVICES

- a) PMG was advised on 52 out of 92 applications for retrospective approval on emergency procurement. However, 40 applications were at different review stages as at the end of the Financial Year under review; and
- b) 454 stakeholders were provided with advisory services on public procurement issues. In addition, 322 individual stakeholders who visited the Authority's premises were advised on the application of PPA, PPR and procurement implementation tools.

1.14 TANZANIA NATIONAL E-PROCUREMENT SYSTEM

- a) By the end of FY 2019/20; out of a total of 553 PEs, 509 PEs, equivalent to 92.04 %, had been connected to the system while 13,637 suppliers had been registered to use the system. Similarly, 38,200 planned tenders worth TZS 30.18 trillion had been entered into the system, out of which 17,424 tenders had been processed and 4,106 contracts had been awarded.
- b) The Authority continued to operate the Help Desk for TANePS whereby an average of 300 calls were attended on a daily basis. Similarly, 45 e-mails and 39 physical visits as well as 10,140 visitors were attended to during the year under review

1.15 REVIEW OF PERFORMANCE OF PES

Routine compliance Monitoring

- a) During the FY 2019/20 a total of 3,974 contract awards worth TZS 4,838.33 billion were received and posted on the Authority's website and published in TPJ while in the year 2018/19 the Authority received 188 contracts that worth TZS 3,732.54 billion.
- b) During the FY 2019/20, 196 or 35 % of the total 553 PEs submitted to PPRA monthly and quarterly procurement implementation reports compared to the preceding year where a total of 356 PEs out of 540 submitted the same reports. The submitted reports were from 46 PAs, 66 LGAs and 84 MDAs;
- c) During the reporting period, a total of 685 tender notices were submitted to PPRA and published in TPJ and Tender Portal compared to 870 notices published in the preceding year. The decrease was due to the full operationalization of TANePS as tender notices are now published within the system; and
- d) During the year under review, 77 internal audit reports were received from 45 PEs (equivalent to eight percent of 553 PEs) compared to 54 reports from 33 PEs that were received in the year 2018/19. This indicates a serious non-compliance by PEs with the regulatory requirement.

Volume of Awarded Contracts by PEs

- a) During the year under review, 147 PEs (equivalent to 27 percent of 553 registered PEs) submitted to PPRA information on awarded procurement contracts, compared to 188 PEs (equivalent to 34.8% of 540 registered PEs) that submitted the same in the preceding year;
- b) Similarly, the Authority received information on volumes of awarded contracts worth TZS 4,603.1 billion of which TZS 4,160.6 billion or 90.4% was awarded by 14 PEs with huge procurement volumes (worth TZS 20 billion or above).

1.16 COMPLIANCE AND VFM AUDITS

Based on the criteria for selection of PEs to be audited, PPRA audited a total of 5,104 procurement contracts worth TZS 2,490 billion. These audits involved 61 PEs (14 MDAs, 28 LGAs and 19 PAs) and six PE branches with delegated powers. Among the audited entities, 16 PEs whose procurement volumes were TZS 20 billion or above, accounted for 76.3% of all audited contracts.

1.17 COMPLIANCE AUDITS

- a) The audits results indicated an overall average compliance level of 78.8 % as compared to 76 percent that was achieved in FY 2018/19. However, the recorded compliance level was slightly below the target of 80 percent which had been set by the Government;
- b) Analysis of the results from audited PEs revealed that 34 entities or 53.1% achieved a satisfactory compliance level with a score of 80% or above, 27 entities or 42.2% achieved a fair compliance level ranging between 60 and 79%; while three PEs had unsatisfactory or poor compliance level as they scored below 60 percent; and
- c) The average compliance level as compared to the preceding FY has increased from 77 to 80.1 percent for MDAs whereas for PAs has decreased from 75 to 73%, and for LGAs has increased from 74 to 80.6%.

1.17.1 VFM Audits

- a) PPRA conducted Vfm audits on 367 procurement contracts worth TZS 1,182.82 billion. The audited contracts comprised Buildings, roads, bridges and civil works worth TZS 1,001.71 billion; Electrical works worth TZS 0.68 billion; Water supply and Irrigation works worth TZS 8.03 billion; Goods worth TZS 123.34 billion; Non-consultancy services worth TZS 13.39 billion; and Consultant services worth TZS 33.25 billion;
- b) The overall Vfm performance of audited PEs was assessed to be 82.2 percent which is satisfactory performance. The score indicated a slight drop compared to 84.4 percent in the preceding FY;

- c) Out of 367 audited contracts for VfM, 292 contracts or 79.6% had satisfactory performance; 67 contracts or 18.3% had fair performance; and eight contracts or 2.2 percent had poor performance; and

1.17.2 Health Facilities Audits

The total value of the audited procurement contracts for the 175 health facilities was TZS. 22.18 billion being 20 hospitals (TZS. 6.73 billion), 33 health centres (TZS 11.99 billion) and 122 dispensaries (TZS 3.46 billion). The following were the results of the audits:

- a) The overall average compliance level of all 175 audited health facilities was fair at 73.5%;
- b) Out of 175 audited health facilities, 42 facilities or 24% had a satisfactory compliance level (equal to or above 80 percent), 127 facilities or 72.6% had fair compliance levels (between 60 percent and 79.9%) while six facilities or 3.4 percent had a poor compliance level (below 60 percent); and
- c) Further analysis indicated that 20 audited hospitals had an overall compliance level of 78.5 percent, 33 health centres had an overall compliance level of 73.4% while 122 dispensaries had an overall compliance level of 72.9%.

1.17.3 Procurement Audits of PFMRP

During the year under review, PPRA conducted procurement audit in five PEs which implement PFMRP. The audit covered 21 procurement contracts worth TZS 3.11 billion financed by the programme. The review involved compliance audit (MoFP) and VfM audit for NAOT, ONA, TRO and PO-RALG. The results of these audits were as follows:

- a) The compliance level of MoFP was 80.95 % which was satisfactory;
- b) The average VfM score of NAOT, ONA, TRO and PO-RALG was 87.56% which was satisfactory; and
- c) The average VfM score for ONA was 94.75%, PO-RALG was 92.5%, TRO was 82% and NAOT was 81%.

1.17.4 Assessment of Corruption

Assessment of corruption indicators in 5,104 contracts from 67 audited entities revealed that three contracts from REA worth TZS 3.79 billion and one contract from Tanzania Cotton Board worth TZS 1.76 billion had high corruption red flags.

1.17.5 Investigations and Special Audits

During the year under review, the Authority conducted two investigations in two PEs and special audits in four PEs. The investigations were conducted at NEC and Kibaha District Council whereas special audits were conducted at NSSF, SUA, Dodoma CC and REA. The special audits covered 103 contracts with a total value of TZS 712.37 billion while the investigated contracts/ tenders had a total value of TZS 52.06 billion. The investigations/ special audits revealed the following:

- a) The Government might save TZS 16.81 billion if recommendations provided after the investigations/ special audits would be effectively implemented; and
- b) The Government had incurred a loss amounting to TZS 7.27 billion from Interest charges on delayed payments; Unutilized prime cost and provisional sums that increased the value of consultancy fee unnecessarily; Unnecessary expenditure for industrial visits; and Fixing of some items in the constructed buildings contrary to the specifications provided.

1.17.6 Implementation of Previous Audit Recommendations

PPRA conducted follow up audits to assess implementation of previous recommendations. The results revealed that out of 1,051 recommendations, 497 or 47% were fully implemented, 275 or 26% were partially implemented and 279 or 27 percent were not implemented at all.

1.18 Outreach Capacity and Visibility

- a) The Authority provided education to the public on its various activities and services including application of TAnEPS and PPA through TV and Radio programs. Moreover, the Authority participated in Dar es Salaam International Trade Fair 2019, Joint Annual Event of ERB, CRB and AQRB as well as National Ethics and Human Rights Day, 2019;
- b) The Authority implemented its Communication Strategy by establishing social media accounts namely Twitter, Facebook and Instagram;
- c) The Authority hosted the 12th East African Public Procurement Forum at which 356 delegates attended the event from within and outside the East African bloc; and
- d) In addition, PPRA was represented at the African States Procurement Network (ASPN) forum that was held in Dakar, Senegal.

1.19 Capacity to Deliver Quality Services

The Authority continued to strengthen its capacity to deliver quality services by implementing strategies that are stipulated in Medium Term Strategic Plan (MTSP) by ensuring adequate human, financial and other resources.

1.20 Services on HIV/AIDS Infections and Non-Communicable Diseases

During Financial 2019/20, the Authority continued to implement HIV and AIDS Policy that was approved in the financial year 2017/18.

1.21 Implementation of National Anti-corruption Strategy

During the period under review, the Authority continued to implement the National Anti-corruption Policy.

1.22 STAFF WELFARE

There was a continued good relationship between employees and management for the year 2019/20.

1.22.1 Training Support

During the year under review, PPRA continued to implement its Staff Development Plan (SDP), whereby sponsorship was provided for staff to attend short and long-term training through Government subvention and AfDB funds under Phase III of the Institutional Support Project for Good Governance as shown below. Under the said sponsorship, staff also attended various seminars, workshops and conferences within and outside the country as part of continuing professional development. Training attended mainly focused on PPRA's training needs and objectives as provided in Staff Development Plan (SDP).

1.22.2 Medical Assistance

All staff in the Authority are members of the National Health Insurance Fund (NHIF) and when a staff does not get required medical facility under NHIF cover, the Authority refunds the staff costs incurred where appropriate. The Authority pays mandatory contribution each month to NHIF and for the year under audit the Authority incurred TZS 65,211,000 as medical expenses under NHIF.

1.22.3 Health & Safety

The Authority takes all reasonable and practicable measures to safeguard health, safety and welfare of its staff. A safe working environment is ensured to all staff by providing a protective gears, training and supervision where necessary.

1.22.4 Employees Benefit Plan

The Government through Treasury pays mandatory contributions to a publicly administered pension scheme (PSSSF) which qualifies to be a defined contribution plan. The amount incurred for the year end 2019/20 is TZS 377,537,000 (2018/19 was TZS 411,120,000).

1.22.5 Staff Complement

During the period under review, the Authority managed to receive ten (10) staff through transfer and one staff recruited through Presidents Office Public Service Management, making a total of 74 employees out of approved establishment of 152 employees whereby 48 are male while 26 are female as shown in Table 9. The same number in 2018/19.

Table 9: Staff complement as at 30th June, 2020

Gender	Staff Compliment	Percentage (%)
Male	48	64.86
Female	26	35.14
Total	74	100

Source: Human Resource Department

1.22.6 Challenges

During the year under review, the following are the challenges encountered during the period of reporting and measures that are being taken to address them.

Table 10: Challenges encountered, and measures taken

S/N	Challenge	Measures that are being taken
1.0	Sectoral Challenges	
1.1	Existence of a two - tier registration setup for suppliers of CUIS under framework agreements limited some suppliers from participating in mini-competitions by PEs involved in the pilot phase of TANePS.	Have a one stop - centre for registration of bidders so that tenders leading to framework agreements be conducted on TANePS.
1.2	Slow implementation of TANePS by PEs who are already trained and registered.	More training to PEs and suppliers be conducted countrywide to address the issue of capacity of procurement officers and potential tenderers in using TANePS. The Authority will also establish and equip the Help Desks in Dar es Salaam and Dodoma for provision of support primarily to supplier and other users;
1.3	Low compliance level with requirements PPA and PPR by PEs e.g. not using PMIS, record keeping, prolonging procurement processes and other procurement malpractices hindering effective monitoring of procurement activities.	Continue to monitor and enforce compliance with PPA including implementation of all TANePS by PEs;
1.4	Lack of standardization for items and services commonly used by the Government hence variation in expenditure and difficulty in planning.	Liaise with institutions that are responsible for preparation and issuance of standards for goods and services used by government institutions.

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

S/N	Challenge	Measures that are being taken
1.5	Overlapping legal mandate governing public procurement which require harmonization of procurement law	Harmonize laws governing public procurement.
1.6	Some stakeholders who are involved in procurement processes do not comply with the requirements of PPA and PPR.	Continue to build capacity of PEs and economic operators on applying PPA and to institute appropriate measures against the culprits.
1.7	Fragmented procurement law, amendments and consequential amendments which make application of the law difficult.	Continuous consolidation of amendments to PPA into a single document for ease of reference.
1.8	Lack of standard procedures for carrying out procurement in Tanzania diplomatic missions abroad.	Develop and issue guidelines for carrying out procurement in diplomatic missions.
1.9	Lack of outlined procurement standard procedures to be followed by lower levels of LGAs hence possibility of inefficiencies and malpractices in procurement processes	Develop and issue guidelines for carrying out procurement in lower level LGAs.
1.20	Failure by PEs to apply preference schemes as required by PPA thereby denying opportunities to the intended beneficiaries.	Encourage PEs to apply preference schemes as required by PPA where possible.
2.0	Challenges to PPRA (Internal challenges)	
2.1	Inadequate funding coupled with inability to meet maturing financial obligations in a timely manner.	PPRA will continue to market its activities in order to attract more financing and enhance collection of IGF to supplement the government subvention;
2.2	Shortage of human resources hence difficulties in implementing MTSP	Follow up with PS-Establishment on our request to implement approved Personnel Emolument (PE) budgets for FY 2018/2019 and 2019/20.
2.3	Lack of adequate and permanent office facilities hence high operating costs in form of rental charges	(a) Requested PMO for office permission to build a permanent office in Dodoma. (b) Requested PMO for office space in Government offices which have been vacated in Dar es Salaam so as to move its TANEPS help desk and Coastal Zonal Office from rented buildings.

1.23 RESULTS FOR THE YEAR

During the year ended 30th June, 2020, the Authority had a deficit of TZS 2.11 billion compared to a surplus of TZS 75.17 million recorded in 2018/19. Expenses increased by 41.53% from TZS 12.81 billion in the previous year 2018/19 to TZS 18.12 billion in the year 2019/20 while revenue increased by 24.38% from TZS 12.88 billion in the previous year 2018/19 to TZS 16.02 billion in the year 2019/20.

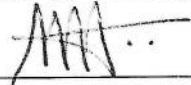
1.24 SOLVENCY

The Authority's state of affairs as at 30th June, 2020 is reflected in these financial statements. The Board considers the Authority to be solvent.

1.25 AUDITORS

The Controller and Auditor General is the statutory auditor of PPRA by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section 10 (1) of the Public Audit Act No 11 of 2008.

By order of the Board


Chairman of the Board


Chief Executive Officer


Date 27/2/2021

2.0 BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board is required by the Public Procurement Act PPA, 2011 (as amended in 2016), Section 26 to prepare financial statements that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the surplus or deficit of the Authority for that period. The Board confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2020.

The Board also confirms that the International Public Sector Accounting Standards (IPSAS) accrual, have been followed. The Board is responsible for keeping proper accounting records, for safeguarding the assets of the Authority and hence taking reasonable steps for prevention of fraud and other irregularities.

By order of the Board


Chairman of the Board


Chief Executive Officer

Date 27/2/2021

3.0 DECLARATION OF THE HEAD OF FINANCE / ACCOUNTING

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors and Management to discharge the responsibility of preparing financial statements of the Authority showing a true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statement's rests with the Board of Directors as under Directors Responsibility statement on item No. 2 on Report of the Directors.

I, Hannah C. Mwakalinga, being the Director responsible for Finance/Accounting of The Public Procurement Regulatory Authority (PPRA), hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2020 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of PPRA as on that date and that they have been prepared based on properly maintained financial records.

Signed by:



Position: **Director of Corporate Services**
NBAA Membership No: **ACPA 1021**

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman,
Board of Directors,
Public Procurement Regulatory Authority,
P.O. Box 2865,
Dodoma.

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of the Public Procurement Regulatory Authority (PPRA), which comprise the statement of financial position as at 30th June, 2020, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Public Procurement Regulatory Authority (PPRA) as at 30th June, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the audit of the financial statements". I am independent of Public Procurement Regulatory Authority (PPRA) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2016) requires me to state in my annual audit report whether the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

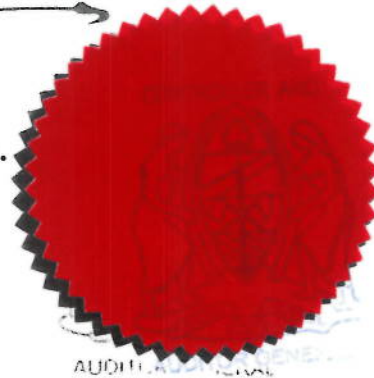
4.2 REPORT ON THE LEGAL AND REGULATORY REQUIREMENTS

Compliance with the Public Procurement Act, No.7 of 2011 (as amended in 2016)

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Public Procurement Regulatory Authority procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011(as amended in 2016) and its underlying Regulations of 2013 (as amended in 2016).


Charles E. Kicheri
Controller and Auditor General
Dodoma, United Republic of Tanzania.

March, 2021



5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

	Notes	30.06.2020 TZS'000	30.06.2019 TZS'000
Assets			
Current Assets			
Cash and Cash Equivalent	6.2.6	2,511,617	1,043,775
Receivable from exchange transactions	6.2.4	1,142,968	3,208,512
Receivable from non-exchange transactions	6.2.5	38,310	890,179
Total Current Assets		3,692,895	5,142,466
Non-Current Assets			
Property and Equipment	6.2.1	1,287,887	1,402,815
Total Assets		4,980,782	6,545,281
Liabilities			
Current liabilities			
Payables from exchange transactions	6.2.9	1,410,000	2,024,808
Payables from non-exchange transactions	6.2.10	1,647,344	1,388,654
Liabilities recognized under transfer arrangement	6.2.8(e)	1,047,639	151,125
Deferred Income	6.2.3	1,025,448	1,022,613
Total liabilities		5,130,431	4,587,200
Net assets		(149,659)	1,958,081
Net Assets/Equity			
Accumulated Surplus		(149,659)	1,958,081
Total Net Assets		(149,659)	1,958,081

The accompanying notes are integral part of the financial statements which were authorized for issue by the Board of Directors and were signed on its behalf by:



Chairman of the Board

Date: 27/2/2021



Chief Executive Officer

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2020

	Notes	2019/20 TZS '000	2018/19 TZS '000
Revenue from Non-Exchange Transactions			
Transfer from Government	6.2.11	6,404,792	6,120,366
ADB III Grant	6.2.8 (d)	6,008,454	5,198,816
USAID Grant	6.2.8 (d)	-	72,511
Gain from disposal		-	69,874
Gain on foreign currency transaction - ADB III Project	6.2.22	-	9,877
Amortization of Deferred Income	6.2.3	31,480	78,120
Total		12,444,726	11,549,564
Revenue from Exchange Transactions	6.2.13	3,572,508	1,332,287
Total revenue		16,017,234	12,881,851
Operating Expenses			
Administrative Expenses	6.2.14	5,081,297	3,053,008
Staff Expenses	6.2.15	2,625,545	2,705,794
Capacity Building Expenses	6.2.16	792,485	237,907
Monitoring Expenses	6.2.17	1,903,944	851,164
Information Technology Expenses	6.2.18	2,140,731	680,776
Training Expenses	6.2.19	702,927	1,417,917
Office Setup Expenses	6.2.20	469,213	590,181
Other Beneficiaries to ISPGG III Expenses	6.2.21	3,976,345	3,269,939
Provision for bad debts	6.2.4	432,487	-
Total Expenses		18,124,974	12,806,686
Surplus/ (Deficit) for the year		(2,107,740)	75,165

The accompanying notes are integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2020

	Accumulated Surplus TZS '000	Total TZS '000
Net Assets at 01.07.2018	1,882,916	1,882,916
Net Surplus / (Deficit) for the year	75,165	75,165
Net Assets at 30.06.2019	1,958,081	1,958,081
Net Assets at 01.07.2019	<u>1,958,081</u>	<u>1,958,081</u>
Net Surplus/ (Deficit) for the year	<u>(2,107,740)</u>	<u>(2,107,740)</u>
Net Assets at 30.06.2020	<u>(149,659)</u>	<u>(149,659)</u>

The accompanying notes are integral part of the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2020

	NOTE	2019/20 TZS '000	2018/19 TZS '000
Cash Flows from Operating Activities:			
Transfer from Government	6.2.28 (a)	3,842,348	3,575,535
ADB III Grant	6.2.28 (b)	5,260,097	3,405,000
Disposal of fixed assets	6.2.28	-	69,874
From Exchange Transactions	6.2.28 (c)	3,409,051	1,322,155
Administrative Expenses	6.2.28 (d)	(2,473,507)	(2,669,641)
Staff Expenses	6.2.28 (e)	(386,287)	(139,675)
Capacity Building Expenses	6.2.28 (f)	(719,196)	(212,907)
Monitoring Expenses	6.2.28 (g)	(1,833,399)	(811,098)
Information Technology Expenses	6.2.28 (h)	(1,550,462)	(570,941)
Training Expenses	6.2.28 (i)	(343,337)	(1,417,917)
Office Setup Expenses	6.2.28 (j)	(469,213)	(590,181)
Other Beneficiaries to ISPGG III Expenses	6.2.28 (k)	(3,227,048)	(2,815,816)
Unretired / (retired) Staff and other imprest	6.2.5	(38,310)	841,786
Net cash inflow/(outflow) from operating activities		1,470,737	(13,826)
Cash Flow from Investing Activities:			
Gain from disposal		-	69,874
Purchase of property and equipment	6.2.1	(2,895)	-
Net cash inflow/(outflow) from investing activities		(2,895)	69,874
Net change in cash and cash equivalents		1,467,842	56,048
Cash and cash equivalents as at 1 st July,		1,043,775	977,850
Effect of exchange rate	6.2.22	-	9,877
Cash and cash equivalents as at 30th June	6.2.6	2,511,617	1,043,775

The accompanying notes are integral part of the financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED
30TH JUNE, 2020

Description	Original Budget {A}	Adjustments	Final Budget {A+B}	Actual Amounts {C}	Difference (Final Budget-Actual Budget)	% Variance
Revenue	TZ' 000	TZ' 000		TZ' 000	TZ' 000	%
Government subvention	6,641,743	-	6,641,743	6,404,792	(236,951)	(4%)
Revenue from Exchange Transactions (Own Sources)	2,961,513	-	2,961,513	3,572,508	610,995	21%
USAID Grant	-	-	-	-	-	-
ADB III Grant	14,344,686	-	14,947,942	6,008,454	(8,939,488)	(62%)
Gain from Disposal	-	-	-	-	-	-
Total Revenue	23,947,942	-	23,947,942	15,985,754	(7,962,188)	(33%)
Expenses						
Administrative expenses	3,208,360	(252,478)	2,955,882	3,965,285	1,009,403	34%
Staff costs	2,541,464	-	2,541,464	2,625,545	84,081	3%
Capacity building expenses	1,080,681	32,950	1,113,631	792,485	(321,146)	(29%)
Monitoring expenses	1,651,457	401,341	2,052,798	1,903,944	(148,854)	(7%)
Information Technology	1,015,792	284,450	1,300,242	2,140,601	840,359	65%
Training expenses	493,590	21,300	514,890	702,927	188,037	37%
Office set up costs	582,000	(33,800)	548,200	469,213	(78,987)	(14%)
Depreciation and Amortization	-	-	-	117,823	117,823	100%
Total (PPRA Only)	10,573,344	453,763	11,027,107	12,717,953	(1,690,846)	(15%)
Other beneficiaries of ISPGG III	12,213,542	-	12,213,542	4,016,345	(8,197,197)	(67%)
Grand Total Expenses	22,786,886	453,763	23,240,649	16,734,299	(9,888,043)	(43%)
Other Gains and Losses	-	-	-	-	-	-
Gain on foreign exchange transactions	-	-	-	-	-	-
Amortization of deferred Income	-	-	-	31,480	31,480	100%
(Deficit)/Surplus	-	-	-	(717,065)		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2020

6.1 GENERAL INFORMATION

(a) Statute

- (i) The Public Procurement Regulatory Authority was established by the Public Procurement Act, No. 21 of 2004 (as repealed by Act No 7 of 2011). The Act stipulates in detail the objectives, functions and powers of the Authority. The Authority offices are located at the 9th Floor of Kambarage Tower, Jakaya Kikwete Road, Dodoma.
- (ii) The overall management of PPRA is vested in the Board of Directors as the Governing body under the supervision of the Ministry of Finance and Planning. The Chief Executive Officer carries out the day to day operations of the Authority.
- (iii) These financial statements of PPRA for the year ended 30th June, 2020 were authorized for issue in accordance with the resolution of the Board of Directors.

(b) Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1.1 Basis of Preparation

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) accrual basis. The complete set of the financial statements comprises a statement of financial position, a statement of financial performance, a statement of changes in net assets, a cash flow statement, a comparison of budget and actual amounts, and notes comprising a summary of significant accounting policies and other explanatory notes.

The measurement basis applied in the preparation of these financial statements is the historical cost basis, except where otherwise stated. The financial statements are presented in Tanzanian Shillings (TZS).

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

budget is prepared on cash basis while the statement of position and performance are Prepared on accrual basis. And the variation between the accrual items versus cash items are reconciled through preparation of reconciliation statements of budget versus actual as per IPSAS 24 requirement.

6.1.2 Property, Plant and Equipment

Property, plant and equipment that qualifies for recognition as an asset will be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost will be measured at its fair value as at the date of acquisition. These assets are subsequently shown at historical cost, less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to Authority and the cost of the item can be reliably measured. Where an asset is acquired at no cost, or for a nominal cost through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The Authority has elected to use the cost model for all classes of property, plant and equipment.

Depreciation is calculated on a straight-line method so as to allocate the cost or revalued amount to its residual value over estimated useful life as follows:

Description	Rate (%) Per Annum
Motor vehicles	20
Computers	25
Furniture, Fittings and Equipment	20
Buildings	2

Major renovations are depreciated over the remaining useful life of the related assets or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditure are charged to the Statement of Financial Performance during the financial period in which it is incurred. The asset's residual values and useful lives are reviewed and adjusted if appropriate at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The rate of depreciation changed in this financial year prospectively to comply with "Accounting circular no. 2 of the 2017/18 testing for impairments and charging depreciation as per standards" issued by the Accountant General.

6.1.3 Intangible Assets

Expenditure which enhances and extends the computer software programmes beyond their original specifications and lives is recognized as a capital improvement and added to the

original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, estimated at two years.

6.1.4 Impairment of Assets

Assets that are subject to the depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash generating units). No impairment review for the assets was carried out by the Authority since such events or changes did not exist during the year under review.

6.1.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the open market less applicable selling expenses. Store and consumables are stated at cost less any provision for obsolescence. Any obsolete items are provided for in full in the year they are detected.

6.1.6 Revenue recognition

Revenue is recognized on accrual basis of accounting. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Authority.

Transfer Revenue

Assets and revenue recognized as a consequence of a transfer are measured at the fair value of the assets recognized as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivables are recognized when a binding transfer arrangement is in place, but cash or other assets have not been received.

Assets and revenue arising from transfer transactions are recognized in the period in which the transfer arrangement becomes binding, except for some services in-kind. The Authority recognizes only those services in-kind that are received as part of an organized program and for which it can determine a fair value by reference to market rates. Other services in-kind are not recognized.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the Authority recognizes a liability until the condition is fulfilled.

6.1.7 Employees Benefits

(i) Pension obligation

The Authority has defined benefits and defined contribution plans. For defined contribution plan, the Authority contributes to publicly administered pension plans (PSSSF) on a mandatory basis.

The Authority has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due. The liability recognized in the Statement of Financial Position in respect of the defined benefits plan is the present value of the defined obligation at the Statement of Financial Position date, together with adjustments for unrecognized actuarial gains or losses and past service costs.

(ii) Other Entitlements

The estimated monetary liability for employees' accrued entitlements at the statement of financial position date is recognized as accrued expenses.

(iii) Post-retirement medical aid benefits and retirement gratuities

The Authority has unfunded non-contributory contracted employee gratuity arrangement, which provides for lump sum payments to its contract employees on their termination or completion of contract period of three to four years, based on 25% of the monthly basic salary and qualifies as a defined benefit plan.

6.1.8 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements are measured in Tanzanian shillings, the currency of the primary environment in which the entity operates ("functional currency"). The financial statements are presented in Tanzanian Shillings, which is the Authority's functional and presentation currency.

(b) Transaction and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Balances in the Financial Position which are in foreign currency are translated at the closing rate at the date of that statement of Financial Position.

6.1.9 Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When there are conditions attached to government grants, grants are recognized as a liability in a Statement of Financial Position and when amortized are recognized immediately in the Statement of Financial Performance. When there no conditions attached, they are recognized in total in the Statement of Financial Performance.

6.2 SCHEDULES TO SUPPORT FIGURES ON THE FINANCIAL STATEMENTS

6.2.1 Property and Equipment		Land	Building	Motor vehicle	Computers	Office Equipment	Furniture	Total
Cost	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
As at 1 st July, 2019	826,510	301,000	634,149	320,702	1,246,269	228,378	3,557,008	
Additions for the Year	-	-	-	-	-	2,895	2,895	
As at 30 th June, 2020	826,510	301,000	634,149	320,702	1,246,269	231,273	3,559,903	
Depreciation								
At 1 st July, 2019	-	102,340	587,070	240,664	995,742	228,377	2,154,193	
Charge for the year	-	6,020	1,102	27,898	82,272	531	117,823	
As at 30 th June, 2020	-	108,360	588,172	268,562	1,078,014	228,908	2,272,016	
Net book Value								
At 30 th June, 2020	826,510	192,640	45,977	52,140	168,255	2,365	1,287,887	
At 30 th June, 2019	826,510	198,660	47,079	80,038	250,527	-	1,402,815	

**Additional note 1: The Authority has some assets which are fully depreciated but are still in use and generating economic benefits to PPRA. Below is the table of fully depreciated assets at cost.*

s/n	Asset category	Cost (TZS '000)
1	Motor vehicles (9)	588,172
2	Computers	209,110
3	Equipment's	843,955
4	Furniture	228,377
	Total	1,869,614

**Additional note 2: Property and Equipment as at June, 2019*

	Land TZS '000	Building TZS '000	Motor vehicle TZS '000	Computers TZS '000	Office Equipment TZS '000	Furniture TZS '000	Total TZS '000
Cost							
As at 1 st July, 2018	826,510	301,000	808,412	388,516	1,273,769	247,185	3,845,393
Additions for the Year	-	-	72,100	-	-	-	72,100
Disposals	-	-	(246,363)	(67,814)	(27,500)	(18,807)	(360,485)
As at 30th June, 2019	826,510	301,000	634,149	320,702	1,246,269	228,378	3,557,008
Depreciation							
At 1 st July, 2018	-	96,320	734,873	280,580	916,303	218,774	2,246,851
Disposals	-	-	(246,363)	(67,814)	(27,500)	(18,807)	(360,485)
Charge for the year	-	6,020	98,560	27,898	106,939	28,410	267,827
As at 30th June, 2019	-	102,340	587,070	240,664	995,742	228,377	2,154,193
Net book Value							
At 30 th June, 2019	826,510	198,660	47,079	80,038	250,527	-	1,402,815
At 30 th June, 2018	826,510	204,680	73,539	107,936	357,465	28,410	1,598,541

6.2.2 Intangible Assets as at 30th June, 2020

	TZS'000
Cost	
Cost as at 01 st July, 2019	588,238
Cost as at 30th June, 2020	<u><u>588,238</u></u>
Amortisation	
At 1 st July, 2019	588,237
Charge during the year USAID	-
Charge during the year ADB III	-
At 30th June, 2020	<u><u>588,237</u></u>
Net Book Value	
As at 30 th June, 2020	<u><u>1</u></u>
As at 30 th June, 2019	<u><u>1</u></u>

**Additional note 1: The Authority has some intangible assets which are fully amortized but are still in use and generating economic benefits to PPRA while other software are obsolete and fully amortized. Below is the table of fully amortized assets at cost.*

s/n	Asset category	Cost (TZS '000)	Remarks
1	Accounting (SAGE 300ERP) and Audit (TeamMate & ACL) Software's	185,765	Still in use
2	Old Accounting Software (SAGE ACCPAC)	402,473	Obsolete
	Total	588,238	

**Additional note 1: Intangible Assets as at 30th June, 2019*

	TZS'000
Cost	
Cost as at 01 st July, 2019	585,542
Additions	-
Cost as at 30th June, 2020	<u><u>585,542</u></u>
Amortisation	
At 1 st July, 209	585,541
Charge during the year	-
At 30th June, 2020	<u><u>585,541</u></u>
Net Book Value	
As at 30 th June, 2019	<u><u>1</u></u>

6.2.3 Deferred Income

Included in differed income are assets received from USAID through their appointed consultant namely Kilimanjaro International Corporation, assets inherited from the defunct Central Tender Board and assets received as Government grant. These have been included in property and equipment Note number 7.2.1. The movement in the current year is shown below;

	2019/20 TZS'000	2018/19 TZS'000
Opening balance as at 1 st July, 2019	1,022,613	1,028,633
Asset received - USAID PROJECT		
Asset received - BTC - EPC	34,315	72,100
Assets in kind recognized in the Statement of Financial Performance ¹	(31,480)	(78,120)
Net value as at 30th June, 2020	1,025,448	1,022,613

6.2.4 Receivables from Exchange Transactions

Details	2019/20 TZS'000	2018/19 TZS'000
Debtors	2,429,130	3,208,512
Provision for bad debts	(432,487)	-
Bad Debts Written off	(958,188)	-
Other receivables- AfDB III	2,108	-
Security Deposit - Rent	102,405	-
Total	<u>1,142,968</u>	<u>3,208,512</u>

100% of the debtors are Governments institutions, Agencies and Ministries. In the year end 2019/20 the Authority written off bad debts of TZS 958,188,000.

6.2.5 Receivables from Non-Exchange Transactions

Details	2019/20 TZS'000	2018/19 TZS'000
Authority Staff imprest	18,906	361,321
ADB III Project Staff imprest ²	19,404	517,618
USAID Project Staff imprest	-	5,370
Zone offices imprest	-	5,870
Total	<u>38,310</u>	<u>890,179</u>

6.2.6 Cash and Cash Equivalents

Details	2019/20 TZS'000	2018/19 TZS'000
Cash at Bank (PFMRP Account)	432,518	77,492
Cash at Bank (CRDB Operational account)	(33,929)	94,800
Cash at Bank (BOT PFMRP Account)	93,485	750,836
Cash at Bank (CRDB USAID Project Account)	-	6,872
Cash at Bank (NMB Collection Account)	20,644	77,849
Cash at Bank (CRDB GePG Collection Account)	19,730	-
Cash at Bank (CRDB ADB III Project Account)	58,336	(464)
Cash at Bank (NMB TANEPS Collection Account)	74,125	40,293
Cash in Hand	(90)	*** (4,737)
Cash at Bank (BOT ADB III Account)	1,846,798	834
Total	2,511,617	1,043,775
*** Additional note:		
Cash in hand Authority	7,885	(4,474)
Cash in hand ADB III Project	(7,975)	(263)
Total	(90)	(4,737)

Ministry of finance delayed remitting deduction funds to the Authority as a result the Authority had cash Book Overdraft which was settled on July, 2020.

6.2.7 Retirement Benefit Obligations

Gratuities for contract employees are regulated by the Provident Fund (Government Employees) Act, Cap. 51. Gratuity arrangement is based on 25% on the monthly basic pay and qualifies as a defined benefit plan. Gratuities are remitted to the Public Service Social Security Fund (PSSSF) which is responsible for keeping the funds and payment of gratuity of government contract employees. From February, 2013, Treasury - Ministry of Finance remits the gratuities directly to the PSSSF (Refer Treasury Registrar Circular with Ref. No. C/BE.115/187/01/154 of 11th July, 2013).

6.2.8 Liabilities Recognised Under Transfer Agreement**(a) Liabilities Recognised Under ADB-ADF Transfer Arrangements**

The United Republic of Tanzania signed a Protocol of Agreement with the African Development Fund (ADB-ADF) for the Institutional Support Project for Good Governance II in November, 2010. The total fund agreement in various convertible currencies does not exceed the equivalent of five million two hundred thousand Units of Account (UA 5,200,000). The project has two distinct components, namely (i) Improving Budget Credibility and Transparency and (ii) Enhancing Economic Policy Management. The rationale for this second phase is based on the need to consolidate the gains attained in the first phase, particularly in

terms of improving the rate of conformity to the Public Procurement Act (PPA) of 2004 revised in 2011 and 2016. The project's specific objective is to enhance the capacity, accountability and integrity in the management of public resources both in Mainland Tanzania and Zanzibar. The Project started in May, 2011 and was closed on 15th April, 2015.

The direct project beneficiaries in the Mainland Tanzania are Ministry of Finance and Planning (MoFP) which includes the PFMRP Secretariat in MoFP, the External Finance Department, Policy Analysis Department, the Budget Department and the Treasury (Internal Audit Office). Mainland beneficiaries also include the PPRA, NAOT and PCCB, as well as related procurement and public finance entities in local governments. In Zanzibar the beneficiary agencies include the following departments and offices within the MoF: External Finance, Economic Management and Budgeting, National Planning, Department of Stock Verification and Public Procurement (Public Procurement Division and the Registrar General's Office (RGO)). The Zanzibar beneficiaries also include Office of the Controller and Accountant General (OCAG), the Zanzibar Institute of Financial Administration (ZIFA), the House of Representatives, Directorate of Public Prosecution, and the Attorney General and the Judiciary.

The overall implementation of the Mainland component is under the overall supervision and guidance of a Project Steering Committee (PSC) under the chairmanship of the Chief Executive Officer (CEO) of the PPRA. Financial management is being carried out by the Project Coordination Unit (PCU) under the supervision of the Chief Executive Officer (CEO) of the PPRA.

At 30th June, 2020, the Authority recognized a liability of TZS 1,047.6 million related to a transfer to it conditional upon implementing Institutional Support for Good Governance Project III.

Liability recognized under transfer arrangements

	2019/20 TZS'000	2018/19 TZS'000
Adjusted opening balance brought forward	116,805	1,462,471
Transfers received during the year on ADB III	5,260,097	3,405,000
Direct Payments	1,679,191	448,070
Transfer revenue recognized during the year ADB II		-
Transfer revenue recognized during the year ADB III	(6,008,454)	(5,198,736)
Total liability recognized under transfer arrangements	<u>1,047,639</u>	<u>116,805</u>

Liability recognized under transfer arrangement for the year end 2017/18 and 2018/19 was undercharged by TZS 5,000 hence the comparative balances of 2019/20 in statement of financial position, statement of financial performance and statement of changes of net assets have been restated by TZS 5,000.

(b) Liabilities Recognised Under PFMRP- Basket Funding Transfer Arrangement

The Authority also receives funds for Development Activities under PFMRP - Basket funding. In 2018/19 Financial year, TZS 2,300 million was approved for Development activities and received TZS 1,200 million from the Basket. At 30th June, 2020, the Authority had spent a total of TZS 612,000,000 and committed the balance of TZS 383,000,000 for the activities that were on-going and therefore there was no any liability which was recognized.

	2019/20	2018/19
	TZS'000	TZS'000
Transfer received	995,000	1,200,000
Total fund	995,000	1,200,000
Transfer Revenue recognized during the year	995,000	1,200,000
Liability recognized under transfer arrangements	-	-

(c) Liabilities Recognised Under USAID Project Funding Transfer Arrangement

The United States Agency for International Development (USAID) and the United Republic of Tanzania (URT) entered into an agreement in September, 2013 to implement a four-year project for strengthening the role of Public Procurement Regulatory Authority (PPRA) as an Oversight Institution in Tanzania. The project is geared towards enhancing accountability by empowering the oversight body to deliver on its Medium-Term Strategic Plan (MTSP) as well as capacity strengthening of civil society for increased understanding of the procurement process and the importance of playing a watchdog role and in holding the government to account for the proper use of public resources. The total fund agreement for the project is USD 2.4 million, out of which USD 806,821 was approved to be utilized from the first year of the project until March, 2016.

This project will be managed by PPRA through its own staff with Technical Assistance from Capacity Development for Partners of Accountability (CDPA). The USAID Project Manager will work with the Director of Corporate Services (Partner Project Manager) to ensure proper administration of the Project, prudent management of the Project, compliance with the terms and conditions of the Project Implementation Letter (PIL), and maintenance of proper documentation.

	2019/20	2018/19
	TZS'000	TZS'000
Adjusted opening balance brought forward	34,314	106,825
Transfer received	-	-
Total fund	34,314	106,825
Transfer Revenue recognized during the year		(72,511)
Transfer of Asset to Authority	(34,314)	
Liability recognized under transfer arrangements	-	34,314

(d) Transfer revenue recognized during the year: -

	2019/20	2018/19
	TZS'000	TZS'000
Grants from ADB-ADF III	6,008,454	5,198,816
Transfer from PFMRP - Basket Fund	995,000	1,200,000
Transfer from USAID funding	-	72,511
Total	<u>7,003,454</u>	<u>6,471,327</u>

(e) Total Liability recognized under transfer arrangements: -

	2019/20	2018/19
	TZS'000	TZS'000
Liability under grants from ADB - ADF III	1,047,644	116,811
Liability under grants from USAID	-	34,314
Total	<u>1,047,644</u>	<u>151,125</u>

6.2.9 Payables from Exchange Transactions

	2019/20	2018/19
	TZS'000	TZS'000
Accounts payables (Authority)	200,873	1,186,236
Accounts payables (ADB III)	1,072,305	645,496
Provision for audit fees	136,822	156,054
Other payables	-	37,022
Total	<u>1,410,000</u>	<u>2,024,808</u>

*Additional note: Out of TZS 1,186,236 account payables from Authority, TZS 726,654 relates to accrued office rent from previous years at PPF Tower in Dar es Salaam. The Accountant General has verified the debt and it will be settled after receipt of fund from the central government.

6.2.10 Payables from Non-Exchange Transactions

	2019/20	2018/19
Details	TZS'000	TZS'000
Accruals (Authority) ³	1,338,826	1,182,290
Other payables (Procuring Entities)	146,830	-
Accruals (ADB III)	1,707	2,381
Other payables (Authority)	157,731	153,581
Other payables (ADB III)	2,250	50,402
Total	<u>1,647,344</u>	<u>1,388,654</u>

³ The amount relates to accrued staff benefits and allowances.

6.2.11 Government Grant

	2019/20	2018/19
Details	TZS'000	TZS'000
Operational funds	5,169,792	4,920,366
PFMRP Local fund - Govt contribution	240,000	-
Transfer from PFMRP - Basket Fund 9(d)	995,000	1,200,000
Total	6,404,792	6,120,366

6.2.12 USAID Grant

	2019/20	2018/19
Balance as at 1 st July, 2019	72,511	106,825
Closure of USAID Project	(72,511)	
Liability recognized under transfer arrangements 9(i)(c)		(34,314)
Total	-	72,511

6.2.13 Revenue from Exchange Transactions

	2019/20	2018/19
	TZS '000	TZS '000
Tailor-made training programmes & Workshops	352,300	437,020
Advertisements in TPJ Tender	172,900	203,350
Miscellaneous income	123,324	140,461
PMIS/TANePS Training Fees	328,255	3,850
Procurement Capability Assessment Fees	-	(6,602)
Dissemination Workshop Fees	98,150	80,310
Preferential Scheme Registration Fees	-	5
Procurement Governance Workshop fee	208,090	49,690
General Procurement Notice Advert in TPJ	50,500	108,500
Tender Information Disclosure in TPJ	208,075	229,050
Procurement Investigation fee	1,039,010	50,630
Other advert in TPJ	-	-
Registration fee TANePS	991,904	36,023
Total	3,572,508	1,332,287

6.2.14 Administrative Expenses

	2019/20	2018/19
	TZS '000	TZS '000
Funded by Government subventions	3,730,250	2,545,146
Audit fees	136,822	156,054
ADB III funding	64,214	960
USAID funding	-	277
Depreciation	117,823	350,571
Board Expenses	74,000	-
Bad Debts Written off (Note 6.2.4)	958,188	-
Total	5,081,297	3,053,008

6.2.15 Staff Expenses

	2019/20 TZS '000	2018/19 TZS '000
Personnel emoluments	2,171,935	2,217,069
Defined contribution plans	248,020	193,803
Defined benefit plan	129,517	217,317
NHIF	65,211	66,519
WCF	10,862	11,086
Grand Total	<u>2,625,545</u>	<u>2,705,794</u>

6.2.16 Capacity Building Expenses

	2019/20 TZS'000	2018/19 TZS'000
Funded by Government subventions	668,987	196,220
ADB III funding	123,498	41,687
Total	<u>792,485</u>	<u>237,907</u>

6.2.17 Monitoring and Compliance Expenses

	2019/20 TZS'000	2018/19 TZS'000
Funded by Government subventions	1,573,374	720,430
ADB III funding	330,570	130,734
Total	<u>1,903,944</u>	<u>851,164</u>

6.2.18 Information Technology Expenses

	2019/20 TZS'000	2018/19 TZS'000
Funded by Government subventions	1,305,977	441,839
ADB III funding	834,754	238,937
Sub-Total (a)	<u>2,140,731</u>	<u>680,776</u>

6.2.19 Training Expenses

	2019/20 TZS'000	2019/19 TZS'000
Government of Tanzania subventions	153,628	20,230
ADB III funding	549,299	1,397,687
Total	<u>702,927</u>	<u>1,417,917</u>

6.2.20 Office Set Up Expenses

The Authority incurred the following costs for setting up its offices

	2019/20	2018/19
	TZS'000	TZS'000
Office Rent	435,876	532,613
Electricity	30,457	56,608
Parking Fees	2,880	960
Total	469,213	590,181

6.2.21 Beneficiaries to ISPGG iii Expenses

	2019/20	2018/19
	TZS'000	TZS'000
National Audit Office (NAOT)	544,120	334,872
Ministry of Finance & Planning (MoFP)	719,854	90,600
Prevention and Combating of Corruption	640,593	1,812,860
Ethics Secretariat	389,552	210,697
Internal Auditor General	443,656	331,054
PMO (Labour)	659,288	160,197
Project Implementing Unit (PIU)	579,282	329,659
Total	3,976,345	3,269,939

6.2.22 Gain/(Loss) on foreign currency

	2019/20	2018/19
Balance as at 30 th June per GL in USD	-	368
Exchange rate applied	-	2,266
Balance as at 30 th June per GL TZS equivalent	-	834,046
Balance as at 30 th June per GL in TZS	-	9,043,234
Adjustment of difference of exchange rate on \$200,000 transferred @2160.68 on 2016/17 FY while receipt on TZS was @2115.68	-	-
Adjusted balance as at 30 th Jun per GL in TZS	-	9,043,234
Difference - Exchange gain (loss)	-	9,877,280

6.2.23 Reconciliation of Net Cash Flows from operating activities to Surplus/(Deficit):

Notes	2019/20	2018/19
	TZS'000	TZS'000

Surplus/(Deficit) for the year:		(717,065)	75,165
Adjustments for:			
Depreciation and amortization	7.2.15	117,823	350,571
Gain/ Loss on foreign currency	7.2.23	-	(9,877)
Increase in receivables (Exchange Transactions)	7.2.4	674,869	143,213
Increase in receivables (Non-Exchange Transactions)	7.2.5	851,869	841,786
Decrease in assets in kind	7.2.3	-	(78,120)
Increase in liabilities recognized under transfer arrangements	7.2.8(e)	899,353	(1,443,281)
Decrease in accounts payable from Non- exchange	7.2.9	(614,808)	636,786
Increase accounts payable from exchange	7.2.10	258,695	(436,489)
Prior year adjustments			
Decrease in payable due to prior year adjustments (<i>direct payments to supplier without passing through accounts payables</i>)			(18,759)
Adjustment due to system error on reserve opening balances			(74,438)
Cash generated from / (used in) operations		1,470,737	13,826

6.2.24 Related Party Transactions and Balances

The key management personnel (as defined by IPSAS 20, "Related Party Disclosures") are the members of Board of Directors and management, who together constitute the governing body of the Public Procurement Regulatory Authority (PPRA). The details of the payments to related parties have been included in item number 2.12 and 2.15 in the Director's Report.

6.2.25 Commitments

As at the financial position date, the Authority had the following commitments:

	2019/20	2018/19
Details	TZS '000	TZS '000
Approved and contracted for PFRMP activities	536,198	828,327
Total	536,198	828,327

6.2.26 Contingent Liability

On the labour dispute No. CMA/DSM/ILA/374/12/210 between the Authority and Mr. Raymond Joseph Mbishi for claim of unfair termination, the Commission for Mediation and Arbitration at CMA at Dar es Salaam Zone entered an exparte award to the tune of TZS 184,489,694 (Tanzanian Shillings, One Hundred Eighty-Four Million, Four Hundred Eight Nine Thousand Six Hundred Ninety-Four only) in favour of Mr. Raymond Joseph Mbishi.

This gives rise to a contingent liability of TZS 184,489,694 to the Authority and the provision has been made for this amount in the financial statements.

In December, 2016 the Authority filed an appeal before the High Court (Labour Division) against the decision of CMA. During the hearing of the revision, the Judge considered the grounds of the application. On 24th August, 2018, the Judge invoked power under section 91(4)(b) of the employment and Labour Relations Act, No. 6 of 2004 to set aside CMA exparte award and ordered the matter to proceed interparties before a different and competent arbitrator.

The matter was settled between parties by 30th June, 2020 after paying Eng. Raymond J. Mbishi the agreed amount of money. The status on the execution of the deed of settlement signed and filed at CMA on 10th December, 2019 regarding labour dispute No. CMA/DSM/ILA/794/12/210 was sent to CMA vide PPRA letter with Ref. No. PPRA/CPF/67/124 dated 19th August, 2020 for information and record.

6.2.27 Currency

These financial statements are presented in Tanzania shillings (TZS).

6.2.28 Schedule to reconcile revenue and expenditure from accrual to cash basis

Description	Reference to cash flow statement	Actual Amounts on Accrual Basis	Prior year accrued amount paid	Accrued Amount/Other amortization, gains	Direct payment	Prior years' imprest retired in 2018/19 FY	Actual Amount on Comparable Basis
		A	B	C	D	E	F=(A+B-C-D-E)
Revenue		TZ' 000	TZ' 000	TZ' 000	TZ' 000	TZ' 000	TZ' 000
Government subvention	6.2.28 (a)	6,404,792	-		2,562,445		3,842,348
Revenue from Exchange Transactions (Own Sources)	6.2.28 (c)	3,572,508	268,018	431,475			3,409,051
USAID Grant		-	-	-			-
ADB III Grant	6.2.28 (b)	6,008,454	930,834	-	1,679,191		5,260,097
Amortization of deferred Income		31,480	-				-
Total Revenue		16,017,234	1,198,852	431,475	4,241,636	-	12,511,496
Expenses							
Administrative expenses	6.2.28 (d)						

Description	Reference to cash flow statement	Actual Amounts on Accrual Basis	Prior year accrued amount paid	Accrued Amount/Other amortization, gains	Direct payment	Prior years' imprest retired in 2018/19 FY	Actual Amount on Comparable Basis
Funded by Government Subvention		3,804,249		1,534,635		65,077	2,204,537
Audit fees		136,822	207,934	140,000		-	204,756
ADB III Funding		64,214				-	64,214
USAID Funding		-				-	-
Depreciation and amortization		117,823					-
Staff costs	6.2.28 (e)	2,625,545	-	2,239,258	-		386,287
Capacity building expenses	6.2.28 (f)	792,485	-	25,949		-	719,196
Monitoring expenses	6.2.28 (g)	1,903,944	-	4,323		47,339	1,833,399
Information Technology	6.2.28 (h)	2,140,731	-	546,897		66,222	1,550,462
Training expenses	6.2.28 (i)	702,927	-	359,590		43,372	343,337
Office set up costs	6.2.28 (j)	469,213	-				469,213
Total (PPRA Only)		12,757,953					7,775,401
Other beneficiaries of ISPGG III	6.2.28 (k)	3,976,345	-	749,297			3,227,048
Depreciation and amortization							
Grand Total Expenses		16,734,299					11,002,450
Other Gains and Losses							
Gain on foreign exchange transactions		-	-	-			-
Amortization of deferred Income		-	-	-			-
(Deficit)/Surplu s		(717,065)				-	

6.2.29 Explanation for the Variance on statement of comparison of budget and actual

Revenue: The variance is caused by the following reasons: -

Funds allocated for Recurrent and Development Budget were less than what was budgeted for FY 2019/20. For the Government subvention, 4% were not received and 21% from Own sources were not collected as planned, for the development project, 58% were not received.

Expenses:

Due to financial constraints some activities could not be fully implemented, and hence actual expenditure were below the budget.