



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF PUBLIC
PROCUREMENT REGULATORY AUTHORITY FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2021

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

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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 and in Section 10 (1) of the Public Audit Act, Cap 418 (R.E 2021).

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: “Modernizing External Audit for Stronger Public Confidence”.

Core values

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

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

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.

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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 Authority
HIV/AIDS	Human Immune-Deficiency Virus/ Acquired Immune-Deficiency Syndrome
IAU	Internal Audit Unit
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 and Planning
MTSP	Medium Term Strategic Plan
NAOT	National Audit Office of Tanzania
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
ONA	Office of the National Assembly
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-PSMGG	President's Office-Public Service Management and Good Governance
PPA	Public Procurement Act Cap 410
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 Electronic Procurement System
TFRS	Tanzania Financial Reporting Standards
TPJ	Tanzania Procurement Journal
TZS	Tanzania Shilling
UD	User Department
USAID	United States Agency for International Development
VAT	Value Added Tax
VfM	Value for Money

1.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1.1 INTRODUCTION

In compliance with the Public Procurement Act (PPA) Cap 410 and the Tanzania Financial Reporting Standard (TFRS) No. 1 on the Report by Those Charged with Governance, the Board of Directors submits their report and the Financial Statements of the Public Procurement Regulatory Authority (PPRA) for the year ended 30 June 2021.

1.2 ESTABLISHMENT

PPRA is an autonomous body established under Section 7 (1) of PPA 2011 (Amended 2016), and 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 under Section 9 (1) of PPA 2011(Amended 2016)-

- 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 initiative 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 the 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 2020/21 are indicated in Table 1.

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	74	12 April 2016 to 11 April 2019. And re-appointed on 21 July 2019 to 18 July 2022
2	Prof. Sufian H. Bukurura	Member	PhD in Law	Tanzanian	65	03 September 2016 to 02 September 2019. And re-appointed on 10 May 2019 to 09 May 2023
3	Eng. Sylvester N. Mayunga	Member	MBA, BSc in Engineering	Tanzanian	57	15 September 2018 to 14 September 2021
4	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	Tanzanian	52	15 September 2018 to 14 September 2021
5	CPA. Rhoben P. Nkori	Member	MBA, CPA (T)	Tanzanian	49	15 September 2018 to 14 September 2021
6	Eng. Prof. Ninatubu M. Lema	Member	PhD project management, MSc engineering	Tanzanian	65	10 May 2020 to 09 May 2023
7	Adv. Grace M. J Mfinanga	Member	LLM	Tanzanian	62	10 May 2020 to 09 May 2023
8	Eng. Leonard S. Kapongo (Deceased)	Secretary/CEO	MSc. in Engineering	Tanzanian	59	26 October 2018 to 17 July 2021
9	Dr. Irene C. Isaka	Secretary/CEO	PhD in Economics	Tanzania	52	Appointed on 09 November, 2021

Source: Board Appointment letters

1.6 CORPORATE GOVERNANCE

The overall responsibilities of the Board of the Directors, among other things, include providing general oversight on 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.

1.6.1 BOARD COMMITTEES

During the year 2020/21, 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 core functions of public procurement namely monitoring and compliance, capacity building, technical advisory services as well as procurement information system.

1.6.2 Composition of Board Committees

Table 2, Table 3 and Table 4 show composition of the board's committees with service periods of members.

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	49	15/09/2018 to 14/09/2021
2	Adv. Grace M. J. Mfinanga	Member	LLM	Tanzanian	62	10/05/2020 to 09/05/2023
3	Eng. Sylvester N. Mayunga	Member	MBA, BSc in Engineering	Tanzanian	57	15/09/2018 to 14/09/2021
4	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	Tanzanian	52	15/09/2018 to 14/09/2021

Source: Audit Committee Appointment letters

Table 3: Advisory Committee

S/N	Name	Position	Discipline	Nationality	Age	Date Appointed
1	Prof. Sufian H. Bukurura	Chairman	PhD in Law	Tanzanian	65	10/05/2020 to 9/05/2023
2	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	Tanzanian	52	15/09/2018 to 14/09/2021
3	Adv. Grace M. J. Mfinanga	Member	LLM	Tanzanian	62	10/05/2020 to 09/05/2023
4	Eng. Prof. Ninatubu M. Lema	Member	PhD in project management, MSc. in Engineering	Tanzanian	65	10/05/2020 to 09/05/2023

Source: Advisory Committee Appointment letters

Table 4: Technical Committee

S/N	Name	Position	Discipline	Nationality	Age	Date Appointed
1.	Eng. Prof. Ninatubu M. Lema	Member	PhD in project management, MSc in engineering	Tanzanian	65	10/05/2020 to 9/05/2023
2.	Prof. Sufian H. Bukurura	Chairman	PhD in Law	Tanzanian	65	10/05/2020 to 9/05/2023
3.	Eng. Sylvester N. Mayunga	Member	BSc. in Engineering	Tanzanian	57	15/09/2018 to 14/09/2021
4.	CPA. Rhoben P. Nkori	Member	MBA, CPA (T)	Tanzanian	49	15/09/2018 to 14/09/2021

Source: Technical Committee Appointment letters

1.6.3 Attendance to Board Meetings

Paragraph 5(1) of the First Schedule to PPA 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 2020/21, a total of five meetings were planned and held. Table 5 indicates the number of meetings attended by the board members during FY ended 30 June, 2021.

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	4	5
2	Adv. Grace M. J. Mfinanga	Member	LLM	4	5
3	Prof. Sufian H. Bukurura	Member	PhD in Law	4	5
4	Eng. Sylvester N. Mayunga	Member	MBA, BSc in Engineering	4	5
5	Eng. Ephatar L. Mlavi	Member	MSc. in Engineering	4	5
6	CPA. Rhoben P. Nkori	Member	MBA, CPA (T)	4	3
7	Eng. Prof. Ninatubu M. Lema	Member	PhD in project management, MSc in engineering	4	4

Source: Board Attendance Register

1.6.4 Attendance to Committees Meetings

During financial year 2020/21, a total of six audit committee meetings were held, four meetings of the Advisory Committee were held whereas the Technical Committee held four meetings. Attendance to committee meetings is as shown in Table 6, Table 7 and Table 8.

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	4	4
2.	Adv. Grace M. J. Mfinanga	Member	4	5
3.	Eng. Sylvester N. Mayunga	Member	4	5
4.	Eng. Ephatar L. Mlavi	Member	4	5

Source: Audit Committee file

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	4	4
2	Eng. Ephatar L. Mlavi	Member	4	4
3	Adv Grace M. J. Mfinanga	Member	4	4
4	Eng. Prof. Ninatubu M. Lema	Member	4	2

Table 8: Attendance to Technical Committee meetings

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

1.7 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 2020/21, the directors were paid annual fees and sitting allowances as shown in Table 9.

Table 9: Board Remuneration

Details	Number of persons	2020/21	2019/20
		TZS '000	TZS '000
Directors' fees	8	72,000	24,500
Sitting allowance	8	49,650	49,500
Total Remuneration		121,650	74,000

Source: Accounts depart

1.8 RELATIONSHIP WITH STAKEHOLDERS

The Authority continued to maintain good relations with its 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, remunerations of senior staff were as follows: -

Details	Number of Staff	2020/21	2019/20
		TZS '000	TZS '000
Salaries	17	1,280,498	1,179,634
Retirement benefit obligations	17	283,214	129,517
Utilities	17	96,630	88,300
Housing allowance	17	119,400	109,200
Total		1,779,742	1,506,651

1.11 OVERALL PERFORMANCE

During the year 2020/21, PPRA recorded some remarkable achievements as explained in the succeeding subsection.

1.11.1 Implementation of TANePS

- a) A total of 718 entities (531 PEs and 187 delegated entities) had been connected to TANePS as compared to 509 PEs connected in the preceding year;
- b) 7,557 suppliers registered in TANePS during the year under review thus was making the total registered suppliers to be 21,194 as compared to 13,637 registered by end of the preceding financial year;
- c) Initiated the implementation of piloting e-Contract management module of TANePS to nine PEs namely NEC, Medical Store Department (MSD), Tanzania Revenue Authority (TRA),

Tanzania Ports Authority (TPA), Tanesco, Tanroads, Tanzania Airports Authority (TAA), Tanzania Broadcasting Corporation (TBC) and GPSA. The rollout of this module is expected to enhance efficiency by automating contract management processes in PEs; and

d) Continued to operate the Help Desk for TANEPS whereby an average of 250 calls were attended to per day. Similarly, 150 e-mails and 75 physical visits were received and attended to per week. 3,900 visitors were attended to during the year under review.

1.11.2 Capacity building interventions

a) Tailor-made training was offered to 646 public servants from 25 PEs on the application of PPA and procurement implementation tools as compared to 281 from 12 PEs in the preceding year. The Authority successfully met the demand for this type of training;

b) Conducted 23 dissemination workshops on PPA and the procurement implementation tools which attracted 1,867 public servants from 348 PEs compared to five such workshops which were conducted in the previous year attracting 216 public servants, signifying increased awareness of PPA and procurement implementation tools.

c) Conducted 48 training sessions on TANEPS which were attended by 1,320 public servants and 1,715 economic operators as compared to 2,707 public servants and 531 economic operators trained in the preceding year; and

d) As at 30 June 2021, the Authority had recorded and published details of 102 special groups (women, youth, the elderly and people with disabilities) on its website, as compared to 60 in the preceding year, who would benefit from public procurement opportunities exclusively set aside for such groups by PEs.

1.11.3 Advisory services

The Authority provided to 471 stakeholders, legal and technical advisory services on the application of PPA, PPR and procurement implementation tools.

1.11.4 Research and surveys on procurement matters

The Authority conducted a survey on the assessment of public procurement issues, challenges and satisfaction of PPRA services to its stakeholders. The survey report provides recommendations on improvement of public procurement issues.

1.11.5 Procurement implementation tools

a) Validated 10 procurement implementation tools out of 11 which were reviewed in the preceding year; and

b) Reviewed eight procurement implementation tools to align them with changes in PPA and TANEPS requirements.

11.1.6 Handling of application for retrospective approvals

The Paymaster General (PMG) was advised on 46 out of 67 applications for retrospective approval on emergency procurement compared to 52 out of 92 applications received in the year 2019/20.

11.1.7 Outreach capacity and visibility

- a) The Authority provided awareness to the public on its various activities and services including application of PPA and TANEPS through TV, Radio programs and participation in public events;
- b) Posted a total of 178 procurement related issues and other relevant information to its social media accounts namely Twitter, Facebook, Instagram and YouTube; and
- c) Coordinated the country's participation in the 13th EAPF held in Kigali in April 2021 whereby 17 delegates took part.

1.12 IMPLEMENTATION OF NATIONAL ANTI-CORRUPTION STRATEGY

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

1.13 CAPACITY TO DELIVER QUALITY SERVICES

PPRA continued to strengthen its capacity to deliver good quality services by implementing strategies that are stipulated in the Operational Plan for FY 2020/21. In order for the Authority to exercise its mandate and deliver quality services, the following were done as detailed in subsequent subsections.

1.13.1 Staff Complement

As at the end of FY 2020/21, the Authority's staff complement stood at 76 as compared to 71 in the preceding FY. The approved establishment of the Authority is 152. The staff complement as at 30 June 2021 is shown in Table 10.

Table 10: Staff complement as at 30 June 2021

S/N.	Staff Category	Number of Staff		Total
		Male	Female	
1.	Managerial Staff	11	6	17
2.	Technical Staff	30	14	44
3.	Support Staff	7	8	15
	Total	48	28	76

Source: Human Resource and Administration Section

11.13.2 Training Support

The Authority enhanced educational levels and skills of its employees in managerial, regulatory and technical areas. During the year under review, 29 employees attended

seminars and workshops organized by professional bodies; 27 attended short term training; and 8 staff attended long-term training. Details of the training are presented in Table 11.

Table 11: Training attended by staff in 2020/2021

S/N	Description of training	Number of staff		
		Female	Male	Total
1.	Long term training	2	6	8
2.	Short term training	10	17	27
3.	Professional seminars and workshops	8	21	29

1.13.3 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 137.93 million as medical expenses under NHIF.

1.13.4 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.

1.13.5 Interventions against COVID -19

During the year under review, PPRA adhered to Government's directives on how to protect and reduce transmission of COVID -19 pandemic to staff. The Authority provided sanitizers in the office, hand sanitizers and face masks to its staff. Furthermore, staff were continuously appraised on the government guidelines and measures to be taken against the pandemic while they are in the office as well as out of the office.

1.13.6 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 2020/21 is TZS 360.62 million (2019/20 was TZS 377.53 million).

1.14 REVIEW OF PERFORMANCE OF PES

1.14.1 Routine monitoring of compliance

(a) *Compliance of PEs on the use of TANePS*

A total of 718 entities were registered in TANePS, out of which, 588 submitted APPs through the system. However, only APPs from 574 (447 PEs and 127 delegated), which is 80 percent of the entities registered, were approved and published through the system, whereas APPs from 14 entities were not published because they had anomalies. The total value of APPs published

through the system was TZS 25.82 trillion. Furthermore, 366 entities or 64 percent of those who had their APPs published, went on to carry out procurement through TANEPS whereas, on the other hand, 208 entities (81 PEs and 127 delegated entities), or 36 percent, did not carry out procurement through the system. It was also noted that only 194 entities which is 53 percent of 366 entities which conducted their procurement in TANEPS published their awards in the system.

(b) Internal audit reports

The Authority received 161 reports from 75 PEs compared to 77 reports received from 45 PEs in FY 2019/20. The trend although still low, indicates 5 percent improvement as compared to the preceding year.

1.14.2 Procurement Audits

The Authority conducted audits in 86 entities whereas, one entity was assessed on VfM audit only, 53 entities were assessed on both compliance and value for money audits while 32 entities were assessed on compliance audit only. Audited entities comprised of 31 MDAs, 27 LGAs, 24 PAs and 4 delegated entities. The compliance audit covered 85 entities (81 PEs and 4 delegated entities). Out of audited entities 29 processed some of their procurement within TANEPS and others outside TANEPS, 15 processed all of their procurement inside TANEPS while 41 processed all procurements outside TANEPS.

(a) Compliance audit

(i) The total number of sampled and audited contracts were 8,838 with a total value of TZS 9,165.33 billion. The overall compliance level of 85 entities was 75 percent, a decrease by 3.8 percent compared to 78.8 percent for FY 2019/20 and which is also below the targeted level of 80 percent set by PPRA for the year under review.

(ii) Although the compliance level dropped, overall compliance for 15 entities which processed all of their procurements through TANEPS, was satisfactory at 80.3 percent compared to 73.1 percent for the 41 entities which processed all of their procurements outside TANEPS and 75.2 percent for 29 entities which processed theirs both within and outside TANEPS.

(iii) Five entities or 5.9 percent of audited entities had poor compliance level with score below 60 percent, 47 entities or 55.3 percent had fair compliance level ranging between 60 and 79 percent while 33 entities or 38.8 percent had a satisfactory level with score of 80 percent and above. PEs with poor performance were Kondo TC (49.2 percent), Mbogwe DC (50.7 percent), Chato DC (51.1 percent) Tanzania Livestock Research Institute (52.5 percent) and Biharamulo DC (58.1 percent).

(iv) Entities with fair compliance included 17 LGAs, 16 PAs, and 14 MDAs, while entities with satisfactory compliance included five LGAs, seven PAs and 21 MDAs.

(v) Top 10 entities with their compliance levels in brackets were PSSSF (94 percent), Office of TR (93.3 percent), TARURA HQ (90.8 percent), ACGEN (90.5 percent), TMA (89.8 percent),

MoFP (88.6 percent), TASAC (87.1 percent), RAS Arusha (86.2 percent), REA (86.2 percent) and NCAA (86.1 percent).

(b) Compliance for entities with contract volumes of TZS 20 billion and above

The sampled 16 entities and delegated entities had a total number of 1,712 contracts (19 percent of audited contracts) with a total value of TZS 8,527.35 billion (93 percent of the total TZS 9,165.33 of all audited procurements. Overall compliance level was satisfactory at 80.4 percent, exceeding the target level of 80 percent.

(c) Value for Money Audit Results

(i) Value for Money audits were carried out on 54 entities (50 PEs and 4 delegated entities) consisting 27 MDAs, 12 LGAs and 15 PAs. The 27 MDAs included four delegated entities, namely Tanroads Kagera, Tanroads Kilimanjaro, Tanroads Arusha and Tanroads Mtwara.

(ii) Performance (VfM) audits were conducted on 282 various contracts worth TZS 5,750.43 billion, including 38 building works, 28 roads and bridges construction works, 1 railway construction work, 4 electrical works, 5 water supply and irrigation schemes, 133 goods, 29 consultancy services and 44 non-consultancy services.

(iii) The overall VfM performance of the 54 entities was 84.6 percent, a satisfactory performance and an increase of 2.4 percent compared to the last year's performance, which was 82.2 percent for 62 audited entities.

(iv) Out of all audited contracts, 242 contracts or 85.5 percent, had satisfactory performance; 39 contracts or 13.8 percent, attained fair performance and one contract or 0.4 percent, had poor performance.

(v) Furthermore, 88 out of 282 contracts (31.2 percent by number) with a total value of TZS 5,577.97 billion, were in progress while 194 contracts or 68.8 percent by number, with total value of TZS 172.46 billion, were completed.

(d) Compliance and value for money audit conducted at RUWASA

(i) The audit was on eight selected RUWASA water projects, out of which seven were implemented through force account. The total value of the eight projects was TZS 12.79 billion (VAT Incl.). Three projects, namely Kanogeline, Majimoto and Karema, worth TZS 1.42 billion, were implemented in Katavi, two namely Mtowisa and Muze group, worth TZS 4.10 billion, were in Rukwa, Mgambazi project worth 295.00 million, was in Kigoma, Suguta project, worth TZS 565.00 million, was in Dodoma and Mwakaleli project, worth 4.49 billion was in Mbeya.

(ii) Individual specific performances were Kanogeline 60 percent, Majimoto 64 percent, Karema 69 percent, Mtowisa 72 percent, Suguta 74 percent, Mwakaleli 65 percent and Mgambazi 67 percent. Muze group project, which was not implemented through force account, scored 74 percent.

(e) Analysis of projects implemented through force account

- (i) The audit covered 492 projects, out of which 455 belonged to LGAs, 25 to Parastatal Organizations and 12 to Agencies. The total value of the projects was TZS 63,426,631,588.00 (VAT incl.).
- (ii) Noted weaknesses were in institutional set-up, tendering processes, contract preparation, contract implementation and in record keeping.

(f) Procurement Audit of PFMRP

Value for Money audit was also carried out in five PEs implementing PFMRP, namely National Audit Office of Tanzania (NAOT), ACGEN, MoFP, Office of the Treasury Registrar (OTR) and President Office-Regional Administration and Local Government (PO-RALG). The total number of audited contracts was 15 with a total value TZS 1.15 billion. The results were as follows:

- (i) The overall VfM performance for all contracts was 91 percent, which is satisfactory performance; and
- (ii) Individual VfM scores were NAOT (84 percent), ACGEN (96.8 percent), MOFP (95.8 percent), OTR (98.45 percent) and PPORALG (80 percent); and
- (iii) The contracts had low corruption red flags in all three phases while the overall red flag score was 2.6 percent, indicating a low likelihood of corruption.

(g) Assessment of corruption red flags

The assessment in 85 entities revealed that three contracts/projects, worth TZS 616.5 million, which is 0.5 percent of the total value of TZS 123.3 billion of all contracts, had had high corruption red flags. The contracts were Construction of infrastructure at DRIMP Plots - Phase II (worth TZS 233.9 million), belonging to Dar es Salaam City Council, which scored 30 percent; Supply of Building Materials and Hardware for Agriculture Workshop at Mbigiri Estate (worth TZS 286 million) by Mkulazi Holding Company Limited, which scored 25 percent, and Supply of Mobile Afis Equipment (worth TZS 96.6 million) belonging to Tanzania Revenue Authority, which also scored 25 percent.

(h) Assessment on allocation of 30 percent of PEs' annual volume of procurement to special groups

It was revealed that only few PEs adhered to the legal requirement of setting aside 30 percent of their annual procurement to special groups. Out of 86 PEs, two (or two percent) did meet the requirement, three (four percent), set aside part of their annual procurement while 81 PEs (94 percent), did not set aside anything.

(i) Implementation of previous audit recommendations

The Authority made a follow up in 55 entities on implementation of previous audit recommendations and discovered that out of 1,498 recommendations, 773 recommendations

(52 percent) were fully implemented, 283 (equivalent to 19 percent), were partially implemented while 442 equivalent (29 percent) were not implemented at all.

(j) Assessment of efficiency on procurement processes

The Authority also sought to assess efficiency in processing procurement - from initiation of requirements up to signing of contracts. The assessment involved 421 tenders which, were implemented in 60 out of 82 PEs and 4 delegated entities. The assessment revealed that,

- i) the average time spent in processing ICB tenders was 212 days, equivalent to 1.5 times the stipulated maximum of 140 days;
- ii) For NRT method, the average time spent was 120 days - less than the stipulated maximum of 126 days;
- iii) The NCB method used the average of 139 days - 1.05 times the stipulated maximum 133 of days;
- iv) Single Source procurement method used the average of 133 days or 1.29 times the stipulated maximum of 103 days;
- v) NCS method with expression of interest, used 305 days on average compared to the stipulated maximum of 244 days while procurements without expression of interest used 189 days - more than the 170 days stipulated maximum; and lastly
- vi) Tenders processed under NCQ method used an average time of 110 days, that is, less than the stipulated maximum of 123 days.

(k) Investigations and special audits

PPRA conducted special audits to eight PEs involving 5,530 tenders/contracts worth TZS 207.153 billion. The entities involved were the Ministry of Agriculture (19 tenders/contracts), University of Dar es Salaam (1 contract), RITA (79 tenders/contracts), Ilala Municipal Council/Dar es Salaam City Council (224 tenders/contracts), Sokoine University of Agriculture (1,494 tenders/contracts), Ministry of Finance (2 contracts), Ministry of Water (11 contracts) and Temesa (3,700 tenders/contracts). The special audits revealed that,

- i) the Government suffered loss to the tune of TZS 580.27 million, which emanated from interest charges on delayed payments (TZS 93.70 million), holding obsolete stock (TZS 273.02 million), non-imposition of liquidated damages on delayed deliveries (TZS 86.92 million), unnecessary advertisement costs (TZS 1.17 million) and costs due to inappropriate retendering (TZS 125.46 million); and
- ii) The Government would have saved TZS 1.17 billion if the recommendations issued after the investigations/ special audits had been effectively implemented.

1.15 CHALLENGES AND WAY FORWARD

The Authority, while exercising its oversight function encountered several challenges. Table 12 summarizes sector related challenges and way forward whereas Table 12 summarizes Internal related challenges and way forward.

Table 12: Sectoral Related Challenges and Way Forward

S/N	Challenge	Way Forward
1	Insufficient knowledge and awareness of PPA, PPR, PIT and TANEPS as well as on opportunities available to special groups hinder compliance of some PEs and procurement opportunities for economic operators	Sustained capacity building interventions to the parties.
2	Lack of integrity as they lead some PEs into editing STDs in areas where they are not authorized and even into collusion between staff and tenderers	Continue improving controls and report staff who collude to their competent authorities
3	Inability or reluctance even of some PEs to submit mandatory reports to the Authority as per the requirements of the PPA	Enhance Monitoring of compliance and capacity building
4	Failure by some suppliers and service providers of CUIS to meet their contractual obligations	(i) To continue building capacities to PEs on contract management (ii) Enforcement measure of blacklisting defaulters
5	Some PEs have shown a reluctance in embracing use of TANEPS in procurement processes	Enhancing compliance monitoring and capacity building
6	Some PEs reluctant to implement some of the audit recommendations provided by the Authority.	To continue monitoring and enforcing implementation of TANEPS
7	Limited time frame provided to the Authority on the submission of Annual Performance Evaluation Report (APER)	The Authority will continue liaising with MoFP on the amendment of PPA regarding the annual reporting requirements.

Table 13: Internal Challenges and Way Forward

S/N	CHALLENGES	WAY FORWARD
1.	Insufficient staff compliment which affects number of required staff to serve in various positions including help desk and monitoring activities.	continue liaising with Prime Minister's Office (PMO), MoFP and PO-PSMGG to address the issue of staff compliment.
2.	Limited office space at HQ Building	(i) PMO approval has been granted for construction of PPRA Head Office Building in Dodoma. (ii) A consultant was engaged for the design and supervision of the project. (iii) A contractor for Construction of the

		building will be engaged in FY 2021/2022.
3.	Unsuitability of the location of zonal office at GPSA building Bohari Street Mwanga Dar es Salaam, hindering accessibility of servicers by customers due to high traffic in Julius Nyerere and Nelson Mandela Road during working hours.	The Authority is planning to building a zonal office at Kurasini in Dar es Salaam.

1.16 RESULTS FOR THE YEAR

During the year ended 30 June 2021, the Authority had a surplus of TZS 1.77 billion compared to a deficit of TZS 2.11 billion recorded in 2019/20. Expenses decreased by 30.03 % from TZS 18.12 billion in the previous year 2019/20 to TZS 12.68 billion in the year 2020/21 while revenue decreased by 9.78 percent from TZS 16.02 billion in the previous year 2019/20 to TZS 14.46 billion in the year 2020/21.


1.17 SOLVENCY

The Authority's state of affairs as at 30 June 2021 is reflected in these financial statements. The Board considers the Authority to be solvent.

1.18 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 by section 10 (1) of the Public Audit Act, Cap 418 (R.E. 2021).

By order of the Board



Chairman of the Board



Chief Executive Officer

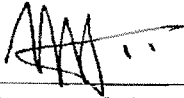
Date 21/03/2022

2.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Board is required by Section 26 of PPA, 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 30 June, 2021.

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 21/03/2022

3.0 DECLARATION OF THE HEAD OF FINANCE / ACCOUNTING

The National Board of Accountants and Auditors (NBAA) according to the powers 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 30 June 2021 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 of the Board,
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 Public Procurement Regulatory Authority, which comprise the statement of financial position as at 30 June 2021, 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 as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

Basis for Opinion

I conducted my audit in accordance with the 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 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, Cap 418 (R.E. 2021) 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 or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS


Compliance with the Public Procurement Laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Public Procurement Regulatory Authority (PPRA) for the financial year 2020/21 as per the Public Procurement Laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of Public Procurement Regulatory Authority is generally in compliance with the requirements of the Public Procurement Laws.


Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2022





5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS		2020/21	2019/20
		TZS (000)	TZS (000)
Current Assets			
Cash and Equivalents	6.2.4	2,934,339	2,511,617
Inventories	6.2.7	26,196	0
Prepayments	6.2.6	113,517	102,405
Receivables	6.2.5	1,215,622	1,078,873
Total Current Assets		4,289,674	3,692,895
Non-Current Assets			
Property, Plant and Equipment	6.2.1	432,770	461,377
Land	6.2.1	826,510	826,510
Total Non-Current Asset		1,259,280	1,287,887
TOTAL ASSETS		5,548,954	4,980,782
LIABILITIES			
Current Liabilities			
Deferred Income (Revenue)	6.2.9	22,951	0
Payables and Accruals	6.2.8	657,978	3,057,348
Total Current Liabilities		680,929	3,057,348
Non-Current Liabilities			
Deferred Income (Capital)	6.2.10	3,239,266	2,073,092
Total Non-Current Liabilities		3,239,266	2,073,092
TOTAL LIABILITIES		3,920,195	5,130,441
Net Assets		1,628,759	(149,659)
NET ASSETS /EQUITY			
Capital Contributed by:			
Accumulated		1,628,759	(149,659)
Surpluses/Deficits			
TOTAL NET ASSETS/EQUITY		1,628,759	(149,659)

Notes form part of the financial statements which were approved and signed on behalf of the Board of Directors by;


 Chairman of the Board


 Chief Executive Officer

Date 21/03/2022

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/21 TZS (000)	2019/20 TZS (000)
REVENUE			
Revenue			
Amortization of Revenue Grants from Government	6.2.13	8,579,509	12,413,246
Fees, Fine, Penalties and Forfeits	6.2.14	2,626,045	1,215,304
Gain on foreign currency transaction on ADB III Project	6.2.16	11,123	-
Other Revenue	6.2.15	<u>3,244,546</u>	<u>2,388,684</u>
Total Revenue		<u>14,461,223</u>	<u>16,017,234</u>
TOTAL REVENUE		<u>14,461,223</u>	<u>16,017,234</u>
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	6.2.17	5,012,839	4,386,625
Social Benefits	6.2.18	-	453,611
Supplies and Consumables Used	6.2.19	6,397,285	7,537,156
Maintenance Expenses	6.2.20	724,497	1,647,270
Other Expenses	6.2.21	396,445	1,646,226
Depreciation of Property, Plant and Equipment	6.2.2	151,739	117,823
Bad Debt	6.2.11	0	<u>2,336,263</u>
Total Expenses		<u>12,682,805</u>	<u>18,124,974</u>
TOTAL EXPENSES AND TRANSFERS		<u>12,682,805</u>	<u>18,124,974</u>
Surplus/ (Deficit)		<u>1,778,418</u>	<u>(2,107,740)</u>

Notes form part of the financial statements

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Tax Payer's Fund	Accum. Surplus/(Deficit)	Total
		TZS (000)	TZS (000)
Opening Balance as at 1 Jul, 2020	0	(149,659)	(149,659)
Surplus/Deficit for the Year	0	1,778,418	1,778,418
Closing Balance as at 30 June, 2021	0	1,628,759	1,628,759
Opening Balance as at 01 July, 2019	0	1,958,081	1,958,081
Surplus/Deficit for the Year	0	(2,107,740)	(2,107,740)
Closing Balance as at 30 June, 2020	0	(149,659)	(149,659)

Notes form part of the financial statements

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/21 TZS(000)	2019/20 TZS(000)
CASH FROM OPERATING ACTIVITES			
RECEIPTS			
Revenue Grants	6.2.26 (a)	5,908,151	9,102,446
Fees, Fines, Penalties and Forfeits	6.2.26 (b)	2,626,045	3,409,051
Other Revenue	6.2.26 (d)	3,187,002	-
Total Receipts	6.2.30 (a)	11,721,198	12,511,497
PAYMENTS			
Wages, Salaries and Employee benefits	6.2.26 (e)	(2,479,486)	(2,901,559)
Supplies and Consumable Used	6.2.26 (f)	(6,397,285)	(2,854,168)
Other Expenses	6.2.26(h)	(1,642,742)	(3,734,571)
Maintenance Expenses	6.2.26 (g)	(724,497)	(1,550,462)
Total Payment	6.2.30 (b)	(11,244,010)	(11,040,760)
NET CASH FLOW FROM OPERATING ACTIVITIES		477,188	1,470,737
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, Plant and Equipment	6.2.1	(65,589)	(2,895)
Total Investing Activities		(65,589)	(2,895)
NET CASH FLOW USED IN OPERATING ACTIVITIES		(65,589)	(2,895)
Net Change in Cashflows		411,599	1,467,842
Cash and Cash equivalent at beginning of Period		2,511,617	1,043,775
Effect of exchange rate	6.2.26 (c)	11,123	-
Cash and cash equivalent at end of period	6.2.4	2,934,339	2,511,617

Notes form part of the financial statements

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original Budget TZS (000)	Reallocations TZS (000)	Final Budget (B) TZS (000)	Actual Amount (A) TZS (000)	Variance (B- A) TZS (000)	Percentage %
RECEIPTS						
Fees, Fines, Penalties and other Revenue	6,156,930	70,361	6,227,291	5,870,591	(356,700)	(6)
Revenue Grants	13,578,635	535,918	14,114,553	8,579,509	(5,535,044)	(39)
Total Receipts	19,735,565	606,279	20,341,844	14,450,100	(5,891,744)	(29)
PAYMENTS						
Maintenance Expenses	1,374,415	148,000	1,522,415	724,497	(797,918)	(52)
Other Expenses	1,705,597	-247,836	1,457,761	396,445	(1,061,316)	(73)
Supplies and Consumables Used	7,980,550	-518,140	7,462,410	6,399,537	(1,062,873)	(14)
Wages, Salaries & Employee benefits	5,363,111	1,408,255	6,771,366	5,012,840	(1,758,526)	(26)
Acquisition of Intangibles	66,200	0	66,200	0	(66,200)	(100)
Acquisition of Property, Plant and Equipments	3,219,032	-184,000	3,035,032	123,132	(2,911,900)	(96)
Total Payment	19,708,904	606,279	20,315,184	12,656,451	(7,658,733)	(38)
Net Receipts/Payments	26,660	0	26,660	1,793,649		

This statement should be read in conjunction with Note 6.2.27.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 30 June 2021 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 financial position and performance are prepared on accrual basis. 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 New and amended standards adopted by the Authority

During the year no new standards issued however the Authority is aware of a number of new standards which is yet to be adopted; these are IPSAS 41 Financial instruments with effective date January 1, 2023. However, on November 2020 its application was deferred to January 01, 2023 due to COVID 19. IPSAS 42 Social Benefits; its effective date is January 01, 2023. Earlier application was encouraged; however, the Authority did not opt for early adoption. Also, the Authority is aware of several amendments in various standards issued November 2020 due to COVID 19.

6.1.3 Reclassification of Expenses

In preparation of 2020/2021 financial statements, expenses have been re classified to reflect the nature of expenses incurred (Classification by Nature), while previous year's financial statements were classified by function. The reasons for changes are;

- i. To have a clear understanding of the financial statements as per Government GFS Codes which is used for Budgeting and for consistency.
- ii. To align with the Central Government Financial reporting and simplify consolidation of the overall Government financial statements.

For comparison purposes, the 2019/2020 Financial statements have been changed to comply with IPSAS 1 and IPSAS 3.

6.1.4 Property, Plant and Equipment

Property, plant and equipment that qualify 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 loss. 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.

6.1.5 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.

6.1.6 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.

6.1.7 Provisions

Provisions are recognized when the Authority has a present or constructive obligation as a result of past events which it is probable that will result in an outflow of economic benefits that can be reliably estimated.

6.1.8 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.

6.1.9 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.

6.1.10 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.

6.1.11 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. On-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.

6.1.12 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.

Thus, according to MUSE accounting system all transfers/inflow from the government are recognized as assets and liability, then during operations the recipient reduce carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction

6.1.13 Retirement Benefit Obligations

Gratuities for contract employees are regulated by the Provident Fund (Government Employees) Act, Cap. 51. Gratuity arrangement is based on 25 percent 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 11 July 2013).

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

6.2. SCHEDULES TO SUPPORT FIGURES ON THE FINANCIAL STATEMENTS

6.2.1 Property and Equipment

Cost	Land TZS '000	Building TZS '000	Motor vehicle TZS '000	Computers TZS '000	Office Equipment TZS '000	Furniture TZS '000	Total TZS '000
As at 1 July 2020	826,510	301,000	634,149	320,702	1,246,269	231,273	3,559,903
Additions for the Year	0	0	0	29,830	34,444	58,858	123,132
As at 30 June 2021	826,510	301,000	634,149	350,532	1,280,713	290,131	3,683,035
Depreciation							
At 01 July 2020	0	108,360	588,172	268,562	1,078,014	228,908	2,272,016
Charge for the year	0	6,020	45,977	28,001	67,934	3,807	151,739
As at 30 June 2021	0	114,380	634,149	296,563	1,145,948	232,715	2,423,755
Net book Value							
At 30 June 2021	826,510	186,620	0	53,969	134,765	57,416	1,259,280
At 30 June 2020	826,510	192,640	45,977	52,140	168,255	2,365	1,287,887

a) Acquisition of PPE in 2020/21 of TZS 123,132 include TZS 65,589 acquired on cash and TZS 57,543 acquired on credit.

b) 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.

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

SN	Asset category	Land	Building	Motor vehicle	Computers	Office Equipment	Furniture	Total
		TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
	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 2020								
	Cost							
	As at 01 July, 2019	826,510	301,000	634,149	320,702	1,246,269	228,378	3,557,008
	Additions for the Year	0	0	0	0	0	2,895	2,895
	As at 30 June 2020	826,510	301,000	634,149	320,702	1,246,269	231,273	3,559,903
	Depreciation							
	At 01 July 2019	0	102,340	587,070	240,664	995,742	228,377	2,154,193
	Charge for the year	0	6,020	1,102	27,898	82,272	531	117,823
	As at 30 June 2020	0	108,360	588,172	268,562	1,078,014	228,908	2,272,016
	Net book Value							
	At 30 June 2020	826,510	192,640	45,977	52,140	168,255	2,365	1,287,887
	At 30 June 2019	826,510	198,660	47,079	80,038	250,527	0	1,402,815

6.2.2 Depreciation of Property, Plant and Equipment

	2021	2020
	TZS'000	TZS'000
Depreciation - Computers and Equipment	28,001	27,898
Depreciation - Furniture and Fittings	3,807	531
Depreciation - Motor Vehicle	45,977	1,102
Depreciation - Office Buildings	6,020	6,020
Depreciation - Office Equipment	67,934	82,272
	151,739	117,823

6.2.3 Intangible Assets

a) Intangible Assets as at 30 June 2021

Cost	TZS'000
Cost as at 30 June 2020	588,238
Additions	0
Cost as at 30 June 2021	588,238

Amortisation

At 1 July 2020	588,238
Charge during the year	0
At 30 June 2021	<u>588,238</u>

Net Book Value

As at 30 June 2021	0
As at 30 June 2020	0

b) Intangible Assets as at 30 June 2020

Cost	TZS '000
Cost as at 01 July 2019	588,238
Additions	0
Cost as at 30 June 2020	<u>588,238</u>

Amortisation

At 1 July 2019	588,238
Charge during the year	0
At 30 June 2020	<u>588,238</u>

Net Book Value

As at 30 June 2019	<u>0</u>
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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 (Team mated & ACL) Software's	185,765	Obsolete
2	Old Accounting Software (SAGEACCPAC	402,473	Obsolete
	Total	588,238	

6.2.4 - Cash and Cash Equivalents

BOT Own source Collection Account	817,187	0
Cash in hand	0	(90)
Deposit General Cash Account	0	0
Development Expenditure Cash Account	851,376	584,340
Own source Collection Account - CRDB	55,570	(14,199)
Own source Collection Account - NMB	80,460	94,769
Own source Recurrent Expenditure GF	1,158	0
Recurrent Expenditure Cash Account	22,622	0
USD BOT Collection Account	1,105,966	1,846,798
	<u>2,934,339</u>	<u>2,511,617</u>

6.2.5 - Receivables

Provision for doubtful debt	1,038,455	0
Imprest Receivable	175,059	38,310
Other Receivables	2,108	2,108
Trade Receivables	-	<u>1,038,455</u>
	<u>1,215,622</u>	<u>1,078,873</u>

6.2.6 - Prepayments

Advance for Work in Progress	11,112	0
Prepayment to Government Entities	<u>102,405</u>	<u>102,405</u>
	<u>113,517</u>	<u>102,405</u>

6.2.7 - Inventories

Consumables	26,196	0
	<u>26,196</u>	<u>0</u>

6.2.8 - Payables and Accruals

Deposit General	8,152	0
Misc. Deduction	18,871	0
Other Accounts Payables	468,269	1,718,522
Supplies of goods and services	175,819	0
Unapplied Deposit Account	5,056	0
Withholding tax	(18,188)	0
Staff Debts	0	1,338,826
	<u>657,978</u>	<u>3,057,348</u>

6.2.9 - Deferred Income (Revenue)

Recurrent Deferred Income	22,951	0
	<u>22,951</u>	<u>0</u>

6.2.10 - Deferred Income (Capital)

Deferred Capital Grant	1,015,943	1,025,448
Development Deferred Income	2,223,323	1,047,644
	<u>3,239,266</u>	<u>2,073,092</u>

6.2.11 - Bad Debt

Bad Debt	0	2,336,263
	<u>0</u>	<u>2,336,263</u>

6.2.12 Liabilities Recognised Under Transfer Agreement

(a) Liabilities Recognised Under ADB-ADF Transfer Arrangements

The Government of the United Republic of Tanzania (URT) through the Ministry of Finance and Planning (MOFP) entered into loan agreement with African Development Fund (ADF) to finance project activities under the Institutional Support Project for Good Governance (ISPGG) III ("the Project") for three years from 2016-2019. The Project Loan Agreement was signed on 24 March 2016 with the total fund agreement totalling to Units of Account (UA) 13.333 million, whereby ADF will provide a loan of UA 12 million and the government of URT will contribute UA 1.333 million as counterpart funds. The project is implemented in both Tanzania Mainland and Zanzibar. The amount allocated for the Tanzania Mainland is UA 9.05 million while UA 4.28 is allocated to Zanzibar. In Tanzania Mainland about UA 7.90 million of the total fund allocated is financed by the loan from ADF while UA 1.15 million come from Government Contribution.

The Project has seven beneficiary institutions namely the President Office- Ethics Secretariat (PO-ES), Prime Minister's Office, Labour, Youth, Employment and Persons with Disability (PMO-LYED), the Ministry of Finance and Planning (External Finance and Internal Auditor General Division), the Controller and Auditor General (CAG), Prevention and Combating Corruption Bureau (PCCB) and Public Procurement Regulatory Authority (PPRA). The indirect beneficiaries are the general population of Tanzania.

Implementation of the Mainland component is under the overall supervision and guidance of the Project Steering Committee (PSC) under the chairmanship of CEO of the PPRA. Financial management is being carried out by the Project Coordination Unit under the supervision of CEO of PPRA.

At 30 June 2021, the Authority recognized a liability of TZS 1,521.9 million related to a transfer to it conditional upon implementing Institutional Support for Good Governance Project III.

Liability recognized under transfer arrangements (Cont..)

	2020/21 TZS'000	2019/20 TZS'000
Adjusted opening balance brought forward	0	116,805
Transfers received during the year on ADB III	0	5,260,097
Direct Payments	0	1,697,191
BOT AfDB USD Account	1,094,842	
BOT Collection Account	427,105	0
Transfer revenue recognized during the year ADB III	0	(6,008,454)
Total liability recognized under transfer arrangements	<u>1,521,947</u>	<u>1,047,639</u>

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

The Authority also receives funds for Development Activities under PFMRP - Basket funding. In Financial year 2020/21, a total of TZS 2,210 million was approved for development activities and received TZS 1,200 million from the Basket and TZS 1,010 Million from Local funds. At 30 June 2021, the Authority had spent a total of TZS 1,508.6 million and committed the balance of TZS 701,376 for the activities that were on-going.

	2020/21 TZS'000	2019/20 TZS'000
Transfer received	2,210,000	995,000
Total fund	<u>2,210,000</u>	<u>995,000</u>
Transfer Revenue recognized during the year	(1,508,624)	995,000
Liability recognized under transfer arrangements	<u>701,376</u>	<u>0</u>

(c) Total Liability recognized under transfer arrangements: -

	2020/21 TZS'000	2019/20 TZS'000
Liability under grants from ADB - ADF III	1,521,947	1,047,644
Liability under grants from PFMRP	701,376	0
Total	2,223,323	1,047,644

6.2.13 -Amortization of Revenue Grants from the Government

Government Grant Development Foreign	3,938,779	6,008,454
Government Grant Other Charges	430,000	0
Government Grant Other Charges	1,500,279	0
Government Grant Personal Emolument	2,710,451	0
Subvention Capital	0	6,404,792
	<u>8,579,509</u>	<u>12,413,246</u>

6.2.14 Fees, Fines, Penalties & Forfeits

Advertising fees	1,155,180	172,900
Receipt from Annual Fees	660,930	50,500
Registration Fees	809,935	991,904
	<u>2,626,045</u>	<u>1,215,304</u>

6.2.15 Other Revenue

Miscellaneous Receipts	125,269	0
Miscellaneous Income	9,505	154,803
Professional Fees	40,740	1,039,010
Receipt from Audit fees	3,000	0
Receipt from Miscellaneous Fees	17,397	0
Receipt from Training and Examination Fees	1,285,000	986,795
Tender Documents	1,763,635	208,076
	3,244,546	2,388,684

6.2.16 -Gain /(Loss) on Foreign Currency

	2020/21	2019/20
Balance as at 30 June per GL in USD	481,078.04	0
Exchange rate applied	2,275.811	0
Balance as at 30 June per GL TZS equivalent	1,094,843	0
Adjustment of difference of exchange rate on (Usd 481,078.04*2298.9325)while closing rate used was 2,275.811	1,105,966	0
Adjusted balance as at 30 June per GL in TZS	1,105,966	
Difference - Exchange gain /(Loss)	11,123	

6.2.17 - Wages, Salaries and Employee Benefits

Acting Allowance	71,970	117,253
Civil Servants	2,710,451	2,171,935
Electricity	19,247	14,880
Extra - Duty	277,214	147,190
Furniture	0	16,000
Honoraria	439,408	367,112
Housing Allowance	413,530	371,350
Leave Travel	268,112	264,215
Medical and Dental Refunds	25,503	4,234
Moving Expenses	150	4,031
Outfit Allowance	12,021	20,358
Professional Allowances	72,000	0
Responsibility Allowance	270,000	267,000
Risk Allowance	0	5,800
Sitting Allowance	115,600	138,950
Special Allowance	219,785	401,165
Staff Debts	1,344	0
Subsistence Allowances	750	2,712
Telephone	89,954	72,440
Uniform Allowance	5,800	0
	<u>5,012,839</u>	<u>4,386,625</u>

6.2.18 - Social Benefits

National Health Insurance Scheme (NHIF)	-	65,211
Public Service Pension Fund (PSPF)	-	248,020
Statutory Contributions	-	140,380
	-	<u>453,611</u>

6.2.19 - Supplies and Consumables Used

Advertising and Publication	20,120	0
Air Travel Tickets	51,111	318,728
Audit Fees	120,000	136,822
Bank Charges and Commissions	1,796	15,593
Burial Expenses	14,200	5,451
Cleaning Supplies	6,406	0
Communication Equipment	12,139	0
Communication Network Services	1,868	0
Compensation	0	(74,490)
Computer Software	32,115	26,186
Computer Supplies and Accessories	0	797
Conference Facilities	517,654	1,060,319
Consultancy Fees	869,170	554,958
Courier Services	6,577	0
Diesel	306,645	262,476
Drugs and Medicines	0	18,128
Electricity	54,108	30,457
Entertainment	55,231	59,750
Exhibition, Festivals and Celebrations	23,733	0
Food and Refreshments	220,900	156,650
Furniture and Appliances	0	451,279

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Gifts and Prizes	85,356	15,591
Ground Transport (Bus, Train, Water)	202,472	0
Ground Travel (Bus, Railway, taxi etc)	432,343	428,516
Honorariums (expert opinion)	19,950	119,450
Internet and Email connections	63,795	139,193
Legal Fees	5,000	0
Mobile Charges	250	0
Newspapers and Magazines	7,037	7,883
Office Consumables (papers, pencil, pens and stationeries)	85,785	338,859
Outsourcing Costs (includes cleaning and security services)	123,538	138,941
Per Diem - Domestic	1,656,785	1,458,390
Per Diem - Foreign	362,593	668,425
Posts and Telegraphs	12,243	36,485
Printing and Photocopy Paper	7,961	25,403
Printing and Photocopying Costs	29,921	0
Publicity	0	14,317
Remuneration of Instructors	34,990	3,600
Rent - Office Accommodation	460,210	438,756
Research and Dissertation	0	52,631
Software Licence Fees	0	2,738
Special Operations	52,994	0
Subscription Fees	4,158	44,471
Sundry Expenses	23,814	25,581
Technical Material	45,972	109,513
Technical Service Fees	60	0
Training Materials	31,600	63,912
Tuition Fees	328,665	371,461
Uniforms	0	2,094
Visa Application Fees	6,020	2,802
Wire, Wireless, Telephone, Telex Services and Facsimile	0	5,040
	<u>6,397,285</u>	<u>7,537,156</u>

6.2.20 - Maintenance Expenses

Computers, Printers, Scanners and other computer related equipment	22,945	927,605
Fax machines and other small office equipment	0	524,206
Motor Vehicles and Water Craft	70,013	50,422
Outsource maintenance contract services	598,859	121,061
Panel and body shop repair materials and services	0	6,785
Small tools and equipment	0	2,472
Telephones and Office PABX systems	0	560
Tyres and Batteries	<u>32,680</u>	<u>14,159</u>
	<u>724,497</u>	<u>1,647,270</u>

6.2.21- Other Expenses

Other Payments	396,445	1,646,226
	<u>396,445</u>	<u>1,646,226</u>

2.22 Beneficiaries to ISPGG III Expenses

	2020/21	2019/20
	TZS'000	TZS'000
National Audit Office (NAOT)	91,884	544,120
Public Procurement Regulatory Authority (PPRA)	441,750	0
Ministry of Finance & Planning (MoFP)	337,975	719,854
Prevention and Combating of Corruption	648,037	640,593
Ethics Secretariat (ES)	0	389,552
Internal Auditor General (IAGD)	477,998	443,656
PMO (Labour, Youth and People with Disabilities)	157,667	659,288
Project Implementing Unit (PIU)& depreciation	1,312,398	579,282
Total	3,467,709	3,976,345

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

	Notes	2020/21	2019/20
		TZS'000	TZS'000
Surplus/(Deficit) for the year:		1,767,294	(717,065)
Adjustments for:			
Depreciation and amortization	6.2.10	151,740	117,824
Amortization of Revenue	6.2.14	(57,544)	0
Increase in receivables	6.2.22	(136,749)	1,526,738
Increase in inventories	6.2.24	(26,196)	0
Increase in Prepayments	6.2.23	(11,112)	0
Increase in deferred income (revenue)	6.2.26	22,951	0
Increase in deferred income (capital)	6.2.27	1,166,174	899,353
Decrease in accounts payables	6.2.25	(2,399,370)	(356,113)
Cash generated from / (used in) operations		477,188	1,470,737

6.2.24 Related Party Transactions and Balances

The key management personnel (as defined by IPSAS 20, "Related Party Disclosures") are the members of the Board of Directors and Management, who together, constitute the governing body of PPRA. Details of the payments to the related parties have been included in item number 1.7 and 1.10 in the Statement of those Charged with Governance.

6.2.25 Carry over Budget

As at the financial position date, the Authority had the following carry over budget:

	2020/21	2019/20
Details	TZS '000	TZS '000

PFRMP activities	791,782	536,198
ISPGG III Project	3,648,053	0
PE Deductions	41,495	0
Development Own source	344,840	0
Total	<u>4,826,170</u>	<u>536,198</u>

6.2.26 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 Payments	Actual Amount on Comparable Basis
		A	B	C	D	F=(A+B-C-D-E)
Revenue		TZ' 000	TZ' 000	TZ' 000	TZ' 000	TZ' 000
Amortization of Revenue Grants	6.2.26(a)	8,579,509	-	2,671,358	-	5,908,151
Fees, Fines, Penalties and Forfeits	6.2.26 (b)	2,626,045	-	-	-	2,626,045
Gain on foreign currency transaction - ADB III Project	6.2.26 (c)	11,123	-	11,123	-	-
Other Revenue	6.2.26(d)	3,244,546	-	57,544	-	3,187,002
Total Revenue		14,461,223	-	2,740,025	-	11,721,198
Expenses						
Wages, Salaries and Employee Benefits	6.2.26 (e)	5,012,839	-	-	2,533,353	2,479,486
Supplies and Consumables used	6.2.26 (f)	6,397,285	-	-	-	6,397,285
Maintenance expenses	6.2.26 (g)	724,497	-	-	-	724,497
Other Expenses	6.2.26 (h)	396,445	1,246,297	-	-	1,642,742
Depreciation and amortization	6.2.26 (i)	151,739	-	151,739	-	-
Total Expenses		12,682,805	1,246,297	2,685,092	-	11,244,010
Other Gains and Losses						
(Deficit)/Surplus		1,778,418	-	-	-	477,188

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

Revenue:

Funds allocated for Recurrent and Development Budget were less than what was budgeted for FY 2020/21. The Authority received during the year under review 92 percent of Government subvention for Recurrent Expenditure, 99 percent Own sources projected and 35 percent of funds budgeted for ISPGGIII.

Expenses:

The Authority had on going activities and contracts as at the year end and therefore expenditure was lower than the budgeted amount.

6.2.28 Contingent Liability

As at 30 June 2021 there is no contingent liability.

6.2.29 Currency

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

6.2.30 Analysis of Cash receipts and payments presented in Cash flow

a) Cash Receipts		2020/21	2019/20
Description	TZS	TZS	TZS
Revenue as per Statement of Financial Performance	14,461,223	16,017,234	
Less: Non - Cash Receipts	(2,740,025)	(5,571,282)	
Add: Balance of Accounts Receivables as at 01.07	1,040,563	3,208,512	
Sub - total	12,761,761	13,654,464	
Less: Balance of Accounts Receivables as at 30.6	(1,040,563)	(1,142,968)	
Cash receipts for the year	11,721,198	12,511,496	
b) Cash Payments		2020/21	2019/20
Description	TZS	TZS	TZS
Expenditure as per Statement of Financial Performance	12,682,805	18,124,973	
Less: Non - Cash payments	(3,860,483)	(6,744,591)	
Less: Imprest& prepayment opening balance	(140,716)	(890,179)	
Add: Imprest& Prepayment closing balance	288,576	38,310	
Less: Inventory stock opening	-	-	
Add: Inventory stock closing balance	26,196	-	
			44

b) Cash Payments	2020/21	2019/20
Less: Depreciation & amortization	(151,740)	117,823
Sub - total	8,844,640	10,646,336
Add: Balance of Accounts Payables as at 01.07	3,057,348	3,413,462
Less: Balance of Accounts Payables as at 30.06	(657,978)	(3,057,348)
Sub - total	2,399,370	356,114
Cash payments for the year	11,244,010	11,002,450