



**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 30<sup>TH</sup> JUNE, 2008**

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**DAR ES SALAAM.**

*May, 2009*

**Office of the Controller and Auditor General,  
The National Audit Office,  
United Republic of Tanzania.**

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

The statutory duties and responsibilities of the Controller and Auditor General are enshrined under Article 143 of the Constitution of the URT of 1977 (revised 2005), and further elaborated under Sect. 10 (1) of the Public Audit Act No. 11 of 2008.

**Vision**

To be a centre of excellence in public sector auditing.

**Mission**

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

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

**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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## **REPORT OF THE DIRECTORS**

In compliance with the Public Procurement Act, 2004 of Tanzania and the Tanzania Financial Accounting Standard No. 12 on Directors Report, the Directors submit their report and the audited financial statements of Public Procurement Regulatory Authority (PPRA) for the year ended 30 June, 2008.

### **1 DIRECTORS**

The Directors of the Authority at the date of this report, who held office during the year since 1 July, 2007 except as otherwise stated are:

| <b>Name</b>            | <b>Position</b> | <b>Nationality</b>                  |
|------------------------|-----------------|-------------------------------------|
| Dr. Enos Bukuku        | Chairperson     | Tanzanian                           |
| Mrs. Salome Sijaona    | Director        | Tanzanian                           |
| Mr. Abubakar Rajabu    | Director        | Tanzanian (Retired on 1 May 2008)   |
| Mr. Peter Magunguli    | Director        | Tanzanian (Retired on 1 May 2008)   |
| Mr. Justin Mding'i     | Director        | Tanzanian (Retired on 1 May 2008)   |
| Mr. Julius Mamiro      | Director        | Tanzanian                           |
| Ms. Mwamini Tulli      | Director        | Tanzanian                           |
| Mr. Omary Chambo       | Director        | Tanzanian (Appointed on 1 May 2008) |
| Dr. Edmund Mndolwa     | Director        | Tanzanian (Appointed on 1 May 2008) |
| Hon. Mussa Azzan Zungu | Director        | Tanzanian (Appointed on 1 May 2008) |
| Dr. Ramadhan.S. Mlinga | Director        | Tanzanian                           |

### **2 DIRECTORS' RESONSIBILITY FOR FINANCIAL REPORTING**

The Directors are required by the Public Procurement Act of 2004 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 Directors confirm 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, 2008. The Directors, also confirm that the International Public Sector Accounting Standards (IPSAS); have been followed. The Directors are 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.

### **3 PRINCIPAL ACTIVITIES**

The Public Procurement Regulatory Authority (PPRA) was established within the Ministry of Finance under the Public Procurement Act, 2004. The functions of the Authority can be grouped into six major areas:-

- (a) Offering advisory services to Government Entities and individuals and general public on procurement related matters;
- (b) Monitor compliance with the PPA 2004, its regulations and guidelines;
- (c) Prepare and disseminate Standard tender documents and guidelines for better carrying out of procurement activities;
- (d) Store and disseminate information on procurement opportunities, tender awards and any other relevant information on public procurement system in the country
- (e) Design and implement procurement capacity building strategy in the country; and

- (f) Facilitate resolution of procurement complaints.

#### **4 ACHIEVEMENTS DURING THE YEAR**

The following were major achievements during the period that PPRA has been in operation:

- a) Conducted monitoring of procurement activities of PEs through implementation of the system for checking and monitoring procurement (SCMP) activities whereby 70 Procurement Entities (PEs) were audited, 149 PEs were visited and 79 PEs were trained on the use of SCMP;
- b) Carried out investigations of 15 cases of allegations on mis-procurement
- c) Tailor made training of 913 technical staff from 14 Procurement Entities on PPA,2004 and its regulations was conducted;
- d) Three workshops for members of Parliamentary Committees, namely Finance and Economic Affairs Committee (20 members), Public Accounts and Local Government Accounts Committee (20 members), and Public Organisations Committee (25 members) were conducted;
- e) Developed and disseminated various bidding documents, guidelines and procedural forms for better carrying out of procurement functions by Procuring Entities and bidders;
- f) Rolled out of Procurement Management Information System (PMIS) to 66 PEs;
- g) Developed a database to accommodate suppliers, contractors and consultants as a part of PMIS;
- h) Developed a Help desk system for managing IT problems and is being tested;
- i) Established a bi monthly Tanzania Procurement Journal aimed at providing procurement stakeholders with vital information on procurement activities in the country; and
- j) Organized successfully the third meeting of OECD-DAC JV meeting on procurement which was attended by 85 foreign and 73 local participants respectively.

#### **5 RESULTS OF THE YEAR**

In 2007/08, The Authority got a surplus of TZS 1,317 million out of the total revenue of TZS 5,605 million against total operating expenses of TZS 4,288 million This compares well with the 2006/2007 results which recorded surplus of TZS 646 million out of the total receipts of TZS. 3,488 million against total operating expenses of TZS. 2,842 million

#### **6 SOLVENCY**

The Authority's state of affairs as at 30<sup>th</sup> June, 2008 is set out on page 8 of these financial statements. The directors consider the Authority to be solvent.

#### **7 AUDITORS**

The Controller and Auditor General is the Statutory auditor of the Public Procurement Regulatory Authority (PPRA) by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section 30 (1) c of the Public Finance Act (PFA) No 6 of 2001 (revised 2004). However, in accordance with section 37(5) of the

**PUBLIC PROCUREMENT REGULATORY AUTHORITY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

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PFA, Innovex Auditors were authorized to conduct audit of the PPRA accounts on behalf of the Controller and Auditor General.

**8 BOARD MEETINGS**

The Board of Directors held seven ordinary meeting and four extraordinary board meeting during the year under review. There were also seven ordinary meetings and one extra ordinary meeting of the Board's committees during the year.

In the Financial year 2007/2008 the Board agreed to form an audit Committee of the Board, which was inaugurated in August, 2008 and held its first meeting on 23<sup>rd</sup> September, 2008.

**BY ORDER OF THE BOARD**

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**Director**

**Date.....2009**

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**Chief Executive Officer**

To: Board Chairman,  
Procurement Regulatory Authority,  
P. O. Box 49,  
Dar es salaam.

**Report of the Controller an Auditor General on the financial statements of Public Procurement Regulatory Authority for the year ended 30<sup>th</sup> June, 2008**

1. I have audited the financial statements of Public Procurement Regulatory Authority which comprise the statement of financial position as at 30<sup>th</sup> June 2008, statement of financial performance, statement of changes of net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended 30<sup>th</sup> June 2008, and a summary of significant accounting policies and other related notes set out on page 7 to 27 of this report.

**Management's Responsibility for the Financial Statements**

2. The Public Procurement Regulatory Authority management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

3. My responsibility as an auditor is to express an independent opinion on these financial statements based on my audit. I conducted the audit in accordance with International Standards on Auditing (ISA). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. Sect 44(2) of the Public Procurement Act No.21 of 2004 and Regulation No. 31 of the Public Procurement (Goods, Works, Non-consultant services and disposal of Public Assets by Tender) Regulations of 2005, requires me to state in my annual audit report whether or not the auditee has complied with the provisions of the law and its Regulations.

## PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

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

### INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PPRA (Cont...)

#### **Unqualified Opinion**

In my opinion, the financial statements fairly reflect, in all material respects the financial position of the Public Procurement Regulatory Authority as at 30 June 2008, the financial performance, the changes in net assets and cash flows of the Authority for the year then ended in accordance with International Public Sector Accounting Standards.

#### **Report on Compliance with Procurement Legislation**

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and process I reviewed as part of this audit, I state that, PPRA has generally complied with the requirement of the Public Procurement Act No.21 of 2004 and its underlying Regulations of 2005. On the basis of performance indicators that were evaluated, PPRA's overall performance and compliance with the PPA, 2004 and PPR, 2005 is 84%.

Ludovick S. L. Utouh

**CONTROLLER AND AUDITOR GENERAL**

Office of the Controller and Auditor General,  
The National Audit Office,  
**Dar es Salaam.**  
21<sup>st</sup> May, 2009

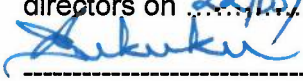


PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2008**

|                                                    | <u>Notes</u> | <u>2008<br/>TZS'000</u> | <u>2007<br/>TZS'000</u> |
|----------------------------------------------------|--------------|-------------------------|-------------------------|
| <b>Assets</b>                                      |              |                         |                         |
| <b>Non-current assets</b>                          |              |                         |                         |
| Property and equipment                             | 2            | 685,181                 | 395,324                 |
| Intangible assets                                  | 2(i)         | 143,298                 | -                       |
|                                                    |              | <u>828,479</u>          | <u>395,324</u>          |
| <b>Current assets</b>                              |              |                         |                         |
| Staff and other receivables                        | 3            | 132,147                 | 162,032                 |
| Prepayments-gratuity to contract employees         |              | 360,175                 | -                       |
| Cash and cash equivalents                          | 4            | 1,976,618               | 427,082                 |
|                                                    |              | <u>2,468,940</u>        | <u>589,114</u>          |
| <b>Total assets</b>                                |              | <u><u>3,297,419</u></u> | <u><u>984,438</u></u>   |
| <b>Liabilities</b>                                 |              |                         |                         |
| <b>Non-current liabilities</b>                     |              |                         |                         |
| Assets in kind (deferred)                          | 2 (ii)       | 101,601                 | -                       |
| Retirement benefit obligations                     | 5 (b)        | 280,765                 | 159,907                 |
|                                                    |              | <u>382,366</u>          | <u>159,907</u>          |
| <b>Current liabilities</b>                         |              |                         |                         |
| Retirement benefit obligations                     | 5 (a)        | 79,410                  | -                       |
| Liabilities recognized under transfer arrangements | 6            | 408,191                 | 65,337                  |
| Accounts payable                                   | 7            | 465,040                 | 113,409                 |
|                                                    |              | <u>952,641</u>          | <u>178,746</u>          |
| <b>Total liabilities</b>                           |              | <u>1,335,007</u>        | <u>338,653</u>          |
| <b>Net assets</b>                                  |              | <u>1,962,412</u>        | <u>645,785</u>          |
| <b>NET ASSETS/EQUITY</b>                           |              |                         |                         |
| Accumulated surplus brought forward                |              | 645,785                 | -                       |
| Surplus for the year                               |              | 1,316,627               | 645,785                 |
| <b>Total Net Assets / Equity</b>                   |              | <u><u>1,962,412</u></u> | <u><u>645,785</u></u>   |

The financial statements on pages 7 to 11 were approved for issue by the board of directors on 22/05/2009 and signed on its behalf by:





Director

Chief Executive Officer

The Notes on pages 12 to 27 form an integral part of these financial statements  
Report of the Auditors – Page 5 to 6

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2008**

|                                            | Notes    | 2008             | 2007             |
|--------------------------------------------|----------|------------------|------------------|
|                                            |          | TZS'000          | TZS'000          |
| <b>Operating revenue</b>                   |          |                  |                  |
| Transfer revenue:                          |          |                  |                  |
| Assets in kind                             | 2(i) a   | 12,586           | 37,760           |
| ADB grant                                  | 6(i)     | 1,339,652        | 124,546          |
| Government grant                           | 8        | 4,145,791        | 3,318,501        |
|                                            |          | <u>5,498,029</u> | <u>3,480,807</u> |
| Other income                               | 9        | 100,436          | 5,470            |
| <b>Total operating revenue</b>             |          | <u>5,598,465</u> | <u>3,486,277</u> |
| <b>Operating expenses</b>                  |          |                  |                  |
| Administrative expenses                    | 11       | 1,496,941        | 836,755          |
| Capacity building expenses                 | 12       | 158,949          | 404,804          |
| Monitoring expenses                        | 13       | 152,203          | 206,281          |
| Information technology                     | 14       | 81,549           | -                |
| Training expenses                          | 15       | 610,581          | 187,235          |
| Office set up costs                        | 16       | 298,602          | 228,278          |
| Staff costs                                | 17       | 1,309,139        | 960,567          |
| Depreciation (including intangible assets) | 2 & 2(i) | 180,251          | 17,867           |
| <b>Total operating expenses</b>            |          | <u>4,288,215</u> | <u>2,841,787</u> |
| <b>Surplus from operating activities</b>   |          | <u>1,310,250</u> | <u>644,490</u>   |
| Finance income                             |          | 6,377            | 1,295            |
| <b>Total non operating revenue</b>         |          | <u>6,377</u>     | <u>1,295</u>     |
| <b>Net surplus for the year</b>            |          | <u>1,316,627</u> | <u>645,785</u>   |

The financial statements on pages 7 to 11 were approved for issue by the board of directors on 22/05/2009 and signed on its behalf by:



Director



Chief Executive Officer

The Notes on pages 12 to 27 form an integral part of these financial statements

Report of the auditors –Page 5 to 6

**PUBLIC PROCUREMENT REGULATORY AUTHORITY**

**STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2008**

|                                           | <u>2008</u><br><u>TZS'000</u> | <u>2007</u><br><u>TZS'000</u> |
|-------------------------------------------|-------------------------------|-------------------------------|
| Net assets at the beginning of the period | <b>645,785</b>                | -                             |
| Net Surplus for the year                  | <u>1,316,627</u>              | <u>645,785</u>                |
| Net assets at the end of the period       | <u><b>1,962,412</b></u>       | <u>645,785</u>                |

The Notes on pages 12 to 27 form an integral part of these financial statements

Report of the auditors –Page 5 to 6

# PUBLIC PROCUREMENT REGULATORY AUTHORITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| <b>Operating activities</b>                  | <u>Notes</u> | <b>2008</b>             | <b>2007</b>           |
|----------------------------------------------|--------------|-------------------------|-----------------------|
|                                              |              | <u>TZS'000</u>          | <u>TZS'000</u>        |
| Net cash from operations                     | 10           | <b>2,061,340</b>        | 840,273               |
| <b>Investing activities</b>                  |              |                         |                       |
| Purchase of property, plant and equipment    | 2            | <u><b>(511,805)</b></u> | <u>(413,191)</u>      |
| Net cash used in investing activities        |              | <u><b>(511,805)</b></u> | <u>(413,191)</u>      |
| <b>Increase in cash and cash equivalents</b> |              | <u><b>1,549,535</b></u> | <u>427,082</u>        |
| <b>Movement in cash and cash equivalents</b> |              |                         |                       |
| Cash at beginning of year                    |              | <u><b>427,082</b></u>   | <u>-</u>              |
| Increase in cash and cash equivalents        |              | <u><b>1,549,535</b></u> | <u>427,082</u>        |
| Cash and cash equivalents at the end of year | 4            | <u><b>1,976,617</b></u> | <u><b>427,082</b></u> |

The Notes on pages 13 to 28 form an integral part of these financial statements  
Report of the auditors – Page 5 to 7

**PUBLIC PROCUREMENT REGULATORY AUTHORITY**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2008**

|                            | <u>Notes</u> | Budget<br>amounts<br>Original | Final                   | Actual<br>amounts on<br>Comparison<br>Basis | Difference:<br>Final<br>Budget<br>and Actual |
|----------------------------|--------------|-------------------------------|-------------------------|---------------------------------------------|----------------------------------------------|
|                            |              | <u>TZS'000</u>                | <u>TZS'000</u>          | <u>TZS'000</u>                              | <u>TZS'000</u>                               |
| Administrative expenses    | 11           | 2,106,991                     | 2,220,291               | 1,496,941                                   | 723,350                                      |
| Capacity building expenses | 12           | 610,090                       | 613,490                 | 158,949                                     | 454,541                                      |
| Monitoring expenses        | 13           | 529,352                       | 529,352                 | 152,203                                     | 377,149                                      |
| Information Technology     | 14           | 180,191                       | 180,191                 | 81,549                                      | 98,642                                       |
| Training expenses          | 15           | 1,063,045                     | 1,063,045               | 610,581                                     | 452,464                                      |
| Office set up costs        | 16           | 373,569                       | 319,369                 | 298,602                                     | 20,767                                       |
| Staff costs                | 17           | 1,341,600                     | 1,309,850               | 1,309,139                                   | 711                                          |
| Depreciation               | 2            | -                             | -                       | 180,251                                     | (180,251)                                    |
| <b>Total</b>               |              | <b><u>6,204,838</u></b>       | <b><u>6,235,588</u></b> | <b><u>4,288,215</u></b>                     | <b><u>1,947,373</u></b>                      |

The Notes on pages 12 to 27 form an integral part of these financial statements  
Report of the auditors – Page 5 to 6

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**1. GENERAL INFORMATION**

**(a) Statute**

- (i) The Public Procurement Regulatory Authority was established by the Public Procurement Act, No. 21 of 2004. The Act stipulates in detail the objectives, functions and powers of the Authority. The Authority offices are located at the 8<sup>th</sup> Floor of PPF Tower, Ohio/Garden Avenue, Dar es Salaam.
- (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. The Chief Executive Officer carries out the day to day operations of the Authority.

**(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.

**1.1 Basis of Preparation**

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). These financial statements are the second financial statements of the Authority. The policies set below have been consistently applied to all the year (s) presented except for those relating to the classification and measurement of financial instruments.

These financial statements have been prepared under historical cost convention. No adjustments have been made for other inflationary factors affecting the accounts.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The financial statements comply with International Public Sector Accounting Standards for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of assets. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**1.2 Property and Equipment**

Property and equipment are initially recorded at cost. These assets are subsequently shown at historical cost, less 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.

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:

| <b>Description</b>                 | <b>Rate (%)<br/>Per Annum</b> |
|------------------------------------|-------------------------------|
| Motor vehicles                     | 25                            |
| Computers                          | 33.3                          |
| Furniture, Fittings and Equipments | 25                            |

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 is charged to the profit and loss account 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.

**1.3 Intangible assets**

Generally, costs associated with maintaining computer software programmes are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Authority and has a probable benefit accruing to the Authority beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortized using the straight line method over their useful lives, estimated at two years.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**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.

**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 consumers are stated at cost less any provision for obsolescence. Any obsolete items are provided for in full in the year they are detected.

**1.6 Revenues**

**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. Monetary assets are measured at their nominal value unless the time value of money is material, in which case present value is used, calculated using a discount rate that reflects the risk inherent in holding the asset. 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.

**1.7 Financial Instruments**

Financial assets and liabilities are recognised on the Authority's statement of financial position when the Authority has become a party to the contractual provisions of the instrument.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

*Accounts receivables*

Accounts receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables.

*Accounts payables*

Accounts payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

**1.8 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 (PSPF, LAPF, NSSF and PPF) 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 balance sheet 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.

**1.9 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**(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 Income Statement.

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.

**1.10 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 the conditions attaching to government grants have been complied with they are recognized in profit or loss. When they are for expenses or losses already incurred, they are recognized immediately in profit or loss.

Government subventions and ADB grants are accounted for on cash basis and recorded in the Financial Performance Statement while Millennium Challenge Threshold grant has been recorded in the Financial Performance Report as revenue on receipt of non current assets as the grant, is not subject to conditions that , if unfulfilled require the return of transfer resources. The Millennium Challenge Threshold programme was implemented by USAID using an appointed consultant.

**1.11 Cash and cash equivalent**

Cash and cash equivalent include cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft. Bank overdraft is shown within borrowings in current liabilities.

**1.12 Provisions**

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

**1.13 Financial risk management**

The Authority's activities expose it to a variety of financial risks: foreign currency risks. The Authority's overall risk management programme seeks to minimize potential adverse effects on the Authority's financial performance. Risk management is carried out by the management on behalf of the Board of Directors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Foreign currency risks**

As and when the need arises, the Authority enters into transactions denominated in foreign currencies (primarily United States Dollars (US\$)). In addition, the Authority has assets and liabilities dominated in United States Dollars (US\$). As a result, The Authority is subjected to transaction and translation exposure from fluctuations in foreign currency exchange rates.

The effect of foreign currency risk however is not significant and therefore the management does not hedge against foreign currency risks.

**1.14 Estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 1.2 above.

**1.15 Comparative Figures**

Where necessary, the comparative figures will be classified to conform to changes in presentation in the respective year of reporting. As this is the second audit of the Authority's financial statements, comparative figures for the period 2006/2007 are presented along with this year's figures.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**
**2. PROPERTY AND EQUIPMENT**

|                                               | <b>Motor Vehicles<br/>TZS'000</b> | <b>Computers<br/>TZS'000</b> | <b>Office<br/>equipment<br/>TZS'000</b> | <b>Furniture &amp;<br/>Fittings<br/>TZS'000</b> | <b>Total<br/>TZS'000</b> |
|-----------------------------------------------|-----------------------------------|------------------------------|-----------------------------------------|-------------------------------------------------|--------------------------|
| <b>Cost</b>                                   |                                   |                              |                                         |                                                 |                          |
| At 1 July 2007                                | 329,126                           | 63,897                       | -                                       | 20,168                                          | 413,191                  |
| Additions                                     | 171,508                           | 103,848                      | 139,687                                 | 16,788                                          | 431,831                  |
| <b>Cost at 30 June<br/>2008</b>               | <b>500,634</b>                    | <b>167,745</b>               | <b>139,687</b>                          | <b>36,956</b>                                   | <b>845,022</b>           |
| <b>Depreciation</b>                           |                                   |                              |                                         |                                                 |                          |
| At 1 July 2007                                | 13,714                            | 2,476                        | -                                       | 1,677                                           | 17,867                   |
| Charge during<br>the year                     | 97,271                            | 21,086                       | 14,378                                  | 9,239                                           | 141,974                  |
| <b>At 30 June<br/>2008</b>                    | <b>110,985</b>                    | <b>23,562</b>                | <b>14,378</b>                           | <b>10,916</b>                                   | <b>159,841</b>           |
| <b>Net book value<br/>At 30 June<br/>2008</b> |                                   |                              |                                         |                                                 |                          |
|                                               | <b>389,649</b>                    | <b>144,183</b>               | <b>125,309</b>                          | <b>26,040</b>                                   | <b>685,181</b>           |
| At 30 June 2007                               | 315,412                           | 61,421                       | -                                       | 18,491                                          | 395,324                  |

**(i) Software**

|                                           |                |
|-------------------------------------------|----------------|
|                                           | <b>TZS'000</b> |
| Cost as at 30 June 2008                   | 181,575        |
| Depreciation as at 30 June 2008           | (38,277)       |
| <b>Net Book Value<br/>At 30 June 2008</b> | <b>143,298</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

(ii) **Assets in kind**

As at the end of 2007/08, the Authority had received from USAID through their appointed consultant, namely Kilimanjaro International Corporation the following assets (2006/07: TZS 37.761 million):

| <b>Sub item</b>                                                                             | <b>Quantity</b> | <b>Cost (in USD)</b> | <b>Cost (TZS'000 equivalent)</b> |
|---------------------------------------------------------------------------------------------|-----------------|----------------------|----------------------------------|
| Lap Top Computer                                                                            | 10              | 13,200               | 16,954                           |
| Desk top Computers & Software                                                               | 15              | 16,200               | 20,807                           |
| <b>Cost as at 30 June 2007</b>                                                              |                 | <b>29,400</b>        | <b>37,761</b>                    |
|                                                                                             |                 |                      |                                  |
| MS SQL CAL 2000 English Open User CAL                                                       | 1               |                      | 17,236                           |
| Storage Controller HP Smart Array E200/64MB Controller (RAID 0/1/1+0) - Server              | 1               |                      | 29,821                           |
| Rack Cabinet Pallet 10642 G2 (42U)                                                          | 1               |                      | 9,890                            |
| Storage Controller HP Smart Array E200i Controller with 128MB BBWC included (RAID 0,1/15,5) | 1               |                      | 15,959                           |
| HP LaserJet 3005dn                                                                          | 1               |                      | 2,530                            |
| MS Windows SQL Server Standard Edition 2005 License                                         | 1               |                      | 990                              |
| <b>Cost as at 30 June 2008</b>                                                              |                 |                      | <b>114,187</b>                   |
| Assets in kind recognized in the income statement (note 2 (ii) a)                           |                 |                      | (12,586)                         |
| <b>Net book value as at 30 June 2008</b>                                                    |                 |                      | <b>101,601</b>                   |

a) Assets in kind recognized in the income statement

|                | <b>2008</b>           | <b>2007</b>           |
|----------------|-----------------------|-----------------------|
|                | <b><u>TZS'000</u></b> | <b><u>TZS'000</u></b> |
| Assets in kind | <b><u>12,586</u></b>  | <b><u>37,760</u></b>  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**(iii) Assets inherited from Central Tender Board**

There are various assets which were inherited from the Central Tender Board which the Authority has been using since the 2006/2007 financial period. These assets however, have at the time of the audit (December 2008) not been fully transferred from the Ministry of Finance books to the Authority's and thus have not been included in the financial position. The assets include:

- Furniture and Fittings
- Office equipment
- Motor vehicles (2)
- Computers and printers

The valuation of the above assets is being completed.

**3. STAFF AND OTHER RECEIVABLES**

|                           | <b>2008</b>           | <b>2007</b>           |
|---------------------------|-----------------------|-----------------------|
|                           | <b><u>TZS'000</u></b> | <b><u>TZS'000</u></b> |
| Staff imprest receivables | <b>130,641</b>        | 155,413               |
| Other receivables         | <b>1,506</b>          | 6,619                 |
|                           | <b><u>132,147</u></b> | <u>162,032</u>        |

**4. CASH AND CASH EQUIVALENTS**

|                     |                          |                |
|---------------------|--------------------------|----------------|
| Cash at bank        | <b>1,376,618</b>         | 247,743        |
| Cash in hand        | -                        | 19,339         |
| Short term deposits | <b>600,000</b>           | 160,000        |
|                     | <b><u>*1,976,618</u></b> | <u>427,082</u> |

\*The Authority had capital commitments amounting to 947,505 as at 30 June 2008 (Note 19)

**5. RETIREMENT BENEFIT OBLIGATIONS**

For the period ended 30 June 2008, the Authority had a TZS 360.175 million (2007: TZS 159.9 million) funded non- contributory contract employee gratuity which provides for lump sum payments to its contract employees on their termination or completion of their contract periods. The fund arrangement was based on 25% on the monthly basic pay and qualifies as a defined benefit plan. This amount had been paid to GEPF by 30 June 2008.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**5. RETIREMENT BENEFIT OBLIGATIONS (Cont...)**

|                                                                     | <b>2008</b>           | 2007           |
|---------------------------------------------------------------------|-----------------------|----------------|
|                                                                     | <u><b>TZS'000</b></u> | <u>TZS'000</u> |
| a) Retirement benefit obligations falling due with one year         | <b>79,410</b>         | -              |
| b) Retirement benefit obligation failing due for more than one year | <b>280,765</b>        | 159,907        |

**6. 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 on 11 of February 2005. The total fund agreement in various convertible currencies does not exceed the equivalent of four million seven hundred and ninety seven thousand Units of Account (UA 4,797,000). The project has two distinct components, namely (i) Strengthening the Procurement Component in Mainland's Public Financial Management Reform Programme; and (ii) Supporting Good Governance Reforms in Zanzibar.

At June 30, 2008, the Authority recognized a liability of TZS 408.191 million related to a transfer to it conditional upon implementing Institutional Support for Good Governance Project.

|                                                               | <b>2008</b>             | 2007                  |
|---------------------------------------------------------------|-------------------------|-----------------------|
|                                                               | <u><b>TZS'000</b></u>   | <u>TZS'000</u>        |
| Opening balance brought forward                               | <b>65,338</b>           | -                     |
| Transfers received                                            | <b>1,682,505</b>        | 189,883               |
| Transfer revenue recognized during the year (Note 6 (i))      | <b>(1,339,652)</b>      | (124,546)             |
| <b>Total liability recognized under transfer arrangements</b> | <b><u>408,191</u></b>   | <b><u>65,337</u></b>  |
| <b>(i) Transfer revenue recognized during the year</b>        |                         |                       |
| Grants from ADB-ADF                                           | <b><u>1,339,652</u></b> | <b><u>124,546</u></b> |

**7. ACCOUNTS PAYABLE**

|                         |                       |                       |
|-------------------------|-----------------------|-----------------------|
| Payables                | <b>403,778</b>        | 43,606                |
| Accruals and provisions | <b>26,000</b>         | 67,706                |
| Other payables          | <b>326</b>            | 2,097                 |
|                         | <b><u>465,040</u></b> | <b><u>113,409</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. GOVERNMENT GRANT**

|                   | 2008<br>TZS'000  | 2007<br>TZS'000  |
|-------------------|------------------|------------------|
| Operational funds | 3,449,990        | 3,258,336        |
| Basket funding    | 695,801          | 60,165           |
|                   | <u>4,145,791</u> | <u>3,318,501</u> |

**9. OTHER INCOME**

|                                         |                |              |
|-----------------------------------------|----------------|--------------|
| Sales of bidding documents and PPA 2004 | 5,730          | 4,550        |
| Fees on complaint reviews               | 50             | 40           |
| Sales of procurement journal            | 14,447         | -            |
| Tailor-made training programmes         | 55,390         | -            |
| Refunds                                 | 24,709         | 880          |
|                                         | <u>100,436</u> | <u>5,470</u> |

**10. CASH GENERATED FROM OPERATIONS**

|                                                                           |              |                  |
|---------------------------------------------------------------------------|--------------|------------------|
| Reconciliation of surplus for the year to cash generated from operations: | <u>Notes</u> |                  |
| Surplus for the year:                                                     |              | 645,785          |
| Adjustments for:                                                          |              |                  |
| Depreciation (including intangible assets)                                | 2 &<br>2(i)  | 17,867           |
| Cash generated from operations before working capital changes             |              | 663,652          |
| Changes in working capital:                                               |              |                  |
| Increase in staff and other receivables                                   |              | (162,032)        |
| Increase in prepayments- gratuity                                         |              | -                |
| Increase in retirement benefit obligations                                |              | 159,907          |
| Increase in assets in kind (deferred)                                     |              | -                |
| Increases in liabilities recognized under transfer arrangement            |              | 65,337           |
| Increase in accounts payable                                              |              | 113,409          |
| Cash generated from operations                                            |              | <u>840,273</u>   |
|                                                                           |              | <u>2,061,340</u> |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**11. ADMINISTRATIVE EXPENSES**

|                                  | <b>2008</b>             | <b>2007</b>            |
|----------------------------------|-------------------------|------------------------|
|                                  | <b><u>TZS'000</u></b>   | <b><u>TZS'000</u></b>  |
| Funded by Government subventions | 1,288,767               | 811,164                |
| ADB funding                      | 208,174                 | 25,591                 |
|                                  | <b><u>1,496,941</u></b> | <b><u>836, 755</u></b> |

**12. CAPACITY BUILDING EXPENSES**

**(a) Government funding**

|                                                                                                       |                       |                       |
|-------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Implementation and monitoring of procurement capacity building strategy.                              | 8,848                 | 205,512               |
| Conducting one day workshop in four Zonal Centers for all stakeholders in Public Procurement annually | -                     | 62,215                |
| Conducting one 3 day workshop for heads of Procurement Management Units annually                      | -                     | 121,317               |
| Conducting one day workshop for Members of Parliament annually                                        | 20,915                | 15,760                |
| Preparation and issuance of Procurement Procedural Forms                                              | 3,810                 | -                     |
| National and international research surveys on procurement matters                                    | 39,150                | -                     |
| Maintenance of documentation Centre                                                                   | 3,118                 | -                     |
| Preparation of 5 new Bidding Documents, Guidelines and User-Manuals                                   | 8,675                 | -                     |
| Translating 10 Bidding Documents, Guidelines and User-Manuals into Swahili                            | 6,400                 | -                     |
| Tailor-made training                                                                                  | 33,602                | -                     |
|                                                                                                       | <b><u>124,517</u></b> | <b><u>404,804</u></b> |

**(b) ADB funding**

|                                                                     |                       |                       |
|---------------------------------------------------------------------|-----------------------|-----------------------|
| Preparation of 5 New Bidding Documents, Guidelines and User-Manuals | 25,582                | -                     |
| Consultancy – system for common use items                           | 8,850                 | -                     |
|                                                                     | <b><u>34,432</u></b>  | <b><u>-</u></b>       |
| <b>(a + b)</b>                                                      | <b><u>158,949</u></b> | <b><u>404,804</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**13. MONITORING AND COMPLIANCE EXPENSES**

The major activity involved testing of the checking and monitoring system in five pilots Procuring Entities.

| <b>Details</b>                                                                                                                                                     | <b>2008<br/>TZS'000</b> | <b>2007<br/>TZS'000</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Implementing a system for checking and monitoring procurement processes in all procurement entities (PEs) – verification of submitted information                  | 22,324                  | 69,110                  |
| Carrying out procurement investigations on allegations, reported cases, of suspected breaches in application of PPA 2004 and recommendation of appropriate actions | 54,878                  | 49,114                  |
| Implementing the checking and monitoring system to 50 local government authorities (LGAs)                                                                          | 65,741                  | 80,998                  |
| Carrying out procurement contracts and performance audits on 45 procurement entities and disseminating the output/results to stakeholders                          | 9,260                   | 7,059                   |
|                                                                                                                                                                    | <u>152,203</u>          | <u>206,281</u>          |

**14. INFORMATION TECHNOLOGY EXPENSES**

**(a) Government funding**

|                                                                   |               |          |
|-------------------------------------------------------------------|---------------|----------|
| Maintaining/servicing office equipment                            | 32,029        | -        |
| Maintaining PPRA website                                          | 9,893         | -        |
| Internet, mail and groupware maintenance services                 | 1,420         | -        |
| Developing in-house ad-hoc applications                           | 1,845         | -        |
| Preparation/distribution of Internet/intranet operational manuals | 3,780         | -        |
| MIS for checking and monitoring 100 procuring entities            | 18,990        | -        |
|                                                                   | <u>67,957</u> | <u>-</u> |

**(b) ADB funding**

|                                                     |               |          |
|-----------------------------------------------------|---------------|----------|
| Development of ICT policy                           | 4,634         | -        |
| Improving procurement management info system (PMIS) | 8,958         | -        |
|                                                     | <u>13,592</u> | <u>-</u> |

|                |               |          |
|----------------|---------------|----------|
| <b>(a +b )</b> | <u>81,549</u> | <u>-</u> |
|----------------|---------------|----------|

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**15. TRAINING EXPENSES**

| <b>Source</b>                      | <b>2008</b><br><b><u>TZS'000</u></b> | <b>2007</b><br><b><u>TZS'000</u></b> |
|------------------------------------|--------------------------------------|--------------------------------------|
| Government of Tanzania subventions | -                                    | 88,280                               |
| ADB funding                        | <b><u>610,581</u></b>                | <b><u>98,955</u></b>                 |
|                                    | <b><u>610,581</u></b>                | <b><u>187,235</u></b>                |

**16. OFFICE SET UP COSTS**

The Authority incurred the following costs for setting up its offices at the PPF Tower.

|                                  | <b>2008</b><br><b><u>TZS'000</u></b> | <b>2007</b><br><b><u>TZS'000</u></b> |
|----------------------------------|--------------------------------------|--------------------------------------|
| <b>Government funding</b>        |                                      |                                      |
| Office partitioning              | <b>36,367</b>                        | 54,099                               |
| Office Rent                      | <b>223,281</b>                       | 148,902                              |
| Web hosting fees                 | <b>355</b>                           | 25,176                               |
| TTCL Connection charges          | -                                    | 101                                  |
|                                  | <b><u>260,003</u></b>                | <b><u>228,278</u></b>                |
| <b>ADB funding</b>               |                                      |                                      |
| TTCL Internet connection charges | <b><u>38,599</u></b>                 | -                                    |
|                                  | <b><u>298,602</u></b>                | <b><u>228,278</u></b>                |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**17. STAFF COSTS**

|                                                       | <b>2008</b>             | 2007           |
|-------------------------------------------------------|-------------------------|----------------|
|                                                       | <b><u>TZS'000</u></b>   | <u>TZS'000</u> |
| Personnel emoluments                                  | <b>1,030,194</b>        | 757,041        |
| Gratuity and pension                                  | <b>247,808</b>          | 183,181        |
| NHIF                                                  | <b>31,137</b>           | 20,345         |
|                                                       | <b><u>1,309,139</u></b> | <u>960,567</u> |
| a) The following items are included in the staff cost |                         |                |
| Social security costs:                                |                         |                |
| Defined contribution plans                            | <b>26,171</b>           | 23,274         |
| Defined benefit plan                                  | <b>200,268</b>          | 159,907        |
| Other statutory payroll remittances                   | <b>62,274</b>           | 40,690         |
|                                                       | <b><u>268,673</u></b>   | <u>223,871</u> |

**18. 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 aggregate remuneration and number of members of the Board of Directors and management are:

|                                       |                          | <b>2008</b>             | 2007             |
|---------------------------------------|--------------------------|-------------------------|------------------|
|                                       | <b>Number of persons</b> | <b>TZS'000</b>          | TZS'000          |
| <b>(i) Directors remunerations</b>    |                          |                         |                  |
| Directors' fees                       | 8                        | <b>16,500</b>           | 10,500           |
| Sitting allowance                     | 8                        | <b>141,050</b>          | 26,500           |
| <b>ii) Senior staff remunerations</b> |                          |                         |                  |
| Salaries                              | 17                       | <b>816,086</b>          | 651,342          |
| Retirement benefit obligations        | 17                       | <b>200,268</b>          | 159,907          |
| Housing allowance                     | 17                       | <b>244,829</b>          | 202,840          |
|                                       |                          | <b><u>1,261,183</u></b> | <u>1,014,589</u> |

The senior staff consists of the Chief Executive Officer, the Heads of Divisions, Heads of independent Units and Heads of Sections.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**19. COMMITMENTS**

As at the financial position (balance sheet) date, the Authority had the following capital commitments:

|                                       | <b>2008</b>           | <b>2007</b>           |
|---------------------------------------|-----------------------|-----------------------|
|                                       | <b><u>TZS'000</u></b> | <b><u>TZS'000</u></b> |
| Approved and contracted for           | <b>930,373</b>        | 136,816               |
| Approved Local Purchase Orders (LPOs) | <b><u>17,132</u></b>  | <u>43,425</u>         |
|                                       | <b><u>947,505</u></b> | <u>180,241</u>        |

**20. CURRENCY**

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