

TANZANIA SOCIAL ACTION FUND



PRODUCTIVE SOCIAL SAFETY NET III

**COMPREHENSIVE FINANCIAL
MANAGEMENT MANUAL**

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ACRONYMS AND ABBREVIATIONS

ASP	Adaptive Social Protection
BMGF	Bill & Melinda Gates Foundation
CBO	Community Based Organization
CDD	Community Driven Development
COMSIP	Community Savings and Investment Promotion
CMT	Council Management Team
CT	Cash Transfer
DC	District Commissioner
DFA	Director of Finance and Administration
DFATD	Department of Foreign Affairs, Trade and Development
DP	Development Partner
FCDO	Foreign, Commonwealth and Development Office
FMR	Financial Management Report
FSDT	Financial Sector Deeping Trust
FYDP	Five Year Development Plan
GAFMD	Government Accounting and Financial Management Department
GePG	Government electronic Payment Gateway
GRM	Grievance Redress Mechanism
GoT	Government of Tanzania
HBS	Household Budget Survey
HH	Household
IAG	Internal Auditor General
ICT	Information Communication Technology
IDA	International Development Association
IFR	Interim Financial Report
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
LE	Livelihood Enhancement
LSP	Local Service Provider
M&E	Monitoring and Evaluation
MEO	Mtaa Executive Officer
MIS	Management Information System
MNOs	Mobile Network Operators
MoF	Ministry of Finance
MUSE	Mfumo wa Uhasibu Serikalini
NAO	National Audit Office
NIDA	National Identification Authority
NGO	Non-Government Organization
NIN	National Identification Number
NSC	National Steering Committee

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NSPP	National Social Protection Policy
OFID	OPEC Fund For International Development
OPEC	Organization of Petroleum Exporting Countries
PAA	Project Area Authority
PDO	Program Development Objective
PO-RALG	President's Office-Regional Administration and Local Government
PSSN	Productive Social Safety Net
PPSD	Project Procurement Strategy for Development
PPT	Project Preparation Team
PSPs	Payment Service Providers
PW	Public Works
PWDs	People With Disabilities
RAS	Regional Administrative Secretary
RC	Regional Commissioner
RCC	Regional Consultative Committee
R&D	Research and Development
RF	Resettlement Framework
RITA	Registration Insolvency and Trusteeship Agency
SAC	Shehia Advisory Council
SET	Sector Experts Team
SOE	Statement Of Expenditure
SVPO	Second Vice President's Office
TASAF	Tanzania Social Action Fund
TMO	TASAF Monitoring Officer
TMU	TASAF Management Unit
TFS	TASAF Financial Statements
UN	United Nations
URB	Unified Registry of Beneficiaries
URT	United Republic of Tanzania
VA	Village Assembly
VC	Village Council
VEO	Village Executive Officer

INTERPRETATION OF TERMS

In this Financial Management and Accounting Procedures Manual unless the context otherwise requires,

- (a) “Auditors” refers to the statutory auditors of TASAF, specifically the Controller and Auditor General, as empowered under Article 43 of the Constitution of the United Republic of Tanzania, 1977 (Revised 2005), and Section 10 of the Public Audit Act, Cap 418.
- (b) “Board” means The National Steering Committee (NSC) of Tanzania Social Action Fund (TASAF) which comprise of the Chairman as appointed by the President of United Republic of Tanzania and its members appointed by The Minister of Public Service Management and Good Governance.
- (c) “Budget” means a plan indicating sources and uses of financial resources in a specified period of time.
- (d) “Management” means the Management team of TASAF, which comprises of the Executive Director, Director of Community Support, Director of Coordination, Director of Finance and Administration, Director of Internal Audit, Director of Knowledge Management & Advocacy and Departmental Managers.

CHAPTER 1 INTRODUCTION

1.1 BACKGROUND

Tanzania Social Action Fund (TASAF) is a Government-run social fund in Tanzania that was established in 2000 by the Government of United Republic of Tanzania, under President's Office-State House as part of the Nation's poverty reduction strategy. It was designed to support decentralization while improving access to essential public services such as education, health, water and infrastructure and addressing income poverty through public works and capacity building initiatives.

1.2 PSSN PROGRAM

PSSN is a comprehensive social assistance program designed to provide consumption support, improve human capital, and promote sustainable livelihoods among poor households. The program is implemented by Tanzania Social Action Fund (TASAF) operating under the Office of the President – State House.

The program is financed by the Government of the United Republic of Tanzania, World Bank (IDA) and other Development Partners.

The proposed Project Development Objective (PDO) of PSSN III is to increase access to social protection and better jobs for targeted poor households and build sustainable, adaptive social protection delivery systems.

The Project beneficiaries are the targeted poorest and most vulnerable households living in selected Villages, Mitaa, and Shehia across the country.

1.2.1 Project components and activities

TASAF III has three components contributing to the achievement of its objective

- (i) **Component 1: Promoting resilience and economic inclusion through Adaptive Safety Nets.**

This component includes two sub-components offering different forms of support tailored to the economic and vulnerability profiles of selected poor and vulnerable households. These are:

- a) *Productive cash transfer program.* This combine cash and economic inclusion activities as the core program, reaching the largest number of households; and
- b) *Climate-smart, labor intensive public works.* This results in two distinct “arms” of the program to allow beneficiaries to access safety nets in a more simplified and cost-effective way.

(ii) Component 2: Building an adaptive social protection system

The evolution of social protection delivery systems under PSSN is a necessary precursor for more adaptive, responsive social protection programming that can be leveraged as a tool for shock response. Activities under this component are organized into two sub-components. These are:

- a) Modernizing social protection delivery systems; and
- b) Institutional and technical support for the implementation of adaptive social protection system.

(iii) Component 3: Project Management

This component supports implementation and project management. It finance costs related to staffing, logistics, coordination, monitoring and evaluation (M&E), supervision, financial management, procurement, implementation of safeguards activities, among other necessary expenditures.

1.2.2 Institutional and Implementation Arrangements

TASAF operates within the Local Government Authorities in conformity with the decentralized government structure within the Villages, Shehia and Mitaa. In its endeavour of aligning the centre with the peripheries, it maintains a Management Unit (TMU) at the national level, supported by strategically placed staff at the Local Government Authorities (LGAs).

The main functions of the TMU are; supporting the creation of PSSN program, overall management of the Project in accordance with the Operational Manual; capacity building at the PAA level; monitoring and evaluation of the operations at the community and PAA levels and promotion of the CDD principles at all levels. Furthermore, TMU is responsible for direct financing of community sub projects for closing gaps, creating social safety nets and capacity building aiming at promoting communities' savings schemes. It is also responsible for regulating and overseeing the PAA as well as reporting on the operations of TASAF to the National Steering Committee (NSC), GOT, IDA and other DPs. The operating framework of the accounting system is implemented in line with the organization structure of the institution. The relationship between the TASAF organization structure and other organs of the Central and Local Governments are detailed in the TASAF Organogram.

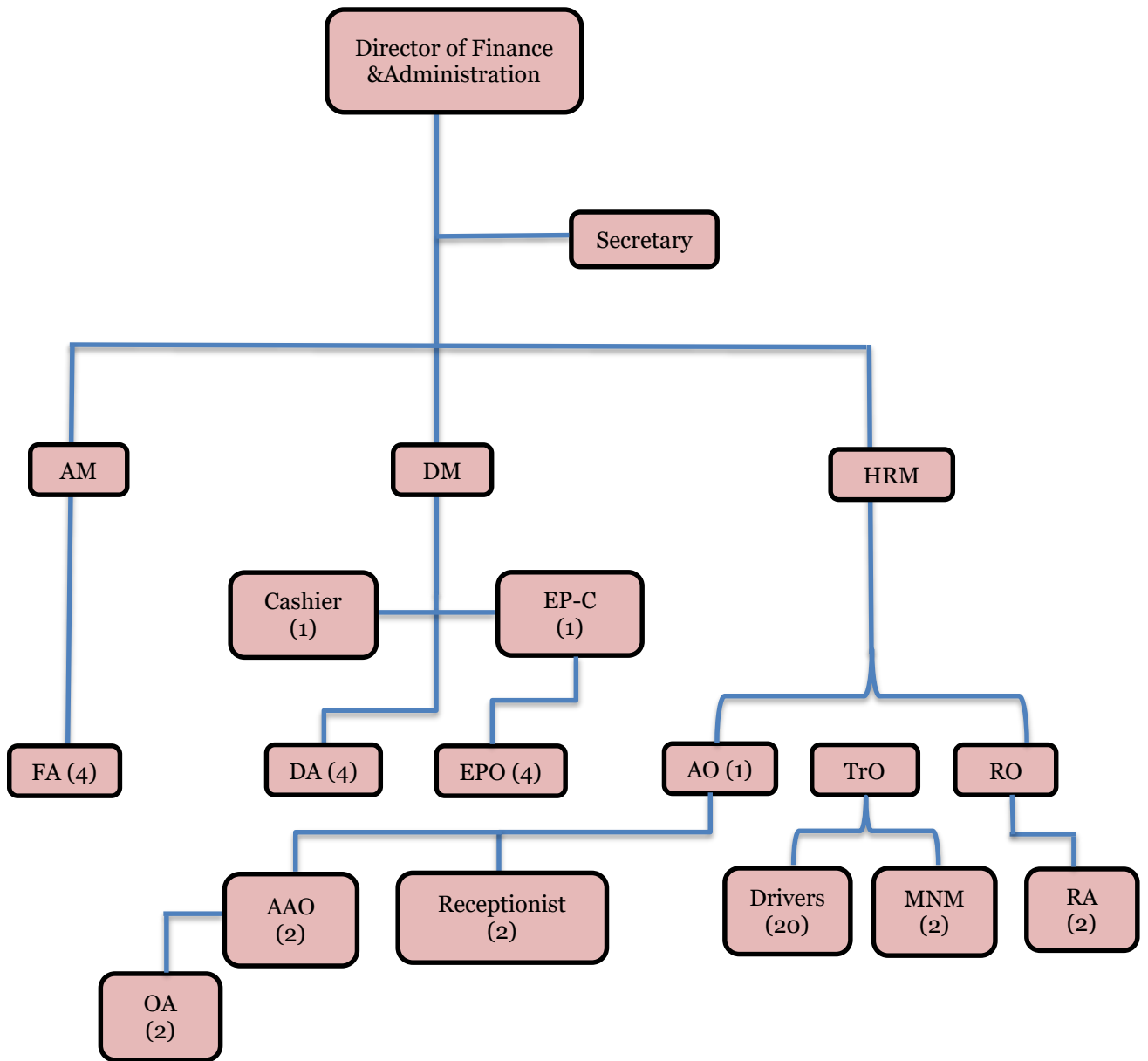
1.2.2.1 Directorate of Finance

TASAF establishes a Directorate of Finance whose main objectives are to ensure and coordinate the development and maintenance of a sound Financial Management, Accounting and Administrative Systems to support TASAF activities at all levels i.e. at TMU (including LGA/Island and Communities).

The Directorate of Finance is specifically responsible for the overall management of liquidity, ensuring there is sufficient funds all the time to finance sub projects and other operational activities. To accomplish this, the Directorate of Finance ensures that funds spent are replenished accordingly from the World Bank/other Development Partners and make follow up with the Ministry of Finance and the President's Office for Government contribution. Directorate of Finance is also responsible for taking care of all financial and accounting activities.

The organization structure of the Directorate of Finance is as shown in figure 1 below;

Figure 1: Organization Structure of the Directorate of Finance and Administration



TOTAL DFA 52 STAFF

1.2.2.2 Roles and responsibilities of finance personnel

1.2.2.2.1 Director of finance and Administration

The core function of the DFA is to manage the financial, accounting and administration of the Project as stipulated in the Financing Agreement and Operational Manual. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Coordinate the overall operations of the Directorate of Finance and Administration. This includes facilitating linkages with other Directorates and the office of the Executive Director;
- (ii) Provide professional advice to Executive Director and other members of TMU on matters pertaining to Financial Management, Human Resources and Administration;
- (iii) Ensure that all financial transactions of the Project are done in accordance with the approved Financial Management and Accounting System Manual;
- (iv) Supervise the preparation and compilation of the Directorate annual implementation plan and budget;
- (v) Coordinate compilation of capacity building requirements of staff responsible for Finance and Accounting at all levels and communicate to the respective directorate for necessary action;
- (vi) Liaise with the Ministry of Finance to get the Annual Budget Guidelines and translate it to suite Project Development Objective;
- (vii) Supervise the preparation and submission to respective vote holders the activities variance analysis, projected funds flow, for the year and a brief narration for the preparation of the Annual budget;
- (viii) Manage the approved budget as per budgetary control tools;
- (ix) Approve all the payment vouchers emanating from payment requests approved as per Financial Management and Accounting System Procedures;
- (x) Ensure liquidity and smooth flow of funds through timely replenishment of funds from Government of Tanzania, World Bank and other Development Partners;
- (xi) Ensure timely disbursement of funds to all TASAF supported interventions (Safety net, targeted infrastructure, live-hood enhancement, capacity building and other commitment);
- (xii) Ensure that Financial Monitoring Reports (FMR) and Statement of Expenditure (SOE) are prepared and submitted to the World Bank through the Ministry of Finance within a prescribed period as per Financing Agreement;
- (xiii) Ensure that reliable financial information is maintained as per International Public Sector Accounting Standard (IPSAS) to provide a basis for adequate financial control and timely preparation of Financial Statements for External Audit;
- (xiv) Facilitate the External Auditors to Audit Project Annual Accounts so that they give opinion on the Project Financial Statements;
- (xv) Facilitate the Internal Auditors to Examine, verify and inspect Project Books of Account and give recommendations;
- (xvi) Submit to the Government of Tanzania, the World Bank and other Development Partners, the Audited Financial Statements and the Auditors Management Letter within the prescribed period;
- (xvii) Provide responses to Auditors observations/queries and implement recommendations for the purpose of strengthening the system of internal control;

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- (xviii) Facilitate the External Auditors to verify the TMU replies to External Auditors observations and recommendations;
- (xix) Update staff in the Directorate on all new developments in Finance and Accountancy emanating from Accountancy boards and from the Ministry of Finance;
- (xx) Coordinate preparation and revision of the Financial Management and Accounting Systems Manual which guides the accounting of TASAF funded activities in all area of operations (TMU and Project Area Authorities (PAA));
- (xxi) Manage and oversee TASAF human resources functions, including: recruitment and hiring; benefits administration and oversight; new employee orientation, and employee retention strategies;
- (xxii) Develop TASAF human resources capacity as the organization scales, enhancing professional development, compensation and benefits, performance evaluation, training, and recruiting;
- (xxiii) Ensure that recruitment processes are consistent and streamlined;
- (xxiv) Establish and manage a comprehensive training program to educate employees regarding staff policies and procedures;
- (xxv) Oversee general office management functions to ensure effective, high quality work environment and efficient, daily operations of office equipment;
- (xxvi) Oversee all administrative functions as well as facilities to ensure efficient and consistent operations as the organization scales;
- (xxvii) Participate as a member of Senior Management Team of TASAF in project design and delivery, policy implementation, staff and resource management meetings;
- (xxviii) Conduct performance appraisal of all staff under the Directorate, using agreed upon performance indicators and goals;
- (xxix) Be a member of the TASAF Management team and responsible for preparation and presenting Directorate reports; and
- (xxx) Perform any other official duties as may be assigned by the Executive Director.

1.2.2.2 Accounts Manager

The basic function of the Accounts Manager (AM) is to assist the Director of Finance and Administration to manage the finance and accounting functions of the Project as specified in the Financing Agreement and Operational Manual. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Undertake accounting duties within the prescribed policies and procedures of TASAF, in particular maintaining the financial and accounts records;
- (ii) Produce Interim Financial Reports and / or end of the year Financial Statements for Government of Tanzania, World Bank, other Development Partners, External Auditor and TMU;
- (iii) Prepare a comprehensive annual work program for the Accounts Department;
- (iv) Supervise capturing of the Project approved annual budget in the Financial Management and Accounting System (FMAS) in line with the Chart of Accounts;
- (v) Supervise capturing of all the approved expenditure/transfers/subprojects requests from the Project Area Authority in the Financial Management and Accounting System prior to effecting payments;
- (vi) Create new approved accounts code in the FMAS;
- (vii) Scrutinize and analyze expenditure reports from the PAAs to ensure that only eligible expenditures are financed from TASAF funds in accordance with the Financing Agreement;
- (viii) Prepare schedules of outstanding balances and follow up overdue advances, transfers and staff imprest for further action;
- (ix) Maintain and regularly update Fixed Assets Register and inventory sheets;
- (x) Participate in the development or upgrading of Financial and Management and Accounting System;
- (xi) Manage the approved budget as per budgetary control tools;
- (xii) Ensure smooth operation of the FMAS;
- (xiii) Ensure accurate and timely consolidation of data from the PAAs and TMU for generation/preparation of Financial Management Reports and Interim Financial Reports in collaboration with the Disbursement Manager for application/replenishment of funds from the World Bank through the Ministry of Finance;
- (xiv) Ensure appropriate back-up for data on daily basis and its safe storage;
- (xv) Ensure that bank statements for Project banks accounts are collected and monthly bank reconciliation statements are prepared and approved. Prepare budget variance analysis and submit to respective Vote holders monthly;
- (xvi) Vouch Payments Vouchers (PVs) files on regular basis to make sure that the PVs are filed serially with relevant supporting documents and are appropriately approved;
- (xvii) Provide input to management responses to internal and external audit queries;
- (xviii) Prepare the approved TMU responses to External Auditors observations and recommendations for submission to the Government of Tanzania, World Bank, National Audit Office and other Development Partners within the prescribed period;
- (xix) Assess and compile capacity building requirements of accounts staff at all levels;
- (xx) Conduct performance appraisals of accounts staff using agreed upon performance indicators;
- (xxi) Be a member of the TASAF management team; and
- (xxii) Perform any other official duties as may be assigned by the Director of Finance and Administration.

1.2.2.2.3 Disbursement Manager

The basic function of the Disbursement Manager is to assist the Director of Finance to manage the finance and disbursement functions of the Project as specified in the Financing Agreement and Operational Manual and ensure that expenditures are effected within the approved annual plans and budgets. Below are the principal duties and responsibilities.

She/He is expected;

- (i) Undertake disbursement duties within the prescribed policies and procedures of TASAF, in particular maintaining the liquidity and management of funds flow;
- (ii) Prepare a comprehensive annual work program for the Disbursement Department;
- (iii) Verify and assign right accounts codes to all financial transactions for booking in the system;
- (iv) Process the transfer of funds to the Project Area Authorities for all TASAF supported activities;
- (v) Ensure that all expenditures are done within the approved plan and budgets;
- (vi) Check all prepared Payment Vouchers to ensure that they are properly supported with adequate narrations charged to the right expenditure codes before effecting payment;
- (vii) Ensure that Payment Voucher files are properly supported and arranged to ease retrieval of documents by authorized staff when need arise;
- (viii) Ensure that transfers and advances to PAAs and payments to suppliers of goods and services and other approved commitments are done within a specified period. Notify payees and follow up acknowledgment of receipts of disbursement;
- (ix) Countercheck payroll sheets to make sure that salaries are paid as per signed contracts;
- (x) Ensure timely remittance of statutory returns. Prepare Statement of Expenditure (SOE) and submit in time to the World Bank for application of funds;
- (xi) Prepare and submit to respective vote holders the activities variance analysis, projected funds flow, for the year and a brief narration for the preparation of the Annual budget;
- (xii) Manage liquidity and smooth flow of funds through timely replenishment of funds from Government of Tanzania, World Bank and other Development Partners;
- (xiii) Supervise timely disbursement of funds to all TASAF supported interventions (Safety net, targeted infrastructure, live-hood enhancement, capacity building and other commitment);
- (xiv) Ensure that Financial Monitoring Reports (FMR) and Statement of Expenditure (SOE) are prepared and submitted to the World Bank through the Ministry of Finance within a prescribed period as per Financing Agreement;
- (xv) Assess and compile capacity building requirements of the disbursement at all levels;
- (xvi) Conduct performance appraisals of disbursement using agreed upon performance indicators;
- (xvii) Be a member of the TASAF management; and
- (xviii) Perform any other official duties as may be assigned by the Director of Finance and Administration.

1.2.2.2.4 Human Resources Manager

The basic function of the Human Resources Manager is to assist Director of Coordination to manage the Human and Administrative functions of the Project as specified in the Financing Agreement and Operational Manual. Below are the principal duties and responsibilities.

She/He is expected to;

- (i) Update the Administration Handbook and implement administrative procedures to ensure smooth project implementation;
- (ii) Develop and maintain active communication linkage within TASAF Management Unit;
- (iii) Administer condition of services in relation to staff recruitment, staff welfare, discipline, appraisal systems and human resources duties etc;
- (iv) Prepare a comprehensive annual work program for Human Resources Department;
- (v) Ensures adherence to TASAF rules, regulations and procedures at all levels;
- (vi) Coordinate activities leading to negotiations of staff contracts with collaborating institutions including seeking legal opinion on matters relating to TASAF operations and management of human resources;
- (vii) Conduct induction activities and organize TMU staff career development in collaboration with respective Directorates and Departments;
- (viii) Maintain and update staff records in the Human Resource Management system;
- (ix) Provide technical support in formulating and developing human resources development programs;
- (x) Maintain updated asset inventory register;
- (xi) Manage Physical Resources Management System for all fixed assets of TASAF;
- (xii) Provide support to implementation support missions with Development Partners, study tours/field and exchange visits;
- (xiii) Assess and compile capacity building requirements of human resources staff at all levels;
- (xiv) Conduct performance appraisals of human resources staff using agreed upon performance indicators;
- (xv) Be a member of the TASAF Management team;
- (xvi) Manage Physical Resources Management System including the fleet of TMU vehicles;
- (xvii) Manage effectively and efficiently registry functions;
- (xviii) Timely updation of TASAF documents; and
- (xix) Perform any other official duties as may be assigned by the Director of Coordination.

1.2.2.2.5 Accountant Final Accounts

The basic function of the Accountant Final Accounts is to assist the Accounts Manager to implement final accounts activities in the department. Below are the principal duties and responsibilities.

She/He is expected to;

- (i) Capture and update in the FMAS approved budgets for all cost centers
- (ii) Properly track all advances and payments in the system on daily basis for budget control purposes;
- (iii) Prepare monthly bank reconciliation statements and closely follow up all outstanding reconciling items;
- (iv) Closely follow up of outstanding overdue staff Imprest balances;

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- (v) Maintain and update Fixed Assets Register; Prepare Interim Financial Reports in an approved format;
- (vi) Report the expenditure codes before exhaustion of funds from the approved annual plan and budgets;
- (vii) Closely monitor and follow up of un accounted for transfers and advances made to Regions, PAAs and VC for facilitation, monitoring, supervision, to beneficiaries and for the implementation of subprojects;
- (viii) Produce timely from FMAS aging analysis of un accounted for transfers/advances;
- (ix) Prepare operational plans to make sure that all transfers/advances are fully accounted for;
- (x) Reconcile Regional, PAAs and communities subprojects and Transfer accounts;
- (xi) Timely prepare Draft Financial Statements;
- (xii) Prepare payroll and statutory deductions;
- (xiii) Follow up from PAAs responses to Internal and External Audit observations and recommendations;
- (xiv) Implement Internal and External Auditors recommendations;
- (xv) Participate in the preparation of departmental annual implementation plan and budgets;
- (xvi) Prepare monthly implementation progress reports on accounts activities;
- (xvii) Conduct performance appraisals of Accounts Assistants using agreed upon performance indicators; and
- (xviii) Perform any other duties as assigned by the Accounts Manager.

1.2.2.2.6 Accountant Disbursement

The basic function of the Accountant Disbursement is to assist the Disbursements Manager to implement disbursement activities in the department. Below are the principal duties and responsibilities.

She/He is expected to;

- (i) Scrutinize all requests for payments to ensure that they are properly approved;
- (ii) Analyse transactions and put appropriate account code;
- (iii) Check availability of funds in corresponding budget code before preparing Payments Voucher;
- (iv) Prepare timely bank balance positions for each current account;
- (v) Ensure timely preparation of applications for replenishment of funds in the Designated Account;
- (vi) Ensure that transfers/advances to Regions, PAAs and communities are done within specified time;
- (vii) Ensure timely payments to suppliers of goods and services;
- (viii) Ensure that daily transactions are booked in the FMAS;
- (ix) Timely prepare payroll and related schedules of statutory returns and submit to your immediate supervisor for approval;
- (x) Provide each staff with salary slips before payment of salaries;
- (xi) Follow up acknowledgement receipts for all transfers/disbursements done;
- (xii) Scrutinize and analyse expenditure reports from the Region and PAAs;
- (xiii) Follow up of un accounted for Transfers and advances made to Regions, PAAs and communities;
- (xiv) Prepare disbursement schedules;
- (xv) Participate in the preparation of departmental annual implementation plan and budgets;
- (xvi) Prepare monthly implementation progress reports on disbursement activities;
- (xvii) Conduct performance appraisals of Accounts Assistants using agreed upon performance indicators; and
- (xviii) Perform any other official duties as may be assigned by the Disbursement Manager.

1.2.2.2.7 Cashier

The basic function of cashier is to assist the Disbursements Manager to implement disbursement activities in the unit. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Issue receipts for incoming cash/cheques;
- (ii) Maintains in coming cheques register for funds received;
- (iii) Writing /printing of cheques;
- (iv) Maintain outgoing cheque register;
- (v) Maintain cheque list file;
- (vi) Manage the standing imprest;
- (vii) Effect payment of staff salaries as per pay roll;
- (viii) Maintain in a safe custody all accounting documents;
- (ix) Be a custodian of TASAF financial instruments;
- (x) Prepare weekly bank account balances;
- (xi) Prepare and submit statutory returns to respective authorities within prescribed periods;
- (xii) Reconcile and produce weekly report on receipts and payments for all accounts;
- (xiii) Participate in preparation of budget guidelines;
- (xiv) Participate in the preparation of departmental annual implementation plan and budgets;
- (xv) Participate in the preparation of monthly implementation progress reports; and
- (xvi) Perform any other official duties as may be assigned by the Disbursements Manager.

1.2.2.2.8 Secretary

The basic function of a Secretary is to provide secretarial services to respective directorate. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Draft and type internal correspondences;
- (ii) Type external correspondences reports, budgets, manuals, handbooks and confidential documents;
- (iii) Participate in preparing and servicing workshops and meetings;
- (iv) Schedule appointments;
- (v) Maintain a diary of appointments;
- (vi) Make reservations for travel and accommodations;
- (vii) File relevant documents;
- (viii) Ensure office tidiness and equipment maintenance;
- (ix) Perform reception duties, including receiving and serving visitors;
- (x) Sort incoming mails, and send outgoing mails by appropriate mode;
- (xi) Manage telephone calls and messages at directorate Office; and
- (xii) Perform any other official duties as may be assigned by the respective Director.

1.2.2.2.9 E-Payment Coordinator

The basic function of E-Payment Coordinator is to assist the Disbursement Manager on the day to day implementation of electronic payments (E-payments) in PSSN operations. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Facilitate the scaling up of E-payments to the remaining PAAs;
- (ii) Review e-payment implementation reports for submission to E-steering Committee;
- (iii) Oversee day to day e-payment implementation activities as done by e-payment implementation team;
- (iv) Review the e-payment implementation activity plan and suggest necessary changes to e-steering from time to time;
- (v) Oversee implementation of various e-payment activities including those initiated by TMU at PAAs;
- (vi) Work with e-payment team in collaboration with consultants to establish relevant e-wallet products for PSSN savings groups;
- (vii) Work with e-payment implementation team in collaboration with consultants to establish a tool that facilitate group economic activities data entered by PAAs into the MIS;
- (viii) Oversee training organized for e-payment scaling up implementation;
- (ix) Work with e-payment team to prepare a consolidated report at each payment window for discussion with e-steering team;
- (x) Prepare reports that inform DPs and other stakeholders on the status of implementation of e-payment from time to time including during regular DPs meeting;
- (xi) Compile and report on grievances registered by beneficiary households during the payment exercise in every window;
- (xii) Undertake detailed review of e-payment business process and procedures at the PAA (including, documents, records, reports, and adherence to policies and procedures by the implementers) and suggest necessary changes to e-steering team;
- (xiii) Work with e-payment team to ensure timely reconciliation of disbursed to MNOs and Banks of all funds not paid to beneficiaries; and
- (xiv) Work with e-payment team to ensure timely refund by MNOs and Banks of all funds not paid to beneficiaries.

1.2.2.2.10 E-Payment Officer

The basic function of E-Payment Officer is to assist the E-Payment Coordinator on the day to day implementation of e-payment in PSSN operation. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Prepare e-payment scale up activities;
- (ii) Prepare E-payment implementation reports for submission to E- steering Committee;
- (iii) Prepare day to day e-payment implementation activities;
- (iv) Facilitate the implementation of various e-payment activities including those initiated by TMU at PAAs;
- (v) Organize capacity building for E-payment implementations;
- (vi) Facilitate the processes to capture data and processing of payment for e-payment beneficiary households;
- (vii) Work with other e-payment team members to prepare a consolidated report at each payment window for discussion with E-Payment Coordinator;
- (viii) Work with other e-payment team members to ensure timely reconciliation of disbursed to MNOs and Banks of all funds not paid to beneficiaries; and
- (ix) Work with other e-payment team members to ensure timely refund by MNOs and Banks of all funds not paid to beneficiaries.

1.2.2.2.11 Administrative Officer

The basic function of Administrative Officer is to assist the Human Resource, Manager to coordinate administrative services. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Resolves administrative problems by coordinating preparation of reports, analyzing data and identifying solutions;
- (ii) Ensure availability of water supply, electricity, office sundries and other office utilities;
- (iii) Ensure provision of solid waste disposal, postal, security and office cleanliness services;
- (iv) Ensure timely purchase of office supplies;
- (v) Ensure availability of office equipment, furniture and efficient utilization;
- (vi) Conduct physical verification of assets and update inventory register;
- (vii) Assist the HRM to prepare and implement maintenance program for office equipment, furniture and fittings and other office facilities;
- (viii) Maintain staff open files and human resource database;
- (ix) Participate in preparation and compilation of unit annual implementation plan and budgets;
- (x) Participate in assessment and compilation of capacity building requirements of the unit;
- (xi) Participate in compilation of capacity building requirements of TMU staff;
- (xii) Conduct performance appraisals of staff in the unit using agreed upon performance indicators;
- (xiii) Participate in preparation of monthly, quarterly and yearly implementation progress reports for the unit; and
- (xiv) Perform any other official duties as may be assigned by the HRM.

1.2.2.2.12 Transport Officer

The basic function of Transport Officer is to assist the Human Resources Manager in management of TASAF fleet. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Review requests and allocate TMU vehicles;
- (ii) Administer routine maintenance and service of vehicles and generators;
- (iii) Attend vehicle defects and servicing needs to ensure vehicles are kept in good running condition;
- (iv) Ensure that accidents are reported to Police and TMU;
- (v) Maintain TMU vehicles and generators database;
- (vi) Ensure effective consumption of generators and vehicles fuel;
- (vii) Review request and ensure accounting for fuel advances for field trips;
- (viii) Ensure vehicles and generators are kept in tidy condition;
- (ix) Responsible for collection of spares from stores for vehicle repairs;
- (x) Maintain drivers field trips roster;
- (xi) Ensure security of TMU vehicles;
- (xii) Prepare monthly reports on status of TMU motor vehicles and generators;
- (xiii) Analyse performance of various vehicles in the market and advise the management accordingly;
- (xiv) Assess and compile capacity building requirements of the drivers;
- (xv) Conduct performance appraisals of staff in the unit using agreed upon performance indicators; and
- (xvi) Perform any other official duties as may be assigned by the HRM.

1.2.2.2.13 Registry Officer

The basic function of Registry Officer is to assist the Human Resources Manager to maintain official records and ensures accurate documentation of the organization information. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Participate in maintaining a well –well-kept record database management system;
- (ii) Provide orientation and training to Registry Assistants on proper management of the database management system;
- (iii) Supervises classification and coding of information and documents for inclusion in database and record management systems;
- (iv) Supervises updating and modification of records;
- (v) Maintains proper filing of complete documents;
- (vi) Supervises removal of inactive and dead files from registry to the archives;
- (vii) Participate in the preparation of departmental annual implementation plan and budgets;
- (viii) Conduct performance appraisals of staff in the unit using agreed upon performance indicators;
- (ix) Prepare monthly progress reports on record keeping activities; and
- (x) Perform any other official duties as assigned by the Human Resource Manager.

1.2.2.2.14 Assistant Administrative Officer

The basic function of Assistant Administrative Officer is to assist Administrative Officer in all activities related to administration. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Follow up on availability of office utilities and services;
- (ii) Prepare schedule of maintenance of office equipment, furniture and fittings;
- (iii) Participate in conducting physical verification of assets and updating inventory register;
- (iv) Open files for each staff and track movement;
- (v) Follow up and update staff annual leave files;
- (vi) Be custodian of staff attendance register;
- (vii) Provides information regarding to administration activities by attending requests;
- (viii) Participate to prepare and compile unit annual implementation plan and budgets;
- (ix) Participate in preparation of capacity building requirements of the unit; and
- (x) Perform any other official duties as may be assigned by the Administrative Officer.

1.2.2.2.15 Driver

The basic function of a Driver is to assist the Transport Officer in all activities related to proper running of TASAF vehicles. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Fulfil special assignments of the office by picking up and delivering items as directed and running official movements;
- (ii) Drive members of staff and Project - associated people safely;
- (iii) Report mechanical defects and servicing needs to the Administrative Officer;
- (iv) Ensure that vehicles are kept in good running condition;
- (v) Report any accidents to Police and make written submission to TMU;
- (vi) Maintain up to date vehicle logbook Account for fuel advances while on field trips;
- (vii) Maintain vehicles in a tidy, presentable state at all times Run errands cleared by a responsible officer;
- (viii) Maintain passenger confidence by keeping information strictly confidential; and
- (ix) Perform any other duties as may be assigned to him/her by the Transport Officer.

1.2.2.2.16 Motor Vehicle Mechanics

The basic function of a Motor Vehicle Mechanics is to assist the Transport Officer in all activities related to service and maintenance ensure proper running condition of TASAF vehicles. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Inspection of all TASAF vehicles as required by TASAF to check out routine, minor or major repair;
- (ii) Own and provide all necessary tools and equipment to carry out routine, minor as well as major repair of TASAF vehicles;
- (iii) To carry out the service and repair work in the most professional manner upon approval by responsible TASAF official in charge of Transport;
- (iv) Advice Transport Officer on proper spare to be procured after consultation with the official responsible from transport at TASAF and other technical matters related to the service and repair of TASAF vehicles;
- (v) Test, commission and hand over the repair/maintained vehicles to TASAF officials responsible for transport in a timely manner;
- (vi) Maintain vehicles in a tidy, presentable state at all times run errands cleared by a responsible officer; and
- (vii) Assist as a driver during the shortage as may be assigned to him /her by the Transport Officer.

1.2.2.2.17 Office Attendant

The basic function of Office Attendant is to provide support services to the Project Management Unit. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Follow up on offices cleaning and servicers and other amenities daily to specified standards;
- (ii) Maintain office floors, walls, furniture, and surroundings in acceptable condition;
- (iii) Timely collect and distribute all incoming and outgoing mails, files, messages and packages;
- (iv) Make photocopying and binding official documents;
- (v) Service meetings and workshops;
- (vi) Run errands for the Project; and
- (vii) Perform any other official duties as may be assigned by the Administrative Officer r(s).

1.2.2.2.18 Registry Assistant

The basic function of Registry Assistant is to assist the Registry Officer by maintaining and organizing official records, ensuring accurate filing, retrieval, and secure documentation handling. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Be responsible for sorting information and documents for filing according to database and record management system protocols and registry procedures;
- (ii) Be responsible for classifying and coding information, documents and files for inclusion in database and record management systems/ keeping them in the registry;
- (iii) Update and modify records;
- (iv) Be responsible for filing information and documents;
- (v) Identify and retrieving information and document for users;
- (vi) Record file and documents movements;
- (vii) Label storage locations, and assembling and labelling new files;
- (viii) Remove inactive and dead files from registry to the archives;
- (ix) Carry out file movements to users and back to the registry; and
- (x) Perform any other official duties as assigned by the Registry Officer.

1.2.2.2.19 Receptionist

The basic function of Receptionist is to attend to visitors and deal with inquiries on the phone and face to face. Below are the principal duties and responsibilities.

She/He is expected to:

- (i) Handle incoming mails and parcels;
- (ii) Take and relay messages;
- (iii) Operate Switchboard.
- (iv) Respond to calls,
- (v) Register and direct visitors to appropriate destination;
- (vi) Deal with queries from the public and customers;
- (vii) Ensures knowledge of staff movements in and out of organization;
- (viii) Schedule appointments and maintain appointment diary;
- (ix) Ensure tidiness and maintenance of the reception area; and
- (x) Perform any other official duties as may be assigned by the Administrative Officer.

1.2.3 TASAF Financial System Set-up

TASAF's financial systems set-up is detailed under chapter 5 of this manual. It provides broad guidelines designed to ensure good financial discipline within the Institution. It further provides specific working directives or policies, which spell out the Institution's chosen mode of financial operation. These are the Accounting Policies and Procedures.

Accounting policies and procedures provides operating procedural instructions to control all aspects of financial transactions for the Institution. Refer to Chapter 5 – Accounting Procedures of this manual for more details.

1.3 THE MANUAL

This Manual is known as “**Comprehensive Financial Management Manual.**”

1.3.1 Purpose

The purpose of the Financial Management and Accounting Procedures Manual is to provide a structured framework for managing TASAF financial activities with consistency, transparency, and accountability across all TASAF staff at Head Office and PAAs Offices. It outlines standardized processes in various financial related areas to ensure that financial operations align with legal requirements, internal controls, and TASAF strategic goals. This manual serves as a reference for staff, supports informed decision-making, and safeguards the organization's financial integrity

Further, this accounting procedures contained in this manual are detailed operating instructions that lay down the steps to follow when doing financial transactions.

The operating procedures are simply easy-to-follow instructions detailing the actions to be taken by concerned staff along the following lines:

- What is to be done;
- Who does that;
- How to do it; and
- When to do it.

1.3.2 Scope and applicability

The scope and applicability of the Financial Management and Accounting Procedures Manual cover all financial activities within the TASAF Head Office and PAAs Offices, including budget and budgetary control, disbursement process including the use of D-fund, cash management and e-payment procedures, accounting procedures, accounting routines and financial reporting, auditing arrangements, procurement processes, asset management and compliance with legal and regulatory standards.

This manual applies to all departments, staff, and stakeholders involved in financial transactions or decision-making, ensuring that consistent procedures are followed across the board. This manual serves as a reference for maintaining transparency, accountability, and efficiency in financial operations, regardless of the size or nature of the unit.

1.3.3 Effective Date

This Manual is effective on the following date after it has been approved by the National Steering Committee (NSC).

1.4 OUTLINE OF THE ACCOUNTING SYSTEM

The accounting system of TASAF operates under guidance of the Accounting policies and financial procedures which are based on the GOT Financial Regulations and the Development Financing Agreement (DFA). The accounting policies and financial procedures are formulated by TASAF Management Unit (TMU) and are approved by the National Steering Committee (NSC).

The financial procedures outline broadly financial guidelines to be followed by the Institution and sets financial powers and limits of all staff involved in financial transactions.

TASAF Management translates the financial procedures into financial directives which are the Accounting Policies and procedures. The Accounting Policies and procedures state broadly the manner in which the institution is to record and report its financial transactions.

1.4.1 Financial Powers

The financial powers of TASAF officials in this Manual are subject to the overall financial powers limits set in the Public Finance Act and Regulations of 2001 and amendments done thereto. Since TASAF is not a legal entity, it therefore falls directly under the Government financial rules and regulations. The Principal Secretary in the President's Office delegates full powers to the TASAF Executive Director (ED) to authorize payments in line with the Government's accounting procedures and subject to the World Bank financial guidelines.

1.4.2 Standard Practice Circulars

Standard Practice Circulars (SPCs) are written instructions designed to correct shortcomings noted in the current accounting procedures or to further elaborate and improve on the existing instructions in the manual. The Director of Finance and Administration formulates, co-ordinates the SPC approval process, issues the approved SPCs and makes follow-up on compliance.

SPCs are therefore an extension of this Manual and they are issued to all holders of the Financial Management and Accounting Procedures Manual for compliance. The DFA issues SPCs as the need arises.

CHAPTER 2

BUDGET AND BUDGETARY CONTROL

2.1 SOURCES OF FINANCE AND FUND FLOW

2.1.1 Purpose

To describe the sources and flow of funds process from the financiers to TASAF Head Office, PAAs, and to the Communities.

2.1.2 Sources of Finance

TASAF has four major sources of finance, namely:

- (i) The Government of Tanzania (GOT)
- (ii) The International Development Association (IDA)
- (iii) Development Partners (DPs)
- (iv) Benefiting communities.

The funds from GOT, IDA and DPs are channeled through the TMU. Funds contributed by communities benefiting from the projects are in kind.

2.1.3 Procedures for Financing

On signing the Loan/Credit Agreement, and after the GOT has fulfilled the requirements of the Disbursement Letter, the IDA transfers the amount of the loan to the IDA Loan/Credit Account maintained by the Association in Washington. The account is denominated in United States Dollars (USD).

TMU maintains a Special Account with the Bank of Tanzania (BOT) which is denominated in US Dollars. The Special Account is replenished on a float basis using the *Authorized Allocation /IFR reports*.

In order to withdraw the Authorized Allocation, TASAF through the GOT, requests for deposit of an amount estimated to cover the cash-flow requirements for three or six months to be deposited into the Special Account.

TMU maintains Local bank accounts into which draw-downs from the Special Account and Government Counterpart funds are received. Both accounts are denominated in Tanzania Shillings (TZS).

The TASAF Local bank accounts are intended to finance productive cash transfer, basic economic inclusion and enhanced economic inclusion, climate-mart public works, modernizing social protection delivery systems, and program management of the TMU. Disbursements from these accounts are made as per the approved annual budget. The financed/supported components differs from phase to phase.

2.1.4 Financing Structure

The financing structure of TASAF is described in the following tables:

Table 1: Sources of funds components

	Component 1	Component 2	Component 3	Total
Govt. of Tanzania				
IDA				
DPs				
Communities				
Total				

2.1.5 Project Implementation Period

The TASAF project is planned for an implementation period of 4 years distributed as below:

Table 2: Project implementation period

	Year 1	Year 2	Year 3	Year 4	Total
IDA/IBRD					
GOT					
DPs					
Communities					
Total					

2.1.6 Allocation of Credit Proceeds

Table 3: Allocation of credit proceeds

S/N	Category	Allocated Credit Expenditure	% of Expenditure to be Financed
1.	Productive cash transfer		
2.	Basic economic inclusion		
3.	Enhanced economic inclusion		
4.	Climate-smart public works		
5.	Modernizing delivery systems and building institutional capacity for ASP		
6.	Project management		
	Total		

2.2 PREPARATION AND APPROVAL OF BUDGET

2.2.1 Purpose

To outline the objective of budgetary control; to describe the systems and procedures to be followed; and documentation to be used in preparing annual budgets.

2.2.2 Budgetary Control

Budgetary control consists of: -

- (a) Establishing budgets for each of functional responsibility and expenditure to be incurred in order to meet the agreed objectives of the TASAF;
- (b) The continuous comparison of budget with actual performance; and
- (c) Action resulting from this comparison, either to ensure adherence to the defined objectives or to agree some modification of the original plan.

The annual budget is a financial plan prepared prior to a given financial year, for the purpose of attaining a given set of objectives.

2.2.3 Objectives

The objectives of the Institution's budget are to:-

- (a) Provide a framework within which heads of departments can formalize and evaluate financially the Institution's medium term plans;
- (b) Enable heads of department to review past performance and set new targets on a regular basis;
- (c) Involve management at all levels in the preparation of their own detailed plans within the framework of the Institution's overall objectives so as to foster proper accountability; and
- (d) Consolidate the plans of individual departments to form the institution's financial budget.

2.2.4 Responsibilities

The Executive Director in consultation with TASAF management team is responsible for determining broad guidelines for the preparation of the budget. The guidelines focus on the following areas, and set out in a brief, concise policy statement:

- (a) Cash inflow: -
 - (i) Factors that appear likely to affect the availability of funds during the budget period;
 - (ii) Forecast changes in cash inflow; and
 - (iii) Introduction of new sources of finance.
- (b) Procurement: -
 - (i) Factors that appear likely to affect availability of goods and services for sub-projects activities; and
 - (ii) Forecast changes in prices.

- (c) Operating costs: -
 - (i) Any anticipated changes in operating costs; and
 - (ii) Other factors such as change in operating efficiency.
- (d) Financial: -
 - (i) Planned targets for the levels of sub-projects activities, that is, cash Management;
 - (ii) Any anticipated changes due to inflation or government legislation; and
 - (iii) Alternative financing strategies.

The DFA is responsible for: -

- (a) The issue of detailed instructions for the preparation of the annual budget;
- (b) The co-ordination of departmental budgets into a master budget for submission to the Management and the National Steering Committee; and
- (c) Ensuring that a timetable for the preparation of the budgets is adhered to.

2.2.5 Summary of the Budget System

The main features of the system are as follows:-

- (a) The Executive Director, with the approval of the National Steering Committee, determines the specific objectives to be achieved during the budget year as part of the overall long term objectives of the Institution;
- (b) The Executive Director discusses the agreed annual targets of TASAF with TASAF Management Team in order to evolve a policy to be followed to achieve the set objectives;
- (c) The DFA prepares and issues budget guidelines and time table to each head of department;
- (d) Heads of Departments, prepare budget estimates of expenditure required to carry out their annual activities and return the budget estimate forms duly completed to the DFA;
- (e) TASAF Management Team discusses and agrees on the overall budget before it is submitted to the National Steering Committee for approval;
- (f) Submission of the budget to the World Bank and DPs for review and clearance;
- (g) The budget submitted to the Permanent Secretary – state House for Parliamentary approval;
- (h) The DFA circulates copies of the approved budget to heads of departments for implementation;
- (i) The DFA passes the whole budget set to the AM for preparation of the Budget Journal entries; and
- (j) Budget figures are entered/uploaded in the system through the budget module.

2.2.6 Forms Used

Forms to be used are prescribed from time to time by the DFA.

2.2.7 Description of Procedures

The preparation of the annual budget involves carrying out the following procedures: -

- (a) Identifying principal objectives; and
- (b) Preparing detailed plans or budget aimed at achieving these objectives.

2.2.8 Identifying Principal Objectives

This is the responsibility of the Executive Director and the National Steering Committee. At any one time there are several objectives towards which TASAF should focus. These include some or all of the following:-

- (a) Achieving self-sustenance;
- (b) Increasing sources of cash inflow;
- (c) Increasing delivery of service;
- (d) Improving service quality;
- (e) Improving employees' productivity;
- (f) Institutional expansion; and
- (g) Improving the utilization of Resources.

Ultimately the objectives identified have to reflect what can realistically be achieved. The Executive Director in consultation with the heads of department and TASAF officers establish the targets, which accommodate the achievement of the other identified objectives.

Once the target and principal objectives are agreed, each head of department under the co-ordination of the DFA is responsible for preparing own detailed plans for fulfilling departmental contribution toward achieving the Institution's objectives.

The targets are based on estimated performance and knowledge of other significant factors, such as government legislation and general social and economic conditions and the overall government policy.

2.2.9 Budget Guidelines

The DFA is responsible for preparing and issuing the budget guidelines, which are to be used by heads of department, in preparing their budgets. These guidelines are prepared each year in December and contain all the factors which should be taken into account in preparing the budget. A timetable for the preparation and submission of the budget estimates is issued along with the budget guidelines.

2.2.10 The Preparation of Detailed Budgets

The preparation of detailed budgets starts in November of each year and the budget must be approved by the National Steering Committee before end February. The budget for the coming year is based on projected level of activity and on the matters contained in the year's budget guidelines.

2.2.11 Projects

The Transfers/Sub-projects budgets are prepared by the Director of Community Support and submitted to the DFA for review and incorporated into the institution budget. The AM consolidates the budgets and the resulting budget is the first draft of the TASAF's budget. Heads of department in February discuss the draft budget and the final budget is presented to the National Steering Committee for discussion and approval before end of February.

2.2.12 Head Office

The preparation of detailed budgets for various head office activities is done based on the planned level of operation during the budget year. The heads of department submit the budgets for running their respective offices to the DFA in November and processed for approval in March.

2.2.13 Budgeting Procedures

Detailed budgeting procedures are described under the following main headings:

- (a) Cash inflow budget
- (b) Expenditure budget
- (c) Capital expenditure
- (d) Cash budget
- (e) Budget Committee
- (f) Approval of budgets.
- (g) Distribution of the Approved Budget

2.2.13.1 Revenue Budget

The revenue budget of TASAF is mainly made up of funds contributed by IDA, the Government of Tanzania, and other Development Partners.

The planned activities by TASAF are the major determinants of the revenue required. The compiled budget indicates the funding requirements that are submitted to the Government for funding consideration.

It is expected that revenue that is going to be finally available is not equal to the cost of budgeted activities meaning that the budget has to be flexible so that planned activities are carried out in proportion with the revenue obtained.

The National Steering Committee present the TASAF's budget to the Permanent Secretary State House in March.

2.2.13.2 Expenditure Budget

Each head of department, prepares its respective expenditure budget for activities under them on the basis of the issued budget guidelines. The expenditure budget shows the expenditure to be incurred in carrying out the departmental responsibilities. The details to be shown include:

- (i) Cost of projects
 - Capital items
 - Expense items
- (ii) Personnel cost based on existing staffing position and any expected changes during the year with regard to staff numbers and rates of pay
- (iii) Duty travel, subsistence and connected expenses
- (iv) Motor vehicle running expenses
- (v) Office running expenses
- (vi) Capital expenditure
- (vii) Miscellaneous expenses.

Each departmental head compiles budget estimates for his department and all functional responsibilities under him/her. Departmental budgets are discussed within respective departments before being forwarded to the DFA.

2.2.13.3 Capital Expenditure Budget

The DFA in consultation with the department heads is responsible for co-coordinating the preparation of capital expenditure budget. All proposals and capital expenditure requirements from the departments and PAA offices are compiled to form the capital expenditure budget.

The capital expenditure budget proposal is submitted to the Executive Director for review by the TASAF Management Team before being incorporated in the consolidated budget to be forwarded to the National Steering Committee for approval.

After consolidating the recurrent revenue budgets and obtaining the capital budget from the Executive Director; the DFA then compiles the draft master budget, which gives the overall picture of the expected performance. At this stage, the DFA examines the budget critically to see if it meets the financial objectives of the Institution. For example, the following questions could be addressed: -

- (a) Does the budget meet the overall objective?
- (b) Is there adequate cash inflow to support the budget?
- (c) Can the budget be improved?

2.2.13.4 Cash Budget

The DFA prepares a cash flow budget for the Institution. The cash flow reflects cash requirements against cash availability and seeks action to deal with cash surpluses or deficits. The cash flow budget therefore highlights: -

- (a) Cash inflows and their main sources
- (b) Cash outflows and type of expenditure
- (c) The timing of cash inflows and outflows
- (d) The expected cash surpluses and deficits and how it is going to be used.

The DFA submits the draft master budget and the cash budget to the Executive Director for review and discussion by the Budget Committee.

2.2.13.5 Budget Committee

The budget committee is composed of all departmental heads, selected TMU officers with representatives of PAA Technical and Monitoring Officers. The DFA is its secretary. The Executive Director is the Chairperson.

The Executive Director introduces the draft master budget and invites the members' comments and views. Members discuss the master budget in the light of the set objectives and operating conditions, and agree on the amendments if any before the master budget is submitted to the National Steering Committee for approval.

The DFA compiles the final draft master budget taking into account the Budget Committee's recommendations. He/she also compiles a budget summary memorandum to be submitted to the National Steering Committee together with the detailed final master budget. These documents are then sent to the Executive Director who submits them to the National Steering Committee.

2.2.13.6 Approval of the Budget

The National Steering Committee is responsible for approving the draft master budget presented to them by the Executive Director. The National Steering Committee has powers to change the budget or give general or specific instructions regarding certain items in the budget.

The annual budget proposals must be approved for use before the beginning of the financial year.

2.2.13.7 Distribution of the Approved Budget

After the budget has been approved, the DFA compiles the approved budget copies and circulates them to the Heads of Departments for implementation. The Departmental heads are not allowed to exceed their budgetary allocations without authority from the National Steering Committee.

In order to facilitate effective budgetary control measures, the DFA prepares a breakdown of the budget indicating when certain expenditures are planned to take place.

2.3 ANALYSIS AND ACTIONS ON VARIANCE

2.3.1 Purpose

To describe the system and procedures to be followed in analysis of variances from the budget in order to facilitate an effective budgetary control system.

2.3.2 Responsibilities

The DFA is responsible for preparing the quarterly budgetary control statement for each responsibility center showing actual performance against planned (budgetary) performance and for ensuring that reasons for variations are obtained from each responsible head of department.

Each Head of Department is responsible for comparing the actual results against the budget and prepare detailed analysis and explanation of the variations from the budget.

The Executive Director is responsible for examining the actual results against the budget and in the light of the explanation given by the departmental heads direct the remedial action, if any, to be taken.

2.3.3 Preparation of quarterly operating statements

At the end of each quarter, the DFA prepares an operating statement for each department. The operating statement shows the actual operating results for the quarter against the budget and also the cumulative actual results for the year to date against the cumulative budget allowance.

In both cases the variations from the budget are shown, either as favorable (+) or unfavorable (-). The quarterly operating statements should be ready for distribution to the heads of departments by the 10th day of the following quarter.

Whenever possible the budget should be flexed by the DFA in consultation with the heads of the departments concerned so that the departmental operating statement compares the actual results against what would have been the budget under the same operating conditions.

The DFA sends the departmental operating statements to the responsible departmental heads under a covering letter asking each of them to examine the results confirm them and prepare explanations on the variance and the action to rectify the situation.

2.3.4 Analysis of variances

Each departmental head is required to examine the details on the operating statement to confirm that his department has been charged correctly. If there are any disagreements, these should be sorted out with the DFA immediately.

When the departmental head is satisfied that the charges have been raised correctly, he/she examines the reasons behind the variations from the budget, assesses their long term effect on the division and decides on the necessary remedial action. He/she then writes his report on the causes and effects of the variations and his/her recommended action. He/she sends the original to the DF and a copy to the Executive Director. Head of Departments must submit their explanations on positive and negative variances within one week of the receipt of the operating statement.

2.3.5 Action on Variances

The DFA receives the departmental explanations on variations, examines and summarizes them on the Quarterly Operating Statement, which is prepared for the Executive Director to highlight: -

- (a) Actual results against budget;
- (b) Variances, their causes and effects; and
- (c) Decisions to be taken to remedy the situation.

The management discusses the quarterly operating statement and the necessary decisions are then taken. These decisions could be: -

- (a) No immediate action is required;
- (b) Revise certain items in the budget;
- (c) Revise the whole budget; and
- (d) Adopt a different operating strategy.

Whatever decisions are taken, they should not be taken in isolation, but the effect of each decision on the overall objectives of the institution should be assessed so that the plan and program remain co-ordinated and focused.

2.4 BUDGET PROCESS FLOW CHART

This flow chart outlines the structured process for budget development, review, approval, and distribution within the organization. It defines the roles and responsibilities of key stakeholders at each stage, ensuring transparency, accountability, and alignment with governance protocols. By clearly identifying the initiator, reviewer, and approver for each budget activity, the chart supports efficient decision-making and reinforces internal controls throughout the budgeting cycle

Budget Activity	Initiator	Reviewer	Approver
Preparation of Budget	User department	Plan and Budget Committee and Management Team	National Steering Committee
Expenditure Budget	User department	Plan and Budget Committee and Management Team	National Steering Committee
Budget Committee Review	Accounts Manager	Management team	Executive Director
Approval of Budget	Director of Finance and Administration	Program and Finance NSC – Sub - Committee	National Steering Committee
Distribution of Approved Budget	Accounts Manager	Director of Finance and Administration	Executive Director

CHAPTER 3

DISBURSEMENT PROCESS INCLUDING THE USE OF D-FUND

3.1 OVERVIEW

The disbursement process for project funds including those disbursed through the Direct to Project Funds (D-Fund) mechanism requires prior approvals from both the Permanent Secretary, State House, and the Government Chief Paymaster. This process involves the submission of relevant request letter and approved budget for the specified activities. All funds, whether from the approved budget or off-budget sources, must be properly received, recorded, and reported. The framework is designed to ensure transparency, accountability, and full compliance with national financial regulations.

3.2 PURPOSE

The purpose of having these documented processes is to enable TASAF program team:

- (i) To facilitate efficient flow of funds from the World Bank and other financiers' /development partners and the Government of the United Republic of Tanzania to the designated bank accounts managed by TASAF;
- (ii) To ensure timely payments to beneficiaries, service providers, and implementing partners in line with approved work plans and budgets;
- (iii) To support performance-based conditions (PBCs), where disbursements are linked to achievement of specific institutional or programmatic milestones; and
- (iv) To maintain financial traceability and compliance, with separate accounts for donor and government contributions.

3.3 RESPONSIBILITIES

The Executive Director have the responsibilities of overseeing the receipt and use of all funds in accordance with section 8 of the Public Finance Act (Cap 348) and section 18 of the Budget Act (Cap 439). This overall responsibility is to ensure the following:

- (i) Transparency and accountability;
- (ii) Efficient use of resources;
- (iii) Adequate reporting and auditing;
- (iv) There is achievement of the value for money; and
- (v) There are no delays in reporting actual expenditures to Financiers, Development Partners and other stakeholders.

3.4 DISBURSEMENT ARRANGEMENTS

3.4.1 Disbursement methods

PSSN III uses advances, reimbursement, direct payments and special commitments as disbursement methods.

World Bank and Development Partners, requires TASAF submission of a cash flow forecast projection for six months to receive the initial deposit in the designated bank account. Subsequent withdrawal requests is made according to project needs based on the cash forecast submitted in unaudited Interim Financial Reports (IFRs).

Ring fenced funds requires submission of the Statement of Expenditure/funds accountability to assess the utilization against the available fund to inform subsequent release of funds.

3.4.2 Transfer of funds

3.4.2.1 Transfer of funds by the World Bank

Project funds are transferred by the World Bank to the USD Designated Account at the Bank of Tanzania (BoT). The designated Tanzanian Shillings (TZS) project account maintained in a commercial bank for local currency payments.

3.4.2.2 Transfer of funds by GoURT and Other Development Partners

Co-financing from other development partners and GoURT follows the same structure with separate accounts to allow traceability. Payments to beneficiaries are made through payment agents (banks, mobile companies), with procedures as detailed in this Financial Management Manual.

3.5 FUND REQUEST PROCESSES

3.5.1 Overview

The Ministry of Finance opens two designated accounts with the Bank of Tanzania to facilitate the receipt of funds from the International Development Association (IDA) and other Development Partners (DPs). One account is dedicated exclusively to IDA funds, while the second account is used for contributions from other DPs.

In addition, the Ministry open three operational accounts with commercial banks; two accounts with NMB Bank for IDA and DP funds, and one account with CRDB Bank for Government of Tanzania (GoT) funds. TASAF requests funds from DPs according to the agreed schedule of disbursement through President's Office. The later communicates with the MoF, who raise a disbursement request to a respective Development Partner.

3.5.2 Fund request

TASAF requests funds from Development Partners (DPs) according to the agreed schedule of disbursement using the six-month cash forecast through President's Office. The later communicates with the Ministry of Finance (MoF), who raise a disbursement request to a respective Development Partner. The fund requisition needs to be done in the World Bank Client Connection for IDA fund Request and in D-Fund System to all DPs including World Bank. When transferring funds from its designated accounts to its operational accounts at the commercial banks, TASAF goes the same route as it does for fund request. The expenditure requisition is sent to the MoF through President' Office specifying the uses of funds in approved budget. Government channel their funds directly to Commercial Banks operated by TASAF.

The TMU operates a Project account with a commercial bank for receiving funds from designated account and for disbursement. From this account the TMU disburses funds:

- (i) Through PSP to beneficiaries;
- (ii) To the PAAs for all other aspects of program implementation;
- (iii) To the Regions for monitoring and supervision; and
- (iv) TMU to meet the operational expenses.

3.6 OVERSIGHT AND COMPLIANCE

3.6.1 Oversight

The overall oversight lies with the Executive Director who must fully oversee all steps: requesting, transferring, receiving, utilizing, accounting for, and reporting on the use of direct project funds. This enhances transparency and accountability in implementing priority activities.

3.6.2 Compliance

While the overall compliance responsibilities at TASAF level lies with the Executive Director, The Ministry of Finance continues with regular monitoring to ensure all development funds are properly received, used, and accounted for, achieving annual targets.

CHAPTER 4

ELECTRONIC PAYMENT PROCEDURES

4.1 OVERVIEW

The Tanzania Social Action Fund (TASAF) has digitized its Productive Social Safety Net program (PSSN III) payment system, enabling beneficiaries to receive Cash Transfers and other grants through electronic payment platforms. PSSN III interventions utilize online and offline solutions for near real-time data accessibility whereby beneficiaries receive payments through various electronic payment platforms including electronic wallets, bank accounts and OTC payment solution that uses biometric authentication. The ePayments are initiated by TASAF through the Government Electronic Payment Gateway (GePG) and processed via licensed Mobile Network Operators (MNOs) and Commercial Banks who have intergrated with GePG.

The use of ePayment system empowers beneficiaries by allowing them to manage their finances and make informed choices, which enhance their ability to access a wider range of financial services while minimizing the risks associated with carrying cash. TASAF approach emphasizes demand-driven solutions based on principles of end-to-end digitization, choice, portability, efficiency, and transparency. This system enables beneficiaries to select financial service providers that best meet their needs, fostering competition and preventing monopolistic practices.

A robust Financial Management System is essential, ensuring accountability through strong record-keeping, internal controls, and accurate reporting. Stakeholders including the Government of Tanzania, Development Partners, and program beneficiaries have greater trust in a financial system that promotes transparency and accountability. Effectiveness of the PSSN III program relies on the timely and predictable provision of funds to beneficiaries.

4.2 OBJECTIVE

The overall objective of this chapter is to guide the implementation of electronic payment system of the Productive Social Safety Net program (PSSN III) under which beneficiaries receive their Cash Transfers electronically.

4.3 SCOPE

The electronic payment (ePayment) process covers all fund disbursements related to the payment of benefits to program beneficiaries in the targeted one hundred (100) Project Area Authorities (PAAs). The licenced FSPs engaged for ePayment operations include NMB Bank Plc, CRDB Bank Plc, NBC Bank, VODACOM, MIXX, AIRTEL, PBZ, TTCL, HALOTEL, and TCB Bank Plc (The full list of the licenced Financial Service Providers (FSPs) is annexed to this manual).

The procedures prescribed in this chapter govern the entire electronic payment cycle, including pre-payment verification, fund authorization and transfer, transaction accounting, reconciliation, and financial reporting, in accordance with applicable financial regulations and internal control standards.

4.4 PAYMENT PROCESS

4.4.1 Pre-Payment

National Identification Number (NIN) is the primary identification of beneficiaries that enables verification and authentication of enrolled HH Representatives and further as primary requirement for account opening in accordance with the regulatory requirements. TASAF in collaboration with FSP and other stakeholders conducts awareness to PSSN beneficiaries on the available products specifically designed for them from various FSPs. Beneficiaries are encouraged to choose FSP whose service are available in their areas and best meet their needs,

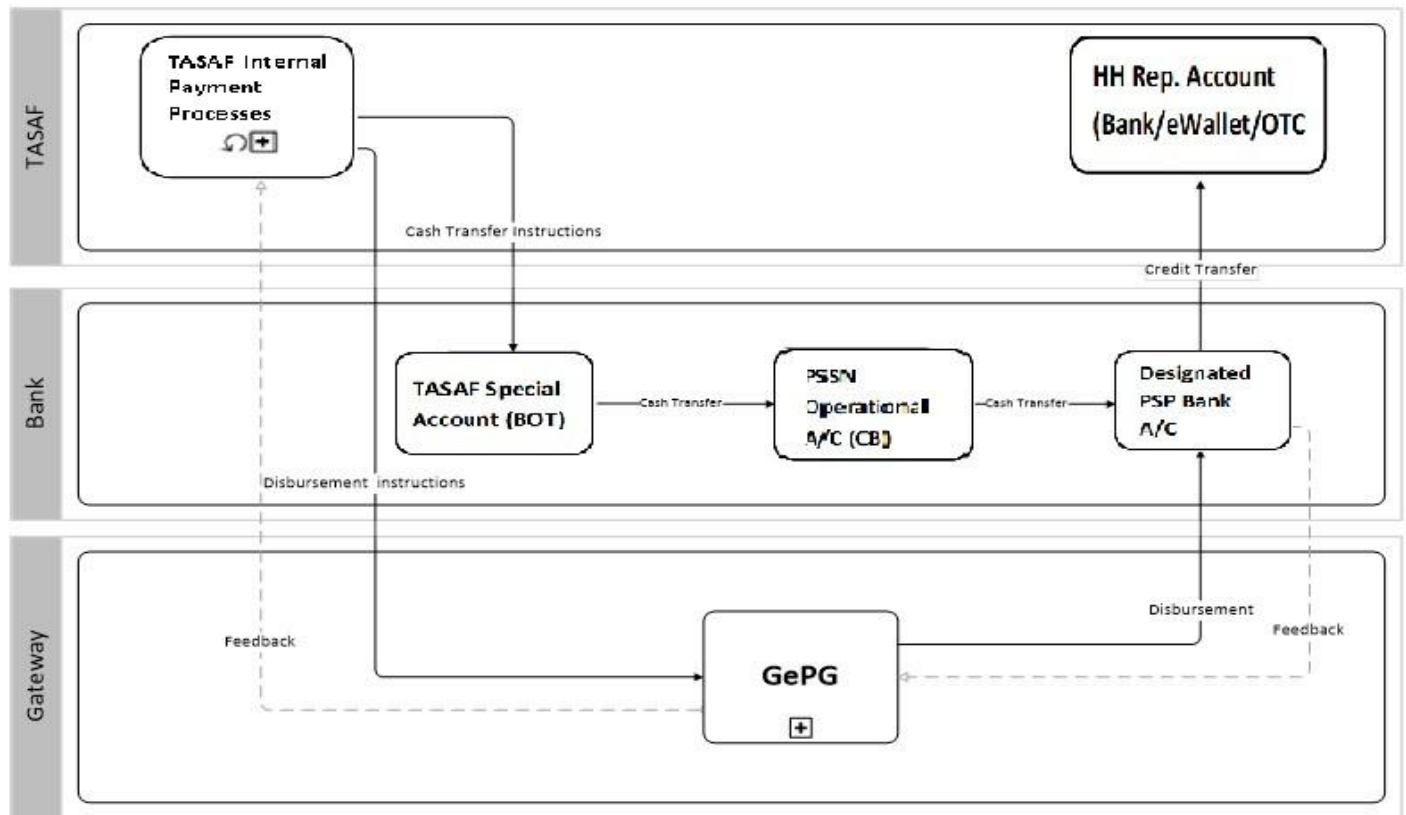
Beneficiary account details are captured and verified at PAA level to ascertain whether accounts are active and their details are correct. The verified Account details are matched against TASAF database. HH Representative detail to produce Payment Register that consists of HH Representative with NIN. Furthermore, payment verification is done before each payment window to detect possible errors and ensure accuracy before final payment generation.

Data updates on beneficiaries' details is done, captured and verified timely in the PSSN MIS at PAA level to ensure their inclusion before subsequent payment generation. Beneficiaries are required to attend Community sessions to prove their existence and inclusion in the following payment window.

4.4.1.1 Fund Disbursement

Funds are transferred to Financial Service Providers (FSP) designated Bank accounts as per approved payment schedule. The FSP acknowledges the receipt of the fund to allow payments to beneficiaries from PSSN MIS which are done through Government electronic payment gateway (GePG). Failed transactions are shared to PAAs for corrections and updates to allow repayment in the same payment window. In case the updates are not completed within the window period, the payment is captured as claim and be reflected in the subsequent payment window. However, the ePayment process may change depending on technology advancement.

Figure 1: Fund flowchart



4.4.2 Post-Payment

After completion of disbursement process, the ePayment reports is extracted from TASAF MIS showing successful/failed transactions for reconciliation with the FSPs statements. The TASAF MIS updates the failed transactions to claims automatically. TASAF continues exploring on alternative means to pay failed transactions in the same payment window to avoid delays of payment to beneficiaries. Furthermore, TASAF works closely with FSPs to ensure beneficiaries grievances are attended timely to allow smooth delivery of payments.

TASAF performs reconciliation of transfers made to Financial Service Providers (FSPs) during each payment window, with the objective of minimizing or eliminating transaction errors and ensuring the accuracy and completeness of the transaction reports before consumption by users at different levels. FSPs are required to refund unutilised cash related to failed transactions into designated TASAF Bank account within the agreed time.

CHAPTER 5

ACCOUNTING PROCEDURES ACCOUNTING POLICIES

5.1.1 Purpose

To describe the main accounting policies adopted by TASAF in accounting for income and expenditure of the Project. Accounting policies applicable to TASAF include general Government accounting procedures modified to enable the Project to produce its own financial statements and reports.

5.1.2 Responsibility

The DFA enforces observation of the policies and procedures as stated in this Manual to all staff at the Head Office, PAA Offices and sub projects implementers.

5.1.3 Description of Accounting Policies

5.1.3.1 Accrual Basis:

Income and expenditure are recognized and accounted for as they are earned and incurred respectively and not as money is received or paid.

5.1.3.2 Historical Cost Convention:

The Financial statements are prepared under the historical cost convention.

5.1.3.3 Depreciation:

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and asset under construction, which are not subject to depreciation. Depreciation of asset begins when it is available for use and is in the location and condition necessary for it to be capable of operating in the manner intended by Management and no depreciation is charged in the month of retirement or disposal or when the residual value is reached. The estimated useful lives of property, plant and equipment classes are set out below.

Table 1: Asset classification and depreciation

Class	Subclass	Estimated useful life
Buildings	Fixed buildings –Office	25 Years
Plant and Machinery	HD Generator	15 Years
Vehicles	Light-wheeled vehicles	5 Years
Furniture and fixtures	Office Furniture and fixtures	5 Years
Equipment	Office Equipment	5 Years
Communications and information technology equipment	Computer (Desk top/Laptops) and Accessories	4 Years
	Servers and Network Equipment	7 Years
	Uninterrupted Power Supplies (UPS)	7 Years

5.1.3.4 Foreign Currency Translation

Transactions involving foreign currency are translated at the exchange rate ruling on the date of the transaction. Liabilities denominated in foreign currency are translated into Tanzania Shillings at the rate ruling on the date of the financial report. Gains or losses are adjusted to the respective grant or creditor account.

5.1.3.5 Inventory

TASAF do not keep inventory for resale but for office use and at sub project level for sub project implementation.

Inventories consist of stationery and other consumables. They are measured at cost upon initial recognition. To the extent that inventories were received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventories are at their fair value at the date of acquisition.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Project.

5.1.3.6 Non-Current assets (Fixed Assets)

Fixed assets are those tangible assets, which are intended for use on a continuing basis by TASAF Head Office and PAAs Offices in supporting TASAF funded activities and not for investment purposes, sale or rental in the ordinary course of business.

For purposes of capitalization, the cut-off limit is TZS. 500,000. Items costing less than TZS. 500,000 are expensed on acquisition and a memorandum record (inventory list) is maintained for control purpose.

5.1.3.7 Imprest and Other Advances

Amounts advanced to staff in the form of Imprest or other advances given for purchase of goods or services are posted to the debit of the respective staff accounts until documentations are provided to show that the goods or services have been received by TASAF.

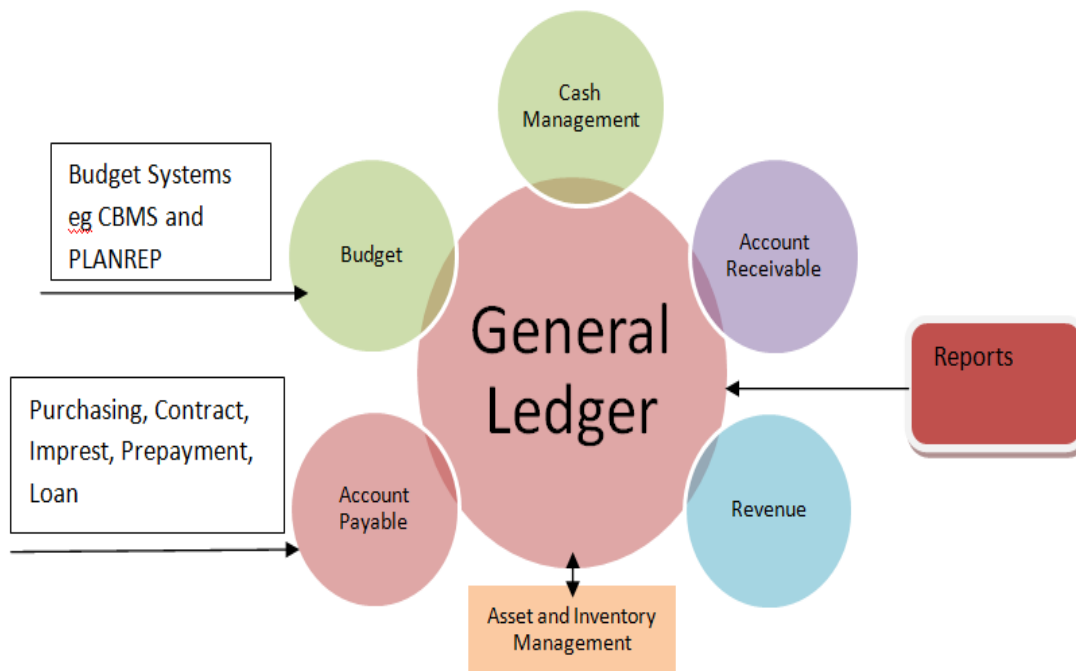
5.1.3.8 The Accounting System

TASAF started to use Mfumo wa Uhasibu Serikalini (MUSE) accounting system from 1 July 2022 for supporting PSSN II Financial Accounting and Reporting Requirements.

MUSE is an Enterprise resource planning (ERP) system which has been developed for the use by Government entities to replace the previous Financial Management System (Epicor). MUSE has been developed by a team of specialists from the Ministry of Finance (MoF). The same team is responsible for providing technical support.

MUSE has the following components/modules as depicted in the diagram below.

Figure 1: MUSE Modules



Activate Wi
Fi

5.1.3.8.1 Availability of Reports in MUSE

Table 2: Availability of reports from MUSE system

S/N	Type of reports	Status
1	Cash Management Reports	All reports are ready and available
2	Analytical Reports	
3	Dummy Reports	
4	Executive Reports	
5	Administrative Reports	
6	Reconciliation reports	
7	Financial Statements	
8	Operational reports	All reports are available except for the following (i) IFR which is in the final stages; and (ii) DA activity report which is still under development.

5.1.3.8.2 MUSE Integration with other System

The status of integrations with other systems to date is shown below:

Table 3: Integration of MUSE and other systems

S/N	Other Systems	Status
1	National e-Procurement System of Tanzania (NeST)	Ready
2	Government Electronic Payment Gateway (GEPG)	Ready
3	Direct interface with operational accounts in NMB Bank	Ready
4	Direct interface with operational accounts in CRDB Bank	Ready
5	PSSN MIS	Not ready

5.1.3.9 Accounts of Sub-Projects

Community Management Committees (CMCs) maintain basic project books of accounts to record for the sub projects and control financial transactions, stocks and tools movements. These records are used to produce periodic reports to TASAF for recording in the computerized accounting system.

Funds transferred to the PAAs for poor households and trenching to the approved sub projects are debited to Advance to PAA Advance Control account and credited to the TASAF Head Office Cash/Bank account. Respective PAAs acknowledges receipt of the funds by issuing acknowledgement receipt to TASAF Head Office.

The details of accounting for Community sub projects are included in the Community Sub project accounting handbook.

5.2 CHART OF ACCOUNTS AND CODING STRUCTURE

5.2.1 Overview

This section of the manual describes the codes that are used in the financial accounting system for recording, classifying and summarizing accounting information.

The heart of the accounting system is the Chart of Accounts. The Chart of Accounts is a schedule of account description with respective codes designed to enable the recording of financial transactions in a way that makes it possible to summarise the transactions in a meaningful way and to prepare reports according to the requirements of users.

TASAF uses a standardized coding system that is structured so that it is applicable at the Head Office /PAA and at Community level. The coding system has been designed to accumulate financial data according to responsibility areas and the nature of expenditure or receipt.

5.2.2 Purpose

The main purpose of the accounting codes is to provide an authorized schedule to be used in the recording of the TASAF's accounting information by all personnel responsible for the accounting function.

5.2.3 Description

The accounting codes list provides a comprehensive list of individual accounts descriptions and the accounts code numbers assigned to each.

5.2.4 Responsibility

The Director of Finance and Administration is responsible for ensuring that staff uses the authorized codes. Addition to or deletion from the accounts code list must be authorized by the DFA before implementation.

Accounting personnel are responsible for proper use of the accounting codes in their respective areas of responsibility. The organization codes are used in conjunction with the accounts codes on all source documents, and journal vouchers for identification of the responsible project area.

5.2.5 Description of the Coding System

All accounts code numbers are prefixed by 32 digits code divided into Four Segments. The first Three segments comprises the organization part used for analysis and reporting purposes whereas the fourth segment comprises natural account code used to classify and summarizing accounting transactions into their relevant categories of Asset, Liability, Income, Expenses, and Accumulated Fund.

The account coding system is flexible in that new codes can be added on and unwanted codes can be deleted/deactivated without disturbing the coding structure.

These codes are designed to facilitate the assignment of accounting data to appropriate areas of responsibility. They also provide guidance, for personnel responsible for coding, of using the authorized schedule of organization codes in the institution's accounting system.

The organization codes list comprises a description of the area of responsibility such as TASAF Head Office, Region, PAA, Ward, Community, Project, etc. and the code number assigned to each. It identifies the individual or area responsible for an operation and its related performance. Broadly, the organization codes define the extent to which expenditures are to be charged.

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The TASAF Account codes structure can be viewed in a tabular form shown below:

Table 4 (A): Existing coding structure for non-subproject transactions

VOTE	SUB VOTE	TR/AGENCY	COST CENTRE	GEOGRAPHIC LOCATION	FACILITY	BUDGET CLASS	PROJECT	SERVICE OUTPUT	ACTIVITY	BUDGET TYPE	COFOG	FUND SOURCE	GFS
3	4	5	4	7	8	3	4	3	6	1	5	3	8

Remarks

SEGMENT 1	VOTE																																								
SEGMENT 2	SUB VOTE																																								
SEGMENT 3	TR/AGENCY																																								
SEGMENT 4	COST CENTRE <table border="0"> <thead> <tr> <th>Code</th> <th>Description of Section/Department</th> </tr> </thead> <tbody> <tr><td>201A</td><td>Finance Unit</td></tr> <tr><td>201B</td><td>Human Resources Unit</td></tr> <tr><td>201C</td><td>E-Payment</td></tr> <tr><td>202A</td><td>Coordination and Logistics</td></tr> <tr><td>202B</td><td>Technical Support</td></tr> <tr><td>202C</td><td>Training and Participation</td></tr> <tr><td>203A</td><td>Conditional Cash Transfer</td></tr> <tr><td>203B</td><td>Public Works Program</td></tr> <tr><td>203C</td><td>Livelihoods Enhancement</td></tr> <tr><td>203D</td><td>Unified Registry of Beneficiaries</td></tr> <tr><td>203E</td><td>Research and Development</td></tr> <tr><td>203F</td><td>Targeted Infrastructure</td></tr> <tr><td>203G</td><td>Safe Guards</td></tr> <tr><td>204A</td><td>Internal Audit</td></tr> <tr><td>205A</td><td>Information and Communication Technology</td></tr> <tr><td>205B</td><td>Monitoring and Evaluation</td></tr> <tr><td>205C</td><td>Development Communication</td></tr> <tr><td>206A</td><td>Procurement Management Unit</td></tr> <tr><td>207A</td><td>Legal Unit</td></tr> </tbody> </table>	Code	Description of Section/Department	201A	Finance Unit	201B	Human Resources Unit	201C	E-Payment	202A	Coordination and Logistics	202B	Technical Support	202C	Training and Participation	203A	Conditional Cash Transfer	203B	Public Works Program	203C	Livelihoods Enhancement	203D	Unified Registry of Beneficiaries	203E	Research and Development	203F	Targeted Infrastructure	203G	Safe Guards	204A	Internal Audit	205A	Information and Communication Technology	205B	Monitoring and Evaluation	205C	Development Communication	206A	Procurement Management Unit	207A	Legal Unit
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SEGMENT 13	FUND SOURCE																																								
SEGMENT 14	GFS																																								

B: CODING STRUCTURE FOR SUBPROJECT TRANSACTIONS

Coding Structure for subprojects are recorded by PAAs and not by TMU.

5.2.6 The Natural Accounts Codes:

These are the individual accounts that are designed to facilitate the posting of various transactions to their relevant Asset, Liability, Income, Expenses, and Accumulated Fund. The accounts codes have eight digits' code as shown below:

Digit/Code	Account Category
1311XXXX	Revenue current Grants Bilateral
1312XXXX	Revenue capital Grants Bilateral
1321XXXX	Revenue current Grants Multilateral
1322XXXX	Revenue capital Grants Multilateral
1332XXXX	Revenue capital Government of Tanzania
2111XXXX	Expenses: Wages, Salaries and Employee Benefits
2200XXXX	Expenses: Use of Goods and Service
2201XXXX	Expenses: Outsource maintenance contract services
231XXXX	Expenses: Annual Depreciation of PPE
2330XXXX	Expenses: Amortization of intangibles
2852XXXX	Other Expenses
2821XXXX	Transfers to PAAs
6212XXX	Current Assets
3318XXX	Current Liabilities
6111XXX	PPE
6146XXXX	Accumulated Depreciation
3333XXXX	Taxpayers Fund

5.3 ACCOUNTING FOR ACCRUALS AND PREPAYMENT

5.3.1 Purpose

The purpose is to describe the systems and procedures to be followed and the documentation to be used in accounting for accrued and prepaid expenses at the end of each accounting period.

5.3.2 Responsibility

The Director of Finance and Administration is responsible for determining the amount and raising the journal vouchers for accrued and prepaid expenses and ensuring that the journal vouchers are properly entered in MUSE.

5.3.3 Description of the System

In an accounting period there are always items of expenditure relating to that period whereby their bills or invoices are not received from suppliers during the period. There are also other occasions when expenses are paid in advance. These items are known as accruals and prepayments respectively and must, if material, be brought into the accounts if the accounts are to truly reflect the financial results of the period.

The prepayment sub module deals with services/goods which must be paid before delivery. Example of service which qualify for prepayment is payment for diesel from GPSA. The prepayment sub module facilitate users to perform the following functions:-

- a) Prepayment entry
- b) Prepayment examination
- c) Prepayment approval
- d) Prepayment receiving entry
- e) Prepayment receiving examination
- f) Prepayment receiving approval
- g) Print Prepayment reports

NB: Prepayment receiving approval results into generation of payment voucher

5.4 PROJECT FINANCING

Funds for TASAF project are earmarked for financing of activities at Head Office –TASAF Management Unit ((TMU), PAAs, and Community projects.

The disbursement of funds from GoT, IDA and other Development partners (DPs) is controlled at the TMU. Funds that are not controlled by TASAF are the counterpart contributions of the beneficiary communities whose funds are deposited into PAA Development bank accounts.

5.4.1 IDA Funding

The TASAF has two different Bank Accounts into which Project funds are paid. These accounts are as follows:

- (a) A Credit/Loan Account: which is denominated in United States Dollars (USD) is maintained with the IDA in Washington. This account is basically used to replenish the TASAF Special Accounts and for making direct payments to foreign supplies, contractors and consultants on behalf of TASAF. The designated controller of this account is the Treasury.

NOTE: No accounting entry is made in TASAF books when funds are transferred into the Loan Account.

- (b) One Special Account is maintained with the Bank of Tanzania, denominated in US dollars for the Credit component. This account operates on a float basis whereby the authorised allocations are transferred from the Loan Account into the Special Account. Reimbursements are made based on submission of Statement of Expenditures.
- (c) TMU maintains one Local Currency Account with a local bank for receiving funds from the Special Account. This account is denominated in Tanzania shillings (TZS) and is used for disbursing funds to PAA Bank Accounts, and for meeting operating expenses of TASAF Head Office.

5.4.1.1 Operating Procedures for Bank Accounts

On signing the Financing Agreement, the IDA issues a Disbursement Letter with details of the operation of the loan/credit account.

On receipt of the disbursement letter, the TASAF, in liaison with the Ministry of Finance, prepares documentation to open the Special Account with the Bank of Tanzania.

The DFA completes the Application for Withdrawal Form and forwards it to the Ministry of Finance for further processing. The Application is done to enable the transfer of funds from the loan/credit account into the Special Account to take place.

On confirmation that funds are in the Special Account, the TASAF transfers the funds into the TASAF Local Currency Account in accordance with the requirements for the quarter.

Funds in the TASAF Local Currency Account are transferred directly in blocks to the Regional Administrative Offices, the Office of the Second Vice President's and PAAs Bank Accounts for onward transfers to approved Poor Households, funding PWP, and meeting Regions and PAA supervision and monitoring costs.

The funds in the TASAF Local Currency Account are also used for funding delivery costs and administrative expenses of TMU.

5.4.1.2 Replenishment of the Special Account

As funds are utilized at TMU, PAA and community level, the reporting of the funds utilized as per each sub-project/activity of project category, together with bank reconciliation, are performed on a regular basis, preferably monthly to allow the Directorate of Finance at TMU to submit withdrawal application to IDA for the replenishment of funds to the Special Account set up for the Project. TASAF is required, within 45 days after the end of the quarter, to submit to IDA a withdrawal application, the IFRs together with the bank reconciliation; and cash forecast covering the following six-months. Details of this arrangement are provided in, the FA and the Disbursement Letter. For all expenditure claimed under the IFR, all supporting documents are retained at TMU offices for internal and external audit review including IDA mission review as agreed.

5.4.1.3 Replenishment Process

Replenishment of funds from the Loan/Credit Account to Special Account has to be done as the draw downs on the special account depleted. Arrangements for replenishment of the Special Account have to be done in a timely manner.

The DFA uses personal judgments in determining the time that it normally takes to process the application and ensure that future arrangements for replenishment are started in good time to avoid running out of funds.

The procedures for replenishing the Special Account are as follows:

- (a) The Director of Finance and Administration (DFA) prepares the SOEs/quarterly IFR report.
- (b) The Straight Through Processing (STP) Application for Withdraw Form is completed indicating the amount required in US\$, Application Number, the Loan number, beneficiary's name and address.
- (c) Supporting documents to Application for Withdrawal includes the SOEs/quarterly IFR reports, Special Account bank statement and local account statement.
- (d) The STP-Withdrawal Application Form is delivered to the Ministry of Finance for authorisation and further processing. One stamped set hardcopy is retained by the TMU and is properly filed for future reference.

5.4.1.4 Accounting Entries for Replenishment of the Special Account

When funds have been credited to the Special Account, a journal voucher is prepared to debit the Special Account and credit the IDA credit account in TASAF books. The Withdrawal Application Form number is quoted on the voucher.

5.4.1.5 Withdrawal from the Special Account

In order to affect a drawdown from a Special Account to the TASAF Local Currency Account, the following procedures are to be followed.

5.4.1.6 Withdrawal Procedures

Fund Transfer Instruction letter is prepared by the DFA according to the needs on the approved budget or in accordance with the requirements of the new sub-project.

The Fund Transfer instruction letter is approved by Executive Director. The transfer is done through the D-Fund system to transfer fund from TASAF special account maintained at Bank of Tanzania and TASAF operational Bank Account.

5.4.1.7 Accounting Entries for Withdrawals from Special Account

When funds have been credited to the TASAF Local Currency Bank Account, the TASAF Local Currency Bank Account is debited and Special account is credited using the TASAF copy of the Fund Transfer Instruction. The payment instruction number is quoted on the voucher.

A Special Account Bank Statement is received whenever is needed. Upon receipt, the statement is checked for correctness and all withdrawals reconciled with TASAF records. All supporting records to the withdrawals are properly referenced, filed and safely kept.

5.4.2 Government Funding

Funding by the Government of Tanzania (GoT) is known as *Counterpart* Funding. This is the Government share of its commitment to the project as stipulated in the Loan/Financing Agreement.

5.4.2.1 Procedure for initiating funding by Ministry of Finance (MoF)

The Government's signing of the Credit Agreement is the initial step toward formalizing the expenditure to TASAF. All expenditure by the Government is as per budget provision. A budget covering the project duration is presented to the MoF for inclusion in the Annual National Budget.

The GOT funding is executed under the normal Government financial procedures where the MoF issues "Warrant of Fund" to vote holders.

5.4.2.2 Accounting Entries for Funding by GoT

The total amount received is credited in the GoT fund account and debited to the Administration Account using the Warrant of Funds received from the MoF.

5.4.2.3 Procedure for Funding and Accounting of PAA Funds

The DFA make block transfers to PAAs in accordance to approved applications/requests.

PAAs disburse funds to Village/Shehia/Mtaa councils to support supervision and monitoring. It also provides funds to the CMCs to implement PWP sub projects /Pay Poor Households under CCT. The PAA facilitates provision of technical services by Ward/Shehia and PAA levels facilitators.

5.4.2.4 Accounting at PAA Level

The PAA reports to TMU on monthly basis on the funds received from TMU. The report shows the amount of funds paid for sub project activities, paid to the Village Councils and the amount utilized for supervision and monitoring.

5.4.2.5 Accounting at Community Level

The communities issue a receipt for the funds received from the PAA for poor households and supervision and monitoring. After utilizing supervision and monitoring funds, the Village Executive Officer (VEO) submits their retirement to the PAA for justification.

5.4.2.6 Accounting Entries

Accounting entries are performed at TMU and at PAA Office as follows:

TMU: When funds are transferred to the PAA Project Account, The PAA advance control account is debited and TASAF local account is credited accordingly.

5.4.3 Funding of Sub-Projects

The approved budget for a sub-project/ beneficiaries forms the basis for the initial funding to that sub-project/ beneficiaries.

After the Village/Shehia Council or the PAA Finance Committee/Pemba and Unguja Steering Committee approve a sub-project/beneficiaries, it is forwarded to TMU for endorsement and disbursement.

5.4.4 Filing System

The Director of Finance and Administration maintains the following files:-

- (a) IDA Credit File:
 - (i) Letters of Withdrawal
 - (ii) Disbursement Letters
 - (iii) Fund Transfers Instruction
- (b) State House)
 - Warrant of Funds

The PSSNC maintains the following files:

- (a) TASAF Funding File
- (b) Justification/Reconciliation Returns

5.5 ACCOUNTING FOR RECEIPT AND PAYMENT

5.5.1 Purpose

The purpose is to describe the system and procedures to be used in receiving and effecting payments by cash and through online banking.

5.5.2 Responsibilities

The DFA has the overall responsibility for the control of cash and for making payments on behalf of TASAF. The DFA is the chief custodian of the Project funds, and signatory to all bank accounts.

The AM and the DM are responsible for assisting the DFA in ensuring that financial transactions are carried out as per approved policies and procedures.

The AM is also responsible for the proper maintenance of accounting books and records. He/she is responsible for the preparation of various financial reports produced by the Directorate.

The Cashier is responsible for receiving incoming cash and issuing receipts for amounts received, daily banking of cash, making payment on the basis of approved vouchers and keeping all project funds in safe custody.

5.5.3 Forms Used

Forms used in MUSE are properly authorized and approved documents. The documents for recording in MUSE are as follows:

- (a) Payment Vouchers;
- (b) AR Receipts;
- (c) Payment Requisition Form;
- (d) Imprest Request and Retirement Form;
- (e) Suppliers' Invoices;
- (f) Purchase Orders (PO);
- (g) Payroll Journals;
- (h) Goods Received Notes (GRN); and

- (i) General Journals.

5.5.4 Accounting Procedures

The receipts and payments accounting procedures are set out in the following paragraphs under the following headings:

- (a) Cash Receipts;
- (b) Bank Credits;
- (c) Banking of Receipts;
- (d) The Receipts Journal;
- (e) General Payments Procedures;
- (f) Payments by Cash;
- (g) Recording of Paid Invoices;
- (h) Payment and Retirement of Imprest; and
- (i) The Cash Payments Journal.

Receipts by TASAF are mainly in the following forms:

- Cash
- Bank credits

5.5.4.1 Cash Receipts

The cashier writes in triplicate, an official receipt for all cash received at the office. The receipts are pre-printed and pre-numbered. The cashier enters the following details on every receipt voucher:

- (a) Date
- (b) Name of payer
- (c) Details of payment
- (d) Amount received in figures and words
- (e) Cash
- (f) Account code allocated
- (g) Signature.

Note: The cashier issues the receipts in a strict serial order. No receipt leaf is to be skipped and all cancelled receipts have to be accounted for by attaching the original together with the first copy when preparing a batch for posting.

The cashier then tears off the original receipts and give it to the payer, the first copy is removed and filed for daily posting. The third copy remains as book copy. At the end of the day, the cashier key into the system the receipts in accounts receivable Module as a Batch for that day and post it.

5.5.4.2 Bank Credits

The cashier obtains bank statements for all TASAF accounts on monthly basis or on demand and handles the statements to the responsible Accountant for each Account.

The Accountant scrutinizes the statements for noting any credits in bank statements that do not have corresponding entries in the cash book.

The entries with credit advice are booked in the MUSE System as a non- cash receipt.

The AM writes to the bank inquiring about unknown bank entries. A standard letter form for the purpose is prepared in which the following details are entered:

- (a) Date of letter
- (b) Date of entry
- (c) Amount of entry

NOTE: Pending clarification by the bank, the unknown bank credits features in bank reconciliation statements.

The known bank credits are receipted and acknowledge receipt are issued. The cashier/authorized officer issue a receipt for each bank credit from third parties. The instructions includes therein the following:

- (a) Date of credit in bank
- (b) Remitter's name
- (c) Details of remittance
- (d) Amount
- (e) Account to be credited.

The cashier/authorized officer writes a receipt by deleting both "Cash/Cheque" options on the receipt enter "Bank Credit as per credit date." The original receipt is mailed to the address of the remitter of money.

5.5.4.3 Banking of Receipts

All cash receipts should be banked wholly and intact on the following working day. The cashier writes bank pay-in-slip in duplicate for all receipts of the previous day; compare entries of the pay-in-slips with the journal printout to make sure that they agree except for the receipts raised on bank credits.

After writing the bank pay-in-slips the cashier takes the cash to the bank for banking. The Cashier makes sure the bank teller stamps and sign all copies of the bank pay-in-slip to signify the lodgment and return all the stamped and signed copies to the cashier.

The cashier submits the stamped and signed pay-in-slip to the DFA who confirms that the pay-in-slip agrees with the report of cash receipts in MUSE, the cashier thereafter retain the same in a file for future reference.

5.5.5 General Payments Procedures

Payments can be made through the following platforms:

- Payment by cash (petty cash);
- Payment by E-Money through Bank Online Payment Interface; and
- Payment by E-Money through Mobile Wallet system.

Overview

The cashier can make petty payments by cash from the petty cash float maintained at the office.

Requests for payments originate from heads of Department. The initiator of the payment is a claimant who produces a claim in the form of invoice, letter, contract form, etc.

The claim is accompanied by supporting documents i.e. an invoice attached with the relevant Purchase Order (PO), Supplier's Invoices and Delivery Note (DN), and TASAFs Goods Received Note (GRN).

The claims originating from contract other than PO such as house rent, consultants claims are accompanied with a signed copy of the relevant contract showing details, mode and amount of payment.

Other claims for payment including staff claims are maintained a narrative form addressed to the head of department detailing the nature of claim being lodged. Supporting documents such as third party receipts are required for claims that do not fall under staff emoluments.

All claims for payment are routed through the concerned head of department who scrutinize the claim to make sure that the claim is within his/her authority limit and that it is within the approved budget.

The commitment control system checks the funds availability before allowing the transaction to go through the system. If the fund balance is not sufficient the transaction is rejected.

Except for the petty claims that are paid using petty cash, all other claims must be forwarded to the ED for approval.

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On receiving the authorized payment request the DFA reviews the request prior to endorsing it for payment. The approved Payment request is passed to the AM for payment processes.

The AM then forward the request to the Accountants/cashier for creation of payment vouchers/petty cash vouchers.

The Accountant enters Payment Voucher in account payable on the approved amount of the payment. The AM then scans the voucher for errors (Voucher Edit List) before the same is getting approval and posted by the AM.

5.5.6 Payments by Cash (Petty Cash)

Payments not exceeding 100,000/= are paid using petty cash.

The payee signs the petty cash voucher to acknowledge receipt of money.

5.5.7 Payment by E-Money through Bank Online Payment Interface

TASAF operates through streamlined online banking procedures designed to enhance efficiency, transparency, and accessibility. Core functions including registration, documentation, approvals, and financial transactions are conducted via secure digital platforms. Staff and stakeholders interact through authenticated portals, enabling real-time updates, automated workflows, and centralized record-keeping. This digital approach minimizes manual intervention, reduces turnaround times, and ensures compliance with regulatory standards while supporting remote collaboration and data integrity

Responsibilities

The Director of finance and Administration is responsible for ensuring security, compliance and approval workflow of the online transactions. This includes the following:

- Ensure there is segregation of duties by having a separate role for initiation, approval, and reconciliation;
- Ensure there is a system-generated logs of all payment activities;
- Ensure compliance with the respective banking guidelines and internal financial policies; and
- Define thresholds requiring single or multiple approvals (e.g., more than TZS 10 million requires dual sign-off).

Procedures

- a) Once a payment request form is completed, checked, reviewed and approved the Disbursement Manager logs on to the on-line payment interface and register the payment and identifies an intended bank account from which the payment shall be made from.
- b) Accountant Disbursement/ prints a payment reference generated by the system showing details of the payment such as from which bank account payment will be made from, to which bank name and bank account is the payment made to etc. The Accountant Disbursement / Authorized Officer thereafter signs to affirm registration of the payment.

- c) A printed payment reference is attached to the voucher list generated from the system and the whole package is sent to the authorized signatories
- d) Authorized signatories releasing the payment from TASAF's bank account. If discrepancy or error is observed at this stage, the Director of Finance and Administration provides a note to the next authorized signatory to reject the payment. Rejected payment is then sent back to the Disbursement Manager for correction and re-registration.
- e) In the cases of failed transactions/ unapplied transaction Disbursement Manager investigates and resolve promptly; document root cause and corrective actions.
- f) For duplicate or erroneous payments, Disbursement manager flag and reverse with bank support; and also make a notification to the affected parties.

5.5.8 Payment by E-Money through Mobile Wallet system

- a) TASAF has an agreement with all Mobile Network Operators, to utilize their mobile money transfer platforms for effecting payment transactions to beneficiaries.
- b) To initiate payment, TASAF deposits funds equivalent to the total amount of E-Money including charges to Mobile Money Agent's bank account at a designated bank. Upon confirming receipt of the deposit, the agent issues E-money, an electronic value equivalent to the amount deposited to a special mobile wallet account within its system.
- c) Prior to sending instructions to remit E-money through mobile wallet system Payment Request form shall be dully completed, reviewed and approved. Attached to this payment request, will be a beneficiaries' payment form duly filled showing mobile phone numbers and corresponding registered names.
- d) The Accounts Manager then prepares a remittance sheet in a pre-defined MS Excel CSV format indicating the name of the beneficiaries, his / her Mobile Subscriber Integrated Services Digital Network Number (MSISDN) that uniquely identifies the payee on the Global System for Mobile Telecommunication (GSM) and amount of funds to be remitted. The amount to be remitted will include charges as defined by paying agent's current tariffs.
- e) In cases of failed transactions, the E-payment team shall promptly investigate the root cause and take appropriate corrective action, including communicating with PAA officials to ensure that all necessary updates are made in the MIS. The root causes and corresponding actions taken must be fully documented

5.5.9 Recording of Paid Invoices

Invoices are raised against approved Purchase Orders. All approved Purchase Orders are posted in MUSE, invoices recorded and payment processed.

The procedure for payment of paid invoices is the same as for other payments. However, the recording is different because there is no Purchase Order booked in MUSE. Therefore, the voucher is prepared and the payment to reimburse the Petty Cash holder for the amount previously paid.

5.5.10 Payment and Retirement of Imprest

5.5.10.1 Payment of Imprest

An officer of TASAF who need to be paid cash in advance so as to accomplish a purpose on behalf of the Institution, the Imprest system of payment is used. The advance is debited in the personal account of the officer until the retirement is done. The amount retired as TASAF expense is then transferred to the appropriate expenditure account.

The officer approved to be given cash imprest fills in the Imprest Request Form or authorized document stating therein the purpose for which imprest is required. The requester signs the form and forwards it to the head of department. The head of department reviews the request and if satisfied endorses the request by signing on the provided space on the form.

The approved Imprest Request Form is then taken to the AM who fills in details about any outstanding Imprest taken by the officer. After filling in the details, the accountant raises an Invoice in Account Receivable to Debit the Officer.

The normal payment procedure is followed thereafter.

5.5.10.2 Retirement of Imprest

After the officer has accomplished the purpose for which the Imprest was paid, the officer is required to account for the money immediately within 14 days of such accomplishment. Failure to account for the money within the set period results into having the money recovered from the concerned staff's monthly salary in installments to be determined by DFA. No further imprest is paid to such staff until his/her imprest account is cleared.

On retirement, the employee fills in the Imprest Retirement Form in which particulars of the amount advanced and expenditure incurred are entered. The staff attach documentary evidence of the various expenditures such as third party receipts, etc. The form is signed by the retiring staff who hands it to the head of department for approval.

The head of department scrutinises the retirement form with its attachments to see if it is in order. If satisfied, he signs his approval on the provided space and forwards it to the DFA.

On receiving the Imprest Retirement Form endorsed by the head of department, the DFA reviews the lot and if satisfied signs on the provided space on the form and passes it to the AM.

The AM enters a credit Memo, print and post it to Credit the personal account of the staff and Debit the various expenditure accounts as indicated on the retirement form.

5.5.11 Filing System

The Cashier maintains a receipt voucher file:

- (i) Copies of Receipts
- (ii) Batch Posting Forms (Receipts)
- (iii) Bank Pay-in-Slip
- (iv) Bank Credit and Debit Advices

5.6 ACCOUNTING FOR PAYROLL

5.6.1 Purpose

To describe the main routines to be followed in the preparation of monthly payroll and payment of staff salaries.

5.6.2 Description of Procedure

5.6.2.1 Overview

TASAF uses the Enterprise Resources Management Suite (ERMS) as its HR system, and it is integrated with the Government of Tanzania's MUSE general ledger through automated financial postings.

Integration with MUSE General Ledger

ERMS integrates with MUSE through:

- **Automated Posting:** HR-related financial transactions (e.g., payroll, staff benefits, allowances) are automatically posted into the MUSE general ledger.
- **Budget Control:** HR expenditures are linked to budget lines in MUSE, ensuring compliance with Institution's spending limits.
- **Data Synchronization:** Employee records in ERMS feed into MUSE for accurate financial reporting and audit trail.

5.6.2.2 Permanent Payroll Record

After concluding the new employee's appointment, the Human Resource department includes the new staff in the payroll database.

Salary changes are made when an employee is promoted or when one gets an annual increment. In both cases properly approved letters are written in triplicate and be distributed in the same manner as the letter of appointment.

5.6.2.3 Preparation of Monthly Payroll

5.6.2.3.1 Advances

Three days before the salary payment date the AM prints the aged receivable list to extract information on staff who received payments such as advances, etc. that need to be included in the payroll.

The AM enters all the payments of personal nature in the payroll database to be deducted wholly from the current month salary or by installment as indicated on the authorizing documents.

5.6.2.3.2 Printing of Payroll, Bank List, and Salary Slips

The printing of payroll is done after the AM is satisfied that all entries for the month are well reflected (i.e.)

- (a) Month
- (b) Employment number
- (c) Employee name
- (d) Basic salary
- (e) Housing allowance
- (f) Transport allowance
- (g) Utilities allowance
- (h) Loan/Salary advances recovery
- (i) Net pay

The Human Resource Manager examines the payroll to see if there is any error, omission or unknown figure(s) before signing it and forwarding it to the DFA for crosschecking and forward it to the ED for approval.

On receiving the payroll from the Human Resource Manager, the DFA examine the payroll. The DFA compares the month's payroll with that of the previous month and if there are significant changes, the Human Resource Manager explains the reason for the change.

After being satisfied, the DFA forward it to the ED for approval and return the sheet to the AM for preparation of the salary payments and posting in the MUSE system.

5.6.2.4 Filing System

The AM maintains the following files:

- (a) Appointments File:
 - (i) Letters of Appointments
 - (ii) Employment Contracts
 - (iii) Promotion Letters.
- (b) Payroll File:
 - (i) Monthly Payrolls
 - (ii) Payroll Payment vouchers
 - (iii) Bank Lists
 - (iv) Copy of Salary Slips

5.6.2.5 Payroll run approval workflow

The payroll run undergoes a multi-tiered verification process to ensure accuracy and compliance before payment processing can commence.

- ❖ **Originator –Payroll Accountant**
 - Action: Creates the draft payroll within the ERMS.
 - System Action: Submits the payroll to the next level.
 - Required Response: The originator must COMMIT the draft payroll to finalize the submission to the Payroll Manager.

- ❖ **Level 1 – Payroll Manager (AM/DM)**
 - Action: Reviews to Confirms fund availability and the correctness of financial coding.
 - Decision Point: ACCEPT (to forward) or REJECT (to return for correction).
 - Next Step: Upon acceptance, the entry routes to the Budget Holder.

- ❖ **Level 2 – Budget Holder (HRM)**
 - Action: Verifies the payroll against the approved headcount and budget ceilings.
 - Decision Point: ACCEPT or REJECT.
 - Next Step: Upon acceptance, the entry routes to the Payroll Finance Approver.

- ❖ **Level 3 – Payroll Finance Approver (DFA)**
 - Action: Review the Payroll for operational accuracy.
 - Decision Point: ACCEPT or REJECT.
 - Next Step: Upon acceptance, the entry routes to the Accounting Officer.

- ❖ **Level 4 – Accounting Officer (ED)**
 - Action: Provides the final administrative authorization for the payroll run.
 - Decision Point: ACCEPT (to authorize payment) or REJECT.
 - Next Step: Upon acceptance, the entry is routed back to the Payroll Finance Approver as approval to proceed.

- ❖ **Level 5 – Payroll Finance Approver (DFA)**
 - Action: Initiates the payment process based on the Accounting Officer's approval.
 - Decision Point: ACCEPT (to proceed to checking) or REJECT.
 - Next Step: Upon acceptance, the entry routes to the Payroll Finance Checker.

- ❖ **Level 6 – Payroll Finance Checker (AM/DM)**
 - Action: Conducts a pre-payment audit of the payroll details.
 - Decision Point: ACCEPT (to generate voucher) or REJECT.
 - Next Step: Upon acceptance, the system generates a Payment Voucher draft. The Human Resource Officer (Payroll Accountant) must then click ADD VOUCHER to formally submit the Payroll for Payment.

5.6.2.6 Payment Voucher Verification

Once the Payment Voucher (PV) is generated, it undergoes a three-step verification cycle:

- a) Commit: The Expenditure Accountant reviews the draft PV and commits it, forwarding it to the Examiner (Payroll Accountant).
- b) Checker: The Examiner performs a detailed examination of the voucher and supporting documents (Examiner Accountant).
- c) Approval (AM/DM): The approved Examiner forwards the PV to the Approver (AM or DM) for final authorization.

Outcome: Final approval triggers the automatic generation of the **PAYLIST**.

5.6.2.7 Paylist verification

The generated Paylist requires three levels of sign-off before leaving the ERMS:

- a) Cashier: Commits the Paylist to initiate the internal payment process (Payroll Accountant).
- b) Payment Checker: Verifies the paylist details and payee information (AM)
- c) Payment Approver: Provides the final approval within the ERMS. (DM)
 - **Outcome:** Final approval releases the payment file for upload to the Banking Portal.

5.6.2.8 Bank Portal Processing (Internet Banking)

The payment file is submitted to the bank's internet banking platform for disbursement, requiring a two-step verification for security:

- a) File Receiver (Initiate): The Payment initiator initiates the bank processing transaction.
- b) Checker: Signatory Block 1 reviews the initiated batch.
- c) Authorizer: Signatory Block 2 authorizes the final transfer of funds to employee accounts.

5.7 ACCOUNTING FOR FIXED ASSETS

5.7.1 Purpose

To describe the systems and procedures that should be followed and the documentation to be used in accounting for fixed assets.

5.7.2 Responsibility

The ED is responsible for authorizing expenditure on capital items. The DFA is responsible for ensuring that expenditure on fixed assets is properly recorded in the Asset and Inventory Management Module.

5.7.3 Summary of the System

The fixed assets accounting system is maintained in the Government Asset Register which is managed through the Government Asset Management System (GAMS) under the custodian of Ministry of Finance through GAFMD. TASAF also maintains a memorandum fixed asset register. The main features of the system are summarized as follows:

- (a) A computerized fixed assets register record is created for each fixed asset item on acquisition or on completion of a capital project.
- (b) Each quarter, the DFA prints out a summary of the acquisitions and disposals during the quarter and forwards this to the Executive Director for review and submission to the National Steering Committee together with quarterly accounts;
- (c) Details in respect of the disposal of fixed assets are recorded on the fixed assets record;
- (d) Adjustments and error corrections for assets recorded in the Fixed Assets Register can be done only after being approved by the Executive Director. No asset revaluations are to be carried out for recorded assets;
- (e) Assets that have been disposed of are completely removed from the fixed assets register and a hard-copy printout of the disposal is filed in a physical file called Disposal of Fixed Assets.
- (f) A physical count and inspection to determine the condition of assets is to be carried out once a year, at the end of the accounting period.

5.7.4 Classification of Fixed Assets

Fixed assets are those assets of value with a long life, held by the Project, which are not primarily for sale or for conversion into cash. Fixed asset expenditure is further defined at TASAF, as any expense on capital item of TZS 500,000 or more which:-

- (a) Creates an additional asset; or
- (b) Represents an addition or extension to an existing asset; or
- (c) Represents improvements to existing assets; or
- (d) A replacement of an existing fixed asset

A fixed asset is classified into one of the following categories:-

- (a) Land and Building
- (b) Motor vehicles;
- (c) Furniture and fittings;
- (d) Computer hardware and software;
- (e) Office machines, tools and equipment.

5.7.5 The Fixed Asset Register

The DFA is responsible for ensuring that a fixed asset register record is prepared for each fixed asset.

The details for each fixed asset record are obtained from one of the following two sources:-

- (a) Payment vouchers and delivery notes received from suppliers; and
- (b) Details obtained from the capital project records for fixed assets that are constructed during a period of time and of which various payments are made over the construction period. All expenditure during the construction period is charged to the work in progress account. On completion of the project, the total costs incurred are transferred out of the work in progress account into the correct fixed asset account. In the case of imported fixed assets the cost comprises the CIF cost, clearing and forwarding charges and installation costs. It excludes cost of initial spare parts.

All relevant payment vouchers, purchase orders and all invoices/cash sales pertaining to capital expenditure are maintained. The following details, where appropriate, are noted on each fixed asset register record from the information obtained above:

- (a) Name and description of asset;
- (b) Asset number and classification;
- (c) Model type/number;
- (d) Serial/chassis number;
- (e) Date of purchase;
- (f) In service date
- (g) Location of the asset, where the asset is kept;
- (h) Name, address and telephone number of the supplier and
- (i) His local agent;
- (j) Supplier's invoice(s) number(s);
- (k) Cost of asset (original foreign currency cost and local currency equivalent);

NOTE: *The fixed asset number should be clearly stamped or printed on the asset so that it can be identified easily with the respective fixed assets records.*

The fixed asset register records are maintained in an Asset Management module structured to analyze the assets by category, for example, office machines and equipment, computer hardware and software, motor vehicles, and furniture and fittings. Further analysis can be done by location of the fixed asset or project to which the asset belongs.

The DFA ensures that the figures relating to fixed assets in MUSE, General Ledger Accounts reconciles with the fixed assets register records in Asset Manager.

NOTE: *A memorandum of Depreciation charged during the year is also maintained outside the Asset and Inventory Management Module, throughout the project life.*

5.7.6 Disposal of Fixed Assets

The Fixed Assets is disposed when:

- They are fully depreciated;
- Obsolete
- Damaged to the extent that they can no longer be used economically.

TMU follows the Government disposal procedures.

- (a) Date of disposal
- (b) Proceeds arising

A list of all assets disposed of are printed out in the relevant Asset Management Report Revaluation of Fixed Assets. Revaluation of assets recorded in the fixed assets register is not allowed under any circumstances. All asset values are strictly maintained at historical cost.

5.7.7 Filing System

The AM maintains the following files:

- (i) Fixed Assets Register and Supporting documents
- (ii) Fixed Assets Payment Vouchers

CHAPTER 6

ACCOUNTING ROUTINE AND FINANCIAL REPORTING

6.1 PURPOSE

To describe the main routines to be followed in recording transactions and preparation of periodic financial reports with the objective of ensuring that the resulting Management information is reliable and timely maintained.

Periodic accounting routines are accounting activities performed consistently daily, weekly, monthly, quarterly, or annually to ensure:

- (i) accurate financial tracking;
- (ii) maintain compliance with regulatory standards;
- (iii) support informed decision-making; and
- (iv) uphold internal controls.

These routines help organizations monitor cash flow, reconcile accounts, prepare financial statements, and detect discrepancies early, thereby promoting transparency, accountability, and operational efficiency.

6.2 RESPONSIBILITIES

The Accounts Manager (AM) is responsible for ensuring that the accounting records are all posted at the end of each day, week, month, quarter and year. The Accounts Department is involved in the preparation of detailed analyses forming the basis of Management Information Reports.

6.3 SUMMARY OF THE SYSTEM

Periodic accounting routines are carried out based on the following periods:

- | | | |
|-----|---------|------------------------------------|
| (a) | Day | Daily Accounting Routines; |
| (b) | Month | Monthly Accounting Routines; |
| (c) | Quarter | Quarterly Accounting Routines; and |
| (d) | Year | Annual Accounting Routines. |

6.3.1 DAILY ACCOUNTING ROUTINES

6.3.1.1 Daily Cash and Bank Report

At the end of each day the cashier prints from MUSE System a Daily Cash Report, which shows the following details:

6.3.1.2 Bank:

- (a) Opening bank balances;
- (b) Amount of cheques drawn on each bank account;
- (c) Deposits made for each bank account;
- (d) Closing balance on each bank account; and
- (e) Totals for each of the above.

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The Daily Bank Report is printed in duplicate first thing on the following working day. The report is then forwarded to the DFA for review and approval.

On receiving the report, the DFA scrutinize it and if satisfied sign on the provided space and return the copy to the cashier and forwards the original to Executive Director for noting. The Executive Director reviews the report and if necessary consult the DFA before signing it and passing it to the AM for information and filing.

6.3.1.2.1 Purchase Orders

Purchase orders for which goods or Invoices have not been received from suppliers for payments / commitments made for TASAF.

The AM is required to produce a report from MUSE system of all commitments in order to determine the fund availability.

The Commitment system produces a commitment report to be submitted to the DFA.

6.3.2 MONTHLY ACCOUNTING ROUTINES

The basic monthly accounting routines are: -

- (a) Preparation of monthly bank reconciliation statements;
- (b) Performing month-end routines;
- (c) Printing and distribution of preliminary monthly reports;
- (d) Effecting any necessary adjustments after receiving feed-back from responsible officers; and
- (e) Preparation of monthly Financial Management reports.

6.3.2.1 Forms Used

The principal forms that are used in the Preparation of the Financial reports are illustrated as follows:

- (a) Monthly Cash and Bank Report (Cash Activity Report);
- (b) Bank Reconciliation Statements;
- (c) Receipts and Expenditure Statement;
- (d) Monthly Expenditure Statement by category;
- (e) Summary of Sources and Uses of Funds;
- (f) Balance Sheet; and
- (g) Trial Balance.

6.3.2.2 Description of Procedures

The monthly preparation of above described reports is fully computerized and human intervention is required only when making adjustments to the preliminary reports after receiving responses from the various staff responsible for respective areas of the report.

After receiving the print-out of the preliminary report each head of department scrutinizes the departmental report and if there is anything that she/he is not satisfied with the report, she/he react by writing an internal memorandum to the DFA with reasons why he is not satisfied.

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The DFA receives the comments and investigate the genuineness of matter raised. After establishing the facts, the DFA instructs the AM to raise a Journal entry for correction.

When all corrections have been effected and the DFA is satisfied that all SJV have been completed and posted to MUSE general ledger a trial balance is printed. This process is computerized and the system print out all general ledger accounts individually and recording the balance of each account in two columns as either debit or credit. The DFA checks the trial balance to ensure that: -

- (a) Control accounts balance with the subsidiary ledgers and supporting schedules;
- (b) The figures shown are reasonable; and
- (c) Certain additional entries may have to be made to adjust the trial balance to make it as accurate as possible.

Discrepancies and errors should be traced and corrected in the supporting records. Any adjustments to the preliminary trial balance are effected by raising adjustment journal vouchers and are posted to MUSE before the accounts are prepared.

After posting the adjustments the final trial balance is printed and the following financial statements are printed:

- (a) Cash Activity Report;
- (b) Bank Reconciliation Statement;
- (c) Receipts and Expenditure Statement;
- (d) Sources and Uses of Funds;
- (e) Balance Sheet; and
- (f) Trial Balance.

6.3.2.3 Cash Activity Report:

This report is printed on a monthly basis to show the summary of TASAF's liquidity position. It shows the opening balance of cash in the bank, deducts total of cheques drawn during the month, and adds the total deposits into the bank to arrive at the bank balance before commitments. Outstanding POs are deducted to get the uncommitted balance on which cheques can be drawn.

6.3.2.4 Bank Reconciliation Statement:

The reconciliation statement is designed to correct both the Bank Statement balance and the Cash Book balance to arrive at the correct balance denoting "Cash available for use". The Bank Reconciliation process is performed in the Cash Management Module of the MUSE system.

6.3.2.5 Receipts and Expenditure Statement:

The Receipts and Expenditure Statement shows how much revenue has been received, and how much has been paid and what excess or deficit has resulted from these transactions. It also compares the receipt and expenditure items' actual results against respective budget provisions.

6.3.2.6 Sources and Uses of Funds Statement:

The sources and uses of funds statement is a summary showing the opening balance of funds and incoming funds from different sources are added. Deductions of funds is made for funds used to meet operating expenses to arrive at the closing cash and bank balances.

The monthly reports discussed above, are forwarded to the Executive Director with copies to the following officers:

- Director of Finance and Administration;
- Director of Internal Audit; and
- Other members of TASAF Management Team.

The TASAF Management Team reviews the report during their monthly meetings, while the Accounts Manager maintains complete filed copies for record-keeping.

6.3.2.7 Balance Sheet

The Balance Sheet provides a statement of assets and liabilities of the TASAF at a moment in time. Accordingly, the net excess or deficit resulting from the computations in the receipt and expenditure is transferred into the balance sheet.

The balance sheet items should whenever possible be supported by detailed schedules showing what constitute the balances. These schedules include: -

- (a) Accounts Receivable;
- (b) Accounts Payable and Accruals;
- (c) Fixed assets; and
- (d) Bank and Cash Balance.

6.3.3 QUARTERLY ACCOUNTING ROUTINES

6.3.3.1 Purpose

To describe the main procedures to be followed in producing quarterly Project Management Report's as required by the new World Bank (IBRD and IDA) the Loan Administration Change Initiatives (LACI).

Interim Financial Reports (IFRs) which are produced quarterly refers to un-audited period progress reports which are prepared by TMU and submitted to IDA on quarterly basis. They are issued with cover note from TMU explaining the project activity under review, the achievement the variances between planned and actual performance, the reasons for variance and what the TMU plan to do about the variances. The report includes information on the financial procurement and physical progress of the project. IFRs are also used for approving replenishment of the Special Account.

6.3.3.2 Responsibilities

The DFA is responsible for ensuring that the IFR reports are produced promptly after the end of each quarter. Accounting records are all posted at the end of each day, week, month and year. The accounts section is involved in the preparation of detailed analyses forming the basis of management information reports.

6.3.3.3 Summary of the System

The IFRs are best and efficiently produced using the customized report which meets the World Bank IFR reports.

6.3.3.4 Reporting Format

The contents of IFR reports as prescribed by the World Bank are as follows:

- (i) **Financial Reports**
 - (a) Summary of Sources and Uses of Funds statement
 - (b) Uses of Funds by Project Activity
 - (c) Physical Progress Report
 - (d) Procurement Monitoring Report (narratives and tables)
 - (e) Cash Forecast
 - (f) Special Account Statement

- (ii) **Project Progress Reports**
 - Output Monitoring Report

6.3.3.5 Description of the Procedure

At the end of each quarter the DFA ensures that the financial records have been posted completely in MUSE and that all monthly accounting routines for the quarter have been completed.

After production of the monthly reports, the DFA scrutinize the reports to see if they reasonably represent the financial transactions of the individual months within the quarter.

After being satisfied that the figures posted for the months of the quarter are reasonable the DFA instructs the Accounts manager to run customized reports to produce the financial IFR reports.

The Physical Progress Reports (PPR) is partly produced after receiving reports of each project's physical output for the quarter. For example, SNS Project 001 has the monthly physical progress reports showing the following figures:

Table 1: Project Completion Report

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Completion %	10	15	25	30	30	30	45	70	75
Quarterly progress	25%			5%			45%		

The site engineer assesses the completion % status of each project and report it in the physical output report of the project. The quarterly progress is obtained by taking the completion % at the end of the quarter less the completion % at the end of the previous quarter.

The customized report uses the physical output data and related financial data to produce the PPR of the IFR. Financial disbursements for each quarter is translated to % of total project cost and compared to physical completion above. Significant variances need to be explained. The DFA shares the Quarterly Reports (IFRs) with the TMU for review and approval and later on with the NSC and the IDA for further review and approval.

6.3.4 ANNUAL ACCOUNTING ROUTINES

To describe the main routines to be followed in preparing the annual financial statements with the object of ensuring that: -

- (a) The resulting financial statements are prepared timely and correctly; and
- (b) The appropriate annual schedules are prepared in accordance with statutory and audit requirements.

6.3.4.1 Responsibilities

The DFA is responsible for ensuring that the accounting records for the year are complete and balanced. The Directorate of Finance is involved in preparing detailed analyses leading to management information reports. The DFA is required to prepare the annual financial statements in the appropriate formats specified for statutory purposes.

6.3.4.2 Summary of the System

The basic annual accounting routines are: -

- (a) The preparation of preliminary reports and journal vouchers as in monthly routine;
- (b) Performing year-end verification exercises;
- (c) The preparation of additional journal vouchers for closing accounts, and performing year-end procedures;
- (d) The preparation of the required management information reports described in monthly routines; and
- (e) The preparation of annual financial statements in accordance with statutory requirements.

6.3.4.3 Formats Used

The principal formats used are those illustrated in procedures for Monthly Accounting Routines.

6.3.4.4 Description of Procedures

The annual accounting procedures include all procedures laid down in the monthly accounting routines of this Manual. In addition, the following routines must be completed before the accounts are finalized and submitted to the auditors:

- (a) Cash count certificates;
- (b) Bank reconciliation and bank certificates;
- (c) Identification of assets;
- (d) Schedules; and
- (e) Timetable.

6.3.4.5 Cash Count Certificates

The AM arranges to have all the cash physically held at the Head Office. Cash count certificates and Bank Certificate(s) must be submitted to the DFA one week after end of the financial year.

The Cash count should be done at close of day on last day of the financial year without fail. The cash count is performed by AM and Internal Auditor at TMU.

6.3.4.6 Identification and verification of Assets

The DFA must arrange as part of the year end procedures to have the existence of all assets listed in the Fixed Assets Register verified. Condition and any discrepancies revealed by the check are reported to the Executive Director who decides the appropriate action to be taken. All fixed assets must be coded.

6.3.4.7 Timetable

The DFA is responsible for setting a timetable for each year detailing various steps to be completed for the annual accounts to be prepared and completed on time. The DFA is also responsible for monitoring the progress made against the timetable and for taking decision on any event, which may significantly alter the completion date.

6.3.4.8 Schedules

The following schedules are normally prepared to support the annual accounts. The schedules should be prepared carefully and thoroughly.

- (a) Detailed receipts and expenditure statement;
- (b) Aged payable list;
- (c) Aged receivable list;
- (d) Fixed assets schedule; and
- (e) Bank reconciliation statements.

CHAPTER 7

AUDITING ARRANGEMENT

7.1 OVERVIEW

Auditing within TASAF plays a critical role in enhancing project delivery efficiency, strengthening internal operations, and reinforcing accountability for funds allocated to community sub-projects. It also supports effective monitoring and supervision in alignment with TASAF's governing frameworks.

The audit function is structured into three categories: Internal, External, and Special Purpose audits. Internal audits are conducted by the TMU and PAA internal audit units; External audits are carried out by the National Audit Office (NAO); and Special purpose audits are undertaken by independent consultants, given the specialized skills, expertise, and resources required for their execution to meet a certain purpose.

7.2 EXTERNAL AUDIT

7.2.1 Purpose

To provide an independent and objective assessment of TASAF's financial statements and operational activities, ensuring transparency, accountability, and compliance with applicable standards and regulations. It involves engaging a qualified and experienced auditor to examine the financial records and systems, with clearly defined Terms of Reference that outline the scope, methodology, and reporting requirements. This process strengthens stakeholder confidence and supports effective oversight of resources allocated to community-based initiatives.

7.2.2 Responsibilities

The Executive Director is responsible for ensuring that the external auditor is allowed to access all records of TASAF and to be furnished with all the information they may require from TASAF staff.

The DFA is responsible for assisting and leading the auditors in their audit by furnishing them with relevant records and information necessary for the purpose of the audit.

7.2.3 Auditing Arrangements

According to Government law, all IDA financed projects that are implemented by Government Ministries are required to be audited by the National Audit Office (NAO). Consequently, TASAF project accounts are being audited by the NAO, who conduct year-end financial and performance audits in randomly selected community sub-projects.

The NAO auditor may appoint in sufficient time an independent auditor to carry out audit on their behalf of the annual financial statements of TASAF, in accordance with International Standards on Auditing (ISAs). The appointment procedures are those accepted by the IDA, which include cleared Terms of Reference (TOR) for the External Auditor.

The Terms of Reference for the external auditor are issued in order to draw the attention of the auditor to matters requiring special attention during audit fieldwork and specific mention in the audit report.

7.2.4 Objective of the Audit

The objective of the audit of the TASAF Financial Statements (TFSs) is to enable the auditors to express their professional opinion on the financial position of the project at the end of each fiscal year and of the funds received and expenditures for the accounting period ending on that date, as reported by the TFSs, as well as their opinion on the use of Statements of Expenditure (SOEs) or Interim Financial Reports (IFRs), and on the Special Account Statement.

The TASAF accounts which provide a basis for preparation of the financial statements, are those established to reflect the financial transactions in respect of the project, as maintained by TASAF.

7.2.5 Scope of Audit

The audit is carried out in accordance with International Standards on Auditing and it includes such tests and controls, as the auditors consider necessary in the circumstances. In conducting their review, special attention should be paid to establish whether:

- (a) All external funds have been used in accordance with conditions of the relevant legal agreements, with due attention to economy and efficiency and only for the purposes for which the financing was provided.
- (b) Counterpart funds have been provided and used only for the purposes for which they were provided and in accordance with the relevant financing agreements, with due attention to economy and efficiency;
- (c) Goods and services financed have been procured in accordance with relevant financing agreements;
- (d) All necessary supporting documents, records and accounts have been kept in respect of all project expenditures;
- (e) The financial statements have been prepared in accordance with consistently applied International Accounting Standards;
- (f) Special Accounts have been maintained in accordance with the provisions of the relevant financing agreement; and
- (g) The Financial Statements have been prepared in accordance with with accrual-based International Public Sector Accounting Standards (IPSAS) and give a true and fair view of the resources and expenditures for the year and of the financial position as at year-end.

7.2.6 Statutory Financial Statements

The statutory financial statements should include the following:

- (a) A summary of sources and uses of funds, showing funds received from GoT, the IDA, and Development Partners,
- (b) A schedule of expenditure detail by main categories of expenditures, for the current fiscal year and accumulative to date; and
- (c) A Balance Sheet (a statement of financial position) showing accumulated funds of the project, bank balances, assets, and liabilities (if any).

Note: Under IFR based disbursement, the reports include the Physical Progress Report, and Procurement Progress Report. The notes to the TFSs should include a schedule showing the fixed assets that belong to TASAF. The auditors should ensure that a fixed assets register is maintained and regularly updated, and that the figures indicated in the schedule should be in agreement with the register.

7.2.7 Statements of Expenditure (SOEs)

Before disbursement of the IDA Credit on the basis of IFRs has commenced, the auditors should pay special attention to those expenditures for which withdrawal applications for project reimbursements were made under SOE procedures.

The review of the SOEs should:-

- (a) Determine that the project has maintained adequate supporting documentation to support claims for Bank reimbursement of expenditures incurred.
- (b) Assess the adequacy of accounting and internal control systems to monitor expenditures and their validity;
- (c) Verify that expenditures are eligible for financing under the Development Credit Agreement; and
- (d) Identity any ineligible expenditures, and where identified, these should be specifically noted by the auditors.

7.2.8 Interim Financial Reports (IFRs)

After disbursements on the basis of IFRs commence, the review of these IFRs by the FM team should include:

- (a) An examination of the IFRs prepared during the year, the amounts disbursed on their basis and the movements and balances on the Special Account and project bank account(s) during the year;
- (b) An assessment of the methods used to compile IFRs to ascertain that the information given in IFRs accurately reflects the underlying records and documents;
- (c) A comparison of the format and content of IFRs prepared during the year, with those of the annual financial statements for the year, verifying that the year to date figures in the final quarter IFR, are reconcilable with the annual statements; and
- (d) The performance of tests to assess whether fund disbursed on the basis of IFRs have been used only for expenditures eligible for Bank financing, noting any ineligible expenditures.

7.2.9 Audit of the Special Account (SA)

The objective of a SA audit is to enable the auditors to form an opinion on the compliance with Bank's procedures and the balance of the SA, at the fiscal year end. The audit should examine the eligibility and correctness of SA financial transactions during the period under review and fund balances at the end of such period, the operation and use of the SA in accordance with Development Credit Agreement, and the adequacy of internal controls.

The SA usually comprises:

- (a) Deposits and replenishments received from the World Bank; payments substantiated by withdrawal applications for eligible expenditures in concurrence with legal documents;
- (b) Interest that may be earned from the balances and which belong to the TASAF; and
- (c) The remaining balances at the end of each fiscal year-end.

NOTE: The IDA thereon should receive SA statements and auditors' report at the same time as the financial statements.

7.2.10 Audit Report

Besides a primary opinion on the TFSs, the annual audit should include therein a separate opinion on the accuracy and propriety of those expenditures withdrawn under SOE procedures so here the annual Financial Statements are developed from the consolidated IFRs, a single audit opinion is issued. The Project Financial Statements including the audit report (opinion thereon) should be received by the World Bank not later than six months after the end of the accounting period to which the audit refers.

7.2.11 Management Letter

In addition to the audit report, the auditors prepare a "management letter", to be submitted together with the audit report. In this letter the auditors:

- (a) Give their comments and observation on the accounting records, systems and controls that have been examined during the course of the audit;
- (b) Identify specific deficiencies and areas of weaknesses in systems and controls that have come to their attention and make recommendations for their improvement;
- (c) Report on the degree of compliance of each of the financial covenants of the Loan Agreement and give comments, if any, on internal and external matters affecting such compliance;
- (d) Communicate matters that have come to their attention during the audit that might have a significant impact on the implementation of the project; and
- (e) Bring to the attention of TASAF any other matters that the auditors consider pertinent.

7.2.12 General

The auditor should be given access to all legal documents, correspondence and any other information he may deem necessary, associated with the project. The auditors should obtain direct confirmation of amounts disbursed and outstanding at the World Bank Country Office.

7.3 INTERNAL AUDIT

7.3.1 Purpose

The purpose of internal audit within TASAF is to ensure adherence to established internal controls, financial and accounting procedures, and to verify that project management processes align with the Operational Manual and Development Financing Agreement. It also serves to promote value for money through systematic oversight and continuous improvement of operational efficiency and accountability.

7.3.2 Responsibilities

The Internal Audit Directorate in collaboration with the PAA Internal Audit units is responsible for conducting an objective and independent appraisal of all TASAF activities, financial and otherwise as a service to the management at all levels. The Internal Audit Directorate is responsible for giving assurance to the TMU and the NSC on all control arrangements, including risk management and corporate governance.

The TMU and Accounting Officers in the PAAs are responsible for ensuring that the internal auditors are allowed to access all records of TASAF funded activities and to be furnished with all information they may require from TASAF staff, PAA staff and implementers at Community level.

Within TASAF, responsibility for internal control rests fully with management, who should ensure that appropriate and adequate arrangements exist without reliance on TASAF Internal Audit service. To preserve this objectivity and impartiality of the Internal Auditors' professional judgment, responsibility for implementing audit recommendations rests with TASAF Management and PAA Management for the case of audits conducted by TASAF IA and PAAs IA respectively.

The Director of Internal audit at TMU is responsible to develop the terms of reference for Local Government Internal auditors to guide them in their work. The Director of Internal Audit also be responsible for coordinating capacity enhancement of PAAs internal auditors so as to ensure valuable inputs from their audit work.

7.3.3 Auditing Arrangements

Internal Audit Services is provided by the Directorate of IA based at TMU in collaboration with internal audit units at PAAs. The Director of IA, who is appointed by the NSC, administratively report to TASAF Executive Director and functionally to NSC. The PAAs IA is appointed by the Accounting officers in the PAAs i.e. City Directors, Municipal Directors /District Executive Directors and Principal Secretary Second Vice President office for Zanzibar. Internal Auditing by PAAs Auditors is done according to the agreed Terms of Reference between TASAF MU and the respective accounting officers in the PAAs. TASAF also issue Internal Audit Guidelines to the PAAs auditors to guide them in their work.

7.3.4 Terms of Reference for the Internal Audit

The Terms of reference for Internal Audit Directorate at TMU and Internal Audit of PAA have been developed in order to draw attention of the management (TMU, CMT, Pemba and Unguja MT, SVPO and Village/Shehia Council) and auditors of the matters requiring their special attention as far as audit of TASAF activities is concerned.

7.3.5 Objective and Scope of Internal Audit

Generally, the objective of these audits is to assist the implementers of TASAF activities in all operational areas to effectively discharge their responsibilities. This involves going beyond the accounting and financial records so as to obtain a full understanding of the operations under review:

To attain these, the Internal auditor has to perform continuously the following six activities: -

- ❖ Reviewing and appraising the soundness, adequacy and application of TASAF accounting, financial and other operating controls and promoting effective control at reasonable cost.
- ❖ Ascertaining the extent of compliance with established policies, plans and procedures.
- ❖ Ascertaining the extent to which TASAF assets are accounted for and safeguarded from losses of all kinds.
- ❖ Ascertaining the reliability of Financial and non-financial reports prepared by TASAF office in the Operational area or the CMC.
- ❖ Appraising the quality of performance of the implementers in carrying out assigned responsibilities.
- ❖ Recommending operating improvements.

TASAF Internal Auditors from TMU conducts financial and non-financial audits of TASAF supported activities at TMU, PAAs and spot audits in some randomly selected community sub projects.

PAA Internal Auditors conducts regular audits of TASAF funded activities at the PAA and communities at least quarterly and after completion of the sub-project to ascertain whether individual expenditures are fully supported by adequate documentation. This includes assessing the reliability and accuracy of the supporting documents to ensure that expenditures claimed are eligible for financing under agreed sub-projects and physical progress/completion of the sub-projects.

7.3.6 Reporting Arrangement

The Directorate of Internal Audit at TMU usually produce audit reports, in writing, within one month of completion of each audit, giving an opinion on the areas reviewed and making recommendations where appropriate. Such reports should be addressed to the respective PAA Authorities and copied to TASAF ED.

Audit reports by PAA Internal Auditors must be submitted to PAA Directors for action. Copies of the Internal Audit reports and their respective replies from the PAA should be submitted to the PAA's Finance Committee or Unguja/Pemba SC and TASAF Internal Audit Directorate for follow up/actions as necessary. Failure to comply may lead to suspension of disbursement of funds to the PAA.

In addition, the Director of Internal Audit based at TMU submits quarterly report to the ED and the NSC. This should give an opinion on the whole internal control system in TASAF, including risk management and governance at the TASAF, and on the arrangements for securing economy, efficiency and effectiveness.

7.3.7 Monitoring, Facilitation and Capacity Enhancement

7.3.7.1 Purpose:

The main purpose of monitoring and facilitation is to ensure the operation and adherence of the rules of the fund and the local governments by the PAA and other operators.

7.3.7.2 Responsibilities:

The Accounting officers in the respective PAAs are responsible for ensuring that the Internal Auditors are allowed access to all information they require to perform their duties. Responsibility to implement recommendations of the IAs rests upon the management of the PAA and where applicable the Village/Shehia Council.

7.4 SPECIAL PURPOSE AUDIT

7.4.1 Purpose

Special purpose audits are performed with the objectives of assessing the quality, efficiency, and effectiveness of project implementation, ensuring that outputs meet required technical standards and contribute to intended development outcomes. This audit focuses on specialized areas which demand advanced expertise and resources beyond routine financial reviews. To complement the work of the internal audit in these specialized domains, TASAF engages external consultants to conduct technical audits on a sample basis, as and when required, thereby strengthening oversight and promoting value for money.

7.4.2 Responsibilities

The TMU or National Steering Committee (NSC) determines matters which require technical audits. The Director of Internal Audit prepare the TOR for the technical audit and coordinates the assignment.

TMU is responsible to procure the services of the technical auditor as per IDA and GOT procurement policies and guidelines. TASAF makes available all relevant documents, and any other available information that might be required for the purposes of the assignment.

7.4.3 Terms of Reference

The approved TOR clearly state the objectives, scope, roles, responsibilities and all matters requiring special attention of auditors during audit field work and specific mention in the audit report.

7.4.4 Reporting

The technical audit report is shared with TMU, NSC, IDA and other relevant stakeholders.

CHAPTER 8

PROCUREMENT PROCESSES

8.1 OVERVIEW

TASAF follows a structured procurement system aligned with national and donor guidelines to ensure transparency, efficiency, and value for money. The process is governed by the General Procurement Plan, which outlines anticipated purchases and timelines.

Procurement is centralized under TASAF Management but also involves community level participation for localized projects. Internal audits and monitoring systems are in place to prevent misuse and ensure accountability. TASAF adheres to social and environmental safeguards during procurement, especially for infrastructure and public works.

8.2 PURPOSE

Documenting the procurement process at Tanzania Social Action Fund (TASAF) serves several vital purposes that ensure the integrity, efficiency, and accountability of its operations.

8.3 IMPORTANCE

8.3.1 Transparency and Accountability

- Clear documentation ensures that all procurement activities are traceable and auditable; and
- It helps prevent corruption, favoritism, and misuse of public funds by providing a paper trail for every transaction.

8.3.2 Compliance with Legal and Donor Requirements

- TASAF operates under Tanzania's Public Procurement Act and regulations, as well as guidelines from international donors; and
- Proper documentation demonstrates adherence to these frameworks, which is essential for continued funding and support.

8.3.3 Efficiency and Consistency

- Standardized procedures reduce delays and confusion; and
- It ensures that procurement is carried out uniformly across different regions and projects, especially in community-level interventions.

8.3.4 Monitoring and Evaluation

- Documentation allows TASAF and external auditors to assess whether procurement activities are delivering value for money; and
- It supports performance reviews and helps identify areas for improvement.

8.3.5 Community Engagement and Trust

- Involving communities in procurement decisions and documenting those processes builds trust and ownership; and
- It reinforces TASAF's commitment to participatory development.

8.3.6 Risk Management

- Proper records help identify and mitigate risks such as supplier default, fraud, or delays; and
- It provides evidence in case of disputes or grievances.

8.4 PROCUREMENT POLICIES AND GUIDELINES

Procurement activities under the Program are carried out in accordance with: Public Procurement Act No. 10 of 2023, Public Procurement Regulations GN No. 518 of 2024, the World Bank's "Procurement Regulations for Investment Project Financing (IPF) Borrowers" 7th edition dated September 2025; the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016; and other provisions stipulated in the Financing Agreement.

The Procurement Regulations are guided by the following core procurement principles which are value for money, economy, and integrity, fit for purpose, efficiency, transparency and fairness.

8.4.1 National Procurement Procedures

National Open Competitive Procedures may be used while approaching the national market, provided that the procurement procedures are consistent with the World Bank's Core Procurement Principles pursuant to paragraph 5.4 of the Regulations and the World Bank's Anti-Corruption Guidelines and Sanctions Framework and that the contractual remedies set out in its Legal Agreement apply.

Other national procurement arrangements (other than National Open Competitive Procedures), that may be applied by the Borrower (such as limited/restricted competitive bidding, request for quotations/shopping, direct selection), are consistent with the World Bank's Core Procurement Principles and it ensured that the World Bank's Anti-Corruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply. In all cases, the national procurement procedures to be used gives due attention to quality aspects.

When the TMU, Regions and PAAs use its own national open competitive procurement arrangements as set forth in The Public Procurement Act (PPA), and the Regulations, 2024 including its amendments, such arrangements is subjected to the following conditions:

- (i) There is open advertising of the procurement opportunity at the national level;
- (ii) The procurement is open to eligible firms from any country;
- (iii) The request for bids/request for proposals document requires that Bidders/Proposers submitting Bids/Proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contract, confirming application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights;
- (iv) The Procurement Documents include sufficient provisions, as agreed with the Bank, to adequately mitigate against environmental and social (including SEA/SH) risks and impacts;
- (v) Contracts have an appropriate allocation of responsibilities, risks, and liabilities;
- (vi) Contract award information is published;
- (vii) The World Bank has rights to review procurement documentation and activities;
- (viii) There is an effective complaints handling mechanism and records of the procurement process are maintained; and
- (ix) There is maintenance of records of the Procurement Process.

In the event where there is a conflict between the PPA, TASAF Procurement Manuals and Handbooks and the World Bank documents mentioned above, the World Bank provisions prevail.

Stores Procedures - TMU, Regions, PAA and community Stores procedures are governed by the PPA and its Regulation.

Tanzania has policies in place which allow communities to participate in procurement for project sustainability and in achieving social and economic objectives at the grassroots. PSSN III project adopts Community Driven Development (CDD) approach mode of implementation whereby local communities participate in the procurement process for goods and services required for implementation of subprojects. Communities are involved in the entire procurement cycle i.e. planning, bidding process, selection of supplier's /service providers, contracts and stores and assets management in accordance with procedures specified in Community Procurement Handbook.

8.5 PROCUREMENT ROLES AT VARIOUS LEVELS

Procurement for PSSN III takes place at National level, Regional, PAA and Community

8.5.1 National level

The TMU have the following roles:-

- (i) In collaboration with Public Procurement Regulatory Authority (PPRA) and other relevant Authorities, to train PAAs and regions for effective implementation of procurement activities;
- (ii) To provide technical support to PAAs and Regions;
- (iii) To monitor procurement activities at all levels and;
- (iv) To manage TMU's procurement activities.

8.5.2 Regional level

Regional level procures requirements for supervision and monitoring of TASAF activities in PAAs such as stationery, fuel and supplies.

8.5.3 PAAs level

The PAA level is expected to:

- (i) Support CMCs to carry out procurement activities as per the procedures outlined in the handbook;
- (ii) Be capacitate CMCs through various training,
- (iii) Provide technical support and supervision; and
- (iv) Conduct procurement for its own requirements such as stationery, fuel, supplies and maintenance/services of equipment and vehicles required for supervision of CMC activities.

8.5.4 Community level

Community Management Committee (CMC) is responsible for procurement of goods and services at the community level for implementation of Climate Smart- Labour-Intensive Public Works (CS-LIPW) subprojects.

Procurement of goods and services for the subprojects are carried out using community participation procedures described in the Community Procurement Handbook.

PART A

PROCUREMENT AT NATIONAL, REGIONAL AND PAA LEVEL

8.6 PROCUREMENT STRATEGY AND PLANNING

The TMU prepare the Project Procurement Strategy for Development (PPSD) and eighteen months Procurement Plan (PP) during project preparation, and are updated annually or when needs arises. Regions, PAAs and community levels prepares their procurement plans subject to the approved budget. In the preparation of PP, each level have the following duties:-

8.6.1 Community level

The CMC prepares the subproject procurement plan derived from the work plans and budgets prior to implementation of the subproject. The CMC submits Procurement plan to PAA for approval.

8.6.2 PAA level

PAA responsibilities relating to planning of procurement activities is categorized as follows:

- (i) PAA staff provides technical support to CMCs in preparation of the subproject procurement plan and onward implementation; and
- (ii) PAA approves subprojects procurement plans from communities.

PAAs includes PSSN procurement activities when preparing annual procurement plan and publish in accordance with PPA and Regulations.

8.6.3 Regional level

Regions includes PSSN procurement activities when preparing annual procurement plan and publish in accordance with PPA and Regulations.

8.6.4 National Level

The TMU prepares the Project Procurement Strategy for Development (PPSD) and initial eighteen months' procurement plan. The PPSD defines the optimum procurement approach to deliver the right procurement results and it includes Procurement Plan with packages from requirements identified and consolidated, the timeframes for their procurement, when and how the requirements are sourced for timely acquisition of the right requirements.

All procurement activities at national level are transacted through Systematic Tracking of Exchanges in Procurement (STEP) and National e-Procurement System of Tanzania (NeST).

Prior to initiating procurement process in the project, TMU prepares and submit to the World Bank the General Procurement Notice (GPN) for publication according to the World Bank procedures. Likewise, TMU publishes GPN in NeST.

8.6.5 Format for Procurement Plan

Community, PAAs, Regions and TMU prepares procurement plan in accordance to the procedures in PAAs and its regulations, and format provided in the NeST.

8.7 RESPONSIBILITIES OF KEY STAKEHOLDERS IN PROCUREMENT UNDER PSSN III

Implementation of procurement process in PSSN III should engage various stakeholders in order to achieve its goal. The key stakeholders and their responsibilities includes the following:-

8.7.1 Responsibilities under Community Procurement

Responsibilities under Community Procurement for different actors are provided in the Community Procurement Handbook.

8.7.2 Responsibilities of AOs under TMU, Regions and PAA

Responsibilities for AOs in the procurement cycle are mainly derived from the Public Procurement Act No. 10 of 2023 and Public Procurement Regulations GN No. 518 of 2024 (mainland) and the Public Procurement and Disposal of Public Assets Act No. 11 of 2016 (Zanzibar) and the Financing Agreement for PSSN III.

In addition to general responsibilities mentioned in the above two legislations:

- a) The Accounting Officer (AO) of TMU is responsible for:-
 - (i) Submitting annual procurement plan and any update to the World Bank for review and ensuring that PSSN III procurement activities in all levels are monitored;
 - (ii) To identify goods and services ascertained for livelihood support under community subprojects;
 - (iii) To sensitize PAAs to mobilize community groups for the purpose of registration in NeST and participating in community procurement ascertained for livelihood support; and
 - (iv) TMU submits the list of registered community groups to PPRA for recording in the register of NeST.
- b) Regions AOs are responsible for submitting to TMU annual procurement plan for PSSN III procurement activities for approval and monitoring.
- c) PAA AOs are responsible for:-
 - (i) Submitting to TMU annual procurement plan for PSSN III procurement activities for approval and monitoring;
 - (ii) Providing technical support to communities such as conducting procurement training to CMCs, providing operational bills of quantities, supporting communities in procurement planning;
 - (iii) Assisting communities in preparing technical specifications required in procurement of goods and services, such as cement, timber, water pumps;
 - (iv) Supporting communities to maintain appropriate community procurement records and documents;
 - (v) Providing technical support to communities in all procurement cycle activities and conduct periodical supervision to ensure activities are implemented as scheduled;
 - (vi) Timely payment to supplier/LSP invoices submitted by CMC;
 - (vii) Appointing PAA procurement officer responsible for PSSN III procurement activities;
 - (viii) Appointing PSSN-Coordinator and PSSN-Accountant to participate in evaluation of PSSN III procurement activities;
 - (ix) Orienting individuals capable of supplying goods and services for livelihood to form community groups for the purpose of registration in NeST and participating in community procurement;
 - (x) Reviewing quarterly implementation report from communities, identify procurement challenges and issues and support communities to resolve;
 - (xi) Registering community groups eligible for livelihood support opportunities in community subproject; and
 - (xii) Submitting the list of registered community groups to TMU.

8.7.3 The responsibilities of TMU, Regions and PAAs Tender Boards:

TMU, Regions and PAAs Tender Boards are responsible for all duties mandated by law in relation to PSSN III procurement activities.

8.7.4 The responsibilities of Budget Approving Authority

The Budget approving authorities at National level is TASAF National Steering Committee (NSC); at Regional level is Regional Administrative Secretariat (RAS); at PAA in Mainland is Finance and Planning Committee and for PAAs in Zanzibar is the Steering Committees for Unguja and Pemba, respectively.

The Budget Approving Authority exercises their roles defined in procurement laws in line with Program requirements.

8.7.5 The responsibilities of Procurement Units at TMU, Regions and PAAs

- (i) Exercise their roles defined in procurement laws in line with Program requirements in acquisition of goods and services required at their own level;
- (ii) Conduct capacity building programs, provide technical support, supervise and monitor implementation in levels below as provided in project guidelines.

8.7.6 The responsibilities of user department

- (i) Exercise their roles defined in procurement laws in line with Program requirements in acquisition of goods and services required at their own level;
- (ii) Participate to provide capacity building programs, technical support, supervise and monitor implementation in levels below as provided in project guidelines.

8.7.7 PAA Sector Experts in supporting to community procurement

The responsibilities assigned to PAA experts are indicated below:

8.7.7.1 PSSN-Coordinator

- (i) Organize procurement training to Community leaders and CMC;
- (ii) Facilitate provision of technical support to CMC in all procurement cycle activities;
- (iii) Facilitate CMC in maintenance of appropriate procurement records and documents; and
- (iv) Review quarterly implementation report from communities, identify procurement challenges, issues and support communities to resolve them.

8.7.7.2 Procurement expert(s)

- (i) Conduct procurement training to Community leaders and CMC in collaboration with PAA facilitators;
- (ii) Provide procurement technical support to CMC in all procurement cycle activities;
- (iii) Support CMC to maintain appropriate community procurement records and documents; and
- (iv) Review quarterly implementation report from communities, identify procurement challenges, issues and support communities to resolve them in collaboration with PSSN-Accountant and sector experts.

8.7.7.3 Sector experts

Sector experts such as Engineers, Environmental Specialist, in supporting CMC in particular subproject implementation have the following responsibilities: -

- (i) To prepare operational bills of quantities;
- (ii) To prepare technical specifications;
- (iii) Inspect services performed; and
- (iv) Prepare and submit performance compliance report to relevant authority

8.7.7.4 PSSN Accountant

- (i) Facilitate provision of technical support to CMC in all procurement cycle activities
- (ii) Timely pay supplier/LSP invoices submitted by communities

8.7.8 Tender evaluation committee

Tender evaluation committee in each exercises their roles as defined in procurement laws in line with Program requirements in acquisition of goods and services required at their own level;

8.7.9 Internal audit units

Existing internal audit units in TMU, Regions and PAAs are responsible for conducting internal audits of procurement activities as part of audit for PSSN III supported activities and report on quarterly basis.

8.8 PROCUREMENT PROCEDURES AT TMU, REGIONS AND PAAs

Procurement Procedures for TMU, Regions and PAAs are as provided below:

- (i) Procurement of goods, works and services are conducted through national e- procurement system of Tanzania (NeST) as provided by PPA and its Regulations.
- (ii) All procurement activities at TMU are transacted through Systematic Tracking of Exchanges in Procurement (STEP) and National e-Procurement System of Tanzania (NeST).
- (iii) Prior to initiating procurement process in the project, TMU prepares and submit to the World Bank the PP for review and clearance.
- (iv) After WB clearance of PP, TMU initiates procurement process in STEP and NeST. During procurement, prior review is requested for all Terms of Reference (ToR)
- (v) If other stages of the procurement activities require prior review, prior review is requested only to the activities subject to prior review.
- (vi) Tendering processing time in WB procurement regulations must be observed.
- (vii) Motor vehicle requirements are first submitted to PMO for prior approval, then specifications to be used are sought from ministry responsible for electrical and mechanical engineering;
- (viii) Equipment for ICT and related goods specifications to be used are sought from the ministry or entity responsible for information technology. ICT department in TMU combine and analyses requirements of ICT equipment for replacement and prepare procurement requisition.
- (ix) Project managers and inspection committees appointed as focal person(s) for each particular contract confirms satisfactory performance of a contract by issuing inspection/acceptance reports as per template in Annex 7;
- (x) A motor vehicle spare parts fitting confirmation report is duly filled and signed by TMU mechanics and relevant driver in the format provided in Annex 9
- (xi) TMU, regions and PAAs maintains a list or register of all contract entered in the format provided in Annex 10.

8.9 MONITORING OF PROCUREMENT ACTIVITIES

Monitoring activities in all levels includes field visits, missions, audits and review of implementation reports. Further in conducting monitoring activities, Procurement Post Review may be undertaken by the WB to TMU, Regions, PAA and Communities while ex-post procurement review is undertaken by TMU to Regions, PAA and Communities. TMU prepares and submit to the World Bank monitoring report on annual basis.

8.10 MONITORING OF PROCUREMENT ACTIVITIES AT COMMUNITY

Monitoring of the procurement activities for the subprojects are performed by PAA and TMU as well as DPs. Such monitoring includes random field visits and review of procurement processes and documentation to ensure that the procedures described in this manual and the community procurement handbook are adhered to and proper records are kept.

PAA designated procurement expert supports CMC to maintain copies of procurement records as provided in the community procurement handbook checklist.

This process aims at ensuring that project funds are used appropriately. PAA facilitates preparation and receive progress reports from CMC, consolidate and submit to TMU and other stakeholders on quarterly basis.

The Regional level are responsible for strengthening accountability by supervising and monitoring procurement activities as part of overall supervision and monitoring of PSSN III activities. The TMU is responsible for conducting ex-post review to ascertain adequacy of procurement procedures by the regions, PAAs and Communities and share report with the Bank.

8.11 MONITORING OF PROCUREMENT ACTIVITIES AT TMU, REGIONS AND PAAS

To facilitate proper monitoring, the Procurement Units are responsible for:

- (i) Maintaining proper procurement records at TMU, regions and PAAs for each contract, a file containing the signed original of the contract and all subsequent amendments or addenda, the bids, the bid evaluation report and the recommendation for award, the payment invoices or certificates, as well as the certificates for inspection, delivery, completion and acceptance of goods, works and non-consulting services, for examination including internal and Bank approvals are maintained;
- (ii) Apart from facilitating internal monitoring, these documents are required for verification during PPR and Audits. TMU, regions and PAAs may maintain digitized records using national systems or TASAF III Management Information System when fully developed with features for such maintenance, and
- (iii) Preparing quarterly and periodical progress reports and submit to relevant authorities for review and appropriate actions.

8.12 PROCUREMENT CAPACITY ENHANCEMENT

WB capacitates TASAF staff on WB Procurement procedures, rules, guidelines, operating systems, and provide continuous support throughout the implementation of PSSN III project. Staff participates in general procurement training and attend various professional forums.

TMU orients relevant stakeholders in regions and PAAs on PSSN III procurement procedures as part of general orientation of the PSSN III Program during launch and when needs arises. The aim is to create awareness so that they effectively support implementation.

TMU trains regions, PAAs and PAAs who subsequently train communities on PSSN III procurement procedures to facilitate easy implementation of the project. Basic trainings are narrated below:

- (i) TMU trains PAAs and Regionals procurement officers, PSSN-Coordinators and PSSN-Accountants on PSSN III procurement procedures after Program launch so that they conduct procurement for their own requirements;
- (ii) TMU trains PAA facilitators and procurement staff in community subproject cycle activities including procurement. The training is conducted prior to subproject micro planning activities;
- (iii) PAA orients on and support community to prepare subproject micro-plans and procurement plans;
- (iv) PAA facilitators trains community leaders and CMC for not less than three days on community procurement procedures after receipt of subproject funds;
- (v) PAA experts continue to provide training and technical support to CMCs on procurement procedures during implementation; and
- (vi) TMU conducts training needs assessment through Management Information System (MIS) on annual basis to establish capacity gaps on procurement procedures and operating systems for PAA and regional staff.

8.13 STORE PROCEDURES

8.13.1 Store procedures at community level

Stores procedures for community level are provided in the Community Procurement Handbook for PSSN III.

8.13.2 Store Procedures at regions and PAA

Same procedures are followed by Regions and PAAs consistent with stores procedures specified in the PPA and its Regulations.

8.13.3 Store Procedures at TMU

TMU maintains stocks of office supplies and consumables for smooth operation of the program.

The TMU ensures the presence of stores that meets the criteria for the storage and safekeeping of supplies and consumables.

The TMU ensures the presence of supplies officer responsible for overseeing the receipt, maintenance, storage and distribution of supplies and consumables in accordance to PPA and its Regulations.

8.14 HANDLING OF PROCUREMENT COMPLAINTS

8.14.1 Complaint handling at community level

Complaint handling procedures at community level are described in the Community Procurement Handbook

8.14.2 Complaint Handling at TMU, Regions and PAAs

Where WB Standard Procurement Document are used or contracts are subject to prior review, procurement complaint handling follows WB procedures described in the WB Procurement Regulations. For the rest, procedures described in PPA and its Regulations & Public Procurement and Disposal of Public Assets Act No. 11 of 2016 (Zanzibar) is used.

PART B

PROCUREMENT AT COMMUNITY LEVEL

8.15 PROCUREMENT POLICY AND GUIDELINES

Procedures for procurement of goods and services for subprojects implemented by CMC are governed by Public Procurement Act (PPA) No. 10 of 2023 and Public Procurement Regulation (PPR) GN No 518 of 2024. The guiding procedures to be adopted by CMCs are documented in the Project Operational Manual (POM) and this Handbook consistent with the provisions of Tanzania procurement laws and Financing Agreement between the World Bank and the Government of United Republic of Tanzania. In case of inconsistency between the guiding documents, the provisions in the Financing Agreement prevails.

8.15.1 GENERAL CONSIDERATION IN COMMUNITY PROCUREMENT

The general consideration in community procurement for PSSN III is to source all goods and services originating from suppliers and service provider within the locality where the subproject is implemented in order to stimulate economic and social development in the area.

Goods and services that originate outside the area of implementation but is available within the locality where the subproject is implemented is sourced in absence of goods and services that originating within the locality.

In absence of goods and services in the locality where the subproject is implemented, they may be sourced outside of the locality.

The procurement procedures for PSSN III takes into consideration sourcing of goods and services from the businesses that conforms to requirements of providing Electronic Fiscal Device (EFD) receipts.

In the event the supplier or service providers available in the locality where subproject is implemented are not qualified to issue EFD receipts the communities may proceed to procure goods or services, and the suppliers or service providers writes to acknowledge receipt of payment with endorsement of village authorities.

8.15.2 SPECIAL CONSIDERATION IN COMMUNITY PROCUREMENT

In line with the general objective of the program, procurement opportunities may be provided to community groups eligible to be registered in NeST to promote livelihood.

- (i) The special consideration in sourcing of goods originating from the locality such as hardcore, aggregates, sand, earth fill/gravel, poles (mirunda), mabanzi, timber, seedling, seeds may be procured direct from community groups normally having small scale goods sold to support their livelihood or CBO without considering registration, licensing requirements and subjecting them to taxes;
- (ii) Direct selection can be done at the local market prices or competitive methods may be applied where there are many community groups with same goods;
- (iii) Sourcing can be done from more than one community group to fulfill requirement at a particular time as long as quality and price factors are considered;

- (iv) Operational Bills of Quantities (oBoQ) may be used to determine weight or size where metric measurements are difficult to determine;
- (v) CMCs selects mode of transport which is most economical so that the cost of material, transport, loading and off-loading do not exceed market price offered by suppliers. Transport mode available in the community is considered first.

The described mode of sourcing may be applied for vulnerable group's subprojects requirements that are not related to grants, for the grants that benefit beneficiaries they purchase their own requirements.

8.15.3 PROCUREMENT METHODS AND PROCEDURES

8.15.3.1 PROCUREMENT PLANNING

Procurement plan are prepared by CMCs to identify procurement activities, estimated costs, methods of procurement and procurement actions involved and their timeline.

8.15.3.2 OBJECTIVE

The Procurement Planning is intended to achieve transparency and predictability of the procurement activities and provide a good basis for monitoring of the same. It limits scope of non-compliance with agreed procedures (mis-procurement) and corruption. It facilitates smooth and timely procurement activities, so that a subproject is completed on time and within budget.

The CMCs when planning and during procurement considers to source goods and services from their locality so as to achieve the objectives of Community Driven Development (CDD).

Procurement planning enables CMC to allocate resources efficiently, to complete the project on time and within budget. The CMC considers the following in the beginning of the Procurement planning process: -

- What: What is the project goal? (such as classrooms construction , tree planting, savings promotion)
- What needs to be procured to reach the goal? (such as building goods, selection of local service provider, paints, tools, seeds or seedlings, manure, savings boxes, padlocks and pens)
- When: When do these goods need to be procured?
(so they are ready when needed)
- How: How these goods be procured? (such as shopping method)
- Where: Where the goods be delivered? (Such as site)
- Who: Who does the procurement? (Such as CMC members nominated identify names)

8.15.3.3 PROCUREMENT PLANNING PROCESS

CMC is required to prepare procurement plan during subproject micro planning or subproject write-up. In preparation of procurement plan under the community procurement the CMC is expected to:

- (i) Identify and consolidate procurement activities from subproject work plan and budget;
- (ii) Estimate costs using prevailing market prices and oBoQ;
- (iii) Identify appropriate procurement methods and processes;
- (iv) Determine timeline for the procurement; and
- (v) Publish PP through NeST and may be published in public places such as school, notice board, churches, village offices.

8.15.3.4 PROCUREMENT PLAN

The CMCs in preparation of PP considers the following:-

- (i) List activities in the implementation of the subproject (procurement and non- procurement) and indicate CMC members responsible for each procurement activity in the format provided in Annex 1;
- (ii) Identify inputs and category needed to accomplish each planned activity, such as goods and services and aggregate where practical;
- (iii) Indicate the estimated cost for each procurement contract;
- (iv) Decide what is the best method to procure the identified input (shopping? direct contract? local bidding?);
- (v) Timeline showing when the procurement tasks need to start, and end. The time lines for task may be modified based on what they have learned about the time required for procurement of goods and services; and
- (vi) CMCs prepares procurement plan in NeST.

8.15.3.5 PROCUREMENT METHODS

8.13.3.5.1 COMMUNITY PROCUREMENT METHODS AND PROCEDURES

Procurements of goods and services under Community Participation subprojects are carried out using the following methods:-

- (i) Local Shopping;
- (ii) Local Bidding; and
- (iii) Direct Selection (single shop).

8.13.3.5.1.1 LOCAL SHOPPING (COMPETITIVE QUOTATIONS)

This method is based on comparing a minimum of three quotations obtained from local suppliers or local service providers in the locality to ensure competitive prices. To avoid risk of receiving less than three quotations CMC should issue to more than three bidders. The CMC evaluates submitted quotations basing on price, availability, quality and any other pre-determined criteria specified in the request for quotation through NeST to identify the Most Advantageous Bid.

In Local Shopping method (Competitive Quotation), CMCs follows procedures described below:

- (i) Identify the procurement activity as per procurement plan;
- (ii) Prepare quotation in NeST by indicating requirements, specifications and addressing quotation to identified bidders;
- (iii) Prepare invitation notice and invite at least three bidders available within its locality and submit to the Village or Mtaa Executive Officer for publication of tenders in NeST;
- (iv) In absence of bidders in the locality where the subproject is implemented, may invite bidders outside of the locality;
- (v) The Bidder within three days through NeST fill in their quotations with prices for specified goods or services published;
- (vi) CMCs opens submitted quotations in NeST after the deadline for submission of quotation;
- (vii) The CMCs initiates automatic evaluation of the submitted quotations and rank accordingly through NeST;
- (viii) CMCs conducts compliance check of the requirement of the tender for the lowest evaluated tenderer ranked by the NeST;
- (ix) Prepare and sign minutes of the meeting on decision to award the contract to bidder with the lowest tenderer ranked by the NeST;
- (x) Generate and sign Local Purchase Order (LPO) or contract within two days after award decision and result publication; and
- (xi) Record LPO/Contracts in contract register in the format provided in Annex 2.

8.13.3.5.1.2 LOCAL BIDDING

This method is commonly used in selecting LSP or local suppliers and is based on inviting bids in the locality through NeST. The Bid invitation contains all the specifications for the procurement in subject, the criteria that used for evaluating the bids and selecting LSP or local suppliers, and the deadline date for submission of bids.

In Local Bidding method, CMC follow procedures described below:

- (i) Identify the procurement activity as per procurement plan;
- (ii) Prepare bid invitation in NeST which includes the terms of reference for the task;
- (iii) Bids are opened through NeST;
- (iv) The CMC evaluates submitted bids basing on price quoted, availability, quality, evidence of quality of past work, experience in doing the type of work required and any other pre-determined criteria specified in the bid document through NeST to identify the Most Advantageous Bid (MAB);
- (v) The CMCs initiate automatic evaluation of the submitted quotations and rank accordingly through NeST;
- (vi) CMCs conduct compliance check of the requirement of the tender basing on price quoted, availability, evidence of quality of past work, experience in doing the type of work required and any other pre-determined criteria specified in the bid document for the Most Advantageous Bid ranked by the NeST;
- (vii) Prepare and sign minutes of the meeting to award contract to the the lowest tenderer ranked by the NeST;
- (viii) Generate and sign contract within two days after award decision; and
- (ix) Record LPO/Contracts in contract register in the format provided in Annex 10.

8.13.3.5.1.3 DIRECT SELECTION (SINGLE SOURCE)

Direct selection is contracting without competition and may be an appropriate method under the following circumstances:

- (i) If there is only one supplier or service provider within the subproject locality;
- (ii) The supplier or service provider has supply capability known to the community and competitive method cannot be used or is not practical;
- (iii) In cases where a community is located far away from town whereas travel and transportation expenses would be more than the savings of shopping in a large town; and
- (iv) In cases of an emergency such as a storm blowing off the roof of a school built, which need to be repair quickly so that the inside of the school is not be damaged.

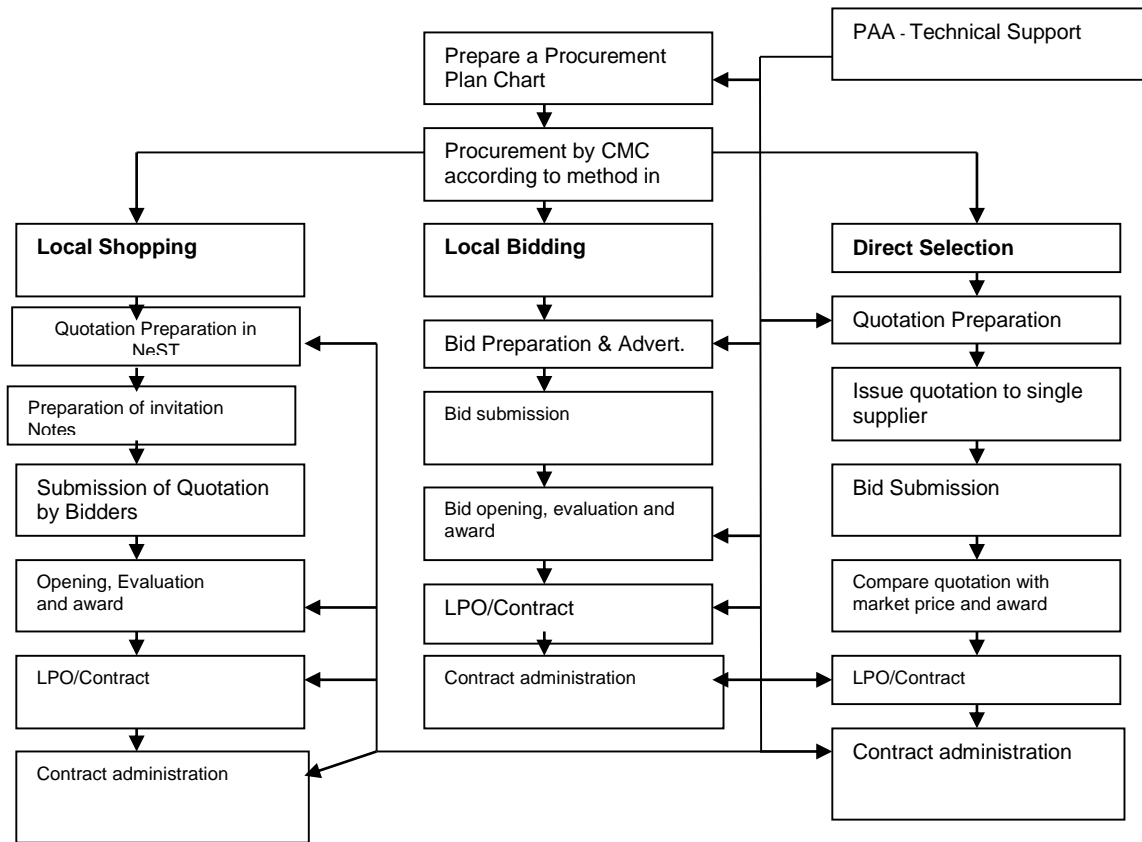
In Direct Selection CMC follow procedures described below:

- (i) Identify the procurement activity as per procurement plan;
- (ii) Prepare quotation in NeST by indicating requirements, specifications and addressing quotation to identified bidder;
- (iii) CMC invites a direct selected bidder to submit price quotation for specified goods or services;
- (iv) compare the quoted prices with market prices, negotiate with supplier or service provider where necessary, prepare and sign minutes of the meeting for contract award decision; and
- (v) Generate and sign LPO or contract within two days after award decision and result publication;
- (vi) Record LPO or Contracts in contract register in the format provided in Annex 2.

8.15.3.6 SOURCE OF LABOR IN COMMUNITY SUB PROJECT

The beneficiaries from targeted households provides manual labor in community subprojects and be paid wages.

Figure 1: Procurement Process Chart:



The above procurement methods have advantages and risks. In using these methods communities must consider the advantages and institute mitigation measures to the risks in the table below:

8.15.3.7 ADVANTAGES AND RISKS OF PROCUREMENT METHODS AND THE USE OF COMMUNITY LABOR

METHOD OF PROCUREMENT	ADVANTAGES	RISKS	CONDITIONS FOR USE
<p>Local Shopping: <i>Getting at least three quotations from suppliers/service providers and selecting the Most Advantageous quotation based on price, quality, availability, and transport costs.</i></p>	<ul style="list-style-type: none"> • Comparison of prices enables efficient use of funds. • Can be easily managed by the Community with support from PAAs. • Can stimulate the local economy. • Saves time (compared with local bidding). • The process is transparent 	<ul style="list-style-type: none"> • Require travel costs for CMC members to distribute and follow up quotations. • CMC may not know enough about technical issues to select the best goods. • Potential for trade off of quality for lower price. • Potential for abuse by dishonest supplier or CMC members. 	<ul style="list-style-type: none"> • Suitable for procurement of goods • CMC must be trained on procurement to develop the required skills . • Requires participation of two CMC members to distribute and follow up quotations.
<p>Direct Selection: <i>Procurement from a single supplier/service provider without getting other quotations when there is Justification</i></p>	<ul style="list-style-type: none"> • Quick and flexible; saves time and paper work. 	<ul style="list-style-type: none"> • Abuse is possible by dishonest suppliers/service provider and CMC members. • May result in high costs if not properly handled. 	<ul style="list-style-type: none"> • Use in areas with a limited retail sector and/or transportation costs are high. • Use when the value is small or unique goods available from a single supplier are needed or the need is urgent • Make sure the price is market value.
<p>Local Bidding: <i>A request for bids is advertised locally, detailing the services required and selection criteria. Bids are generally used for local service providers who provides full time supervision of Climate Smart- Labor Intensive Public Works (CS-LIPW)</i></p>	<ul style="list-style-type: none"> • Enables several local supplier/service providers to compete for the services. • Assures the best price and skills through competition. • Achieve transparency and fairness through open processes. • Can stimulate the local economy. 	<ul style="list-style-type: none"> • Takes time to prepare solicitation for bids. • Community may require PAA/support. • May attract fewer applicant if not widely advertised . 	<ul style="list-style-type: none"> • Solicitation is posted in public places . • Criteria for selection are stated in the solicitation. • Bids are opened in public. • Selection is reported in public.
<p>Source of labor in Community sub project: <i>Community implements subproject using its own labor resources from beneficiary household members with labor capacity</i></p>	<ul style="list-style-type: none"> • Community driven (local ownership). • Cost effective (inputs by community may be below market costs). • Injects funds into community (payment for wages and materials). • Can build capacity of local community. 	<ul style="list-style-type: none"> • Potential quality issues if the LSP do not fulfill responsibilities. • Loss of interest by CMC can lead to slow pace of implementation. 	<ul style="list-style-type: none"> • labor intensive works. • Attendance and measured work are properly managed by supervisors.

8.15.3.8 CONTRACTS MANAGEMENT

Contracts entered by CMC and supplier/LSP is for goods and services intended to achieve subproject objectives. The Contract price is the most economical market price prevailing in the locality and within the approved budget. The supplier/service provider performs the contract within the time specified in contract and in accordance with the terms and conditions of the contract. Failure to do so lead to penalty of liquidated damages. Persistence of non-compliance to performance of contract beyond liquidated damages/penalties may lead to termination of contract.

8.15.3.8.1 Contract implementation

8.15.3.8.1.1 Receipt of goods

CMC:-

- (i) Ensure that goods are delivered in time, inspect goods to confirm that they comply to the terms of contract including specifications in term of quality and quantity;
- (ii) Prepare and sign minutes for acceptance of goods which later support supplier payment; and
- (iii) Storekeeper signs the delivery note which is used for ledger entry.

8.15.3.8.1.2 Completion of Services

CMC:-

- (i) Support LSP to ensure services are done and completed as per the schedule and specifications in the contract;
- (ii) Ensure sector expert inspect services and produce performance compliance report; and
- (iii) Prepare and sign minutes for acceptance of services supported by sector expert's performance compliance report. These minutes later support payment for services completed.

8.15.3.8.1.3 Payment of suppliers and LSP

- (i) Payment is made for delivered and accepted goods or completed services;
- (ii) Payment is made in time at an average of 21 days and does not exceed 30 days;
- (iii) To facilitate timely payment, CMC forwards invoice and supporting documents to PAA within two to seven days from the date of receipt; and
- (iv) PAA processes, pay and notify CMC on payment made and provide copy of evidence for payment within 15 days from the date of receipt of invoices from the community.

8.15.3.8.2 Amendment of Contract

Amendment of Contract may occur in the form of variation which involves change of scope (modification of goods and services to be delivered) or time extension where the duration of the contract is prolonged.

8.15.3.8.2.1 Contract Variation

- (i) Where justifiable and if it is for the benefit of community, CMC may issue variation order for additional goods and services under a particular procurement contract entered competitively as long as the cost for variation is within the approved subproject cost and do not exceed 50 percent of the original contract;
- (ii) The price and other terms for additional goods and services are those in the original contract; and
- (iii) Any additional requirement exceeding 50 percent of original contract are treated as new contract which need to be included in Procurement Plan and processed separately either through direct selection if justifiable or other methods.

8.15.3.8.2.2 Procedure for contract variation:

CMC:-

- (i) Convene a meeting to discuss and approve justification for and the additional goods or services (such as additional goods required for completion of subproject); and
- (ii) Prepare and sign contract amendment for additional goods or services.

8.15.3.8.2.3 Procedure for Time extension

CMC:-

- (i) Convene a meeting to discuss and approve justification for time extension; and
- (ii) Prepare and sign addendum to contract for time extension.

8.15.3.8.3 Termination of Contract

Where a supplier/LSP fails to execute the contract within the specified time or fails to execute the contract without a justifiable and acceptable reason, at first pay liquidated damages and when fully paid and non-compliance persist, the contract may be terminated.

8.15.3.8.3.1 Procedure for Contract Termination

CMC;

- (i) Convene a meeting to discuss and approve justification for termination; and
- (ii) Prepare and sign minutes;
 - a) Serve notice of intention to terminate the contract; and
 - b) Terminate the contract after the expiry of period for notice of intention to terminate which is thirty days from the date the notice is transmitted to the Supplier/LSP.

8.15.3.9 PROCUREMENT RECORD KEEPING AT COMMUNITY LEVEL

The CMC is responsible for maintaining procurement contract records and documents for the subprojects in one location. To achieve this, CMC procures cabinet or metal boxes and storekeeper is responsible for maintaining keys.

For easy reference, Cash Transfer records needs to be separated from subproject records.

- (a) For each subproject, a minimum of three files should be opened and maintained for every Financial Year. The first file should be for LSP;
- (b) The second file should be for good; and
- (c) The third file should be for CS-LIPW beneficiary labor records.

The files listed (a) and (b) above are relevant for procurement records.

Where more than one contract of a particular category (LSP or Goods) is processed in a particular FY, separators should be used to differentiate records for one contract from another. The opened file contains the following records for each procurement contract: -

File labels:

- (i) Name of the subproject, Region, PAA, Ward and Village/Mtaa/Shehia; and
- (ii) Contract number.

Checklist of record kept in every procurement contract file at community level:

- (i) Extract of signed Minutes for the Village Council Meeting which selected CMC members;
- (ii) Evidence for procurement training including attendance register and goods for the initial training;
- (iii) Subproject Budget and Work Plan;
- (iv) Signed Minutes of the CMC to evidence approval of the procurement activities before initiating procurement process in NeST;
- (v) Signed Minutes of CMC comprising decision to award contract;
- (vi) Signed LPO/Contracts;
- (vii) Signed Minutes for inspection and acceptance of goods/services - Evidence of inspection of services from LSP is supported by performance compliance report/certification of the sector expert from PAA;
- (viii) Justification and signed minutes to approve contract variation, extension and the revised or additional contract if applicable;
- (ix) Documentation for termination of contract where applicable;
- (x) Invoices, signed delivery note, payment vouchers and evidence for all payments;
- (xi) Procurement report for quarter 1, 2, 3 and 4 of every financial year;
- (xii) Copy of subproject completion certificate; and
- (xiii) Signed minutes on resolution for write off damaged tools beyond repair and replacement or acquisition of additional tools plan.

In addition to procurement file for every contract, the following documents are maintained

- a) Community Procurement Handbook;
- b) Stores ledger;
- c) Loan register;
- d) Dispatch book; and
- e) LPO/Contracts register.

8.15.3.10 ROLES AND RESPONSIBILITIES IN COMMUNITY PROCUREMENT

8.15.3.10.1 Community management committee

The CMC members are selected by the Village/Mtaa/Shehia Assembly to manage subprojects including all procurement for subproject inputs required ranging from tools, goods, selection of skilled or semi-skilled labor to provide support in project implementation among other activities.

The CMCs are elected from community members through the village general meeting.

The CMCs consist of three (03) members, at least one member to be a woman. Given their important roles, capacity of Community Management Committee are enhanced.

Qualification of CMC

- (i) Should be a permanent resident of the respective community;
- (ii) Should know how to read, write and count;
- (iii) Should be faithful and reliable;
- (iv) Should be accountable and available when needed;
- (v) Should be mentally fit;
- (vi) Ready to Volunteer; and
- (vii) Should not be leader of the village Council/Mtaa/shehia.

Before the CMC starts their duty, are trained on how to manage their day-to-day procurement roles and responsibilities as follows:-

- (i) Prepare the subproject plan, work plan, budget, and procurement plan and submit to PAA for approval;
- (ii) To prepare the approved subproject procurement plan in NeST;
- (iii) Conduct procurement as per procurement plan and procedures described in each planned method;
- (iv) Manage contracts to ensure timely delivery of goods and completion of services to the required standards;
- (v) Receive and inspect goods delivered and service provided and record minutes of inspection and acceptance;
- (vi) Submit supplier/LSP invoices including support documents (delivery note, inspection and acceptance minutes, LPO/Contract) to PAA for payment;
- (vii) Make follow-up to PAAs to ensure timely payment and conclusion of contracts;
- (viii) Prepare procurement reports and submit to Village Council/Shehia Advisory Committee/Mtaa Committee;
- (ix) Manage stock and assets;
- (x) Write off unserviceable tools;
- (xi) Prepare tools replacement/acquisition plan at the end of each financial year if required to be submitted to PAA;
- (xii) Maintain subproject documents and records; and
- (xiii) Prepare attendance records as a basis for payments of wages for the beneficiaries from targeted households that provided manual labor in community subprojects.

8.15.3.11 VILLAGE COUNCIL /SHEHIA ADVISORY COMMITTEE/MTAA COMMITTEE

The Village Council /Shehia Advisory Committee/Mtaa Committee have members elected according to guidelines provided by the relevant authority. The committee have the following procurement roles and responsibilities: -

- (i) Manage election process of members of CMC;
- (ii) Provide office and store for CMC and ensure security of the stored goods;
- (iii) Oversee CMC roles on procurement activities and endorse all communication to PAA;
- (iv) Receive quarterly procurement report from CMC, review and present to Village / Mtaa Assembly and Shehia community meeting and forward to appropriate channel for reporting;
- (v) Ensure community contribution is done according to the detailed subproject budget where applicable; and
- (vi) Receive procurement complaints arising from community subproject, review, resolve and provide feedback to complainant and copy to CMC. Forward unresolved complaint to PAA.

8.15.3.12 PROJECT AREA AUTHORITY

The following are procurement roles and responsibilities for Project Area Authority: -

- (i) Conducting procurement training to CMC;
- (ii) Providing technical support to communities such as providing operational bills of quantities, supporting in procurement planning during micro planning;
- (iii) Assisting communities in preparing technical specifications required in procurement of goods and services, such as. cement, timber, water pumps;
- (iv) Providing technical support to communities in all procurement cycle activities and conduct periodical supervision to ensure activities are implemented as scheduled;
- (v) Timely payment to supplier/LSP invoices submitted by CMC;
- (vi) Supporting communities to maintain appropriate community procurement records and documents;
- (vii) Review quarterly implementation report from communities, identify procurement challenges and issues and support communities to resolve;
- (viii) To orient individuals capable of supplying goods and services for livelihood to form community groups for the purpose of registration in NeST and participating in community procurement;
- (ix) PAAs registers community groups eligible for livelihood support opportunities in community subproject; and
- (x) PAAs submits the list of registered community groups to TMU.

8.15.3.13 INTERNAL AUDITORS

The PAA Internal Auditor conducts internal audits of procurement activities of community's subproject and share report with TMU.

8.15.3.14 BUDGET APPROVING AUTHORITY

The PAA Finance Committee (mainland) and Steering Committee (Unguja and Pemba) approves subprojects, procurement plans together with work plans and budgets.

8.15.3.15 STORES PROCEDURES AND ASSET MANAGEMENT

8.15.3.15.1 Stores management

Storage and management of goods supplied to communities are the responsibilities of the respective CMC. Stores management involve the following:-

- (i) The Village Council /Shehia Advisory Committee/Mtaa Committee allocates a secure room or storage area to be under the custodian of CMC;
- (ii) Goods be kept according to their conditions and risks in deterioration, such as cement should be kept in dry room over pallets;
- (iii) Village Council /Shehia Advisory Committee/Mtaa Committee provides security for safeguarding the stored goods;
- (iv) The CMC assigns a person (storekeeper) who is responsible for the storage and in order to minimize misappropriation, store keys must be under custody of storekeeper only;
- (v) The storekeeper records and maintains a stores ledger for receipts, issues and balances of the goods in the format provided in Annex 5; and
- (vi) The storekeeper records and maintain Loan Register for working tools purchased by the CMC as they are not issued for consumption through stores ledger but are loaned and recorded in Loan Register in the format provided in Annex 4.

8.15.3.15.2 Stores Procedures

Procedures for stores involve receiving and issuing of goods as described below;

8.15.3.15.3 Receiving Goods

The CMC receives procured goods as per contract requirements and conduct thoroughly check of goods to avoid receiving damaged, poor quality or deficient goods. When the CMC is satisfied with the condition of the goods received, the goods are recorded in the Stores Ledgers. In case of any deficiencies the CMCs receives the delivered goods, notify the supplier on the deficit, and demand to deliver remained goods within three days;

In case defective goods are identified during check, the CMCs rejects right away and demand the supplier replace within three days.

On receipt of goods, the CMC are expected to;

- (i) Sign supplier's delivery note as a proof of receipt of delivered goods;
- (ii) Record quantity received and value in the ledger records; and
- (iii) Record minutes for acceptance of goods.

8.15.3.15.4 Issuing Goods

A CMCs member who is not the storekeeper initiates a request for goods by completing the Materials/ Goods Request Form, as outlined in Annex 5. Upon issuance of the requested materials or goods, the storekeeper records the issued quantities and corresponding values in the store ledger, along with the following details;

- (i) Date of issue;
- (ii) Description of goods, quantity and value;
- (iii) Balance of stock in quantity and value; and
- (iv) The recipient who must sign in the ledger to evidence receipt of the goods.

In the event consumable goods issued remain unutilized, they are returned back to store and recorded accordingly.

8.15.3.16 ASSET AND TOOLS MANAGEMENT

The asset and working tools that are under custody of storekeeper in the community are not permanently issued, instead are temporary loaned and returned after implementation of a certain task and be recorded in the Loan Register.

The asset and working tools management procedures are as follows:

- (v) One beneficiary or gang leader is issued all required working tools in a day and at the end of work coordinate returning all issued tools to storekeeper;
- (vi) Condition for working tools and other assets acquired by the community for subproject implementation are reported quarterly;
- (vii) Assets and tools for previous year that are in good condition are used in the following year;
- (viii) At the end of each financial year, CMC reviews annual tools and assets report and make a resolution on:-
 - a) write off of unserviceable tools beyond repair; and
 - b) Prepare a replacement or acquisition of additional tools plan to be incorporated in the next year prioritized activities & procurement plan.

Asset and tools remaining after program closure are handed over by CMC to the Village Council/Mtaa Committee/Shehia Advisory Committee to be used in operation and maintenance of completed subprojects and in other development project activities.

8.15.3.17 REPORTING

8.15.3.17.1 Procurement report

The CMC prepares quarterly procurement report as part of the subproject implementation report and submit to Village Council/Shehia Advisory Committee /Mtaa Committee in the format provided in Annex 6. The report comprises:

- (i) Procurement contracts status which indicate the name of the contract, critical dates for main procurement actions, name of supplier/LSP, contract value and implementation status as on reporting date;
- (ii) Assets and working tools report indicates the description of tools received during the reporting quarter, date received, quantity, damaged tools and their condition if are serviceable or unserviceable, cost for repair and remarks;
- (iii) Goods report figures for receipt, issues and balance which are drawn from ledger;
- (iv) Report on technical support provided during the quarter; and
- (v) Achievement recorded, challenges encountered and recommended mitigation measures.

The Village Council /Shehia Advisory Committee /Mtaa Committee receive quarterly procurement report from CMC, review and present to Village / Mtaa Assembly and Shehia community meeting and forward to PAA through appropriate channel for reporting;

8.15.3.18 HANDLING PROCUREMENT COMPLAINTS

The Village Council/Shehia Advisory Committee/Mtaa Committee is the main complaints receiving body at community level. Only unsuccessful bidders (supplier or LSP) have the right to complain to Village Council on procurement matters for a particular bid which they have participated.

Complainants may lodge their complaint either directly to complaints receiving body or through CMC who then forward them to the complaints receiving body.

T

he supplier or LSP should write a complaint letter anytime during tender period and up to the day before the decision to award contract providing:

- (i) description, reference number and procurement stage of the bid;
- (ii) previous communication on the complainant if any;
- (iii) the complaint and its effects; and
- (iv) citation of the violated procedures.

Complaints receiving body after receiving complaints have the following duties:-

- (i) Stop all CMCs procurement procedures until determinations of the complaints;
- (ii) Convene a meeting to review, resolve the complaint; and
- (iii) Provide feedback to the complainant and copy to CMC within two days after the decision of the complaint. Complaints lodged on the day of decision to award contract is communicated by the complaint receiving body to CMC to suspend contract signing process.

Unresolved complaints are referred to PAA. The PAA resolves complaints from community level as per procedures provided by PPA and its Regulation. The Village Council/Shehia Advisory Committee/Mtaa Committee keeps records of all complaints received; whether and how were resolved; and, which complaints were forwarded to the PAA Coordinator.

CHAPTER 9

ASSET MANAGEMENT

9.1 Overview

The overview of asset management at TASAF centers on ensuring that all assets procured or utilized under the program are properly recorded, safeguarded, maintained, and disposed of in accordance with established procedures and financial regulations. It involves systematic tracking of assets from acquisition to disposal, promoting accountability, transparency, and value for money. TASAF's asset management practices are designed to support efficient service delivery, minimize loss or misuse, and ensure that assets contribute effectively to the achievement of PSSN project objectives.

Key components of asset management include:

- a) Proper maintenance of accurate records of all assets, including acquisition details, location, condition, and usage;
- b) Maintenance planning by scheduling regular inspections and repairs to extend asset life and prevent breakdowns;
- c) Financial Oversight by ensuring assets are accounted for in financial statements and comply with public finance regulations;
- d) Lifecycle management from procurement through disposal, including depreciation and replacement planning; and
- e) Safeguarding assets against misuse, loss, or theft, and ensuring adherence to relevant policies, standards and donors/bank financing agreements.

Effective asset management supports transparency, accountability, and value for money, especially in public sector programs where resources must be carefully monitored and reported.

9.2 Responsibilities

At TASAF, responsibility for asset management primarily lies with the Executive Director and PAAs' Accounting Officers and designated Asset Management Units at various implementation levels. The ED is responsible for authorizing expenditure on capital items.

The DFA is responsible for ensuring that expenditure on fixed assets is properly recorded in the Fixed Asset Register, are safeguarded, maintained, and disposed of in accordance with established financial regulations and operational procedures. His role includes also overseeing inventory control, conducting periodic asset verification, and ensuring compliance with the Financial Management Manual and other governing instruments. This structured accountability helps maintain transparency and supports the effective use of resources across TASAF-supported initiatives.

9.3 Assets management basic procedures

The fixed assets accounting system is required to be maintained on the Asset Management module with the following main features:

- (a) A computerized fixed assets register record be created for each fixed asset item on acquisition or on completion of a capital project;
- (b) Each quarter, the Director of Finance and Administration prints out a summary of the acquisitions and disposals during the quarter and forwards this to the Executive Director for review and submission to the National Steering Committee together with quarterly accounts;
- (c) Details in respect of the disposal of fixed assets are recorded on the fixed assets record;
- (d) Adjustments and error corrections for assets recorded in the Fixed Assets Register can be done only after being approved by the Executive Director. No asset revaluations are to be carried out for recorded assets;
- (e) Assets that have been disposed of are completely removed from the fixed assets register and a hard-copy printout of the disposal is filed in a physical file called Disposal of Fixed Assets; and
- (f) A physical count and inspection to determine the condition of assets is to be carried out once a year, at the end of the accounting period.

9.4 Classification of Fixed Assets

Fixed assets are those assets of value with a long life, held by the Project, which are not primarily for sale or for conversion into cash. Fixed asset expenditure is further defined at TASAF, as any expense on capital item of TZS 500,000 or more which:-

- (a) Creates an additional asset; or
- (b) Represents an addition or extension to an existing asset; or
- (c) Represents improvements to existing assets; or
- (d) A replacement of an existing fixed asset.

A fixed asset is classified into one of the following categories:-

- (a) Land and Building;
- (b) Motor vehicles;
- (c) Furniture and fittings;
- (d) Computer hardware and accessories; and
- (e) Office machines, tools and equipment.

9.5 The Fixed Asset Register

The DFA is responsible for ensuring that a fixed asset register record is prepared for each fixed asset. The details for each fixed asset record are obtained from one of the following two sources:-

- (a) Payment vouchers and delivery notes received from suppliers; and
- (b) Details obtained from the capital project records for fixed assets that are constructed during a period of time and of which various payments are made over the construction period.

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All expenditure during the construction period is charged to the work in progress account. On completion of the project, the total costs incurred are transferred out of the work in progress account into the correct fixed asset account. In the case of imported fixed assets the cost comprises the CIF cost, clearing and forwarding charges and installation costs. It excludes cost of initial spare parts.

All relevant payment vouchers, purchase orders and all invoices/cash sales pertaining to capital expenditure are maintained.

The following details, where appropriate, are noted on each fixed asset register record from the information obtained above:

- (a) Name and description of asset;
- (b) Asset number and classification;
- (c) Model type/number;
- (d) Serial/chassis number;
- (e) Date of purchase;
- (f) In service date;
- (g) Location of the asset, where the asset is kept;
- (h) Name, address and telephone number of the supplier and
- (i) His local agent;
- (j) Supplier's invoice(s) number(s); and
- (k) Cost of asset (original foreign currency cost and local currency equivalent).

NOTE: *The fixed asset number should be clearly stamped or printed on the asset so that it can be identified easily with the respective fixed assets records.*

The fixed asset register records are maintained in an Asset Management module structured to analyze the assets by category, for example, office machines and equipment, computer hardware and software, motor vehicles, and furniture and fittings. Further analysis can be done by location of the fixed asset or project to which the asset belongs.

The DFA ensures that the figures relating to fixed assets in accounting system, General Ledger Accounts reconciles with the fixed assets register records in Asset Manager.

NOTE: *A memorandum of Depreciation charged during the year is also maintained outside the Asset Management Module, throughout the project life.*

9.6 Disposal of Fixed Assets

The disposal of fixed assets involves the formal process of removing assets from an organization's records when they are no longer usable/obsolete, economically viable, or relevant to operations (i.e full depreciated). At TASAF, this process ensures that assets are disposed of in a transparent and accountable manner, following established financial regulations and procedures. Disposal may occur through sale, donation, transfer, or write-off, and must be properly documented, approved, and reflected in the asset register to maintain accurate financial reporting and safeguard public resources.

9.7 Overview and procedures of disposing the asset

9.7.1 Overview

The Government of Tanzania follows a structured and regulated process for the disposal of public assets, guided by the Public Procurement Act (Cap 410) and the Public Procurement Regulations, 2013. These procedures are overseen by the Public Procurement Regulatory Authority (PPRA) and are designed to ensure transparency, accountability, and value for money in the disposal of assets no longer needed for public service.

9.7.2 Disposal procedures

TMU follows the Government disposal procedures as elaborated below:

- a) **Authorization and Planning:** Disposal must be authorized by the relevant Accounting Officer and planned in accordance with asset management guidelines. The process involves seeking approval from the Paymaster General;
- b) **Valuation and Classification:** Assets are assessed to determine their condition, value, and appropriate disposal method;
- c) **Disposal Methods:** Common methods include public auction, competitive tendering (national or international), transfer to other public entities, or donation, depending on the asset's nature and value;
- d) **Tendering Process:** Disposal by tender must follow the Standard Tendering Document for Disposal of Public Assets, ensuring fair competition and compliance with procurement laws;
- e) **Documentation and Reporting:** All disposal activities must be documented, including approvals, valuation reports, tender results, and final disposal records. These are reflected in the asset register and financial statements;
- f) **Oversight and Compliance:** Internal audits and reviews are conducted to ensure adherence to procedures and to prevent misuse or loss of public assets;
- g) **Documentation of the disposal date:** Management should document the official disposal date on which the asset is formally removed from the organization's asset register. It marks the point at which ownership or control of the asset ceases; and
- h) **Proceeds arising** – All the proceeds arising from the disposal of asset must be properly documented, deposited into designated bank accounts, and reported in accordance with financial management procedures. They contribute to transparency and help ensure that public resources are accounted for and reinvested appropriately.

Note: A list of all assets disposed of is printed out in the relevant Asset Management Report Revaluation of Fixed Assets. Revaluation of assets recorded in the fixed assets register is not allowed under any circumstances. All asset values are strictly maintained at historical cost.

ANNEXES

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Annex 1: List of procurement and non-procurement activities (sample)

PAA: Ward: Village/Shehia/Mtaa: Subproject name:
(Example:
Construction of
Classroom, etc)

Activities	Who is Responsible?
Site clearance and excavation of foundation. – N	Eligible beneficiary members of the community
Hire LSP – P	CMC
Procurement of working tools - P	CMC
Procurement of Building goods for foundation work - P	CMC
Procurement of building goods for erecting/building walls.	CMC
Procurement of building goods for roofing – P	CMC
Procurement of paints, finishing goods and furniture. P	CMC
Storage of goods – N	Village Council and Storekeeper (CMC member).

Key: N = Non procurement activity; P = Procurement activity

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Annex 2: Community contracts/ LPO register

S/N	Contract /LPO No.	Contract/LPO Description	Method of Procurement	Supplier/ Service Provider	Contract /LPO Amount Tshs	Date of Invitation	Date Signed	Contractual Start Date	Contractual Completion Date	Complete Yes/No	Remarks
1.											
2.											
3.											
4.											
5.											
6.											
7.											

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Annex 5: Goods request form

PAA: Ward: Village/Shehia/Mtaa: Subproject name:

From..... (Name of CMC Member)

To: Storekeeper

Date:.....

Please issue the following goods for
(Mention activities for which goods are requested for)

S/N	Description	Unit	Quantity Requested	Quantity Issued	Remarks

Signature of the Storekeeper.....

Name of the Storekeeper:

Signature of the Recipient.....

Annex 6: Quarterly procurement report format

6.1 Quarterly Community Procurement Progress Report for Quarter

Reporting date:	Region:	Project Area Authority:	Ward:	Village/Mtaa/Shehia:	Name of the subproject:	Value of the subproject:	Date and duration of initial procurement training:
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6.2 Procurement Contracts Report: (Fill dates or information on critical activities for each contract)

Name of the Contract	Date for preparation of Procurement Plan	Date for issuing quotations/ bids	Date for evaluation of Quotations/ bids	Contract/LPO date	Contract value	Date for receiving and inspection of goods or services	Date for payment	Status/ Remarks
1.								
2.								
3.								

6.3 Working Tools Report: (Report for damaged tools should be derived from CMC records/minutes)

Description of Tools Received	Date Received	Quantity received	Quantity Damaged	Condition:		Cost for repair	Remarks
				serviceable	unserviceable		
1							
2							
3							
4							

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6.4 Goods Report:

Description of goods received	Date received	Unit	Quantity	Goods used during the quarter	Goods remaining by quarter end (balance)
1					
2					
3					

6.5 Sector experts from PAA who visited the community subproject site/IGA/Savings groups to provide technical support:

Name and designation of the Sector expert	Technical support provided	Date of the visit
1.		
2.		
3.		

Achievement

Achievements
1.
2.
3.

Challenges and recommendation on how to solve challenges

Challenges	How to solve challenges
1.	1.
2.	2.
3.	3.

Name and Signature of CMC Chairperson:	Name and Signature of CMC Secretary:
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6.6 Quarterly Community Procurement Progress Report for Quarter - Filled sample

Reporting date: 31/3/2019	Region: Arusha	Project Area Authority: Arumeru District Council	Ward: Mwandeti	Village/Mtaa/Shehia: Mwandeti	Name of the sub project: Tree Planting around community water source	Value of the sub project: 20,000,000	Date and duration of initial procurement training: 17- 19/12/2018 - 3 days
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6.7 Procurement Contracts Report: (Fill dates or information on critical activities for each contract)

Name of the Contract	Date for preparation of Procurement Plan	Date for issuing quotations / bids	Date for evaluation of Quotations/ bids	Contract/LP O date	Contract value	Date for receiving and inspection of goods or services	Date for payment	Status/ Remarks
Procurement of Tools	20/12/2018	7/1/2019	9/1/2019	9/1/2019	700,000	16/1/2019	31/1/2019	Completed
Procurement of seeds	20/12/2018	2/2/2019	4/2/2019	6/2/2019	1,000,000	6/3/2019	30/3/2019	Completed
Selection of Local Service Provider	20/12/2018	25/2/2019	2/3/2019	6/3/2019	500,000	5/6/2019	15/6/2019	Implementation is going on

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6.8 Working Tools Report: (Report for damaged tools should be derived from CMC records/minutes)

Description of Tools Received	Date of Receiving	Quantity received	Quantity Damaged	Condition		Cost for repair	Remarks
				Serviceable	Unserviceable		
1.Hoes	16/1/2019	20	2	-	-	10,000/=	Two handles were replaced
2. Wheel barrows	16/1/2019	5	-	-	-	-	
3. Gum boots	16/1/2019	20 pairs	-	-	-	-	
4. Gloves	16/1/2019	20 pairs	-	-	-	-	
5. First Aid Kit	16/1/2019	1	-	-	-	-	Drugs were used

6.9 Goods Report:

Description of goods received	Date received	Unit	Quantity	Goods used during the quarter	Goods remaining by quarter end (balance)
1. Seeds (Tin of half kilogram)	6/3/2019	Tin	10	8	2
2					
3					
4					

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6.10 Sector experts from PAA who visited the community subproject site/IGA/Savings groups to provide technical support:

Name and designation of the Sector expert	Technical support provided	Visiting date
1. Ibrahim Ayubu – PSSNC	1. Orientation on how to prepare quarterly progress report	25/3/2019
2. Adam Nuhu – PAA Procurement Officer	2. Guidance on how to: prepare quotation and bids, conduct evaluation, do ledger & loan register entries	2/1/2019
3. Daudi Musa – PAA Forest Officer	3. Guidance on identification of suitable trees, preparation of the requirement and technical specification of seeds, identification of long list of sources of supply, qualifications for local service provider	2/1/2019
4. Maryam Yusuph – PAA Environmental Officer	4. How to do environmental conservation	2/1/2019

Achievement

1. Procurement of tools, seeds and LSP was accomplished
2. Tree nursery was prepared and planted
3.

Name and Signature of CMC Chairperson:	Name and Signature of CMC Secretary:
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Challenges and recommendation on how to solve challenges

Challenges	How to solve challenges
1. Delivery of seeds was made after one month instead of the planned seven days, this affected the implementation timetable as a result watering may be required after rain season	1. The following are the proposed ways to solve the challenge <ul style="list-style-type: none">• The community should allow water to be used until the trees grow.• Watering activity must be included in next PWP activities• Procurement of seeds for next activities starts earlier and sufficient delivery time allowed
2.	2.
3.	3.

Name and Signature of CMC Chairperson:	Name and Signature of CMC Secretary:
----------------------------------------	--------------------------------------

Annex 7: Goods inspection and acceptance certificate

Name of the Procuring Entity

Subject of Procurement

Contract/Order No

A. Verification of Quantity and Physical Condition of Received Goods

S/N	Description	Unit of measure	Quantity Ordered	Quantity Received	Comment on the Condition of Goods Received
1.					
2.					
3.					
4.					
5.					

B. Verification of Technical Specifications

S/N	Technical Specifications Required	Technical Expert Comments on Compliance to Technical Specifications	Signature of Technical Expert
1.			
2.			
3.			
4.			
5.			

We, the Inspection Committee for the above mentioned Contract/Order certify that we have inspected the goods received as per Regulation 322 of GN No. 518 of 2024 and hereby *accept / reject (select applicable) because of*

S/N	Name of the Inspection Committee Member	Signature	Date
1.			
2.			
3.			

Annex 8: Certificate of acceptance for consulting services report

Name of the Procuring Entity

Contract Description

Contract Ref. No.

Deliverable/Report No.

Date

I (name)..... (Title); the Client's Coordinator/ Authorized representative for contract No:..... forcertify that the attached copy of deliverable/report specified as deliverable number I in the contract has been reviewed and it is acceptable.

Proceed with payment of(*amount in words and currency*).....(*amount in figure and currency*) to the Consultant.

Signature

Name

Date

Annex 9: Confirmation of fitting spare parts in/services to vehicles

Name of the Procuring Entity

Vehicle Registration No.

Type of vehicle

Date

Spares parts fitted/services performed:

S/N	Description of Spare parts fitted/services performed	Unit of measure	New spare parts fitted	Worn out spare parts received by driver
1.				
2.				
3.				
4.				
5.				
6.				
7.				

Signature of the mechanics who attended the vehicles:

Name of the mechanics who attended the vehicles:

Certification by Driver

I certify that the above- mentioned spares/services have been fitted / performed satisfactorily to the above mentioned vehicle.

Signature of the Driver..... Name:

Date.....

Confirmation by Transport Officer

I confirm that the above-mentioned spares/services have been fitted / performed satisfactorily to the above mentioned vehicle and received the worn out spare parts replaced

Signature of the Transport Officer..... Name:

Date.....

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Annex 10: Contract Register

S/N	Expenditure Category Works/ Goods/ Consultancy Services/ Operating Costs	Contract No.	Contract Description	Method of Proc.	Contractor/ Supplier /Consultant/Service Provider	Contract Amount And currency	Date of Invitation Mm/dd/yr	Date Signed Mm/dd/yr	Contractual Start Date Mm/dd/yr	Contractual Completion Date Mm/dd/yr	Complete Yes/No	Remarks
1.												
2.												
3.												
4.												
5.												
6.												

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Annex 11: IFR Reporting Templates

IDA Credit Number: _____
 INTERIM FINANCIAL REPORT FOR THE PERIOD FROM _____ TO _____
 STATEMENT OF SOURCES AND USES OF FUNDS

Descriptions	CURRENT QUARTER			YEAR TO DATE			PROJECT TO DATE		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Opening Balance									
Cash at bank- Designated Accounts (IDA)									
Cash at bank- Designated Accounts (OTHER DONORS)									
Cash at bank - Local Accounts									
Sub-total									
Add: Receipts									
IDA									
Other donors									
Sub-total									
Total Cash Available									
Less: Expenditure by project components									
1. Adaptive safety nets									
1.1 Productive Cash Transfers									
1.2 Climate-smart public works									
2. Adaptive social protection system									
2.1 Modernizing social protection delivery systems									
2.2 Institutional and technical support									
3. Project management									
Total expenditure									
Cash available before exchange rate differences									
Realized exchange gains/losses									
Net Cash Balance									
Closing Cash Balance									
Cash at bank- Designated Accounts (IDA)									
Cash at bank- Designated Accounts (OTHER DONORS)									
Cash at bank - Local Accounts									
Total									

Note: Reporting currency is TZS

Prepared by:

Name: _____
 Signature: _____
 Date: _____

Approved by:

Name: _____
 Signature: _____
 Date: _____

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Productive Social Safety Net (PSSN III)
 IDA Credit Number: _____ TO _____
 INTERIM FINANCIAL REPORT FOR THE PERIOD FROM _____ TO _____
 DESIGNATED ACCOUNT ACTIVITY STATEMENT

PART I	TZS	USD	TOTAL USD
1. Cumulative advances to the end of current reporting period			
IDA			
Other donors			
2. Cumulative expenditure to the end of current reporting period			
IDA			
Other donors			
3. Outstanding advance to be accounted for (Line 1 minus Line 2)			
PART II			
4. Opening DA balance at beginning of reporting period			
IDA			
Other donors			
5. Add: Advances from World Bank during current reporting period			
IDA			
Other donors			
6. Outstanding advances to be accounted for the reporting period (Add Line 4 and Line 5)			
7. Closing DA balance at end of current reporting period			
IDA			
Other donors			
8. Expenditures for the current reporting period			
9. Add/subtract: cumulative adjustments, if any			
Realized exchange gains/losses			
10. Expenditure for the current reporting period after adjustments (Add Line 8 and Line 9)			
11. Total advance accounted for (Add Line 7 and Line 10)			
12. Difference , if any (Line 6 minus Line 11)			
PART III			
13. Total expenditure forecast for the next 6 months			
14. Subtract: Closing DA balance at end of current reporting period			
15. Net expenditure forecast from DA (Line 13 subtract Line 14)			

Note: Reporting period exchange rate is _____.

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Productive Social Safety Net (PSSN III)

IDA Credit Number: _____

INTERIM FINANCIAL REPORT FOR THE PERIOD FROM _____ TO _____

STATEMENT OF CASH FORECAST

Descriptions	QUARTER I	QUARTER II	TOTAL SIX MONTHS CASH REQUIREMENTS
	USD	USD	USD
PART I: EXPENDITURE DETAILS			
1. Adaptive safety nets			
1.1 Productive Cash Transfers			
1.2 Climate-smart public works			
2. Adaptive social protection system			
2.1 Modernizing social protection delivery systems			
2.2 Insitutional and technical support			
3. Project management			
TOTAL CASH REQUIREMENTS FOR THE NEXT SIX MONTHS			
LESS: AVAILABLE FUNDS			
CURRENT PERIOD CASH BALANCES			
NET CASH REQUIREMENTS			
PART II: SOURCES OF FUNDS			
IDA			
Other donors			
TOTAL CASH REQUIREMENTS BY DONOR			