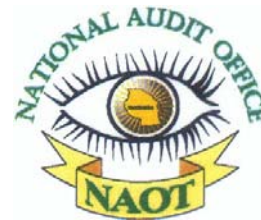


THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT  
REGULATORY AUTHORITY FOR THE YEAR  
ENDED 30 JUNE 2012

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DECEMBER, 2012

AR/PPRA/2012

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

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

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

#### **Vision**

To be a centre of excellence in public sector auditing.

#### **Mission**

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

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

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

**We do this by:-**

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

© This audit report is intended to be used by PPRA. However, upon receipt of the CAG report by the Board and once tabled in Parliament, the report becomes a matter of public record and its distribution may not be limited.

## PUBLIC PROCUREMENT REGULATORY AUTHORITY

### ACRONYMS AND ABBREVIATIONS

PPRA	Public Procurement Regulatory Authority
CAG	Controller and Auditor General
URT	United Republic of Tanzania
NAO	National Audit Office
NSSF	National Social Security Fund
LAPF	Local Authority Pension Fund
PPF	Parastatal Pension Fund
GEPF	Government Employees Pension Fund
PSPF	Public Sector Pension Fund
MoF	Ministry of Finance
ISA	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
PAA	Public Audit Act
TFRS	Tanzania Financial Reporting Standard
PPA	Public Procurement Act
PPAA	Public Procurement Appeals Authority
CEO	Chief Executive Officer
PCCB	Prevention and Combating of Corruption Bureau
ADB	African Development Bank
CTB	Central Tender Board
KIC	Kilimanjaro International Corporation
PMIS	Procurement Management Information System
PE	Procuring Entity
PMU	Procurement Management Unit
NAFCO	National Agricultural and Food Corporation
PFMRP	Public Financial Management Reform Programme
ADF	African Development Funds
TPJ	Tanzania Procurement Journal
MDAs	Ministries, Departments and Agencies
MIS	Management Information System
ISPGG	Institutional Support Project for Good Governance
TANRODS	Tanzania National Roads Agency

## PUBLIC PROCUREMENT REGULATORY AUTHORITY

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# PUBLIC PROCUREMENT REGULATORY AUTHORITY

## REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30 JUNE 2012

In compliance with the Public Procurement Act, 2004 of Tanzania and the Tanzania Financial Reporting Standard (TFRS) No. 1 on Directors' Report, the Board of Directors submits their report and the audited financial statements of Public Procurement Regulatory Authority (PPRA) for the year ended 30th June, 2012.

### 1 BOARD OF DIRECTORS

The Board of Directors is the governing body of the Authority. It consists of the Chief Executive Officer and seven non-executive members including the Chairman. During the period under review the Board had the following members:-

Name	Position	Nationality	Age	Qualification
Dr. Enos S. Bukuku	Chairman	Tanzanian	62	Economist
Ms. Mwamini M. Tulli	Member	Tanzanian	53	Certified Accountant
Mr. Omary A. Chambo	Member	Tanzanian	51	Mining Engineer
Dr. Edmund B. Mndolwa	Member	Tanzanian	63	Chartered Accountant
Hon. Mussa A. Zungu (MP)	Member	Tanzanian	60	Aircraft Engineer
Hon. Justice T. Mihayo	Member	Tanzanian	66	Lawyer
Dr Leonard. M. Chamuriho	Member	Tanzanian	52	Structural Engineer
Dr. Ramadhan S. Mlinga	CEO	Tanzanian	52	Civil Engineer

### 2 BOARD'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Board is required by the Public Procurement Act of 2004 to prepare financial statements that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the surplus or deficit of the Authority for that period. The Board confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2012. The Board also confirm that the International Public Sector Accounting Standards (IPSAS) accrual, have been followed. The Board is responsible for keeping proper accounting records, for safeguarding the assets of the Authority and hence taking reasonable steps for prevention of fraud and other irregularities.

### 3 PRINCIPAL ACTIVITIES

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

- (i) Offering advisory services to Central Government, Local Government, Parastatal Organisations and the General Public on procurement related matters;
- (ii) Monitor compliance with the PPA, 2004, its regulations and guidelines;
- (iii) Preparing and disseminating standard tender documents and guidelines for better carrying out of procurement activities;
- (iv) Storing and disseminating information on procurement opportunities, tender awards and any other relevant information on public procurement system in the country
- (v) Designing and implementing procurement capacity building strategy in the country; and
- (vi) Facilitating resolution of procurement complaints.

### 4 MAJOR ACHIEVEMENTS DURING THE YEAR

In FY 2011/12, PPRA managed to accomplish all its goals as provided in its Medium Term Strategic Plan (MTSP). Some of the major achievements are as highlighted below:

- i) The Authority participated in the process of amending the Public Procurement Act 2004 which culminated into the enactment of the Public Procurement Act 2011. It also participated in amending the Regulations to be in line with the new Act;
- ii) The Authority conducted tailor made trainings to 574 participants from 34 PEs and successfully conducted a three-day workshop of the Heads of PMUs in which 187 participants attended;
- iii) The Authority has continued to advise the Paymaster General on applications of retrospective approvals. Out of the eleven dealt with during the review period, PMG was advised to grant retrospective approval to four applications with a total value of Tshs. 3,503,859,323 and USD 37,772,280. PMG was advised not to grant approval to seven applications with a total value of Tshs. 2,600,398,843 and USD 1,326,400;
- iv) The Authority received, investigated and prepared reports on eight) cases of allegations or complaints on mis-procurements including a special investigation of procurements at Arusha Municipal Council;
- v) The Authority received fourteen applications for administrative review whereby ten applications were reviewed and decision delivered by the Authority in

accordance with Section 81 of PPA, 2004. Four applications were referred to PPAA because the respective procurement contracts were already in force.

- vi) The Authority debarred 26 firms for failure to fulfil their contractual obligations with PEs, 8 firms for procurement malpractices, and 358 following their debarment by World bank and Public Procurement and Disposal Authority of Uganda for committing procurement malpractices.
- vii) The Authority has continued to collaborate with PCCB as per the signed MOU. As per of MOU the Authority submitted to PCCB 13 investigation/audit reports that were suspected of corrupt practices.
- viii) The Authority has continued to share and disseminate procurement information through the weekly Tanzania procurement Journal which is published on every Tuesday as an insert to the Daily Newspaper. During the review period, all weekly TPJ editions with approximately 765,000 copies were circulated countrywide. Further, the website- [www.ppra.go.tz](http://www.ppra.go.tz) and the associated tender portal, <http://tender.ppra.go.tz>, were maintained and updated with contents on a daily basis. In addition, the Authority has established and launched a Tender Alert Service through mobile phones to enhance and improve advertisement and dissemination of tender information to all stakeholders of procurement and public in general.
- ix) The Authority has continued to implement the Procurement Management Information System (PMIS) through training of PMU staff from PEs on how to use the system. During the review period, 35 staff from 19 PEs were trained on PMIS, making the number of PEs trained so far to be 326.
- x) The Authority carried out procurement audit to 121 PEs worth Tshs. 2,374,690,317,155 which was 77.8% of the total value of procurement made by the audited PEs during the year under review which was Tshs. 3,053,829,137,978. Similarly it carried out value for money audit on 137 construction projects with a total value of Tshs.239,268,926,099 in 36 PEs.
- xi) The Authority has continued to collaborate with GPSA in the implementation of the System for procurement of CUIS. Call-off orders amounting to Tshs. 28.5 billion were made in FY2011/12 compared to call off orders amounting to Tshs. 24.7 billion in the FY 2010/11.
- xii) The Authority has continued to enhance its collaboration with other oversight bodies in the country and other international bodies. The Authority submitted its Annual Performance Evaluation Report for FY 2010/11 to the CAG and has also participated in various workshops organized by NAO. Similarly, the Authority has been submitting reports to PCCB on suspected cases of corruption. It also participated in three international forums namely: The Fourth East African Procurement Forum which was held in Kigali Rwanda; Pan-Commonwealth Public Procurement Network Conference (CPPN) which was held in Mauritius; and Follow-up Meeting on the Workshop on Harmonizing

Procurement Policies for Effective Regional Integration which was held in Mombasa.

- xiii) The Authority has managed to win the support of the public through whistle blowers who have been providing tip-offs on malpractices in public procurement. On several occasions the Authority has acted on whistle blowers' information and managed to unearth massive embezzlement of public funds.

## **5 RESULTS FOR THE YEAR**

During the year ended 30th June 2012 the Authority incurred deficit of TZS 77 million. The figure stated after charging non-cash items amounting to TZS 215 million. While the expenditure have (Increased) by 1.35% from TZS 5,582 million to TZS 5,657 million revenue increased by 21.4% from TZS 5,232 million to TZS 6,350 million. This is due to the fact that in the year under review, the Authority received funds from ADB as explained in note 8(a) of the Financial Statements.

## **6 SOLVENCY**

The Authority's state of affairs as at 30th June, 2012 is reflected in these financial statements. The Board considers the Authority to be solvent.

## **7 AUDITORS**

The Controller and Auditor General is the statutory auditor of PPRA by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section. 10 (1) of the Public Audit Act No 11 of 2008. However, in accordance with Section 33 of the same Act, M/s. MEKONSULT was authorized to carry out the audit of the Public Procurement Regulatory Authority for the year ended 30<sup>th</sup> June 2012 on behalf of the Controller and Auditor General.

## **8 BOARD MEETINGS**

The Board of Directors held four (4) ordinary and twelve (12) extra ordinary Board meetings.

## **9 BOARD COMMITTEE MEETINGS**

The Board has four committees namely; the Audit Committee, the Complaints Review Committee, the Advisory Committee and Technical Committee. During the year under the Audit committee meetings held six (6) meetings, Complaints Review Committee ten (10), Advisory Committee three (3) meetings and Technical Committees four (4) meetings.



Below is a summary indicating the number of meetings attended by the Board Members:

Name of Director	Board	Audit Committee	Complaints Review Committee	Advisory Committee	Technical Committee
Dr. Enos S. Bukuku	3	-	-	1	
Ms. Mwamini M. Tulli	17	6	9	2	4
Mr. Omary A. Chambo	9	-	-	2	1
Dr. Edmund B. Mndolwa	11	6	8	3	2
Hon. Mussa A. Zungu (MP)	11	3	7	-	-
Hon. Justice T. Mihayo	17	4	10	3	4
Dr Leonard. M. Chamuriho	14	4	8	3	3
Dr. Ramadhan S. Mlinga	14	6	7	3	4

**BY ORDER OF THE BOARD**

-----  
Director

Date.....

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Chief Executive Officer

## **AUDIT REPORT ON THE FINANCIAL STATEMENTS**

To: Dr. Enos S. Bukuku,  
Chairman of the Board,  
Public Procurement Regulatory Authority,  
P.O.Box 49,  
DAR ES SALAAM.

### **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT REGULATORY AUTHORITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012**

I have audited the accompanying financial statements of Public Procurement Regulatory Authority which comprise the Statement of Financial position as at 30<sup>th</sup> June 2012, Statement of Financial Performance, Statement of Changes in Equity and Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out from pages 13 to 34 of this report.

#### **Directors' Responsibility for the financial statements**

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

#### **Responsibilities of the Controller and Auditor General**

My responsibility as an auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA), International Standards of Supreme Audit Institutions (ISSAIs) and such other audit procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Public Procurement Regulatory Authority preparation and fair presentation of the financial Statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Procurement Regulatory Authority internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

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

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

### **Audit Opinion**

In my opinion, the financial statements present true and fair position of the financial position of Public Procurement Regulatory Authority as at 30<sup>th</sup> June 2012 and (of) its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and Public Procurement Act, 2004.

### **Report on Other Legal and Regulatory Requirements**

#### **Compliance with Public Procurement Act**

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Public Procurement Regulatory Authority has generally complied with the Public Procurement Act, 2004 and its related Regulations of 2005.

Ludovick S. L. Utouh

#### **CONTROLLER AND AUDITOR GENERAL**

National Audit Office,  
Dar es Salaam, Tanzania

..... 2012

**PUBLIC PROCUREMENT REGULATORY AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2012**

	<u>Notes</u>	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	1,186,245	1,344,661
Intangible Assets	3	<u>21</u>	<u>56,944</u>
		<b><u>1,186,266</u></b>	<b><u>1,401,605</u></b>
<b>Current assets</b>			
Staff and other receivable	5	441,131	135,176
Prepayment-gratuity to contract employees		263,608	274,452
Cash and Cash Equivalent	6	<u>1,105,726</u>	<u>648,194</u>
		<b><u>1,810,465</u></b>	<b><u>1,057,822</u></b>
<b>Total assets</b>		<b><u>2,996,731</u></b>	<b><u>2,459,427</u></b>
<b>Liabilities</b>			
Deferred Income	4(iii)	1,128,443	1,192,130
Retirement benefit obligation (Due beyond a year)	7 (b)	<u>69,523</u>	<u>254,277</u>
		<b><u>1,197,966</u></b>	<b><u>1,446,407</u></b>
<b>Current liabilities</b>			
Retirement benefit obligation (Due within a year)	7 (a)	194,085	20,175
Liabilities recognized under transfer arrangement	8b(ii)	335,307	3,169
Account payable	9	<u>411,728</u>	<u>54,962</u>
		<b>941,120</b>	<b>78,306</b>
<b>Total liabilities</b>		<b><u>2,139,086</u></b>	<b><u>1,524,713</u></b>
<b>Net Asset</b>		<b><u>857,645</u></b>	<b><u>934,714</u></b>
<b>EQUITY</b>			
Accumulated Surplus brought forward		934,714	1,284,562
Deficit for the year		<u>(77,069)</u>	<u>(349,848)</u>
<b>Total equity</b>		<b><u>857,645</u></b>	<b><u>934,714</u></b>

The statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 34

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 Director

Date.....

-----  
 Chief Executive Officer

Auditors' report - page 7 to 8

**PUBLIC PROCUREMENT REGULATORY AUTHORITY**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2012**

	<u>NOTE</u>	2012 <u>TZS '000</u>	2011 <u>TZS '000</u>
<b>OPERATING REVENUE</b>			
Transfer Revenue			
Government Grant	10	4,547,734	4,772,519
ADB Grant	8(b)(i)	1,041,221	-
Deferred Income	4(iv)	<u>63,687</u>	<u>75,947</u>
		<b>5,652,642</b>	<b>4,848,466</b>
Other Income	11	<u>697,717</u>	<u>383,712</u>
<b>Total Operating revenue</b>		<b><u>6,350,359</u></b>	<b><u>5,232,178</u></b>
 <b>OPERATING EXPENSES</b>			
Administrative Expenses	13	1,987,761	2,296,399
Staff Expenses	14	1,853,679	1,896,320
Capacity Building Expenses	15	380,015	534,785
Monitoring Expenses	16	756,504	415,450
Information Technology Expenses	17	267,462	116,259
Training Expenses	18	121,745	33,861
Office Setup Expenses	19	<u>334,608</u>	<u>288,952</u>
<b>Total Operating Expenses</b>		<b>5,701,774</b>	<b>5,582,026</b>
<b>Surplus/Deficit from Operating Activities</b>		<b><u>648,585</u></b>	<b><u>(349,848)</u></b>
<b>Other Expenses</b>			
other Beneficiaries to ISPGG II Expenses	20	725,654	-
<b>Net Surplus/Deficit for the year</b>		<b><u>(77,069)</u></b>	<b><u>(349,848)</u></b>

The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 34

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PUBLIC PROCUREMENT REGULATORY AUTHORITY  
 STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2012

	2012 <u>TZS '000</u>	2011 <u>TZS '000</u>
Net Assets at the beginning of the year	934,714	1,284,562
Net Surplus /Deficit for the year	<u>(77,069)</u>	<u>(349,848)</u>
Net Assets at the end of the year	<u>857,645</u>	<u>934,714</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 34

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PUBLIC PROCUREMENT REGULATORY AUTHORITY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	<u>Notes</u>	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
<b>Cash flows from operating activities</b>			
Net cash flow from operating activities	12	457,532	(268,358)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2(i)	-	(4,032)
Net cash flow from investing activities		-	(4,032)
<b>Cash flows from financing activities</b>			
Net Cash flow from Financing Activities		-	-
Net increase/(decrease) in cash and cash equivalents		457,532	(272,390)
Cash and cash equivalents at beginning of the year		<u>648,194</u>	<u>920,584</u>
Cash and cash equivalents at the end of year	6	<u>1,105,726</u>	<u>648,194</u>

Notes to the Cash Flow statements

(a) Cash and Cash Equivalents

Cash and cash equivalents was made by balances with banks and there was no cash in hand or investments in money markets instruments.

The Statement of Cash Flow is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 34

Auditors' report - page 7 to 8

**PUBLIC PROCUREMENT REGULATORY AUTHORITY**  
**COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

Description	Budget amounts TZS'000	Actual amount TZS'000	Variance TZS'000	%
<b>Revenue</b>				
Total Revenue				
<b>Expenses</b>				
Administrative expenses(net of Depreciation)	2,069,312	1,987,761	81,551	4%
Staff costs	1,943,367	1,809,444	133,923	7%
Capacity building expenses	491,685	380,015	111,670	23%
Monitoring expenses	1,412,682	756,504	656,178	46%
Information Technology	348,644	267,462	81,182	23%
Training expenses	331,208	121,745	209,463	63%
Office set up costs	393,600	155,426	238,174	61%
Depreciation	-	215,338	-	-
<b>Total</b>	<b><u>6,990,498</u></b>	<b><u>5,693,695</u></b>	<b><u>1,512,141</u></b>	<b><u>227%</u></b>



# PUBLIC PROCUREMENT REGULATORY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

### 1. GENERAL INFORMATION

#### (a) Statute

- (i) The Public Procurement Regulatory Authority was established by the Public Procurement Act, No. 21 of 2004. The Act stipulates in detail the objectives, functions and powers of the Authority. The Authority offices are located at the 8<sup>th</sup> Floor of PPF Tower, Ohio/Garden Avenue, Dar es Salaam.
- (ii) The overall management of PPRA is vested in the Board of Directors as the Governing body under the supervision of the Ministry of Finance and Economic Affairs. The Chief Executive Officer carries out the day to day operations of the Authority.

#### (b) Principal Accounting Policies

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

#### 1.1 Basis of Preparation

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

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

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

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

#### 1.2 Property, Plant and Equipment

Property, Plant and Equipment are initially recorded at cost. These assets are subsequently shown at historical cost, less depreciation and impairment. Historical

cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Description	Rate (%) Per Annum
Motor vehicles	25
Computers	33.3
Furniture, Fittings and Equipments	25
Buildings	4

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

### 1.3 Intangible assets

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

Expenditure which enhances and extends the computer software programmes beyond their original specifications and lives is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight line method over their useful lives, estimated at two years (50%).

### 1.4 Impairment of Assets

Assets that are subject to the depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

## 1.5 Inventories

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

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

## 1.6 Revenue recognition

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

### Transfer Revenue

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

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

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

## **1.7 Employees Benefits**

### **(i) Pension obligation**

The Authority has defined benefits and defined contribution plans. For defined contribution plan, the Authority contributes to publicly administered pension plans (PSPF, LAPF, NSSF and PPF) on a mandatory basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due. The liability recognized in the balance sheet in respect of the defined benefits plan is the present value of the defined obligation at the statement of financial position date, together with adjustments for unrecognized actuarial gains or losses and past service costs.

### **(ii) Other Entitlements**

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

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

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

## **1.8 Foreign Currency Translation**

### **(a) Functional and Presentation Currency**

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

### **(b) Transaction and Balances**

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

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

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

## **1.9 Grants**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with they are recognized in the Statement of Financial Performance. When they are for expenses or losses already incurred, they are recognized immediately in Statement of Financial Performance.

## **1.10 Cash and cash equivalent**

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

## **1.11 Provisions**

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

## **1.12 Foreign currency risks**

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

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

## **1.13 Comparative Figures**

Where necessary, the comparative figures will be classified to conform to changes in presentation in the respective year of reporting. Comparative figures for the period 2010/2011 are presented along with this year's figures.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

2. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Motor vehicle	Computers	Office Equipment	Furniture	Total
	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>	<u>TZS '000</u>
<b>Cost</b>							
As at 1 July 2011	822,600	301,000	654,782	178,107	277,554	117,622	2,351,665
Additions for the Year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at 30 June 2012	822,600	301,000	654,782	178,107	277,554	117,622	2,351,665
<b>Depreciation</b>							
At 1 July 2011	-	12,040	568,293	171,390	185,190	70,090	1,007,005
Charge for the year	-	12,040	66,421	4,803	54,984	20,167	158,415
On disposals	-	-	-	-	-	-	-
As at 30 June 2012	-	24,080	634,716	176,193	240,174	90,257	1,165,420
<b>Net book Value</b>							
At 30 June 2012	<u>822,600</u>	<u>276,920</u>	<u>20,066</u>	<u>1,914</u>	<u>37,380</u>	<u>27,365</u>	<u>1,186,245</u>
At 30 June 2011	<u>822,600</u>	<u>288,960</u>	<u>86,487</u>	<u>6,717</u>	<u>92,365</u>	<u>47,532</u>	<u>1,344,661</u>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

3. INTANGIBLE ASSETS

	TZS'000
<b>Cost</b>	
Cost as at 01 July 2011	402,475
Additions	<u>-</u>
Cost as at 30 June 2012	402,475
<b>Amortisation</b>	
At 1 July 2011	345,531
Charge during the year	<u>56,923</u>
At 30 June,2012	402,454
<b>Net Book Value</b>	
As at 30 June,2012	<u><u>21</u></u>
As at 30 June 2011	<u><u>56,944</u></u>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

4. DEFERRED INCOME

(i) Assets in kind

The Authority had received from USAID through their appointed consultant, namely Kilimanjaro International Corporation the following assets from FY 2006/07 to FY 2008/09 as analyzed below:-

Sub item	Quantity	(TZS'000 equivalent)
Laptop Computers	9	16,954
Desktop Computers & Software	15	20,807
<b>Cost as at 30 June 2007</b>		<b>37,761</b>
MS SQL CAL 2000 English Open User CAL	1	17,236
Storage Controller HP Smart Array E200/64MB Controller (RAID 0/1/1+0) - Server	1	29,821
Rack Cabinet Pallet 10642 G2 (42U)	1	9,890
Storage Controller HP Smart Array E200i Controller with 128MB BBWC included (RAID 0,1/15,5)	1	15,959
HP LaserJet 3005dn	1	2,530
MS Windows SQL Server Standard Edition 2005 License	1	990
<b>Cost as at 30 June 2008</b>		<b>114,187</b>
Assets in kind recognized in the Statement of Comprehensive Income		(32,181)
<b>Net book value as at 30 June 2008</b>		<b>82,006</b>
<b>Additions: Motor vehicles</b>	3	60,648
Assets in kind recognized in the Statement of Comprehensive Income		(48,479)
<b>Net Book Value as at 30 June, 2009</b>		<b>94,175</b>
Assets in kind recognized in the Statement of Comprehensive Income		(43,052)
<b>Net Book Value as at 30 June, 2010</b>		<b>51,123</b>
Assets in kind recognized in the Statement of Comprehensive Income		(29,712)
<b>Net Book Value as at 30 June, 2011</b>		<b>21,411</b>
Assets in kind recognized in the Statement of Comprehensive Income		(17,580)
<b>Net Book Value as at 30 June, 2012</b>		<b>3,831</b>



PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

**(ii) Assets inherited from the defunct Central Tender Board (Continued)**

The Value of these assets is as shown below and forms part of assets reported in the Property and Equipment movement schedule above.

<b>Sub item</b>	<b>Quantity</b>	<b>(TZS'000 )</b>
Motor Vehicle	2	93,500
Office Furniture	Various	25,130
Office Equipment	Various	14,730
Desktop Computers	2	840
Laptops	2	2,000
<b>Total Value as at 30 June,2009</b>		<b>136,200</b>
Assets in kind recognized in the Statement of Comprehensive Income		(8,569)
<b>Net value as at 30 June,2009</b>		<b>127,631</b>
Assets in kind recognized in the Statement of Comprehensive Income		(34,277)
<b>Net value as at 30 June,2010</b>		<b>93,354</b>
Assets in kind recognized in the Statement of Comprehensive Income		(34,195)
<b>Net value as at 30 June,2011</b>		<b>59,159</b>
Assets in kind recognized in the Statement of Comprehensive Income		(34,067)
<b>Net value as at 30 June,2012</b>		<b>25,092</b>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

- (iii) Assets Received as Government grant which was previously owned by the defunct NAFCO

Sub item	(TZS'000)
Land	822,600
Building	301,000
<b>Total Value as at 30 June,2010</b>	<b>1,123,600</b>
Assets in kind recognized in the Statement of Comprehensive Income	-
<b>Net value as at 30 June,2010</b>	<b>1,123,600</b>
Assets in kind recognized in the Statement of Comprehensive Income	(12,040)
<b>Net value as at 30 June,2011</b>	<b>1,111,560</b>
Assets in kind recognized in the Statement of Comprehensive Income	(12,040)
<b>Net value as at 30 June,2012</b>	<b>1,099,520</b>
<b>Total (i+ii+iii)</b>	<b>1,128,443</b>

- (iv) Assets in kind recognized in the statement of financial performance

	2012	2011
	<u>TZS'000</u>	<u>TZS'000</u>
Assets in kind from CTB (Note 4(i))	34,067	29,712
Assets in Kind from KIC (Note 4(ii))	17,580	34,195
Assets in Kind from the Government (Note 4 (iii))	<u>12,040</u>	<u>12,040</u>
<b>Total</b>	<b><u>63,687</u></b>	<b><u>75,947</u></b>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

5. STAFF AND OTHER RECEIVABLES

	2012	2011
Details	<u>TZS'000</u>	<u>TZS'000</u>
Staff imprest receivables	349,747	130,286
Cash received from Imprest holders	-	(656)
Other receivables	<u>91,384</u>	<u>5,546</u>
<b>Total</b>	<b><u>441,131</u></b>	<b><u>135,176</u></b>

6. CASH AND CASH EQUIVALENTS

	2012	2011
Details	<u>TZS'000</u>	<u>TZS'000</u>
Cash at bank (ADB Project)	264,751	-
Cash at Bank (Operational account)	840,468	448,194
Cash in Hand	<u>507</u>	<u>200,000</u>
<b>Total</b>	<b><u>1,105,726</u></b>	<b><u>648,194</u></b>

7. RETIREMENT BENEFIT OBLIGATIONS

For the period ended 30 June 2012, the Authority had a TZS 263 million funded non-contributory contract employee gratuity which provides for lump sum payments to its contract employees on their termination or completion of their contract periods. The fund arrangement was based on 25% on the monthly basic pay and qualifies as a defined benefit plan. This amount had been paid to GEPF by 30 June 2012.

	2012	2011
	<u>TZS'000</u>	<u>TZS'000</u>
a) Retirement benefit obligations falling due within one year	194,085	20,175
b) Retirement benefit obligation falling beyond one year	69,523	254,277

## PUBLIC PROCUREMENT REGULATORY AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

#### 8. (a) LIABILITIES RECOGNISED UNDER ADB-ADF TRANSFER ARRANGEMENTS

The United Republic of Tanzania signed a Protocol of Agreement with the African Development Fund (ADB-ADF) for the Institutional Support Project for Good Governance II on November 2010. The total fund agreement in various convertible currencies does not exceed the equivalent of five million two hundred thousand Units of Account (UA 5,200,000). The project has two distinct components, namely (i) Improving Budget Credibility and Transparency and (ii) Enhancing Economic Policy Management. The rationale for this second phase is based on the need to consolidate the gains attained in the first phase, particularly in terms of improving the rate of conformity to *the Public Procurement Act (PPA)*. The project's specific objective is to enhance the capacity, accountability and integrity in the management of public resources both in Mainland Tanzania and Zanzibar. The Project was started in May, 2011 and is expected to close on 31<sup>st</sup> December, 2014.

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

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

At 30 June, 2012, the Authority recognized a liability of TZS 335 million related to a transfer to it conditional upon implementing Institutional Support for Good Governance Project II.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

Liability recognized under transfer arrangements

	2012 <u>TZS'000</u>
Opening balance brought forward	-
Transfers received	1,376,528
Transfer revenue recognized during the year	<u>(1,041,221)</u>
<b>Total liability recognized under transfer arrangements</b>	<b><u>335,307</u></b>

The amount that is related to the Authority (PPRA) alone and hence included in these accounts is as analyzed below:

	2012 <u>TZS'000</u>
Opening balance brought forward	-
Transfers received	-
Transfer revenue recognized during the year	-
<b>Total liability recognized under transfer arrangements</b>	<b><u>-</u></b>

**(b) LIABILITIES RECOGNISED UNDER PFMRP - BASKET FUNDING TRANSFER ARRANGEMENT**

The Authority also receives funds for Development Activities under PFMRP - Basket funding. In 2011/12 Financial year, TZS 1,350 million was approved for Development activities.

At 30<sup>th</sup> June, 2012, the Authority had spent a total of TZS 556 million and committed the balance of TZS 794 million for the activities that were ongoing.

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012(Continued)

	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
Opening balance brought forward	3,169	21,096
Amount returned to PFMRP	(3,169)	(21,096)
Transfer received	<u>1,350,000</u>	<u>1,245,974</u>
<b>Total fund</b>	<b>1,350,000</b>	<b>1,245,974</b>
Transfer Revenue recognized during the year	<u>(1,350,000)</u>	<u>(1,242,805)</u>
Liability recognized under transfer arrangements	<u>-</u>	<u>3,169</u>
 (i) Transfer revenue recognized during the year		
Grants from ADB-ADF	1,041,221	-
Transfer from PFMRP - Basket Fund	<u>1,350,000</u>	<u>1,242,805</u>
	<u><b>2,391,221</b></u>	<u><b>1,242,805</b></u>
 (ii) Total Liability recognised under transfer arrangements:-		
Liability under grants from ADB - ADF	335,307	-
Liability under PFMRP - Basket Fund	<u>-</u>	<u>3,169</u>
<b>Total</b>	<u><b>335,307</b></u>	<u><b>3,169</b></u>
 <b>9. ACCOUNTS PAYABLE</b>		
Payables	327,518	-
Accruals and provisions	84,210	54,962
Other payables	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>411,728</b></u>	<u><b>54,962</b></u>
 <b>10. GOVERNMENT GRANT</b>		
Operational funds	3,197,734	3,529,714
Basket funding	<u>1,350,000</u>	<u>1,242,805</u>
<b>Total</b>	<u><b>4,547,734</b></u>	<u><b>4,772,519</b></u>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

11. OTHER INCOME

Details	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
Sales of bidding documents and PPA 2004	1,670	229
Fees on complaint reviews	110	210
Sales of procurement journal	-	138
Tailor-made training programmes	278,575	195,158
Advertisements in TPJ supplement	307,192	91,587
Subscription of TPJ	-	30
Miscellaneous	102,068	89,040
Interest on Fixed deposit	<u>8,102</u>	<u>7,320</u>
<b>Total</b>	<b><u>697,717</u></b>	<b><u>383,712</u></b>

12. CASH GENERATED FROM OPERATIONS

Reconciliation of surplus for the year to cash generated from operations:	<u>Notes</u>	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
Surplus for the year:		(77,069)	(349,848)
<i>Adjustments for:</i>			
Depreciation (including intangible assets)	2 & 3	215,338	405,877
Adjustment for Over depreciation		-	(1,477)
<b>Cash generated from operations before working capital changes</b>		<b><u>138,269</u></b>	<b><u>54,552</u></b>
Changes in working capital:			
Increase in staff and other receivables		(305,954)	107,596
Decrease in assets in kind		(63,687)	(75,947)
Increase in liabilities recognized under transfer arrangement		332,138	(228,858)
Increase in accounts payable		<u>356,766</u>	<u>(125,701)</u>
<b>Cash generated from operations</b>		<b><u>457,532</u></b>	<b><u>(268,358)</u></b>

PUBLIC PROCUREMENT REGULATORY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**13. ADMINISTRATIVE EXPENSES**

Details	<u>2012</u> <u>TZS '000'</u>	<u>2011</u> <u>TZS '000'</u>
Funded by Government subventions	1,706,182	1,890,522
ADB funding	66,241	-
Depreciation	<u>215,338</u>	<u>405,877</u>
	<u><b>1,987,761</b></u>	<u><b>2,296,399</b></u>

**14. STAFF EXPENSES**

Personnel emoluments	1,479,756	1,520,093
Gratuity and pension	326,735	327,473
NHIF	<u>47,188</u>	<u>48,754</u>
<b>Total</b>	<u><b>1,853,679</b></u>	<u><b>1,896,320</b></u>

The following items are included in the staff expenses:

**Social security expenses:**

Defined contribution plans	63,127	57,014
Defined benefit plan	263,608	274,452
Other statutory payroll remittances	47,188	44,760

**PUBLIC PROCUREMENT REGULATORY AUTHORITY**



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**15. CAPACITY BUILDING EXPENSES**

	2012	2011
(a) Government Funding	<u>TZS'000</u>	<u>TZS'000</u>
Publish Tanzania Procurement Journal	58,599	191,063
Tailor-made training	89,362	119,923
To Survey and update database on average price of goods and services in collaboration with GPSA	4,551	-
To sensitize top government leaders and politicians on their role in compliance with PPA.	5,789	-
To disseminate PPA,2004 and its regulations	11,871	118,681
To host /participate in the 3rd East African Procurement Forum in Tanzania	55,772	105,118
Last financial year commitment and Imprest Expenses	3,990	-
To conduct 3-day workshop for heads of Procurement Management Units to deliberate on various procurement tools	63,681	-
<b>Total Government Funding</b>	<b>293,615</b>	<b>534,785</b>
(b) ADB Funding		
Publication of Procurement Journals	86,400	-
<b>Total ADB Funding</b>	<b>86,400</b>	<b>-</b>
<b>Total Funding from Government and ADB</b>	<b>380,015</b>	<b>534,785</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)**

**16. MONITORING AND COMPLIANCE EXPENSES**

Details	2012	2011
	<u>TZS'000</u>	<u>TZS'000</u>
<b>(a) Government funding</b>		
Carrying out procurement investigations on allegations, reported cases, of suspected breaches in application of PPA 2004 and recommendation of appropriate actions	560	66,375
Carrying out procurement contracts and performance audits on procurement entities and disseminating the output/results to stakeholders	66,271	69,004
To monitor implementation of the previous financial year's audit recommendations	15,754	102,369
To train 200 Internal Auditors from all PEs on Procurement Audit procedures and techniques by June, 2011	-	90,906
To carryout Value for Money audits/Investigations (Performance audits) in procuring entities/projects	72,498	86,796
To train PPRA staff on the basic corruption detection techniques in public procurement by June 2013	14,987	-
Last Financial Year Commitment and Imprest Expenses	570,393	-
<b>Sub-total (a)</b>	<b>740,463</b>	<b>415,450</b>
<b>(a) ADB funding</b>		
To Implement a system for checking and monitoring procurement processes in all MDAs	16,041	-
<b>Sub-total (b)</b>	<b>16,041</b>	<b>-</b>
<b>Total (a +b)</b>	<b>756,504</b>	<b>415,450</b>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

17. INFORMATION TECHNOLOGY EXPENSES

Details	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
<b>(a) Government funding</b>		
To provide general support and maintenance to Authority's IT systems	67,679	32,961
To Train 3 staff on IT technologies for management of Information Systems	28,271	-
Roll out PMIS and Monitor PMIS in 364 PEs (Last Financial Year Commitment and Imprest Expenses)	41,181	77,771
To prepare implementation strategies and acquire e-procurement solution (Last Financial Year Commitment and Imprest Expenses)	91,458	5,527
<b>Sub-total (a)</b>	<b>228,589</b>	<b>116,259</b>
<b>(b) ADB funding</b>		
To roll out Procurement MIS (PMIS) in 240 Government entities	38,873	-
<b>Sub-total (b)</b>	<b>38,873</b>	<b>-</b>
<b>Total (a+b )</b>	<b>267,462</b>	<b>116,259</b>

18. TRAINING EXPENSES

Source	2012 <u>TZS'000</u>	2011 <u>TZS'000</u>
Government of Tanzania subventions	11,171	33,861
ADB funding	110,574	-
<b>Total</b>	<b><u>121,745</u></b>	<b><u>33,861</u></b>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

19. OFFICE SET UP EXPENSES

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

	2012	2011
Details	<u>TZS'000</u>	<u>TZS'000</u>
Government funding		
Office Rent	334,608	286,124
Web hosting fees	-	2,828
Total	<u>334,608</u>	<u>288,952</u>

20. OTHER EXPENSES

	2012	2011
Details	<u>TZS'000</u>	<u>TZS'000</u>
ADB funding		-
Auditing and Budgetary Control Expense	219,773	-
Financial Management Expense	376,320	-
Business Environment Improvement Expense	8,409	-
Administrative Expense	121,152	-
Total	<u>725,654</u>	<u>-</u>

21. RELATED PARTY TRANSACTIONS AND BALANCES

The key management personnel (as defined by IPSAS 20, "Related Party Disclosures") are the members of board of directors and management, who together constitute the governing body of the Public Procurement Regulatory Authority (PPRA). The aggregate remuneration and number of members of the Board of Directors and management are:

PUBLIC PROCUREMENT REGULATORY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

Details	Number of persons	2012 TZS '000	2011 TZS '000
<b>(i) Directors remunerations</b>			
Directors' fees	8	12,000	12,000
Sitting allowance	8	118,000	117,000
<b>(ii) Senior staff remunerations</b>			
Salaries	17	1,093,293	1,133,807
Retirement benefit obligations	17	263,608	274,452
Housing allowance	17	119,400	124,800

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

## 22. COMMITMENTS

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

Details	<u>2012</u> <u>TZS '000</u>	<u>2011</u> <u>TZS '000</u>
Approved and contracted for	793,957	663,157
Approved Local Purchase Orders (LPOs)	<u>301,276</u>	<u>225,536</u>
<b>Total</b>	<b><u>1,095,233</u></b>	<b><u>888,693</u></b>

## 23. CURRENCY

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