



The United Republic of Tanzania

**Agricultural Sector Development
Programme (ASDP)**

ASDP Basket Fund

***Financial Mechanism
Document***

February 2006

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Appendix A Terms of Reference for the ASDF Basket Fund Steering Committee

Appendix B Financial forms

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Abbreviation

ACS	Annual Conference of Stakeholders
A-CBG	Agriculture Capacity Building Grant
ASDP	Agricultural Sector Development Programme
ASDS	Agricultural Sector Development Strategy
ASLMs	Agricultural Sector Lead Ministries
BOT	Bank of Tanzania
CMT	Council Management Team
CPO	Central Payments Office
DADG	District Agricultural Development Grant
DADP	District Agriculture Development Plan
DDP	District Development Plan
DPP	Director of Policy and Planning
EBG	Extension Block Grant
EIN	Exchequer Issue Notification
GFS	Government Financial Statistics
GoT	Government of the United Republic of Tanzania
I&I	Information and Instruction
IFMS	Integrated Financial Management System
IPF	Indicative Planning Figures
LGAs	Local Government Authorities
LGATB	Local Government Authority Tender Board
LGCDG	Local Government Capital Development Grant
LPO	Local Purchase Order
MAFSC	Ministry of Agriculture, Food Security and Cooperatives
MC	Minimum Conditions
MKUKUTA	Mpango wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MoF	Ministry of Finance
MTB	Ministerial Tender Board
MTEF	Medium Term Expenditure Framework

Abbreviation

NSC	National Steering Committee
NSGRP	National Strategy for Growth and Poverty Reduction
O&OD	Opportunities and Obstacles to Development
PE	Personnel Emoluments
PER	Public Expenditure Review
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PMS	Performance Management System
PMU	Procurement Management Unit
PPRA	Public Procurement Regulatory Authority
PS	Permanent Secretary
PV	Payment Voucher
RCC	Regional Consultative Committee
RFP	Request for Proposal
RPO	Request for Purchase Order
RS	Regional Secretariat
SSP	Sector Strategic Plan
SWAp	Sector Wide Approach
TT	Telegraphic Transfer
TZS	Tanzania Shillings
USD	United States Dollar
WDC	Ward Development Committee

Section 1

Introduction to the document

1 Introduction to the document

1.1 Background

The Agricultural sector in Tanzania, like the rest of the economy, is in transition from being a command to a market-based production system. The transition process started in the mid 1980s with the implementation of a structural adjustment programme. Despite some impressive achievements resulting from structural reforms (e.g. macroeconomic stabilisation and increases in agricultural production, exports and foreign exchange earned) rural poverty, food insecurity and disparities in income earnings prevail.

It is noteworthy that the agricultural sector dominates the economy. It is a major employer and contributor to Tanzania's GDP. Therefore the Government of the United Republic of Tanzania (GoT) recognises the importance of sector specific interventions aimed at improving the welfare of the rural poor. To this end an Agricultural Sector Development Strategy (ASDS) has been developed through a participatory process to create an enabling environment for improving agricultural productivity and profitability, for improving farm incomes, for reducing rural poverty and for ensuring household food security. The ASDS specifies five areas of strategic focus:

- Strengthening the institutional framework for managing agricultural development
- Promoting an enabling environment for commercial activities
- Clarifying public and private roles in improving support services
- Marketing inputs and outputs
- Mainstreaming planning for agricultural development in other sectors.

The Agricultural Sector Development Programme (ASDP) has been developed to operationalise the ASDS. It is a seven year programme which will become effective on 1 July 2006 and be implemented within the GoT's Medium Term Expenditure Framework (MTEF) through the Basket Fund. ASDP forms the basis on which resources from the Government and development partners will be allocated to the agricultural sector.

In this regard, the GoT and its partners have adopted a Sector Wide Approach (SWAp) which promotes ownership of the programme, increases predictability of funding and improves coordination.

1 Introduction to the document

An increasing proportion of future development partners' support to the agricultural sector development is proposed to be provided through budget support but as a transitional measure the GoT and its partners have agreed to finance the programme through a basket fund mechanism. The basket fund will finance ASDP initiatives through the GoT Exchequer and local government's sector account. Under this arrangement development partners funds are pooled in a holding account with the Bank of Tanzania (BOT).

1.2 About this document

This document draws on existing GoT legislation and rules to specify common financial management arrangements for the ASDP. This includes the Public Finance Act No. 6 of 2001, Public Procurement Act of 2004 and other relevant regulations, directives and circulars issued by the Accountant General.

At a central level, the document offers guidance to personnel in the Agricultural Sector Lead Ministries (ASLMs) charged with financial management. In addition the document is available for reference purposes to auditors and other interested parties who wish to understand and/or are retained to evaluate ASDP's financial management arrangements.

At a local level, the document assists Local Government Authorities (LGAs) in the successful implementation of the programme. This document should be read along with Local Authorities Financial Memorandum (1997), the Local Authorities Accounting Manual and the guidelines included in the District Agricultural Development Plans (DADP).

This document is not an accounting manual as such, rather it provides an overview of the programme's financial management mechanisms.

1.3 Authority

This document is issued under the authority of the Accountant General and the Permanent Secretaries (PSs) in the ASLMs.

All Accounting Officers are required to provide an efficient and effective service at all times in accordance with laws, regulations and instructions currently in place including the ones in this document. Failure to do so renders Officers, personally and pecuniary liable for the restitution of any loss incurred by the Government and may result in disciplinary action being taken.

1 Introduction to the document

1.4 Feedback

All users of this document are requested to provide feedback on it, as well as lessons learned from experience to the ASDP Basket Fund Steering Committee. This feedback will enable the document to be periodically revised to reflect ongoing developments.

The remainder of this document is laid out in seven sections as follows:

- Section 2 – Institutional arrangements
- Section 3 – Accounting policies and systems
- Section 4 – Planning and budgeting
- Section 5 – Fund transfer mechanisms
- Section 6 – Procurement arrangements
- Section 7 – Accounting for expenditures
- Section 8 – Reporting requirements and auditing arrangements.

Chapter 2

Institutional arrangements

2 Institutional arrangements

2.1 Introduction

This section describes the ASDP's institutional and administrative arrangements both at national and local levels. The institutional arrangements for the ASDP are summarised in **Figure 2.1** overleaf. Institutional mandates, roles and responsibilities for the management of the programme are specified in the remainder of this section.

2.2 Annual Conference of Stakeholders

The agriculture sector involves a broad range of stakeholders with varying roles, interest and responsibilities. The views of the many different groups of ASDP stakeholders are of tremendous importance in the implementation of the ASDP. Consequently, an Annual Conference of Stakeholders (ACS) is organised to solicit these views. The conference allows representatives of all stakeholders' groups in the agricultural sector to be informed of, and express their views on, the ASDP implementation, progress and other matters relevant to the agriculture sector. The President of the United Republic of Tanzania chairs the conference.

2.3 National Steering Committee

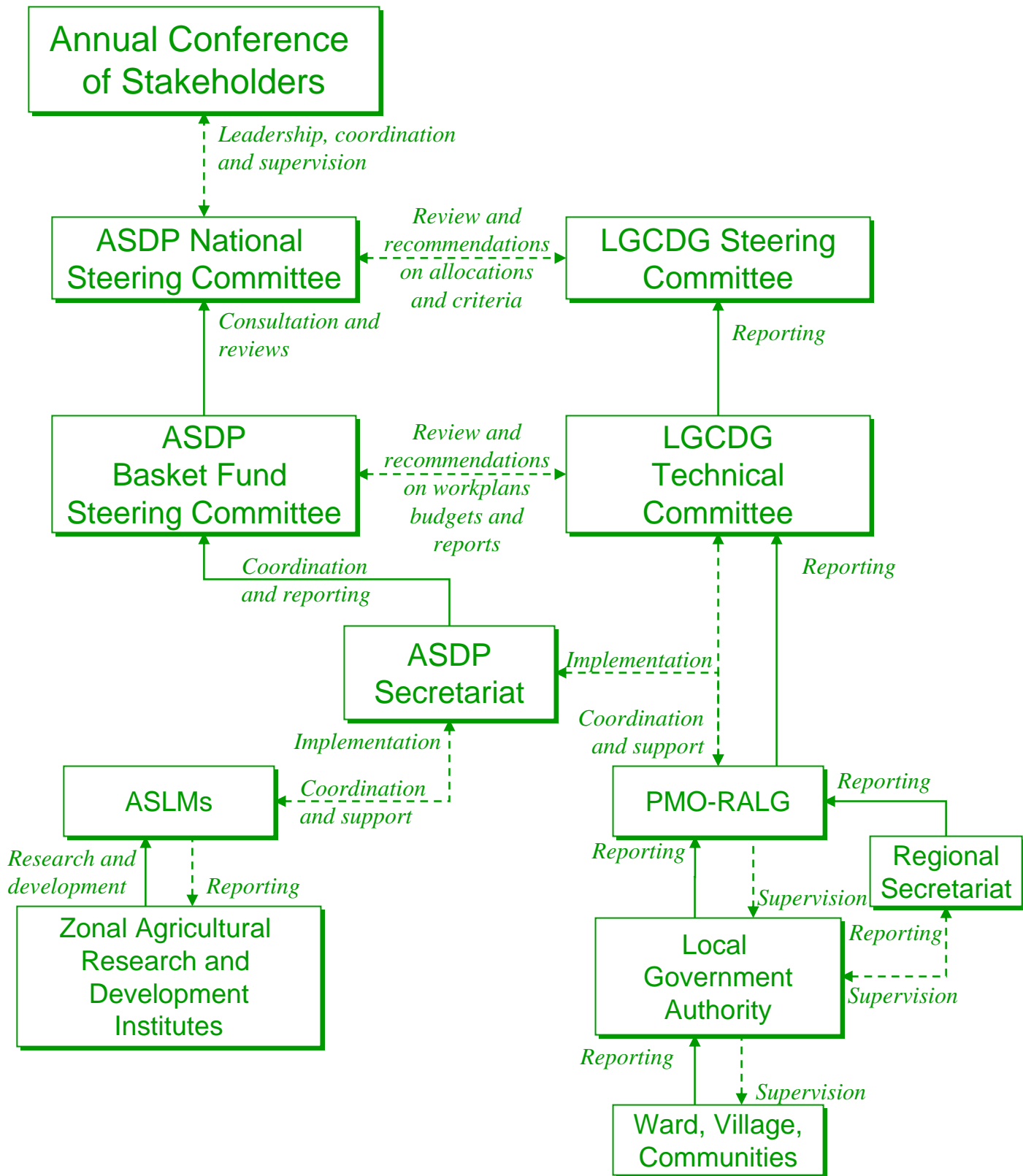
The National Steering Committee (NSC), chaired by the Permanent Secretary (PS), Ministry of Agriculture, Food Security and Cooperatives (MAFSC) is responsible for policy making and coordinating the implementation of the ASDP at a national level and monitoring its performance to ensure that the goals of the programme are being achieved. The NSC, which meets at least once in every quarter, comprises PSs of all the ASLMs and all other collaborating ministries.

2.4 ASDP Basket Fund Steering Committee

The ASDP Basket Fund Steering Committee, chaired by the PS, MAFSC, oversees the use of funds allocated under the ASDP for both national and local government components. The ASDP Basket Fund Steering Committee comprises PSs of all the ASLMs (MAFSC, Ministry of Livestock development (MLD), Ministry of Trade, Industry and Markets (MTIM), and Prime Minister's Office – Regional Administration and Local Government (PMO-RALG)); PS of the Ministry of Finance (MoF); two representatives from each ASDP development partner; and Directors of Policy and Planning (DPPs) of all ASLMs as ex-officio members. The ASDP Basket Fund Steering Committee is responsible for:

2 Institutional arrangements

Figure 2.1 – Institutional arrangements



2 Institutional arrangements

- Reviewing and approving its Terms of Reference, and updating and modifying them when necessary
- Overseeing the operations of the ASDP Secretariat with respect to the management of the Basket Fund
- Instituting and regularly reviewing ASDP mechanisms for planning, management, monitoring, evaluation and funding
- Ensuring that the basket fund's resources are utilized to finance initiatives specified in the programme document
- Reviewing and commenting on consolidated district budgets and plans; the central ministries MTEFs; and supporting projects for the implementation of the ASDP
- Examining and approving the basket fund and implementing institutions' periodic reports
- Authorising the release of funds from the ASDP holding account to the development exchequer based on quarterly technical and financial reports
- Discussing and agreeing any changes in the agriculture formula for Local Government Authority (LGA) allocations, modifications in the annual assessment criteria, identifying LGAs which qualify for the grants, and issues pertaining to the rules of eligible investments, and cost sharing arrangements
- Recommending submissions to the LGCDG Steering Committee through the ASDP Basket Fund Steering Committee representatives on the LGCDG Technical Committee
- Endorsing and discussing audit reports, taking appropriate follow up action
- Reporting to the ASDP National Steering Committee on the status of the programme.

The ASDP Basket Fund Steering Committee's Terms of Reference are set out in **Annex A** of this document.

2 Institutional arrangements

The ASDP Basket Fund Steering Committee would be assisted by an **Audit Sub Committee** that is specifically responsible for:

- Overseeing that the programme is financially disciplined
- Reviewing internal audit reports and any significant changes from one period to another
- Advising the ASDP's management any major variations noted in the audit reports
- Advising Accounting Officers of the respective Ministries on actions to be taken on matters raised in the audit reports and providing a timeframe for actions to be implemented
- Probing on the reasons where actions recommended were not implemented
- Carrying out all other lawful duties assigned by the ASDP Basket Fund Steering Committee.

2.5 ASDP Secretariat

The ASDP Secretariat has the overall objective of facilitating coordination and collaboration amongst the ASDP stakeholders to ensure that they are and remain aware of the goals of the ASDP. Specifically the ASDP Secretariat have the following functions:

Operational functions

- Providing day to day coordination of the formulation, implementation and review of ASDP interventions
- Providing technical support to the ASDP budgeting and financing process through providing oversight to the flow of funds mechanisms, particularly to LGAs (including formula and LGA performance implications on resource transfers)
- Facilitating and supporting the development of the monitoring and evaluation systems for LGAs, ASLMs and of the sector as a whole, and aligning them with those of the MKUKUTA

2 Institutional arrangements

- In close collaboration with DPPs, collating, synthesizing, analysing and presenting budgets, work plans and physical and financial reports financed through the basket fund to the various decision making bodies including the ASDP Basket Fund Steering Committee and NSC
- Supporting ASLMs to develop, review and disseminate the DADP guidelines
- Supporting ASLMs to refine the basket access criteria for LGAs
- Supporting ASLMs to oversee the capacity development and needs of the LGAs, including developing a menu of training and service providers for capacity building activities.

Strategic functions

- Promoting and coordinating the involvement of various stakeholders, especially the private sector, in the development of the sector, through publicity and dissemination of reports
- Coordinating with other cross-sector activities (e.g. the BEST programme initiatives to support SMEs through the Bank of Tanzania) not financed through the ASDP basket to learn and disseminate good practices
- Aligning the ASDP interventions with the NSGRP, LGRP and the Public Service Reform Programme
- Liaising with the independent Monitoring Group, responsible for assessing the Joint Assistance Strategy at mid-term, in assessing the progress of ASDP towards a SWAP as defined by the targets and milestones set by the Roadmap exercise
- Coordinating the development partners in mainstreaming and aligning the nature and modality of their support to ASDP that is consistent with a SWAP, paying particular attention to, ensuring more joined up approaches to financing, implementing and reviewing district level interventions and national planning and monitoring systems.

2 Institutional arrangements

2.6 Agricultural Sector Lead Ministries (ASLMs)

The ASLMs are responsible for the implementation of the ASDP at the national level. They include: MAFSC; MLD; MTIM; and PO-RALG. Whilst the MAFSC and MLD are responsible for policy, technical guidance and monitoring of matters relating to the agricultural sector, the PMO-RALG is responsible for the overall supervision of the LGAs.

The Permanent Secretary of each ASLM is the Accounting Officer for ASDP basket funds channelled through and expended against their votes. They are therefore referred to as Warrant Holders in accordance with Section 11 and Section 46 of the Public Finance Regulations. Where expenditure is to be incurred by a particular department of the ASLM, the Head of the Department becomes the Warrant Holder.

The ASLMs' Chief Accountants are responsible for the day-to-day operations of the accounting system that are in line with the government financial laws and regulations. Chief Accountants must ensure compliance with procedures laid down in this document.

The ASLMs' Chief Internal Auditors are responsible for carrying out operational, compliance and financial audits on the basis of a plan agreed with the ASDP Basket Fund Steering Committee. They evaluate and report on compliance with procedures and controls in accordance with regulation 34 Sub-Section (1) of the Public Finance Regulations of 2001.

ASLMs are also responsible for:

- Developing and following up on matters relating to national agricultural guidelines, standards and performance indicators
- Developing the formats for LGA technical agricultural reports
- Reviewing the District Agricultural Development Plans with regard to their compliance with the national sector policies and guidelines
- Advising PMO-RALG on technical matters within the agricultural sector
- Regulating the provision of agricultural sector services in the country
- Supporting the Regional Secretariats on technical issues

2 Institutional arrangements

- Ensuring that reports are prepared and tabled in time to the ASDP Basket Fund Steering Committee
- Advising on the preparation of district development plans and budgets and reports on the utilisation of ASDP Funds
- Providing recommendations to the ASDP Basket Fund Steering Committee on the disbursement of funds
- Designing modalities for monitoring and performance auditing of agricultural sector services by councils.

2.7 LGCDG Steering Committee

The LGCDG Steering Committee meets at least once in every quarter and on the basis of recommendations from the LGCDG Technical Committee, is responsible for:

- Discussing and approving any changes in the allocation formulae, procedures, etc.
- Approving the assessment reports and identifying LGAs that meet grant access criteria
- Making final administrative decisions on cases of appeal
- Approving the LGA grant allocations
- Approving changes in the Assessment Manual.

2.8 LGCDG Technical Committee

The LGCDG Technical Committee which meets once in every quarter is responsible for:

- Sharing experiences on the LGCDG system design and making relevant recommendations on the assessment manual, the assessment processes, allocation formulae, menu, etc. and making recommendations to PS PMO-RALG or through PS PMO-RALG to the LGCDG Steering Committee as appropriate

2 Institutional arrangements

- Reviewing work-plans, budgets and progress reports for the LGCDG system (including the Capital and Capacity Building Grants), as well as annual assessment reports, and making recommendations on the basis of the benchmarks as defined for the system to PS PMO-RALG or through PS PMO-RALG to the LGCDG Steering Committee, as appropriate.

2.9 PMO-RALG

The PMO-RALG is the ministry responsible for overall supervision of LGAs. The PS, PMO-RALG is the Accounting Officer for ASDP funds voted at Central Government for subsequent disbursements to LGAs. PMO-RALG has following specific responsibilities:

- Overseeing the preparation of agricultural sector development and annual plans in collaboration with the ASLMs
- Overseeing the implementation of the ASDP at the LGA level
- Ensuring that all LGAs submit their reports via the Regional Secretariat on a timely basis
- Preparing summary reports for all councils which contain recommendations and submitting them to ASDP Basket Fund Steering Committee through the ASDP Secretariat
- Collaborating with the sector line ministries to ensure that relevant reports for ASDP Basket Fund Steering Committee are submitted on a timely basis
- Scrutinising returns to ensure that the LGAs are meeting national agricultural guidelines and performance indicators that are set jointly with ASLMs
- Organising the annual LGA assessment to determine those LGAs that qualify to receive grants under LGCDG and ASDP
- Preparing requests for the Accountant General to issue Exchequer Issue Notifications and thereafter subsequent transfer funds to LGAs that have met the minimum conditions to access LCGCD and ASDP funds
- Liaising with the MoF to ensure timely transfer/disbursement of approved grant allocation

2 Institutional arrangements

- Reviewing LGAs' accountability, compliance with procurement regulations and physical progress reports.

2.10 Regional Secretariat

The Regional Secretariats represent the central government at the regional level. They provide specialist support to the agricultural sector and assist in the effective implementation of the ASDP. The Economic Development Support Services Clusters of the Regional Secretariats provide technical assistance and advisory support for the implementation of the ASDP to LGAs in the regions.

Regional Secretariats support and assist LGAs in the preparation of DADP and ensure that annual plans are based on the DADP and that they are executed within specified timeframes. The Regional Secretariats also:

- Evaluate councils' plans and quarterly reports to ensure compliance with national agricultural sector guidelines
- Collate and summarise council plans and quarterly reports for the region.

2.11 LGAs

LGAs are specifically responsible for:

- Preparing the DADP, which is an integral part of District Development Plan (DDP), based on plans and budgets prepared through a community participatory process
- Preparing annual plans and budgets based on the DADP
- The safe keeping of funds made available to them including opening and operating bank accounts
- Ensuring that the funds are used in accordance with the national guidelines for the ASDP
- Ensuring that government regulations and procedures are adhered to in the course of implementing the programme in the council.

2 Institutional arrangements

The Chief Executives (Council Directors) of the LGAs are the Accounting Officers responsible for ASDP funds disbursed to councils. In accordance with the Local Government Finance Act No 9 of 1982 Section 33 (4), Chief Executives are responsible for:

- The proper financial administration of the programme
- The overall management of the ASDP's expenditures and revenue and all its assets and liabilities
- Ensuring that all statutory guidelines for financial management of the ASDP are complied with
- Responding within the deadlines to queries from the National Audit Office
- Reporting on the affairs of the ASDP to the full council
- Preparing periodic/performance reports for the council
- Ensuring that all quarterly and annual financial and performance reports are tabled before the councillors when they meet.

Section 3

Accounting policies and systems

3 Accounting policies and systems

3.1 Introduction

This section provides an overview of the ASDP's accounting policies and systems. ASDP's accounting policies, which are in compliance with the existing government accounting policies, are broad-based assumptions, that form the basis for preparation of financial statements and include specific principles, bases, conventions, rules and practices adopted. This section also describes the accounts structure and codes used by the ASDP.

3.2 Accounting standards

ASDP's accounts are prepared in accordance with the Public Finance Act and Regulations. In particular, financial statements must be prepared and presented in line with Generally Accepted Accounting Practice and instructions provided by the Accountant General.

3.3 Basis of accounting

ASDP's financial management arrangements comply with GoT laws and regulations. In this regard, it is worth drawing attention to the fact that, in accordance with Regulation 53 Sub-Section (1) of the Public Finance Regulations, ASDP's accounts are maintained on a cash basis i.e. transactions are recognised only when cash is received or paid. Also, accounts are prepared on a historical cost basis.

In line with GoT policy, the ASDP has adopted commitment accounting. This practice allows the programme's management to ensure budgetary control by committing funds when a purchase order is issued.

3.4 Records management

ASDP's management must comply with all instructions issued by the Accountant General with respect to the preservation of accounting records. In addition, Reference 137 Sub-Section (2) and Reference 139 Sub-Section (2) of the Public Finance Regulations of 2001, requires:

- The Treasury securely bundles "all receipts and payment vouchers" lodged by ASLMs
- Books and records of accounts to be retained for specified periods. For instance, original payment vouchers and used cheques must be retained for a period of five years.

3 Accounting policies and systems

3.5 Accounting policies adopted by LGAs

Accounting policies and procedures used by councils in preparing financial statements comply with the requirements of the Local Government Finance Act, the Local Authority Financial Memorandum, the Local Authorities Accounts Manual, and regulations and circulars derived there from and consistent with NBAA accounting standards.

Every council's accounting period commences on 1st July and ends on 30th June. The annual accounts, which cover a period of twelve months, are prepared using a double entry system, on an accrual basis. This basis requires that all revenues and costs are matched with the period in which they are earned or incurred, irrespective of whether they have been paid or not, subject to the operation of the prudence principle. This is in compliance with the Local Authority Financial Memorandum, Section 57 (iii). The observance of the accruals concept implies that the cash account must be adjusted for stock, works in progress, debtors, prepayments, creditors, receipts in advance and capital expenditure and receipts.

3.6 Books of accounts maintained by LGAs

For purposes of the ASDP, LGAs are required to maintain the following main books of accounts:

- Control cash book
- Subsidiary ledger for each account
- General ledger, summarising the entries in subsidiary ledgers.

In addition to the above books of accounts, the following should also be maintained:

- Debtors' and creditors' personal accounts specifying particulars of items supplied and providing reference to transaction documents
- Control accounts for each class of debtor or creditor
- Stores account which is debited with purchases and credited with issues
- Fixed asset register showing all the authority's capital assets and the ways they have been financed.

3 Accounting policies and systems

3.7 Use of IFMS

Accounting Circular No. 1 of 1999/2000 requires all GoT transactions to be processed on the Integrated Financial Management System (IFMS). It is in this context that the ASDP uses the following IFMS modules: Budget Input – Active Planner; Exchequer Releases and Warrant Issue; Asset Management; Procurement/Commitment and Expenditure Control; Payment of Creditors/Bank Reconciliation; Development Expenditure Accounting; General Ledger; and Management and Financial Reporting.

IFMS is operational in all GoT ministries, departments and agencies and in about one third of LGAs and a further 47 councils are lined up for an immediate installation. Since the MoF is in the process of harmonising accounts codes of LGAs to be in line with central ministries, appropriate codes shall be set out and used by councils that have implemented the IFMS. For councils where a manual system is in operation the councils will still be able to use the same accounts codes.

3.8 Coding of documents

This sub-section briefly describes the accounts structure and codes to record transactions and generate reports.

The Commissioner for Budgets circulates a list of account codes to all ASLMs and LGAs. All staff authorising and issuing accounting records (input forms) must ensure that the correct code is entered against each transaction. In general, the main responsibility for coding falls upon whoever originates a document.

3.9 Chart of accounts

The ASDP uses the GoT's chart of accounts, an organised list of all Government's General Ledger Accounts that:

- Reflects financial responsibility and accountability
- Enables sectoral, geographical and economic analysis of budgets
- Introduces cost centre budgeting and accounting and provides management of ASDP at decentralised level
- Provides a basis for financial data collection, classification, recording and summarising accounting information for statutory reporting

3 Accounting policies and systems

- Facilitates the integration of ASDP’s recurrent and development activities and provides the separation between recurrent and development expenditure
- Enables direct comparison of ASDP budgets, commitments and actual transactions and facilitates measurement of resources
- Facilitates the production of consistent financial information at different levels of disaggregation
- Is in accordance with the International Monetary Fund – Government Finance Statistics (GFS) Model.

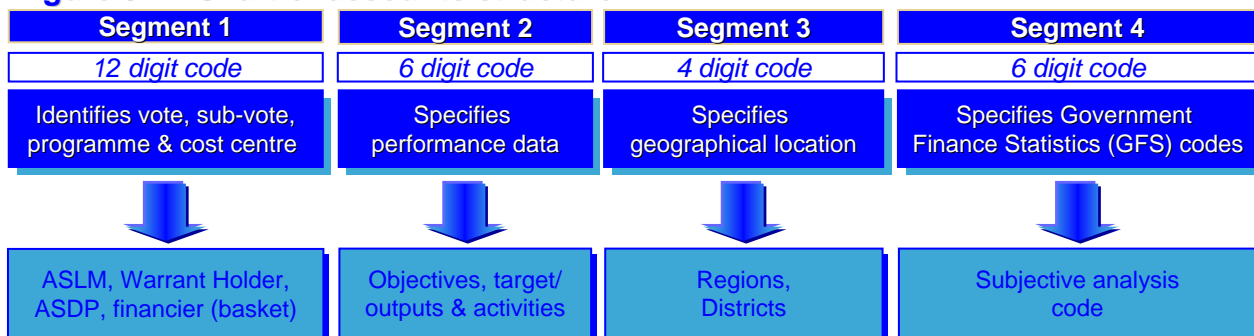
At the central level, the chart of accounts structure which is illustrated in **Figure 3.1** below, comprises four segments and 28 digits. The coding system is flexible. Codes can be added or deleted without affecting the accounting structure. However any amendments to the accounts codes requires the approval of the MoF.

It is noteworthy that segment 1 of the chart of accounts enables users to distinguish between GoT and development partner funded contributions and associated expenditure.

To allow the ASLMs to generate financial reports for the ASDP at a sub-programme level, the IFMS budget and general ledger modules will have to be customised. In particular:

- Reference codes will have to be incorporated into two modules - budget and general ledger. Codes enable reports to be generated which facilitate comparisons to be made between actual and budgeted expenditure
- IFMS will have to be customised to facilitate commitment control at a sub-programme level.

Figure 3.1 - Chart of accounts structure



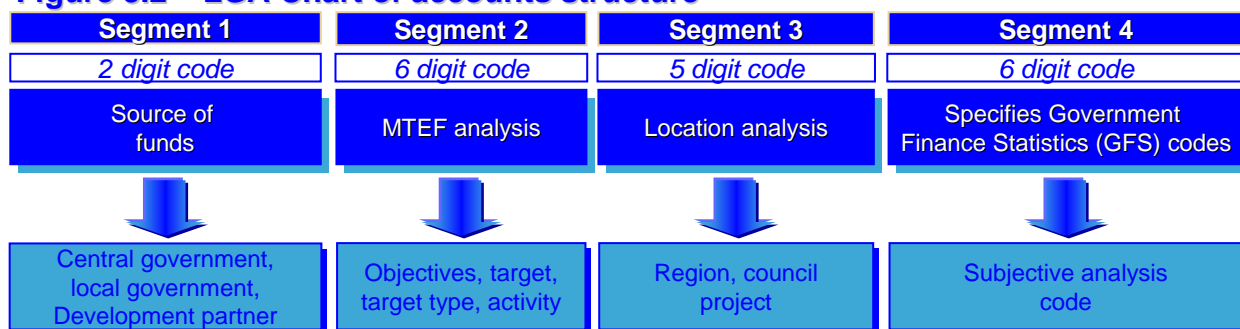
3 Accounting policies and systems

The MoF is currently revising the chart of accounts for the LGAs to make them more adaptable and to harmonise them with the central government. The new chart of accounts for the LGAs will therefore comprise of four segments and 28 digits. This change has been necessitated due to the fact that from 1 July 2006, all LGAs budgets will need to be prepared and presented in line with the MKUKUTA format.

However, until the above change has been effected, LGAs continue to use the existing chart of accounts which is illustrated in **Figure 3.2** below, comprising four segments and 19 digits.

This document will need to be updated to reflect approved amendments to the LGAs new chart of account. The ASDP Secretariat should therefore contact the MoF to obtain the amendments when ready.

Figure 3.2 – LGA Chart of accounts structure



3.10 IFMS Operators

IFMS Operators are accounts staff in ASLMs and LGAs who are responsible for entering transactions onto the IFMS. IFMS Operators must capture timely, accurate and complete transactions onto the system and must ensure that:

- All transaction data is entered onto the system on a daily basis. No backlogs should be allowed to build up. Accounts should be balanced daily
- Bank reconciliations are undertaken, at the very least, on a monthly basis

3 Accounting policies and systems

- They must never approve any transactions. It is a disciplinary offence for an Operator to do so. Operators should refuse any instruction to approve any transaction, regardless of who issues the instruction, as this represents a serious breach of internal control
- Databases are backed up on a daily basis and stored securely and that the computer equipment, media and security documentation are properly secured
- The cleaning and maintenance schedule for the equipment is strictly adhered to and that all faults are reported immediately to the maintenance provider
- Ready stock of consumables is available at all times and that the computer telephone connection is used solely for accessing the Treasury Server and that telephone bills are paid on time.

Chapter 4

Planning and budgeting

4 Planning and budgeting

4.1 Introduction

The ASDP comprises two main components, 1 – Local Level support comprising local agricultural investments, local agriculture services and local agricultural capacity building and reform. Component 2 - National Level support with emphasis on: agricultural services; agricultural market development; irrigation development; capacity building; programme coordination; and crosscutting issues, such as rural financing, with other sectors at the national level.

The division of responsibility for implementation of programme components between central and local government is guided by Government of Tanzania's decentralization policy. Specifically, component 1 is executed at a LGA level and receives 75% of ASDP resources. Component 2 is implemented at the national level and has the remainder of ASDP resources.

This section describes the planning and budgeting procedures to be followed by the ASLMs and LGAs in implementing the ASDP. It also provides the linkage between the ASDP planning and budgeting, and the Government Public Expenditure Review (PER) process and the MTEF. The procedures in this section should be used in conjunction with budget guidelines, circulars and instructions issued by the Commissioner for Budget in the MoF every year and the LGA planning guidelines.

The ASDP planning and budgeting format uses the existing government systems. In order to produce accurate, timely and relevant information there are pre-designed forms issued by the MoF annually. The types of reporting formats are presented in Annex C of this document.

This section is divided into two sub-sections, the planning and budget processes. Further each process is sub-divided at the implementation level, i.e. the national and LGA levels.

The main actors in the planning and budgeting processes for ASDP include:

- Agricultural Sector Working Group
- Directors of Policy and Planning (DPPs) in ASLMs
- ASDP Secretariat
- ASDP National Steering Committees
- LGCDG Steering Committee.

4 Planning and budgeting

4.2 The planning and budgeting procedures at national level

The planning of ASDP activities at the ASLMs level is coordinated by the DPPs and follows the established procedures for Government planning and budgeting. The key steps in planning and budgeting for ASDP include:

- A PER, review of sector strategic plan and review and amendment of ASLM strategic plans developed as part of the Performance Management System (PMS) process (see **Box 4.1**). ASLM strategic plans must reflect the wider sector goals and objectives
- ASLMs prepare three-year work plans for ASDP
- ASDP Secretariat consolidate the work plans. Again, these work plans mirror ASLMs' individual operational plans under the PMS process
- The ASDP Basket Fund Steering Committee reviews Development Partners' and GoT's commitments
- The ASDP overall work plan is approved by ASDP National Steering Committee
- The ASDP work plan is incorporated in ASLMs' MTEFs.

Figure 4.1 overleaf provides a planning and budgeting timeline at ASDP national level.

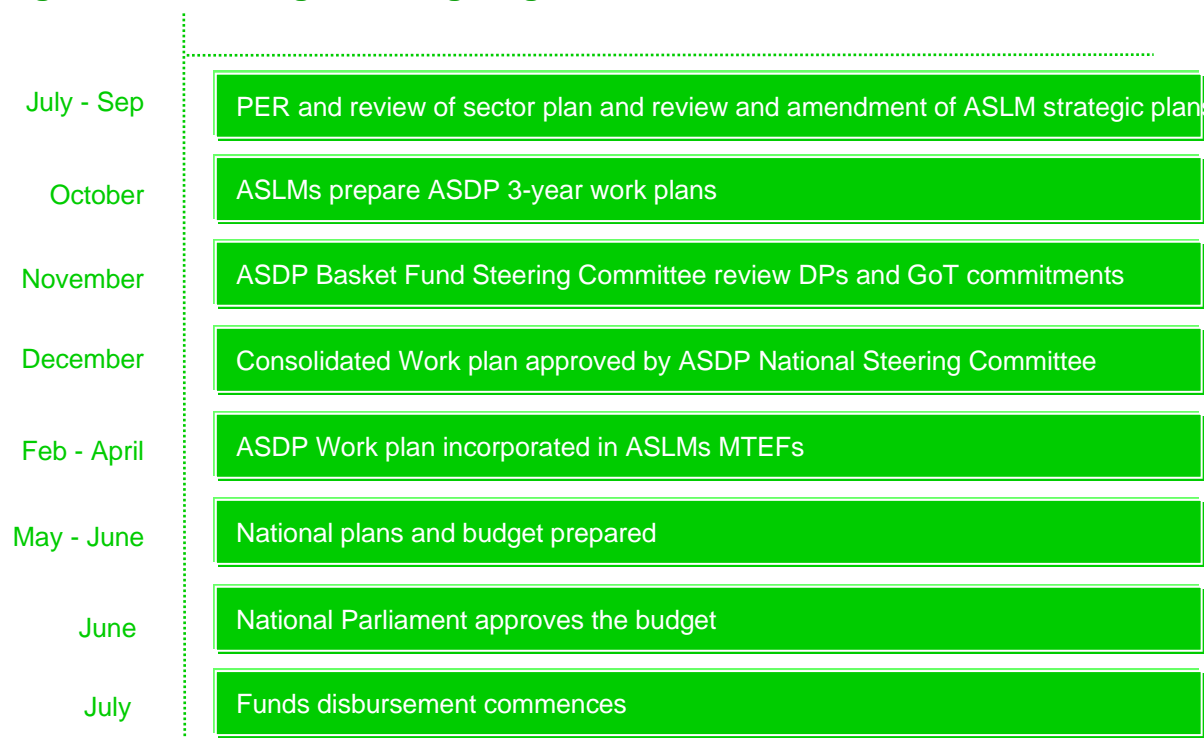
Box 4.1 – An overview of the PMS process

The installation of PMS in ministries and independent departments constitutes the initial phase of Government's long-term strategic initiative to transform public service management under the Public Service Reform Programme. In implementing PMS, ministries and independent departments are required to:

- Obtain baseline data on performance by undertaking self-assessments and service delivery surveys
- Set results-based objectives as part of their strategic planning process
- Direct resources to priorities in strategic plans and cascade them down to operational plans and MTEFs
- Communicate what clients can expect in the way of improved services in a client service charter
- Measure and evaluate success in terms of results.

4 Planning and budgeting

Figure 4.1: Planning and budgeting timeline at national level



The PER, Sector Strategic Plan (SSP), ASDP Framework and Process Document, and the ASDP Government Document for funding through basket fund will be the basis for preparing the annual and medium plans for ASDP. It is the responsibility of the ASDP Secretariat to coordinate the preparation of the ASDP work plan. The Sector Working Group undertakes a PER and provides appropriate guidelines for priority targets and activities for the medium term. The ASDP Secretariat informs the ASLMs through their DPPs of the main priorities which should be addressed in planning for ASDP. The ASLMs through respective departments and support from DPPs incorporate ASDP interventions in their ministry strategic plans.

On an annual basis, the ASLMs through DPPs prepare the draft ASDP activities to be incorporated into the work plan. The ASLM work plans together with their resource requirements are submitted to ASDP Secretariat for consolidation into ASDP work plan. The annual work plan is presented as an Action Plan in a format compliant with the MTEF (see Annex B, B2). Following consolidation, the ASDP Basket Fund Steering Committee reviews funding commitments from development partners and the GoT. The work plan is adjusted to the level of funds committed. The ASDP Secretariat submits the consolidated ASDP work plan to ASDP National Steering Committee for approval.

4 Planning and budgeting

The final stage in planning and budgeting at a national level is when ASLMs incorporate the approved ASDP work plan into their respective annual operating plans and MTEFs. Once the ASLMs MTEF budgets have been approved by the Parliament, then it is the responsibility of DPPs in collaboration with their respective Chief Accountants to post the annual budget onto the IFMS. If it is necessary during the course of the year to revise the budget, for example, to cover unforeseen costs, over expenditure or redirect funds from one budget item to another, the following procedures must be followed:

- Warrant Holders write through the DPP to the PS formally requesting a budget revision
- Requests for revisions should provide details of the accounts for which revisions are requested, reasons for the revisions, the original budgeted amount and proposed revised amounts
- If revisions are acceptable to the PS, the proposals are submitted to the ASDP Basket Fund Steering Committee for ratification
- The proposal for revisions is forwarded to the MoF for subsequent approval by Parliament as per Section 51 (1) – (9) of the Public Finance Regulations
- Thereafter relevant adjustments are made to budget line items on the IFMS.

4.3 The planning and budgeting procedures at LGA level

Planning for ASDP at the LGA level is in the context of the District Development Plan (DDP). The plans are prepared on a sector-wide basis and according to PMO-RALG participatory planning procedures. They are built up through community participation and incorporated into DADPs, which are in turn consolidated within the respective DDPs.

Under component 1 - Local Level Support, both recurrent and development expenditure are amenable for funding. In particular, ASDP finances:

- Technical services at district level, especially extension services for crops and livestock
- Investment activity at the district level.

4 Planning and budgeting

The ASDP funds are part of resources allocated to DADP. The details for developing DADP plans are provided in Guidelines for DADPs.

This section demonstrates how the DADP fits into the LGA planning and budgeting preparation cycle and the way in which ASDP resources are identified under the following sub-sections:

- Setting of ceilings
- LGCDG system
- Allocation of resources to districts
- Notification of districts
- Development of DADP, action plans and budgets.

Setting of ceilings

The ceilings are aggregated for a three-year period covered by MTEF by the ASDP National Steering Committee based on the resources available from GoT and development partners. This process takes place on an annual basis following a joint GoT and development partners review of the programme.

LGCDG system

The PMO-RALG has developed a formula-based capital and capacity building transfer mechanism, the Local Government Capital Development Grant (LGCDG) system, which includes strict ex-ante minimum access criteria and performance incentives, in order to:

- Enhance the delivery and management capabilities, productive efficiencies and financial sustainability of local governments
- Improve the access of communities, and specifically the poor, to local services through expanding the physical stock of new and rehabilitated local infrastructure.

The LGCDG system seeks to enhance the capacity of LGAs to provide public services on an efficient and sustainable base primarily by the provision of discretionary Capital Development Grants.

4 Planning and budgeting

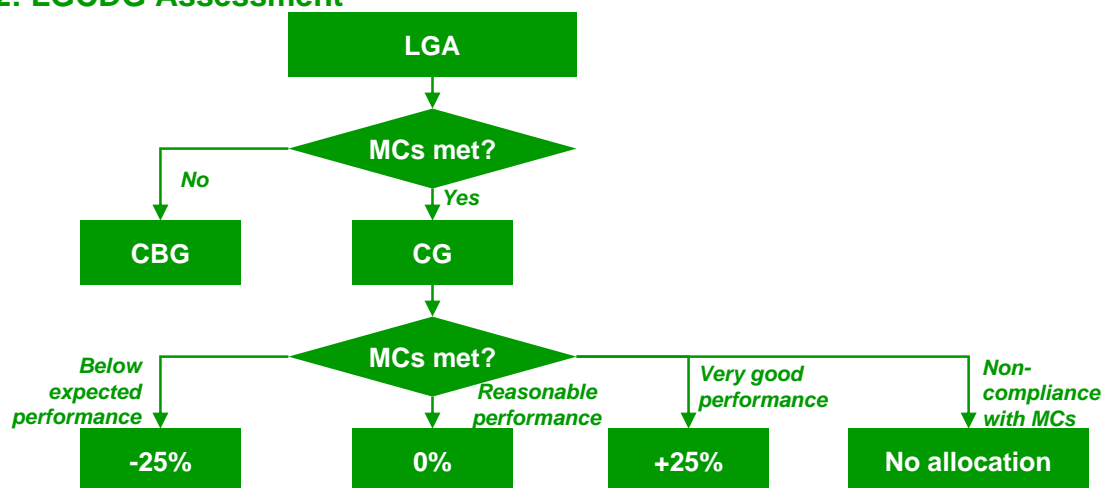
The release of funds to LGAs will be made in quarterly installments against quarterly reporting on costs and outputs. Initially, funds will not be transferred below the district level. However, to stimulate public participation and resource planning within a known envelope, notional Indicative Planning Figures (IPFs) will be used within which sub-district LGAs can plan. 50% of the CDG will be planned at the District level, and 50% at the sub-district level.

The LGCDG, which forms an integral part of the government's programme for intergovernmental fiscal reform, will be firmly embedded in the existing GoT financial procedures and systems. LGCDG funds will be transferred to LGAs in accordance with general Government procedures for transfers, accounting and financial reporting.

Allocation of resources to districts

The allocation of ASDP resources to districts is made using the LGCDG system. The resources are provided through three fiscal grant transfers i.e. the District Agricultural Development Grant (DADG); the Extension Block Grant (EBG) and the Agricultural Capacity Building Grant A-CBG). The allocation is based on a formula developed by the ASDP National Steering Committee for allocation of resources to councils. Each grant comprises two elements, a basic unconditional grant available to all LGAs and an enhanced grant top-up that is subject to LGAs meeting a set of predetermined Minimum Conditions (MC) for access and adjusted upward or downward by 25% annually to reflect performance improvements. Consistent with the LGCDG system, an annual assessment is conducted to determine those LGAs that meet the MC, and hence qualify to receive the grants, and also to determine those that qualify for a bonus/penalty adjustment (see **Figure 4.2**). In order to access the enhanced top-up grant, LGAs will have to meet MCs specific to the Agricultural Sector in addition to meeting the LGCDG MCs (see **Tables 4.1 and 4.2**).

Figure 4.2: LGCDG Assessment



4 Planning and budgeting

Table 4.1: Predetermined MCs for grant access

MINIMUM CONDITION SPECIFIC TO AGRICULTURAL SECTOR		LGCDG	Level
Functional Area	Minimum Condition	Indicators of Minimum Condition	
District Agricultural Development Status	<ul style="list-style-type: none"> Analysis of agricultural economy in the district, needs and potentials, track changes over time and analysis of previous LGA interventions and current extension system, leading to a declared strategy Part of overall district strategy or a separate agricultural strategy document endorsed by the full council 	<p>A) Financial Management</p> <ol style="list-style-type: none"> Position of Council Director, Treasurer substantively filled Final Accounts for the previous FY submitted for audit on time The Council did not receive an adverse audit report for their last audited accounts No confirmed financial management irregularities have been reported either by the internal or external auditors in the past 12 months Bank reconciliation statements for all accounts prepared within 15 days of the previous month end 	<p>Secondary</p> <p>Primary</p> <p>Primary</p> <p>Primary</p> <p>Secondary</p>
District Agricultural Development Plan as part of DDP	<ul style="list-style-type: none"> The overall DDP includes analysis of agriculture sector and proposals for investments DALDO/Cluster Head is familiar with the DADP guidelines and has a copy of the latest version 	<ol style="list-style-type: none"> Internal audit in place and functional as provided under section 45(1) of the LG Act 1982 and the LAFM 1997 orders 12-16. (at least 4 internal audit reports prepared during the previous FY) Regular production of financial reports <p>B) Fiscal Capacity</p> <ol style="list-style-type: none"> Sufficient funds available to meet the co-funding obligation 	<p>Having a functioning IA department is a Primary Condition. Submission of reports to FC is Secondary if above has been met</p> <p>Primary</p> <p>Secondary</p>
Agricultural Services Reform	<ul style="list-style-type: none"> Evidence of a commitment to reform of agricultural extension services – Council passes resolution on reform (written documentation) 	<p>C) Planning and Budgeting</p> <ol style="list-style-type: none"> Development plan approved by the council on time Budget process adhered to the provisions of the LG Act and planning and budgeting guidelines 	<p>Primary - Though OK if approved by time of the Assessment</p>
Agricultural Investment Proposals Stakeholder Engagement	<ul style="list-style-type: none"> Evidence of economic, social, and environmental appraisal of proposed investments (those above TShs 5 million) Evidence that at least 50% of wards participated in the preparation of DDP Private sector engagement in DADP planning 	<p>D) Procurement</p> <ol style="list-style-type: none"> Legally constituted Tender Board National Procurement guidelines and manuals available <p>E) Council Functional Processes</p> <ol style="list-style-type: none"> Regular meetings of the council – at least one meeting held every three months Minutes of the council meetings recorded on a permanent record <p>F) Project Implementation, Monitoring and Evaluation Capacity</p> <ol style="list-style-type: none"> Annual and quarterly work plans available Progress reports on project implementation available 	<p>Primary</p> <p>Primary</p> <p>Primary</p>
DALDO/Cluster Head Staffing	<ul style="list-style-type: none"> Position of DALDO/Cluster Head is substantively filled 		<p>Primary</p>
Capacity Building	<ul style="list-style-type: none"> Plan for capacity building is in place 		<p>Primary</p>

4 Planning and budgeting

Table 4.2: Scoring mechanisms

SPECIFIC TO AGRICULTURAL SECTOR		LGCDG				
Area of Assessment	%	Functional Area	Score	Minimum score to receive basic CDG allocation	Minimum score below which a penalty applies	Minimum score to receive performance bonus
1. District Agricultural Development Plan prepared according to guidelines and as part of DDP	20	A. Financial Management	10	5	5	7
2. District Agricultural Services Reform and Provision (Criteria for access to Enhanced Extension Block Grant)	34	B. Fiscal capacity	15	7	7	12
3. Agricultural Investment Proposals	14	C. Development Training	20	10	10	14
4. Improvements in regulatory framework for agriculture	8	D. Transparency and Accountability	10	4	4	8
5. Improved progress tracking of agricultural investments	8	E. Interaction with LLG	10	4	4	7
6. Agricultural investments meet planned needs and standards of compliance	8	F. Human Resource Development	10	4	4	8
7. DADP financial disbursements transparently	8	G. Procurement	10	5	5	7
		H. Project Implementation	10	4	4	7
		I. Council Functional Processes	5	2	2	3

4 Planning and budgeting

Notification of districts

Based on the Assessment results and using the agreed formula, the LGCDG Steering Committee calculates the allocation of ASDP funds to be made to the qualifying LGAs. PMO-RALG notifies LGAs of the amounts that they are expected to receive and publishes the schedule of allocations for public information. The notification guides the LGAs in preparing the DADP and budgets, including notification to Villages through the issuance of Indicative Planning Figures (IPFs).

Development of DADP, action plans and budgets

It is worth drawing attention to the fact that DADP is an integral part of the District Development Plan. The DADP and annual action plan are prepared in line with the formats provided in the National Policy and Guidelines (see Annex B, B20 & B21).

The process of DADP planning starts with the preparation of the National Level Information and Instruction (I&I) document by the ASLMs with support from the ASDP Secretariat. The issues addressed in the National Level I&I are provided to LGAs through PMO-RALG as an input for quality production of DADPs and to ensure a sound understanding of the planning framework.

The activities involved in the development of DADPs are summarised below. More detail is provided in the Guidelines for DADPs.

- Council staff in the district agricultural sector are expected to review the ASDP framework document and sub-programmes as well as I&I package. This review is important for setting the policy context and ensuring that real resource parameters are reflected in DADPs
- A cross-section of stakeholders from the Central Government, the Regional Secretariat, the District Commissioners, the technical staff of the council, representatives of the wards and villages, NGOs and the private sector are represented at an initial planning workshop. The output from the workshop is the DADP planning document
- The Council Management Team (CMT) draws on the output from the workshop above to undertake a district agricultural fact analysis, analyse the council's opportunities and threats, assess strengths and weaknesses, develop the council's vision and objectives, identify quick wins and adapt the National Level I&I to fit the village and the council level contexts

4 Planning and budgeting

- Once the CMT has tailored the I&I package, it issues a circular letter including IPFs to Wards to initiate village level planning. This process is facilitated by Ward Facilitation Teams
- Village plans must be approved by the respective Village Council and Village Assembly. Once approved, plans are submitted to Ward Development Committee (WDC) for review and consolidation (WDC has no mandate to amend Village plans only to advise on technical issues)
- Scrutiny, consolidation and harmonisation of sector and wards plans is done by the CMT
- Sector committees review draft plans and recommend for approval by the full council
- DADPs are costed (see Annex B, B21) on the basis of ceilings received from PMO-RALG determined through the annual assessment and calculated on the basis of the approved allocation formula
- The DDP/DADP and budget is submitted to Regional Secretariat for review and advice by the Regional Consultative Committee (RCC)
- The RS through the RCC reviews the DADPs without influencing the priorities of the district. The type of feedback given by the RS has to do with making amendments to ensure technical, legal, budgetary and policy compliance. The responsibility for making any changes still lies with the council. The full district council must approve the DADP along with the budget request ready for submission to PMO-RALG and MoF
- Thereafter communication is made to Ward Executive Officers by Council Director. This includes schedule of activities that have been included in DADP for implementation during the year
- The RS collates plans for the various councils within the region and prepares a collective matrix for the region summarising the plans and respective budgets
- The RS dispatches a report on the plans received plus the collective matrix and the individual council reports to the PMO-RALG. The RS also provides a copy of all documents to the ASLMs. A third copy of the DADP is maintained at the region

4 Planning and budgeting

PMO-RALG has a statutory responsibility to ensure that each LGA submits plans and budgets without fail or else they go without funding. In this regard, PMO-RALG in close collaboration with RS, has to make sure that all the councils adhere to the planning and budgeting timetable.

The key steps and the timeline in planning and budgeting for DDP/DADP at the LGA level are summarised in **Figure 4.3** overleaf.

Once the LGAs budgets have been approved by the National Parliament, then it is the responsibility of Council Directors in collaboration with their respective Treasurers to post the annual budgets into their stand-alone ePicor financial management systems or manual records.

4 Planning and budgeting

Figure 4.3: Planning and budgeting timeline at LGA level



Section 5

Funds transfer mechanism

5 Funds transfer mechanisms

5.1 Introduction

Development partners' financial contributions to the ASDP are pooled in a basket. This section describes procedures that are followed when channelling programme funds through the GoT consolidated account to the ASLMs development exchequer accounts and LGAs general fund accounts.

5.2 ASDP holding account

Prior to the commencement of the programme on 1 July 2006, the ASDP Secretariat needs to arrange for opening a USD holding account at the Bank of Tanzania (BOT). The ASDP Secretariat must submit a letter to the Permanent Secretary (Treasury) marked for the attention of the Accountant General. This written request must be supported by a signed copy of the programme's MOU. The Accountant General thereafter instructs the Foreign Accounts Department at the BOT to open an account.

Once opened, the BOT must provide account details such as the, account number, branch sort code, swift code etc. in writing to the Accountant General and ASDP Secretariat. The ASDP Secretariat is required to disseminate account information to development partners

5.3 Development partners' pledges to the ASDP

The ASDP Basket Fund Steering Committee based on the outputs of the planning exercise, is responsible for indicating the ASDP financial requirements on an annual basis. This information guides development partners on the amount of funds required. Following the annual review, development partners confirm their funding commitments by signing a side agreement that specifies the levels of funding by donors for the following year and estimated support for the next two years.

5.4 Deposits to the basket fund account

Development partners deposit funds in the basket fund account prior to the commencement of the GoT's financial year in July. Deposits should be sufficient to finance activities for the first six months of the financial year. Thereafter, partners can deposit their contributions on a quarterly basis.

Development partners deposit amounts pledged into the ASDP basket fund, a US dollar holding account, maintained at the BOT and managed by the Accountant General.

5 Funds transfer mechanisms

The 2001 Treasury circular, “Channelling of Project Funds Through the Exchequer System”, states that development partners are required to inform the Treasury and ASLM Chief Accountants in writing of any deposits made. In their communication, development partners must provide details of the “account number, name of the project and any other relevant details”.

The BOT issues a Bank Credit Advice to the Accountant General to notify him/her that the bank has credited the ASDP Holding Account with funds received from development partners. The Accountant General maintains a file of all bank credit advices on this account. For the purpose of an individual development partner's own audit requirements, a copy can be forwarded to them on request.

On receipt of the Bank Credit Advice, the Accountant General issues a pre-numbered Receipt Voucher in triplicate. The original is sent to the development partner, second copy filed with supporting documentation (credit advice and bank statement) and third copy maintained as the book copy. The IFMS operator at the Accountant General's office uses the duplicate Receipt Voucher to update the cashbook on the IFMS.

5.5 Disbursing funds from the basket fund account to ASLMs development exchequer accounts

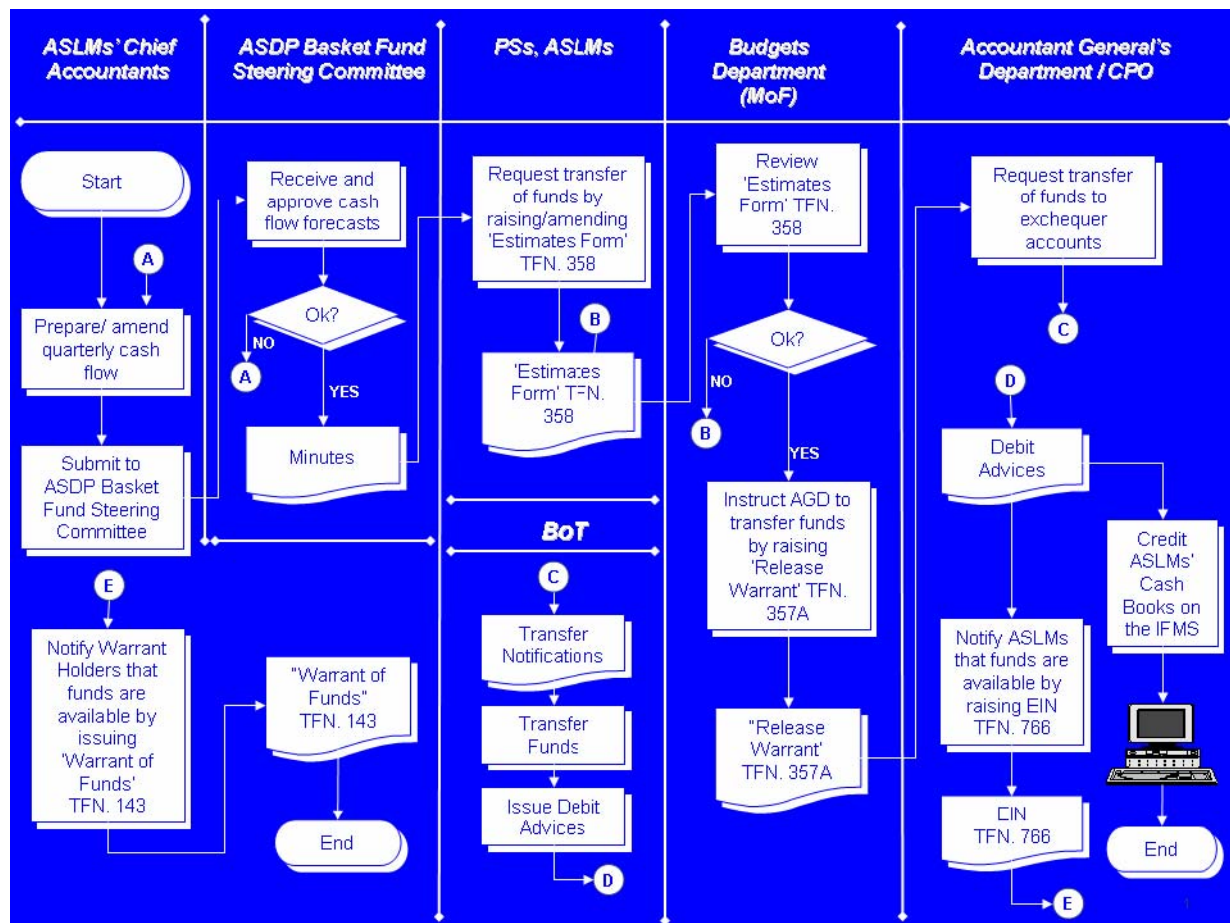
The following procedures are used for disbursing funds out of the ASDP basket fund account to the ASLMs development exchequer accounts:

- One month prior to the commencement of the next quarter, ASLMs Chief Accountants prepare a quarterly cash flow (see Annex B, B8). In the course of preparing the cash flows, Chief Accountants must make reference to the work plan and the cash flow for the preceding quarter and take into consideration those activities that have not been completed in the earlier period which needs to be carried forward
- Accounting Officers at the ASLMs submit consolidated cash flow forecasts to the ASDP Basket Fund Steering Committee for review and approval. Approvals are subject to satisfactory progress made (i.e. technical and financial performance) in the previous quarter.

The transfer process is illustrated in **Figure 5.1** overleaf and described as follows:

5 Funds transfer mechanisms

Figure 5.1: Disbursing funds from the basket fund account to ASLMs development exchequer accounts



- Each PS requests the MoF in writing to transfer funds from the ASDP holding account to the relevant ASLM's development exchequer account maintained in Tanzania Shillings. This process requires each PS to fill in the Development Estimates - Monthly Application and Progress report [Estimates Form TFN. 358] (see Annex B, B9) and to forward it to the Budget Department at the MoF. TFN. 358 disaggregates funding requirements by source: GoT (internal) and development partners (external)
- Budget Officers at the MoF review the forms and if there are no issues arising from their review (i.e. they are satisfied with its contents), they pass the approved forms to the Accountant General to request the BOT to transfer funds from the holding account to ASLMs' Exchequer accounts. Budget Officers fill in the form Release Warrant [TFN. 357 A] (see Annex B, B10) to effect this procedure

5 Funds transfer mechanisms

- When the transfers have been effected, the BOT issues the Accountant General with debit advices. The Central Payments Office (CPO) at the MoF credits each ASLM's cash book on the IFMS. Thereafter, the Accountant General sends Exchequer Issue Notifications (EINs) [TFN. 766] (see Annex B, B11) to each PS, notifying him/her of the transfer
- Separate EINs are issued for funds that are from internal sources i.e. GoT funds and external sources i.e. direct budget support
- On receipt of the EIN, each ASLM Chief Accountant allocates funds to various Warrant Holders and informs them that resources are available by issuing a Warrant of Funds [TFN. 143] (see Annex B, B12). Warrants of Funds authorise Warrant Holders to spend funds allocated for activities indicated on the warrant. Separate Warrants of Funds are issued for GoT funds and funds from the basket.

5.6 Disbursing funds from the basket fund account to LGAs' general fund accounts through the PMO-RALG's development exchequer account

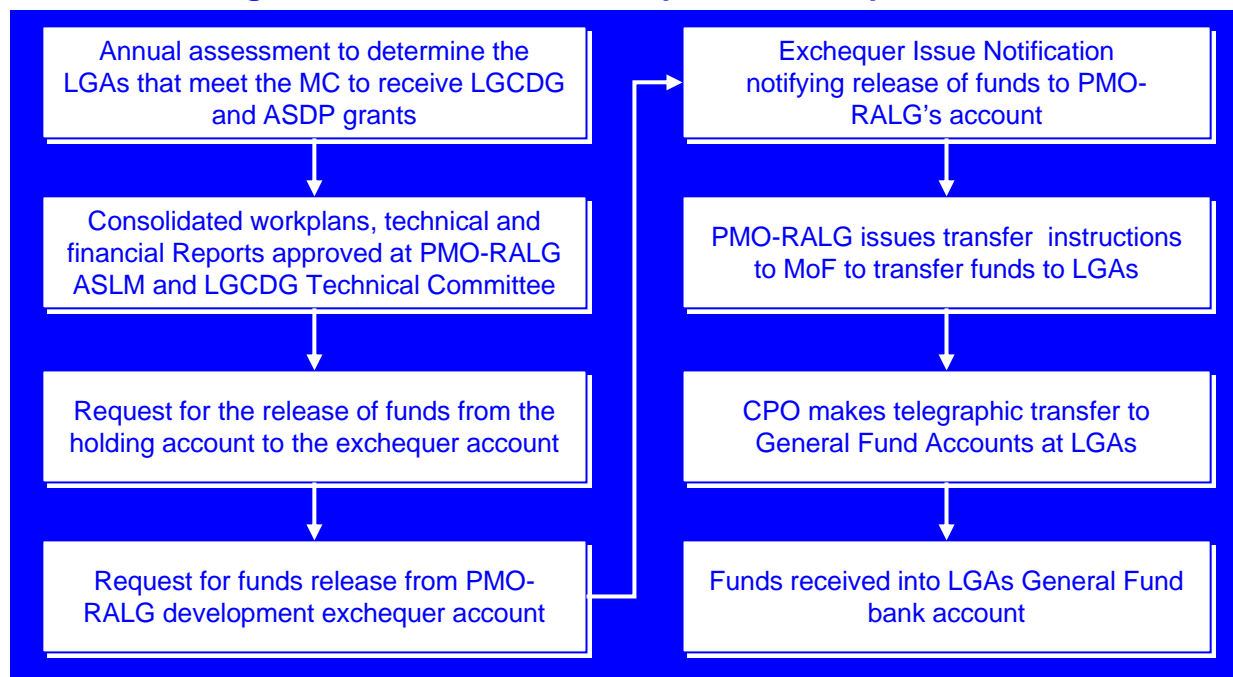
All LGAs are eligible for grants under ASDP which are allocated in accordance with the LGCDG system. However, access to the grant is subject to LGAs meeting a set of predetermined minimum conditions as detailed out in Section 4.

On receiving confirmation that a LGA qualifies to receive the grant and the amount of grant allocation, LGAs are required to prepare quarterly work plans, technical and financial reports for submission to the PMO-RALG through the Regional Secretariats. The reporting procedures are described in detail in Section 8. The consolidated work plans, technical and financial reports are approved by the LGCDG Technical Committee. The Committee's decisions are minuted, and thereafter the following procedures are used to disburse funds to LGAs (see [Figure 5.2](#)):

- The PS, PMO-RALG requests the MoF to transfer funds from the ASDP holding account to the PO-RALG's development exchequer account maintained in Tanzania Shillings. This process requires the PS to fill in the Development Estimates – Monthly Application and Progress Report [Estimates Form TFN. 358] (see Annex B, B9) and to forward it to the Budget Department at the MoF. TFN 358 disaggregates funding requirements by source: GoT (internal) and development partners (external). In addition to the TFN. 358, the PS must also attach:

5 Funds transfer mechanisms

Figure 5.2: Disbursing funds from the basket fund account to LGAs' general fund accounts through the PMO-RALG's development exchequer accounts



- A copy of the minutes of the LGCDG Technical Committee meeting that approved the release of funds to the LGAs
 - Names of the LGAs and details of the bank accounts where funds are to be deposited
 - A schedule of amounts to be disbursed to each LGA
- Budget Officers at the MoF review the forms and if there are no issues arising from their review they pass the approved forms to the Accountant General. The Accountant General requests the BOT to transfer funds from the holding account to PMO-RALG's Exchequer account. Budget Officers fill in the form TFN. 357A (Release Warrant) (see Annex B, B10) to effect this procedure
 - When the transfers have been effected the BOT issues the Accountant General with debit advices. The CPO at the MoF credits PMO-RALG's cash book on the IFMS. Thereafter, the Accountant General sends EIN [TFN. 766] (see Annex B, B11) to the PS, notifying him/her of the transfer. The EIN is copied to the qualifying LGA

5 Funds transfer mechanisms

- Thereafter PMO-RALG prepares Payment Vouchers (PVs) [TFN. 4] (see Annex B, B16) for funds transfer from its Development Exchequer account to each qualifying LGA's general fund bank account held at a commercial bank. The PVs are electronically sent to the CPO
- The CPO arranges for funds transfer to the nominated bank accounts through a Telegraphic Transfer (TT). A TT notification is also sent to the Regional Secretariat. Once funds are transferred to the LGAs, they must be expensed in the books of PMO-RALG as subventions/grants to LGAs
- Upon receipt of the TT the local bank notifies the relevant LGA that funds have been credited to relevant council account.

LGAs are expected to account for funds received from central government in accordance with the procedures laid down in Section Eight of the Local Authority Accounting Manual. Specifically, on receipt of funds, the Council Treasurer will:

- Debit – the relevant sector cash book with amounts received (e.g. the agricultural sector)
- Credit - the relevant sector subsidiary ledger entitled – “capital receipts unapplied”
- Credit - the relevant sector subsidiary ledger entitled – “monitoring expenditure”
- Inform Warrant Holders that funds are available.

5.7 Reporting on basket fund balances

At the end of every month the Accountant General or her/his delegated Officers:

- Collect bank statements from the BOT for the previous month and extract ledger fees, commissions, interest and other bank charges, prepare a journal voucher and post the journal voucher to the cash book
- Prepare a month end Bank Reconciliation Statement [TFN. 135] (see Annex B, B13) to agree the cash book balance to that shown on the bank statement. Bank reconciliation statements must always be supported by the following schedules:

5 Funds transfer mechanisms

- Deposits recorded on bank statements but not entered in the cash book
- Cheques recorded in the cash book but not credited on bank statements
- Charges recorded on the bank statements but not entered in the cash book
- Transfers shown on bank statements which have not been posted to the cash book.

Every quarter, the Accountant General also provides each PS, with a schedule which specifies all transfers from the basket fund account. This information is provided on the standard Foreign Currency Receipts and Payments Summary (see Annex B, B14). The Accountant General also sends each PS, copies of bank statements and TFN. 135 schedules.

5.8 Exchange rate procedures

The basket fund account is maintained in United States Dollars (USD) but transfers from this account to each ASLM's Exchequer Account are made in Tanzania Shillings (TZS). Thus, there is a need to convert amounts in USD into TZS. Likewise, at the end of the fiscal year, unspent balances in TZS are converted into USD and transferred back to the basket fund account. Consequently there are likely to be monetary gains and losses arising from currency conversions.

In order to determine gains or losses, the Accountant General keeps a record of exchange rates applicable on the date funds are deposited into the holding account; and transferred to the various exchequer accounts. In particular, the Public Debt Section at the Accountant General's Department is responsible for daily input of official exchange rates from the BOT (buying and selling) onto the IFMS.

The Accountant General attributes funds retained in the basket fund account to each development partner on the basis of contributions made.

Chapter 6

Procurement arrangements

6 Procurement arrangements

6.1 Introduction

In this section, the ASDP procurement process covers works, goods and services associated with activities to be funded from the basket. Activities include: technical services and investments at the district level; and capacity building initiatives that are nationwide. Activities such as policy studies at the national level and those conducted by research and training institutions are financed on an individual (project) basis, and are outside the scope of this document.

Goods and services eligible for financing from the ASDP basket fund account at the:

- Central level include:
 - Motor vehicles
 - Office equipment
 - Consultancy services
 - Capacity building
- LGA level include:
 - Equipment
 - Works
 - Services and other items such as office consumables, fuel etc.

This section presents an overview of the process for procuring the above inputs funded by the basket. The process is set out under the following sub-sections:

- Procurement policies and guidelines
- Procurement arrangements and thresholds
- Procurement methods used
- Committing funds on the IFMS
- The procurement process
- Use of procurement agent.

6 Procurement arrangements

6.2 Procurement policies and guidelines

These procurement guidelines apply to all procurement undertaken using ASDP basket funds. ASDP procures goods, works and services in accordance with the National Laws as stipulated in the Public Procurement Act No 21 of 2004. The Act, which became effective on 8th February 2005, is supplemented by Regulations published by the Minister responsible for Finance in accordance with Section 88 of the Act, and these became effective from 15th April 2005.

At the central level the Regulations comprise Regulations for Procurement of Goods, Works, Non-Consultant Services and Disposal of Public Assets by tender 2005, and Regulations for Selection and Employment of Consultants, 2005.

At the LGA level, the regulatory framework for procurement is also specified in section 65 of the Local Government Finance Act of 1982. Since financial resources are constrained, all procurement by the LGA should be executed on the basis of the following considerations:

- The need for economy and efficiency in the use of public funds and in the implementation of projects including the provision of related works
- The best interests of the LGA in giving all eligible suppliers and contractors equal opportunities to compete in the tender
- Encouragement of national manufacturing, contracting and service industries
- The importance of integrity, accountability, fairness and transparency in the procurement process.

6.3 Procurement arrangements

The ASDP procurement is informed by a procurement plan (see Annex B, B7) that is developed once the costed work plan has been approved (see Section 4).

The Public Procurement Act of 2004 requires all ASLMs to have a Ministerial Tender Board (MTB) and all LGAs to have a LGA Tender Board (LGATB). In addition, the Act also requires all ASLMs and LGAs to establish a Procurement Management Unit (PMU) that consists of procurement and other technical specialists together with the necessary supporting and administrative staff.

6 Procurement arrangements

The PMU is responsible for supporting the functioning of the tender board and implementing its decisions. Specifically, the PMU manages all procurement and disposal by tender activities of the procuring entities except adjudication and the award of contract.

The MTB and LGATB are responsible for:

- Managing all procurement functions and reviewing all procurement reports by the departments and sections responsible for implementing ASDP activities
- Adjudication of recommendations from the PMU and award of contracts
- Reviewing all applications for variations, addenda, memoranda, and amendments to all procurement contracts
- Approving tendering and contract documents
- Approving procurement and disposal by tender procedures
- Ensuring that best practices in relation to procurement and disposal by tender are strictly adhered by procuring entities.

The LGA Tender Board may delegate some of their responsibilities to the Council Director or such other responsible officer. Such authorisation should not exceed the amounts as shown in **Table 6.1**. Further, the supervision of the routine activities carried out by the PMU can be delegated but the LGATB retains the right to receive progress reports.

Accounting Officers are responsible for:

- Reviewing complaints or disputes received from suppliers, contractors, and/or consultants regarding discontent in the administration of a tender
- Recommending disciplinary actions to be taken on incidences of abuse, non-compliance, or misconduct on the part of officers entrusted with managing the procurement processes.

6 Procurement arrangements

6.4 Procurement thresholds and methods used

All non ICB contracts and large value contracts are awarded in accordance with the Public Procurement Act No 21 of 2004. The procurement methods and selection methods for various packages are provided in the approved procurement plan.

6.5 Committing funds on the IFMS

At central level

ASLMs' managements with the assistance of their Procurement Officers prepare specifications, confirm estimates for goods and services to be procured and submit the estimates to their respective Chief Accountant for a Request for Purchase Order (RPO) (See Annex B, B19).

The Chief Accountant checks for availability of funds. If funds are available, he/she commits funds on the IFMS and passes the RPO to the PS for authorisation. However if funds are not available, the Chief Accountant requests for a delay in the procurement. If funds are available, then ASLMs must follow procedures that are described under the next sub-section.

At LGA level

The relevant Sector Head with the assistance of the Head of PMU prepares specifications, confirms estimates for goods and services to be procured and submits the estimates to the Council Treasurer. The Council Treasurer checks for availability of funds. If funds are available, he/she commits funds on the IFMS. However if funds are not available, then the Council Treasurer requests for the procurement to be delayed. Section 23 of the Local Government Finance Act 1982 requires all LGAs that are not on the IFMS, to commit funds before embarking on procurement. To effect this, the Council Treasurer must make entries in the relevant vote book with expenditure estimates as commitments. If funds are available, then LGAs must follow procedures that are described under the next sub-section.

6.6 The procurement process

At central level

Procurement Officers within the PMU:

- In collaboration with members of the MTB, screen/pre-qualify interested bidders on the basis of their capability and resources

6 Procurement arrangements

- Thereafter proceed to prepare a Request for Proposal (RFP). In preparing the RFP, Procurement Officers, must agree with members of their MTBs, the appropriateness of draft contracts, evaluation plans, evaluation criteria and the application of technical and financial weightings
- Issue the RFP to short-listed bidders. Each Officer remains responsible for clarifying queries raised by bidders on the RFP. They are also required to communicate, such queries raised and the clarification provided, to all other short-listed bidders
- Receive technical and financial bids, and in association with the members of the MTBs, facilitate the evaluation of all technical and financial bids
- Invite the selected bidder for contractual negotiations.

Chief Accountants must issue suppliers with a GoT Local Purchase Order (LPO) (see Annex B, B15) generated from the IFMS. The LPO must clearly indicate the place of delivery of goods and services i.e. the relevant ASLM.

At LGA level

Procurement Officers within the PMU:

- In collaboration with LGATB screens/pre-qualifies interested bidders on the basis of their capability and resources
- Prepares RFP. When preparing RFP, the PMU, must agree with the LGATB, the appropriateness of draft contracts, evaluation plans, evaluation criteria and technical and financial weightings
- Issues RFPs to short-listed bidders. The PMU remains responsible for clarifying queries raised by bidders on the RFP. The unit is also required to communicate, any query raised and the corresponding clarification provided, to all other short-listed bidders
- Receives technical and financial bids, and in association with the LGA Tender Board, facilitates the evaluation of all technical and financial bids
- Invites the preferred bidder for contractual negotiations.

6 Procurement arrangements

Council Treasurers must issue suppliers with a GoT LPO (see Annex B, B15) generated from the IFMS. For LGAs not on the IFMS, a manual LPO will be issued. The LPO must clearly indicate the place of delivery of goods and services i.e. the relevant council.

6.7 Use of procurement agents

At the central level, ASLMs may outsource procurement of goods and services. In this regard, a procurement agent is selected and contracted on a fixed term contract using GoT Procurement Regulations. The Procurement Agent's function is to ensure the integrity of the bidding process. The Agent undertakes some of the procurement routines on behalf of ASLMs such as:

- Assisting with the format and commercial content of bidding documents
- Advising on contractual issues
- Supporting the bidding process (e.g. issue of RFPs)
- Reporting on procurement activities.

The Agent must abide with all GoT rules and regulations mentioned above. The Procurement Agent must report on his/her activities on a quarterly basis (see Annex C, C7 and C8). Reports should provide:

- Actual performance against targets. Reporting covers all stages of the procurement cycle (i.e. preparation of bid documentation, advertising, bid invitation, evaluation etc.). In addition, the procurement report compares estimated costs of goods and services against actual contract amounts
- Details of complaints lodged by bidders, contract amendments/ variations, unsatisfactory performance on the part of supplies and any disputes which could result in contractual claims.

Use of agents at the LGA level is subject to the approval of the LGATB. The Council Director may appoint working teams such as Evaluation Teams, Inspection Teams, or Procurement Agents to facilitate the procurement processes. All working teams appointed should have clearly stated Terms of Reference for their specific work. Further, before commencement of the work, checks should be made to ensure that the terms and conditions of the appointment are within the LGA budget and have been agreed with the Council Director.

6 Procurement arrangements

6.8 Procurement reporting and record keeping at LGA level

The PMU on a quarterly basis compiles quarterly consolidated reports on procurements made for deliberation by the LGATB and subsequent submission to the Full Council as a management report. The LGA must satisfy itself that the procurement proceedings were executed in accordance with the council's approved action plan and budget.

The LGA must keep adequate records of the procurement proceedings made during the year. The Secretary to the LGATB is responsible for ensuring proper documentation and proceedings are followed and adhered to.

6.9 Regulation and monitoring of the procurement process

The GoT's Public Procurement Regulatory Authority (PPRA) is responsible for monitoring all procurement activities with a view to ensuring compliance with regulations. Also, the PPRA is expected to receive and act on any complaints from bidders.

Each year, members of the ASDP Basket Fund Steering Committee may appoint an independent firm to undertake periodic post supervision assessments of procurement based on an agreed plan. To this end, the Procurement Agent is required to maintain copies of documentation. The independent firm's scope of work includes ensuring that:

- Contracts awarded under the programme were approved by authorised personnel and adequately monitored, and goods/ services were supplied/ completed according to the required specifications and technical standards
- Any contract variations received the necessary approvals and were fully documented
- Invoices/ fee notes received from suppliers were approved and any payments made recorded on the relevant contract
- Value for money was realised. The firm should comment on the reasonableness of prices
- Any deficiencies in the procurement process are flagged. The firm should recommend any improvements.

Section 7

Accounting for expenditures

7 Accounting for expenditures

7.1 Introduction

This section describes:

- Payments procedures for goods and services at central and local levels
- Procedures for direct payments
- Procedures in issuing and accounting for imprests.

7.2 Disbursements from the ASLMs' development exchequer accounts

The Procurement Regulations require that prior to commencing the procurement process, each ASLM's Chief Accountant commits funds totalling the estimated value of goods and services on the IFMS Vote Control Register. These processes are illustrated in **Figure 7.1** overleaf and explained below. Once funds have been committed on the system, the Accountant must generate a Local Purchase Order (LPO) (see Annex B, B15).

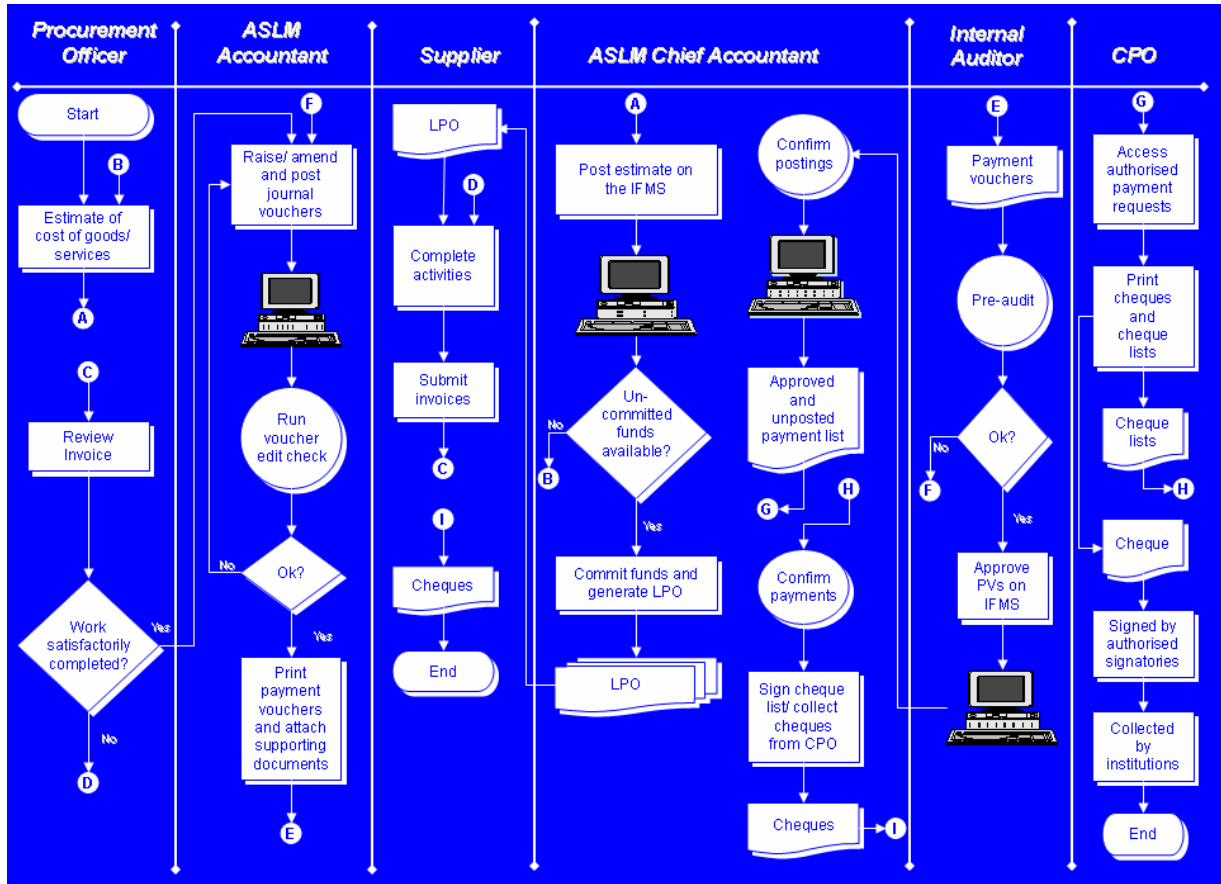
After a contract has been awarded, the IFMS system only allows payments to be made when an invoice sent by a supplier is supported by documents such as an LPO and Goods Received Note. Equipment and goods received must be verified and labelled by the relevant ASLMs Stores Officer. In accordance with Section 194 Sub-section 2 of the Public Finance Regulations 2002, the Stores Officer must immediately notify the supplier of any irregularities (e.g. defects).

The Procurement Officer at each ASLM, after receiving confirmation from the goods/services receiving department/section, signs the invoice and all supporting documents signifying payment authorisation before sending it to the Chief Accountant. Thereafter:

- The Accountant confirms that the details per the invoice match those contained in the contract, raises a journal voucher, posts details of the transactions on the IFMS and generates a "TFN 4 - Payment Voucher (PV)" (See Annex A, A16). The IFMS only generates a PV if funds have previously been committed and an LPO raised
- The ASLM's Internal Auditor verifies the PV and supporting documentation and if satisfied that the information contained is accurate, approves the PV on the IFMS and signs the hardcopy at hand. The Chief Accountant must also sign-off the PV once he/she has confirmed that it has been posted on the IFMS. Thereafter, he/she generates an approved but unposted list of PVs for submission to the CPO

7 Accounting for expenditures

Figure 7.1: Disbursements from ASLMs development exchequer accounts



- As the IFMS is online and networked, CPO personnel are able to access authorised payment requests on the system.
- Prior to cheque printing, personnel reconcile entries on the system to hard copies of the unposted list of PVs submitted by the Chief Accountant. If there are no anomalies, personnel print cheques which are forwarded for signature by authorised officers in the Accountant General's Department
- The Accountant General's Department sends a copy of the cheque list to the BOT. Each ASLM also gets a copy of the same list when collecting cheques from the CPO which is used for verification purposes
- All suppliers of goods and services collect their cheques from the ASLM, where they are required to sign a register confirming receipt of cheques. At the time of issuing cheques, the Accountant must stamp the PV and all supporting documentation with a "PAID" stamp indicating the cheque number on the relevant panels. The Accountant must also file documents in order of PV serial number.

7 Accounting for expenditures

7.3 Payments in foreign currency

Where payments need to be made in foreign currency, the IFMS is customised to enable PVs to be generated which are payable to the BOT. However, the PV must contain a supplier reference. The processing of payment is similar to the one described above, except that cheques generated by the CPO are in favour of the BOT.

Further, the Chief Accountant must present the cheque, a copy of the PV and written instructions to the BOT requesting a bankers draft or TT to be effected in favour of the supplier.

7.4 LGA sector account used for making ASDP related payments

The Procurement regulations require that prior to commencing the procurement process, the Council Treasurer commits funds totaling the estimated value of goods and services either on the IFMS Vote Control Register for LGAs that have implemented the IFMS or on the Manual Vote Book for LGAs that are on the manual system. Once funds have been committed, the Council Treasurer must generate a LPO.

All payments with the exception of petty cash payments are made by cheque. Cheques must be drawn against the relevant sector bank accounts in which ASDP funds received from the central government have been deposited.

Operation of the bank account

There are two categories of signatories to the sector bank account. These are:

Category A:

Any two Sector Heads that are appointed by the Council Director – this will be the relevant Sector Head i.e. agricultural, water and livestock and cooperatives and marketing

Category B:

The Council Director or other officer nominated by him/her and Council Treasurer.

One signatory from both the categories must sign all cheques.

7 Accounting for expenditures

7.5 Payments procedures for LGAs on the manual system

Prior to making payments to suppliers of goods and services, the Head of the PMU is required to match invoices submitted against LPOs. The Head in consultation with the user department, establishes whether goods and services are delivered satisfactorily and thereafter authorises the invoices for payment by signing the invoice. The invoice with supporting documents is then forwarded to the Council Treasurer. Thereafter the Treasurer prepares a payment voucher. All payment vouchers must be authorised by the Council Director.

It is important for both the Council Director and Council Treasurer to ensure that the procedures set out in paragraph 2.5 of the Local Authority Accounting Manual are adhered to. Procedures include the following, that payment vouchers must:

- Be serially numbered throughout the month, and the number recorded in the cash book against the relevant entry
- Contain an adequate explanation of the payment being made by the Council, giving references of payment orders etc
- Be initialled by authorised persons when alterations are made
- Be stamped with the word “paid” and the date of payment” when payment is made.

The Council Treasurer then writes a crossed cheque in favour of the supplier for amounts indicated on payment vouchers. Cheques are then signed by two authorised signatories. It is the responsibility of the Council Treasurer to ensure that all signed cheques are recorded in a despatch book. Suppliers are required to collect and sign for cheques.

The Council Treasurer maintains cash books for the relevant sector account, and a subsidiary ledger for ASDP expenditure. It is his/her responsibility to ensure that entries are posted as they occur so that the balance of the account can be ascertained at any time with a reasonable degree of accuracy.

Cheque details required for posting to the cash book should be extracted from cheque counterfoils. Further, cheque amounts posted to the cash book should be recorded in strict numerical order (including cancelled cheques).

7 Accounting for expenditures

7.6 Payment procedures for LGAs on IFMS

After a contract has been awarded, the IFMS system only allows payments to be made when an invoice sent by a supplier is supported by documents such as an LPO and Goods Received Note. Equipment and goods received must be verified by the PMU.

The payment procedure is summarised in **Figure 7.2** overleaf and described below. The Head of the PMU after confirming with the user department that goods and services have been satisfactorily received, signs the invoice and all supporting documents signifying payment authorisation and forwards it to the Council Treasurer.

The Council Treasurer thereafter confirms that the details per the invoice match those contained in the contract, raises a journal voucher, posts details of the transactions on the IFMS and generates a “TFN 4 - Payment Voucher (PV) (see Annex B, B16). The IFMS only generates a PV if funds have previously been committed and an LPO raised.

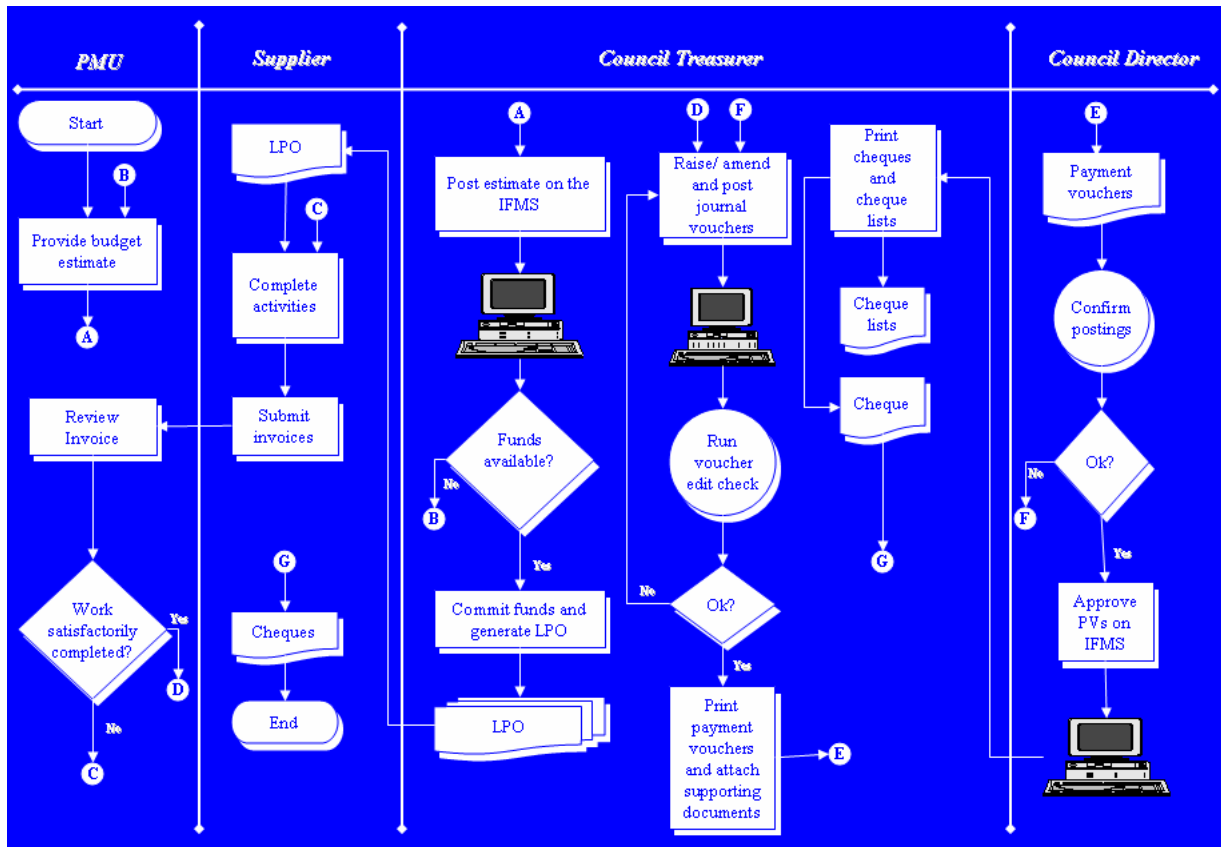
The Council Director must also sign-off the PV once he/she has confirmed that it has been posted on the IFMS. Thereafter, he/she generates an approved but un-posted list of PVs for submission to the Council Treasurer. Thereafter:

- Cheques are printed and are forwarded for signature by authorised signatories to the account
- All suppliers of goods and services collect their cheques from the council, where they are required to sign a register confirming receipt of cheques. At the time of issuing cheques, the Council Treasurer must stamp the PV and all supporting documentation with a “PAID” stamp indicating the cheque number on the relevant panels. The Treasurer must also file documents in order of PV serial number.

It suffices to emphasize that there is redress within the law, against, any officer who interferes with the delivery of services. ASDP funds will be withdrawn if it is revealed that they are being used and spent in contradiction to specified guidelines.

7 Accounting for expenditures

Figure 7.2: Payment procedures for LGAs on IFMS



7.7 Stale, stolen and cancelled cheques

Stale cheques

At the central level, the Chief Accountant can reissue cheques which become stale at the request of a supplier by: obtaining the stale cheque or an indemnity cover if lost; posting a journal to the IFMS cash book and general ledger reversing the initial entry; and repeating the steps described above.

At the LGA level, the Council Treasurer can reissue cheques which become stale at the request of a supplier by: obtaining the stale cheque or an indemnity cover if lost; posting a journal to the manual or IFMS cash book and general ledger reversing the initial entry; and repeating the steps described above.

7 Accounting for expenditures

Stolen cheques

At the central level, the Accountant General's Department store unused and printed cheques in safes. However, in the event that cheques are stolen, the Accountant General must instruct the BOT not to honour them by issuing a stop order. In addition, they notify members of the public that cheques have been stolen by placing a notice in the newspaper.

The Internal Auditor in the Accountant General's Department must also investigate the theft of cheques. He/she ascertains why and how controls have been overridden.

At the LGA level, the Council Treasurer should store unused and printed cheques in safes. However, in the event that cheques are stolen, the Treasurer must instruct the bank not to honour them by issuing a stop order. In addition, they notify members of the public that cheques have been stolen by placing a notice in the media.

Cancelled cheques

At the central level, cancelled or spoilt cheques must be written back on the IFMS by the CPO. The CPO also maintains cancelled/ spoilt cheques in a file. Cancelled and spoilt cheques must be perforated.

At the LGA level cancelled or spoilt cheques must be written back by the Council Treasurer on the IFMS or in the manual cashbook and subsidiary ledgers. The Treasurer also maintains in a file all cancelled/ spoilt cheques, which must be perforated.

7.8 Accounting for direct payments

Some of the activities under the ASDP are funded by donor funds outside the GoT system. In order to capture this development assistance in GoT's books, the Chief Accountant, obtains details (e.g., invoices, asset particulars given, value of technical assistance etc.) from development partners of expenditure in relation to the ASDP. Thereafter:

- The Chief Accountant fills an Estimates Form TFN 358 (Development Estimates - Monthly Application and Progress Report), attaches a copy of the payment evidence and forwards it to the Budget Department at the MoF

7 Accounting for expenditures

- Upon receipt of the Form TFN 358, Budget Officers at the MoF scrutinise details contained on this form and if satisfied grant a Release Warrant [TFN 357A] to the Accountant General’s Department (AGD). Dedicated Officers at the AGD, using the “Dummy Transaction”, a facility that exists on the IFMS, issue a Dummy EIN in favour of the relevant ASLM (for recording purposes only, since there is no actual cash flow). This posting enables ASLMs to recognise receipts
- The Chief Accountant using the same dummy transaction facility raises a PV to the same value of the Exchequer Issue. This transaction allows ASLMs to recognise the expenditure.

7.9 Issue of imprests

ASLM and LGA personnel associated with the ASDP programme can apply for imprests to meet travel, accommodation and workshop/seminar expenses by completing an Application For Issue of Imprest (see Annex B, B17).

At the central level

The responsibility for approving imprests falls upon ASLMs Warrant Holders. The IFMS Operator carries out steps described above to commit funds and raise PVs. As earlier indicated, cheques are generated at the CPO. All Imprest Holders are shown as debtors on the IFMS.

On completion of their activities or 14 days after obtaining imprests (whichever is earlier), Imprest Holders are required to immediately account for amounts advanced in full by completing an Imprest Retirement Form (see Annex B, B18) and furnishing relevant supporting documentation. Officers who fail to retire imprests are subject to the actions contained in the Public Finance Regulations. Specifically, Regulation 103 Sub-Section (2) states that “the amount outstanding may forthwith be recovered from any salary or other emoluments or from any other amounts due to the officer”.

The Public Finance Regulations also require that all imprests are retired at the financial year end. This requirement is irrespective of whether an Officer has completed his/her activities. If need be, a fresh imprest can be issued in the next financial year.

7 Accounting for expenditures

At the LGA level

The Council Treasurer is responsible for making arrangements for the administration and payment of imprests. The Treasurer makes available the current regulations on imprests to Councillors and Employees.

In accordance with Order No. 298 of the Local Authority Financial Memorandum, all claims for payments of imprests must be submitted, duly certified in manuscript, at regular intervals as required.

Imprests payments must not be made out of imprests accounts without the express authority of the Treasurer. From time to time, Heads of Departments, send the names of Officers authorised to certify such claims together with their specimen signatures to the Treasurer. The Treasurer must update his/her records to reflect such changes.

Orders No 300 and 301 of the Local Authority Financial Memorandum also specify that prior to authorisation, Heads of Departments must ensure that expenditure is genuine. Further, Officers are prohibited from certifying any personal claims.

On completion of their activities or 14 days after obtaining imprests (which ever is earlier), Imprest Holders are required to immediately account for amounts advanced in full by completing an Imprest Retirement Form (see Annex B, B18) and furnishing relevant supporting documentation. Officers who fail to retire imprests are subject to the sanctions contained in the Local Authorities Financial Memorandum. Specifically, Order No. 134 states that “not only the outstanding amount be deducted from the Officer’s salary at an enhanced rate but it also attracts a surcharge of not less than 5% of his/her salary”.

Where outstanding imprests exceed a time period of one month, they attract an interest charge of not less than the commercial bank rate applicable during the period. This is irrespective of whether a previous surcharged has been levied.

Order No. 135 also states that additional imprests may not be issued prior to the clearance of the previous imprests.

Chapter 8

Reporting requirements and auditing arrangements

8 Reporting requirements and auditing arrangements

8.1 Introduction

This section sets out the internal and external management reporting and information requirements for the ASDP basket fund. The reports help ASLMs, LGAs and the ASDP Basket Fund Steering Committee to:

- Analyse the results of ASDP operations and its financial position on a periodic basis
- Develop policies and planning future operations
- Make effective decisions on the allocation of resources
- Monitor performance and control of the programme's operations
- Commission internal and external audits which provide them with independent views
- Report outcomes to development partners and other stakeholders.

8.2 Programme reporting

Table 8.1 overleaf provides a list of reports generated from or using information from the IFMS and other records. It specifies the information that they contain and the frequency of their production. In brief:

- Each ASLM's Chief Accountant submits a flash report for his/her relevant vote to the relevant Warrant Holder and the ASDP Secretariat within two weeks of each period end. Thereafter:
 - Warrant Holders must examine the reasons behind the variations from the budget, assess their implications on the work plan and decide on the necessary remedial action. Each Warrant Holder then writes a report on the cause and effect of each variation and the recommended action and sends the original to the Chief Accountant and a copy to the PS. Warrant Holders must submit their explanations on positive and negative variances within one week of the receipt of the report

8 Reporting requirements and auditing arrangements

- Personnel in the ASDP Secretariat with support from the Accountant General's Department, consolidate information into an overall report on expenditure against budget, and total commitments. The ASDP Secretariat uses the consolidated report which has the same format as the flash report template, to monitor budget implementation progress. The ASDP Secretariat submits a consolidated quarterly flash report to the ASDP Basket Fund Steering Committee together with a narrative summary of any issues that have arisen during the quarter

Tables 8.1: Financial reports

Name of report	Refer to Page no.	Generated/ from	Reports
Flash Report	C2	Monthly, quarterly and annually/ IFMS	Expenditure and commitments on a monthly and cumulative basis
Exchequer Releases	C3	Quarterly / IFMS	All transfers from the basket account to the Exchequer
Undistributed Exchequer	C4	Quarterly / IFMS	Unallocated amounts
Uses of Funds by Programme Activity	C5	Quarterly / IFMS	Actual and cumulative expenditure against budget
Output Monitoring Report	C6	Quarterly / IFMS	Actual and cumulative expenditure against budget
Procurement Report	C7 – C8	Quarterly / Various procurement documents	Progress made with respect to procurement
Receipts and Payments Account	C9 – C13	Annually / IFMS	Deposits into the basket, transfer to the Exchequer, ASDP's expenditure and balance at the end of the year
LGA Consolidated Report	C14 - 15	Quarterly	Technical and financial performance of councils

8 Reporting requirements and auditing arrangements

- ASLMs' Chief Accountants submit copies of the Approved Exchequer Releases and Undistributed Exchequer reports to the ASDP Secretariat at the same time as flash reports. The ASDP Secretariat maintains reports on Exchequer Releases as an audit trail
- Each ASML's Chief Accountant produces a Uses of Funds by Programme Activity report within two weeks of the end of each quarter, and submits it to Warrant Holders, the Accounting Officer and the ASDP Secretariat. This report provides information on actual expenditure during the quarter on each activity against what was budgeted and contained in the ASLM work plans. At an ASLM level, it is used to identify any problematic activities and plan remedial measures for the next quarter. It also informs cash flow forecasting. The ASDP Basket Fund Steering Committee also refers to this report to obtain a breakdown of expenditures reported in the flash report
- Each ASML's Chief Accountant in collaboration with Officers involved in the programme's implementation, produces an Output Monitoring report within two weeks of the end of the quarter, and submits it the Accounting Officer and the ASDP Secretariat. This report provides information on actual physical progress during the quarter in relation to expenditure incurred and budget for each programme activity and sets out plans for completion. This report supports scheduling of activities and facilities in the identification of any budget variations, which must be approved by the relevant PS and ratified by the ASDP Basket Fund Steering Committee
- Each ASLM's Procurement Manager prepares a procurement report within two weeks of the end of the quarter, and submits it the Accounting Officer and the ASDP Secretariat. This report provides information on the procurement of goods, works and services and on compliance with agreed procurement methods. The report compares performance against the procurement plan and highlights key issues such as staffing and capacity. This report is prepared in two parts: Part I provides a descriptive summary of procurement activities; and Part II provides financial information with actual and budgeted values

8 Reporting requirements and auditing arrangements

- Chief Accountants with support from the Accountant General's Department, prepare a Receipts and Payments report for the ASDP, within four weeks of the end of the year. This report provides details of transactions for the year showing actual receipts by source of funds, actual expenditure incurred and any unspent balance of funds at the end of the year. It also compares actual expenditure against approved estimates. The Receipts and Payments report is supplemented by notes and explanations. The report must be signed by the Accounting Officers of the ASLMs, and is audited by the Basket Fund's external auditors.

8.3 Reporting requirements at LGA level

Quarterly reports

The quarterly report is a holistic report on the technical and financial performance of the council against the DADP. It should not be excessively burdensome to produce but should summarise the critical data required to manage agricultural services and allow Councils and Regional Secretariats to monitor that performance.

The outline format of the quarterly report is provided in Annex B (see B2 and B3). The report comprises three parts:

Section 1 - Overview

A summary of the major successes and failures in the quarter and issues arising. In addition, it sets out reasons for significant variances from the approved budget.

Section 2 - Technical report

Reports performance against the Council's Agricultural Development Plan. The format for this quarterly performance monitoring report, as specified in the DADP guidelines, is given in Annex C, C16.

Section 3 - Financial report

This includes the agricultural sector recurrent accounting return (containing the bank reconciliation, bank statement and other relevant information). The return is set out in Annex C, C17 & B18 and described in detail below.

8 Reporting requirements and auditing arrangements

Agricultural sector accounting return

Funds to implement the DADP are channelled through one or more sector / sub-sector accounts (agricultural, water and livestock or cooperatives). It is the responsibility of the council to ensure that all related transactions from these accounts are captured in the accounting return. The return is in line with the Local Government Reform Programme's format for reporting of conditional grants for all sectors. The return captures transactions for both recurrent and development budget categories.

Where more than one account is in use, a separate accounting return is used. The extraction of the information for the completion of this return should be straightforward as the procedures should be the same for all sectors. Consolidation should be relatively easy at the regional level and at the PMO-RALG.

The report has been designed to be as simple as possible to complete and is accompanied by interpretative notes for the Council Finance staff to follow. For councils using e-picor, the report tables can be extracted from the system, which uses Excel for the production of certain reports.

It is worth drawing attention to a section of the return which reveals the total allowances paid. Should the allowances figure significantly exceed the receipts from conditional grant plus the Council's own sources, further investigations should be made.

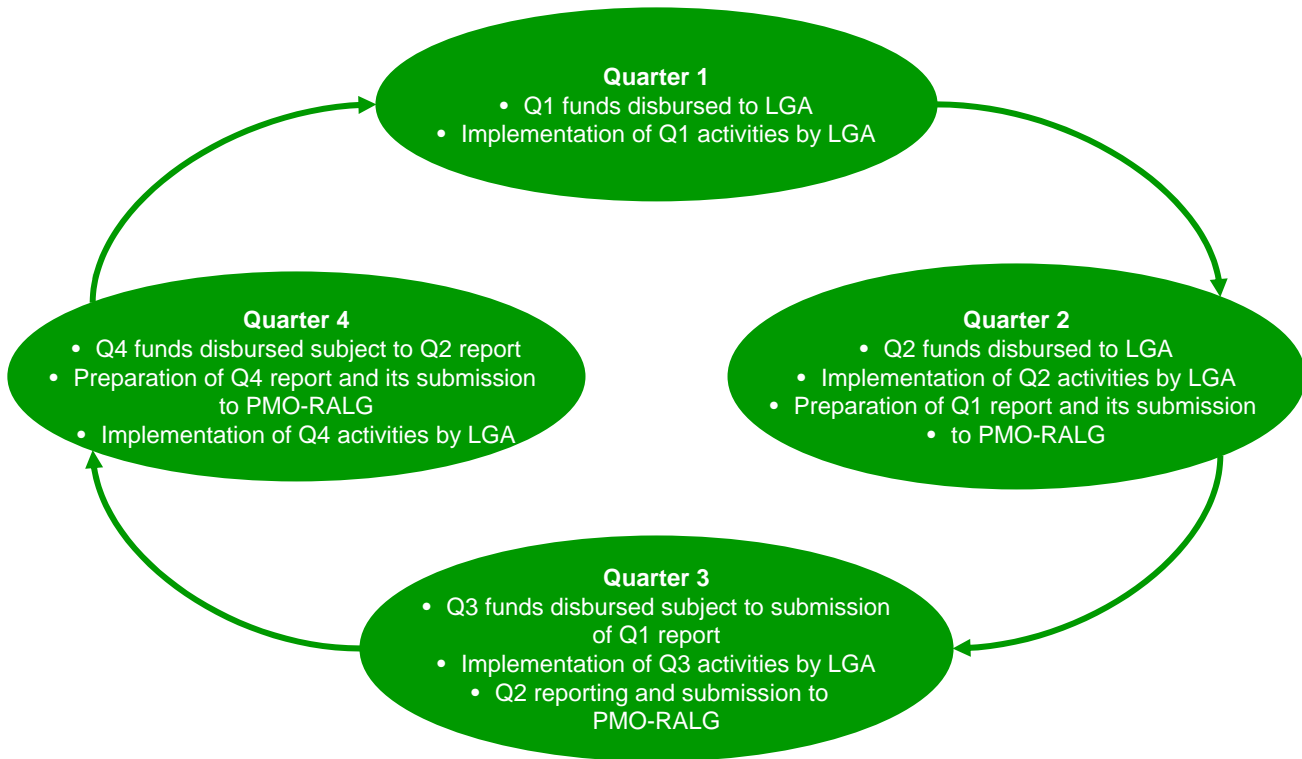
This is one of the areas on which the RS will focus in undertaking the financial checks of the return. The report should ideally be forwarded to RS for scrutiny once the Full Council has approved it.

Review of quarterly reports

The Sector Heads report to the council on technical and financial performance on a quarterly basis. It is essential for the quick disbursement of funds, that reports are produced by councils on time. This means that the submission of reports to the sector committees, finance committee and full council should be effectively scheduled to ensure that reviewers have adequate time to read, discuss and approve reports prior to their dispatch to the Regional Secretariat. **Table 8.2** and **Figure 8.1** set out the reporting timetable and requirements. It is noteworthy that each council is expected to have submitted its first quarter report by the beginning of the third quarter. There is therefore a one quarter lapse between funds release and reporting. Funds will not be disbursed to councils which fail to meet this requirement.

8 Reporting requirements and auditing arrangements

Figure 8.1: Quarterly report sequence



Each council submits its quarterly report to the Regional Secretariat in 3 copies within one month after the quarter to which it relates. The Regional Sector Heads, Regional Accountant, Regional Planning Officer and Regional Local Government Officer should be involved in the review of the reports and necessary follow up of reports when necessary.

The Regional Secretariat keeps a schedule of reports received. This information is used to chase up councils that have not submitted reports.

The Regional Secretariat checks the financial reports to ascertain whether:

- They are arithmetically accurate
- Opening balances agree to those contained in the previous quarter return
- The closing balance stated in the report agrees with the balance on the bank reconciliation.

8 Reporting requirements and auditing arrangements

Figure 8.2: Summary of activities and responsibilities

Actor	Reporting activity	Deadline	Elapsed time after quarter end
Council	Produce quarterly report, including overview, technical and financial reports	Three copies to the Regional Secretariat within one month of the quarter end	4 weeks
Regional Secretariat	Review reports, collate and prepare summary report	Two weeks after the deadline for receipt of reports from Councils	6 weeks
PMO-RALG	Receive reports and prepare summary with recommendations for ASDP Basket Fund Steering Committee, liaise with ASLM	Three weeks after receipt of reports from RS	9 weeks
ASLM	Review technical reports, agree or otherwise with regional recommendations in liaison with PMO-RALG	Three weeks after receipt of reports from RS	9 weeks
ASLM/ PMO-RALG	Call meeting of ASDP Basket Fund Steering Committee	Two weeks before meeting	9 weeks
PMO-RALG	Distribute summary reports to NSC members	One week before meeting	10 weeks
ASDP Basket Fund Steering Committee	Make decisions for the next tranche of funding	Before commencement of the relevant quarter	11 weeks

- Any differences arising from the previous quarter's bank reconciliations have been cleared
- The split of expenditure over the various sector units and community initiatives is within limits specified in the guidelines from PMO-RALG and sector ministries
- The activities undertaken are in line with priorities and technically support the ASDP's objectives
- The budget figures are the same as those approved by the ASDP Basket Fund Steering Committee. Where they differ, documentary evidence should be obtained (e.g. Council Minute) to support the revised budget or supplementary budget

8 Reporting requirements and auditing arrangements

- Variances from the budget are supported by adequate explanations in the overview report for variances
- The total expenditure on allowances is reasonable and within PMO-RALG guidelines.

The RS then collates all reports received to date and prepares a regional report. The regional financial report is derived directly from the accounting returns. It sets for each council:

- Budgeted receipts and payments
- Actual receipts and payments
- Budgeted and Actual PE, Allowances, Other Charges, development expenditures and all other expenses within the plans
- A recommendation regarding the next quarter's basket funding
- A narrative report, in the format specified by the respective sector ministry and the PMO-RALG, summarising the technical performance and any financial issues raised in the council reports, including reasons, for variances against approved budget.

The RS makes proposals to the PMO-RALG on actions required, including but not limited to, a recommendation for each council as to whether the next quarter's funds can be released or should be withheld.

Within two weeks of receipt of the LGA submission, the Regional Secretariat attaches one copy of each council's report to the consolidated report and sends documents to the PMO-RALG and sector ministries. In other words, quarterly reports should be produced and distributed to the PMO-RALG and sector ministries within six weeks after the end of each quarter. The Regional Secretariat should not hold up the process for councils which have not submitted reports.

Unsatisfactory reports should be reported back to councils in writing. Wherever possible, a regional representative should visit the council to assist in rectifying problems. In practice, in order to avoid any delays which may arise, councils are advised to consult with the RS during the quarter.

8 Reporting requirements and auditing arrangements

Action by ASLMs on quarterly reports

The PMO-RALG scrutinises the reports to ensure that financial regulations have been complied with. During the same period, ASLMs will raise their concerns with the PMO-RALG regarding councils' technical and financial performance. It is the responsibility of the PMO-RALG to:

- Ensure that reports are in agreement with the regional recommendations. In the event of a disagreement, discussions take place prior to the ASDP Basket Fund Steering Committee meeting to ensure that both parties concur with the recommendations
- Ensure that reports are presented to the ASDP Basket Fund Steering Committee together with a final recommendation regarding funding.

A consolidated report for all councils is produced by the PMO-RALG for the ASDP Finance Committee comprising a summary of :

- Agricultural sector accounting returns including a recommendation to the ASDP Basket Fund Steering Committee for each council
- Each council's technical achievements. This summary derived directly from regional quarterly reports.

Annual reports

It is the responsibility of the LGA to ensure that the year's final accounts are prepared within the period specified by the financial memorandum. The Council Treasurer prepares the standard annual reports required by the financial regulations.

The PMO-RALG coordinates and submits to ASDP Basket Fund Steering Committee the Annual Expenditure Report showing budgeted against actual expenditure for both recurrent and development expenditures.

The format for the annual accounts for the ASDP Basket Fund Steering Committee is exactly the same as the accounting return for the fourth quarter. It is subject to annual audit by external auditors.

8 Reporting requirements and auditing arrangements

8.4 Auditing requirements at central level

Internal audit arrangements

ASLMs' Internal Auditors have an important role to play in keeping ASDP's management informed of the programme's progress. In particular they are required to:

- Inform ASDP management on the usage of ASDP funds
- Report on progress with respect to achievement of ASDP objectives and targets
- Offer advice and recommendations for enhancing resource management and accountability.

The Public Finance Regulations of 2001 require each ASLM's Internal Auditor to work closely with the ASDP Audit Committee which is sub-group of the ASDP Finance Committee. Roles of ASDP Audit Sub Committee have been defined in the institutional arrangements in Section 2.

External audit arrangements

The National Audit Office has responsibility under law to undertake external financial and performance audits within six months of the financial year end. The Controller and Auditor General may discharge this responsibility by authorising reputable audit firms to undertake audits on his/her behalf.

The auditors who report to the ASDP Basket Fund Steering Committee, are required to audit ASDP's receipts and payments statement, signed by PS ASLM, in accordance with International Standards on Auditing. In addition, the audit involves:

- The examination, on a sample basis, of evidence relevant to the amounts and disclosures provided in the statement of accounts
- Evaluating the overall accuracy of information presented in the accounts.

8 Reporting requirements and auditing arrangements

The auditors should:

- Give an opinion on the basket fund account's opening balance, transactions during the year and closing balance. To this end, auditors are required to, for example:
 - Obtain confirmation from the development partners on amounts transferred during the financial year to the basket fund account
 - Ensure that all transfers from the basket fund account have subsequently been transferred to ASLMs development exchequer account
- Give assurance with respect to disbursements made through the Development Exchequer; vouch the validity and accuracy of payments; verify the effectiveness of systems and provide an opinion on whether funds disbursed were used for their intended purpose
- Give an opinion on the financial statements. Should their opinion be qualified, the auditors must explain the factors which have influenced their position
- Assess the adequacy of systems for internal control and accounting and particularly the control of fund releases and payments as well as the adequacy of the accounting and reporting systems
- Comment and provide recommendations with respect to any control weaknesses identified in a management letter. The auditors discuss the management letter with the ASLMs management. They must incorporate any comments received in the management letter.

Special audit

In the event that a particular risk has been identified, during a course of a financial year, and/or where the timely conduct of the annual external audit may not be feasible, then any party to the ASDP MOU and/or the ASDP Basket Fund Steering Committee can request for a special audit by:

8 Reporting requirements and auditing arrangements

- Drawing up Terms of Reference for the special audit
- Engaging auditors from reputable audit companies using the procurement guidelines provided in Section 6 of this manual.

At the end of the special audit, the auditors are expected to feedback their findings and recommendations in a written report and presentation to the Audit Sub Committee. Findings should specify problem areas.

8.5 Auditing requirements at LGA level

Internal audit

The internal audit process in ASDP operates within the normal LGA internal auditing procedures stipulated in the LGFM. Specifically, councils are required to employ an Internal Auditor. Although the Internal Auditor works closely with the Treasurer, he/she reports directly to the Council Director.

The Internal Auditor is responsible for carrying out the review of financial and related systems of the council to ensure that they are effective and efficient. Internal audit staff prepare and submit dated reports to the Council Director for action and submission to LGA Finance Committee. A copy of the internal audit report should always be sent to National Audit Office (NAO) within 15 days of production.

The Internal Auditor must ensure that he/she prepares his/her work programme for internal audit guidance and must make sure that a copy of the programme is sent to the NAO.

Preparation for annual audit

There is an annual audit of the ASDP. The scope of the audit covers the Consolidated Financial Statements and performance of the internal controls in place for the programme.

In addition, the programme at council level relies on the audited accounts of the councils. It will be the responsibility of the Council Director to forward a copy of the audited accounts to PMO-RALG.

Annex A
Terms of Reference
for ADDP Basket Fund Steering Committee

Annex A - Terms of Reference for ASDP Basket Fund Steering Committee

Introduction

The Government of the United Republic of Tanzania in collaboration with stakeholders has developed a medium-term agriculture sector programme document. This overarching strategic framework is expected to ensure sustainable agricultural development at a national and local level. Government anticipates that the ASDP will be “increasingly supported by Development Partners through a basket fund arrangement, which is integrated into the Medium Term Expenditure Framework” .

The majority of ASDP funding will be allocated and channelled to local government authorities in conformity with Government access conditions prescribed under the Local Government Capital Development Grant (LGCDG) System. To this end, the ASDP will adopt the LGCDG’s institutional arrangements for all local government grants funded from the programme. The LGCDG Steering Committee which is the apex body under the LGCDG system, will regularly share and exchange information on the ASDP with the ASDP National Steering Committee.

An ASDP Basket Fund Steering Committee will be established to oversee and coordinate programme implementation at a national and zonal level – to include for example Agriculture Sector Lead Ministries (ASLMs), the Prime Minister’s Office-Regional Administration and Local Governments (PMO-RALG) and Zonal Agriculture Research and Development Institutes. It will report to the ASDP National Steering Committee. It will also regularly exchange information with the LGCGD Technical Committee. Further, the ASDP Basket Fund Steering Committee will nominate two of its members to represent it on the LGCGD Technical Committee.

The ASDP Secretariat will provide designated staff to support and facilitate the work of the ASDP Basket Fund Steering Committee – including calling and organising meetings, developing and circulating meeting agendas and minutes; documenting, communicating and ensuring follow-up of the Committee’s decisions.

Membership

The ASDP Basket Fund Steering Committee will be chaired by the Permanent Secretary (PS) in the Ministry of Agriculture, Food Security and Cooperatives (MAFSC). The members of the Steering Committee will include: the PSs of all the ASLMs (MAFSC, Ministry of Livestock development, Ministry of Trade, Industry and Markets, and Prime Minister’s Office – Regional Administration and Local Government); PS of the Ministry of Finance; two representatives from each ASDP development partner; and Directors of Policy and Planning of all ASLMs as ex-officio members.

Annex A - Terms of Reference for ASDP Basket Fund Steering Committee

In addition, the ASDP Basket Fund Steering Committee will establish working groups/sub-committees on specific issues, as required (e.g. audit). The activities of these sub-committees will be governed by the Steering Committee's rules and principles.

Also, the ASDP Basket Fund Steering Committee may on occasion require specialists, academics and/or representatives from other sectors to attend meetings as presenters, advisers or observers. Such meetings will be agreed in advance by the members.

Responsibilities

The primary responsibilities of the ASDP Basket Fund Steering Committee will be to:

- Review and approve its Terms of Reference, and update and modify them when necessary
- Oversee the operations of the ASDP Secretariat
- Institute and regularly review ASDP mechanisms for planning, management, monitoring, evaluation and funding
- Ensure that the basket fund's resources are utilized to finance initiatives specified in the programme document
- Review and comment on consolidated district budgets and plans; the central ministries MTEFs; and supporting projects for the implementation of the ASDP
- Examine and approve the basket fund and implementing institutions' periodic reports
- Authorise the release of funds from the ASDP holding account to the development exchequer based on quarterly technical and financial reports
- Discuss and agree any changes in the agriculture formula for Local Government Authority (LGA) allocations, modifications in the annual assessment criteria, identify LGAs which qualify for the grants, and issues pertaining to the rules of eligible investments, and cost sharing arrangements

Annex A - Terms of Reference for ASDP Basket Fund Steering Committee

- Recommend submissions to the LGCDG Steering Committee through the ASDP Basket Fund Steering Committee representatives on the LGCDG Technical Committee
- Endorse and discuss audit reports, taking appropriate follow up action
- Report to the ASDP National Steering Committee on the status of the programme.

Frequency and conduct of meetings

The ASDP Basket Fund Steering Committee is expected to meet at least once a quarter. The specific dates of the committee's quarterly meetings should coincide with implementation of work plans to ensure timely review of progress and approval of disbursements. Any other meetings will be held at the call of the chair.

The ASDP Secretariat will one week prior to each meeting, provide committee members with progress reports and an agenda developed with guidance from the chair. The secretariat will also send minutes of proceedings and decisions of each meeting as soon as practical after each meeting.

Quorum and decisions

A quorum of the ASDP Steering Committee will consist of fifty percent of its members from Government and development partners in attendance.

Decision-making will be by consensus. However, where no consensus can be reached, the ASDP National Steering Committee will make final decisions. The ASDP Secretariat will minute all the ASDP Basket Fund Steering Committee's decisions.

Appendix B

Financial Forms



**Government of the United Republic of Tanzania
ASDP Action Plan**

Component _____

Sub-Component _____

Outputs/ Targets	Indicators

Activities	Tasks	Tick as applicable		
		2006/7	2007/8	2008/9



Tick as applicable

Activities	Tasks	2006/7	2007/8	2008/9



**Government of the United Republic of Tanzania
Supporting Schedule
(Development Expenditure Details of Annual and Forward Budget 2006/7 to 2007/8)**

Vote _____

Subvote _____

Sub-programme	Project code	Project name	Activities	Inputs/outputs as per GFS Item List	GFS item code	Annual budget estimates 2006/07				Fwd budget estimates 2007/8				Fwd budget estimates 2008/9					
						Foreign Contribution				Foreign Contribution				Foreign Contribution					
						Funding Modality				Funding Modality				Funding Modality					
						1	2	3	4	1	2	3	4	1	2	3	4		
A																			
B																			



Government of the United Republic of Tanzania
ASDP Procurement Plan for [period]

Vote _____

Sub Vote _____

Region _____

LGA _____

Description	Type	No. of Contracts	Estimated Cost (US\$)	Procurement method ¹	Review	Estimated Dates for Contracts			
Goods:									
Works:									
Consulting Services:									
TOTAL									

¹Procurement Methods: ICB - international competitive bidding; DC - direct contracting; IS - international shopping; NS - national shopping; QCBS - quality and cost based selection; QBS - quality based selection; SDC - service delivery contractors; IC - individual contractors; SS - single source



The United Republic of Tanzania

TFN. 357 A

RELEASE WARRANT

Ref. No. TYE 20.....

TREASURY RELEASE WARRANT No. OF.....

(Release of Development Funds)

SCHEDULE OF RELEASES

VOTE No.

SUB-VOTE NO.	SUB-VOTE NO.
Internal Shs.	Internal Shs.
External Shs.	External Shs.
Total Sub-Vote Shs.	Total Sub-Vote Shs.

SUB-VOTE NO.	SUB-VOTE NO.
Internal Shs.	Internal Shs.
External Shs.	External Shs.
Total Sub-Vote Shs.	Total Sub-Vote Shs.

SUB-VOTE NO.	SUB-VOTE NO.
Internal Shs.	Internal Shs.
External Shs.	External Shs.
Total Sub-Vote Shs.	Total Sub-Vote Shs.

Total Releases authorised on this Warrant Shs.

You are authorised to requisition on the Exchequer the sum offor the20..... quarter in monthly instalments as shown in the attached phasing of the programme (Form TFN 357) in respect of the Services projects specified in the Form aforesaid.

.....
For Paymaster-General

ORIGINAL - Accounting Officer.
TRIPLICATE - File Copy.

DUPLICATE - Accountant General.
QUADRUPPLICATE - Series Copy.



The United Republic of Tanzania

TFN. 766

EXCHEQUER ISSUE NOTIFICATION

Ref. No

To:

.....

EXCHEQUER ISSUE NOTIFICATION

Please be advised that the following amount was issued from the Exchequer Account on20..... and placed to the credit of your Account with the (insert "Bank of Tanzania" "National Bank of Commerce" as appropriate).

Vote	Amount	
	Shs.	Cts.

You should forthwith record the above issue in your Vote Book. The Total issues from the Exchequer Account during the current Financial Year including the above amount in now as follows:

	Shs.	Cts.
Supply
Development
Consolidated Fund Services
Total	Shs.	

C.C. The Controller and Auditor General,
Exaudit Dept.,
Dar Es Salaam

.....

Paymaster-General



The United Republic of Tanzania

TFN. 143

WARRANT OF FUNDS

To:
.....
.....

Ministry/Department/Agency.....
.....
.....

WARRANT OF FUNDS

NOof 20.....

2. You are hereby authorised as a Warrant holder to spend during the Financial Yearthe amount specified below as they become due in accordance with the Financial Orders of the Republic.
3. The number shown on this Warrant and the Ministry/Department/Agency telegraphic address must be shown as the authority on all vouchers.
4. The funds issued under this issued under this Warrant may not be used for purposes other than those authorised. Should these funds prove inadequate you must inform me NOT LESS THAN TWO MONTHS before they are exhausted giving full reasons. Your attention is drawn to Chapter One paragraphs 1.4 and 1.5 to the Financial Orders, Part I. (See also Chapter Two of the Financial Orders).
5. All vouchers issued under authority of this Warrant must quote the codes given herein:
 - a) You must note this authority in your Vote Book and be careful to see that the amount of expenditure which you incur does not exceed the amount authorised.
 - b) If Vote is exceeded without authority you will be held personally and pecuniarily responsible as in term of Chapter One. Sub-paragraph 1.5.1 (e) to the Financial Orders, Part One.
 - c) For all the expenditure you incur, you must render accounts, statements, etc., each month as stipulated in Appendix A.38 to the Financial Orders, Part I.

.....20.....

.....Signature
.....Designation
(Authorising Officer)

Vote	Sub-Vote	Item	Sub-Item	Description	Amount	
					Shs.	Cts.



The United Republic of Tanzania
LOCAL PURCHASE ORDER

Date:.....

Station Number and Name

To:

Ministry/Department/Agency

Address

Please Supply Goods/Services Detailed below:

No	Item Description	U/M	Qty	Unit Price	Total Cost

TERMS & CONDITION

1. Your invoice should be submitted together with the original of the LPO
2. The Purchase Order Number must be quoted on all communications relevant to this order
3. 30 Days with deduction of 2% withholding Tax where appropriate.

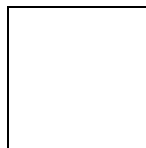
Purchase Order Request No: _____

Request Prepared By: _____

Goods to be delivered to: _____ **Expected Date for Delivery** _____

Authorised By: _____

Purchasing Officer/Supplies Officer



Official Seal

Chief Accountant

Head of Examination



The United Republic of Tanzania
PAYMENT VOUCHER

TFN. 4

Station Number and Name

Ministry/Department/Agency

Name and Address of Payee

Voucher Number			
ALLOCATION			
Vote	Sub-Vote	Item	Amount

PAYING INSTRUCTIONS

Insert 'Cheque' or 'Cash'

TOTAL

--	--

PARTICULARS OF PAYMENT					AMOUNT	
Invoice No.	Date	Amount	L.P.O./Contract No.	Rate	Shs.	Cts.
AUTHORITY:					TOTAL AMOUNT:	

CERTIFICATE:

I certify that the above sum of shillings (in words)cents.....
is correctly payable to the above named person and that the rates of payment/price(s) is/are in accordance with Regulations/ the Terms of the Contract and that the funds are available under the Sub-Vote and Item quoted above to meet this payment.

.....
Signature of Originating Officer

Name:

Title:

Date:20...

.....
Signature of Authorising Officer

Name:

Title:

Date:20.....

RECEIPT FROM:

Received the said sum of Shillings

In payment as above, this Day of

.....
Signature of Paying Officer

Name:

Title:

.....
Signature of Witness to Payment

Name:

Title:

.....
Signature of Payee

Name: B'16

Title:



The United Republic of Tanzania

APPLICATION FOR ISSUE OF SAFARI IMPREST

Ref. No.

A. To be completed by the Applicant (in duplicate)

1. Name as per payroll
.....

2. Designation3. Department

4. Check Number5. Salary Scale

6. Subsistence Allowance Rate p.n.

7. Details of Safari:

- a. Date Leaving Stationb. Date Returning Station
- c. Places to be visited (with dates).....
- d. Purpose of Safari

8. Details of Imprest Required:

- a. Subsistence allowance fornight @ Shs.
per night..... Shs.
- b. Incidental Expenses:
 - i. Taxi Fare..... Shs.
 - ii. Bus/Train/Air Fare..... Shs.
 - iii. Airport Charge..... Shs.
 - iv. Other Expenses Shs.
(give details)
- Total Shs.

9. Details in respect of Safari outside Tanzania:

- a. State House Authority No.of
- b. Exchange Control Authority (where already given) No.
of.....
- c. Is the safari assisted by any government/donor and if so give details
.....

10. Total number of nights on safari during the current year excluding this

I hereby certify that the particulars given above are correct to the best of my knowledge and that I have no previous imprest outstanding.

Date..... Signature.....
(Applicant)

B. To be completed by Accountant-in-charge, Cash Office:

1. The above officer has no outstanding imprest/has an outstanding imprest

Date..... Signature.....
(Accountant)

C. To be completed by the Head of the Division

The above safari has been authorised by me and a safari imprest of Shs..... is recommended.

Please authorise Bus/Train/Air warrant fromto.....and back.

Date..... Signature.....
(Head of the Division)

D. Approval by Accounting Officer:

- 1. The imprest of Shs.is approved/not approved.
- 2. This imprest must be retired before.....failing to which the officer will be liable to a surcharge of 10% of the unretired amount monthly until the whole imprest is retired fully.
- 3. Unspent balance (if any) must be refunded in cash or in foreign exchange as the case may be.

Date..... Signature.....
(Accounting Officer)

For cash office Use Only:

Imprest No. P.V. No. Amount Paid

Copy to: Warrant Holder - for commitment entry in the vote book.

TO: Accounting Officer / Warrant Holder
 Sub-Warrant Holder



ANNEXURE "27.D"

The United Republic of Tanzania

RETIREMENT OF SAFARI IMPREST

Name of Officer Department Salary Scale
 Division/Districtterminated on
 Date of commencement of Safari
 Imprest No. of For Shs.

OFFICER'S CERTIFICATE

I certify that I travel to
 I am therefore entitled to subsistence allowance of Shsplus incidental expenses of
 Shs.were I stay fornights arrived as follows.....

Date of Departure	Place	Date of Arrived	Place	Number of Nights	Rate of allowance	Total Subsistence Allowance
ADD: Incidental Expenses i.e. Tickets, Receipts etc.						
Total Claim						

Officer's Signature.....

AUTHORISING OFFICER'S CERTIFICATE

I certify that Mr/Mrs.....Travel to.....Where.....
 He/she stayed fornights. I authorise payment of his/her claim to the extent of Shs.....only.
 The claim is payable from my item.....
 Signature.Designation.....Date.....



The United Republic of Tanzania

ASDP

ACTION PLAN FOR DEVELOPMENT BUDGET (PHYSICAL)

Name of Council Name of Region

PROJECT ITEM NO PROJECT NAME
VOTE NO SUB VOTE FINANCIAL YEAR

Table with 9 columns: PROJECT COMPONENT ACTIVITY NUMBER, DESCRIPTION OF PROJECT COMPONENT ACTIVITIES, UNIT, ANNUAL PLAN TARGET, QUARTERLY PHYSICAL TARGETS (QUARTER I-IV), and PROJECTED COMPLETION DATE (MONTH/YEAR).

Instruction for filling this form

- 1. Col.1: Insert serial number of project component/activity
2. Col.2. Describe project component/activity
3. Col.3: Give the unit of the measurement of the activity e.g numbers, acres, km, etc as relevant. Activities which are not amenable to discrete measurement
4. Col.4: Give the Annual Plan target e.g The number of houses, acres to be worked, km of roads to be completed etc as per unit of measurement (such as rehabilitation of health centre), use such indicators as (%)
5. Col.5-8: Sub divide Annual Plan target in col 4 into four quarterly targets (col.5-8)
6. Col. 9: Give Projected completion date, after Annual Plan allocation, and/or As envisaged in the Rolling Plan and Forward Budget

Appendix C

Reporting Formats



The United Republic of Tanzania
Integrated Financial Management System

Flash Report as at _____

Item Description 1	Cumulative totals till the last month of the required date 2	Current month total 3	To date total 4	Approved estimates 5	Variance 6 = 5-4	% Variance 7 = 6/5*100
Total Represented by						
	Total					

Unpaid Commitments						
Unposted Vouchers						
Total						
Total funds available less total unpaid commitments						
1. Total funds available 2. Total unpaid commitments 3. TOTAL FUNDS AVAILABLE LESS TOTAL UNPAID COMMITMENTS						



The United Republic of Tanzania
Integrated Financial Management System

Approved Exchequer Releases From _____ To _____

EXCHEQUER TYPE:

Date	Notification No.	Ministry/Department	Amount received
		Sub Total:	

EXCHEQUER TYPE:

Date	Notification No.	Ministry/Department	Amount received
		Sub Total:	

EXCHEQUER TYPE:

Date	Notification No.	Ministry/Department	Amount received
		Sub Total:	

EXCHEQUER TYPE:

Date	Notification No.	Ministry/Department	Amount received
		Sub Total:	



The United Republic of Tanzania

PROCUREMENT REPORT

Part I, A Descriptive Summary

1. Procurement staffing: -----

2. Complaints by bidders, consultant: -----

3. Contract amendments, variations order: -----

4. Unsatisfactory performance by suppliers/ consultants: -----

5. Disputes which may lead to contractual claims, cancellation of contracts, arbitration or legal remedies: -----



The United Republic of Tanzania

PROCUREMENT REPORT

TABLE 1: Procurement of Goods

Ref	Description	Estimate	Procurement Method		Start Doc. Preparation	Advertise	Bid Invitation	Bid Opening	Evaluation Complete	Contract Signed	Final Delivery	Contract Amount	Supplier Name
				Plan									
				Actual									
				Plan									
				Actual									
				Plan									
				Actual									

TABLE 2: Selection of Consultants

Ref	Description	Estimate	Selection Method	Advertise	Start RFP Preparation	Send out RFP	Tech Prop Opening	T Evaluation Complete	Final Eval Complete	Contract Signed	Complete Assignment	Contract Amount	Cons / Firm Name



The United Republic of Tanzania

ASDP**Receipts and Payment Account for the Year Ended _____**

Approved Estimates	3		<u>XXXX</u>
RECEIPTS			
Exchequer Issues received during the year	4	<u>XXXX</u>	
PAYMENTS			
Administration and Personnel	X	XXX	XXX
Finance and accounts	X	XXX	XXX
Planning Department	X	XXX	XXX
Public Services delivery	X	XXX	XXX
		<u>XXXX</u>	<u>XXXX</u>
Unspent balance of funds		<u>XXXX</u>	
REPRESENTED BY:			
Funds held in ASLM Exchequer Account	5	<u>XXXX</u>	

Name:

Accounting Officer

Date

The notes on pages _____ to _____ for part of this account. Report of the Auditors - Pages ____ to ____.



The United Republic of Tanzania

ASDP Programme

Notes to the Receipts and Payments Account For the Year Ended

1. Accounting Entity

The Government of the United Republic of Tanzania (GoT) in conjunction with several donor partners namely [x] have agreed to jointly finance the Agriculture Sector Development Programme (ASDP). Under this programme, development partners finance ASDP using various funding modalities including a basket fund (see note 4). In the case of basket funding, donor partners deposit funds into a holding account held at the Bank of Tanzania (BOT) and thereafter channel their financing to the Agricultural Sector Lead Ministries (ASLMs) vote through the Exchequer System. Funds are managed as part of GoT's resources and accounted for as part of ASLM's development vote. Funds are released from this account to meet quarterly expenditure of the ASDP.

2. Significant Accounting Policies

(i) Accounting Convention

The account has been prepared on a cash basis of accounting in line with GoT policy. Income is recognised in the account when actually received while expenditure is recognised when actually paid. Donor partners fund the ASDP through actual cash disbursements and/or direct payments.

(ii) Accounting for direct payments (see note 4)

Funds in the form of direct payments are recognised in the account when received by the ASLM as both income and expenditure through the issue of dummy exchequer issue of funds by the Government Paymaster General.

(iii) Fixed assets and consumables

Fixed assets, stocks and consumables are expensed in full in the year of purchase and asset disposals are recognised as income in the year of sale.

(iv) Imprests

Imprest funds provided to various GoT officers for the purposes of implementation of various activities under the ASDP Work Plan are recognised as expenditure when payments are made in line with the cash basis of accounting. However, controls and monitoring of these funds is done through a memorandum imprest system which records all imprests issued and their subsequent accountability. Imprest balances remaining at the end of the financial year are shown in these financial reports for clarification and follow up purposes.

(v) Reporting currency

This account is reported in Tanzania Shillings (TShs) in line with GoT policy. Although the holding account is denominated in US Dollar (US\$), transfers from this account to the Exchequer account are made in equivalent TShs using the official BOT selling exchange rate ruling on the date of the transfer. ASLM received funds from the Exchequer Account in Tanzania Shillings.



The United Republic of Tanzania

3. Net Approved Estimates

These form part of Development Estimates of the ASLM, which were approved by the Parliament in July 200_.

4. Exchequer Issues of Funds

These represent ASDP disbursements to ASLMs and local government authorities for the purpose of the implementing ASDP activities funded by GoT and the basket fund. Four funding modalities were used: project-type aid; earmarked funds; basket fund; and the consolidated fund.

S/No	Financier	Exchequer Issue Ref.	Date of issue	Mode of funding	Amount TShs'000
1	GoT				
	Total GoT				
2	JICA				
	Total JICA				
3	Danida				
	Total Danida				
4					
	Total Exchequer Issues				

Funding modality	Exchequer raised Amount TShs '000
1	
2	
3	
4	
Total	

Fund released to PMO-RALG		Proportion disbursed to LGAs
Qtr.	Amount TShs '000	
1		
2		
3		
4		
Total		



The United Republic of Tanzania

ASDP Programme

5. Holding Account

Movement in the holding account with the Bank of Tanzania and the balance during the year was as follows:

	Donor partner	Date	Amount US\$	Amount TShs
Receipts:	JICA		XXXX	XXXX
	Irish Aid		XXXX	XXXX
	Danida			
Total			XXXX XXXX	
<i>Amount transferred to the Exchequer Account:</i>				
<u>Ref. No.</u>				
<i>Fund balance in the Holding Account</i>				



The United Republic of Tanzania

ASDP

Regional Consolidated Summary of LGA Agriculture Plan Quarterly Technical Progress Report

Quarter ended _____ Region _____

LGA	Objective	% of planned activities implemented	Major achievements	Constraints

Reported by: Designation:

Checked by: Designation:



The United Republic of Tanzania

ASDP

Financial Report

Quarter ended _____ Region _____

Council		Receipts				Payments				Recommendations for further disbursements
		Block grant	Basket	Other	Total	1	2	2	Total	
	Budgeted Actual Variance (%)									
	Budgeted Actual Variance (%)									
	Budgeted Actual Variance (%)									
	Budgeted Actual Variance (%)									
	Budgeted Actual Variance (%)									
	Budgeted Actual Variance (%)									



The United Republic of Tanzania

ASDP
COUNCIL PERFORMANCE MONITORING REPORTS

Quarterly Progress (implementation) Report

Quarter ending..... Region: Council:

Planned Objective	Implementation status (Quarterly)		Financial		Remarks
	Achievements	Constraints	Quarter Allocation	Quarter utilisation	
1.					
2.					
3.					
4.					
5.					

Prepared by:		
Authorised by:		Sector Head
Authorised by:		CD
Checked by:		RS

Date:	
Date:	
Date:	
Date:	



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ASDP
ASDP RECURRENT ACCOUNTING RETURN

Table with columns: Council, Account No., Quarter Ending, A (Current Quarter TSH), B (Year to Date TSH), C (Budget YTD TSH). Rows include Cash Book Bal. at Start of Period, Amounts Received (Block Grant, Basket Funding, Council Funding, Other Funding, Receipts in Kind), Total Received, Payments (S1, S2, ..., S n+1), and Cash Book Bal. at the End of the Period.

Signature and date fields for Prepared by, Approved by (Sector Head, Treasurer), Council Director, and Checked By (Regional Accountant).



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ASDP ASDP RECURRENT ACCOUNTING RETURN

Council:

Quarter:

Account No.

A

B

C

Current
Quarter
TZS

Year to Date
TZS

Budget YTD
TZS

Agricultural sector

P1	Allowances			
P2	Vehicle Running Costs			
P3	Office Running Costs			
P4			
P5			
P6			
P7			
P9			
P10			
P11			
P12			
P _n			
P _{n+1}	Total			



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Agricultural Sector Accounting Return – Notes for Guidance**ASDP**

These notes are intended to assist Council Staff in completing the Agricultural Sector Accounting Return. The return should include **both recurrent and development receipts and payments**. Returns should be made within four weeks of the end of the quarter. Returns should be made to the Regional Administrative Secretary, who should be the first point of contact in the case of any questions on the content of the return.

Column A	In this column, actual receipts and payments for the quarter should be entered.
Column B	Enter the cumulative receipts and payments for the Year to Date.
Column C	Enter the budget figures as appear in the approved District Agricultural Development Plans (DADPs). Any variation from this should be accompanied by the appropriate Council minute authorising a virement.
B1	Enter the balance on the Agricultural Development Account and (agricultural bank account) at the beginning of the quarter. For all quarters after the first quarter, this should be exactly the same as the closing balance – box B2 in the previous quarters return. This return should be accompanied by a copy of the bank reconciliation statement, which must agree with the cashbook and the balance in this box.
R1	The amount of Block grant received in the current quarter
R2	Total Basket Funds received in the current quarter
R3	The amount of funds transferred from the Councils General Account to fund Agricultural expenditures
R4	Any other funds received, for example any funds intended for recurrent expenditure from donors, NGO's
R5	Receipts in kind are receipts, which are not paid in money, but include such things as computers and other learning materials. Such Items will have to be valued. This entry should have a corresponding entry under the Payments section of this return in the appropriate box.
R6	Enter the total of boxes R1 to R5
S1...S _n	This is the total of all payments made and charged to the different units within the council agricultural sector
S _{n+1}	Total of boxes S1 – S _n
B2	Enter the cashbook balance at the end of the period.
P1 – P _n	Costs relating to the ASDP activities should be entered according to the classifications given.

