



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



**MANAGEMENT LETTER ON THE AUDIT OF FINANCIAL STATEMENTS AND
COMPLIANCE AUDIT OF TANZANIA FORESTRY RESEARCH INSTITUTE
(TAFORI) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41104 Tambukarelli,
DODOMA.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2321245,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

March 2022

ML/PA/TAFORI/2020/21



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NATIONAL AUDIT OFFICE



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Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided under Article 143 of the Constitution of the URT of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.

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- vi. Teamwork Spirit

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- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

FCS

FINANCIAL CONSULTANTS & SERVICES

Certified Public Accountants

P. O. Box 72534 Telephone 0754 278104/0755 043323/0717 105030/0754 289930

E-mail: info@finconsultser.co.tz, Kagera Street No. 25 Magomeni area

DAR ES SALAAM

Chairperson of the Board
Tanzania Forestry Research Institute,
P.O. Box 1854,
Morogoro, TANZANIA.

Management Letter of Tanzania Forestry Research Institute on the Audit of Financial Statements and Compliance Audit for the financial year ended 30 June 2021

I have completed the audit of Tanzania Forestry Research Institute (TAFORI) for the year ended 30 June 2021 and I am pleased to forward you this management letter.

This letter serves to bring to your attention the observations and recommendations made during the audit for action. The detailed audit findings presented in this Management Letter were communicated to management of TAFORI during the exit meeting held on 09 November 2021 in which they were discussed and agreed upon. Management responses have been considered in the preparation of this Management Letter in accordance with Regulation 86 of the Public Audit Regulations GN No.47/2009.

During the audit, I also conducted relevant audit procedures to evaluate the effectiveness of the internal controls relating to the operation of TAFORI

I expect that the Management of TAFORI has procedures to take appropriate actions regarding the audit findings and recommendations raised in this Management Letter.

I wish to express my appreciation to the management of TAFORI for the co-operation and assistance extended to the audit team during the audit.

Yours faithfully,
FINANCIAL CONSULTANTS AND SERVICES



CPA Alatanga Msigwa Mwabena
MANAGING PARTNER

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

Copy:

Chief Secretary,
President's Office - State House,
1 Julius Nyerere Road, Chamwino,
P.O. Box 1102,
40400 DODOMA.

Permanent Secretary,
Ministry of Finance and Planning,
Government City-Mtumba,
Hazina Street,
P.O.Box 2802,
40468 DODOMA.

Permanent Secretary,
Ministry of Natural Resources and Tourism,
Askari Road,
Kilimani Street,
P.O.Box 1351
40472 DODOMA.

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ABBREVIATIONS

CAG	Controller and Auditor General
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
NAO	National Audit Office
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
PAC	Public Accounts Committee
PMU	Procurement Management Unit
PPA	Public Procurement Act, 2011
PPR	Public Procurement Regulations, 2013
PSSSF	Public Service Social Security Fund
TAFORI	Tanzania Forestry Research Institute
TaFF	Tanzania Forest Fund
TFS	Tanzania Forest Services
TZS	Tanzanian Shilling
URT	United Republic of Tanzania
TRA	Tanzania Revenue Authority

SUMMARY OF KEY AUDIT FINDINGS AND RECOMMENDATIONS

I have completed the audit of financial statements and compliance with legislations of Tanzania Forestry Research Institute for the financial year ended 30 June 2021. The audit was conducted in accordance with Article 143 of the Constitution of the United Republic of Tanzania of 1977 and Sect. 10 of the Public Audit Act, Cap 418. I present below the summary of key audit findings:

Shortfalls in Procurement Management

My review of procurement procedures at the Institute noted the following anomalies (Para 3.6.1 to 3.6.5):

- (a) Procurement of goods and services worth TZS 132,448,661 made during the year were not in the Annual Procurement Plan (APP) as required by Regulations 69 (7) and 75 (1) of the PPR 2013). The expenditure related to the Forestry and Value Chain Programme (FORVAC) which was budgeted in 2019/20 but was postponed due to outbreak of COVID - 19. Whereas funds expected from the sponsor of the programme were included in the budget for the year 2020/21 the related expenditure was inadvertently not budgeted.

The financier released funds in 2020/21 and the programme was held in February, 2021. However, Management didn't revise the APP to include the expenditure and seek approval from the appropriate budget approving authority as required by Section 33 (2) (a) and 49 (2) of PPA, 2011.

- (b) The Tender Board made decisions through Circular resolutions without following guidelines issued by PPRA, contrary to Section 58(1) of GRN No. 446.
- (c) The management didn't prepare performance reports for service contracts as required by Section No. 243 (2) of the PPR of 2013. This indicates that close supervision of the contracts might have not been done.

Recommendation

I recommend management to ensure all provisions set in the PPA, 2011 and its Regulations of 2013 are strictly observed for proper management of procurement function in the Institute.

Institute's Scheme of Service not revised

The Institute's Scheme of Service has not been reviewed to accommodate the new human resource management arrangements promulgated by the Government. As a result, some directives from the President Office, Public Service Management and Good Governance contradict with the Institute's Scheme of Service (Para 3.5.1).

Recommendation

Management should regularly review Institute's Scheme of Service to accommodate directives issued from the President Office, Public Service Management and Good Governance

Corporate Governance

I noted the following shortfalls on corporate governance:

(a) Board and Committee Ordinary Meetings Not Held Quarterly

Due to lack of funds, the Board has not been holding its ordinary meetings quarterly as stated in sec. 7(1) of 2nd schedule of the Institute's establishment Act. The situation weakens the Board's supervisory role on the affairs of the Institute (Para 3.7.2).

(b) Outdated Internal Control Instruments

Most of the Instruments being used to impart internal controls on the Institute's operational and financial activities are outdated. As a result, some of the procedures out-lined in the instruments differed from the current practice adopted by management (Para 3.7.4).

Recommendation

I recommend that:

- (a) Management ensure funds are made available for Board meetings to be held quarterly as stipulated in the Establishment Act
- (b) The Institute's establishment Act and other Internal Control Instruments such as accounting manuals/financial and staff regulations be updated to strengthen internal controls in the entity.

INTRODUCTION, SCOPE AND METHODOLOGY

I have completed the audit of the financial statements and compliance with legislations of Tanzania Forestry Research Institute for the financial year ended 30 June 2021.

This audit included a review of financial transactions, internal controls and operations only to the extent considered necessary for the effective performance of the audit to form an opinion as to whether the financial statements were prepared fairly in all material respects in accordance with the International Public Sector Accounting Standards (IPSASs) Accrual Basis.

Also, the audit included a review of the effectiveness of internal controls relating to the procurement of works, goods and services to obtain reasonable assurance on whether or not Tanzania Forestry Research Institute has complied with the provisions of the Public Procurement Laws.

The audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as deemed appropriate under the circumstances. Specific attention was placed on accountability of revenues collected/received, expenses, custody, disposal, issue and proper use of public property, and compliance with the applicable laws, directives, and instructions.

My findings should not be regarded as representing a comprehensive statement of all the weaknesses that exist in the financial and managerial systems or identifying all improvements that could be made to the systems and procedures operated.

1.0 FINANCIAL OVERVIEW

1.1. Financing of the Tanzania Forestry Research Institute (TAFORI)

The activities of Tanzania Forestry Research Institute (TAFORI) are financed mainly by Non-exchange and exchange revenue sources. The Institute's approved budget for 2020/21 was TZS 4,495,527,550 whereby TZS 3,579,227,550 was from Non-exchange transactions (Grants from Government and Donors), and TZS 916,300,000 was expected to be earned from exchange revenue sources. However, fund released and collected during the year was TZS 4,177,485,171 which includes TZS 3,267,585,830 received from Non-exchange Transactions (Government Grants TZS 3,044,790,165 and TZS 222,795,665 from development partners). Revenue from Exchange Transactions (TAFORI internal sources) was TZS 909,899,341. The financial performance for the financial year 2020/21 was as follows:

Exchequer issues for recurrent grants

Table 1: Budget vs Actual release of Government Grants for (Non-Exchange Revenue)

Financial Year	Approved Estimates	Actual Release	Under Release	
	(TZS)	(TZS)	(TZS)	%
2020/21	3,393,227,550	3,044,790,165	(348,437,385)	10
2019/20	3,592,785,000	2,617,601,955	(975,183,045)	27
2018/19	3,108,148,545	2,598,851,760	(509,296,785)	16

Source: Audited financial statements for the financial years from 2018/19 to 2020/21

Management explained that, the under remittance of TZS 348,437,385 was contributed by the government decision to remit less funds for paying personnel emoluments. This was so because the Government issued less permits for recruitment of new employees than what the Institute had budgeted.

1.2. Own source revenue performance (Revenue from exchange revenue sources)

During the year under review, the Tanzania Forestry Research Institute (TAFORI) estimated to collect a total of TZS 916,300,000 from own sources but managed to collect TZS 909,899,341 reflecting an under collection of TZS 6,400,659 or 0.7%. Details of budget vs an actual collection of each revenue source are shown in Table 2 below:

Table 2: Budget vs Actual collections of each own source revenue (Exchange revenue sources)

Item	Amount Budgeted	Actual Collection	(Under)/Over Collection	
	(TZS)	(TZS)	(TZS)	%
Sale of Logs from concluded Trial Plots	100,000,000	56,650,343	(43,349,657)	(43)
Sale of Seedlings/Clones	130,000,000	19,281,800	(110,718,200)	(85)
Conference Services facilitation	200,000,000	186,647,100	(13,352,900)	(7)
Research proposals and Projects write ups	375,000,000	527,067,166	152,067,166	40
Office facilitation (TAWA)	62,700,000	85,009,476	22,309,476	36
TAFORI Staff Quarters Rent	12,000,000	8,880,000	(3,120,000)	(26)
Other Income	0	16,946,466	16,946,466	100
Sale of Research Books	100,000	0	(100,000)	(100)
Sale of Honey	5,000,000	2,988,000	(2,012,000)	(40)
Institutional Fee	26,500,000	0	(26,500,000)	(100)
Research Registration	0	580,000	580,000	100
Consultancy Fee	5,000,000	5,848,990	848,990	17
Total	916,300,000	909,899,341	6,400,659	0.7

Source: Financial Statements for the financial year 2020/21

Management explained that the unfavorable variances were contributed by;

- Fall of revenue from sale of logs due to limited number of concluded trial plots'
- Production of seedlings/clones was below the anticipated level because most parts of the country got below average rain falls in 2020/21. Also, the low rains discouraged stakeholders to plant more trees as expected.

The analysis below shows the trend of own revenue sources estimates and actual collection for three consecutive years.

Table 3: Trend of Own Source Revenues

Financial year	Approved Estimate (TZS)	Actual Collection (TZS)	(Under)/Over collection (TZS)	%
2020/21	916,300,000	909,899,341	6,400,659	0.7
2019/20	550,000,000	310,528,008	239,471,992	44
2018/19	675,000,000	570,675,682	104,364,318	16

Source: Financial Statements for the financial years from 2018/19 to 2020/21

Table 3 Shows that, the Institute earned TZS 909,899,341 from its own-sources during the year 2020/21. This amount was below the budget of TZS 916,300,000 by TZS 6,400,659 or 0.7%. However, the actual revenue earned in the current year (2020/21) was more than TZS 599,371,333 or 195% compared to TZS 310,528,008 earned in the previous year (2019/20). This was attributed by increase in revenue earned from research proposals and projects write ups following strengthening the Institute's research department.

2.0 FOLLOW UP OF AUDIT RECOMMENDATIONS AND PAC DIRECTIVES FROM PREVIOUS YEARS

2.1. Implementation Status of Previous years' Audit recommendations

The implementation status of previous years' audit recommendations is as summarized in Table No: 4 below:

Table 4: Implementation Status of Previous years Audit Recommendations

Status	No. of Recommendations
Implemented	10
Under Implementation	18
Not Implemented	8
Reiterated	9
TOTAL	45

Source: Auditor's assessment of the previous years' recommendations

Generally, the Implementation status is not satisfactory owing to the inadequate management follow-up to address the outstanding audit recommendations. Management needs to speed up the completion of its implementation. The detailed status of the implementation of these recommendations is shown in Appendix I.

2.2. Implementation Status of PAC Directives

TAFORI had never appeared before PAC session since its establishment in 2010. Therefore, there was no directive to assess.

3.0 CURRENT YEAR'S FINDINGS AND RECOMMENDATIONS ON FINANCIAL AUDIT

3.1 Issues arising from the audit of financial statements

3.1.1 Long Outstanding of Receivables

As at 30 June 2021, TAFORI had outstanding accounts receivable of TZS 226,786,411. The aging analysis indicated that TZS 200,436,872 or 82% were outstanding for the periods up to 12 months while TZS 26,349,539 or 18% were outstanding for more than 12 months as per Table No: 5 below:

Table 5: Outstanding Receivables - Age Analysis

Particulars	Total	Within 12 Months	Over 12 Months
	30.06.2021	30.06.2021	30.06.021
	TZS	TZS	TZS
Staff House Rent	16,867,820	8,480,000	8,387,820
Conference Services	81,526,651	63,564,932	17,961,719
Office Facilitation TAWA	1,984,140	1,984,140	0
Prepaid Insurance	174,250	174,250	0
Prepayment for Research Equipment	45,500,000	0	0
VAT Control Account	39,204,349	0	0
Staff Imprest	41,529,200	41,529,200	0
TOTAL	226,786,411	200,436,872	26,349,539
Percentage	100	82	18

Source: Audited financial statements for financial years 2018/19 to 2020/21

Table 5 above shows that;

- Management is not collecting rent from its employees who are housed in the Institute's Quarters.
- TZS 72,183,500 out of the year end receivable balance of TZS 81,526,651 from conference services, were owed from TRA. Efforts to follow up and collect the amount were not adequate as the last correspondence on the matter was made on 29.09.2020 via letter with Ref. TFR/HQ/A/7/2/1/49.

Cause

Inadequate follow up efforts by management.

Implication

Un-collection of receivables contribute to the Institute's weak liquidity

Recommendations

I recommend that;

- a) Management ensures rent is recovered from staff as agreed.
- b) Also, concerted efforts be made to recover the amount owed from TRA

Management Response

Management agrees with the observation,

- a) Recovery of house rent from staff salaries is being implemented. Employees with less than one third of basic salary will not be granted new loans until when their net salaries reach the required minimum.
- b) Efforts are being made to recover the outstanding amount from TRA, including sending reminder letters. Last follow up was made via letter with Reference No. TFR/HQ/A/7/2/1/49 DATED 29 September 2020.

Audit Comment

Management response has been noted. However, date of the last follow up letter to TRA shows that efforts made are inadequate. Status of recovery will be reviewed during next audit.

3.1.2 Long outstanding Accounts Payable

The Institute had outstanding Accounts Payable of TZS 578,329,927 as at 30 June, 2021. This balance has decreased by TZS 86,318,531 or 12 % compared to the payables balance of TZS 664,648,458 outstanding on 30 June, 2020. The aging analysis in Table 6 below indicates that out of the current year end balance of TZS 578,329,927, payables amounting to TZS 359,956,697 or 62% were outstanding for the periods up to 12 months while TZS 218,373,230 or 38% were more than 12 months old. Long outstanding payables include; Security services, Board of Directors' fees/allowances and various staff claims.

Table 6: Long Outstanding Payables - Age Analysis

Period	Financial year Ended 30 th June, 2021		Financial year Ended 30 th June, 2020	
	(TZS)	%	(TZS)	%
Within 12 months	359,956,697	62	335,539,528	51
More than 12 months	218,373,230	38	329,108,930	49
TOTAL	578,329,927	100	664,648,458	100

Source: Financial statements for 2019/20 and 2020/21

Cause

Inadequate funding from the Government

Implication

Failure to pay liabilities in time may affect the Institute's future operating plans and weaken its financial credibility to customers and development partners.

Recommendation

I recommend that management makes follow up for more funding from the Treasury to improve the Institute's liquidity.

Management Response

Management agrees with the observation and is looking for funds to pay the outstanding liabilities.

Audit Comment

Management response is noted. Status of implementation will be assessed during next audit.

3.1.3 Accounts Payables not supported by detailed Schedules

Generally Accepted Accounting Principles requires balances of line items appearing in the financial statements to be supported by footnotes, often broken down into broad categories. In addition, figures in the footnotes ought to be supported by schedules/subsidiary accounts detailing specifics about the broad categories.

In the course of audit, I noted that, some accounts payable balances which were appearing under Trade and Other Payables as at 30.06.2021 (Note 9.0) to the financial statements were not supported by detailed schedules. Examples are in Table 7 below:

Table 7: Accounts Payable Balances not supported by Detailed Schedules

Particulars	Balance	Balance	Balance
	30.06.2021	30.06.2020	30.06.2019
	TZS	TZS	TZS
Rent Payable	3,107,073	3,107,073	3,107,073
Furniture Allowance Payable	22,000,000	22,000,000	22,000,000
Payable Control	22,447,723	22,447,723	22,447,723
Salary Payable	33,274,000	32,455,696	0

Source: Audited financial statements

Cause

Lack of initiative by management to investigate and establish genuineness of the balances.

Implication

Liabilities may be overstated and the Institute might suffer loss once they are paid.

Recommendation

I recommend that the unsupported balances be investigated and adjusted as appropriate.

Management Response

The mentioned accounts' balances are being investigated and details will be submitted to auditors for verification.

Audit Comment

Management response is noted. Status of implementation will be assessed during next audit.

3.2 Fixed Assets Management

3.2.1 Motor vehicle not registered in the name of the Institute

Section 29 (2) of GNN 177 of the Road Traffic Motor Vehicle Registration Regulations requires any change of ownership of the motor vehicle to be communicated to the Registrar of Motor Vehicles.

In the course of audit, I noted that, a Toyota Land Cruiser with registration number STL 6347 worth TZS 160,415,665 was not registered in the name of the Institute. The Vehicle was transferred to TAFORI by M/s Tanzania Forest Fund (TaFF) on 31 May 2018 via requisition/issue voucher No. 2842098. Although TAFORI possess a letter from TaFF to support the transfer, up to the date of exit meeting (9.11.2021) the vehicle was still registered in the name of TaFF.

Cause

Oversight by the Institute management to process legal ownership over the Vehicle.

Implication

Institute's legal ownership over the vehicle could not be established.

Recommendation

I recommend that management ensures legal ownership of the motor vehicle is obtained.

Management Response

Management agrees with the observation and it will take the advice after consultation with the Institution that has provided the Motor vehicle.

Audit Comments

I have noted management's planned course of action to process changes in ownership of the vehicle. Follow up on implementation will be assessed during next audit.

3.2.2 Depreciation Rates differing with those adopted by the Government

Section 21 Appendix 3 of the Public Assets Management Guidelines (PAMG), 2012 (Revised in 2019), provides PPEs' economic lives and depreciation rates to be adopted by all Public Entities.

In the course of audit I noted that rates used by the Institute to depreciate PPE items listed in Table 8 below were not in line with the rates adopted by the Government.

Table 8: Depreciation rates differing from rates adopted by the Government

Property, Plant and Equipment Item	Asset's Economic Life (Per Govt.)	Depreciation Rates in %	
		Per Govt.	Per TAFORI Policy
Buildings	50 years	2	2.5
Computers and Accessories	4 years	25	20
Furniture and Other Equipment	20 years	20	10

Source: TAFORI audited financial statements and PAMG 2012 (revised in 2019).

Cause

Oversight by management to comply with Government directives

Implication

The Institute's PPEs' economic lives may not be realistic resulting to over/under provision of depreciation.

Recommendation

I recommend that management should revise the Institute's accounting policy on depreciation rates to adopt rates recommended by the Government.

Management Response

Management agrees with the observation. Depreciation rates for the mentioned PPE items will be reviewed in 2021/22.

Audit Comment

Management response has been noted. Application of the revised rates will be examined during the next audit.

3.3 Operational Performance Review for the Five years 2016/17 - 2020/21

3.3.1 Absence of an Updated Strategic Plan - 2016/17 to 2020/21

In the course of audit, I found that, the Institute had no updated Strategic Plan since the expiry of the preceding five years' plan in June, 2016. Although the process to review the strategic plan started in 2018/19, it could not be completed until when the updated plan covering financial years 2021/22 to 2025/26 was adopted by those charged with governance on 30 June 2021. This means for the period of five years from 2016/17 to 2020/21 there was no long-term plan to guide the strategic direction of the Institute.

In the circumstances, evaluation of the Institute's operational performance for the past five years could not be carried out. Instead, I evaluated the performance of the Institute by comparing actual results against annual budgets.

Cause

Delays by management in completing preparing the long-term strategic plan.

Implication

Management may have not been able to achieve their vision to accomplish Institute's long-term establishment objectives in the right direction.

Recommendation

I recommend that, in future Strategic Plans should be prepared timely to guide long and short term operations of the Institute. CSP are essential since they encompass strategies which focus to achieve long term direction of the Institute.

Management Response

Management agrees with observations, Corporate Strategic Plan (CSP) (2021/22 - 2025/26) has been prepared and approved by the Board. During absence of CSP, the Institute used National Forestry and Beekeeping Master Plans (NAFORM and NABERM) to prepare Medium Term Expenditure Framework (MTEF) to cover three years (2018/19 - 2020/21).

Audit Comments

The National Forestry and Beekeeping Master Plans which are referred to by Management are broad long term policy documents which were to be cascaded to form the Institute's Strategic Plan. Follow up will be made during future audits to confirm that Institute's upcoming strategic plans are prepared timely.

3.4 Expenditure Management

3.4.1 Un-declared Value Added Tax (VAT) TZS 40,176,056.

Sec. 66 (1) of Value Added Tax Act, Rev (2014) requires taxpayers registered under the Act to file monthly returns declaring input and output taxes.

In the audit report for the year 2018/19 I noted that, the Institute didn't declare and remit to TRA VAT amounting to TZS 40,176,056 which resulted from conference Services revenue of TZS 263,263,376 (VAT inclusive) earned in that year.

During the current audit, I noted that the Institute didn't implement the audit recommendation. Also, information recorded in some monthly VAT returns was not correct resulting to under/over declaration of output/or input VAT. Although management adjusted errors noted in the VAT account, there is need to review all revenue/and expenditure records to confirm that all anomalies are cleared.

Cause

Inadvertence by management to properly declare VAT collected on revenue/or paid to suppliers.

Implication

Liabilities may be understated. Also, TAFORI might be liable to pay VAT plus penalties which could otherwise be avoided.

Recommendation

I recommend that management declare the VAT amount of TZS 40,176,056 omitted in 2018/19. In addition, sales and payments records be checked to identify and clear any pending anomaly on VAT.

Management Response

Management agrees with the observation. The undeclared VAT amount will be declared in the November 2021 return. All records will be examined as recommended.

Audit Comments

Management response has been noted. The VAT Return for November, 2021 will be examined during next audit.

3.5 Human Resources Management

3.5.1 Institute's Scheme of Service not revised

TAFORI has a Scheme of Service which was approved by the Government in 2015. Accordingly, Institute's employees' matters including, recruitments, promotions or re-categorizations ought to be guided by this document.

In the course of audit, I noted that, the Institute's Scheme of Service has not been reviewed to accommodate the new human resource management arrangements promulgated by the Government. As a result, some directives from the President Office, Public Service Management and Good Governance contradict with the Institute's Scheme of Service.

For example;

- (a) Paragraph 3 (iii) of a letter with Ref: BC.46/97/03 "D"/59 dated 18 April 2021, titled "Exercise for Promotion and Re-categorization of Staff for 2020/21" issued by the President Office, Public Service Management and Good Governance, among other factors, directs that, staff to be considered for promotion are those who have served in one post for a period of four years.

The Institute's Scheme of Service requires staff who has served in one post for three years to be considered for promotion.

- (b) The directive to hold staff promotions/re-categorizations until when Government budget permits results into accumulation of unimplemented approvals. This might not be comprehended by some of the employees as the Institute's Scheme of Service doesn't set such conditions.
- (c) Paragraph 3.0 of the Institute's Scheme of Service provides duration in the current post as one of the factors to be considered in promoting staff to a higher vacant post. Under the current arrangement seniority is not guaranteed when accelerated promotions are granted as pointed out in para 3.6.2 (2).

Cause

Failure by management to timely revise the Institute's Scheme of Service.

Implication

Contradictions between the Institute's Scheme of Service and directives issued by Government from time to time, may result to staff dissatisfaction.

Recommendation

I recommend that, the Institute's Scheme of service be reviewed and harmonized with procedure introduced by the Government to smoothen human resource management in the entity.

Management Response

Management agrees with the observation. Contradictions between Government directive and Institute's regulations are being sorted out.

Audit Comments

Management response has been noted and implementation progress on the matter will be assessed during next audit.

3.5.2 Other Anomalies noted on Human Resource Management

Further review on the managing the human resources and payroll the following weaknesses were identified;

1. The Procedure for Recruiting Employees is Lengthy Causing Shortage of Staff

Recruitment of employees is delayed causing shortage of staff in the Institute. The few existing employees may be overburdened and their performance lowered. Consequently, the entity may not be able to meet its establishment objectives. In some sensitive positions, segregation of duties may not be exercised. This weakens Institute's established internal controls as reported in para 3.6.2 of Appendix 1 to this report.

2. Accelerated Promotions Approved without Considering Seniority of Staff

We noted cases where the President Office, Public Service Management and Good Governance granted accelerated promotions without considering the seniority of Staff in the post/grade or profession. For example, on 18 April 2021 via a letter Ref: BC.46/97/03 "D"/59 it approved implementation of accelerated promotions for staff budgeted in the financial years; 2018/19, 2019/20 and 2020/21 without guiding the Institute on how to handle seniority of staff. Examples are given in Appendix III to this report.

Cause

Failure by Management to present in time hitches encountered in implementing the new human resource management arrangement to the President Office, Public Service Management and Good Governance for improvement or further guidance.

Implication

Untimely provision of employees' entitlements such as promotions may demoralize and lower working morale of the individual staff.

Recommendation

I recommend that, problems encountered in the new human resource management arrangement be presented to the President Office, Public Service Management and Good Governance for improvement or further guidance.

Management Response

Management agrees with the observations and will take up the matter to the respective authorities.

Audit Comment

Management response has been noted and follow up for implementation will be made during the next audit.

3.6 Procurement and Contract Management**3.6.1 Procurements not included in the Institute's Annual Procurement Plan and Budget**

Regulations 69 (7) and 75 (1) of the PPR (2013) requires a Procuring Entity (PE) to draw up a procurement plan for all those requirements which have been allocated sufficient funds in the annual budget and so every procurement has to comply with the plan in that before commencing any procurement the PE should ensure that the required funds are allocated or committed. Additionally, Sections 33 (2) (a) and 49 (2) of PPA (2011) require the Annual Procurement Plan to be revised and approved by an appropriate budget approving authority when need arise to procure an item which is not in the plan.

In the course of audit, I noted that during the year under review TZS. 132,448,661 were spent on procurement of goods and services which were not in the annual procurement plan and budget for 2020/21. Although the expenditures were budgeted for in 2019/20 but could not be implemented due to outbreak of COVID-19 pandemic, they were not re-budgeted in 2020/21. Examples are shown in Table No. 9 below:

Table 9: Procurement of Goods and Services not in the Annual Procurement Plan

Particulars	Amount TZS
Networking Facilities	1,168,000
Consumables	5,093,000
Communication (Internet, Telephone Conference - Public Address System)	10,049,081
Catering Services	4,632,860
Conference Packages	111,505,720
TOTAL	132,448,661

Source: TAFORI Annual Procurement Report 2020/21

Cause

Failure by Management to follow the legal requirement in handling procurements which are not in the budget.

Implications

Non-inclusion of supply contracts in the Institute's approved APP and budget could result into inappropriate procurement process, unplanned expenditure and may affect implementation of planned activities.

Recommendation

I recommend that management ensure all procurements are in line with the procurement plan and budget to avoid unplanned expenditures. Where any unbudgeted expenditure is to be incurred, permission has to be obtained from an appropriate budget approving authority as per Sections 33 (2) (a) and 49 (2) of PPA, 2011.

Management Response

Management agrees with observation. The Forestry and Value Chain Development Programme (FORVAC) was postponed last year (2019/20) due to outbreak of COVID - 19 pandemic and the expenditure was inadvertently not included in the current year's budget.

Audit Comment

Management response has been noted but unplanned expenditure should be handled as per laid down legal procedures and compliance to be assessed during next audit.

3.6.2 Tender Board Decisions made through Circular Resolutions

Regulation 58 (1) of GRN No. 446 provides that the decision of Tender Board may be made without convening a meeting through a circular resolution pursuant to the guidelines issued by the Authority (PPRA).

In the course of audit, I noted that the Institute's Tender Board convened one meeting only during the year under review. In that meeting the Board deliberated and awarded tenders for provision of Cleaning, Security and Catering Services for the year 2020/21. I further noted that, the Tender Board made nine other procurement decisions through circular resolutions. However, I noted several anomalies in the Circular Resolutions as shown in Appendix IV to this report.

Cause

Inadvertence by Tender Board in observing Sec. 58(1) of GRN No. 446 and its guidelines issued by PPRA.

Implication

Noncompliance to Regulation 58 (1) of GRN 446 may be abused by un-trustful employees involved in the procurement process.

Recommendation

I recommend that management observe legal requirements outlined in Regulation 58(1) of GRN 446 to prevent the Institute from suffering losses that can arise from abuse of the procurement process.

Management Response

Management agrees with observation and it will ensure that all legal requirements are complied with as recommended by the Auditors.

Audit Comments

Management's assurance to comply with requirements of the cited regulation is noted. Implementation will be reviewed during next audit.

3.6.3 Improper Communication of Tender Awards to Successful/and Unsuccessful Bidders

Section 35 (6) of Public Procurement Act, 2011 requires the acceptance of a tender or addendum to correct/extent existing contracts to be communicated in writing by registered post or electronically to a successful/Unsuccessful tenderer by Accounting Officer.

Also, Section 60 (14) of PPA, 2011 requires the Accounting Officer to notify the unsuccessful bidders the name of the person to whom the contract is awarded, the contract amount and reasons for unsuccessful bids not being selected.

In the course of audit I noted that, all communications to successful and unsuccessful bidders were made by Head of Procurement Management Unit (PMU) contrary to the dictates of the PPA.

I also noted that, notification letters to unsuccessful bidders who participated in the tenders for provision of Security, Cleaning and Catering Services for the year under review (2020/21) didn't give names of the persons to whom the contracts were awarded, the contracts amounts and reasons for their bids not being selected.

The anomalies noted are shown in Table No: 10 below:

Table 10: Tender Awards Communicated by Head of PMU instead of Accounting Officer

Tender No.	Description of Service	Period of Contract	Period Extended	Remarks
TFRI/HQ/CCS/VOL.1/27 Awarded to M/S Chamu Intertraders	Catering Contract Services	01.10.2020 to 30.09.2021	30.10.2021 to 30.11.2021	Letter of award Ref. No: TFRI/TEMP/HQ/B/2/9/70 dated 16.09.2020 signed by HPMU
TFRI/HQ/A/4/5/2/VOL. 1 Awarded to M/S Sengo 2000 Tanzania Limited	Security Contracts	01.04.2021 to 30.09.2021	30.10.2021 to 30.11.2021	Letter of award Ref. No: TFRI/TEMP/HQ/B/2/9/74 dated 16.09.2020 signed by HPMU
TFRI/ HQ/MHU/VOL. 1 Awarded to RAM Investment	Cleaning Services	01.10. 2020 to 30.09.2021	30.10.2021 to 30.11.2021	Letter of award Ref. No: TFRI/TEMP/HQ/B/2/9/66 dated 16.09.2020 signed by HPMU

Source: Tender Board's records

Cause

Failure by management to comply with requirements set in Sections 35 (6) and 60 (14) of the Public Procurement Act, 2011.

Implication

Non adherence with the provisions of the Act may attract penalties from PPRA. In addition, the procurement process might be rendered null and void in case there are complaints from bidders.

Recommendations

I recommend that;

- (a) Management ensures acceptance of a tender or addendum be communicated by the Accounting Officer as required by Section 35 (6) of Public Procurement Act, 2011.
- (b) Notifications to unsuccessful bidders be issued in line with the requirements of Section 60 (14) of PPA, 2011.

Management Response

Management agrees with observations and it will ensure that recommendations are complied with.

Audit Comments

I have noted Management's assurance to comply with requirements set in the cited sections of PPA, 2011 and its regulations of 2013. Compliance will be assessed during next audit.

3.6.4 Absence of Performance Reports on Service Contracts

Regulation No.243 (2) of the Procurement Regulations of 2013 states that, "In the case of contracts for non-consultancy services or works, a Procuring Entity (PE) shall monitor the service provider or contractor's performance against the statement of requirements or schedule of works stated in the contract, by means of daily, weekly or monthly reports from the PE's supervisor responsible for the services or works".

Verification of Institute's records relating to the provision of Security, Cleaning and Catering Services revealed that, performance of the contracts were probably not being monitored. This is so because monitoring reports from supervisors of the contracts were not made available for audit.

Cause

Failure by management to comply with legal requirement given in Section 243 (2c) of Procurement Regulations of 2013.

Implication

Inadequate supervision of contracts may lead to unsatisfactory performance by the contractors/service providers, hence loss to the Institute.

Recommendation

I recommend that management ensure, close monitoring of contracts is done in line with the requirements of Regulation 243 (2) of the Public Procurement Act, 2011 (as amended 2016).

Management Response

Management agrees with the observation, monitoring will be made as recommended.

Audit Comments

I have noted management acknowledgement on the need to monitor performance of contracts. Implementation status will be reviewed during next audit.

3.6.5 Granting Extension of Contracts without Approval of the Tender Board

Section 33 (1) of the Public Procurement Act, 2011(As amended 2016) list the functions of Tender Boards. Among those functions, Tender Boards have the duty to review all applications for variations, addenda or amendments to ongoing contracts.

During the cause of audit, I noted that contracts for Non- Consultancy services listed in Table No. 11 below were extended without the review of the Institute's Tender Board:

Table 11: Contracts Extended without Review of the Tender Board

Tender No.	Description of Service	Period of Contract	Period Extended	Remarks
TFRI/HQ/CCS/VOL.1/27 Awarded to M/S Chamu Inter Trade	Catering Services	01.10.2020 to 30.09.2021	01.10.2021 to 30.11.2021	Contract extension communicated to the service provider vide letter with Ref. TFRI/HQ/CCS/VOL.1/27 dated 04/10/2021. The Letter was signed by head of PMU.
TFRI/HQ/A/4/5/2/VOL.1 Awarded to M/S Sengo 2000 Tanzania Limited	Security Services	01.04.2021 to 30.09.2021	01.10.2021 to 30.11.2021	Contract extension communicated to the service provider vide letter with Ref. TFRI/HQ/CCS/VOL.1/27 dated 04/10/2021. The Letter was signed by head of PMU.
TFRI/ HQ/MHU/VOL. 1 Awarded to RAM Investment	Cleaning Services	01.10.2020 to 30.09.2021	01.10.2021 to 30.11.2021	Contract extension communicated to the service provider vide letter with Ref. TFRI/HQ/CCS/VOL.1/27 dated 04/10/2021. The Letter was signed by head of PMU.

Source: Tender Board Records

Cause

Oversight by management to seek tender Board approval as required by Section 33 (1) of the PPA 2011.

Implication

Non-observance of the provisions of the Public Procurement Act may attract penalties from the PPRA.

Recommendation

I recommend that management ensures extension of on-going contracts is done after the review of the Tender Board as required by Section 33 (1) of the Public Procurement Act, 2011.

Management Response

Management agrees with the auditors' observation. In future extension of contracts will be performed after seeking approval from the Tender Board as required by Section 33 (1) of the PPA 2011.

Audit Comments

Management response has been noted. I urge that, requirements of PPA be always observed to avoid sanctions from PPRA. Status of implementation will be assessed during next audit.

3.6.6 Anomalies noted in the contract for Supply of Universal Testing Machine

On 13 August 2020 the Institute signed a Local Supply Order with M/s Cyclo Technologies Ltd for the supply of a Universal Testing Machine worth TZS 65,000,000 (VAT inclusive). The Supplier was paid an advance of TZS 45,500,000 on 20 August 2020. According to paragraph 2 of the supply order, the machine was to be delivered within twelve (12) weeks from the date of the order (i.e. 13.08.2020).

In the course of the current audit I noted the following anomalies on this transaction:

(a) Failure by Supplier to Deliver the Universal Testing Machine

The Supplier failed to deliver the machine within the twelve weeks specified in the order. The delay amounted to about 64 weeks from the date of order (13.08.2020) up to 09.11.2021 the date of the Audit Exit Meeting.

M/s Cyclo Technologies Ltd asserted that, the delay was caused by outbreak of COVID - 19 pandemic which affected Manufacturer's production programme. Also, they proclaimed that, the pandemic caused the increase in the price of the machine calling them to pay more funds something which couldn't be timely managed due to financial constraints.

(b) Delivery Period Extended Without Amending the Contract.

Section 21.2 of the purchase order requires the Supplier to notify the Purchaser in writing whenever he encounter conditions impeding timely delivery of goods. Upon receipt of the notice, the Purchaser may extend the Supplier's time of performance, with or without liquidated damages, in which case the extension shall be ratified by the parties by amendment of contract.

In the course of audit, I noted that since the elapse of the delivery period in October, 2020, the Supplier requested for extension of supply period three times. The first request was to extent the supply period from November, 2020 to 28 February 2021. The second extension was from 13 March, 2021 to 30 April 2021 and the third one was from 01 May2021 to 30 August2021. The extensions were requested by the supplier via letters with Ref: Cyclo/Ltr/TAFORI/32/2020 dated 21 December, 2020, Ref: Cyclo/Ltr/TAFORI/023/am/2021 of 28 February, 2021 and that with Ref. Cyclo/Ltr/TAFORI/032/am/21 of 21 June, 2021, respectively.

However, there was no evidence that the extensions of the supply agreement were ratified as required by sec. 21.2 of the contract. This is so because addendums to the Contract amending the Supplier's time of Performance were not submitted for audit.

(c) Supply Contract not Supported by a Performance Security

As pointed out in our previous year's audit report (para 3.9.2), the supplier didn't submit the Performance Security contrary to Section 6 of the General Conditions to the contract which required him to submit the security within 14 days from date of tender award. Also, the omission is contrary to Sec. 58 (C) of PPA which requires successful tenderer to submit a performance guarantee. Up to the date of concluding the audit fieldwork on 23 October 2021, the supplier had not submitted the Performance Security almost 437 days had lapsed since the date of award.

(d) Notice of Termination of Contract

We further noted that, the Institute through a letter with Ref. No. TFR/HQ/TEMP/B/2/9/111 of 14 September 2021 served the Supplier with a Notice of Termination of Contract effective from 15 October 2021. Management's intention was based on Clause 23.1 (a) of the Contract which allows the Purchaser to terminate the Contract if the Supplier fails to deliver any or all of the goods or to perform the works or services within the period(s) specified in the Contract, or within any extension thereof.

Up to 23 October 2021, the date I concluded the audit fieldwork, there was no evidence that the Supplier responded to the notice or supplied the goods before or on the specified deadline.

Cause

Failure by management to properly manage the supply contract.

Implication

The Institute may suffer a loss due to non-supply of goods and calling the Insurance Bond to recover the advance paid might be cumbersome. Further, TAFORI goals expected to be derived from use of the machine might be affected due to the delayed supply.

Recommendations

I recommend that management ensure:

- (a) In future all provisions in procurement contracts are enforced.
- (b) Efforts are made to follow up delivery of the machine or else the advance paid to the Supplier be recovered as per provisions set in the Contract.

Management Response

Management is following up the matter with the Supplier.

Audit Comment

Management response doesn't address all audit recommendations. Nevertheless, it is essential to follow up for delivery of the machine or recovery of the advance. Implementation will be assessed during next audit.

3.7 CORPORATE GOVERNANCE

3.7.1 In appropriate constitution of the Board and its Committees

The Treasury Registrar via letter Ref: CAN.27/55/01/88 dated 18 August 2015 guided Permanent Secretaries of Ministries and Boards' Chairman of Public Institutions that, Members of Parliament be not appointed to sit on the Boards and where such an appointment has already been made, that member have to resign.

Also, Section 31 (2) of the Public Finance Regulations of 2004 requires at least one of the members of the Audit Committee to have experience in accounting and auditing.

In the course of audit, I noted that:

- (a) One member of the Institute's Board of Directors is a Member of Parliament of the URT. Management informed us that, the Hon. Member was appointed into the Board before being appointed as MP. Up to 9 November 2021 the date of exit meeting, the Hon. MP had not resigned from the Board.
- (b) The Audit Committee didn't have any member who is proficient in planning, accounting or auditing to spearhead undertaking of the Committee's functions. I am of the view that, inclusion of members with appropriate professional skills would enhance the committee's effectiveness in advising the Board.

Cause

Oversight by the minister in charge for supervising affairs of TAFORI in forming the Institute's Board of Directors.

Implication

The committee might not effectively contribute to the performance of the Board.

Recommendations

I recommend that management ensure;

- (a) The Hon. MP be advised to resign from the Institute's Board.
- (b) Minister responsible for the Institute be advised to consider appointing person(s) with requisite professional skills to join the audit Committee as required by the cited regulations.

Management Response

Management will forward to the appointing authority for guidance

Audit Comments

Management has been noted. Status of action taken will be assessed during next audit.

3.7.2 Board and Committee Ordinary Meetings Not Held Quarterly

Section 7(1) of the Second Schedule of Act No. 5 of 1980 establishing TAFORI provides for the Board to meet at least once every three months.

In the course of audit, I noted that the Board has not been holding its ordinary meetings at intervals stated in the Institute's establishment Act. In the financial year 2019/20, the Board held only one ordinary meeting on 27 February, 2020 (tenure of office for the preceding Board expired in April 2019 and a new Board was constituted on 8 November 2019 and was inaugurated on 27 February, 2020).

During the year under audit (2020/21) the Board and its Committees held two ordinary meetings only at an interval of six (6) months on 18 December, 2020 and 30 June, 2021 as shown in **Table No. 12** below.

The situation weakens the Board's supervisory role on the affairs of the Institute. For example; the Institute's budget for 2021/22 was endorsed by the Board on 30 June 2021, after the Parliament had already approved the Government Annual budget for that year.

Table 12: Ordinary Meetings of the Board and its Committees 2020/21

Particulars	Full Board		RP Committee		PFA Committee		Audit Committee	
	49 18 December 2020	50 30 June 2021	10 17 Decembe r2020	11 29 June 2021	23 17 Decembe r 2020	24 29 June 2021	8 17 December 2020	9 29 June 2021
Dr. Felician Kilahama - (Chair-Person)	V	V	-	-	-	-	-	-
Mr. Albert G. Msando (Vice Chair Person)	V	X	-	-	-	-	V	V
Dr. Revocatus P. Mushumbusi - (Secretary)	V	V	-	-	V	V	-	-
Dr. Ezekiel E. Mwakalukwa- (Member)	V	V	V	V	-	-	-	-
Dr. Tuli S. Msuya - (Member)	V	X	-	-	-	-	V	X
Dr. Nicephor P. Lesio (Member)	V	V	V	V	-	-	-	-
Dr. Deogratias M. Soka (Member)	V	V	-	-	V	V	-	-
Ms Neema K. Lugangira (MB) (Member)	X	X	X	X	-	-	-	-
Dr. Khamisi Kalegele - (Member)	V	V	-	-	-	-	V	V
Prof. Dos Santos Silayo - (Member)	V	V	-	-	X	V	-	-

Source: Board's Minutes for 2020/21

KEY:

RP= Research and Publication Committee

PFA= Planning, Finance and Administration Committee

V = Member attended the meeting

X = Member didn't attend the meeting

- = Not a member of the Committee

Cause

Failure by management to arrange for Board meetings due to lack of funds

Implication

The Institute might fail to attain its objectives due to lack of close supervision and guidance by the Board.

Recommendation

I recommend that management ensure, funds are made available for Board meetings to be held quarterly as stipulated in the Establishment Act for continuous monitoring and supervision of the operational and financial activities of the Institute.

Management Response

Management will forward to the appointing authority for guidance

Audit Comments

Provisions of the laws be fully complied with. Status will be assessed during the next audit.

3.7.3 Non- attainment of Annual Plan by the Institute's Internal Audit Unit

It is a recommended practice for the Internal Audit Unit to have an Annual Audit Plan which is approved by the Board of Directors.

I noted that, during the current year the Internal Audit Unit planned to audit 19 activities/auditable areas. However, the Unit didn't accomplish its tasks as planned. It was explained that the unit had two staff instead of three given in the approved establishment. Areas not audited include those listed in Table 13 below:

Table 13: Some of the Auditable Areas not covered by Internal Auditors

S/No.	Auditable area	Description of Auditable Area
1	To follow up implementation of recommendations issued by External Auditors	To verify whether previous years' recommendations are implemented
2	Institute's Policies, Manuals, Regulations, Guidelines, Plans and Periodic Reports	To verify existence, adequacy and implementation of Institute Policies, Manuals, and Guidelines governing Institute's operations and ascertain reliability of institute Plans and periodic reports.
3	Research Projects	To examine whether project funds and activities are properly managed.
4	Audit of Institute's draft financial statements before submitting them for External Audit	To examine correctness and if disclosures are as per Institute's Accounting Policies and IPSAS.

Source: Internal Audit Plan for 2020/21

Cause

The Internal Audit Unit is under-staffed.

Implication

The Unit cannot achieve its plans.

Recommendation

I recommend that management ensure strengthening the Internal Audit unit by recruiting additional staff.

Management response

Management agrees with observation and directed the Internal Audit Unit to cover all the planned activities as per Approved Annual Audit work Plan.

Audit Comment

Management response has been noted. Follow up on strengthening the Internal Audit Unit together with its ability to achieve planned activities will be assessed during next audit.

3.7.4 Outdated Internal Control Instruments

Generally accepted accounting practices require an entity to have legal and appropriate procedural mechanisms which guide its operational and financial activities. Further, they advocate that, these instruments must be in line with current laws, regulations, and norms promulgated from time to time by the Government, profession and the industry.

In the course of audit, I noted that most of the Instruments being used to impart internal controls on the Institute's operational and financial activities are outdated. As a result, some of the procedures out-lined in the instruments differed from the current practice adopted by management. Examples are given in Tables No: 14 below and Appendix V to this report.

Table 14: Outdated Internal Control Instruments

S/No.	Particulars	Date Issued	Remarks
i	TAFORI Act No. 5 of 1980	1980	The audit team was informed that exercise to review the Act is in process.
ii	Staff Regulations	2004	Management asserts that staff regulations are under review.
iii	Accounting Manual	2005	Management stated that draft Accounting Manual has been sent to the Treasury for approval.
iv	Financial Regulations	2005	Management purported that draft Financial Regulations have been sent to the Treasury for approval.
v	Scheme of Service and Salary Structure	2015	Management asserts that staff regulations are under review.

Source: Dates indicated in the mentioned documents

Omission by management to update the Instruments used to impart internal controls in the Institute.

Implication

Dishonest employees may capitalize on the gaps in the outdated controls to defraud the Institute.

Recommendation

I recommend that, the manuals/regulations be updated to strengthen internal control in the Institute. Where draft amended manuals/regulations have been sent to higher approving authorities, follow up be made to get the approvals.

Management Response

Management agrees with observations and follow up will be made as recommended.

Audit Comment

Management response has been noted. Revised Manuals/Regulations will be examined during next audit.

4.0 ACKNOWLEDGEMENT

I wish to express my appreciation to the management of Tanzania Forestry Research Institute for the co-operation extended to the audit team during the course of audit. I hope that, such good working relationship will continue to be extended to audit teams during my future audits.

APPENDICES

Appendix 1: Implementation status of previous years' recommendations up to the year ended 30 June 2020

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
2019/20	TRADE AND OTHER RECEIVABLES	3.1	<p>Long Outstanding Accounts Receivable</p> <p>Uncollected debtors increased from TZS 5,893,120 as at 30th June, 2019 to TZS 21,018,339 at the end of the current year (30.06.2020).</p> <p>The increase comprised of staff Loans TZS 6,293,120 and uncollected revenue from conference services TZS 14,725,219. These amounts might not be recovered.</p>	<p>I recommend that:</p> <p>-Management ensure staff loans are recovered through payroll.</p> <p>-More effective measures be evolved to collect revenue from hire of Conference Halls. These may include, demanding customers' bookings to be accompanied by an upfront payment.</p>	<p>Staff loan has been fully recovered</p> <p>deduction code has been assigned in the payroll.</p>	<p>I noted that:</p> <p>Staff debts are being recovered through payroll effective September 2021. Though recoveries are not made from some staff because their net salaries were below one third of the monthly income.</p> <p>-Recovery of debts from hire of conference hall still not satisfactory.</p>	<p>Reiterated.</p> <p>As weakness was not fully addressed.</p>
2020/20	TRADE AND OTHER PAYABLES	3.2	<p>Long Outstanding Accounts Payable</p> <p>Payables amounting to TZS 329,108,930 or 49 percent as at 30 June 2020 were outstanding for more than 12 months. Long outstanding Payables include audit fees amounting to TZS 85,910,200 This signifies that payment for audit services is not accorded the required priority by management.</p> <p>The liquidity problems facing</p>	<p>Management should make follow up for more funding from the Treasury to improve the Institute's liquidity.</p>	<p>Management has made efforts to look for funds from Ministry of Natural Resources and Tourism. Some of the outstanding debts have been fully or partly paid.</p>	<p>During the year 2020/21 TZS 254,510,000 were received from the Government to pay outstanding debts.</p> <p>However, I noted that creditors' balances amounting to TZS 329,108,930 were over one year old as at 30.06.2021 signifying that more funding is needed to improve the</p>	<p>Reiterated</p>

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
2019/20	EXISTING LITIGATIONS IN THE COURTS	3.3	<p>the Institute will affect its future plans as they fall due.</p> <p>Pending Claim with NMB Bank</p> <p>On 30 June 2020 the Tanzania Forestry Research Institute had one (1) pending civil case. The Institute is a plaintiff claiming a refund of TZS 364,677,874 from National Microfinance Bank (NMB). This claim was dismissed by the High court on 31 May 2016 but TAFORI lodged an intention to appeal against the high court ruling. However, up to 18 November 2020 when I concluded the audit fieldwork the appeal was not yet filed at the Court of Appeal because the Institute had not obtained copies of judgment, case proceedings and decree from the High court.</p> <p>My concerns are: Time taken to file the appeal with Court of Appeal is too long and may render the claim to be time barred, Costs incurred on legal services might be increasing, -Lack of budget to pay for legal services in 2019/20.</p>	<p>Management Should ensure that, financial resources are available for the pending case to be closely monitored. Where appropriate, out of court settlement may be considered as an option unless it is highly certain that the Court ruling will be in favor of the Institute.</p> <p>Management has communicated with Ministry on the way forward on the Case.</p>	<p>Efforts made to obtain copies of judgement from the High Court are not adequate. Also, it has taken too long for Management to seek Govt. Intervention on the matter because the ruling was made on 8 June 2016, but communication to the Ministry was made on 22 October 2021.</p>	Under implementation	

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
2019/20	ASSETS MANAGEMENT	3.4 3.4.1	<p>Assets Not Coded Some Non-current assets were not assigned code numbers as required by Financial Regulations of TAFORI (Para 8.4.2). Un-code assets might be misplaced without being noted by management.</p>	<p>I recommend that management ensure All assets owned by the Institute should be assigned code-marks for easy identification of their location.</p>	<p>Management has coded all assets.</p>	<p>I noted that all assets located at Head office have been assigned identification code numbers.</p>	<p>Implemented</p>
		3.4.2	<p>Delays in Repairing or Disposing of Grounded Assets Physical count exercise carried as at 30.06.2020 I revealed that, twenty (20) assets were obsolete, twenty one (21) in bad condition while one (1) was in fair state and three (3) were grounded. These assets are still carried in the Institute's financial statements. PPE values might be overstated by carrying these assets.</p>	<p>I recommend that management ensure Assets assessed to be bad or damaged should be repaired. Where repairs are uneconomical, the assets should be disposed of. All assets which are obsolete or are in poor condition be surveyed for write off.</p>	<p>Management had identified all damaged items. Further process for write off is on progress.</p>	<p>List of unserviceable assets has been prepared and Government permission has been sought to dispose of these assets.</p>	<p>Under Implementation</p>
2019/20	ASSETS MANAGEMENT (Cont'd)	3.4.3	<p>Absence of Title Deeds for Land Worth TZS 15,425,385 I noted that, TAFORI had no title deeds over six (6) plots with Nos; 132, 230, 370, 367, 308 and 731 which are located in Block D Chamwino, Dodoma City plots. Legal ownership over the plots</p>	<p>Management should liaise with District Director together with Commissioner for Land to obtain</p>	<p>Management has communicated with District Director who promised to give TAFORI finalization report.</p>	<p>Follow-up is being made. Last correspondence from Chamwino District Council was received on 29.09.2021 (Ref: CDC/L.10/21/VOL. II/63).</p>	<p>Under Implementation</p>

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
			couldn't be ascertained.	title deeds for the said plots.	[Letter Ref.CDC/L.10/21/VOL.II/63 dated 29/9/2021].	Title Deeds have not been obtained. Pending issue is for TAFORI to pay Land Rent.	
		3.4.4	Lack of a Risk Management Framework and Insurance Cover over Non-Current Assets In the course of audit I noted that management has not developed a risk management framework to ensure that risks are tracked/identified and mitigated before they impact on the Institutes operations. The anomaly has been repeatedly pointed out since 2016/17. Further, I observed that some non-current assets of the Institute are not covered by Insurance.	Management should carry out a risk assessment over its assets and take mitigation measures including insurance cover to protect assets which are vulnerable to risks of fire or theft.	Management has insured all assets which are exposed to risk such as motor vehicles.	Risk Framework has not been developed. No evidence was submitted for audit on Insurance covers on assets which are vulnerable to risks of fire or theft such as computers, Laboratory/research equipment, furniture etc.	Not Implemented
2019/20	HUMAN RESOURCES AND PAYROLL MANAGEMENT	3.5.0 3.5.1	Director General is under Acting Appointment for more than Six (6) Months In the course of audit I noted that the position of the Director General (DG) has not been substantively filled for ten years since January, 2010. From that time the position has been managed by four different Director Generals (including the current DG) all on acting appointments.	Management should make follow up with government to get the post of Director General substantively filled in order to strengthen accountability and good governance in the Institute.	The Director General has been Appointed by the President of United Republic of Tanzania with effective from April, 2021.	Ag DG has been confirmed on the position of Director General via letter with Ref. CCD.189/273/01/C/28 dated 30 April 2021.	Implemented

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
		3.5.2	<p>Inadequate Staff The Institute's Staff Establishment provided a requirement of 311 staff for the financial year 2019/2020. However, up to 30 June 2020 the Institute had a total of 122 staff recording a shortage of 189. My concern is on insufficient staff in the following key areas: There was no head of Directorate of Forest Utilization Research. 50 research activities in the Institute might not be properly coordinated</p> <p>Finance Dept. at Hq has only three (3) staff including the Director of Finance and Administration. Segregation of duties in some areas is not practical.</p> <p>Procurement and Supplies - In 2019/20 the Unit had two staff as a result stores records were not properly kept and reconciled. Supplies officer was also required to handle stores functions.</p> <p>Legal Services - Has only one staff out of the three (3) staff</p>	<p>Management should make follow up the government appointing Authorities to fill vacant positions.</p>	<p>The Government is in the final stage of filling the post of Director Utilization Research.</p> <p>The management has transferred one staff from Centre to Head Office. The Institute received one officer from ASA.</p> <p>The management had requested for recruitment of Legal Officers from PO-PSMGG.</p>	<p>Filling staff gaps is a Continuous process.</p> <p>I noted that eight staff were employed in 2020/21 to fill various vacant posts.</p> <p>The matter reported to the Board (Dec. 2020 Meeting).</p> <p>Noted that one staff was transferred from Kibaha Research Centre in 2020/21. One additional staff was employed in 2020/21.</p> <p>Legal Officer has not yet been recruited.</p>	<p>Under Implementation</p>

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
2019/20	HUMAN RESOURCES AND PAYROLL MANAGEMENT (Cont'd)	3.5.3	<p>Long Outstanding Salary Arrears</p> <p>As at 30 June 2020 the Institute owed its employees TZS 85,510,500 in form of Salary arrears. Some of the unpaid salary arrears date back to the financial year 2015/2016. This may demoralize employees and lower their performance.</p>	<p>I recommend that Management ensures the salary arrears are paid as they fall due to instil harmony in the organization.</p>	<p>The government paid TZS 74 million April, 2021</p>	<p>Balance of outstanding salary arrears decreased from TZS 85.5m as at 30.6.2020 to TZS 10.937m on 30.6.2021.</p>	Under Implementation
2019/20	Budget Preparation and Execution	3.6.1	<p>Budget Not Approved by the Workers Council</p> <p>In the course of audit I did not get evidence that, TAFORI budget for the financial year 2019/2020 was approved by the Workers' Council of the Institute as required by the guidelines issued by Ministry of Finance and Planning. Instructions and guidance issued by the Government were violated.</p>	<p>Management Should adhere to instructions and guidelines issued by the Government by setting aside funds for the Workers' Council Meetings. This will inspire the workers to attain the targets.</p>	<p>Workers Council was not conducted due to lack of funds.</p>	<p>Workers Council meeting was not conducted in 2020/21 in line with Government guidelines.</p>	Not Implemented

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
2019/20	Budget Preparation and Execution	3.6.2	Recasting of the Budget not Done In the course of audit I noted that management didn't prepare a recast budget in spite the fact that the budget approved by the Board was higher than estimates approved by Parliament. Basis for evaluating the Institute's financial performance unrealistic.	Management should prepare annual budgets as directed in the Financial Regulations in order to have an appropriate basis for measuring the financial performance of the Institute.	During the year there was not Budget recast.	I noted variances between budgets approved by Board from that approved by Parliament.	Not Implemented
2019/20	INVENTORY MANAGEMENT	3.7.0 3.7.1	Stores Records were not Properly Maintained: Bin Cards for Research Books and Laboratory Stocks didn't show the reference numbers of Goods Receipt Notes (GRN) or Stores Issue Notes. As a result, correctness of stock receipts and authenticity of stock issues recorded in the Bin Cards could not be established.	Management should ensure that, stock receipts and issues recorded in the Bin Cards bear references of source documents in order to monitor movement of stock items. Stock count physical balances must be reconciled with records.	Management has started recording all stocks received or issued in Bin cards with reference to source document.	During the year 2020/21 stocks received or issued were recorded in Bin Cards showing references of GRN & Stores Issue Notes.	Implemented
		3.7.2	Physical Balances Differing with Bin cards: I noted that, Some year-end (30.6.2020) physical stock balances were differing with balances appearing in the Bin cards	Stock count physical balances must be reconciled with records.	Management has reconciled all stock physical count with records.	Differences noted as at 30.6.2020 were reconciled	Under Implementation

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
		3.7.3	<p>Un-priced stock items: Some Laboratory stock items physically counted during the annual stock taking were not priced/value</p>	<p>All stocks physically counted at the end of the financial year must be valued and incorporated in the Financial Statements.</p>	<p>Values were put on each stock item</p>	<p>Few Laboratory physical stock items were still not valued as at 30.06.2021.</p>	<p>Under Implementation</p>
2019/20	EXPENDITURE MANAGEMENT	3.8.1	<p>Payments for Goods and Services made without Deducting W/Tax I noted that some Payments for supply of goods and services were made without deducting 2/or 5 percent withholding Tax as required by Section 83 and 83A of the Income Tax Act. Violation of Income Tax Act may attract penalties and sanctions from TRA.</p>	<p>Management should ensure WHT is deducted from payments made by the Institute to suppliers of goods and services as required by Income Tax Act.</p>	<p>This has implemented as verified through TRA.</p>	<p>This anomaly was not noted in 2020/21.</p>	<p>Implemented</p>
2019/20	PROCUREMENT AND CONTRACT MANAGEMENT	3.9.0 3.9.1	<p>Procurements not included in the Institute's Annual Procurement Plan and Budget I noted that management implemented three (3) supply contracts worth TZS 78,771,000 which were not included in the Institute's Annual Procurement Plan (APP). Also, amount spent in five (5) supply contracts exceeded the budget by TZS 122,103,192. This could result into inappropriate procurement process, unplanned expenditure</p>	<p>Management should ensure all procurements are in line with the procurement plan and budget to avoid unplanned expenditure.</p>	<p>Some project funds received during the year were not part of procurement plan, because they were not registered by the Ministry of Finance and Planning.</p>	<p>The anomaly was observed in current audit (2020/21).</p>	<p>Reiterated. The anomaly recurred in 2020/21</p>

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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2019/20	PROCUREMENT AND CONTRACT MANAGEMENT (Cont'd)	3.9.2	and may affect implementation of planned activities. Supply Contract not Supported by a Performance Security In the course of audit I noted that, M/s Cyclo Technologies Ltd who was contracted on 13 August 2020 to supply a Universal Testing Machine worth TZS 65,000,000 didn't submit a Performance Security as required by sect. 6 of the General Conditions to the Contract. The Institute may suffer a loss in case the supplier fails to properly execute the contract.	Management should ask the supplier to submit the Performance Security as required by the supply contract.		Performance Security not submitted. Universal Testing Machine had not been delivered up to 9 November 2021 the date of Exit Meeting.	Reiterated. Additional anomalies were observed in 2020/21
		3.9.3	Un Approved Annual Procurement Plan In spite the fact that, the plan was approved by the Institute's Tender Board, there was no evidence that management obtained approval of the Planning and Finance Committee and PPRA. The Institute Didn't comply with dictates of the Public Procurement Act, 2011 (as amended in 2016).	Management should ensure that, relevant authorities approve the Institute's Annual Procurement Plan as required by the PPA, 2011 and its regulations of 2013 (as amended in 2016).	Annual Procurement Plan has been approved with relevant Authority.	I noted that Annual Procurement Plan for 2020/21 was approved by PPRA on 09/09/2020 [TANePS report of 9/9/2020].	Implemented

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter									
						Auditor's comments	Status								
2019/20	PROCUREMENT AND CONTRACT MANAGEMENT (Cont'd)	3.9.4	<p>Non-implementation of Some Procurement Activities Planned by the Institute During the Year:</p> <p>Audit review showed that there was under implementation of the annual procurement plan. Management asserted that the anomaly was contributed by lack of financial resources.</p>	<p>Management should ensure that the APP is reconciled with the Annual Budget so that planned activities are fully implemented.</p>	<p>Management has ensured reconciled Annual Procurement Plan with Budget.</p>	<p>Some of the procurement plans for 2020/21 were not implemented as evidenced below:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>TZS (M)</th> </tr> </thead> <tbody> <tr> <td>Plan 2020/21</td> <td>359.28</td> </tr> <tr> <td>Actual 2020/21</td> <td>288.26</td> </tr> <tr> <td>Unimplemented</td> <td>71.02</td> </tr> </tbody> </table>	Particulars	TZS (M)	Plan 2020/21	359.28	Actual 2020/21	288.26	Unimplemented	71.02	Reiterated
Particulars	TZS (M)														
Plan 2020/21	359.28														
Actual 2020/21	288.26														
Unimplemented	71.02														
2018/19	INVENTORY		<p>Weaknesses in Inventory Management</p> <p>-Lack of an integrated financial system that links stores activities with accounts.</p> <p>-Lack of quarterly inspection of stores contrary to the Institute's Financial Regulations Sec. 6.8.0</p>	<p>Management should link the Institute's financial system with stores activities to strengthen controls and easy accounting process.</p> <p>Also, Stores should be inspected quarterly as required by the financial regulations.</p>	<p>Management started implementation of MUSE which will cater for the identified weakness.</p> <p>Not conducted</p>	<p>I noted that:</p> <ul style="list-style-type: none"> - Integration of Stores activities with financial system has not been done. There was no documentary evidence to support management assertions on implementation of MUSE. <p>Quarterly inspection of stores not being do</p>	Not Implemented								

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
						Auditor's comments	Status
2018/19	TAX MATTERS	3.5	Non-deduction of 2% WHT on payments for goods supplied to the Institute During the 2018/19 audit it was observed that, in some cases 2% WHT was not deducted contrary to the ITA.	Management should comply with requirements of WHT to avert the Institute from being penalized by Tax Authorities	Management with comply requirements of WHT.	During the year 2020/21 WHT was being deducted and remitted to TRA as required.	Implemented
		3.6	Non-declaration of VAT to TRA TZS 40,176,056 In 2018/19 the Institute did not declare and remit to TRA VAT amounting to TZS 40,176,056 contrary to Sec. 66(1) of VAT Act. The amount resulted from provision of conference facilities to customers. The omission may attract sanctions from TRA.	Management should comply with requirements of VAT Act to avert the Institute from suffering penalties from TRA.	Management with comply requirements of VAT.	During the year 2020/21 VAT was remitted except for errors in filing VAT Returns. Also, TZS 40,176,056 VAT collected by the Institute in 2018/19 has not been declared and remitted to TRA.	Reiterated as anomalies on VAT occurred in 2020/21
ted		3.7	Non-submission of Bi-annual Returns for WHT I noted that the Institute did not submit bi-annual returns for WHT to TRA as required by the Income Tax Act, 2004 Sec. 84(2).	Management should always comply with provisions of the Income Tax on filing WHT returns.	Bi-annual Returns for WHT and (30.12.2020 and 30.6.2021) were filed with	I noted/sighted copies of Bi-annual Returns for WHT which were submitted to TRA	Implemented
2018/19	VISIT TO THE CENTRES	3.13	Internal Controls over Centres' Operations During audit visit to Centres I noted several weaknesses in internal controls which needed action by management. These	Management should implement audit recommendations to improve controls	Management visited the Centre to establish manpower requirement.	Internal Auditors in their 2 nd quarter report (2019/20) and 1 st quarter report (2020/21) pointed out	Under Implementation

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Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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			include; -Lack of segregation of duties	on Centres' Operations.		recurrence of weaknesses in revenue collection at Korogwe Research Station (Lushoto Centre) and at Kibaha Research Centre.	
			-lack of internal training to non-financial staff who handle Cash Office duties		Management is looking for funds to provide the recommended training	Internal training to staff who handle cash office duties not conducted due to lack of funds.	
2017/18	CASH AND BANK		Existence of Dormant Bank Accounts Audit review revealed that the Institute had seven dormant bank accounts with NMB Bank Plc. No Bank reconciliations are prepared for these accounts contrary to Sec. 3.9.1 of the Institute's Accounting Manual which requires bank reconciliation for each account to be done monthly.	Bank reconciliations should cover all bank accounts including dormant accounts. Otherwise, dormant accounts which will not be activated should be closed down after obtaining Board's approval.	Management has submitted to the 50th Meeting of the Board of Directors for approval of closure.	I noted that, approval to close the Dormant Bank accounts was requested but the Board directed Chief Internal Auditor to audit the accounts before approval is granted.	Under implementation
2017/18	REVENUE MANAGEMENT		Lack of Registers for income Generated from Own Source Departmental Heads / Centre's Directors does not maintain registers for income generated from sale of logs, seedlings, hired out conference facilities, office facilities, rental income from leased Institute's houses and training services. Instead,	Each Department / Centre should maintain a manual or computerized register to record its revenue. These records should be reconciled with records maintained by HQ finance.	Revenue Registers are maintained by Centres and Departments.	Some Departments such as Beekeeping Research didn't keep proper records.	Reiterated

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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2017/18	PAYMENTS	3.4	Departments/Centres rely on reports generated from SAGE PASTEL. This is contrary to Best Practice which requires revenues to be controlled from its source. Payments not Supported by EFD Receipts. I noted that some payments were still not supported by EFD Receipts.	Payments made to suppliers who hold VRN must be supported by EFD Receipts to avoid as required by law to avoid sanctions from TRA.	Management ensures that all payments are supported with EFD Receipts.	I noted that in 2020/21 payments were supported by EFD Receipts.	Implemented
2017/18	INTERNAL AUDIT FUNCTION		Quality Assurance Review on IA I noted that, no quality assurance review has been done on the Institute's Internal Audit function.	Management should follow up the matter with the office of the Internal Auditor General who was earlier requested to conduct the review. Management should set aside sufficient funds for the IA function to carry out its planned activities.	Management has communicated with the office of the Internal Auditor General on the issue. We are looking for funds.	Quality review exercise has not been done. Follow up from internal Auditor General was last made in 2019/20.	Not Implemented
2017/18	INTERNAL AUDIT FUNCTION (Cont'd)		Under Performance of IA Function. Internal Audit function did not cover its activities set in the annual plan due to lack of funds to audit Centre which are away from HQ.		Management will ensure more resources (staff and funds) to enable Internal Auditors implement their plans.	Internal Auditors didn't fully cover their approved working plan for 2020/	Reiterated as the shortfall recurred in 2020/

Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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2017/18	ICT MATTERS		<p>Inadequate User License and Limited Utilization of the Accounting System</p> <p>There is only one user license in the finance Department. Some of the modules in the accounting system are not effectively used especially on inventory management and accounting. Modules for Bank Reconciliation and PVs are not utilized.</p>	<p>Management should see the possibility to finance use of modules to improve correctness of financial records.</p>	<p>The Institute is the process to join MUSE as per Government Directives, which will take care of all observations made by Auditors.</p>	<p>There was no documentary evidence to support explanation given by management.</p>	Not Implemented
			<p>- Comprehensive IT Inventory Register</p> <p>Though the ICT Department maintains Inventory Register to keep track of the movement of Institute's IT equipment and other related documentations such as systems' Operating Manuals, there was no "Clearance Form" to evidence that employees terminating their services with the Institute hand-over ICT Equipment/Manuals to management.</p>	<p>Clearance Form should be introduced to improve internal control on ICT equipment and related documentations.</p>		<p>Register has been introduced, but "Clearance Form" to evidence that employees terminating their services with the Institute hand-over ICT equipment /records has not been introduced.</p>	Under Implementation

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Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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2017/18	RESEARCH AND PUBLICATION POLICY		<p>Lack of Research and Publication Policy.</p> <p>In the course of audit I noted that there was no policy that guides activities of the Research and Publication Committee. Instead, the activities of the Committee were guided by terms of references only</p> <p>Delays in Submitting and Non-remittance of Pensions and NHIF Contributions</p> <p>- I noted that the Institute did not timely submit monthly contributions to PSSSF, NSSF and NHIF. Further, there was no evidence that statutory contributions for some of the months were remitted to Pension Funds or NHIF.</p> <p>Pension contributions deducted from salaries employed on contract (Casual Labourers) are not remitted to NSSF.</p>	<p>Management should evolve a policy to guide activities of the Research and Publication Committee.</p> <p>Statutory deductions should be remitted on due dates to avoid sanctions from Administrators of the Funds.</p>		<p>There was no report on action taken by Management.</p>	Not Implemented
2017/18	PAYROLL				<p>Currently all deductions have been submitted.</p>	<p>Although most of the Institute's Centres timely remit monthly pension deductions to Social Security Funds, Internal Auditors in their 1st Quarter report for 2020/21 pointed out that Korogwe Centre was not remitting to NSSF deductions from casual laborers.</p>	Under Implementation

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Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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2017/18	CUSTOMER CARE POLICY		<p>Lack of a Policy and Procedures to Handle Customers' Complaints</p> <p>I noted that the Institute didn't have a documented policy to handle customers' complaints.</p>	<p>I recommend that, management should evolve written procedures of handling Customers' complaints.</p>	<p>To begin with the Management has appointed complain officers at HQ, Kibaha and Lushoto.</p>	<p>Progress noted. Follow up on implementation at other Centres will be made during next audit.</p>	<p>Under Implementation</p>
2017/18	STRATEGIC PLANNING		<p>Lack of an Updated Strategic Plan</p> <p>The Institute has not updated its strategic plan since expiry of the five years' plan in June, 2016. A draft plan which was submitted to the Board in 2019/20 had not been approved by 30.06.2020.</p>	<p>Management should follow up with the Board to get the plan approved.</p>	<p>Management has updated Strategic Plan</p>	<p>There was no strategic plan for 2016/2017 to 2020/2021. Strategic Plan for 2021/22 to 2025/26 was approved by the Board on 30 June, 2021.</p>	<p>Reiterated. Period used to Update the plan was unduly too long.</p>
2017/18	ACCOUNTING MANUAL AND REGULATIONS		<p>Lack of Updated Accounting and Financial Regulations Manuals. The manuals currently in use were last updated in 2005. As a result they are deficient in some areas because they don't cover many new development in the accounting profession.</p> <p>The Institute had no Policy for capitalization PPE because the Accounting Manual to state that policy was yet to be updated as on 30.06.2016.</p>	<p>Accounting Manual and Financial Regulations Should be reviewed as the Institute's controls might be weakened because of using outdated documents.</p>	<p>Updated Accounting Rules and Regulations have been approved by the Board of Directors and submitted to the office of Treasury Registry for further process.</p>	<p>Treasury has not yet approved the Accounting Manual and Financial Regulations.</p>	<p>Reiterated. Manuals were not yet up to date.</p>

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Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter	
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2017/18	OCCUPATIONAL SAFETY AND HEALTH (OSHA) Act No. 5 of 2003		<p>Failure to Comply with OSHA requirements The Institute didn't fully Act comply with OSHA requirements in the following areas:</p> <ul style="list-style-type: none"> - No fire security assessment has been conducted, - No fire assembly points and exit signs outside the buildings, - Health and Safety Policy has not been developed, <p>Training on safety management was not provided to staff, etc.</p>	<p>Management should institute safety measures recommended by OSHA</p>	<p>In 2021/22 Management has started complying with OSHA requirement by affixing some safety signs at HQ Offices</p>	<p>I noted that, some of the safety signs were affixed at HQ Building. But other requirements have not been complied with.</p>	Under Implementation
2016/17	LOGS AND TIMBER DISPOSAL POLICY		<p>Lack of Approved Policy/Procedure for the Disposal of Logs and Timber Although Management asserted that the disposal of timber/Logs is guided by the Forestry Act, there was no document which guided all Centres to use the policy.</p>	<p>Management should ensure that documented procedures/policies are in place for disposal of timber/logs.</p>	<p>Management has established documented procedures/policies are in place for disposal of timber/logs.</p>	<p>I sighted a draft policy but; - Omitted procedures for selling seedlings. Draft policy has not yet been approved by the Board of Directors.</p>	Under Implementation
2016/17	FUNDING FROM THE GOVERNMENT		<p>Lack of Adequate Funding from the Govt. to finance Research Activities in the Institute: Although funding from the Govt. has been more or less constant over the three years as shown in the table below, the Institute</p>	<p>Management should impress the Government to</p>	<p>Management has communicated with the Ministry to address the identified</p>	<p>In 2020/21 the Government remitted more funds compared to the previous year (2019/20).</p>	Under Implementation

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Financial Year	Category	Para	Summary of audit observation	Audit Recommendations	Management Response	Assessment of the Outstanding Matter																			
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			<p>still needs more funds to effectively finance its activities.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>TZS (000)</th> </tr> </thead> <tbody> <tr> <td>2019/20</td> <td>2,617,602</td> </tr> <tr> <td>2018/19</td> <td>2,598,852</td> </tr> <tr> <td>2017/18</td> <td>2,942,271</td> </tr> </tbody> </table>	Year	TZS (000)	2019/20	2,617,602	2018/19	2,598,852	2017/18	2,942,271	<p>remit more funds.</p>	<p>problem.</p>	<table border="1"> <thead> <tr> <th>Year</th> <th>TZS (000)</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td>3,044,790</td> </tr> <tr> <td>2019/20</td> <td>2,617,602</td> </tr> <tr> <td>2018/19</td> <td>2,598,852</td> </tr> <tr> <td>2017/18</td> <td>2,942,271</td> </tr> </tbody> </table>	Year	TZS (000)	2020/21	3,044,790	2019/20	2,617,602	2018/19	2,598,852	2017/18	2,942,271	
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2016/17	INTERCOM SYSTEM		<p>Lack of Internal Communication Management System The Institute had no internal Communication System</p>	<p>Management should procure modern IP PBX (Internet Protocol Phones) to facilitate internal Communication in the Organization</p>		<p>I didn't get any update report from management</p>	<p>Not Implemented</p>																		

Appendix II Operational Activities Conducted by the Institute in 2020/21

No.	Research Activity	Total Cost of the project	Amount Received by TAFORI	Financier	Start date	End date	Research Scientist Involved
1.	Digitization of TAFORI Herbarium to Improve Data Accessibility and Handling" submitted to Global Biodiversity Information Facility (GBIF)	81,688,155 (Euro 29 500)	54,300,000	Global Biodiversity Facility (GBIF)	April 2021	March 2023	Dr. Thomas Sawe, Dr. Amani Ujiso, Siwa Nkya, Ms. Jacqueline Kajembe, Ashura Kaniki,
2.	Revival of Permanent Sample Plots (PSPs) established by Tanzania Forestry Research Institute (TAFORI) in Southern Highlands, Eastern and Central Miombo Woodlands of Tanzania"	45,000,000	45,000,000	Tanzania Forest Fund (TaFF)	July 2020	June 2021	Ernest Siwa and Joshua Maguzu
3.	Mapping of forest plantation in Tanzania: Application of Remote Sensing and GIS technologies: Piloting phase "	18,000,000	18,000,000	Forest Development Trust (FDT), Tanzania Forest Services Agency (TFS), TAFORI	July 2020	June 2021	Dr. Siima S. Bakengesa and Siwa E. Nkya
4.	Stakeholders' and Partners' Assessment of Current Policy Advocacy Capacity, Power bases, Roles and Engagement on Biodiversity Policy Dialogues at National, Regional and Global Levels	40,865,069	40,865,069	World Wide Fund (WWF)	January 2021	April 2021	Dr. Kajenje Magessa, Dr. Pilly Kagosi and Numan Amanzi
5.	International Scientific Conference on Forest and Bee Products Value Chain	250,000,000	250,000,000	Forest and Value Chains Development Programme (FORVAC)	July 2020	June 2021	Dr. Revocatus Mushumbusi, Dr. Siima Bakengesa, Dr. Balama Chetestino

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

No.	Research Activity	Total Cost of the project	Amount Received by TAFORI	Financier	Start date	End date	Research Scientist Involved
6.	Understanding and monitoring of the socio-economic impact of the project model including impact on gender (Developing a system for monitoring socio-economic impact of community forest-based enterprises on sustainable charcoal and timber production model**	34,000,000	0	Tanzania Forest Conservation Group (TFCG)	November 2020	June 2021	Prof Josian Katani (SUA), Collaborator Dr Amani Ujiso (TAFORI) and Sanford Kway (PO-RALG)
7.	Understanding the Status of Insect pests, Diseases and Soil problems in Forest Plantations and Woodlots of Tanzania**	200,000,000	200,000,000	Tanzania Forest Services Agency (TFS)	July 2020	June 2021	Dr. Revocatus Petro, Dr. Siima S. Bakengesa, Filbert Meela, Chrispine S. Njau, Paul. J. Lyimo, Osmund A. Ndomba, Maneno Y. Chidege and Zawadi D. Nbwambo
8.	Supporting forest education in Tanzania - Development of enabling policy and legal frameworks for FFPOs members to access finance and markets, increased landscape mitigation and adaptation to climate change	10,000,000	10,000,000	Food and Agriculture Organization (FAO)	July 2020	June 2021	Dr. Siima Bakengesa and Dr. Revocatus Mushumbusi
9.	Development of enabling policy and legal frameworks for FFPOs members to access finance and markets, increased landscape mitigation and adaptation to climate change	75,000,000	75,000,000	FAO	July 2020	June 2021	Dr. Siima Bakengesa, Dr. Revocatus Mushumbusi, Dr. Kajenje Magessa, Dr Numan Amanzi
10.	Undertake studies on Strengthening Capacity among African Forestry Stakeholders for	2,070,000	0	African Forest Forum (AFF)/ICRAF	May 2021	June 2021	Dr. Amani Ujiso

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

No.	Research Activity	Total Cost of the project	Amount Received by TAFORI	Financier	Start date	End date	Research Scientist Involved
	Implementing REDD+ in Anglophone and Lusophone Africa: Case study of Tanzania (Assessing REDD+ implementation in Tanzania).						
11.	Increase nursery production potential	49,121,405	1,373,000	Government	July 2020	June 2021	Dr. Stephen Maduka
12.	Review on the status of Pterocarpus tinctorius, Dalbergia melanoxylon, Prunus africana, Osyris lanceolata and Erythrina schliebenil	12,640,000	2,205,180	WWF	July 2020	June 2021	Dr. Chelestino Balama
13.	Establish and manage six (6) trial plots at all TAFORI Centres	50,925,800	4,506,600	Government	July 2020	June 2021	Dr. Sima Bakengesa, Dr. Stephen Maduka
14	Improve and maintain three (3) arboretum at TAFORI HQ, Kibaha and Lushoto	21,200,000	2,205,180	Government	July 2020	June 2021	Dr. Stephen Maduka
15	Conduct survey and create awareness on conservation of promising tree species in Lake Zone Tanzania	12,210,000	29,200,000	TaFF	July 2020	March 2022	Omary Iddy, Filbert Meela
16.	Assess the effects of different planting technologies of Eucalyptus clones, Afzelia quanzensis and Gmelina arborea in arid and semi-arid areas in Central Tanzania	13,785,000	1,3785,000	TaFF	July 2020	June 2021	Dr. Elisha Elifuraha
17.	Disseminate research findings through publications, website update and maintenance, TAFORI Week, Newsletter, radio ,TV, Sabasaba and Nanenane exhibitions and	58,856,000	6,790,000	Government	July 2020	June 2021	Dr. Pilly Kagosi, and Dickson Xavery

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

No.	Research Activity	Total Cost of the project	Amount Received by TAFORI	Financier	Start date	End date	Research Scientist Involved
	documentaries						
18.	Establish an online Forestry and Beekeeping Journal and Research Clearance System	36,650,000	69,045,000	TaFF	July 2020	June 2021	Dr. Silima Bakengesa
19.	Assess social economic factors affecting catchment areas**	30,000,000	15,000,000	Eastern Mountains Conservation Endowment Fund (EAMCEF)	July 2020	June 2021	Dr. Pilly Kagosi, and Rehema Omino
20.	Assess effects of fire on tree species diversity and regeneration potential	10,000,000	500,000	Government	July 2020	June 2021	Siwa Ernest
21.	Purchase laboratory equipments, chemicals, hormones, Bee house and accessories	127,000	127,000	TFS	July 2020	June 2021	Dr. Stephan Maduka
22.	Conduct site suitability analysis and recommend suitable indigenous tree species	37,200,000	12,000,000	TFS	April 2021	November 2021	Dr. Amani Uisso, Joshua Maguzu, James Lyamuya
23.	Adoption of Appropriate Silviculture Practices in Management and Domestication of <i>Osyris Lanceolata</i> **	14,835,000	14,835,000	The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	July 2020	June 2021	Dr. Stephen Maduka
24.	Empowerment of primary school pupils and community on improved beekeeping practices for sustainable livelihoods and conservation of Uluguru Nature Reserve (UNR) Mvuha District, Morogoro, Tanzania (in collaboration (TAFORI and	15,000,000	15,000,000	EAMCEF and Livelihood Development Tanzania (LIDET)	July 2020	June 2021	Dr. Pilly Joseph Kagosi, Agness Nshemela

TANZANIA FORESTRY RESEARCH INSTITUTE (TAFORI)

No.	Research Activity	Total Cost of the project	Amount Received by TAFORI	Financier	Start date	End date	Research Scientist Involved
25.	LIDET staff** Assessment of Cost-Benefit Analysis for EAMCEF Small and Large Supported Projects in the Eastern Arc Mountains, Tanzania (Project Number 69/2019/RS/EAM)	29,000,000	29,000,000	EAMCEF	July 2020	June 2021	Dr. Pilly Joseph Kagosi, Chelestino Balama, Magangaei
	TOTAL	1,148,173,429	906,937,029				

Appendix III Promotions Granted without considering Seniority of Staff

Staff ID	Date of Qualification	Date of Promotion	Date	Remarks
9161593	PhD	Requested for Promotion to PRO I through TAWIRI Budget 2020/21		Not promoted from PRO II. TAWIRI 2020/21 Scheme of Service) to PRO I (TAFORI scheme of Service)
11041630	PHD 2012	13.08.2020 (in the Budget 2019/2020)	01.06.2021	Promoted from Senior Research Officer II to Principal Research Officer II (Letter TFR/PP/369/18 of 19.7.2021)
11165699	PHD 2016	13.08.2020 (in the Budget 2019/2020)	01.06.2021	Promoted from Senior Research Officer II to Principal Research Officer II (Letter TFR/PP/344/19 of 19.7.2021)
11041593	PHD 2016	13.08.2020 (in the Budget 2019/2020)	01.06.2021	Promoted from Senior Research Officer II to Research I (Letter TFR/PP/354/120 of 19.05.2021)
Staff Number	Date of Qualification	Date of Promotion	Date	Remarks
12389638	PHD 2016	Request for Promotion to PRO II	Not Promoted	
11165655	PHD 2018	Request for Promotion to PRO II	Not Promoted	
111711511	PHD 2019	Requested for Promotion to PRO II	01.06.2021	Promoted from Research Officer II to Research Officer I (Letter TFR/PP/426/46 of 19.05.2021)
11674377	PHD 2019	Requested for Promotion to PRO II	01.06.2021	Promoted from Research Officer II to Research Officer I (Letter TFR/PP/387/123 of 19.05.2021)
111697162	PHD 2020	Requested for Promotion to PRO II	01.06.2021	Promoted from Research Officer II to Principal Research Officer II (Letter TFR/PP/427/77 of 19.05.2021)
111784358	PHD 2020	Requested for Promotion to PRO II	01.06.2021	Promoted from Research Officer II to Research Officer I (Letter TFR/PP/416/84 of 19.05.2021)
11165600	PHD 2021	Requested for Promotion to PRO II	01.06.2021	Promoted from Research Officer II to Research Officer I (Letter TFR/PP/377/123 of 19.05.2021)

Source: Minutes of the Board Meetings

Key:

SRO II = Senior Research Officer II

SRO I = Senior Research Officer I

PRO II = Principal Research Officer II

RO I = Research Officer I

Appendix IV Anomalies on Tender Board Decisions made by Circular Resolutions

S/N	Circular Resolution Number and Date	Items Purchased	Value TSHS (M)	Anomaly Noted
1	TFRI/TB/CIR/2020-2021/04 of 2020-2021 of 25/01/2021	Office Equipment; - Printer, - Scanner, - Computer Desk Top, - Extension Cable	13.140	- Some relevant papers/ documents not attached to the Circulation Form. (PPRA Guideline No. 9.1) - Availability of Funds not Confirmed by DFA (Procurement Requisition Form No.2) - Relevant Papers/ Documents not initialed by members. (PPRA Guideline No.10.7).
2	TFRI/TB/CIR/2020-2021/02 of 2020-2021 of 17/07/2020	Annual Procurement Plan	359.281	- Needed detailed discussion by members. Some procurement for Research Projects Omitted. - Relevant Papers/ Documents (eg Procurement Plan) not initialed by members (PPRA Guideline No.10.7)
3	TFRI/TB/CIR/2020-2021/03 of 2020-2021 of 16/11/2020	Office Stationery	2.340	- Request for Approval of Procurement not signed by Chairperson of tender Board. (Form No. 3) - Availability of Funds not Confirmed by DFA (Procurement Requisition Form No.2)
4	TFRI/TB/CIR/2020-2021/11 of 2020-2021 of 18/05/2021	Office Stationery	Not indicated	- Value of items not indicated - Confirmation of availability of Funds not done by DFA (Procurement Requisition Form No.2) - Request for Approval of Procurement (Form No. 3) not Attached.
5	TFRI/TB/CIR/2020-2021/10 of 2020-2021 of 18/05/2021	Laptop Computer	Not indicated	- Value of items not indicated - Confirmation of availability of Funds not done by DFA (Procurement Requisition Form No.2) - Request for Approval of Procurement (Form No. 3) not Attached.
6	TFRI/TB/CIR/2020-2021/09 of 2020-2021 of 20/04/2021	Furniture (Executive Chair)	Not indicated	- Value of items not indicated - Form No.2 not attached. - Request for Approval of Procurement (Form No. 3) not attached.

Appendix V Current Practices Differing from Accounting Manual and Financial/ or Staff Regulations

S/No.	Particulars	Date Issued	Current Procedures and Regulations which are not in line with the Institute's Manuals and Regulations.
1	TAFORI Establishment Act No.5 of 1980	1980	<ul style="list-style-type: none"> ➤ New developments such as the Institute additional objective of carrying Research on Beekeeping not mentioned in the Act. ➤ Part IV Sec.22 (2) States that, Annual Accounts of the Institute shall be audited by Tanzania Audit Corporation.
2	Staff Rules and Regulations	2004	<ul style="list-style-type: none"> ➤ Currently all staff recruitments and Promotions are handled through UTUMISHI. [Sections 1.3 & 2.1 of the Staff rules and regulations recognize Board of Directors or the Executive Committee of the Board or Management Committee as the Institute's Appointing Authority in respect of specified staff categories. The need of obtaining approvals from UTUMISHI in respect of appointments and promotions are not mentioned in the regulations], ➤ Acting appointments and allowances are extended to posts in the managerial grades upon approval by UTUMISHI. [Sec.2.8 of staff regulations does not mention this condition].
3	Accounting Manual	2005	<ul style="list-style-type: none"> ➤ Institute's External Auditor - is the CAG by virtue of Article 143 of the constitution of URT and as amplified in Sect. 32 (4) of PAA No. 11 of 2008. [Sec 1.4.10 of the Manual refers to a firm holding a practicing certificate and is registered with NBAA]. Also, ➤ Institute's Financial Statements preparation guided by IPSAS [Sec 2.1.1 of the Manual directs FS to be prepared following procedures prescribed by a body issuing Standard Accounting Instructions [SAI]. ➤ Currently, statutory deductions refers to PAYE, contributions to PSSSF, NSSF, NHIF [Sec 2.2.2 E02 of the Manual refers to PPF, PSPF and Others].

S/No.	Particulars	Date Issued	Current Procedures and Regulations which are not in line with the Institute's Manuals and Regulations.
4	Financial Regulations	2005	<ul style="list-style-type: none"> ➤ Govt. is using a centralized Payroll preparation system through LAWSON/ [Sec. of 5.1.1 of the Regulations directs payroll to be prepared by Personnel Section in collaboration with Accounts section]. ➤ Revenue is currently Collected through Geppg, [Sec. 3.2.0 of the Regulations refer to issuing receipts and banking intact cash collections] ➤ Procurement of Works, Goods and Services are being guided by PPA, 2011 (as amended in 2016). [Regulations still refer to PPA 2001 and Finance Act, 2001] ➤ Composition of Tender Board is guided by Clause 33 (2) of PPA Act, 2011 and Sec. 2.-(1) (a) second Schedule to the Act. [In the contrary, TAFORI Financial Regulations para 7.3.0 states that tender Board be chaired by Director General].
5	Scheme of Service and Salary Structures	2015	Current employment practices and conditions applied to promote staff are not in line with the Institute's Scheme of Service (See details in para 3.3.1) of this report).

Source: Information extracted in the mentioned documents