

APPENDIX IX: CHECKLIST OF AREAS REVIEWED

Review Area	Yes/No	Remarks
1.Financial Project Report		
1.1 Does the Financial Project Report match with the bookkeeping?	Yes with exceptions	Noted in the report
1.2 Does the Financial Project Report correspond with the co-operation agreement?	Yes with exceptions	-Codes in the agreement are different from the reports. Codes were revised to allow for expansion. -Salaries also were revised in January 2009.
1.3 Is the approved Financial Project Report free of material misstatement?	No	Wrong use of account codes resulting into misclassified expenses. Bank statement amounts do not reflect the actual cash book entries
1.4 Are the received, unused funds properly recorded as a liability in the balance sheet and included in the ending balance of the Financial Project Report?	No	Unused funds were not recorded in 31 Dec 2008 Financial statements as a liability
1.5 Are the recorded expenses in the Financial Project Report in line with the approved original budget and activity plan?	No	Some expense lines are used for activities not initially budgeted for
1.6 Does the report contain explanations of deviations larger than 15 percent and 1,000 Euros?	No	Reports do not provide explanations for material deviations from budget.
1.7 Are financial management reports used by management?	Yes	The Steering Committee holds quarterly meetings to discuss progress reports which include financial reports
1.8 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	However this comparison will not provide an accurate analysis since codes are not being used properly. An account may seem to be within budget because its expenditure was coded on another code whose budget limit had not been exhausted
1.9 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Yes with exception	Financial reports are prepared directly on Quick books however Payroll computations are prepared in Excel and then posted to Quick books

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2. Funds Flow & Bookkeeping		
2.1 Are the arrangements to transfer the funds to the entity satisfactory?	Yes	However bank transfer from TNRF Headquarters to PIU takes 7 working days which is a long period
2.2 Do the received funds match with the bookkeeping?	Yes	Yes all funds received are properly recorded
2.3 Does the bookkeeping match with the vouchers?	Yes with exceptions	Some expenses are not recorded e.g. there is a balance on Imprest- Nangena, implying that there are expenses which have not been recorded. Also July- Dec 2008 code 1103 reported amount on progress reports Tshs 4,828,000 while the General ledger shows Tshs 6,008,000 hence difference of Tshs 1,180,000
2.4 Are there proper vouchers for the transactions?	Yes	Yes except missing proper Petty Cash Vouchers. Cash payments cannot be easily differentiated from the Petty Cash payment since the same Payment Voucher is used. Upon retirement-the same cash payment voucher is used.
2.5 Is there adequate bookkeeping including Journal and General ledger?	Yes	All original journals and general ledgers are kept at TNRF Headquarters in Arusha and copies kept in PIU-Dar es Salaam.
2.6 Were funds timely and properly requested and received?	No	Delays were experienced in receiving disbursements for Quarter II, III and IV from MFAF. Delays were also experienced during transfer of funds from Headquarters (TNRF main account) to PIU (Mama Misitu account) in Dar es Salaam. Transfer has to be made from Euro Account to MM Tshs. account.
2.7 a) Were funds properly recorded and b) Used exclusively for the MM campaign as per Project document?	a) No b) Yes	a) Improper recording: Some expense amounts are classified in wrong account codes. b) Funds were used exclusively for MM campaign as per project document.

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3. Fixed Assets and stores Management		
3.1 Do the changes in the list of fixed assets match with the vouchers?	Yes	Fixed assets were verified by auditors using 2008 list of fixed assets and additional assets seen on Payment Vouchers (PVs)
3.2 Is there adequate fixed assets register in place?	Yes	Fixed asset list/register for 2008 was available however the list is not updated to reflect additional assets acquired in 2009
3.3 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	No	General controls over asset management are in place e.g. passwords to restrict access to computers and log book for motor vehicle however, PIU in Dar es salaam is situated in a swampy place therefore when it rains water gets into the interior of the office and this could damage office equipment and furniture. PIU uses 2 containers as office, the containers leak when it rains this has resulted into one computer being destroyed.
3.4 Are subsidiary records of fixed assets and stocks kept up to date and reconciled with control accounts?	No	There are no records on stocks which include campaign material such as khangas, MM advocacy campaign publications, t-shirts and caps.
3.5 Are there periodic physical inventories of fixed assets and stocks?	No	Physical inventories and fixed assets counts do not take place to reconcile what has been recorded and what is actually available. Stores procedures are not being followed.
3.6 Are assets sufficiently covered by insurance policies?	Yes	Laptops and vehicles have been insured. Vehicle-comprehensive insurance.
3.7 Are there properly maintained stores ledger?	No	No stores ledgers maintained. Campaign material are bought and issued in a random manner. This provides room for waste and misuse.
4. Cash Management		
4.1 Are the bank reconciliations performed?	Yes	However, there was no evidence of checking and review by an independent person.
4.2 Are bank reconciliations prepared by someone other than those who make or approve payments?	No	Due to few numbers of accounts staff present, bank reconciliation is performed by the Finance Administrator who also makes payments. However there is no evidence of review and approval of the Bank Reconciliation statement.

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4.3 Does the Bookkeeping match with the Official Bank Account Statements and Cash Book?	No	Differences were noted on records of funds received on the bank statement, cash book and income statement.
4.4 Are there adequate controls over cash? State weaknesses (if any)	No	Petty cash is kept in a safe which is movable. It should be a fitted safe to avoid moving with the safe. No proper petty cash replenishment is done therefore accounting for petty cash expense is not done thoroughly. No petty cash surprise counts performed to check whether balance is intact.
5. Internal Control System		
5.1 Is the internal control system of the organization in place?	Yes	However the system has some weaknesses e.g. there is no adequate segregation of duties of accounting duties. Also at PIU when signatories are not present, there are no alternatives and therefore emergency payments cannot be done.
5.2 Are there any material weaknesses that the organization should improve?	Yes	Controls on procurement of goods and services and also segregation of duties.
5.3 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	No	Controls are in place but due to limited staffing, there are cases when the Campaign Manager authorizes her own payments.
5.4 Were financial management manuals and regulations in place? If yes, to what extent were they used?	Yes	TNRF Financial regulations are in place and to some extent they are being followed (exceptions noted in the report). However there are no detailed accounting procedures to support the regulations. Finance and Accounting procedures should be prepared to supplement the finance regulations.
5.5 Does the entity have adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes	TNRF Administration policies are adequate. However these procedures are not always being followed especially on procurement of goods and services.
5.6 Are there written policies and procedures covering all routine financial management and related administrative activities? Are these accessible?	Yes	Financial regulations and Administrative procedures are in place. They are accessible to all MM staff.
5.7 Are the following functional responsibilities performed by different units or persons: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody	No	Due to limited staffing, segregation of duties is not adequately practiced.

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of assets involved in the transaction?		
5.8 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	No	Weaknesses such as lack of stores records and inadequate staffing are noted.
6. Controls over Payroll & Deductions		
6.1 Do the salaries of the project personnel match with existing properly signed employment contracts?	Yes	Contract copies seen at TNRF headquarters but not all signed by employees. Employees at PIU have not returned signed copies to the Head office.
6.2 Have social security expenses including pensions and taxes been recorded and paid to relevant authorities in accordance with the national legislation?	No	Pension legislations are not followed. Pension contribution of 20% is being wholly deducted from employees' salary. Employer does not contribute 10% as required by the Pension legislation.
6.3 Do controls exist for the preparation of the payroll and are changes to the payroll properly authorized?	Yes	Payroll changes are authorized by the Steering Committee and approved by the Project Coordinator
7. Procurement and Contract Management		
7.1 Does the organization have valid contracts for all consultancy work undertaken?	No	Some contracts are not available
7.2 Were the approved procurement procedures followed?	No	Some of the procured contracts did not follow proper procedures. E.g. Procurement done based on single quotation instead of three.
7.3 Were the final reports submitted by consultants?	Yes	KAP report seen and publications seen
7.4 Are there documented follow up actions taken as a result of consultants' reports?	Yes	Evidence of follow up to KAP recommendations present.

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8. Accounting Policies and Procedures		
8.1 Is the chart of accounts adequate to properly account for and report on activities and disbursement categories?	Yes	However the existing chart of accounts should be expanded. Account codes are not detailed enough by functional classification.
8.2 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	No	Some expenses have been coded in wrong accounts.
8.3 Are the general ledger and subsidiary ledgers reconciled and in balance?	Yes	One exception noted on salaries account 1103. Ledger balance does not match the reported balance.
8.4 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	Yes	Few payment vouchers lack supporting documents. Payment vouchers are stored in permanent files accessed by authorized personnel. However some important documents such as Journal Vouchers are in Arusha office but missing in Dar es Salaam office hence causing a challenge in an audit trail.
9. Budgeting System		
9.1 Do the budgets lay down physical and financial targets?	Yes	
9.2 Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	No	Account codes are not detailed enough by functional classification for instance amount spent on fuel cannot be determined as respective expenses are charged to transportation account where vehicle maintenance expenses are also charged.
9.3 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?	No	Explanation for significant variances are not provided
9.4 Are approvals from variations from the budget required in advance or after the fact?	Yes	Steering committee is supposed to authorize variation from the budget and approve in advance. However the Coordinator was given authority in January to change priorities in different account lines when the need arises.
9.5 Are procedures in place to plan activities, collect information from the units in charge of the different components, and prepare the budgets?	Yes	Lead partners prepare and submit their work plans to the PIU coordinator for review and compilation then the compiled report is submitted to Steering Committee for approval. The Committee held four meetings in 2008 and two in 2009.

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9.6 Are the plans and budgets of activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	Yes with exceptions	Some expenditure items are under budgeted resulting to significant variation of actual expenditure from budget
10. External Controls		
10.1 Have there been external Audits on the Project accounts?	Yes	External Audit was done on TNRF financial statements that include MM project accounts.
10.2 Were any significant queries made by the external auditors?	YES	The management letter addressed internal control weaknesses
10.3 Did the project officers act upon recommendations of external auditors?	NA	The Auditor issued a management letter which contained a summary of internal control weaknesses. However, management did not respond in writing to the issues raised.